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# Peru

## TADAT Performance Assessment Report

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**Fiscal Affairs Department**

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## ABBREVIATIONS AND ACRONYMS

CAN	<i>Comisión de alto nivel anticorrupción</i> (Anticorruption agency)
CGR	<i>Contraloría General de la República</i> (External review body)
CIT	Corporate income tax
DEFCON	<i>Defensoría del contribuyente y usuario aduanero</i> (Tax Ombudsman)
FAD	Fiscal Affairs Department
IPCN	<i>Intendencia de Principales Contribuyentes Nacionales</i> (Large taxpayers office)
MEF	<i>Ministerio de Economía y Finanzas</i> (Ministry of Finance)
OCI	<i>Órgano de Control Institucional</i> (Internal audit unit)
ODCUA	<i>Oficina de Defensoría del Contribuyente y Usuario Aduanero</i> (Taxpayers Rights Defender Office)
OFELCCOR	<i>Oficina de Fortalecimiento Ético y Lucha Contra la Corrupción</i> (Internal affairs unit)
PAYE	Pay-as-you-earn
PIT	Personal income tax
POA	Performance outcome area
RNIEC	<i>Registro Nacional de Identificación y Estado Civil</i> (Register for Individuals)
RUC	<i>Registro Único de Contribuyentes</i> (Taxpayer Identification Number)
SUNARP	<i>Superintendencia Nacional de Registros Públicos</i> (Commercial Register)
SUNAT	<i>Superintendencia Nacional de Aduanas y de Administración Tributaria</i> (Peruvian Tax Administration)
TADAT	Tax Administration Diagnostic Assessment Tool
TF	<i>Tribunal Fiscal</i> (Tax Tribunal)
VAT	Value-added tax

## **PREFACE**

Following a request from Mr. Víctor Shiguíyama, National Superintendent of Customs and Tax Administration (SUNAT) of Peru, an assessment of the system of tax administration of Peru was undertaken during the period of March 7 – 22, 2017 using the Tax Administration Diagnostic Assessment Tool (TADAT). TADAT provides an assessment baseline of tax administration performance that can be used to determine reform priorities, and, with subsequent repeat assessments, highlight reform achievements.

The assessment team comprised the following: Enrique Rojas (Fiscal Affairs Department (FAD) and team leader), Monica Calijuri (TADAT Secretariat), Frode Lindseth and Jimena Acedo (both FAD experts) and Ian Robidoux (Office of Technical Assistance, US Department of Treasury).

The assessment team expresses its appreciation to the senior management team and staff of the SUNAT for their support and very active participation during the TADAT assessment. The preparation for each aspect of the assessment, including presentations and evidence provided as needed, was most impressive. In particular, the team would like to thank Ms. Sonia Rodriguez for the excellent mission coordination and support, both at Headquarters and the field offices which the team visited.

A draft Performance Assessment Report was presented to the SUNAT senior management team at the exit meeting on March 22. Written comments received from the SUNAT have been considered by the assessment team and, as appropriate, reflected in this final version of the report.

## EXECUTIVE SUMMARY

This assessment captures and measures critical outcomes of the SUNAT tax administration against international good practice, based on evidence made available to the assessment team. Viewed overall, the SUNAT is making good progress in implementing modern tax administration practices. Particularly evident is the innovative use of new technology in modernizing current operations, and in establishing a platform for embracing future opportunities. Further, the SUNAT offers technical assistance to its neighbours due to its high level of competence.

As outlined in the summary of relative strengths and weaknesses below, international good practices are already in place in most areas. For others, implementation of good practice is progressing.

### Strengths

- The extent of intelligence gathering and research to identify compliance risks is comprehensive. The compliance risk management process is part of a multi-year national assessment plan and structured across the main taxpayers obligations, core taxes and taxpayer segments.
- Scope, currency, accessibility of information and initiatives to reduce taxpayer compliance costs are outstanding.
- All core taxes are filed and paid electronically.
- The SUNAT meets or exceeds all TADAT aspects of revenue forecasting, estimating and monitoring.
- Internal audit provides assurance of the soundness of SUNAT's internal controls, risk management, and governance frameworks. Staff integrity assurance mechanisms are in place.
- The Annual Report outlining financial and operational performance of the SUNAT is made public within 3 months of the fiscal year's end. Strategic and operational plans are made public in advance of the period covered by the plans.
- An annual independent mechanism for monitoring public confidence in the SUNAT is in place.

### Weaknesses

- Inadequate attention is given to managing institutional risks and attention is paid more to risks associated with IT systems.
- The stock of tax arrears is very high and comprises mostly old debt. Collectible tax arrears represent a significant portion (55 percent in 2016) of the total stock of arrears.
- Only 11 percent of administrative reviews are completed within three months.

This assessment is intended to establish a performance baseline against which the success of these and other modernization initiatives may be assessed over the next two–five years.

Table 1 provides a summary of performance scores, and Figure 1 a graphical snapshot of the distribution of scores. The scoring is structured around the TADAT framework's 9 performance outcome areas (POAs) and 28 high level indicators critical to tax administration performance. An 'ABCD' scale is used to score each indicator, with 'A' representing the highest level of performance and 'D' the lowest.

**Table 1. Peru: Summary of TADAT Performance Assessment**

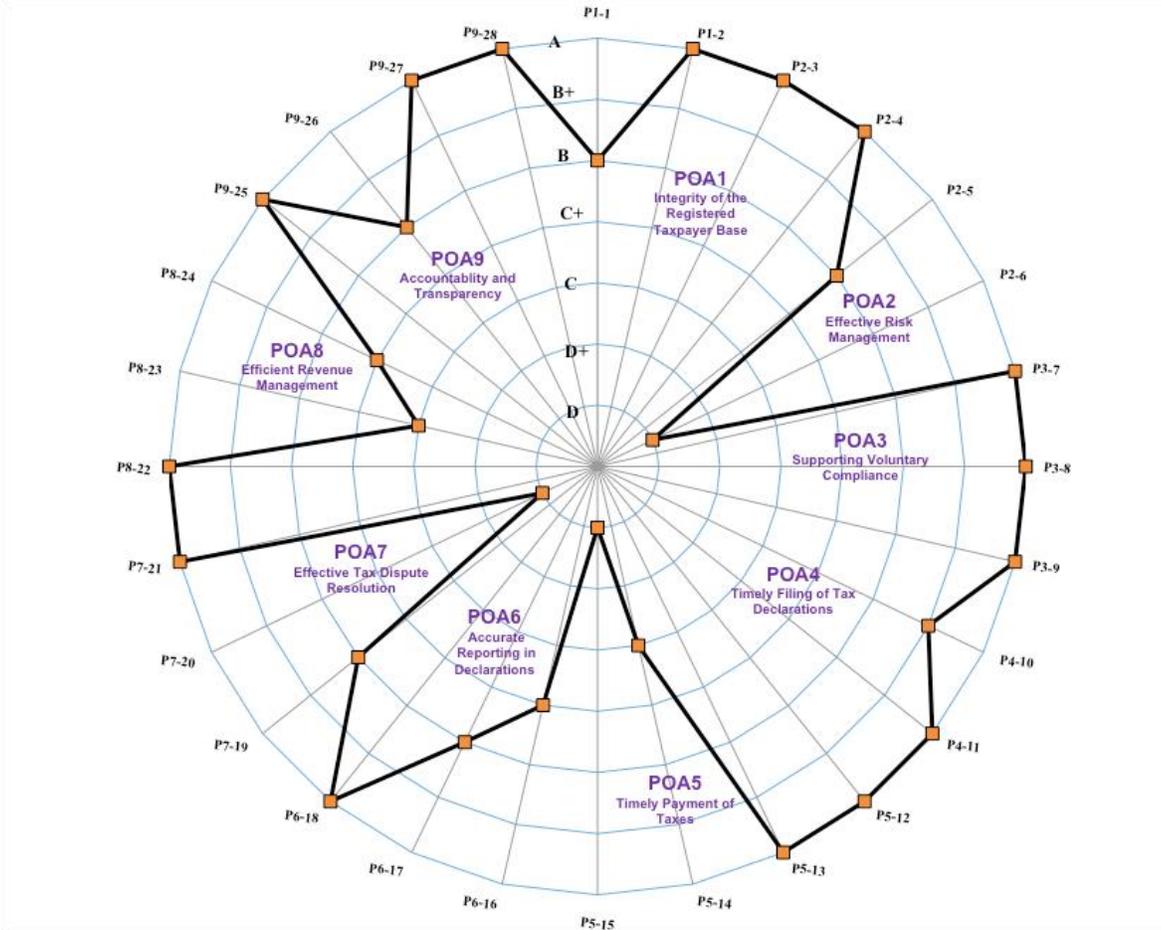
INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
<b>POA 1: Integrity of the Registered Taxpayer Base</b>		
P1-1. Accurate and reliable taxpayer information.	<b>B</b>	All necessary and relevant information on taxpayers are captured in the taxpayer database, and efforts are made to keep the database accurate.
P1-2. Knowledge of the potential taxpayer base.	<b>A</b>	Actions are taken to identify unregistered taxpayers.
<b>POA 2: Effective Risk Management</b>		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<b>A</b>	The extent of intelligence gathering and research to identify compliance risks is comprehensive. The compliance risk management process is part of a multi-year national assessment plan and structured across the main taxpayer obligations, core taxes and taxpayer segments.
P2-4. Mitigation of risks through a compliance improvement plan.	<b>A</b>	A compliance improvement plan is well documented, describes the most significant compliance risks and explains how the SUNAT intends to respond to these risks.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<b>B</b>	Governance arrangements are in place for approving compliance risk mitigation strategies and monitoring progress with implementation.
P2-6. Identification, assessment, and mitigation of institutional risks.	<b>D</b>	Inadequate attention is given to managing institutional risks and is limited to risks associated with IT systems.
<b>POA 3: Supporting Voluntary Compliance</b>		
P3-7. Scope, currency, and accessibility of information.	<b>A</b>	Taxpayers have convenient access to information through a variety of user-friendly

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
		channels. Staff ensures that information is current in terms of law and policy. Telephone enquiry calls received by the call center are answered within acceptable time standards.
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	A	Numerous services are offered to taxpayers to reduce cost.
P3-9. Obtaining taxpayer feedback on products and services.	A	The use and frequency of methods to obtain performance feedback from taxpayers meets or exceeds international good practice. Taxpayer input is taken into account in the design of administrative processes and products.
<b>POA 4: Timely Filing of Tax Declarations</b>		
P4-10. On-time filing rate.	B+	On-time filing rates are high for all core taxes except for PIT.
P4-11. Use of electronic filing facilities.	A	Mandatory electronic filing for all taxes has proven to be very successful.
<b>POA 5: Timely Payment of Taxes</b>		
P5-12. Use of electronic payment methods.	A	All core taxes are paid electronically.
P5-13. Use of efficient collection systems.	A	Very good use is made of withholding and advance payment systems including for employment income, interest and dividends.
P5-14. Timeliness of payments.	C	The on-time payment rate is not high with respect to filed VAT declarations.
P5-15. Stock and flow of tax arrears.	D	The stock of tax arrears is very high and comprises mostly old debt. Collectible tax arrears represent a significant portion (56 per cent in 2016) of the total stock of arrears.
<b>POA 6: Accurate Reporting in Declarations</b>		
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting.	C+	The audit program gives balanced coverage to all core taxes and confidence that the highest risks are being addressed. However, audit cases are not selected centrally for all taxpayers. Wide use is made of large-scale automated data gathering and crosschecking except from the stock exchange and internet-based vendors.

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
P6-17. Extent of proactive initiatives to encourage accurate reporting.	B	A system for private binding rulings is in its early stages of development. Public rulings are only available if requested by an organization representing the taxpayer.
P6-18. Monitoring the extent of inaccurate reporting.	A	Studies into the extent of inaccurate reporting are carried out yearly for both VAT and CIT.
<b>POA 7: Effective Tax Dispute Resolution</b>		
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	B	An appropriately tiered mechanism of administrative and judicial review is available to taxpayers. The dispute mechanism is widely used by taxpayers. The administrative review mechanism is not completely independent of the audit process. Information on the dispute resolution process is published and taxpayers are explicitly made aware of it at the end of assessments.
P7-20. Time taken to resolve disputes.	D	Only 11 percent of administrative reviews are completed within three months.
P7-21. Degree to which dispute outcomes are acted upon.	A	There is a regular monitoring and analysis of dispute outcomes for all taxpayers. This analysis is considered in the adjustment of legislation and administrative procedures.
<b>POA 8: Efficient Revenue Management</b>		
P8-22. Contribution to government tax revenue forecasting process.	A	The SUNAT meets or exceeds all TADAT aspects of revenue forecasting, estimating and monitoring.
P8-23. Adequacy of the tax revenue accounting system.	C	The automated tax revenue accounting system interfaces with the MEF accounting system, meets government standards, is audited internally but not externally.
P8-24. Adequacy of tax refund processing	C+	The VAT refund system is adequate in every respect. However, only 67 percent (in number of cases) and 86 percent (by value) of VAT refunds are paid or offset within the TADAT standard of 30 days.
<b>POA 9: Accountability and Transparency</b>		
P9-25. Internal assurance mechanisms.	A	Internal audit consistently verifies the soundness of SUNAT's internal controls, risk management, and governance frameworks.

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
		Staff integrity assurance mechanisms are in place and integrity statistics are published externally.
P9-26. External oversight of the tax administration.	<b>B</b>	There is an annual audit of the SUNAT's financial statements by the government auditor (CGR). A tax and customs ombudsman (DEFCON) investigates taxpayer complaints of maladministration. An investigation process for suspected wrongdoing is in place.
P9-27. Public perception of integrity.	<b>A</b>	An annual independent mechanism for monitoring public confidence in the SUNAT is in place.
P9-28. Publication of activities, results, and plans.	<b>A</b>	The SUNAT publishes the Annual Report of financial and operational performance within 3 months of the end of the fiscal year. Strategic and operational plans are made public in advance of the period covered by the plans.

