

**THE MEXICAN SOCIAL SECURITY INSTITUTE,
BOUND TO REIMBURSE WITH INTEREST DUES PAID IN EXCESS**

On December 14, 2005 a President's Executive Order was published in the Federal Official Gazette that amends article 299 of the Social Security Law and corrects an inequity that this statute had since its inception, which was that any social security dues paid without legal justification would be reimbursed by the Mexican Social Security Institute ("IMSS") without added interest in all cases.

This amendment, effective the day after that of its publication, mandates that the IMSS shall reimburse dues paid in excess with the added inflation-adjusted interest –called in Mexico "actualización" (updating)- provided for in article 17-A of the Federal Tax Code, computed from the month in which the surplus payment was made or the return showing a positive balance was submitted, to the month in which the reimbursement is made available to the paying person or entity.

It should be reminded that the aforesaid article of the Federal Tax Code provides that the amount of reimbursements shall be updated on account both of the time elapsed and of changes of prices within the country. To this effect the so-called "updating" factor will apply. This factor is obtained by dividing The Consumer Price Index of the month preceding the latest month of the (payment in excess) period, by the Consumer Price Index of the month preceding the first month of said period. This updating does not apply to month segments.

The amendment under discussion does not preclude the continued enforcement of the remaining conditions provided for in the Social Security Law and its Regulations to ensure the legitimacy of requests for the reimbursement of social security dues paid in excess.

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