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COMPETIMEX
Business Intelligence



Essential Steps for
a Successful 2024
Year-End

COMPETIMEXTRA
Business Intelligence
for Your Enterprise

November, 2024

Welcome

We are a firm **with over 25 years of experience**, collaborating closely with our clients and offering them **Business Intelligence solutions** in the realms of **Business Consultancy, Administration and Accounting, Legal, Human Capital, Technology, and Process Improvement**.

We are convinced that **education, experience, commitment, and innovation** are the foundation for delivering successful solutions for your business.

At **COMPETIMEX**, we understand your needs and **make your goals our own**, ensuring a solid platform for your **operational efficiency, profitability, and competitiveness**.

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If you wish to know more about our services or have any inquiries regarding our company, please contact us via email at **info@competimex.com**. We are also available through **+52 (55) 5616 7283 ext. 101**.

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Essential Steps for a Successful 2024 Year-End

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- Businesses without proper planning may face unnecessary costs, such as higher taxes or cash flow shortages.
- An effective strategic planning, including budgets and actionable plans, serves as an essential tool for maintaining profitability.
- A proactive preparation for year-end helps businesses avoid complications and ensures a successful close.

The economic landscape for businesses in 2024 has been challenging, marked by a slowdown and ongoing market uncertainty. Strategic year-end planning is essential to capitalize on current opportunities and lay the groundwork for a more productive 2025.

Economic Landscape

The close of 2024 presents significant challenges for Mexican businesses within an economic context marked by slowdowns, volatility, heightened fiscal scrutiny, and important regulatory changes. **This period requires not only the fulfillment of standard fiscal and labor obligations but also a thorough analysis of the economic environment to adjust strategies, mitigate risks, and capitalize on opportunities.**

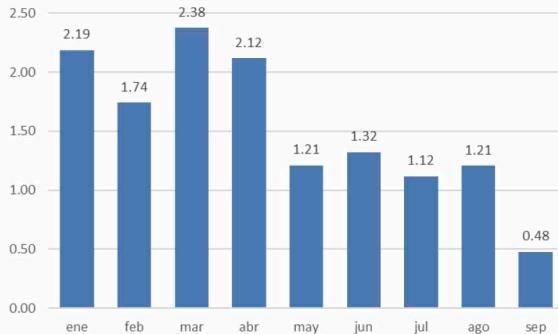
Economic growth in 2024 is expected to close between 1.2% and 1.4%, falling short of initial expectations. Domestic demand remains stagnant, impacted by weak job creation and a fragile labor market. **Additionally, a volatile currency market has weakened the Mexican peso, increasing the risk of further depreciation**, although this is partly driven

external factors, such as tightening monetary policies in advanced economies.

Inflation in 2024 showed a downward trend, closing with a projection of 5.1%. **However, its slow decline continues to put pressure on purchasing power, negatively affecting domestic consumption—a key driver of economic growth.** On a positive note, the Bank of Mexico began a cycle of interest rate cuts, ending the year at 10.25% after four adjustments, reinforcing a positive outlook for monetary stabilization.

Companies that successfully adjust their focus, diversify revenue streams, and mitigate financial risks will be better positioned to navigate this environment.

Mexico. Annual GDP Growth Rate (Percentage).



Source: Competimex, S.C. with data from INEGI.

Financial Review and Year-End Closing

One of the key pillars of year-end closing is the thorough review of financial and tax statements. Internal audits have become essential for identifying potential inconsistencies and preparing accounting that meets current tax regulations. **This year, the SAT's scrutiny has reached record levels**, maximizing the opportunities provided by electronic invoicing and conducting in-depth reviews of deduction applications.

Tax compliance should not be taken lightly. This year, companies have faced penalties for errors in accounting-tax reconciliation and for failing to properly verify XML invoices. **Ensuring that all records are accurate is crucial to avoid issues during year-end closing.**



Regulatory Risks

Year-end legal obligations include critical processes such as the timely preparation of profit-sharing (PTU) and the correct application of the employment subsidy, which was modified this year. **In both cases, non-compliance can lead to significant penalties.**

Profit-sharing (PTU), for example, requires the formation of joint committees and strict adherence to the proportions established by the Federal Labor Law. On the other hand, the employment subsidy has simplified payroll management, but its correct application remains essential to avoid subsequent adjustments that could impact the company.

The Role of Human Resources

Year-end also represents an opportunity to strengthen human resources strategies. In addition to ensuring the payment of year-end bonuses (aguinaldos) before December 20th and correct withholding of income tax (ISR), businesses should use this time to assess their workforce and prepare them for the challenges of the coming year.

Artificial intelligence is becoming an essential tool in the workplace. Companies that have invested in training their employees on the use of technological tools have seen significant productivity increases. These initiatives not only enhance competitiveness but also improve talent retention in an increasingly competitive labor market.

Closing 2024

Preparing for the close of 2024 is not just an operational task; it is a strategic opportunity to assess performance, correct deviations, and plan for the future. **Companies that adopt a holistic approach, prioritize efficiency, and ensure regulatory compliance will be better positioned to tackle the challenges of the coming year.**

A holistic approach includes cost optimization; tax compliance; financial planning; refinancing debt at better rates; mitigating currency risks to strengthen liquidity; ensuring the timely payment of year-end bonuses and profit-sharing to reinforce internal trust; and investing in technological training to boost productivity.

At Competimex, S.C., **we believe it is essential for companies to create a clear action protocol that outlines step-by-step how to prepare for year-end closing.** This will help prevent any issues and allow for sufficient planning time to generate benefits while reducing time and costs within the organization.

At Competimex, S.C., we have over 25 years of experience, going beyond simply being administrators for our clients. In addition to providing comprehensive administrative management services, we generate valuable insights to support the achievement of business objectives and offer the expert advisory services companies require.



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