

Chapter 4: Comparison of Tax Regimes for Self-Employed Medical Practitioners

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Abstract

This study aims to conduct a comparative analysis between the Business and Professional Activities Regime (RAEP) and the Simplified Trust Regime (RESICO), to determine which offers greater advantages for physicians providing independent professional services. The methodology used involves simulated tax calculations under both regimes, considering different income levels and expense deduction scenarios. The results indicate that RESICO is more advantageous in most cases due to its reduced tax rates and administrative simplicity. Limitations include the income cap to remain within the regime and the inability to deduct expenses. This study focuses exclusively on the analysis of Income Tax (ISR), as physicians are exempt from Value Added Tax (VAT). A limitation is acknowledged: the calculations are based on general assumptions and do not account for individual variations in each physician's tax situation. Nevertheless, the findings offer useful guidance for making informed tax decisions within the medical sector in Mexico.

Keywords: *taxes, self-employed physicians, tax regimes, comparative taxation.*

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Introduction

The work of physicians is a fundamental pillar for the functioning of the healthcare system and the well-being of the population. Beyond their clinical role, doctors play a key part in prevention, diagnosis, treatment, and health promotion, all of which carry significant economic, social, and ethical implications. In this sense, the professional practice of physicians not only directly influences the quality of life of individuals but also impacts the national economy, particularly in the case of professionals who work independently. However, despite the importance of their work, self-employed physicians in Mexico face various tax challenges that affect their compliance with tax obligations and the optimization of their financial resources.

The Mexican tax system offers specific taxation options for this sector, most notably the Business and Professional Activities Regime (RAEP) and the Simplified Trust Regime (RESICO). These two regimes present substantial differences in terms of requirements, tax burdens, and administrative obligations, which can significantly influence the fiscal decisions of healthcare professionals.

According to the National Survey on Occupation and Employment conducted by the National Institute of Statistics and Geography (INEGI, 2021), the medical population in Mexico totals 305,418 individuals, 54% of whom are male and 46% female. Of this total, 67% work as general practitioners, while 33% practice a medical specialty. Regarding employment status, 76% are salaried employees, and 24% are self-employed or employers. The latter group is the primary focus of this study, given its relevance in the analysis of tax culture and formalization processes within the health sector.

Additionally, data from the Ministry of Economy (2024) indicates that there are approximately 429 000 active health professionals in Mexico, including doctors, nurses, and other specialists, with an average monthly income of 9 500 pesos. Of this group, 19.4% work under informal conditions, and 58% are women. The persistence of informality in this sector not only limits tax collection but also restricts access to legal and social benefits for the professionals themselves.

The implementation of RESICO in 2022 aimed to simplify tax compliance and promote formalization through a more accessible scheme with lower tax rates. However, its application has raised questions and controversies regarding its suitability for certain sectors, including self-employed physicians. On the other hand, while RAEP has a longer history, it entails more complex accounting practices and may result in a less favorable tax burden in certain cases.

Given this context, it is necessary to conduct a comparative analysis between both tax regimes to provide self-employed physicians with practical, well-founded tools that allow them to make informed decisions tailored to their particular circumstances, thereby contributing to their economic development and the formalization of the sector.

This article has the following primary objectives:

1. To compare the characteristics, advantages, and disadvantages of the Business and Professional Activities Regime and the Simplified Trust Regime, considering aspects such as requirements, tax burdens, and administrative obligations.
2. To provide evidence-based recommendations for self-employed physicians, based on the findings of this comparison, that help them choose the most suitable tax regime according to their needs.

Based on the above, the following research question is proposed:

Which of the two tax regimes—the Business and Professional Activities Regime or the Simplified Trust Regime—represents a more favorable option for self-employed physicians in Mexico, considering their fiscal and administrative implications?

Development

In Mexico, the payment of taxes is a civic duty for all citizens. This obligation is established in Article 31, Section IV of the Political Constitution of the United Mexican States (2025), which states that Mexicans must contribute to public expenditures proportionally and equitably. This contribution funds

essential services such as healthcare, education, security, and public infrastructure.

Article 31: Mexicans must contribute to public expenditures, at the federal, state, Mexico City, and municipal levels, in the manner and proportion prescribed by law.