Figure 1. Peru: Distribution of Performance Scores



Indicator	Score
P1-1	B
P1-2	A
P2-3	A
P2-4	A
P2-5	B
P2-6	D
P3-7	A
P3-8	A
P3-9	A
P4-10	B+
P4-11	A
P5-12	A
P5-13	A
P5-14	C
P5-15	D
P6-16	C+
P6-17	B
P6-18	A
P7-19	B
P7-20	D
P7-21	A
P8-22	A
P8-23	C
P8-24	C+
P9-25	A
P9-26	B
P9-27	A
P9-28	A

## I. INTRODUCTION

This report documents the results of the TADAT assessment conducted in Peru during the period of period of March 7 – 22, 2017 and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of 9 POAs and 28 high level indicators critical to tax administration performance that is linked to the POAs. Forty-seven measurement dimensions are taken into account in arriving at each indicator score. A four-point ‘ABCD’ scale is used to score each dimension and indicator:

- ‘A’ denotes performance that meets or exceeds international good practice. In this regard, for TADAT purposes, a good practice is taken to be a tested and proven approach applied by a majority of leading tax administrations. It should be noted, however, that for a process to be considered ‘good practice,’ it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- ‘B’ represents sound performance (i.e., a healthy level of performance but a rung below international good practice).
- ‘C’ means weak performance relative to international good practice.
- ‘D’ denotes inadequate performance, and is applied when the requirements for a ‘C’ rating or higher are not met. Furthermore, a ‘D’ score is given in certain situations where there is insufficient information available to assessors to determine and score the level of performance. For example, where a tax administration is unable to produce basic numerical data for purposes of assessing operational performance (e.g., in areas of filing, payment, and refund processing) a ‘D’ score is given. The underlying rationale is that the inability of the tax administration to provide the required data is indicative of deficiencies in its management information systems and performance monitoring practices.

For further details on the TADAT framework, see Attachment I.

Some points to note about the TADAT diagnostic approach are the following:

- TADAT assesses the performance outcomes achieved in the administration of the major direct and indirect taxes critical to central government revenues, specifically corporate income tax (CIT), personal income tax (PIT), value-added tax (VAT), and pay-as-you-earn (PAYE) amounts withheld by employers (which, strictly speaking, are remittances of PIT).

- By assessing outcomes in relation to administration of these core taxes, a picture can be developed of the relative strengths and weaknesses of a country's tax administration.
- TADAT assessments are evidence based (see Attachment V for the sources of evidence applicable to the assessment of Peru).
- TADAT is not designed to assess special tax regimes, such as those applying in the natural resource sector, nor does it assess customs administration.
- TADAT provides an assessment within the existing revenue policy framework in a country, with assessments highlighting performance issues that may be best dealt with by a mix of administrative and policy responses.

The aim of TADAT is to provide an objective assessment of the health of key components of the system of tax administration, the extent of reform required, and the relative priorities for attention. TADAT assessments are particularly helpful in:

- identifying the relative strengths and weaknesses in tax administration;
- facilitating a shared view among all stakeholders (country authorities, international organizations, donor countries, and technical assistance providers);
- setting the reform agenda (objectives, priorities, reform initiatives, and implementation sequencing);
- facilitating management and coordination of external support for reforms, and achieving faster and more efficient implementation; and
- monitoring and evaluating reform progress by way of subsequent repeat assessments.

## **II. COUNTRY BACKGROUND INFORMATION**

### **A. Country Profile**

General background information on Peru and the environment in which its tax system operates are provided in the country snapshot in Attachment II.

### **B. Data Tables**

Numerical data gathered from the authorities and used in this TADAT performance assessment is contained in the tables comprising Attachment III.

### **C. Economic Situation**

Over the past decade, Peru has been one of the region's fastest-growing economies, with an average growth rate 5.9 percent in a context of low inflation (averaging 2.9 percent)<sup>1</sup>. In 2016, growth accelerated somewhat based on higher mining export volumes as several large mining projects have entered production. The rate is projected at close to 4.0 percent in 2017 driven by the implementation of several large public infrastructure projects. A favorable external environment, prudent macroeconomic policies and structural reforms in different areas combined to create a scenario of high growth and low inflation—Peru still leads growth amongst the large Latin American economies.

The new government, which took office on July 2016, inherited an economy with a solid foundation. On the external front, the main challenge that may have an impact on economic growth is the decline in commodity prices, which is closely related to the global economic slowdown.

### **D. Main Taxes**

Peru's main national domestic taxes comprise: PIT,<sup>2</sup> CIT, VAT, and excise tax. Other taxes and levies collected by the SUNAT include customs duties and social security health insurance.

In 2016, the Central Government's gross tax revenues (without discounting refunds), totaled Sol 105,732 million, which represented Sol 3.793 million more revenue compared to 2015 (an increase of 3.7 percent). VAT is the largest tax-type revenue contributor—in 2016, it represented 44.1 percent (net of refunds) of total tax revenue collection; Income Tax (35.9 percent) is second, followed by excise tax (5.6 percent).

Further details on tax revenue collections are provided in Table 1 of Attachment III.

### **E. Institutional Framework**

The SUNAT<sup>3</sup> was established in 1988. According to General Law n. 24829, approved by Legislative Decree No. 501, and Law 29816, it is a specialized agency, attached to the Ministry of Economy and Finance. The SUNAT has its own assets and enjoys functional, technical, economic, financial, budgetary and administrative autonomy.

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<sup>1</sup> World Bank overview Peru, September 2016. <http://www.worldbank.org/en/country/peru/overview>

<sup>2</sup> Includes Income Tax and a Special Income Tax Regime which is directed at natural and legal persons, inheritances and conjugal societies domiciled in the country that obtain income from the activities of commerce and or industry, and service activities (classified as 'Third Category').

<sup>3</sup> Superintendencia Nacional de Aduanas y de Administración Tributaria

Pursuant to the provisions of Supreme Decree No. 061-2002-PCM, issued under the provisions of clause 13.1 of article 13 of Law No. 27658, the SUNAT has absorbed the National Superintendence of Customs, assuming the functions, powers and attributions that by law, corresponded to this Institution.

A Board of Directors supervises the SUNAT<sup>4</sup> is responsible for reviewing operational performance, management reports, financial statements, the Annual Report, its operational regulations and others. It is comprised by four members, as follows:

- The National Superintendent of Customs and Tax Administration, who presides over it and has the casting vote in case of a tie.
- An official of the Ministry of Economy and Finance appointed by the Head of Organization.
- An official of the Central Reserve Bank appointed by the Head of this Organization.
- The Deputy National Superintendent of Strategic Development.

Day-to-day management of the SUNAT is the responsibility of the National Superintendent of Customs and Tax Administration, assisted by Commissioners in charge of National Superintendence of Strategic Development; Superintendent of Operations; National Superintendence of Customs; National Superintendence of Administration and Finance. These Commissioners, jointly with Board of Directors, provide the high-level direction, guidance and control of the SUNAT. Each Superintendence comprises at least four Intendances. In addition, there are an Institutional Control Unit, a Public Prosecutor Unit, a Taxpayers Rights Defender Office, a National Planning Office and an Institutional Secretary. The SUNAT's organizational chart is provided in Attachment IV. As of January 2017, the SUNAT has a total management and staff complement of 7,682.<sup>5</sup> During fiscal year 2017, the SUNAT's total operational budget is Sol 2,208,117,986. It can be split as follows: current expenses Sol 2,009,110,810; capital expenses Sol 198,626,841; debt service obligations Sol 380,335.<sup>6</sup>

## **F. International Information Exchange**

Peru is a member of Organization for Economic Cooperation and Development's Global Forum on Transparency and Exchange of Information for Tax Purposes and has recently been through the Phase 1 review.<sup>7</sup> In the review, Peru demonstrates a high level of commitment to the international standard for transparency and exchange of information for

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<sup>4</sup> Consejo Directivo

<sup>5</sup> [http://www.sunat.gob.pe/cuentassunat/rrhh/rrhh\\_estadisticas\\_personal.html](http://www.sunat.gob.pe/cuentassunat/rrhh/rrhh_estadisticas_personal.html)

<sup>6</sup> Resolución de Superintendencia n. 325 – 2016 SUNAT de 22 de diciembre de 2016.

<sup>7</sup> <http://www.oecd.org/countries/peru/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-peer-reviews-peru-2016-9789264265752-en.htm> <access on Feb/26/2017>

tax purposes with all elements found to be in place. The next review is scheduled for the second half of 2018.

Peru has exchange of information agreements with 12 jurisdictions through eight double taxation agreements -seven bilateral and one multilateral- and three Tax Information Exchange Agreements.<sup>8</sup> As at January 3, 2017, Peru had not yet signed the convention on mutual administrative assistance in tax matters.

### **III. ASSESSMENT OF PERFORMANCE OUTCOME AREAS**

#### **A. POA 1: Integrity of the Registered Taxpayer Base**

A fundamental initial step in administering taxes is taxpayer registration and numbering. Tax administrations must compile and maintain a complete database of businesses and individuals that are required by law to register; these will include taxpayers in their own right, as well as others such as employers with PAYE withholding responsibilities. Registration and numbering of each taxpayer underpins key administrative processes associated with filing, payment, assessment, and collection.

Two performance indicators are used to assess POA 1:

- P1-1—Accurate and reliable taxpayer information.
- P1-2—Knowledge of the potential taxpayer base.

#### **P1-1: Accurate and reliable taxpayer information**

For this indicator two measurement dimensions assess (1) the adequacy of information held in the tax administration's registration database and the extent to which it supports effective interactions with taxpayers and tax intermediaries (i.e., tax advisors and accountants); and (2) the accuracy of information held in the database. Assessed scores are shown in Table 2 followed by an explanation of reasons underlying the assessment.

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<sup>8</sup> <http://eoi-tax.org/jurisdictions/PE#agreements> <access on Feb/26/2017>

**Table 2. P1-1 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P1-1-1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers and tax intermediaries.	M1	A	B
P1-1-2. The accuracy of information held in the registration database.		B	

**All necessary and relevant information on taxpayers is captured in the taxpayer database.** The registration database is centralized and computerized. Information on each taxpayer's obligations across all core taxes, including their compliance history, nature of business, location, turnover and taxpayer segment, is available online to frontline tax officials, thus providing a single nationwide view. The system offers a variety of management information, an important input in designing effective national compliance management strategies.

All individuals and businesses that have a tax liability are required by law to register for an 11-digit RUC (taxpayer identification number - *Registro Único de Contribuyentes*), which is a unique identification number applicable to all taxes. The system uses a self-validation mechanism. For business persons, initial registration can be made online at the Commercial Register (SUNARP) or at SUNAT's Taxpayers Assistance Centers. The SUNAT has interface with the SUNARP database to validate the information. However, some processes for business taxpayers to update information are not made online.

For individuals, the SUNAT provides the basis for pre-registering taxpayers online and delivers a RUC after the taxpayer completes the procedure in the Assistance Center. The IT system interfaces with the National Register (RENIEC) and other sub-systems, and allows for secure access for taxpayer registration and updates with user access controls and audit trails.

**Efforts are made to keep the database as accurate as possible through risk-nased and random reviews.** Procedures on identification and segregation/removal of dormant and inactive taxpayers are published on SUNAT's intranet. There are post-registration audit programs in place to verify the procedures, and data held in database. Audit reports indicate a high level of accuracy for the information in the register. However, despite automated processes to crosscheck new information and taxpayer updates, information is not in place for all taxpayer segments.

#### **P1-2: Knowledge of the potential taxpayer base**

This indicator measures the extent of tax administration efforts to detect unregistered businesses and individuals. The assessed score is shown in Table 3 followed by an explanation of reasons underlying the assessment.

**Table 3. P1-2 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P1-2. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	M1	A

**Actions are taken to identify unregistered taxpayers.** National control plans specify actions to detect unregistered taxpayers, and there is crosschecking of information supplied by third party sources. Reports that show actions and results detecting unregistered taxpayers exist. There are active programs for field surveys, inspections and verification of taxpayer's addresses, for example, in 2016 throughout VICOT (visits and control programs), the SUNAT has identified 4,926 new taxpayers.

External and internal reports indicate the existence of a large informal economy that should be a cause of concern for the SUNAT when it comes to the knowledge of the potential taxpayer base.

### **B. POA 2: Effective Risk Management**

Tax administrations face numerous risks that have the potential to adversely affect revenue and/or tax administration operations. For convenience, these risks can be classified as:

- compliance risks—where revenue may be lost if businesses and individuals fail to meet the four main taxpayer obligations (i.e., registration in the tax system, filing of tax declarations, payment of taxes on time, and complete and accurate reporting of information in declarations); and
- institutional risks—where tax administration functions may be interrupted if certain external or internal events occur, such as natural disasters, sabotage, loss or destruction of physical assets, failure of information technology system hardware or software, strike action by employees, and administrative breaches (e.g., leakage of confidential taxpayer information which results in loss of community confidence and trust in the tax administration).

Risk management is essential to effective tax administration and involves a structured approach to identifying, assessing, prioritizing, and mitigating risks. It is an integral part of multi-year strategic and annual operational planning.

Four performance indicators are used to assess POA 2:

- P2-3—Identification, assessment, ranking, and quantification of compliance risks.
- P2-4—Mitigation of risks through a compliance improvement plan.
- P2-5—Monitoring and evaluation of compliance risk mitigation activities.
- P2-6—Identification, assessment, and mitigation of institutional risks.

### P2-3: Identification, assessment, ranking, and quantification of compliance risks

For this indicator two measurement dimensions assess (1) the scope of intelligence gathering and research to identify risks to the tax system; and (2) the process used to assess, rank, and quantify compliance risks. Assessed scores are shown in Table 4 followed by an explanation of reasons underlying the assessment.

