

New Labor Regulations: The Latest Update for Digital Platforms.

By Arturo Fragoso

# IER RUM





"DILIGITE JUSTITIAM QUI JUDICATIS TERRAM." "Ye who judge the earth, give diligent love to justice"

# New Labor Regulations: The Latest Update for Digital.

By Arturo Fragoso

Over the past few years, the rise of new digital and remote work models facilitated by various online platforms has significantly transformed the global labor landscape. Services such as deliveries, transportation, and other tasks mediated by applications have introduced a flexible mode of work. However, this flexibility has also created a regulatory void, leaving workers in the digital platform sector vulnerable and uncertain due to the lack of social security, insufficient labor protections, and an unclear relationship with their employers. In Mexico, this phenomenon has expanded rapidly, affecting over six hundred fifty thousand workers for nearly a decade<sup>1</sup>.

Consequently, on December 24, 2024, a decree amending various provisions of the Federal Labor Law (the "Labor Law") regarding Digital Platforms was published in the Official Gazette of the Federation<sup>2</sup>. This reform aims to recognize the labor and social security rights of platform workers and to establish the necessary conditions for formalizing the employment relationship with companies in this sector. This article will address the key aspects of the recently enacted labor reform, beginning with an analysis of the recognition of the subordinate employment relationship of platform workers, it will then explore the obligations of employers, followed by other provisions designed to regulate the labor relationship between workers and digital platforms as employers.

# The Emergence of a New Labor Relationship Model

The recent labor reform introduces significant changes to regulate working conditions on digital platforms, including the definition and recognition of the employment relationship through such platforms, as well as the associated rights of the workers, both individually and collectively.

Article 291-A of the amended Labor Law provides that it constitutes a subordinate employment relationship, characterized by the performance of remunerated activities requiring the worker's physical presence to render the service, which are managed by an individual or legal entity on behalf of third parties through a digital platform, utilizing information and communication technologies to exercise control and supervision over the worker.

Under this model, a worker is defined as an individual who provides personal, paid, and subordinate services, under the direction and supervision of an individual or legal entity that offers services to third parties through a digital platform. The worker must generate monthly net income equivalent to at least one minimum wage for their work, regardless of the actual hours worked. If the worker fails to generate the specified income at the end of the month, they will be considered independent. However, during this period, and for the time worked, all rights stipulated in the Labor Law will still apply, except for social security contributions. Employers will be responsible in all cases for paying in the event of an occupational hazard occurring during the actual work time<sup>3</sup>.

If the employee ceases to engage in activity for a consecutive period of 30 calendar days, the employment relationship will be considered automatically terminated, with no responsibility or indemnity owed by the employer. If the worker later resumes meeting the conditions to qualify as a digital platform worker, this will be considered the start of a new employment relationship<sup>4</sup>.

In addition to the ordinary grounds for termination of the employment relationship without liability for the employer, the following will also be considered justifiable causes for termination: the submission of false documentation during registration; endangering, through imprudence or inexcusable neglect, the safety or privacy of the platform's user or client; committing acts of dishonesty, violence, threats, defamation, harassment and/or sexual harassment, mistreatment, discriminatory acts, or other similar behaviors during and in connection

4.- Article 291-C of the amended Labor Law.

<sup>1.-</sup> As stated by the President of the Commission on Labor, Congress Representative Maiella Martha Gabriela Gómez Maldonado, at https://comunicacionsocial. diputados.gob.mx/index.php/boletines/la-camara-de-diputados-aprobo-en-lo-general-y-particular-reformas-que-regulan-el-empleo-en-plataformas-digitales. 2.- At https://dof.gob.mx/nota\_detalle.php?codigo=5746132&fecha=24/12/2024#gsc.tab=0.

<sup>3.-</sup> Article 291-C of the amended Labor Law.

with their work; and repeatedly failing to fulfill the accepted tasks, services, works, or jobs, as well as the related instructions, without just cause<sup>5</sup>.