‘Proportional’ means that taxpayers should contribute based on their economic capacity, paying a fair and adequate portion of their income, profits, or earnings to the public treasury. ‘Equitable’ refers to equal treatment under tax law for all taxpayers subject to the same tax, with variations in rates only based on economic capacity.

This principle underpins the existence of tax regimes across federal, state, and municipal jurisdictions. For example, Article 73, Section XXIX of the Constitution grants Congress the exclusive authority to impose the necessary contributions to cover the federal budget in matters such as:

1. Foreign trade.
2. The exploitation of natural resources as outlined in paragraphs 4 and 5 of Article 27.
3. Credit institutions and insurance companies.
4. Public services operated by or under concession from the federal government; and
5. Specific taxes on electricity, tobacco products, gasoline and other petroleum derivatives, matches, aguamiel and its fermented products, forestry, and beer.

To enforce these obligations, the government has established a legal framework detailing how, when, and how much citizens must pay. Notable among these are the Federal Fiscal Code (CFF), which governs taxpayer relations with the tax authority, as well as specific tax laws such as the Income Tax Law (ISR) and the Value Added Tax Law (IVA). The Tax Administration Service (SAT) is the body responsible for overseeing compliance.

To streamline tax compliance, the Mexican tax system categorizes individuals and legal entities into different tax regimes based on economic activity and income level. According to the 2024 Income Tax Law, the main tax regimes for individuals are:

1. Simplified Trust Regime (RESICO): for individuals earning less than 3.5 million pesos annually.
2. Business and Professional Activities Regime: for those engaged in commercial or professional services.
3. Lease Regime: for individuals earning income from renting real estate.

These regimes ensure that each taxpayer complies in a manner appropriate to their economic activity.

Within this framework, self-employed physicians have two main options, depending on their income level and work structure:

1. Simplified Trust Regime (RESICO): ideal for physicians earning less than 3.5 million pesos annually.
2. Business and Professional Activities Regime: suitable for those with higher income or significant operating expenses seeking to optimize deductions.

What is a tax regime?

A tax regime is a system of rules used by various levels of government to determine how and when a person, individual, or legal entity must pay taxes. In Mexico, this responsibility is managed by the SAT, a decentralized body of the Ministry of Finance that administers the national tax system.

According to SAT (2016), a tax regime represents the rights and obligations that apply to individuals engaged in a specific economic activity.

Although the Federal Fiscal Code (CFF, 2021) does not explicitly define 'tax regime,' it outlines important related provisions. Article 6 states:

'Taxes shall be incurred in accordance with the laws in effect at the time the taxable event occurs and shall be calculated according to the applicable laws at the time declarations are submitted.'

This confirms that tax regimes are governed by laws such as the Income Tax Law (ISR) and the Value Added Tax Law (IVA). These laws specify the different tax regimes for individuals and legal entities, and the rules for calculating and paying taxes.

Having established the two applicable regimes for self-employed physicians, the following sections will describe each in detail.

Business and Professional Activities Regime (RAEP)

The Business and Professional Activities Regime is one of the most common and longest-standing tax regimes for individuals engaged in economic activities in Mexico. These activities include both business operations and the provision of professional services. The former refers to income derived from commercial, industrial, agricultural, livestock, fishing, or forestry activities, while the latter refers to compensation for independent personal services that are not classified as wages and, in general, do not fall under employment relationships.

According to the Official Gazette of the Federation (DOF) published on December 30, 1980, and effective as of January 1, 1981, the Income Tax Law initially treated business and professional activities separately: the former were regulated in Title IV, Chapter VI, and the latter in Chapter II of the same Title. However, subsequent reforms to the 1980 law, such as the one enacted in 2002, began to manage both types of activities jointly, grouping them under Chapter II of Title IV, under the concept of the “Business and Professional Activities Regime”.

Under the current law, published in the Official Gazette on December 11, 2013, and most recently amended on April 1, 2024, the Business and Professional Activities Regime is regulated in Articles 100 to 110, within Title IV, Chapter II, Section I. This legal framework allows taxpayers to calculate and pay their taxes based on their income and the nature of their professional or business activity.

Over time, the number of taxpayers enrolled in the Business and Professional Activities Regime (RAEP) has grown steadily. In 2010, the average number of taxpayers was 2,845,474, and this figure has continued to rise. By 2025, the number of enrolled individuals reached 5,653,459, representing a significant increase, nearly double compared to 2010.

