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Global Tax Alert

News from EY Americas Tax

Peru enacts special depreciation rules due to COVID-19

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On 10 May 2020, Peru's Executive Power enacted Legislative Decree 1488, establishing special depreciation rules. This measure responds to the COVID-19 crisis. Legislative Decree 1488 is effective 1 January 2021.

Background

Currently, maximum annual depreciation percentages are as follows:

- ▶ Buildings and construction: 5%
- ▶ Vehicles for ground transportation (except railways) and ovens in general: 20%
- ▶ Machinery and equipment used for mining, oil and construction activities; except office furniture and equipment: 20%
- ▶ Data processing equipment: 25%
- ▶ Machinery and equipment acquired as from 1 January 1991: 10%
- ▶ Other fixed assets: 10%

Legislative Decree 1488

Special depreciation regime

The decree establishes a special depreciation regime under which taxpayers may claim 20% depreciation for buildings and construction if: (1) construction started on or after 1 January 2020; and (2) at least 80% of the construction is

completed as of 31 December 2022. The 20% depreciation also may apply to assets acquired by taxpayers in tax years 2020, 2021 and 2022, provided the assets meet the requirements for the 20% depreciation. The 20% depreciation, however, will not apply if the assets have been totally or partially built before 1 January 2020.

As part of the special depreciation regime, the legislative decree establishes the following annual depreciation percentages for assets acquired in tax years 2020 and 2021:

- ▶ Data processing equipment: 50%
- ▶ Machinery and equipment: 20%
- ▶ Ground transportation vehicles (except railways) used by authorized companies that provide transportation service to people and/or goods at the provincial, regional and national level: 33.3%
- ▶ Hybrid or electric ground transportation vehicles (except railways): 50%

Depreciation provisions for hotels, travel and tourism agencies, restaurants and related services

The legislative decree establishes a depreciation regime for hotels, travel and tourism agencies, restaurants, and related services. Under the regime, taxpayers may claim 20% depreciation for tax years 2021 and 2022 for buildings and construction that, as of 31 December 2020, had not been depreciated at all. Taxpayers may depreciate, at a 33.3% rate, ground transportation vehicles (except railways) that, as of 31 December 2020, had not been depreciated at all for tax years 2021 and 2022.

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

Ernst & Young Asesores S.C.R.L, Lima

- ▶ Roberto Cores roberto.cores@pe.ey.com
- ▶ Ramón Bueno-Tizón ramon.bueno-tizon@pe.ey.com

Ernst & Young LLP (United States), Latin American Business Center, New York

- ▶ Ana Mingramm ana.mingramm@ey.com
- ▶ Enrique Perez Grovas enrique.perezgrovas@ey.com
- ▶ Pablo Wejcman pablo.wejcman@ey.com

Ernst & Young Abogados, Latin America Business Center, Madrid

- ▶ Jaime Vargas jaime.vargas.c@es.ey.com

Ernst & Young LLP (United Kingdom), Latin American Business Center, London

- ▶ Lourdes Libreros lourdes.libreros@uk.ey.com

Ernst & Young Tax Co., Latin American Business Center, Japan & Asia Pacific

- ▶ Raul Moreno, *Tokyo* raul.moreno@jp.ey.com
- ▶ Luis Coronado, *Singapore* luis.coronado@sg.ey.com

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