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EY TAX Flash

Self-correcting Program in regards with Identification and Prevention of Transactions involving Illegally-sourced Funds

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In connection with the obligations arising out of the Federal Law to Prevent and Identify Transactions Involving Illegally-sourced Funds (AML Law) it was contemplated under the Federal Revenue Law for fiscal year 2019 a self-correcting program in regards with the identification and prevention of transactions involving illegally-sourced funds.

In the Fourteenth Transitory Provision of the Federal Revenue Law, it is contemplated that the individuals or entities subject to the AML Law that are not in compliance with the obligations thereunder for the period from July 1st, 2013 to December 31st, 2018, might be eligible to implement self-correcting programs (Programs), prior authorization from the Tax Administration Service (SAT).

Although the SAT will issue and publish in the Federal Official Gazette general rules applicable to the implementation of such self-correcting programs within 60 days following the effective date of the Federal Revenue Law, such document already contains certain relevant provisions:

- ▶ In order for the Programs to be authorized, the applying individual or entity must be in compliance with the obligations corresponding to fiscal year 2019.
- ▶ During the period of time covered by each Program, no penalties will be imposed by the authority.
- ▶ The SAT may condone penalties already imposed during the period of time covered by a Program.
- ▶ The term of each Program will interrupt the statute of limitation to impose future penalties.

The individuals or entities in the circumstances described above that are interested in applying for a Program should take action as soon as possible in order to be eligible.

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