
7. Labour law

The Mexican Federal Labour Law (FLL) regulates employment relationships in Mexico. The FLL applies to all employees in Mexico regardless of nationality or place of entering into the employment agreement.

7.1 Mandatory employee benefits

7.1.1 Profit sharing

As of the second year of operations, all employers must distribute among their employees an amount equal to 10 percent of the employer's pre-tax profit within 60 days after the employer is required to file its year-end income tax return. Fifty percent of such amount is to be distributed in proportion to the number of days worked by each employee during the year, and the remainder according to the wages of each employee. Certain managerial employees are not entitled to profit sharing.

7.1.2 Christmas bonus

All employers must pay their employees a year-end bonus equal to at least fifteen days' wages, payable before December 20th of every year.

7.1.3 Paid holidays

The following are the legal paid holidays which must be observed. An employee required to work on any of these holidays must be paid overtime at the rate of at least three times his normal wages:

- January 1 (New Years Day);
- February 5 (Constitution Day);
- March 21 (Benito Juárez Day);
- May 1 (Labour Day);
- September 16 (Independence Day);
- November 20 (Revolution Day);
- December 1 (every six years upon inauguration of a new President);
- December 25 (Christmas Day); and
- Special dates designated by the electoral laws.

7.1.4 Vacation premium

All employers must pay vacation days at a rate of at least 125 percent of the employee's wages. Employees with more than one year of seniority