**Table 4. P2-3 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P2-3-1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations	M1	A	A
P2-3-2. The process used to assess, rank, and quantify taxpayer compliance risks.		A	

**The extent of intelligence gathering and research to identify compliance risks is comprehensive.** The SUNAT analyzes data from a range of internal and external sources, including environmental scans, to identify emerging compliance risks. These include external context/environmental scan analyses, tax gap studies, sectoral research into hidden activities of businesses and internal data like results from audit programs.

**The compliance risk management process is a part of a multi-year national assessment plan and structured across the main taxpayer obligations, core taxes and taxpayer segments.** A risk matrix is updated annually, risks linked to the prioritized areas are updated every three months and designed around all identified compliance risks with recommended mitigation treatments.

#### P2-4: Mitigation of risks through a compliance improvement plan

This indicator examines the extent to which the tax administration has formulated a compliance improvement plan to address identified risks. The assessed score is shown in Table 5 followed by an explanation of reasons underlying the assessment.

#### Table 5. P2-4 Assessment

Measurement Dimensions	Scoring Method	Score 2017
P2-4. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	M1	A

**A compliance improvement plan (CIP) is well-documented, describes the most significant compliance risks and explains how the SUNAT intends to respond to these risks.** The CIP is structured around key taxpayer obligations, segments, core taxes, summarizes the key compliance issues and how the SUNAT intends to mitigate these risks. The CIP is fully resourced and progress is monitored monthly through the performance indicators and results included in the Institutional Operative Plan and the National Plan of Control.

#### P2-5: Monitoring and evaluation of compliance risk mitigation activities

This indicator looks at the process used to monitor and evaluate mitigation activities. The assessed score is shown in Table 6 followed by an explanation of reasons underlying the assessment.

#### Table 6. P2-5 Assessment

Measurement Dimensions	Scoring Method	Score 2017
P2-5. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	M1	B

**Governance arrangements are in place for approving compliance risk mitigation strategies and monitoring progress with implementation.** A risk management committee meets regularly to monitor progress and evaluate the impact of risk mitigation activities, and their report is in turn reviewed by senior management. However, not all mitigation activities are evaluated and documented.

## P2-6: Identification, assessment, and mitigation of institutional risks

This indicator examines how the tax administration manages institutional risks. The assessed score is shown in Table 7 followed by an explanation of reasons underlying the assessment.

**Table 7. P2-6 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P2-6. The process used to identify, assess, and mitigate institutional risks.	M1	D

**Inadequate attention is given to managing institutional risks.** There is no documented, structured process in place to identify, assess and mitigate institutional risks across all core business processes. Institutional risk management is limited to risks associated with IT systems. A business continuity plan associated to the IT systems exists, but was last reviewed in 2012. SUNAT staff was also last trained in 2012 on disaster recovery procedures associated with IT systems.

### C. POA 3: Supporting Voluntary Compliance

To promote voluntary compliance and public confidence in the tax system, tax administrations must adopt a service-oriented attitude toward taxpayers, ensuring that taxpayers have the information and support they need to meet their obligations and claim their entitlements under the law. Because few taxpayers use the law itself as a primary source of information, assistance from the tax administration plays a crucial role in bridging the knowledge gap. Taxpayers expect that the tax administration will provide summarized, understandable information on which they can rely.

Efforts to reduce taxpayer costs of compliance are also important. Small businesses, for example, gain from simplified record keeping and reporting requirements. Likewise, individuals with relatively simple tax obligations (e.g., employees, retirees, and passive investors) benefit from simplified filing arrangements and systems that eliminate the need to file.

Three performance indicators are used to assess POA 3:

- P3-7—Scope, currency, and accessibility of information.
- P3-8—Scope of initiatives to reduce taxpayer compliance costs.
- P3-9—Obtaining taxpayer feedback on products and services.

### P3-7: Scope, currency, and accessibility of information

For this indicator four measurement dimensions assess (1) whether taxpayers have the information they need to meet their obligations; (2) whether the information available to taxpayers reflects the current law and administrative policy; (3) how easy it is for taxpayers to obtain information; and (4) how quickly the tax administration responds to requests by taxpayers and tax intermediaries for information (for this dimension, waiting time for telephone enquiry calls is used as a proxy for measuring a tax administration's performance in responding to information requests generally). Assessed scores are shown in Table 8 followed by an explanation of reasons underlying the assessment.

**Table 8. P3-7 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P3-7-1. The range of information available to taxpayers to explain, in clear terms, what their obligations and entitlements are in respect of each core tax.	<b>M1</b>	<b>A</b>	<b>A</b>
P3-7-2. The degree to which information is current in terms of the law and administrative policy.		<b>A</b>	
P3-7-3. The ease by which taxpayers obtain information from the tax administration.		<b>A</b>	
P3-7-4. The time taken to respond to taxpayer and intermediary requests for information.		<b>A</b>	

**Taxpayers have convenient (ease) access to information through a variety (range) of user-friendly channels:**

- The SUNAT website (<http://www.sunat.gob.pe>) includes all categories of taxpayer obligations, a chat line for on-line service;
- An additional website for medium, small taxpayers, new entrepreneurs;
- Social media – YouTube, Facebook, Chat and Twitter;
- A taxpayer portal—provides taxpayers with a secure authenticated electronic gateway through which they can request and receive information on various tax matters;
- Walk-in service centers (105) throughout Peru;
- A centralized inbound call center (175 lines) operating during normal business hours, and Saturday at local call rate;
- Letters, e-mails, text messages, brochures;
- The SUNAT visits to businesses and other personalized assistance, and public seminars;

- Newspaper, radio, and television announcements to alert taxpayers to changes in the law and administrative practices like filing deadlines; radio programs in Quechua;
- Twelve mobile vans to reach isolated areas and local language interactions;
- Training trainers to deliver tax seminars to university students;
- One hundred and ten customized “channels of attention” where large and medium taxpayers are assigned a SUNAT representative to receive service including via phone and email.

**Staff ensures information is current in terms of law and policy.** Technical staff resources are assigned to keep publicly available information up-to-date; the above stated services focus on specific taxpayer groups. Information to taxpayers is updated before any changes take effect.

**Telephone enquiry calls received by the call center are answered within acceptable time standards.** As shown in Table 3 in Attachment III, 67 percent of telephone enquiry calls received are answered within 20 seconds. In addition, the give-up rate is 9 percent. Further discussion and the assessment team’s field visits to a service center and the call center justifies an ‘A’ rating for this dimension.

### P3-8: Scope of initiatives to reduce taxpayer compliance costs

This indicator examines the tax administration’s efforts to reduce taxpayer compliance costs. Assessed scores are shown in Table 9 followed by an explanation of reasons underlying the assessment.

**Table 9. P3-8 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P3-8. The extent of initiatives to reduce taxpayer compliance costs.	<b>M1</b>	<b>A</b>

**Numerous services are offered to taxpayers to reduce cost**—simplified VAT returns, e-books, secure taxpayer portal, e-invoices, and pre-filled tax declarations for personal income tax. Frequently Asked Questions (FAQs) as well as responses to questionnaires obtained through discussions with taxpayer focus groups are analyzed to identify areas in which services can be improved.

### P3-9: Obtaining taxpayer feedback on products and services

For this indicator, two measurement dimensions assess (1) the extent to which the tax

administration seeks taxpayer and other stakeholder views of service delivery; and (2) the degree to which taxpayer feedback is taken into account in the design of administrative processes and products. Assessed scores are shown in Table 10 followed by an explanation of reasons underlying the assessment.

**Table 10. P3-9 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P3-9-1. The use and frequency of methods to obtain performance feedback from taxpayers on the standard of services provided.	M1	A	A
P3-9-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		A	

**The use and frequency of methods to obtain performance feedback from taxpayers meets or exceeds international good practice.** An independent survey is conducted every three months to gather taxpayer feedback on all processes. Feedback is also obtained through service centers (client satisfaction electronic device), in-depth interviews, an “incognito taxpayer” initiative and telephone contact. There is also a channel to obtain comments from taxpayers through the Taxpayer Ombudsman (ODCUA) where the taxpayer can file written complaints.

**Taxpayer input is taken into account in the design of administrative processes and products** through, for example, focus groups (e.g., on the new simplified regime, rental incomes, PIT filing), interviews and independent surveys.

#### **D. POA 4: Timely Filing of Tax Declarations**

Filing of tax declarations (also known as tax returns) remains a principal means by which a taxpayer’s tax liability is established and becomes due and payable. As noted in POA 3, however, there is a trend toward streamlining preparation and filing of declarations of taxpayers with relatively uncomplicated tax affairs (e.g., through prefilling tax declarations). Moreover, several countries treat income tax withheld at source as a final tax, thereby eliminating the need for large numbers of PIT taxpayers to file annual income tax declarations. There is also a strong trend towards electronic filing of declarations for all core taxes. Declarations may be filed by taxpayers themselves or via tax intermediaries.

It is important that all taxpayers who are required to file do so, including those who are unable to pay the tax owing at the time a declaration is due (for these taxpayers, the first priority of the tax administration is to obtain a declaration from the taxpayer to confirm the

amount owed, and then secure payment through the enforcement and other measures covered in POA 5).

The following performance indicators are used to assess POA 4:

- P4-10—On-time filing rate.
- P4-11—Use of electronic filing facilities.

#### P4-10: On-time filing rate

A single performance indicator, with four measurement dimensions, is used to assess the on-time filing rate for CIT, PIT, VAT, and PAYE withholding declarations. A high on-time filing rate is indicative of effective compliance management including, for example, provision of convenient means to file declarations (especially electronic filing facilities), simplified declarations forms, and enforcement action against those who fail to file on time. Assessed scores are shown in Table 11 followed by an explanation of reasons underlying the assessment.

**Table 11. P4-10 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P4-10-1. The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers.	M2	A
P4-10-2. The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers.		C
P4-10-3. The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers.		A
P4-10-4. The number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers.		A
		B+

**On-time filing rates are high for all core taxes, except for PIT.** Tables 4-8 in Attachment III report the rate for CIT (91 percent for all taxpayers, 99 percent for large taxpayers), PIT (61 percent) and, VAT (95 percent for all taxpayers, 99 percent for large taxpayers), and PAYE withholding (99 percent). The high rates reflect the efforts of the SUNAT to monitor

filing performance, accuracy in the taxpayer register (POA 1) and taxpayer assistance (POA 3). Computations are shown in Tables 4-8 (Attachment III) followed by an explanation of reasons underlying the assessment.

#### P4-11: Use of electronic filing facilities

This indicator measures the extent to which declarations, for all core taxes, are filed electronically. Assessed scores are shown in Table 12 followed by an explanation of reasons underlying the assessment.

**Table 12. P4-11 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P4-11. The extent to which tax declarations are filed electronically.	M1	A

**Electronic filing, encouraged by the SUNAT since 2000, became mandatory for all taxes, and has proven to be very successful (Attachment III, Table 9).** As discussed in POA 3, the SUNAT provides a broad range of supportive actions to assist taxpayers, including those with challenges, to file electronically. Through these efforts, the SUNAT supports taxpayers to meet their filing obligations electronically. The mechanisms for filing declarations are the same for all taxpayers.

#### E. POA 5: Timely Payment of Taxes

Taxpayers are expected to pay taxes on time. Tax laws and administrative procedures specify payment requirements, including deadlines (due dates) for payment, who is required to pay, and payment methods. Depending on the system in place, payments due will be either self-assessed or administratively assessed. Failure by a taxpayer to pay on time results in imposition of interest and penalties and, for some taxpayers, legal debt recovery action. The aim of the tax administration should be to achieve high rates of voluntary on-time payment and low incidence of tax arrears.

Four performance indicators are used to assess POA 5:

- P5-12—Use of electronic payment methods.
- P5-13—Use of efficient collection systems.
- P5-14—Timeliness of payments.
- P5-15—Stock and flow of tax arrears.

### P5-12: Use of electronic payment methods

This indicator examines the degree to which core taxes are paid by electronic means, including through electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer’s bank account to the government’s account), credit cards, and debit cards. For TADAT measurement purposes, payments made in person by a taxpayer to a third party agent (e.g., a bank or post office) that are then electronically transferred by the agent to the government’s account are accepted as electronic payments. Assessed scores are shown in Table 13 followed by an explanation of reasons underlying the assessment.

**Table 13. P5-12 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P5-12. The extent to which core taxes are paid electronically.	<b>M1</b>	<b>A</b>

All core taxes are paid electronically—see Table 9 in Attachment III.

### P5-13: Use of efficient collection systems

This indicator assesses the extent to which acknowledged efficient collection systems—especially withholding at source and advance payment systems—are used. Assessed scores are shown in Table 14 followed by an explanation of reasons underlying the assessment.

**Table 14. P5-13 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P5-13. The extent to which withholding at source and advance payment systems are used.	<b>M1</b>	<b>A</b>

**Sound use is made of withholding of employment income, interest and dividends, and advance payment systems.** There is withholding of PIT at source for employment income. Corporations and entrepreneurs pay income tax (CIT and PIT) through an advance payment system. Withholding (5%) and mandatory reporting applies to interest and dividend. This data is used to pre-fill tax returns, a modern application for tax administration.

### P5-14: Timeliness of payments

This indicator assesses the extent to which payments are made on time (by number and by value). For TADAT measurement purposes, VAT payment performance is used as a proxy for on-time payment performance of core taxes generally.

A high on-time payment percentage is indicative of sound compliance management including, for example, provision of convenient payment methods and effective follow-up of overdue amounts. Assessed scores are shown in Table 15 followed by an explanation of reasons underlying the assessment.

**Table 15. P5-14 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P5-14-1. The number of VAT payments made by the statutory due date in percent of the total number of payments due.	M1	C	C
P5-14-2. The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.		B	

**Despite mandatory electronic filing and payment, the on-time payment rate is not as high with respect to filed VAT declarations.** As shown in Table 10 in Attachment III, 71 percent of payments (by number) and 80 percent (by value) were received on time.

