



Mandatory e-invoicing soon to apply for certain Peruvian companies

Peru is the sixth country in Latin America to implement the mandatory electronic invoicing (e-invoicing) of billing and payment information, following Argentina, Brazil, Chile, Colombia and Mexico. Certain Peru-based companies will be required to implement an e-invoicing system linked to the database of Peru's tax authorities' (SUNAT) by 31 July 2015, and another group will be so required by 31 December 2015. Other taxpayers may be able to voluntarily initiate the process to upgrade and adapt their systems without the time pressure of the mandatory deadlines, because eventually all taxpayers likely will need adequate systems to become electronic issuers.

The mandatory e-invoicing will apply to all transactions, i.e. all transactions for which a paper invoice currently is issued. Paper invoices need not be submitted to SUNAT, but the electronic invoices will.

E-invoicing and its potential benefits

Electronic invoice processing involves the automated electronic transfer of billing and payment information between companies and their customers. It replaces the traditional, largely paper-based billing process for the issuance and exchange of electronic documents.

Electronic invoices may provide considerable benefits from the perspective of both the issuer of the invoice and the recipient of the electronic document. These include optimization of business management and processes, increased efficiency, the ability to obtain information on a "real time" basis, cost reductions, increased security and reliability of accounting data and the adoption of "green" environmental practices. For taxpayers, e-invoicing facilitates the tax compliance process and reduces costs associated with the preservation and storage of payment receipts and other supporting tax documentation. Taxpayers that are not currently required to become electronic issuers may voluntarily begin the implementation process if they wish to obtain such benefits.

Background on e-invoicing in Peru

The progressive implementation of e-invoicing in Peru began in 2008, when the tax authorities (SUNAT) released guidance on an optional electronic billing system for the issuance of receipts for independent service fees and credit notes, and the electronic retention of revenue and expense records. Additional guidance issued by the SUNAT in 2010 extended this electronic system to allow the issuance of invoices and other supporting tax documents. In both cases, the electronic issuance was conducted only through the SUNAT web portal system.

In 2012, the SUNAT established an additional electronic issuance system that allows taxpayers to voluntarily develop their own electronic systems ("taxpayer systems") to issue electronic credit and debit notes, sales tickets and invoices. Prior authorization by the SUNAT is required for taxpayer systems, and is based on the fulfillment of certain legal requirements and technological standards.

To facilitate the implementation and management of the e-invoicing process, guidance issued by the SUNAT in September 2014 created a new electronic issuance system (*Sistema de Emision Electronica*, or SEE) that integrates the two electronic issuance systems previously established (web portal and taxpayer systems) into one.

Mandatory e-issuers

To strengthen tax control over the issuance of payment receipts and invoices, the SUNAT has announced two groups of selected Peru-based companies that are required to adopt e-invoicing ("mandatory e-issuers"). The deadline for the first group to adopt e-invoicing is 31 2015. On 3 June 2015, the SUNAT published a resolution extending the deadline for the second group to 31 December 2015. Both groups comprise taxpayers that are of special interest to the Peruvian authorities for tax control purposes. They include certain taxpayers that are perceived to have greater capacity to adapt their internal processes to e-invoicing, as well as certain taxpayers that extensively use paper-based receipts in their daily operations.

In 2013, SUNAT designated an initial group of 239 Peru-based companies to become mandatory e-issuers. The original deadline for this group to become e-issuers was 1 October 2014, but subsequent guidance extended the deadline to March 2015, as long as the taxpayers satisfactorily implemented certain technological requirements for the e-invoicing system by 31 December 2014. On 30 March 2015, the SUNAT granted another extension to the first group of designated companies, to allow them to begin using e-invoicing on 31 July 2015.

In guidance issued on 30 September 2014, SUNAT designated a second group of Peru-based companies, including 778 companies that qualify as "main taxpayers" and 4,959 small companies, to become mandatory e-issuers by 1 July 2015, but as noted above, this group now has until 31 December 2015 before electronic invoicing is mandatory. We understand that the SUNAT currently is working on a list containing a third group of designated companies to become mandatory e-issuers (likely to include companies qualifying as main taxpayers on a national or regional basis that were not included in the first two groups).

Provisions applicable to e-issuers

Under the e-invoicing legislation, only authorized electronic issuers are able to issue electronic invoices, and once a company becomes an authorized electronic issuer, it must remain an e-issuer permanently.

To become an authorized electronic issuer, taxpayers are required to provide a tax residence and a valid tax ID. They also must register a digital certificate (which includes a digital signature) and satisfactorily pass an accreditation process before the SUNAT will grant the status of an authorized electronic issuer. As part of the process, SUNAT will verify the consistency and accuracy of the information presented by taxpayers.

Once a taxpayer becomes an authorized e-issuer, it must comply with certain requirements related to the electronic documents it issues. Electronic invoices must be properly issued to be approved by the SUNAT; otherwise, they can be rejected (which would have tax implications, e.g. the company's customer would not have sufficient supporting documentation to claim a cost/expense/VAT credit, etc.). The format approved by the SUNAT for the electronic issuance of invoices is the XML Format. Additionally, the electronic issuer must submit electronic documents to SUNAT within a specified time period.

Electronic issuers must exercise care over the custody, archival and preservation of electronic invoices, receipts and credit notes and the electronic records for income and expenses. They also have a duty to upload the electronic documents to a website and retain them there for one year from the date of issuance, so the electronic recipient or user may read, download or print these electronic documents.

Taxpayers that have been designated mandatory e-issuers must issue 100% of their invoices electronically, while voluntary e-issuers have the option to continue issuing paper-based invoices, except for certain operations specified by the SUNAT. However, even mandatory e-issuers may issue paper-based invoices in certain extraordinary occurrences that are beyond the taxpayer's control (e.g. natural disasters, lost internet connections and failures of the electronic issuance system, among others). Taxpayers must report such extraordinary occurrences within the required timeframe (seven days from the issuance of the paper invoice) using the format prescribed by SUNAT for such purposes (Appendix 11). A resolution issued 30 March 2015 extended the start of the obligation to begin reporting these occurrences to the SUNAT until 1 January 2016.

Comments

The e-invoicing system in Peru currently is a topic of considerable interest to taxpayers, the SUNAT and other relevant stakeholders. As noted above, two groups of Peru-based companies have been designated to become mandatory e-issuers as early as 31 July 2015, and it is expected that the SUNAT will continue to require additional taxpayers to become mandatory e-issuers, with a view to enhancing and strengthening its tax control and collection mechanisms. Consequently, e-invoicing is not only relevant for taxpayers that already have been designated as mandatory e-issuers, but also for taxpayers that may wish to become voluntary e-issuers due to the potential benefits this may confer.

In addition, it is noteworthy that the Peruvian government published a law on 12 March 2015 (Law No. 30308) that aims to promote funding of Peruvian companies through factoring and discounts. The new law establishes general guidelines for issuing electronic invoices qualifying as “negotiable securities” and that, consequently, easily may be traded on the Peruvian securities market. The law also regulates the participation of both the SUNAT and the CAVALI (the Peruvian clearing and settlement institution), to provide security and transparency in the negotiation of such documents. The specific process and technological requirements to use this financing mechanism, which are necessary to begin implementation of the new measure in practice, have not yet been published. However, both the SUNAT and the CAVALI are working on the technology aspects that will be necessary for using the program, which should benefit a wide range of companies.

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