

## US-LATAM Corridor Insights

# Peru's new VAT rules for nonresident digital services providers

Review.Register.Comply



Effective 1 December 2024, nonresident providers of digital services are required to register for, collect, and remit value added tax (VAT) at 18 % on the cross-border provision of digital services to consumers located in Peru.

### Digital services in scope

Digital services are defined as services provided over the internet or any other network. These services are primarily automatic and rely on technology to function.

In addition, commissions received by nonresident intermediaries involved in the sale of services and goods in Peru also qualify as digital services.

The following non-exhaustive list of transactions qualify as digital services:

- Online access and/or transmission of images, series, movies, documentaries, short films, videos, music, and any other digital content via streaming technology or other technology
- Information storage



### KPMG Observations: Key steps for compliance

1

**Review:** Check if you perform transactions falling within the scope of the new rules.

2

**Register:** Register for VAT with Peruvian tax authorities.

3

**Comply:** Start charging 18% VAT on digital services once registered, file VAT returns, and remit the VAT collected.

- Access to social networks and/or the provision of additional content or functions on these
- Services provided by online magazines or newspapers
- Remote conferencing services
- Services that help facilitate the sale of goods or services

Moreover, VAT applies on the import of intangible goods acquired for definitive download through the internet or any other network.

The rules do not apply to tangible property imported into Peru as the Peruvian customs authority will assess VAT during the customs clearing process.



## B2B v B2C

The regime applies to covered services made to natural persons not registered for VAT purposes (“B2C sales”) located in Peru.

If a nonresident digital services provider charges VAT on digital services provided to a natural person registered for VAT, such customer is allowed to reclaim the VAT incurred.



## Customer location

The customer location may be determined by any of the following:

- The Internet Protocol (IP) address of the device used by the customer
- The country code of the SIM card of the mobile device being used
- The billing address of the customer
- Bank details, such as the location of the bank account used for payment, or the billing address of the customer held by that bank



## Marketplace rules

The Peruvian rules do not include any specific provisions shifting the VAT obligation from the digital services provider to nonresident digital intermediaries facilitating such sale. Therefore, any VAT due on a transaction made through a third-party digital intermediary remains the responsibility of the original seller.



## Registration

Nonresident digital services providers are required to register for VAT purposes with the Peruvian tax authorities nonresident from the first taxable sale. To register, s must complete the registration form on the tax authorities’ website ([www.sunat.gob.pe](http://www.sunat.gob.pe)) and provide the details of the company as well of the legal representative of the company

Once registered, nonresidents are assigned a tax identification number and file VAT returns online.

The VAT registration of a nonresident digital services provider does not create a permanent establishment for income tax purposes.



## VAT invoicing

Invoices must include at a minimum the value of the transaction.



## VAT withholding made by financial intermediaries

The tax authorities have the power to require financial intermediaries to withhold VAT in the following situations: (1) nonresident provider fails to register; (2) nonresident provider fails to file VAT returns and/or pay the total VAT charged for two consecutive or non-consecutive months; and (3) nonresident provider fails to submit the annual informative declaration within the specified deadlines, if such an obligation is established.

The application of VAT by the financial intermediary will not exempt the nonresident provider from any VAT obligations (and any associated penalties or interest).

# Let's start the conversation

Connect with KPMG US-LATAM Corridor Lead, KPMG WNT and KPMG Peru professionals on how to get ready on Peru's VAT overhaul of digital services

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