Table 1. *Taxpayers registered under the Business and Professional Activity Regime for the period 2010-2025*

| <i>Year</i> | <i>Number of Taxpayers</i> | <i>Growth rate compared to 2010</i> |
|-------------|----------------------------|-------------------------------------|
| 2010 | 2 845 474.00 | 0% |
| 2015 | 3 829 630.00 | 34.59% |
| 2020 | 3 593 843.00 | 26.30% |
| 2025 | 5 653 459.00 | 98.68% |

Source: Own elaboration based on data from the Tax Administration Service (s.f.).

Taxpayer Obligations

Individual taxpayers under the Business and Professional Activity Regime, in accordance with Article 110 of the Income Tax Law (LISR) and other applicable tax provisions, have various tax obligations. Among the most common or notable are:

- Registration in the Federal Taxpayer Registry (RFC).
- Keeping tax information updated, including address changes, economic activities, and obligations.
- Maintaining accounting records in accordance with the Federal Tax Code and its Regulations.
- Issuing digital tax receipts via the internet (CFDI) for income received.
- Keeping accounting records and tax receipts, as well as any documents necessary to prove compliance with tax obligations, as established in the Federal Tax Code.
- Filing monthly tax returns.
- Filing the annual tax return.
- Obtaining and using an advanced electronic signature (e.firma) for electronic tax procedures.
- Enabling and maintaining the Tax Mailbox, the official communication channel between the SAT and taxpayers.

Taxpayers under this regime must make monthly provisional payments toward the annual tax, no later than the 17th day of the month following the reporting period, through a return filed at authorized offices. In February

2025, the Tax Administration Service launched a new portal aimed at providing better service to taxpayers, along with a new application for filing tax returns for individuals engaged in business and professional activities. This new application already includes preloaded information on income and authorized deductions, thereby facilitating the filing process (Tax Administration Service, 2025).

The provisional payment is determined by subtracting from the total income obtained during the period (from the start of the fiscal year to the last day of the month to which the payment corresponds) the authorized deductions for the same period and the profit-sharing payments made to workers in the fiscal year, and, where applicable, prior year tax losses not yet applied.

The result is then applied to the tax rate determined as follows: the tax table in Article 96 of this Law is used as a basis, adding the amounts from the lower limit, upper limit, and fixed fee columns corresponding to each month in the period of the provisional payment, which match the same row identified by the same percentage applied to the excess over the lower limit. From the provisional payments determined, any prior provisional payments made during the same fiscal year may be credited.

When taxpayers provide professional services to legal entities, those entities must withhold 10% as a provisional payment from the amount paid to the taxpayer, without any deductions.

It is important to mention that income under this regime is accrued when it is effectively collected, as established in Article 102 of the Income Tax Law.

Moreover, based on Article 103 of the same law, individuals registered under this regime may deduct various authorized expenses, including:

1. Refunds received or discounts and rebates granted.
2. Purchases of goods, as well as raw materials, semi-finished or finished products used to provide services, manufacture goods, or sell them.
3. Expenses.
4. Investments.
5. Interest paid related to business or professional activities.

6. Employer contributions are paid to the Mexican Social Security Institute.
7. Payments are made for local taxes on income from business or professional services.

Regarding the annual return, taxpayers must calculate the tax for the fiscal year in accordance with Article 152 of the Income Tax Law (LISR). This involves determining the taxable income by subtracting from the total accumulated income derived from business or professional activities the authorized deductions for the same period. From this taxable income, the profit-sharing payments (PTU) made to employees during the fiscal year and, where applicable, unused tax losses from previous years are subtracted, as established in Article 109 of the LISR. The result of these operations is the taxable profit.

Tax Determination

The taxpayers referred to in this Section shall make monthly provisional payments against the annual tax, no later than the 17th day of the month following the reporting period, through a return filed at authorized offices. Table 2 illustrates an example of this calculation using fictitious data for January and February 2025, with the following figures:

| <i>Concept</i> | <i>January</i> | <i>February</i> |
|-----------------------|----------------|-----------------|
| Income | \$150 000.00 | \$120 000.00 |
| Expenses | \$ 60 000.00 | \$ 50 000.00 |
| Investment deductions | \$ 2 500.00 | \$ 2 200.00 |

Based on the information provided, the corresponding Income Tax calculation is carried out:

As shown, income and deductions are accumulated, since the tables and rates used for the calculation are also cumulative; therefore, the tax due is \$20 716.99 for January based on a profit of \$87 500.00, and \$35 523.98 for a cumulative profit of \$155 300.00 for January and February. After subtracting

the provisional payment made in January, the actual tax payable for February is \$14 806.99.