### P5-15: Stock and flow of tax arrears

This indicator examines the extent of accumulated tax arrears. Two measurement dimensions are used to gauge the size of the administration's tax arrears inventory: (1) the ratio of end-year tax arrears to the denominator of annual tax collections; and (2) the more refined ratio of end-year 'collectible tax arrears' to annual collections.<sup>9</sup> A third measurement dimension looks at the extent of unpaid tax liabilities that are more than a year overdue (a high percentage may indicate poor debt collection practices and performance given that the rate of recovery of tax arrears tends to decline as arrears get older.). Assessed scores are shown in Table 16 followed by an explanation of reasons underlying the assessment.

<sup>9</sup> For purposes of this ratio, 'collectible' tax arrears is defined as total domestic tax arrears excluding: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).

**Table 16. P5-15 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P5-15-1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.	M2	D	D
P5-15-2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.		D	
P5-15-3. The value of core tax arrears more than 12 months' old as a percentage of the value of all core tax arrears.		D	

**The stock of tax arrears is very high and comprises mostly old debt.** As shown in Table 11 in Attachment III, 93 percent of total arrears in 2016 are more than 12 months old; of which, 29 percent of the total from years prior to 2000, and the legal system prevents the SUNAT from writing off these debts. Of current taxes declared, 97 percent are collected either on time (80 percent) or within 1 month of the due date (17 percent). Collectible tax arrears represent a significant portion (56 per cent in 2016) of the total stock of arrears. A considerable amount of debt is generated through the SUNAT administrative assessments (taxpayers who do not file or report inaccurately); most of this is appealed and remains uncollectible for several years.

#### **F. POA 6: Accurate Reporting in Declarations**

Tax systems rely heavily on complete and accurate reporting of information by taxpayers in tax declarations. Tax administrations therefore need to regularly monitor tax revenue losses from inaccurate reporting, especially by business taxpayers, and take a range of actions to ensure compliance. These actions fall into two broad groups: verification activities (e.g., tax audits, investigations, and income matching against third party information sources) and proactive initiatives (e.g., taxpayer assistance and education as covered in POA 3, and cooperative compliance approaches).

If well designed and managed, tax audit programs can have far wider impact than simply raising additional revenue from discrepancies detected by tax audits. Detecting and penalizing serious offenders serve to remind all taxpayers of the consequences of inaccurate reporting.

Also prominent in modern tax administration is high-volume automated crosschecking of amounts reported in tax declarations with third party information. Because of the high cost and relative low coverage rates associated with traditional audit methods, tax administrations are increasingly using technology to screen large numbers of taxpayer records to detect discrepancies and encourage correct reporting.

Proactive initiatives also play an important role in addressing risks of inaccurate reporting. These include adoption of cooperative compliance approaches to build collaborative and trust-based relationships with taxpayers (especially large taxpayers) and intermediaries to resolve tax issues and bring certainty to companies' tax positions in advance of a tax declaration being filed, or before a transaction is actually entered into. A system of binding tax rulings can play an important role here.

Finally, on the issue of monitoring the extent of inaccurate reporting across the taxpayer population generally, a variety of approaches are being used, including: use of tax compliance gap estimating models, both for direct and indirect taxes; advanced analytics using large data sets (e.g., predictive models, clustering techniques, and scoring models) to determine the likelihood of taxpayers making full and accurate disclosures of income; and surveys to monitor taxpayer attitudes towards accurate reporting of income.

Against this background, three performance indicators are used to assess POA 6:

P6-16—Scope of verification actions taken to detect and deter inaccurate reporting.

P6-17—Extent of proactive initiatives to encourage accurate reporting.

P6-18—Monitoring the extent of inaccurate reporting.

#### **P6-16: Scope of verification actions taken to detect and deter inaccurate reporting.**

For this indicator, two measurement dimensions provide an indication of the nature and scope of the tax administration's verification program. Assessed scores are shown in Table 17 followed by an explanation of reasons underlying the assessment.

**Table 17. P6-16 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P6-16-1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	M2	C	C+
P6-16-2. The extent of large-scale automated crosschecking to verify information in tax declarations.		B	

**The audit program gives balanced coverage to all core taxes and confidence that the highest risks are being addressed.** The SUNAT has a tax audit program in place that covers all core taxes and is weighted towards large businesses. Audit cases are selected based on assessed risks and are allocated in a decentralized manner. The audit program uses both direct and indirect methods for tax assessment. However, the authorities do not routinely

evaluate the impact of audits on the level of tax compliance—the focus is mainly on how much the audits have generated (output).

**Wide use is made of large-scale automated data gathering and crosschecking.**

Amounts reported in CIT and PIT declarations are routinely and systematically crosschecked with information from VAT declarations, banks, employers, as well as information from a wide range of other government agencies—e.g., customs, registrar of companies, public notary and the social security agency. More than 60 sources of third party information are regularly used to crosscheck information in declarations from taxpayers. The methodology and IT infrastructure from third party sources varies from automatic exchange, through software provided by the SUNAT, to manual data gathering based on exchange of data via electronic media. There is no large-scale automated data gathering and crosschecking of PIT and CIT declarations with information from the stock exchange and internet-based vendors.

**P6-17: Extent of proactive initiatives to encourage accurate reporting**

This indicator assesses the nature and scope of cooperative compliance and other proactive initiatives undertaken to encourage accurate reporting. Assessed scores are shown in Table 18 followed by an explanation of reasons underlying the assessment.

**Table 18. P6-17 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P6-17. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	<b>M1</b>	<b>B</b>

**A system for private binding rulings is in its early stages of development.** Rulings provide the taxpayer with certainty on how a tax administration will apply the tax law. Public rulings are only available if requested by an organization representing the taxpayer. Cooperative compliance arrangements are in place with different approaches depending on the taxpayer segment and this was confirmed by the assessment team. Around 10 percent of CIT taxpayers in Peru are rated as “good taxpayers” and take advantage of benefits like extended due dates for payment.

**P6-18: Monitoring the extent of inaccurate reporting**

This indicator examines the soundness of methods used by the tax administration to monitor the extent of inaccurate reporting in declarations. The assessed score is shown in Table 19 followed by an explanation of reasons underlying the assessment.

**Table 19. P6-18 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P6-18. The soundness of the method/s used by the tax administration to monitor the extent of inaccurate reporting.	M1	A

**Studies into the extent of inaccurate reporting are carried out yearly for both VAT and CIT.** The SUNAT conducts regular estimates on the VAT gap. In 2015 the FAD was requested to calculate the VAT gap using the Revenue Administration Gap Analysis. Internal studies from the SUNAT from 2007 to 2013 shows consistency with the results from the RA-GAP study and confirm that the methodology used is sound. The results are made public and are used in improving the accuracy of reporting.

### G. POA 7: Effective Tax Dispute Resolution

This POA deals with the process by which a taxpayer seeks an independent review, on grounds of facts or interpretation of the law, of a tax assessment resulting from an audit. Above all, a tax dispute process must safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing. The process should be based on a legal framework, be known and understood by taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner.

Three performance indicators are used to assess POA 7:

- P7-19—Existence of an independent, workable, and graduated dispute resolution process.
- P7-20—Time taken to resolve disputes.
- P7-21—Degree to which dispute outcomes are acted upon.

#### P7-19: Existence of an independent, workable, and graduated resolution process

For this indicator three measurement dimensions assess (1) the extent to which a dispute may be escalated to an independent external tribunal or court where a taxpayer is dissatisfied with the result of the tax administration's review process; (2) the extent to which the tax administration's review process is truly independent; and (3) the extent to which taxpayers are informed of their rights and avenues of review. Assessed scores are shown in Table 20 followed by an explanation of reasons underlying the assessment.

**Table 20. P7-19 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P7-19-1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.	M2	A	B
P7-19-2. Whether the administrative review mechanism is independent of the audit process.		D	
P7-19-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		A	

**An appropriately tiered mechanism of administrative and judicial review is available to taxpayers.** The tiered review mechanism exists with several stages. The first stage is a single administrative review, at the SUNAT. The second stage is another administrative review at an independent external specialist tax tribunal (TF) under the Ministry of Finance (MEF). If dissatisfied with the outcome of the administrative review, the taxpayer can start a judicial review process by lodging an appeal at judicial court that can be escalated through the judicial system up to the Supreme Court of Justice.

**The dispute mechanism is widely used by taxpayers.** During the appeal process the collection of the dispute amount is suspended without being secured by any guarantee if the appeal is filed in less than 20 days of the SUNAT's assessment decision. The SUNAT institutes protective measures, case by case, in order to ensure payment—for example, there were 195 protective measure proceedings in 2016. If the appeal relates to facts and evidence, it needs to start at the SUNAT; otherwise, taxpayers are allowed to escalate the dispute directly to the specialist tax tribunal if the disputed matter is the interpretation of tax law.

**The administrative review mechanism is not completely independent of the audit process.** There are Administrative Review Units at the regional level and in the Large Taxpayers Office (IPCN) that are physically and organizationally separate from the Audit Units, with a separate reporting line. However, the independence of the appeals system is compromised. The documented procedures establish thresholds for signing both for audits and reviews (e.g., over Sol 6,000.000 (1.875.000 \$) in IPCN); thus the Director of IPCN or any regional office is responsible for signing both resolutions.

**Information on the dispute resolution process is published and taxpayers are explicitly made aware of it at the end of assessments.** Information about taxpayer's rights and dispute resolution procedures is publicly available on the website and specifically included in the audit assessments reports. In addition, auditors are required, by written instructions, to specifically inform taxpayers on their rights and dispute resolution procedures.

### P7-20: Time taken to resolve disputes

This indicator assesses how responsive the tax administration is in completing administrative reviews. Assessed scores are shown in Table 21 followed by an explanation of reasons underlying the assessment.

### Table 21. P7-20 Assessment

Measurement Dimensions	Scoring Method	Score 2017
P7-20. The time taken to complete administrative reviews.	M1	D

**Only 11 percent of administrative reviews in the SUNAT are completed within three months**—see Attachment III, Table 12. The SUNAT monitors monthly the time taken to complete administrative reviews with a metric contained in the annual operations plan (including for 2016). In 2016, 96 percent of the appeals have been completed within the deadline established by law. However, the law establishes a deadline of 9 months to complete the reviews of assessment reports and 12 months for appeals related to transfer pricing. In addition, the law establishes a period of 30 days after filing the appeal for taxpayers to put forward evidence—during this period, the SUNAT cannot conclude the appeal.

### P7-21: Degree to which dispute outcomes are acted upon

This indicator looks at the extent to which dispute outcomes are taken into account in determining policy, legislation, and administrative procedure. The assessed score is shown in Table 22 followed by an explanation of reasons underlying the assessment.

### Table 22. P7-21 Assessment

Measurement Dimensions	Scoring Method	Score 2017
P7-21. The extent to which the tax administration responds to dispute outcomes.	M1	A

**There is a regular monitoring and analysis of dispute outcomes for all taxpayers and this analysis is considered in the adjustment of legislation and administrative procedures.** In the Large Taxpayers Office (IPCN), this represents around 80 percent of the disputed amount, there is ongoing monitoring of the underlying causes of disputes and

remedial action is taken—feedback from the appeal unit to the audit unit regarding weaknesses in the audit process and proposals for amending the tax code or other regulations.

## H. POA 8: Efficient Revenue Management

This POA focuses on three key activities performed by tax administrations in relation to revenue management:

- Providing input to government budgeting processes of tax revenue forecasting and tax revenue estimating. (As a general rule, primary responsibility for advising government on tax revenue forecasts and estimates rests with the Ministry of Finance. The tax administration provides data and analytical input to the forecasting and estimating processes. Ministries of Finance often set operational revenue collection targets for the tax administration based on forecasts of revenue for different taxes.)<sup>10</sup>
- Maintaining a system of revenue accounts.
- Paying tax refunds.

Three performance indicators are used to assess POA 8:

- P8-22—Contribution to government tax revenue forecasting process.
- P8-23—Adequacy of the tax revenue accounting system.
- P8-24—Adequacy of tax refund processing.

### **P8-22: Contribution to government tax revenue forecasting process**

This indicator assesses the extent of tax administration input to government tax revenue forecasting and estimating. The assessed score is shown in Table 23 followed by an explanation of reasons underlying the assessment.

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<sup>10</sup> It is common for Ministries of Finance to review budget revenue forecasts and related tax collection targets during the fiscal year (particularly mid-year) to take account of changes in forecasting assumptions, especially changes in the macroeconomic environment.

## Table 23. P8-22 Assessment

Measurement Dimensions	Scoring Method	Score 2017
P8-22. The extent of tax administration input to government tax revenue forecasting and estimating.	M1	A

**The SUNAT meets or exceeds all aspects of revenue forecasting, estimating and monitoring.** A specialist unit in the SUNAT takes macro data from the Ministry of Finance and conducts forecasts, with another SUNAT team who conducts research as further input. Collections are monitored and reported against forecast, sent electronically to the Ministry, with monthly meetings of a Cash Committee that further discuss past results and future projections. Forecasting VAT refunds, monitoring projected vs. actual, notifying the Ministry of accounts to be paid is done monthly. More than 80 tax expenditure accounts are also tracked, tax losses carried forward for the largest taxpayers – every aspect of this dimension is performed well.

### P8-23: Adequacy of the tax revenue accounting system

This indicator examines the adequacy of the tax revenue accounting system. Assessed scores are shown in Table 24 followed by an explanation of reasons underlying the assessment.

## Table 24. P8-23 Assessment

Measurement Dimensions	Scoring Method	Score 2017
P8-23. Adequacy of the tax administration's revenue accounting system.	M1	C

**The automated tax revenue accounting system interfaces with the MEF accounting system, meets government standards, is audited internally but not externally (by law).** The great majority, but not all tax payments, are posted within one business day—good practice according the TADAT field Guide; checks issued from a bank other than the one receiving the payment take three days to clear and are then posted to the taxpayer's ledger. The revenue accounting function provides monthly status and impact reports on suspense account status.

