

Insights, News & Events

# MEXICO JOINS GROWING TREND TO PROTECT DIGITAL PLATFORM WORKERS: 7 COMPLIANCE TIPS FOR GIG ECONOMY BUSINESSES

Insights  
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Businesses operating in Mexico should be aware of substantial changes to the Federal Labor Law aimed at protecting digital platform workers. Specifically, the National Congress of Mexico enacted a decree in December 2024 focused on ensuring fair and adequate labor conditions. Here's what you need to know to comply with key aspects of the new law before enforcement begins in June.

## A Global Trend

The International Labor Organization (ILO) characterizes digital platform work as an atypical form of employment where there is no direct labor relationship between the worker and the platform. And locations around the world are increasingly adding protections for workers in this arena. For example:

- The **European Union**, Singapore, and Uruguay passed legislation in the last year aimed at protecting workers in the platform economy.
- New York City's **minimum pay rate** for app-based restaurant delivery workers is now \$21.44 an hour.
- Massachusetts allows platform drivers to unionize and negotiate contracts.

## Related People



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**Mexico** has joined the trend by establishing a regulatory framework for digital platforms in the country and certain minimum standards for workers related to pay and benefits, access to social security, protective measures, and participation in company profits.

## **Notable Definitions**

The amendments to Mexico's Federal Labor Law include the following key terms:

- **Digital Platform:** A set of mechanisms, computer applications, systems, and devices that assign tasks to workers in favor of third parties.
- **Digital Platform Work:** A subordinate employment relationship involving remunerated activities that require the physical presence of the worker, managed through a digital platform.
- **Digital Platform Worker:** A person who provides personal, paid, and subordinate services, under the supervision of a digital platform, generating a net monthly income equivalent to at least one minimum monthly wage. Workers who do not meet this income threshold are considered self-employed.
- **Algorithm:** Decision-making systems that allow for automated or analogous command and supervision over the digital platform worker.

## **Key Areas for Compliance**

### **Employment Contracts**

- An employment contract must be established, distinct from the platform's terms and conditions, which can be signed digitally and must be approved by the Federal Conciliation and Labor Registry Center.
- The contract must include information about the nature and characteristics of the work, how income is determined and calculated, work equipment, mechanisms for contract supervision, and the use of algorithms.

### **Misrepresentation**

- Digital platform companies are prohibited from concealing or misrepresenting the employment relationship by means

of civil, commercial, or other contracts.

- The amendment prohibits the transfer of workers in an employment relationship to work on digital platforms with the aim of avoiding an employment relationship or reducing taxes, social security, or labor costs.

### **Pay and Benefits**

- Salary can be set per task completed, including proportional amounts for weekly rest days, vacations, vacation bonuses, year-end bonuses, and overtime. Payment must be made at least weekly.
- Tips will not be considered in the calculation of employer-employee social security contributions. Businesses must cover work-related risks during digital platform work time.
- Workers will be entitled to participate in the company's profits if the effective work time exceeds 288 hours annually.

### **Working Conditions**

- The work schedule should be flexible.
- Workers can create or join unions that allow for periodic reviews of working conditions.
- Companies must protect workers from acts of discrimination and workplace violence.
- Businesses must develop an algorithmic management policy that informs workers about algorithms for decision-making.
- Companies must establish training and advisory mechanisms to ensure the proper use of digital platforms.

### **Termination Causes**

- Justified causes for termination of the labor relationship are established in addition to those in Article 47 of the Federal Labor Law.
- Immediate termination is allowed in cases of dishonesty, violence, threats, or harassment including sexual harassment.

- Any form of termination or restriction on access to a platform requires written notice.
- Action without prior notice is deemed void.

### **Fines for Non-Compliance**

In case of non-compliance, digital platforms will be subject to additional fines calculated based on the Measurement and Update Unit (UMA). Here are the fines for 2025 in approximate US dollars:

- \$11,224 – \$140,300 for not registering the contract model.
- \$ 5,612 – \$140,300 for not issuing or informing about changes in the algorithmic management policy.
- \$1,403 – \$28,060 for violating provisions on the administration and management of services.
- \$2,806 – \$140,300 for not implementing mechanisms regarding autonomous personnel.

### **7-Step Compliance Plan**

Consider taking the following steps to comply with these new requirements:

1. Provide mechanisms for reviewing decisions that affect access to the platform, managed by autonomous personnel.
2. Establish a grievance process for addressing discrimination, violence, harassment, and similar issues, and designate personnel to review decisions.
3. Ensure confidential information and personal data are secure.
4. Register workers at the Mexican Social Security Institute (IMSS) and the National Workers Housing Fund (INFONAVIT).
5. Establish training, education, and occupational safety and health plans.
6. Stay tuned for guidelines from the applicable authorities.
7. Reach out to your Fisher Phillips attorney to assist you with your compliance efforts.

## Conclusion

We will continue monitoring developments under this new legal framework. For more information on how this impacts your operations in Mexico, reach out to your Fisher Phillips attorney or the author of this Insight. [Fisher Phillips Mexico](#) is at your service to assist you with any questions related to this topic, as well as with any matter in labor law. Make sure you are subscribed to [Fisher Phillips' Insight System](#) to have the most up-to-date information sent directly to your inbox.