In all other cases, the compensation for the unjustified termination of the digital platform worker's employment relationship will consist of three months' salary, plus twenty days of salary for each year of service rendered, considering the actual time worked, any overdue wages, and applicable interest, if any<sup>6</sup>.

# **Employer Obligations in the Digital Platform Sector**

Article 291-B of the amended Federal Labor Law defines a digital platform as a system comprising mechanisms, software applications, systems, and devices that assign tasks, services, works, jobs, or similar activities to workers on behalf of third parties, in accordance with the use of information and communication technologies as outlined in Article 330-A<sup>7</sup>.

Under this scenario, it becomes relevant to distinguish that the responsibility of employer status will rest with the individual or legal entity that manages or operates the platform. Consequently, users, consumers, or beneficiaries of tasks, services, works, or jobs offered through digital platforms will not be considered employers, nor will they be jointly or severally liable for workers on digital or similar platforms<sup>8</sup>.

Thus, under the main obligations of the employer, the following can be listed<sup>9</sup>:

- i. Pay for the services provided within no more than one week, informing of the payment employees are entitled to for each task, service, work, or job, detailing the applicable components of the payment and issuing weekly payment receipts that document the number of tasks, services, works, or jobs performed, the actual time worked, applicable legal deductions, and other relevant concepts.
- ii. Establish mechanisms to record the hours worked and waiting times.
- iii. Implement mechanisms to ensure the security of the employees' personal information and data used by the platform, as well as inform of the safety and health measures they must consider while performing their duties.
- iv. Register workers before the Mexican Institute of Social Security (IMSS<sup>10</sup>), and remit social security contributions, as well as the corresponding contributions to the National Housing Fund for Workers (INFONAVIT<sup>11</sup>).
- v. Establish training, education, and advisory mechanisms necessary to ensure proper adaptation to and use of digital platforms.
- vi. Establish specific mechanisms for handling and following up on complaints or grievances related to breaches of integrity, acts of labor violence or sexual violence, threats, slander, sexual harassment, mistreatment, discriminatory acts, or other similar issues against employees derived from their work.
- vii. Provide all information required by labor and other relevant authorities regarding the services rendered through digital platforms.

## Insights into the Digital Labor Era

Additionally, it is important to clarify that these new regulations will come into effect on June 23, 2025, one

# **02** Monthly digital publication Abogados Sierra

<sup>5.-</sup> Article 291-M of the amended Labor Law.

<sup>6.-</sup> Article 50, section IV, of the amended Labor Lav

<sup>7.-</sup> The set of services, infrastructure, networks, software, computer applications and devices intended to facilitate tasks and functions in the workplace, as well as those required for the management and transformation of information, in particular the technological components that make it possible to create, modify, store, protect and retrieve such information. (Article 330-A, Labor Law)

<sup>8.-</sup> Article 291-B of the amended Labor Law.

<sup>9.-</sup> Article 291-K of the amended Labor Law.

<sup>10.-</sup> By its acronym in Spanish, Instituto Mexicano Del Seguro Social.

<sup>11.-</sup> By its acronym in Spanish, Instituto del Fondo Nacional de la Vivienda para los Trabajadores.

hundred and eighty days after their publication<sup>12</sup>. In accordance with these provisions, work on digital platforms will be considered predominantly flexible and discontinuous regarding the actual time worked, meaning from the moment the worker agrees to perform a task, service, work, or job on the platform until the task is definitively completed<sup>13</sup>.

Work on digital platforms must be formalized through a contract distinct from the terms and conditions for service provision on the platform, which may be signed digitally. The contract model must be authorized and registered by the Federal Centre for Conciliation and Labor Registration. The contract must include, among general mandatory requirements, the determination of the system for tracking generated income and actual working time; the equipment and work supplies provided to the worker, if applicable, including those related to safety and health obligations for this work modality; the percentage or method by which the employer will pay the digital platform worker for each task, service, work, or job, in addition to any bonuses they may receive, if applicable; the mechanisms of contact and supervision between the platform and the workers<sup>14</sup>. The time dedicated to the platform will be determined by the worker freely. The worker will set their own schedule without fixed hours, allowing them to connect and disconnect at their discretion as needed<sup>15</sup>.