### P8-24: Adequacy of tax refund processing

For this indicator, two measurement dimensions assess the tax administration's system of

processing VAT refund claims. Assessed scores are shown in Table 25 followed by an explanation of reasons underlying the assessment.

**Table 25. P8-24 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P8-24-1. Adequacy of the VAT refund system.	M2	A	C+
P8-24-2. The time taken to pay (or offset) VAT refunds.		D	

**The VAT refund system is adequate in every respect**—has risk-based verification, fast tracks good taxpayers, is tracked monthly to ensure adequate funds, excess credits are offset against tax arrears, and interest is paid on delayed refunds. This results into an ‘A’ score.

**Only 67 percent (in number of cases) and 86 percent (by value) of VAT refunds are paid or offset within 30 days.** The published national standard, by law, is 45 days and this is outside the TADAT standard of 30 calendar days.

### I. POA 9: Accountability and Transparency

Accountability and transparency are central pillars of good governance. Their institutionalization reflects the principle that tax administrations should be answerable for the way they use public resources and exercise authority. To enhance community confidence and trust, tax administrations should be openly accountable for their actions within a framework of responsibility to the minister, government, legislature, and the general public.

Four performance indicators are used to assess POA 9:

- P9-25—Internal assurance mechanisms.
- P9-26—External oversight of the tax administration.
- P9-27—Public perception of integrity.
- P9-28—Publication of activities, results, and plans.

#### **P9-25: Internal assurance mechanisms**

For this indicator, two measurement dimensions assess the internal assurance mechanisms in place to protect the tax administration from loss, error, and fraud. Assessed scores are shown in Table 26 followed by an explanation of reasons underlying the assessment.

**Table 26. P9-25 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P9-25-1. Assurance provided by internal audit.	M2	A	A
P9-25-2. Staff integrity assurance mechanisms.		A	

**Internal audit consistently verifies the soundness of SUNAT’s internal controls, risk management, and governance frameworks.** The SUNAT has an organizationally independent internal audit unit (OCI) with 77 internal auditors, reporting directly to an audit committee. Internal audit activities are set out in an annual internal audit plan. The plan comprises internal control checks, operational performance audits, information technology systems audits and financial audits. The operational performance audits cover both internal and taxpayer-related operations. The SUNAT develops action plans for each area to comply with the recommendations provided by OCI and publishes the status report of the recommendations every six months in the Transparency Portal. There is also regular training of internal auditors in the National Control School in audit methodologies of at least 80 hours per year.

The external review body (CGR) regularly reviews the internal audit operations and systems (e.g., reviews the audit plans and audit reports). There is a central repository of internal control policies, processes and procedures available on SUNAT’s intranet. IT system controls are in place to detect incidents that threaten the confidentiality and integrity of tax administration data. Specifically, restricted user profiles and audit trails of user access and changes made to taxpayer data exist, together with surveillance by OCI.

**Staff integrity assurance mechanisms are in place.** There is an organizationally independent internal affairs unit (OFELCCOR) reporting directly to the General Director. OFELCCOR provides leadership to the formulation of integrity and ethics policy (e.g., anticorruption institutional and sectorial plans, declaration of interests and assets of tax officials, protection of whistle-blowers) and ensures that everyone within the organization adheres to it. OFELCCOR has appropriate investigative powers and exercises these powers investigating professional misconduct of tax and bring wrongdoers (27 tax officials in 2016) to account (e.g., firing or warning). It cooperates with relevant enforcement agencies (e.g., anti-corruption agency (CAN) and public prosecutor) and maintains and publish integrity-related statistics. In addition, there is an annual internal survey about perception of corruption in the organization. Information about punished tax officials is publicly reported on the SUNAT’s intranet.

### P9-26: External oversight of the tax administration

Two measurement dimensions of this indicator assess (1) the extent of independent external oversight of the tax administration's operations and financial performance; and (2) the investigation process for suspected wrongdoing and maladministration. Assessed scores are shown in Table 27 followed by an explanation of reasons underlying the assessment.

**Table 27. P9-26 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P9-26-1. The extent of independent external oversight of the tax administration's operations and financial performance.	M2	C	B
P9-26-2. The investigation process for suspected wrongdoing and maladministration.		A	

**There is an annual audit of the SUNAT's financial statements by the government auditor (CGR).** The government auditor (CGR) conducts an annual audit of the SUNAT's financial statements either through an auditing company or by itself. The findings are responded to by the SUNAT and the responses are publicly reported in the Transparency Portal every six months.

**There is no independent external oversight of operational performance.** The OCI follows the CGR's guidelines regarding operational performance audits and control. The CGR may supervise the OCI's operational performance audits and has itself conducted operational performance audits of the procurement processes in the last few years. However, no evidence was shown of an overarching annual program of operational performance audits conducted by the CGR itself.

**A Tax and Customs Ombudsman (DEFCON) investigates taxpayer complaints of maladministration.** DEFCON is a part of the MEF and routinely investigates complaints from taxpayers about treatment they have received from the SUNAT. A Taxpayer Rights Defender Office (ODCUA) is located within the SUNAT and reports to the Director General. It processes complaints received through several channels. Monthly meetings between DEFCON and ODCUA are held on problems identified and recommended actions to fix them. ODCUA monitors and reports to senior management of actions taken in response to recommendations and leads initiatives to improve the processes and services.

**An investigation process for suspected wrongdoing is in place.** An anti-corruption agency (CAN), in the frame of the National Anticorruption Policy, oversees the SUNAT's anti-corruption policies through institutional and sectorial anticorruption plans. The OFELCCOR

regularly monitors and reports every six months to the MEF and General Director about the implementation of the anticorruption plans. In addition, the anti-corruption public prosecutor investigates the most serious cases of alleged corrupt conduct of tax officials.

#### P9-27: Public perception of integrity

This indicator examines measures taken to gauge public confidence in the tax administration. The assessed score is shown in Table 28 followed by an explanation of reasons underlying the assessment.

**Table 28. P9-27 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P9-27. The mechanism for monitoring public confidence in the tax administration.	M1	A

**An annual independent mechanism for monitoring public confidence in the SUNAT is in place.** Since 2013, a company hired by the Institutional Image Unit through an annual public tender, conducts a survey every year to monitor trends in public confidence in the SUNAT. The survey is based on a statistically valid sample of key taxpayer segments and a solid methodology. Specifically, the enquiry carried out during September-October was based on 1,438 enquiries at the national level comprising individuals, large taxpayers, small and medium companies. The results of the survey are made public through the inclusion of a metric on public confidence in the annual follow-up report of the strategic plan—the 2016 results were published in December 2016. In addition, the SUNAT took the survey results into account when reviewing its public relations campaigns (e.g., electronic receipts) and in preparing the Compliance Improvement Plan for 2017.

#### P9-28: Publication of activities, results, and plans

Two measurement dimensions of this indicator assess the extent of (1) public reporting of financial and operational performance; and (2) publication of future directions and plans. Assessed scores are shown in Table 29 followed by an explanation of reasons underlying the assessment.

**Table 29. P9-28 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P9-28-1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	M2	A	A
P9-28-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		A	

**The annual report outlining both the financial and operational performance of the SUNAT is made public within 3 months of the end of the fiscal year.** In addition, the SUNAT also publishes an annual report by results and has a transparency portal with information on relevant matters (e.g., investments and budget).

**Strategic and operational plans are made public in advance of the period covered by the plans.** Multiannual strategic plans and annual operational plans are made public at the end of December every year.

## Attachment I. TADAT Framework

### Performance outcome areas

TADAT assesses the performance of a country's tax administration system by reference to nine outcome areas:

1. **Integrity of the registered taxpayer base:** Registration of taxpayers and maintenance of a complete and accurate taxpayer database is fundamental to effective tax administration.
2. **Effective risk management:** Performance improves when risks to revenue and tax administration operations are identified and systematically managed.
3. **Support given to taxpayers to help them comply:** Usually, most taxpayers will meet their tax obligations if they are given the necessary information and support to enable them to comply voluntarily.
4. **On-time filing of declarations:** Timely filing is essential because the filing of a tax declaration is a principal means by which a taxpayer's tax liability is established and becomes due and payable.
5. **On-time payment of taxes:** Nonpayment and late payment of taxes can have a detrimental effect on government budgets and cash management. Collection of tax arrears is costly and time consuming.
6. **Accuracy of information reported in tax declarations:** Tax systems rely heavily on complete and accurate reporting of information in tax declarations. Audit and other verification activities and proactive initiatives of taxpayer assistance, promote accurate reporting and mitigate tax fraud.
7. **Adequacy of dispute resolution processes:** Independent accessible, and efficient review mechanisms safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing in a timely manner.



8. **Efficient revenue management:** Tax revenue collections must be fully accounted for, monitored against budget expectations, and analyzed to inform government revenue forecasting. Legitimate tax refunds to individuals and businesses must be paid promptly.
9. **Accountability and transparency:** As public institutions, tax administrations are answerable for the way they use public resources and exercise authority. Community confidence and trust are enhanced when there is open accountability for administrative actions within a framework of responsibility to the minister, legislature, and general community.

### **Indicators and associated measurement dimensions**

A set of 28 high-level indicators critical to tax administration performance are linked to the performance outcome areas. It is these indicators that are scored and reported on. A total of 47 measurement dimensions are taken into account in arriving at the indicator scores. Each indicator has between one and four measurement dimensions.

Repeated assessments will provide information on the extent to which a country's tax administration is improving.

### **Scoring methodology**

The assessment of indicators follows the same approach followed in the Public Expenditure and Financial Accountability (PEFA) diagnostic tool so as to aid comparability where both tools are used.

Each of TADAT's 47 measurement dimensions is assessed separately. The overall score for an indicator is based on the assessment of the individual dimensions of the indicator. Combining the scores for dimensions into an overall score for an indicator is done using one of two methods: Method 1 (M1) or Method 2 (M2). For both M1 and M2, the four-point 'ABCD' scale is used to score each dimension and indicator.

**Method M1** is used for all single dimensional indicators and for multi-dimensional indicators where poor performance on one dimension of the indicator is likely to undermine the impact of good performance on other dimensions of the same indicator (in other words, by the weakest link in the connected dimensions of the indicator).

**Method M2** is based on averaging the scores for individual dimensions of an indicator. It is used for selected multi-dimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of higher scores on other dimensions for the same indicator.

## Attachment II. Peru: Country Snapshot

Geography	Located in the west of South America and borders Ecuador, Colombia, Brazil, Bolivia and Chile. It has sovereignty over 1,285,215 km <sup>2</sup> of land and 200 nautical miles of the Pacific Ocean, as well as 60 million hectares of the Antarctic. Peru is an extremely diverse country, with 11 ecological regions and 84 of the world's 117 different types of "life zone". It has a huge variety of scenery thanks to its geography, which also provides it with a wide range of natural resources. The country has three main regions according to the traditional method of dividing the country by altitude: coast, mountains and jungle. The capital, and largest city, is Lima.
Population	30,741,062 (July 2016 est.) Country comparison to the world: 44 (Source: CIA World Factbook)
Adult literacy rate	94.5 percent of persons aged 15 and over can read and write. (Source: CIA World Factbook)
Gross domestic product. Purchasing Power Parity (PPP)	GDP: US\$ 409.9 billion (2016 est.) Country comparison to the world: 48 (Source: CIA World Factbook)
Per capita GDP (PPP)	US\$ 13,000 (2016 est.) Country comparison to the world: 121 (Source: CIA World Factbook)
Main industries	Peru is the world's second largest producer of silver and third largest producer of copper. Main industries: mining and refining of minerals; steel, metal fabrication; petroleum extraction and refining, natural gas and natural gas liquefaction; fishing and fish processing, agriculture products, cement, glass, textiles and food processing. (Source: CIA World Factbook)
Communications	For 2015: Percentage of individuals using internet: 40.9 percent Mobile-cellular telephone subscriptions per 100 inhabitants: 109.9 percent (Source: World Telecommunication Indicators Database <a href="http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx">http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx</a> )
Main taxes	Peru's main national domestic taxes comprise: PIT, CIT, VAT and excise tax. Other taxes and levies collected by the SUNAT include customs duties and social security health insurance.
Tax-to-GDP	Slightly above 15 percent and below the regional average. (Source: IMF. 2016 Article IV Consultation)
Number of taxpayers	CIT 608,830; PAYE 372,448, PIT 6,820,981; VAT 998,794 and domestic excise taxes 1,174.
Main collection agency	The SUNAT for CIT, PIT, PAYE, VAT and excise tax.
Number of staff in the main collection agency	7,451 staff members as of January 2017.
Financial Year	Calendar year.

