

Global Tax Alert

News from EY Americas Tax

Peruvian Tax Authority establishes procedure for reporting certain information required for claiming the indirect foreign tax credit

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On 20 March 2020, the Peruvian Tax Authority published Resolution 059-2020 (the Resolution), establishing the procedure taxpayers interested in claiming the indirect foreign tax credit must follow to communicate certain information to the tax authority. The Resolution is effective 21 March 2020.

Background

On 1 January 2019, Peru amended its Income Tax Law to include an indirect foreign tax credit. A Peruvian entity receiving foreign income as dividends or profits from nonresident entities may deduct:

- ▶ The income tax withheld from the dividends or profits distributed (direct credit) and
- ▶ The income tax paid by the first-tier nonresident entity (i.e., the entity in which the Peruvian entity is a direct shareholder) and the second-tier nonresident entity (i.e., the entity directly owned by the first-tier entity) (indirect credit), provided certain conditions are met

To qualify for the indirect foreign tax credit, the Peruvian entity must directly or indirectly own 10% of the shares of the first-tier nonresident entity or second-tier nonresident entity for 12 months before the date in which the dividends are paid. The second-tier nonresident entity must be a resident of a country that has an information-exchange agreement with Peru or is a resident of the same country as the first-tier nonresident entity.

Additionally, taxpayers must communicate to the Peruvian tax authority the equity participation in the foreign companies, the profits obtained by the first and second tier nonresident companies, and the dividends distributed by them.

Communication to the Peruvian Tax Authority

Resolution 059-2020, effective 21 March 2020, establishes that taxpayers should communicate the following information through the Tax Authority's online platform (SUNAT Virtual) in Excel format:

- a) Equity participation in foreign companies
- b) Profits obtained by the first- and second-tier nonresident companies and the dividends distributed by them

Once the information is entered, the taxpayer's legal representative should print and sign the forms, and submit them in PDF to the following e-mail address: creditoindirecto@sunat.gob.pe. The legal representative also should attach the Excel file with the information contained in the PDF to the email.

If the information does not comply with these rules, it will be considered as not submitted.

The information must be submitted at the same time as the annual income tax return and may be modified by entering all the data required in the format again.

Taxpayers that submitted their information before 21 March 2020, in a different form from that established must submit it again to comply with the provisions of Resolution 059-2020.

For additional information with respect to this Alert, please contact the following:

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