Regarding salary, it will be established based on the completion of tasks, services, work, or jobs. Given the flexible nature of this type of work, the payment will include a proportional amount for weekly rest days, vacations, vacation bonuses, Christmas bonuses, and overtime. Amounts received by digital platform workers as tips will not be considered part of the base salary for social security contributions<sup>16</sup>. The Ministry of Labor and Social Welfare will issue general provisions outlining the procedures for calculating net income within five days of the regulations coming into force<sup>17</sup>.

It is prohibited to transfer workers from a traditional employment relationship to a digital platform work model to distort the employment relationship, deny associated rights, or reduce other labor obligations, as well as to charge workers for registration, usage, separation, or similar concepts related to the virtual employment relationship, impose restrictions on workers' connectivity, conceal or simulate the employment relationship through civil, commercial, or other types of contracts; and manipulate workers' income to avoid their classification as subordinate employees of digital platforms<sup>18</sup>.

# Conclusion

The recent labor reform aims to regulate digital work, ensure workers' rights, and define the contractual relationship between employers and employees. Key aspects of the reform include the clear definition of work on digital platforms and the mechanisms used to carry out tasks. It also specifies the nature of the labor relationship, setting the necessary conditions to formalize the employment relationship with companies in this sector, and outlining the rights and obligations of both parties, specifically acknowledging the rights to labor and social security.

Although the implementation and development of new social security provisions and regulations pose a significant challenge, it is a necessary step within the current labor landscape. This step is crucial for protecting those who have made the profitability of digital platforms a reality as a business model in Mexico.

14.- Article 291-H of the amended Labor Law.

16.- Article 291-F of the amended Labor L

<sup>12.-</sup> First Transitory Article.

<sup>13.-</sup> Article 291-D of the amended Labor Law.

<sup>15.-</sup> Article 291-E of the amended Labor Law

<sup>17.-</sup> Third Transitory Article.

<sup>18.-</sup> Articles 291-S and 291-T of the amended Labor Law.

# ARTURO FRAGOSO ASSOCIATE

Arturo is an associate in the Regulatory area. With over 5 years of experience advising on regulatory and compliance aspects of aviation law, he specializes in representing the interests of international air carriers in Mexico. He liaises with relevant regulatory and airport entities in Mexico to ensure safe operations and provide top-tier legal services to reputable air carriers and related companies. In addition to his focus on aviation law, Arturo offers comprehensive legal guidance to Mexican and foreign entities across various aspects of corporate law. This includes assisting with the necessary steps for conducting business in Mexico and ensuring compliance with all corporate and tax requirements. His practice encompasses aviation industry matters, airport law, labour law, and corporate law, all geared towards providing clients with precise, effective legal solutions.

### Education

- Attorney at law by Instituto Tecnológico de Estudios Superiores de Monterrey in Mexico City.
- Undergraduate studies abroad in International Public Law and Commercial Law in Monash University, in Melbourne, Australia

### Memberships

Member of the Mexican Contact Group for the Aviation Working Group

### **Publications**

 Arturo has authored numerous articles focusing on the regulatory aspects of aircraft and airline operations, as well as other pertinent topics concerning Mexico's legislation, in COELUM and TERRUM

### Languages

- English
- Spanish



Prol. Reforma No. 1190 25th Floor, Santa Fe México D.F. 05349 t. (52.55) 52.92.78.14 www.asyv.com / www.asyv.aero Find us in

Audio Message





The articles appearing on this and on all other issues of Terrum reflect the views and knowledge only of the individuals that have written the same and do not constitute or should be construed to contain legal advice given by such writers, by this firm or by any of its members or employees. The articles and contents of this newsletter are not intended to be relied upon as legal opinions. The editors of this newsletter and the partners and members of Abogados Sierra SC shall not be liable for any comments made, errors incurred, insufficiencies or inaccuracies related to any of the contents of this free newsletter, which should be regarded only as an informational courtesy to all recipients of the same.