## Attachment III. Data Tables

## A. Tax Revenue Collections

<b>Table 1. Tax Revenue Collections<sup>1</sup></b>				
	<b>[2013]</b>	<b>[2014]</b>	<b>[2015]</b>	<b>[2016]</b>
<b>In local currency (millions of Soles)</b>				
<b>National budgeted tax revenue forecast<sup>2,4</sup></b>	86,684	97,813	92,564	94,589
<b>I. Total of tax revenue collection<sup>2,4</sup></b>	89,403	95,395	92,873	92,226
<b>A. Total tax revenue collections – central government</b>	89,403	95,395	90,262	89,375
Corporate Income Tax (CIT) <sup>5</sup>	23,094	22,707	20,360	20,249
Personal Income Tax (PIT) <sup>6</sup>	10,570	11,423	11,137	11,760
Value-Added Tax (VAT)—gross domestic collections	27,164	28,732	30,410	31,040
Value-Added Tax (VAT)—collected on imports	20,655	21,620	21,259	21,652
Excises on domestic transactions <sup>7</sup>	4,123	3,879	4,186	4,101
Excises on import transactions <sup>8</sup>	1,475	1,383	1,453	1,973
Other domestic taxes	9,025	8,537	8,112	8,145
Customs Duties, Additional Import Duties and Specific Duties	1,706	1,790	1,775	1,606
Income tax – non-residents	2,848	6,027	3,248	5,205
Value-Added Tax (VAT)—refunds approved and paid	(9,867)	(8,573)	(9,056)	(13,321)
Refunds (others than VAT)	(1,392)	(2,129)	(2,621)	(3,126)
<b>B. Total tax revenue collections – local governments<sup>9</sup></b>	2,294	2,336	2,611	2,851
<b>II. Social contribution collections</b>	11,303	11,893	12,732	13,234
<b>III. Non- taxes revenue collection</b>	1,389	1,234	920	850
<b>In percent of total tax revenue collections</b>				
	<b>[2013]</b>	<b>[2014]</b>	<b>[2015]</b>	<b>[2016]</b>
<b>I. Total tax revenue collections</b>	100.0	100.0	100.0	100.0
<b>A. Total tax revenue collections – central government</b>	100.0	100.0	97.2	96.9
Corporate Income Tax (CIT)	25.8	23.8	21.9	22.7
Personal Income Tax (PIT)	11.8	12.0	12.0	13.2
Value-Added Tax (VAT)—gross domestic collections	30.4	30.1	32.7	34.7
Value-Added Tax (VAT)—collected on imports	23.1	22.7	22.9	24.2
Excises on domestic transactions	4.6	4.1	4.5	4.6
Excises on import transaction	1.6	1.4	1.6	2.2
Other domestic taxes	10.1	8.9	8.7	9.1
Customs Duties, Additional Import Duties and Specific Duties	1.9	1.9	1.9	1.8
Income tax – no residents	3.2	6.3	3.5	5.8
Value-Added Tax (VAT)—refunds approved and paid	(11.0)	(9.0)	(9.8)	(14.9)
Refunds (others than VAT)	(1.6)	(2.2)	(2.8)	(3.5)
<b>B. Total tax revenue collections – local governments</b>	-	-	2.8	3.1
<b>II. Social contribution collections</b>	-	-	-	-
<b>III. Non-taxes revenue collection</b>	-	-	-	-

<b>In percent of GDP</b>				
	[2013]	[2014]	[2015]	[2016]
<b>I. Total tax revenue collections (central and local government)</b>	16.7	16.6	15.2	14.0
<b>A. Total tax revenue collections – central government</b>	16.7	16.6	14.7	13.6
Corporate Income Tax (CIT)	4.3	3.9	3.3	3.1
Personal Income Tax (PIT)	2.0	2.0	1.8	1.8
Value-Added Tax (VAT)—gross domestic collections	5.1	5.0	5.0	4.7
Value-Added Tax (VAT)—collected on imports	3.9	3.8	3.5	3.3
Excises on domestic transactions	0.8	0.7	0.7	0.6
Excises on import transaction	0.3	0.2	0.2	0.3
Other domestic taxes	1.7	1.5	1.3	1.2
Customs Duties, Additional Import Duties and Specific Duties	0.3	0.3	0.3	0.2
Income tax – non-residents	0.5	1.0	0.5	0.8
Value-Added Tax (VAT)—refunds approved and paid	(1.8)	(1.5)	(1.5)	(2.0)
Refunds (others than VAT)	(0.3)	(0.4)	(0.4)	(0.5)
<b>B. Total tax revenue collections – local governments</b>	-	-	0.4	0.4
<b>II. Social contribution collections</b>	-	-	-	-
<b>III. Non- taxes revenue collection</b>	-	-	-	-
<b>Nominal GDP in local currency</b> (millions of Soles)	534 071	576 380	612 924	657 960
<b>Explanatory notes:</b>				
<p><sup>1</sup> This table gathers data for three fiscal years (e.g., 2013 – 15) in respect of all domestic tax revenues collected by the tax administration at the national level, plus VAT and Excise tax collected on imports by the customs and/or another agency.</p> <p><sup>2</sup> This forecast is normally set by the Ministry of Finance (or equivalent) with input from the tax administration and, for purposes of this table, should only cover the taxes listed in the table. The final budgeted forecast, as adjusted through any mid-year review process, should be used.</p> <p><sup>3</sup> Other domestic taxes collected at the national level by the tax administration include, for example, property taxes, financial transaction taxes, and environment taxes.</p> <p><sup>4</sup> Tax revenue forecast obtained from the multiannual macroeconomic frameworks for the years 2014 - 2016, 2015 - 2017, 2016 - 2018, 2017 - 2019 for the years 2013, 2014, 2015 and 2016 respectively, published by the Ministry of Economy and Finance (MEF), including tax collected by local governments. For the years 2013 and 2014 the published forecasts considered only Central Government coverage, excluding tax revenues from Local Governments.</p> <p><sup>5</sup> Includes income taxes of third category, regularization of legal entities, special income tax and other income.</p> <p><sup>6</sup> Includes income taxes of first, second, fourth and fifth category, and regularizations of natural persons.</p> <p><sup>7</sup> Includes Domestic Excise Tax and others tax related to production and consumption.</p> <p><sup>8</sup> Includes Excise Tax on Imports.</p> <p><sup>9</sup> For this table, local government tax revenues are considered only since 2015, the year in which the MEF introduced this concept in its forecasts.</p> <p><sup>10</sup> Includes Mining royalties, special levy on mining, administrative expenditures, FONAVI, penalty on chemical inputs, other non-taxes revenue from Customs and Banco de la Nacion</p>				

## B. Movements in the Taxpayer Register

<b>Table 2. Movements in the Taxpayer Register</b>					
(Ref: POA1)					
<b>2014</b>					
	Active [A]	Inactive (not yet deregistered) [B]	Total end-year position [A + B]	Percentage of inactive (not yet deregistered)	Deregistered during the year
Corporate income tax	Individuals: 236,488				
	Businesses: 354,315	36,806	627,609	5.86	68,052
Personal income tax (*)	5,787,994	20,803	5,808,797	0.36	59,275
PAYE withholding (# of employers) (**)	348,382	21,510	369,892	5.82	2,619
Value Added Tax	930,260	68,435	998,695	6.85	40,500
Other taxpayers	1,282,946	66,758	1,349,704	4.95	49,040
Domestic excise tax (*)	1,121	70	1,191	5.88	156
<b>2015</b>					
Corporate income tax	Individuals: 228,858				
	Businesses: 364,673	38,645	632,176	6.11	81,846
Personal income tax (*)	6,308,104	23,847	6,331,951	0.38	86,912
PAYE withholding (# of employers) (**)	358,889	21,150	380,039	5.57	3,285
Value Added Tax	953,989	71,485	1,025,474	6.97	45,231
Other taxpayers	1,383,594	79,893	1,463,487	5.46	58,490
Domestic excise tax (*)	1,139	71	1,210	5.87	159
<b>2016</b>					
Corporate income tax	Individuals: 230,984				
	Businesses: 377,846	39,895	648,725	6.15	77,768
Personal income tax (*)	6,820,981	15,049	6,836,030	0.22	81,647
PAYE withholding (# of employers) (**)	372,448	24,311	396,759	6.13	3,762
Value Added Tax	998,794	73,465	1,072,259	6.85	49,335
Other taxpayers	1,485,215	88,141	1,573,356	5.60	63,429
Domestic excise tax (*)	1,174	73	1,247	5.84	164

(\*) Taxpayer may be registered in more than one tax

(\*\*) From the employers register in EsSalud

Explanatory note:

Corporate income tax	Taxpayers register for Income Tax of Third category
Personal income tax	Taxpayers register for Income Tax of 4th, 2nd and 1st category
PAYE withholding (# of employers)	Taxpayers register for ESSALUD (social security system)
Value Added Tax	Taxpayers register for VAT ( <i>cuenta propia</i> )
Other taxpayers	RER, RUS, NRUS, Land, Amazonia, Borders
Domestic Excise Tax	ISC

### C. Telephone Enquiries

<b>Table 3. Telephone Enquiry Call Waiting Time</b>			
<b>(for most recent 12-month period)</b>			
<b>(Ref: POA 3)</b>			
<b>Month/2016</b>	<b>Total number of telephone enquiry calls received</b>	<b>Telephone enquiry calls answered within 6 minutes' waiting time<sup>1</sup></b>	
		<b>Number</b>	<b>In percent of total calls</b>
January	258,565	167,930	64.9
February	275,664	177,233	64.3
March	292,181	159,282	54.5
April	311,783	187,541	60.2
May	300,508	210,373	70.0
June	289,599	187,992	64.9
July	225,428	162,269	72.0
August	207,756	129,260	62.2
September	90,944	56,290	61.9
October <sup>2</sup>			
November	233,475	198,626	85.1
December	262,526	201,489	76.8
<b>Total</b>	<b>2,748,429</b>	<b>1,838,285</b>	<b>66.9</b>

Explanatory Notes:

<sup>1</sup> In order to evaluate the telephone service, the "percentage of calls answered within 20 seconds" is internally handled as a service standard.

<sup>2</sup> There is no data in the CISCO system.

## D. Filing of Tax Declarations

<b>Table 4. On-time Filing of CIT Declarations for the 2015 Income Year</b> (Ref: POA 4)			
	<b>Number of declarations filed on-time<sup>1</sup></b>	<b>Number of declarations expected to be filed<sup>2</sup></b>	<b>On-time filing rate<sup>3</sup></b> (In percent)
All CIT taxpayers	454,040	496,726	91.4
Large taxpayers only	12,115	12,250	98.9
<b>Explanatory notes:</b>			
<p><sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).</p> <p><sup>2</sup> 'Expected declarations' means the number of CIT declarations that the tax administration expected to receive from registered CIT taxpayers that were required by law to file declarations.</p> <p><sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:</p> $\frac{\text{Number of CIT declarations filed by the due date}}{\text{Number of declarations expected from registered CIT taxpayers}} \times 100$ <p><sup>4</sup> The taxpayers required to file Income Tax - Third Category:</p> <ul style="list-style-type: none"> <li>• Are registered for Income Tax of Third Category - General Scheme (as of December 2015)</li> <li>• Are active and have an address other than "No Habido".</li> <li>• Have 'Authorized Invoices' during Fiscal Year</li> <li>• Have started activities before or during the considered period</li> </ul>			

<b>Table 5. On-time Filing of PIT Declarations for the 2015 Income Year</b> (Ref: POA 4)		
<b>Number of declarations filed on-time<sup>1</sup></b>	<b>Number of declarations expected to be filed<sup>2</sup></b>	<b>On-time filing rate<sup>3</sup></b> (In percent)
237,757	388,747	61.2
<b>Explanatory notes:</b>		
<p><sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).</p> <p><sup>2</sup> 'Expected declarations' means the number of PIT declarations that the tax administration expected to receive from registered PIT taxpayers that were required by law to file declarations.</p> <p><sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:</p> $\frac{\text{Number of PIT declarations filed by the due date}}{\text{Number of PIT declarations expected from registered PIT taxpayers}} \times 100$ <p>Individuals that are required to file PIT declaration:</p> <ul style="list-style-type: none"> <li>• Have earned income of 1<sup>st</sup> and/or second categories and/or foreign source income and/or labor income.</li> <li>• Have earned or received in the year an income higher than S/. 25.000 (twenty-five thousand Soles) of 1<sup>st</sup> category; or income of 2<sup>nd</sup> category and/or foreign source income that are added to those; Or, income from work and/or foreign source incomes that are added to those.</li> </ul>		

<b>Table 6. On-time Filing of VAT Declarations – All taxpayers for most recent 12-month period.</b> (Ref: POA 4)			
<b>Month (2016)</b>	<b>Number of declarations filed on-time<sup>1</sup></b>	<b>Number of declarations expected to be filed<sup>2</sup></b>	<b>On-time filing rate<sup>3</sup></b> (In percent)
January	764,071	797,972	95.8
February	751,385	790,760	95.0
March	759,687	797,640	95.2
April	742,576	780,325	95.2
May	760,929	797,297	95.4
June	755,258	793,466	95.2
July	774,198	812,223	95.3
August	731,607	771,703	94.8
September	812,144	853,974	95.1
October	778,860	823,373	94.6
November	779,691	825,070	94.5
December	768,919	824,977	93.2
<b>12-month total</b>	<b>9,179,325</b>	<b>9,668,780</b>	<b>94.9</b>
<b>Explanatory notes:</b>			
<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).			
<sup>2</sup> 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from registered VAT taxpayers that were required by law to file declarations.			
<sup>3</sup> The 'on-time filing rate' is the number of VAT declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered VAT taxpayers, i.e. expressed as a ratio:			
$\frac{\text{Number of VAT declarations filed by the due date}}{\text{Number of declarations expected from registered VAT taxpayers}} \times 100$			
Taxpayers required to file VAT declaration are those:			
<ul style="list-style-type: none"> <li>• Register for General Sales Tax in the corresponding tax period (monthly). In this case, the declarations coincide with those of the General Regime and the Special Regime of Income</li> <li>• Active and have an address other than "No Habido".</li> <li>• Have Authorized Payment Invoice during the tax period</li> <li>• Have started activities before or during the last 12 months.</li> </ul>			

**Table 7. On-time Filing of VAT Declarations – Large taxpayers only for most recent 12-month period.**

(Ref: POA 4)

Month/ 2016	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
January	12,848	12,948	99.3
February	12,644	12,755	99.1
March	15,204	15,343	99.1
April	15,133	15,283	99.0
May	15,094	15,185	99.4
June	15,063	15,173	99.3
July	14,417	14,489	99.5
August	13,617	13,677	99.6
September	15,120	15,195	99.5
October	12,280	12,340	99.5
November	12,214	12,298	99.3
December	12,195	12,270	99.4
<b>12-month total</b>	<b>165,829</b>	<b>166,956</b>	<b>99.3</b>

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from large taxpayers that were required by law to file VAT declarations.

