

# IFRS® STANDARDS—APPLICATION AROUND THE WORLD

## JURISDICTIONAL PROFILE: **Peru**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Peru. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

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### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	<p>Consejo Normativo de Contabilidad (CNC) [Accounting Standards Council].</p> <p>The CNC is an agency within the Ministry of Economy and Finance. Superintendencia del Mercado de Valores (SMV) [Superintendent of Securities Markets] Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones (SBS).</p> <p>SBS is a part of the Accounting Standards Council. [Superintendency of Banking, Insurance, and Pension Funds]</p>
Role of the organisation	<p>The Accounting Standards Council (CNC) is the national accounting standard setter of Peru.</p> <p>The CNC endorses (adopts) IFRS Standards for use by all private (non-listed) companies.</p> <p>The SMV establishes financial reporting requirements for listed companies other than financial institutions.</p>

The Superintendent of Banks, Insurance Companies, and Pension Funds establishes financial reporting requirements for financial institutions based on IFRS Standards endorsed by the Accounting Standards Council (CNC).

Website	SMV: <a href="http://www.smv.gob.pe">www.smv.gob.pe</a> CNC: <a href="http://www.mef.gob.pe">www.mef.gob.pe</a> SBS: <a href="http://www.sbs.gob.pe">www.sbs.gob.pe</a>
Email contact	opajuelo@mef.gob.pe

## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?

Yes. On 20 March 2006, the Peruvian Congress enacted Law 28708 General Law for the National Accounting System. Among other aspects, this Law created the Consejo Normativo de Contabilidad (Accounting Standards Council, or CNC) to endorse accounting standards to be used by private companies.

The CNC endorses IFRS Standards after they have been translated into Spanish, as stated in the agreement signed with the IFRS Foundation. The CNC has endorsed all IFRS Standards issued by the IASB Board up through 2013, within the framework of the agreement signed with the IFRS Foundation.

Both the Peruvian securities regulator and the Peruvian Congress have made public commitments in support of IFRS Standards as the global accounting standards.

Since 1 January 2012, the Superintendencia del Mercado de Valores (SMV, the Peruvian securities market regulator) has required all listed companies other than financial institutions (banks, insurance companies, and pension funds) to publish financial statements prepared in conformity with IFRS Standards as issued by the IASB Board.

On 6 December 1996, the Peruvian Congress enacted Law 26702 Law on the Banking and Insurance Systems and Organic Law of the Superintendence of Banks and Insurances. The Superintendence of Banks and Insurances issued the *Law on the Banking and Insurance Systems and Organic Law of the Superintendence of Banks and Insurances: Article 346 Autonomy and Field of Competence of the Superintendence, and 349 Functions. Resolution S.B.S. No. 7036-2012, 26 September 2012. Accounting manual for financial institutions: A Objectives and E General Accounting Standards.*

The Peruvian Congress on 25 June 2011 enacted Law 29720 Law that Promotes the Issuance of Securities and Strengthens the Peruvian Stock Market (*Ley que promueve la emisión de valores mobiliarios y fortalece el Mercado de Valores*). Among other things, Law 29720 requires all private companies to file with the SMV financial statements prepared in conformity with IFRS Standards as issued by the IASB Board, following endorsement of those standards by the Peruvian Accounting Standards Council (Consejo Normativo de Contabilidad or CNC, the national accounting standard setter). The CNC, through Resolution No. 005-94- EF/93.01 made official the adoption of IFRS Standards. Non-listed larger private companies (those with net revenues or assets exceeding approximately US\$40 million) were required to publish IFRS financial statements in 2013. Smaller private companies are

required to start doing so in 2014 or 2015 depending on the total assets or net revenue size.

Further, by Resolution No. 045-2010-EF-94 (25 November 2010) the CNC adopted the IFRS for SMEs Standard starting 1 January 2011. This standard may be applied by all Peruvian companies with total assets and/or net revenues less than approximately US\$4 million.

