



# Peru

<b>Taxing Authority and Tax Law</b>	Superintendencia Nacional de Administracion Tributaria (SUNAT). Article 32 Item 4 and 32-A of Income Tax Law Supreme Decree 054-99-EF of April 14, 1999, which was modified by Law 27356 of October 18, 2000 and recently modified again by Legislative Decree 945.
<b>Regulations and Rulings</b>	Article 19-A and B of Income Tax Regulations. Supreme Decree No. 122-94-EF of September 21, 1994 and modified by Supreme Decree 045-2001-EF of March 20, 2001 and DS 017-2003-EF. However, the preceding regulations have not been adapted to the recent Income Tax Law modifications.
<b>Priorities/Pricing Methods</b>	The SUNAT does not place a priority on specific pricing methods. CUP, Resale Price, Cost Plus, Residual Profit Split, Profit Split and Net Margin Method are all accepted.
<b>Transfer Pricing Penalties</b>	The penalty for non-compliance with the annual obligation of keeping a transfer pricing study is 30 Tax Units (approximately, U.S. \$30,000). Moreover, Peruvian tax authorities are entitled to adjust the taxpayer's taxable result based on the transfer pricing methods established by local law. These adjustments to annual taxable income resulting from the tax authorities' application of transfer pricing provisions will be subject to additional penalties, which may be up to 50% of the resulting tax deficiency (income misstatement penalties).
<b>Reduction in Penalties</b>	The new provisions establish an incentive regime, under which income misstatement penalties are reduced upon payment, as follows: <ul style="list-style-type: none"> <li>■ 20% reduction if the taxpayer acknowledges the tax liability after the tax audit has begun but before the official notification of an income assessment</li> <li>■ 30% reduction if the taxpayer timely files the transfer pricing return</li> <li>■ 50% reduction if the taxpayer has a complete technical report (Transfer Pricing Study)</li> </ul>
<b>Documentation Requirements</b>	According to Peruvian Income Tax Law, related parties must keep documentation, which supports the contention that transactions between related parties were made at market value. The information must be supported on a transfer pricing Technical Report which must be in accordance with the informational return.
<b>Categories of Documentation Required</b>	The following categories require documentation: <ul style="list-style-type: none"> <li>■ Characteristics of property or services</li> <li>■ Functional analysis</li> <li>■ Contractual terms</li> <li>■ Economic circumstances</li> <li>■ Business strategies</li> </ul>
<b>Deadline to Prepare Documentation</b>	There is no deadline to prepare documentation.
<b>Deadline to Submit Documentation</b>	N/A
<b>Statute of Limitations on Transfer Pricing Assessments</b>	According to Articles 87-7 and 43 of the Peruvian Tax Code, the statute of limitations on transfer pricing assessments is four years after January 1 of the year that follows the year the tax return was supposed to be filed (generally March 31 of the following year), and six years for returns that were never filed.
<b>Return Disclosure-Related Party Disclosure</b>	An 'Information Return' in accordance with the 'Technical Report' is required to be submitted. Regulation is still pending in this matter.
<b>Audit Risk/Transfer Pricing Scrutiny</b>	The risk of transfer pricing issues being reviewed under an audit is low. The Peruvian Tax Administration has not yet initiated any tax audits regarding transfer pricing issues.
<b>APA</b>	APAs are available for cross-border transactions only. However, no formal procedures have been established.