

## COUNTRY PROFILE



## Peru

## Tax overview

Corporate Income Tax	29.5%
Personal Income Tax	30%, progr.
Gift Tax	None
Inheritance Tax	None
Wealth Tax	None

**Corporate Income Tax (CIT)**

Corporations incorporated in Peru are subject to tax on worldwide income at a rate of 29.5%. Legal entities are considered as tax resident in Peru when incorporated in Peru, and Peru does not apply the place of effective management test.

**Personal Income Tax**

Peruvian residents are subject to tax on worldwide income at progressive rates up to 30%. There is no gift tax, inheritance tax, or wealth tax.

**Anti-Avoidance Rule**

Peru has General Anti-Avoidance Rules (GAARs). In addition, Peru has Transfer Pricing rules, which require transactions between related parties, and between Peruvian residents and Low Tax Jurisdictions, to be arms-length. Peru also has Thin Capitalization rule. Peru has Controlled Foreign Corporation (CFC) rules.

**Controlled Foreign Corporations (CFCs)**

A Controlled Foreign Corporation (CFC) is defined as a non-resident entity with legal personality that has passive income subject to tax at a rate equal to or less than 75% of the income tax rate in Peru controlled by Peruvian residents. Control is defined as direct or indirect participation of more than 50% of the capital, profits or voting rights of the CFC, resulting in attribution of undistributed income.

**Foreign Trusts**

CFC Regulations extend the definition of CFCs to foreign trusts even though they lack legal personality.

The CFC rules should not apply to foreign trusts with underlying companies where the foreign trustee has full powers of administration and investments, discretion over distributions, and the settlor has no powers of revocation or amendment, and neither the settlor nor the beneficiaries have any reserved powers of administration. The Investment Advisors and Protectors should be non-family members. Trust instruments should be drafted with Peruvian CFC rules in mind.

**Foreign Investment Protection**

Peru has a broad network of agreements for the protection of foreign investments that provide for international arbitration in the event of nationalization or expropriation, including with Canada, Costa Rica, Luxembourg, Netherlands, Panama, Singapore, Spain, Switzerland, the UK and the US.

**Double Tax Treaties (DTTs)**

Peru has DTTs with a number of countries, including Brazil, Canada, Chile, Japan, Korea, Mexico, Portugal, and Switzerland.

**Tax Information Exchange Agreements**

Peru has a TIEA in effect with the United States which provides for exchange of information on request, automatically and spontaneously.

**OECD Multilateral Convention**

Peru has signed the OECD Convention on Mutual Administrative Assistance in Tax Matters, which requires exchange of information on request, and authorizes spontaneous and automatic exchange.

**Common Reporting Standard (CRS)**

Peru has adopted CRS for the automatic exchange of account information, has executed the Multilateral Competent Authority Agreement, has introduced implementing domestic legislation, and exchanges information with a number of countries.

**FATCA**

Peru has not signed a FATCA Intergovernmental Agreement (IGA) with the United States, but there is an "agreement in substance" between the countries for a Model 1 IGA.

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