Further, in Resolution number 013-98-EF/93.01, the CNC specified that GAAPs to which the Companies Act refers comprise essentially IFRS Standards.

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes. See above.
What is the jurisdiction's status of adoption?	Peru has adopted IFRS Standards and the IFRS for SMEs Standard.
Additional comments provided on the adoption status?	<p>As explained above, listed companies other than financial institutions must follow IFRS Standards as issued by the IASB Board. Non-listed companies other than financial institutions must follow IFRS Standards as endorsed by the Accounting Standards Council (Consejo Normativo de Contabilidad or CNC, the national standard setter). Currently, by Resolución de Consejo Normativo de Contabilidad N°059-2015-EF/30, all IFRS issued by IASB Board and effective as of 2015 have been endorsed by the CNC.</p> <p>Resolutions adopting IFRS Standards may be downloaded here (Spanish): <a href="http://www.mef.gob.pe">www.mef.gob.pe</a></p> <p>Further, in applying IFRS Standards, companies apply some national legal and tax requirements that may not be consistent with IFRS Standards, such as the tax regulations for determining the useful lives of depreciable assets and restatement of financial statements for inflation during the period between 1998 and 2004 even though the Peruvian economy did not qualify as hyperinflationary under IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	IFRS Standards as issued by the IASB Board are required for all domestic companies whose securities trade in a public market in Peru other than banks,

insurance companies, and pension funds. Banks, insurance companies, and pension funds must comply with accounting standards issued by the Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones. Those standards are based on IFRS Standards endorsed by the CNC, and their application is gradual, as part of the implementation plan.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Yes. IFRS Standards are required.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Yes.

IFRS Standards as adopted by the Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones are required for all financial and insurance companies and pension funds even if their securities do not trade in a public market.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

IFRS Standards as issued by the IASB Board and endorsed by the CNC are required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

## IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as issued by the IASB Board and endorsed by the CNC. Currently, by Resolución de Consejo Normativo de Contabilidad N° 059-2015- EF/30), all IFRS issued by IASB Board and effective as of 2015 have been endorsed by the CNC.

Resolutions adopting IFRS Standards may be downloaded here (Spanish):  
[www.mef.gob.pe](http://www.mef.gob.pe)

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	IFRS Standards.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	No.
Are IFRS Accounting Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	See above.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	Yes.
If yes, what is the process?	For companies whose securities trade in a public market (other than banks, insurance companies, and pension funds) SMV regulations require compliance with IFRS Standards as issued by the IASB Board. Endorsement of new and amended IFRS Standards is not required.  Non-listed companies other than financial institutions must follow IFRS Standards as endorsed by the CNC.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	It must be recognised that when applying IFRS Standards, companies apply some national legal and fiscal requirements that might not be entirely consistent with IFRS Standards, such as, the useful lives of depreciable assets specified in tax legislation.  Between 1998 and 2004 financial statements were restated, due to inflation, even though the Peruvian economy didn't qualify as hyperinflationary, according to IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> .
<b>TRANSLATION OF IFRS ACCOUNTING STANDARDS</b>	
Are IFRS Accounting Standards translated into the local language?	Peru applies the Spanish translation of IFRS Standards that is developed by the IFRS Foundation.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards? Not applicable.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs? Yes. By Resolution No. 045-2010-EF-94 (25 November 2010) the CNC adopted the IFRS for SMEs Standard effective 1 January 2011.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration? Not applicable.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? No.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? All Peruvian companies with total assets and/or net revenues less than approximately US\$4 million are permitted to use the IFRS for SMEs Standard.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? SMEs with total assets and/or net revenues more than approximately US\$4 million must use full IFRS Standards as endorsed by the CNC. SMEs with total assets and/or net revenues less than approximately US\$4 million may choose full IFRS Standards as endorsed by the CNC instead of the IFRS for SMEs Standard.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? None