Peruvian Congress approves tax changes to promote investment in Peru

On 12 July 2014, by means of Law 30230, the Peruvian Congress approved several tax changes to promote private investment in the country. These tax changes are intended to stimulate investment in the country.¹

The proposed tax modifications include:

- Modifying the requirements for the subscription of the Tax Stability Agreements duly signed under the General Mining Law. Specifically, the Law establishes three types of agreements (formerly, there were only two types). The periods of stability will vary according to the investment amount and the fulfillment of certain requirements.

- Suspending the calculation of interest in appeal procedures carried out before the Tax Court. The suspension period would begin on the date granted by the Tax Court to consider the appeal and would run until the Tax Court rules on the appeal. This suspension of interest was formerly only applicable for procedures carried out before the Peruvian Tax Authority.

- Suspending completely the application of the Peruvian General Anti Avoidance Rule (GAAR) for transactions carried out before 19 July 2012, and suspending temporarily its application for transactions carried out on or after 19 July 2012, up to the date in which the rules for its application are issued. Peruvian GAAR will apply to cases of tax avoidance and specifically to sham transactions carried out on or after 19 July 2012, once the rules for its application are issued.

- Simplifying the value-added tax (VAT) systems of payment in advance (VAT withholding, VAT withdrawal and VAT collection) to make them more efficient.

Law 30230 was published on the Official Gazette on 12 July 2014. The above-mentioned provisions are effective from 13 July 2014.

Endnote

1. See EY Global Tax Alert, Peruvian Executive proposes tax changes to Congress to promote investment in Peru, dated 26 June 2014.
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