Table 2. *Simulated monthly tax calculation for January and February for a taxpayer registered under the Business and Professional Activity Regime (RAEP)*

| <i>Concept</i> | <i>January</i> | <i>February</i> |
|---|----------------|-----------------|
| Income from prior periods | \$ 0.00 | \$ 150 000.00 |
| Income from current period | \$ 150 000.00 | \$ 120 000.00 |
| Total cumulative income | \$ 150 000.00 | \$ 270 000.00 |
| Purchases and expenses from previous periods | \$ 0.00 | \$ 60 000.00 |
| Purchases and expenses from the current period | \$ 60 000.00 | \$ 50 000.00 |
| Total purchases and expenses | \$ 60 000.00 | \$ 110 000.00 |
| Deduction of investments from previous years | \$ 2 500.00 | \$ 4 700.00 |
| Employee profit sharing | \$ 0.00 | \$ 0.00 |
| Tax losses from previous years | \$ 0.00 | \$ 0.00 |
| Taxable base of the provisional payment | \$ 87 500.00 | \$155 300.00 |
| * ISR caused (According to the rate of article 96 LISR) | \$ 20 716.99 | \$ 35 523.98 |
| Provisional payments made previously | — | \$ 20 716.99 |
| ISR withheld from prior periods | — | — |
| ISR withheld from current period | — | — |
| Tax withheld | — | — |
| ISR on charge | \$ 20 716.99 | \$ 14 806.99 |

Source: Own elaboration based on data from the Tax Administration Service (SAT) portal (2023).

Simplified Trust Regime

The Simplified Trust Regime is a recently created tax scheme. On September 8, 2022, the Ministry of Finance and Public Credit (SHCP) submitted to the federal legislature a bill proposing reforms, additions, and repeals to various tax provisions, including the Income Tax Law. This bill introduced the new Simplified Trust Regime, incorporating taxpayers from the Business and Professional Activity Regime as well as from the leasing regime, and replacing the Fiscal Incorporation Regime and the regime for agricultural, livestock, forestry, or fishing activities. The goal was to streamline tax filing, reduce the tax burden for these taxpayers, and effectively combat tax evasion (Center for Public Finance Studies, 2021).

Under this regime, individuals may pay taxes if they exclusively engage in business activities, professional services, or the leasing of goods, if their

annual income does not exceed \$3 500 000.00 (three million five hundred thousand pesos), according to Article 113-E of the Income Tax Law (LISR).

According to open data from the Tax Administration Service (n.d.), the Simplified Trust Regime has fulfilled its goal of expanding the taxpayer base over time. In December 2022, it registered 2 878 490 taxpayers, and this figure has shown constant growth, as shown in Table 3. By January 2025, the number of registered taxpayers reached 3 765 996, representing a significant increase nearly four years after its implementation.

Table 3. *Number of taxpayers registered under the Simplified Trust Regime from 2022 to 2025*

| <i>Year</i> | <i>Month</i> | <i>Number of taxpayers</i> | <i>Growth/ decline compared to 2022</i> |
|-------------|--------------|----------------------------|---|
| 2022 | December | 2 878 490 | |
| 2023 | December | 2 977 905 | 3.49% |
| 2024 | December | 3 593 707 | 25.14% |
| 2025 | January | 3 765 996 | 31.19% |

Source: Own elaboration based on data from the Tax Administration Service (n.d.).

Taxpayer-Obligations

Regarding the obligations of these taxpayers, they must calculate and pay the corresponding tax every month, no later than the 17th day of the month following the reporting period, as well as file their annual return following Article 113-F of the Income Tax Law (LISR).

These monthly payments are determined based on the total income received from the activities, supported by digital tax receipts (CFDIs) that have been effectively collected. No deductions or value-added tax (VAT) are applied. The applicable tax rates, as indicated in Article 113-E, are shown in Table 4.

