Substance: what the SAT reviews first and how cases are won



Bertin Gutiérrez
Managing Partner

Substance, or "materiality," has become the first thing the Mexican tax authority (SAT) reviews. A stamped and paid invoice is no longer enough to support a deduction or a VAT credit: the authority asks whether the service was actually rendered, whether the supplier had the means to render it and whether the transaction made business sense. Since 2026, the Federal Tax Code has also given the SAT faster tools to act.

What changed in 2026

The 2026 amendment to the Federal Tax Code added to Article 29-A, section IX, the express requirement that an electronic invoice cover existing, genuine transactions or real legal acts. It also created the Article 49 Bis procedure, which allows the SAT to verify during an on-site visit whether an issuer's invoices are false and to suspend its ability to issue invoices from that moment. The issuer has five business days to submit evidence, and if it fails to rebut the presumption, its invoices lose all tax effect and its name is published. Recipients have thirty calendar days from publication in the Official Gazette to reverse the tax effects by filing an amended return; otherwise, the SAT may temporarily restrict their digital seal certificate.

Three fronts, not one

The risk no longer comes only from the Article 69-B list. The authority can challenge substance in an ordinary audit, without waiting for the supplier to be listed; it can recharacterize a transaction for lack of business purpose (Article 5-A); and it can take the matter into criminal territory when invoices cover non-existent or simulated transactions (Article 113 Bis). A company that only checks whether its suppliers are on the list is looking at part of the problem.

The file that wins cases

In our experience, substance cases are won or lost with the documentation that existed before the audit, not with what is assembled afterwards. The authority and the courts weigh the evidence as a whole, and what counts is proof that the service took place: deliverables, communications, logs and identifiable people who rendered it.

- Contracts with a certain date, a defined scope and verifiable deliverables.
- Evidence of performance: reports, emails, minutes, photographs and system records.
- Supplier due diligence: material and personnel capacity, tax compliance opinion, list checks and, where applicable, REPSE registration.

- Bank payments that match what was invoiced and contracted.
- A documented explanation of the business purpose of significant transactions, especially between related parties.

If the SAT is already auditing

Deadlines are short, and evidence not offered on time is hard to recover in court. The best course is to organize the file from the first request, submit the evidence with a clear account of how each service was rendered and preserve the litigation strategy, which may include an administrative appeal, a Federal Tax Court action and, against restrictions on the digital seal, an amparo.

This note is for information only and does not constitute legal advice.

Let's talk

We can assess the impact on your company and the options available.

Mónica Maldonado
BUSINESS DEVELOPMENT DIRECTOR
monica.maldonado@artegia.mx
+52 722 512 6760

Bertin Gutiérrez
MANAGING PARTNER
bertin.gutierrez@artegia.mx
+52 442 127 9046

www.artegia.mx · Querétaro, México