<sup>3</sup> The 'on-time filing rate' is the number of VAT declarations filed by large taxpayers by the statutory due date as a percentage of the total number of VAT declarations expected from large taxpayers, i.e. expressed as a ratio:

Larger Taxpayers required to file the VAT are those:

- Assigned to the General Sales Tax (VAT) in the corresponding tax period (monthly). In this case, the file of declarations coincides with those of the General Regime and the Special Regime of Income Tax
- Active and have an address other than "No Habido"
- Have Authorized Payment Invoice during the tax period
- Have started activities before or during the month of measure
- The Larger Taxpayers receive personalized assistance from SUNAT to fulfill their tax obligations

$$\frac{\text{Number of VAT declarations filed by the due date by large taxpayers}}{\text{Number of VAT declarations expected from large taxpayers}} \times 100$$

**Table 8. On-time Filing of PAYE Withholding Declarations (filed by employers for most recent 12-month period.**

(Ref: POA 4)

Month/ 2016	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
January	341,335	358,743	95.1
February	323,041	358,759	90.0
March	324,037	360,318	89.9
April	324,300	362,340	89.5
May	326,466	362,291	90.1
June	329,052	364,172	90.4
July	327,781	365,721	89.6
August	330,225	366,354	90.1
September	331,502	368,918	89.9
October	331,402	370,787	89.4
November	332,871	371,201	89.7
December	335,221	372,448	90.0
<b>12-month total</b>	<b>3,957,233</b>	<b>4,382,052</b>	<b>90.3</b>

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of PAYE withholding declarations that the tax administration expected to receive from registered employers with PAYE withholding obligations that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the total number of PAYE withholding declarations expected from registered employers, i.e. expressed as a ratio:

$$\frac{\text{Number of PAYE withholding declarations filed by the due date}}{\text{Number of PAYE withholding declarations expected from registered employers}} \times 100$$

The taxpayers required to file the declaration of withholding at source (Electronic Forms) are those employers that are required to withhold the labor taxes (labor income and social contributions).

## E. Electronic Services

<b>Table 9. Use of Electronic Services, 2013-15<sup>1</sup></b> (Ref: POAs 4 and 5)			
	[2013]	[2014]	[2015]
	<b>Electronic filing<sup>2</sup></b> (In percent of all declarations filed for each tax type)		
CIT	100	100	100
PIT	100	100	100
VAT	100	100	100
PAYE withholding (declarations filed by employers)	100	100	100
	<b>Electronic filing<sup>3</sup></b> (In percent of all declarations filed for each tax type)		
CIT	100	100	100
PIT	100	100	100
VAT	100	100	100
PAYE withholding (remitted by employers)	100	100	100
	<b>Electronic filing</b> (In percent of all declarations filed for each tax type)		
CIT	100	100	100
PIT	100	100	100
VAT	100	100	100
PAYE withholding (remitted by employers)	100	100	100
<b>Explanatory notes:</b>			
<p><sup>1</sup> Data in this table will provide an indicator of the extent to which the tax administration is using modern technology to transform operations, namely in areas of filing and payment.</p> <p><sup>2</sup> For purposes of this table, electronic filing involves facilities that enable taxpayers to complete tax declarations online and file those declarations via the Internet.</p> <p><sup>3</sup> Methods of electronic payment include credit cards, debit cards, and electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer's bank account to the Treasury account). Electronic payments may be made, for example, by mobile telephone where technology is used to turn mobile phones into an Internet terminal from which payments can be made. For TADAT measurement purposes, payments made in-person by a taxpayer to a third-party agent (e.g., a bank or post office) that are then electronically transferred by the agent to the Treasury account are accepted as electronic payments.</p> <p>The filing of CIT – 3rd category, PIT, VAT and Electronic Payroll (withholding at source) must be done using electronic means.</p>			

## F. Payments

<b>Table 10. VAT Payments Made During 2016]</b> (Ref: POA 5)			
	<b>VAT payments made on-time<sup>1</sup></b>	<b>VAT payments due<sup>2</sup></b>	<b>On-time payment rate<sup>3</sup></b> (In percent)
<b>Number</b> of payments	1,845,629	2,602,795	70.9
<b>Value</b> of payments	20,393,193,703	25,487,504,129	80.0
<b>Explanatory notes:</b>			
<p><sup>1</sup> 'On-time' payment means paid on or before the statutory due date for payment.</p> <p><sup>2</sup> 'Payments due' include all payments due, whether self-assessed or administratively assessed (including as a result of an audit).</p> <p><sup>3</sup> The 'on-time payment rate' is the number (or value) of VAT payments made by the statutory due date in percent of the total number (or value) of VAT payments due, i.e. expressed as ratios:</p> <p>The on-time payment rate by number is:</p> $\frac{\text{Number of VAT payments made by the due date}}{\text{Total number of VAT payments due}} \times 100$ <p>The on-time payment rate by value is:</p> $\frac{\text{Value of VAT payments made by the due date}}{\text{Total value of VAT payments due}} \times 100$			

### G. Domestic Tax Arrears

<b>Table 11. Value of Tax Arrears, 2014 – 2016<sup>1</sup></b> (Ref: POA 5)			
	[2014]	[2015]	[2016]
	<b>In local currency</b>		
<b>Total Core tax revenue collections</b> (from Table 1) <b>(A)</b>	95,395	90,262	89,375
Total Core tax arrears at end of fiscal year <sup>2</sup> <b>(B)</b>	109,163	110,643	107,838
Of which: Collectible <sup>3</sup> <b>(C)</b>	66,924	66,876	60,271
Of which: More than 12 months' old <b>(D)</b>	102,721	102,342	100,920
	<b>In percent</b>		
Ratio of (B) to (A) <sup>4</sup>	114.4	122.6	120.7
Ratio of (C) to (A) <sup>5</sup>	70.2	74.1	67.4
Ratio of (D) to (B) <sup>6</sup>	94.1	92.5	93.6
<b>Explanatory notes:</b>			
<p><sup>1</sup> Data in this table will be used in assessing the value of tax arrears relative to annual collections, and examining the extent to which unpaid tax liabilities are significantly overdue (i.e. older than 12 months).</p> <p><sup>2</sup> 'Total Core tax arrears' include tax, penalties, and accumulated interest.</p> <p><sup>3</sup> 'Collectible' core tax arrears are defined as the total amount of domestic tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible tax arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).<sup>4</sup></p>			
$\frac{\text{Value of total Core tax arrears at end of fiscal year (B)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$			
$\frac{\text{Value of collectible core tax arrears at end of fiscal year (C)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$			
$\frac{\text{Value of core tax arrears > 12 months old at end of year (D)}}{\text{Value of total core tax arrears at end of fiscal year (B)}} \times 100$			

## H. Tax Dispute Resolution

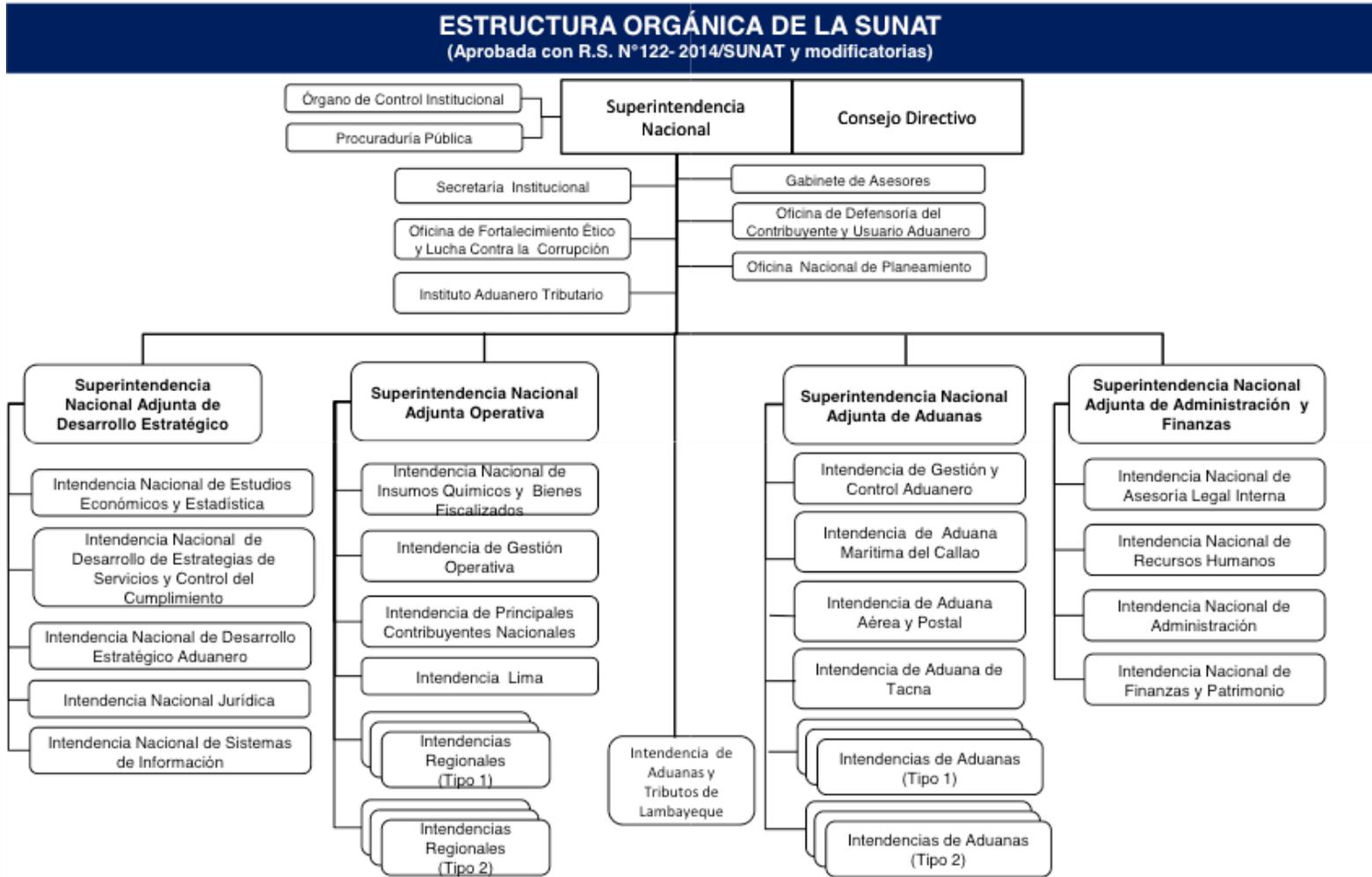
<b>Table 12. Finalization of Administrative Reviews for the most recent 12-month period (2016)</b>							
<b>(Ref: POA 7)</b>							
<b>Month</b>	<b>Total number finalized</b>	<b>Finalized within 30 days</b>		<b>Finalized within 60 days</b>		<b>Finalized within 90 days</b>	
		<b>Number</b>	<b>In percent of total</b>	<b>Number</b>	<b>In percent of total</b>	<b>Number</b>	<b>In percent of total</b>
January	87		0.0	20	23.0	2	2.3
February	82	1	1.2	2	2.4	14	17.1
March	169	2	1.2	6	3.6	33	19.5
April	190		0.0	23	12.1	20	10.5
May	171	5	2.9	6	3.5	10	5.8
June	118	1	0.8	6	5.1	7	5.9
July	132		0.0	6	4.5	10	7.6
August	126		0.0	2	1.6	13	10.3
September	119	2	1.7	6	5.0	15	12.6
October	140		0.0	5	3.6	19	13.6
November	149		0.0	7	4.7	18	12.1
December	155	2	1.3	6	3.9	20	12.9
<b>Total</b>	<b>1,638</b>	<b>13</b>	<b>0.8</b>	<b>95</b>	<b>5.8</b>	<b>181</b>	<b>11.1</b>

Note: The Table shows data of administrative reviews at the SUNAT for assessments reports.

## I. Payment of VAT Refunds

<b>Table 13. VAT Refunds for most recent 12-month period.</b>		
<b>(Ref: POA 8)</b>		
	<b>Number of cases</b>	<b>In local currency</b>
Total VAT refund claims received (A)	57,212	13,207,661,973
Total VAT refunds paid <sup>1</sup>	42,081	11,723,731,459
Of which: paid within 30 days (B) <sup>2</sup>	32,644	10,762,849,112
Of which: paid outside 30 days	9,437	960,882,347
Total VAT refund claims declined <sup>3</sup>	8,831	789,113,265
Of which: declined within 30 days (C)	5,763	647,923,748
Of which: declined outside 30 days	3,068	141,189,517
Total VAT refund claims not processed <sup>4</sup>	5,830	462,909,117
Of which: no decision taken to decline refund	5,830	462,909,117
Of which: approved but not yet paid or offset	15,712	940,871,336
	<b>In percent</b>	
Ratio of (B+C) to (A) <sup>5</sup>	67.1	86.4
<i>Explanatory note:</i>		
<sup>1</sup> Include all refunds paid, as well as refunds offset against other tax liabilities.		
<sup>2</sup> TADAT measures performance against a 30-day standard.		
<sup>3</sup> Include cases where a formal decision has been taken to decline (refuse) the taxpayer's claim for refund (e.g., where the legal requirements for refund have not been met).		
<sup>4</sup> Include all cases where refund processing is incomplete—i.e. where (a) the formal decision has not been taken to decline the refund claim; or (b) the refund has been approved but not paid or offset.		
<sup>5</sup> i.e. $\frac{\text{Value of VAT refunds paid within 30 days (B)} + \text{VAT refunds declined within 30 days (C)}}{\text{Value of all VAT refund claims received}} \times 100$		
Notes on refunds in the Table:		
<ul style="list-style-type: none"> <li>• Related to refund claims received in 2016.</li> <li>• Related to authorized refund claims with results approved or partially approved.</li> <li>• Related to the sum of rejected and dismissed claims (dismissed: when there is no available credit balance; rejected: when it fails to submit supporting documentation).</li> <li>• Related to the pending refund claims on 12/31/2016.</li> <li>• Related to authorized refund claims whose check has not yet been delivered to the taxpayer.</li> <li>• There are a total of 470 refund claims submitted by taxpayers that were withdrawn. This is the reason they are not paid, rejected, dismissed or processed.</li> </ul>		