In the case of the annual calculation, which must be filed in April of the following year, it will also be based solely on the income actually received, without applying any deductions or including value-added tax (VAT), following Table 5 below:

Table 4. Rates applicable to monthly income obtained without any deduction

| <i>Tax receipts effectively collected, without value-added tax (monthly pesos)</i> | <i>Applicable rate</i> |
|--|------------------------|
| Until 25 000.00 | 1.00% |
| Until 50 000.00 | 1.10% |
| Until 83 333.33 | 1.50% |
| Until 208 333.33 | 2.00% |
| Until 3 500 000.00 | 2.50% |

Source: Own elaboration based on data from the Income Tax Law.

Table 5. Applicable rates on annual income received without any deductions

| <i>Tax receipts actually collected, without value-added tax (annual pesos)</i> | <i>Applicable rate</i> |
|--|------------------------|
| Until 300 000.00 | 1.00% |
| Until 600 000.00 | 1.10% |
| Until 1 000 000.00 | 1.50% |
| Until 2 500 000.00 | 2.00% |
| Until 3 500 000.00 | 2.50% |

Source: Own elaboration based on data from the Income Tax Law.

Regarding the tax obligations of taxpayers registered under this regime, and in accordance with Article 113-G of the Income Tax Law, the following can be noted, among others:

- Request registration in the Federal Taxpayers Registry and keep it updated.

Have an active electronic signature and tax mailbox.

- Issue digital tax receipts over the Internet (CFDI) for all income effectively collected.
- Obtain and keep CFDIs that support their expenses and investments.
- File monthly tax payments no later than the 17th day of the month following the one to which the payment corresponds.
- File the annual tax return in April of the year following the one to which the return corresponds.

Finally, it is worth highlighting that when taxpayers under this regime have transactions with legal entities, the latter must withhold 1.25% of the tax and remit it on behalf of the individual. The individual may deduct the withheld tax from their tax liability, if applicable.

Tax-Determination

In this regard, a practical exercise is carried out using simulated data corresponding to the income tax calculation for January and February, using the same data for business and professional activities.

| <i>Concept</i> | <i>January</i> | <i>February</i> |
|-------------------------|----------------|-----------------|
| Income | \$150 000.00 | \$120 000.00 |
| Expenses | \$ 60 000.00 | \$ 50 000.00 |
| Deduction de investment | \$ 2 500.00 | \$ 2 200.00 |

In this case and under the provisions of the Income Tax Law, articles 113-E to 113 J, only the collected income is considered without considering any deduction; therefore, the calculation would be as follows:

| <i>Concept</i> | <i>January</i> | <i>February</i> |
|-------------------------|----------------|-----------------|
| Income | \$150 000.00 | \$120 000.00 |
| Monthly applicable rate | 2% | 2% |
| Tax to pay | \$3 000.00 | \$2 400.00 |

In this case, income is not accumulated as it is under the Business and Professional Activity Regime; instead, the corresponding percentage is determined based on the monthly income obtained, without applying any deductions.

Table No. 6 below provides a summary of the obligations of each regime regarding income tax.

Table 6. Comparative Table of Obligations of Both Regimes

| Obligation | Description | Business and Professional Activity Regime RAEP | | Simplified Regime Trust | Legal Basis |
|------------|---|--|---|---|-------------------------|
| ISR | For income derived from: | Business activities or the provision of professional services. | Art. 100 LISR | Business or professional activities or those that grant the temporary use or enjoyment of goods | Art. 113-E 1°P |
| | Total Annual Income of: | No income limit | | Limited to \$3,500,000 annual income | Art. 113-E 1°P |
| | Income Accumulation Base | When the income is received | Art. 102 LISR | When the income is actually received | Art. 113-E 5°P |
| | Basis for determining the ISR | Collected income (-) Authorized deductions | Art. 106 LISR | Collected income (x) ISR rate | Art. 113-E 5°P |
| | ISR rate | From 1.92% to 35% | Art. 106 LISR | From 1.00% to 2.5% | Art. 113-E 5°P |
| | Statements | Monthly and annual | Art. 106 y 109 LISR | Monthly and annual | Art. 113-E y 113 F LISR |
| | Application of authorized deductions | Applicable | Art. 103 LISR | Not applicable | Art. 113-E 5°P |
| | Income Tax Withholding Rate when services are provided to Legal Entities. | 10% for professional services | Art. 106 LISR | It is 1.25% for leasing, business and professional activities | Art. 113J |
| | Application of personal deductions | Applicable | Art. 151 LISR | Not applicable | Art. 113 F LISR |
| Others | Electronic Accounting DIOT | Obligated from \$4 000 000.00 of income in the fiscal year. | Art. 110 LISR and rule 2.8.1.17. of the RMF2024 | Not obligated | |

Source: Own elaboration based on data from the Income Tax Law (LISR) and the Tax Administration Service (SAT), 2024.

