Environmental Taxes in Mexico: Obligations, Risks, and Strategies for Companies

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Environmental taxes are state-level levies aimed at mitigating the environmental impact of several industrial activities, such as raw material extraction, pollutant emissions, and waste management. Given their regulatory complexity and diversity across the states, companies must implement proper diagnostics, compliance plans, and legal defense strategies to avoid financial, operational, and reputational risks.

What Are Environmental Taxes?

Environmental taxes are taxes imposed on activities deemed by authorities to have a negative environmental impact, such as:

- Material extraction
- Emissions of atmospheric pollutants
- Discharge of contaminants into soil, subsoil, or wáter
- Waste storage or disposal
- Transportation of materials

As such, a thorough legal and technical assessment, along with a tailored compliance and/or legal defense strategy, is essential to avoid non-compliance and resulting sanctions.

Each Mexican state must be analyzed individually, as they retain autonomy in designing and applying environmental taxes. Accordingly, each tax may differ in structure, regulation, and calculation methods.

What activities are subject to environmental taxes?

Material Extraction:

Includes extraction from soil and subsoil of stone-based materials such as aggregates, andesite, clays, sand, limestone, cantera stone, kaolin, gravel, rhyolite, rocks, stones, and fertile substrate layers, among others.

Stone aggregates: Inert solid granular materials used in road construction, with or without binding agents. These are also used to manufacture durable artificial products when mixed with hydraulic binders (e.g., cement or lime) or asphalt-based binders.

Rocks: Granite, volcanic rock, marble, onyx, travertine, sedimentary rocks, and residual materials used in construction.

Transportation of Materials:

Transportation of stone-based materials from authorized quarries, regardless of their final destination.

Emissions into the Atmosphere:

Direct or indirect release of substances generated from industrial processes within a given state that impacts the local environment.

Key greenhouse gases considered under environmental tax schemes include methane (CH_4), nitrous oxide (N_2O), and carbon dioxide (CO_2), due to their contribution to global warming and heat retention in the atmosphere.

Direct emissions: Emitted during activities conducted at fixed sources.

Indirect emissions: Result from energy or heat consumption at fixed sources.

Fixed sources: Any permanent installation intended for industrial, commercial, or service-related operations that generates or may generate atmospheric emissions.

Discharge into Soil, Subsoil, or Water:

Emission of contaminants that are deposited, released, or discharged into soil, subsoil, or water within the state's territory.

Soil/subsoil contaminants: Hydrocarbons, arsenic, barium, beryllium, cadmium, hexavalent chromium, mercury, nickel, silver, lead, selenium, thallium, vanadium, etc.

Water pollutants: Fats, oils, suspended solids, nitrogen, phosphorus, arsenic, cadmium, cyanide, copper, chromium, mercury, nickel, lead, zinc, etc.

Waste Disposal, Final Treatment, and Storage:

Storage or final disposal of waste in public or private landfills located within the state, particularly when such waste poses a risk to human health, ecosystems, or ecological balance due to toxic or hazardous properties.

Waste: Material or product resulting from various processes, whose quality prevents reuse or valorization, and which requires treatment or final disposal.

Toxic substance: A substance or mixture capable of causing adverse health or environmental effects.

Hazardous waste: Waste that is corrosive, reactive, explosive, toxic, flammable, or contains biological-infectious agents, including contaminated packaging, containers, or soils.

What Are the Implications of Environmental Taxes?

- Audits or inspections by local authorities
- Sanctions, including administrative closures

- Financial contingencies or liabilities
- Increased administrative burden (e.g., mandatory local tax certifications)

Mexican States with Environmental Taxes

Baja California

- Material extraction
- Atmospheric emissions (declared invalid in 2024)

Campeche

- Material extraction

Mexico City

- Atmospheric pollutant emissions

Coahuila

- Material extraction

Colima

- Material extraction
- Atmospheric emissions (Classified as a fee)

Durango

- Pollutant emissions into soil, subsoil, or water
- Waste disposal
- Material extraction
- Atmospheric emissions

State of Mexico

- Waste disposal
- Atmospheric emissions
- Pollutant emissions into soil, subsoil, or water

Guanajuato

- Waste disposal
- Atmospheric emissions
- Pollutant emissions into soil, subsoil, or water

Oaxaca

- Material extraction

Nayarit

- Material transportation

Nuevo León

- Material extraction
- Atmospheric emissions
- Pollutant emissions into soil, subsoil, or water

Morelos

- Atmospheric emissions

Querétaro

- Waste disposal
- Material extraction
- Atmospheric emissions

Quintana Roo

- Material extraction

San Luis Potosí

- Atmospheric emissions

Tamaulipas

- Atmospheric emissions

Yucatán

- Atmospheric emissions
- Pollutant emissions into soil, subsoil, or water

Zacatecas

- Material extraction
- Atmospheric emissions
- Pollutant emissions into soil, subsoil, or water
- Waste disposal

Internal Action Plan for Companies in Mexico

- Mapping: Identify if the company operates or engages in activities within states with environmental taxes, and evaluate potential for legal challenges or refund recovery.

- Compliance strategy: Develop and implement an environmental compliance plan, including sustainability actions to reduce tax liability.

- Inventory update: Maintain an updated inventory of emissions, wastewater discharges, and waste volume.
- Preventive analysis: Evaluate exposure to environmental taxes.
- Taxable status: Determine whether the company qualifies as a taxable entity under local environmental tax laws.
- Strategy design: Define short-, medium-, and long-term environmental mitigation and compliance strategies.
- Ongoing monitoring: Track legislative developments and fiscal reforms in environmental matters.

It is essential for companies to meet formal obligations, such as proper bookkeeping, registration in the state taxpayer registry, and compliance with monthly tax filings and other applicable requirements.

Key Sectors Subject to Environmental Taxes

A wide range of industries are affected, including: automotive, retail, paint, cement, electric power, glass, plastics, chemical, mining, construction, agriculture, oil and gas, steel, and hazardous waste treatment.

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