### Attachment IV. Organizational Chart



### Attachment V. Sources of Evidence

Indicators	Sources of Evidence
P1-1. Accurate and reliable taxpayer information.	<ul style="list-style-type: none"> <li>• Field observation of the registration and proof of identity process for individuals and businesses.</li> <li>• Taxpayer portal that allows businesses and individuals to register and update information held in the database.</li> <li>• Documented national procedures of identification and removal of inactive and dormant taxpayers (Circular 25/2006).</li> <li>• Deregistration rules, links and register information example.</li> <li>• Statistics of the number of taxpayers removed from the registration database (Table 2 in the Pre-assessment Questionnaire).</li> <li>• Report n. 1256-2016 SUNAT 6E8000.</li> <li>• Report n. 0001-2017 SUNAT 68100.</li> <li>• Resolution of Superintendence 172-2016 SUNAT – procedures for auditing ex-post.</li> <li>• RUC - conceptual data model report.</li> </ul>
P1-2. Knowledge of the potential taxpayer base.	<ul style="list-style-type: none"> <li>• Reports describing the actions taken by the tax administration to improve the accuracy of information held in the registration database.</li> <li>• Outcome indicator sheet n. 13 of the National Control Plan.</li> <li>• Semaphoro RNC (registration rate).</li> <li>• VICOT program.</li> <li>• Report prepared by CEPLAN describing the informal economy “Economía informal en Perú: situación actual y perspectivas”.</li> </ul>
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<ul style="list-style-type: none"> <li>• Reports and documents showing intelligence gathering and research to identify non-compliance.</li> <li>• Documented risk management methodology.</li> </ul>
P2-4. Mitigation of risks through a compliance improvement plan.	<ul style="list-style-type: none"> <li>• Compliance improvement plan.</li> <li>• Reports prepared by the tax administration to alert policy makers of identified policy weaknesses that expose the tax system to high levels of risk.</li> </ul>

Indicators	Sources of Evidence
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<ul style="list-style-type: none"> <li>● Evaluation reports of the compliance impact of the main risk mitigation activities.</li> </ul>
P2-6. Identification, assessment, and mitigation of institutional risks.	<ul style="list-style-type: none"> <li>● Documented list of identified institutional risks and evidence showing how identified risks have been assessed and prioritized, and plans for mitigation.</li> </ul>
P3-7. Scope, currency, and accessibility of information.	<ul style="list-style-type: none"> <li>● SUNAT’s website <a href="http://www.sunat.gob.pe">http://www.sunat.gob.pe</a>.</li> <li>● Brochures.</li> <li>● Program of Seminars to taxpayers’ information about service channels.</li> <li>● Proceedings for service: <ul style="list-style-type: none"> <li>○ Telephone</li> <li>○ Social networks</li> <li>○ Online chat</li> <li>○ Consultancy.</li> </ul> </li> <li>● Communication plans 2016-2017.</li> <li>● Proceedings for update information in the website and annexes.</li> <li>● Proceeding to update information in the contents database.</li> <li>● Statistical information on answered calls.</li> <li>● Proceedings on Communication campaigns.</li> </ul>
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	<ul style="list-style-type: none"> <li>● Report about online services.</li> <li>● Report about taxpayers needs about online services.</li> <li>● Report on needs of taxpayers.</li> <li>● The SUNAT’s website.</li> <li>● Information about NRUS.</li> <li>● e-books.</li> </ul>
P3-9. Obtaining taxpayer feedback on products and services.	<ul style="list-style-type: none"> <li>● Survey Methodology.</li> <li>● Survey results.</li> <li>● Focus group on the new simplified unique regime.</li> <li>● Focus group on rental incomes.</li> <li>● Focus group on PIT filing.</li> <li>● Report on customized “channels of attention”.</li> </ul>
P4-10. On-time filing rate.	<ul style="list-style-type: none"> <li>● Tables 4-8 Attachment III.</li> </ul>
P4-11. Use of electronic filing facilities.	<ul style="list-style-type: none"> <li>● Table 9 – Attachment III.</li> <li>● Resolution of Superintendence n. 358 -2015 / SUNAT - PI and CIT.</li> <li>● Resolution of Superintendence n.320 -2015 / SUNAT – declare easily.</li> </ul>

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> <li>• Resolution of Superintendence n. 044 -2000 / SUNAT – Telematics Declaration.</li> <li>• Resolution of Superintendence n. 120 -2009 / SUNAT – simplified declarations.</li> <li>• Resolution of Superintendence n. 10 -2011 / SUNAT – PAYE.</li> <li>• Supreme Decree N. 008-2011-TR.</li> </ul>
P5-12. Use of electronic payment methods.	<ul style="list-style-type: none"> <li>• Attachment III, Table 9.</li> <li>• <a href="http://orientacion.sunat.gob.pe/index.php/personas-menu/declaracion-y-pago-personas">http://orientacion.sunat.gob.pe/index.php/personas-menu/declaracion-y-pago-personas</a>.</li> </ul>
P5-13. Use of efficient collection systems.	<ul style="list-style-type: none"> <li>• Resolution of Superintendence 367-2015.</li> <li>• Tax Code.</li> </ul>
P5-14. Timeliness of payments.	<ul style="list-style-type: none"> <li>• Attachment III, Table 10.</li> </ul>
P5-15. Stock and flow of tax arrears.	<ul style="list-style-type: none"> <li>• Attachment III, Table 11.</li> <li>• Resolution of Superintendence n. 216-2004/ SUNAT.</li> <li>• Table: tax arrears by fiscal year.</li> <li>• Annual follow up report of operational plan 2016.</li> </ul>
P6-15. Scope of verification actions taken to detect and deter inaccurate reporting.	<ul style="list-style-type: none"> <li>• Annual tax audit program.</li> <li>• Documented reports of the impact of audits on taxpayer compliance.</li> <li>• Documented third party information crosschecking program.</li> </ul>
P6-17. Extent of proactive initiatives to encourage accurate reporting.	<ul style="list-style-type: none"> <li>• Public binding rulings Tax Code Art 93 and 94.</li> <li>• Private binding rulings Tax Code Art 95A.</li> <li>• The team sighted documented examples of cooperative agreements such as good taxpayer program and the account manager for large and some medium taxpayers.</li> </ul>
P6-18. Monitoring the extent of inaccurate reporting.	<ul style="list-style-type: none"> <li>• Documented report/s of results of compliance gap.</li> <li>• Documentation demonstrating how the results of gap and other studies have been used in designing interventions to improve the accuracy of reporting.</li> </ul>
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	<p>Dimension 1:</p> <ul style="list-style-type: none"> <li>• Tax Code. Title III.</li> <li>• Website of the tax tribunal <a href="https://www.mef.gob.pe/es/tribunal-fiscal">https://www.mef.gob.pe/es/tribunal-fiscal</a></li> <li>• Study about taxpayer opinion about the appeal process at SUNAT.</li> <li>• Table with protective measure proceedings 2016.</li> </ul> <p>Dimension 2:</p>

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> <li>• Organizational chart.</li> <li>• Internal proceedings: <ul style="list-style-type: none"> <li>○ Table with thresholds of disputed amounts and signatures; and</li> <li>○ Regulation of thresholds of disputed amounts and signatures.</li> </ul> </li> <li>• Statistics: <ul style="list-style-type: none"> <li>○ Table with cases resolved- favorable decisions at SUNAT;</li> <li>○ Table with cases resolved- favorable decisions at external Tax Tribunal;</li> <li>○ Table with number of appeals signed by different authorities; and</li> <li>○ Table with number of audits and amounts signed by different authorities.</li> </ul> </li> </ul> <p>Dimension 3:</p> <ul style="list-style-type: none"> <li>• Information about appeals in SUNAT’s website I, II,</li> <li>• Notice of fine.</li> <li>• Assessment report.</li> <li>• Internal proceedings requiring auditors to inform about taxpayers’ rights: <ul style="list-style-type: none"> <li>○ Protocol of Assistance for Audit officials; and</li> <li>○ Regulation of the Audit Procedure I, II, III.</li> </ul> </li> </ul>
P7-20. Time taken to resolve disputes.	<ul style="list-style-type: none"> <li>• Attachment III, Table 12.</li> <li>• Annual follow up report of operational plan 2016. Pg. 34 (Metric 20).</li> </ul>
P7-21. Degree to which dispute outcomes are acted upon.	<ul style="list-style-type: none"> <li>• Table with cases resolved- favorable decisions at SUNAT.</li> <li>• Email with proposals of normative modifications and requests for revaluation and change of institutional criterion.</li> <li>• Feedback actions carried out by the appeal unit at IPCN to improve the administrative procedure during the Audit phase.</li> <li>• Proposal of modification of tax code from appeal unit at IPCN.</li> <li>• Report about weaknesses in regulations from the appeal unit at IPCN.</li> </ul>

Indicators	Sources of Evidence
P8-22. Contribution to government tax revenue forecasting process.	<ul style="list-style-type: none"> <li>• Documented reports to senior management and/or Ministry of Finance regarding:               <ul style="list-style-type: none"> <li>○ Core tax revenue forecasts</li> <li>○ Actual collections compared with forecasts for the current fiscal year</li> <li>○ Reasons for material differences between collections and forecasts</li> <li>○ Tax revenue foregone as a result of tax expenditures</li> <li>○ VAT refund forecasts</li> <li>○ Stock of tax losses carried forward by taxpayers to future fiscal years</li> </ul> </li> <li>• Documented revenue accounting procedures of the tax administration.</li> </ul>
P8-23. Adequacy of the tax revenue accounting system.	<ul style="list-style-type: none"> <li>• External and internal audit reports on the operation of the accounting system.</li> </ul>
P8-24. Adequacy of tax refund processing.	<ul style="list-style-type: none"> <li>• Data gathered in the Questionnaire Table 13 (“Payment of VAT Refunds”).</li> <li>• Documented procedures for processing VAT refunds.</li> <li>• Stock and age of unpaid VAT refunds.</li> <li>• Published or internal service standards for payment (or offset) of VAT refunds.</li> </ul>
P9-25. Internal assurance mechanisms.	<p>Dimension 1:</p> <ul style="list-style-type: none"> <li>• Audit committee.</li> <li>• Regulation on internal organization and proceedings.</li> <li>• Internal Audit Plan.</li> <li>• Training 2017.</li> <li>• Description of the internal control system.</li> <li>• Quality control proceedings (Contraloria-OCI)</li> <li>• Internal proceedings of internal audit unit -OCI.</li> <li>• Transparency Portal: <a href="http://www.sunat.gob.pe/cuentassunat/index.html">http://www.sunat.gob.pe/cuentassunat/index.html</a></li> <li>• Follow-up reports of recommendations made by OCI.</li> <li>• Directive N° 007-2015-CG/PROCAL about competences of OCIs and relationship with CGR.</li> <li>• National Control School: <a href="http://www.contraloria.gob.pe/wps/portal/portalcgrnew/enc">www.contraloria.gob.pe/wps/portal/portalcgrnew/enc</a></li> </ul> <p>Dimension 2:</p> <ul style="list-style-type: none"> <li>• OFFELCOR - mandate</li> </ul>

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> <li>• OFFELCOR - Internal policy and procedures</li> <li>• Anticorruption institutional plan.</li> <li>• Anticorruption sectorial plan.</li> <li>• Declaration of assets of tax officials.</li> <li>• Declaration of interests of tax officials.</li> <li>• Proceedings for protection of whistle-blowers.</li> <li>• Risk Areas methodology - OFFELCOR.</li> <li>• Proceeding for the publication of punished tax officials.</li> <li>• Publication of punished tax officials in the intranet.</li> <li>• Examples of coordination with anticorruption relevant bodies.</li> <li>• Integrity-related statistics.</li> <li>• Annual Report 2015. Pg. 172</li> <li>• Internal enquiry about perception of corruption.</li> </ul>
P9-26. External oversight of the tax administration.	<p>Dimension 1:</p> <ul style="list-style-type: none"> <li>• The government auditor website: <a href="http://www.contraloria.gob.pe">http://www.contraloria.gob.pe</a></li> <li>• Law 27785 about the national internal audit system and the government auditor.</li> <li>• Directive N° 007-2015-CG/PROCAL about competences of OCIs and relationship with CGR.</li> <li>• Up-follow of recommendations made by OCI - control report (Pg.7).</li> </ul> <p>Dimension 2:</p> <ul style="list-style-type: none"> <li>• DEFCON's website: <a href="https://www.mef.gob.pe/es/iquienes-somos/ique-es-la-defcon">https://www.mef.gob.pe/es/iquienes-somos/ique-es-la-defcon</a></li> <li>• Information about ODCUA.</li> <li>• Reports to senior management with recommendations 2016-2017</li> <li>• Meeting Agenda DEFCON-SUNAT JAN 2017</li> <li>• Annual report (Pg. 75-77).</li> <li>• Report with recommendations.</li> <li>• Follow-up information to Minister of Finance about anticorruption plans</li> <li>• Follow-up information to General Director about anticorruption plans</li> <li>• Anti-corruption agency: <a href="http://can.pcm.gob.pe/">http://can.pcm.gob.pe/</a></li> <li>• Answering a request for information from the anticorruption public prosecutor.</li> </ul>

Indicators	Sources of Evidence
P9-27. Public perception of integrity.	<ul style="list-style-type: none"> <li>• External survey on confidence 2013-2016.</li> <li>• Follow-up report Strategic Plan 2016 (Pg. 13).</li> </ul>
P9-28. Publication of activities, results, and plans.	<ul style="list-style-type: none"> <li>• Transparency portal website: <a href="http://www.sunat.gob.pe/cuentassunat/index.html">http://www.sunat.gob.pe/cuentassunat/index.html</a></li> <li>• Annual report.</li> <li>• Report by results.</li> <li>• Strategic plan 2017-2020.</li> <li>• Document of the approval of the Strategic plan 2017-2020.</li> <li>• Operative annual plan 2017.</li> <li>• Document of the approval of the Operational plan 2017.</li> <li>• List of links where to download the evidence related to parameter 9-28-2.</li> </ul>

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