Additional-Charges

Since doctors are exempt from paying Value Added Tax (VAT), as established in Article 15, Section XIV of the Value Added Tax Law (2021), the provision states: *“Medical professional services, when their provision requires a medical degree in accordance with the law, provided they are rendered by individuals, either independently or through civil partnerships or private assistance or charitable institutions authorized by the relevant laws.”*

However, some states have implemented their own tax collection mechanisms. Such is the case of the state of Tlaxcala, which includes a state tax called the **Tax on the Practice of Professions**, as established in the Financial Code of the State of Tlaxcala and its municipalities (2021). This tax imposes a 3% charge on income earned by doctors practicing as individuals. Regarding this, Article 121 of said code states: *“The income received by individuals from providing services through the independent practice of a profession or technical, cultural, artistic, sports, or similar activities, in accordance with the applicable laws, shall be subject to the tax on the practice of professions, provided such services are not subject to value added tax.”*

Comparative Analysis

Based on the simulated income for the months of January and February presented previously, a comparative analysis is provided for tax determination under both the Business and Professional Activity Regime and the Simplified Trust Regime (see Tables 6 and 7).

Table 7. Simulated Income for January and February 2025

| Concept | January | February |
|------------------------|--------------|--------------|
| Income | \$150 000.00 | \$120 000.00 |
| Expenses | \$ 60 000.00 | \$ 50 000.00 |
| Investment's deduction | \$ 2 500.00 | \$ 2 200.00 |

Table 8. Comparison of taxes in both regimes

| Regime | January | February |
|---|--------------|--------------|
| Business and Professional Activity Regime | \$ 20 716.99 | \$ 14 806.99 |
| Simplified Trust Regime | \$ 3 000.00 | \$ 2 400.00 |

As observed, in January, the Business and Professional Activity Regime (AEyP) determines a tax of \$20 716.99, despite the taxable base.e., income minus expenses, being \$87 500.00 (resulting from \$150 000.00 in income minus \$62 500.00 in deductions for expenses and investments, which represent 41.67% of the total). In contrast, under the Simplified Trust

Regime (RESICO), the tax determined is only \$3 000.00 (resulting from multiplying \$150 000.00 by 2%).

For February, the tax determined under the Business and Professional Activity Regime (AEyP) amounts to \$14 806.99, with a taxable base of \$67 500.00 (from \$120 000.00 in income minus \$52 500.00 in expenses, which represent 43.50%). In contrast, under the Simplified Trust Regime (RESICO), the tax determined is \$2 400.00, which is considerably lower than that calculated under AEyP.

In both cases analyzed, the tax determined under the Business and Professional Activity Regime (AEyP) is significantly higher: 6.9 times greater in January and 6.1 times greater in February, compared to the Simplified Trust Regime (RESICO). This demonstrates that for doctors practicing independently, RESICO represents a more viable and efficient tax option.

Finally, an annual calculation will be carried out under both regimes, considering the maximum income limit allowed in RESICO of \$3 500 000.00, with the goal of identifying the breakeven point at which the Business and Professional Activity Regime could compete with RESICO (see tables).

Table 9. Annual Calculation under the Simplified Trust Regime Simplified Trust Regime

| <i>Simplified Trust Regime</i> | |
|--------------------------------|-----------------|
| Income collected | \$ 3 500 000.00 |
| Applicable rate (annual) | 2.50% |
| Determined tax | \$ 87 500.00 |

Table 10. Annual calculation for the Business and Professional Activity regime.

| <i>Business and Professional Activity Regime</i> | |
|--|------------------------|
| Total taxable income | \$ 3 500 000.00 |
| Total accumulative income | \$ 3 008 450.00 |
| Taxable base of provisional payment (January) | \$ 491 550.00 |
| (-) Lower limit | \$ 374 837.89 |
| (=) Surplus over lower limit | \$ 116 712.11 |
| (x) Applicable rate | 23.52% |
| (=) Tax | \$ 27 450.69 |
| (+) fixed fee | \$ 60 049.40 |
| (=) Caused Tax | \$ 87 500.09 |

Based on the above calculations, it is concluded that the Business and Professional Activity Regime (RAEP) can only compete with RESICO when deductions exceed 85.96% of income—a condition that is virtually unattainable for these taxpayers. This is because, in most cases, deductible expenses do not reach such a percentage, making the tax burden under RAEP significantly higher. Therefore, RESICO is a more convenient option for independent medical service providers, offering a lower tax burden and greater administrative simplicity.

Methodology

This study adopts a comparative and quantitative approach to analyze the differences between the Simplified Trust Regime (RESICO) and the Business and Professional Activity Regime (RAEP) regarding tax compliance for independent medical service providers.

The research design is non-experimental and cross-sectional, based on both secondary and primary sources. Secondary sources include current tax legislation (Federal Fiscal Code, Income Tax Law, and Miscellaneous Tax Resolution), INEGI data, publications from the Tax Administration Service (SAT), and previous studies on medical taxation. Primary sources consist of tax simulations to assess the tax burden at different income levels and applicable deductions for physicians under each regime.

The analysis procedure includes identifying key variables such as tax rates, income limits, administrative ease, and the possibility of deducting expenses; simulating scenarios with varying income levels, considering the VAT exemption applicable to doctors; and conducting a quantitative comparison of the tax burden under both regimes.

Regarding scope, the study focuses on the Income Tax (ISR), providing a practical guide based on concrete data to assist in selecting the most suitable tax regime. As limitations, the calculations are based on general assumptions without considering individual particularities or future tax reforms that may change the current criteria.

Results

The comparative analysis between RESICO and RAEP for independently practicing physicians revealed significant differences in terms of tax burden, administrative ease, and use of deductions.

Tax simulations showed that RESICO offers a considerably lower tax burden due to its reduced rates, ranging from 1% to 2.5% on total income without applying any deductions. In contrast, RAEP applies to a progressive income tax rate (ISR), which can be higher depending on the income level, although it allows for the deduction of expenses related to professional activity, potentially reducing the taxable base.

A key finding was the identification of a breakeven point between both regimes. It was determined that, considering RESICO's maximum income cap of \$3 500 000.00 per year, RAEP only becomes competitive in terms of tax burden if deductions equal or exceed 85.96% of total income. Below this deduction percentage, the ISR payable under RAEP is higher than it would be under RESICO.

From an administrative perspective, RESICO is a simpler option with lower accounting requirements, making tax compliance easier. Meanwhile, RAEP involves more complex accounting management but provides greater flexibility in tax planning.

In conclusion, RESICO is more suitable for doctors with stable income and low operating costs, while RAEP may be a viable alternative for those with high-deductible expenses exceeding 85.96% of their gross income.

Conclusions and Recommendations

The comparative analysis between the Simplified Trust Regime (RESICO) and the Business and Professional Activity Regime (RAEP) identified key advantages and disadvantages for independently practicing doctors. It confirmed that RESICO is a more favorable option in terms of tax burden due to its lower rates and administrative simplicity. However, it also has notable

limitations, such as the inability to deduct expenses and the annual income cap of \$3 500 000.00.

In contrast, RAEP offers greater flexibility through expense deductions but is only competitive with RESICO when deductions reach or exceed 85.96% of total income. Otherwise, the ISR payment under RAEP tends to be significantly higher.

Therefore, the choice of the most suitable tax regime depends on each doctor's income and expense structure. RESICO is recommended for those with low operating costs seeking to simplify their tax and administrative burden, while RAEP may be more advantageous for those with high-deductible expenses that significantly reduce their taxable base.

Based on this analysis, the following recommendations are proposed:

- Evaluate income and expense structure: Before choosing a tax regime, it is essential to analyze annual income levels and the percentage of applicable deductions to determine the most favorable scheme.
- Promote tax awareness: Strengthening tax education among doctors is crucial, as better knowledge of their rights and obligations will allow them to make informed decisions and avoid penalties for non-compliance.
- Monitor regulatory changes: Since RESICO is a relatively new regime, doctors should stay informed about potential changes that could affect its functionality and future viability.
- Seek professional tax advice: Finally, it is recommended to consult with an accountant or tax specialist who can perform a detailed analysis of each doctor's specific situation to design an efficient and personalized tax strategy.

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