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## Public Practice of Accounting in the Republic of Peru

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Haskins & Sells Foundation

American Institute of Accountants

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PUBLIC PRACTICE OF ACCOUNTING IN THE

REPUBLIC OF PERU

Prepared for

AMERICAN INSTITUTE OF ACCOUNTANTS

Under the Auspices of

HASKINS & SELLS FOUNDATION, INC.

By

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## REPUBLIC OF PERU

### General Information

#### Geography:

The Republic of Peru is on the west coast of South America, south of Ecuador, west of Brazil and Bolivia, and north of Chile. Because of boundary disputes the exact area is not known, but it is estimated to be around 500,000 square miles.

The country is divided into twenty-three departments. Lima is the capital and principal city, with an estimated population of around 750,000. Callao, the leading port, has a population of about 83,000. Arequipa, another important city, has some 93,000 inhabitants.

#### People:

The population of the country in 1949 was 7,858,519; its ethnic composition is more Indian than it is European. About 40 percent of the inhabitants are white, mostly of Spanish origin; 55 percent are Indians and mestizos (mixtures); and perhaps 5 percent are Negroes and Asiatics. The language is Spanish but the Indian population has its own language, either Quechua or Aymara.

In 1944 the rate of illiteracy was said to be 58 percent. Under the leadership of the Ministry of Public Education, a national campaign to lower this high rate of illiteracy was inaugurated and is being carried on.

Economy:

Peru's exports of agricultural and mineral products determine its economy. Mineral production in Peru has suffered a serious decline during the past ten years. Copper, lead, zinc, silver, and gold are the major mine and smelter products exported. Petroleum is also exported, principally to Chile and Bolivia. Cotton, coffee, wool, and hides and leather represent about 50 percent of the exports.

Although Peru is an importer of manufactured goods, there are some manufacturing operations carried on such as bottling of soft drinks, canning of fish and milk, production of beer, wine, leather, textiles, silver products, construction materials, and a relatively small amount of chemicals.

In 1949 the United States supplied about 64 percent in value of Peru's imports, including such items as iron and steel, electrical and non-electrical machinery, motor vehicles, chemicals and pharmaceuticals, lubricants and lumber. In the same year the United States took about 28 percent in value of Peru's exports.

## SECTION I

### PUBLIC PRACTICE OF ACCOUNTING BY NATIONALS

#### BASIC LAWS AND REGULATIONS

The Constitution of 1933 provides that all inhabitants have equal rights and, in general, makes no distinction between citizens by birth and citizens by naturalization. Article 42 states that freedom of work is guaranteed by the State and that all professions, industries, and occupations not inimical to morals, health, and public security may be freely exercised within the Republic. Certain understandable restrictions do exist in regard to acquisition of real property, but Peru has no law nationalizing professions.

The form of government in Peru, being centralized as distinguished from the federal system, all laws enacted by the National Congress and all decrees, resolutions, or regulations issued by the executive authorities are national in scope and not local. A list of the laws, decrees, and resolutions pertaining to the profession of public accounting is given below:

Law No. 75, September 27, 1905, giving official character to the Technical Institute of Accountants of Peru.

Supreme Resolution of April 8, 1932, approving by-laws of the Technical Institute of Accountants of Peru, among which was the power to issue titles to Accountants.

Supreme Resolution of May 8, 1936, providing for registration as Accounting Experts of active members of the Technical Institute of Accountants.<sup>1</sup>

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<sup>1</sup> Name changed to Institute of Accountants of Peru, June 25, 1936.

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Supreme Resolution of April 17, 1939, providing for new register for university graduates with title of Public Accountant.

Supreme Decree of December 5, 1939, ratifying Supreme Resolution of April 17, 1939; providing for registration as Public Accountants of university graduates and Accounting Experts previously qualified by the Institute of Accountants; and outlining functions of Public Accountants.

Supreme Decree of September 6, 1940, prescribing conditions under which Accounting Experts could be registered as Public Accountants.

Supreme Decree of June 4, 1941, extending the time to July 31, 1941, during which Accounting Experts qualified by the Institute of Accountants up to May 31, 1941 could meet the conditions for registration, and providing that after July 31, 1941 the granting of the title of Public Accountant would be reserved to only the universities and that the power of the Institute of Accountants to confer such title would thereafter be void.

Supreme Resolution of March 13, 1943, supplementing Supreme Decree of December 5, 1939, and granting the term of thirty days for legalizing titles of Accounting Experts who were inscribed in the Register of Public Accountants at September 6, 1940.

Supreme Decree of June 21, 1944, fixing a time limit to July 13, 1944 for registration of Accounting Experts in certain provinces.

Supreme Resolution of December 21, 1945, giving official recognition to and approval of the by-laws of the College of Public Accountants of Peru.

Supreme Resolution of February 6, 1946, providing for separating into two independent registers, the register of Public Accountants: one register for Public Accountants holding degrees from universities in Peru and another register for the Accounting Experts qualified by the Institute of Accountants of Peru.

CONCEPT OF THE PROFESSION

In Peru the practice of public accounting has, since the Supreme Decree of December 5, 1939, had the rank of a university profession. However, the functions attributed by law to Public Accountants are limited to matters involved in civil proceedings requiring expert accounting knowledge and to certification of balance sheets which are presented to the governmental authorities.

The title of Public Accountant is conferred by the Universities in Peru. The College of Public Accountants of Peru represents the university graduates and the accountants who have had their titles revalidated in Peru. The true concept of the profession -- as it is practiced in the United States, Great Britain, and Canada -- appears to be recognized by this society. For its definition of public practice of accounting, see the discussion under Exercise of the Profession, at page 7.

REGULATORY AUTHORITY

The Ministry of Treasury and Commerce maintains the register of Public Accountants. There appears to be no other governmental regulatory authority.

The College of Public Accountants of Peru regulates the professional activities of its members, but this society is not a governmental body. However, it has been officially recognized by the Supreme Resolution of December 21, 1945.



WHO MAY PRACTICE

Registered Accountants:

Under the Supreme Decree of December 5, 1939, only registered Public Accountants may perform the specific functions prescribed therein. These activities are considered hereafter under "Exercise of the Profession." This provision, however, is not restrictive and no further laws or regulations have been published in this particular connection.

The registered Public Accountants who are members of the College of Public Accountants are, of course, subject to the internal regulations of that body. Rules have been proposed stating that titular, or active, members may associate with other public accountants in fact or in law for the exercise of the appropriate activities of the profession and in connection with their firm name may use the phrase Members of the College only when all partners are members.

Non-registered Accountants:

Inasmuch as registration is not yet obligatory, it is possible for a non-registered accountant to engage in public practice as an Accounting Expert or under any title other than that of Public Accountant. As previously mentioned, the latter title is conferred by Peruvian universities and its use is limited to graduates.

EXERCISE OF THE PROFESSION

Article 5 of the Supreme Decree of December 5, 1939 states that the appropriate functions of the professionals inscribed in the Register of Public Accountants include:

- a) Matters determined by Article 492 of the Code of Civil Procedure (meaning intervention in certain judicial proceedings).
- b) Certifications of balance sheets which various commercial companies and entities present to the State.
- c) Such other functions as may be determined in the future by laws, supreme decrees, etc.

Article 492 of the Code of Civil Procedure states that in connection with lawsuits requiring expert accounting knowledge, in places where there are two or more titled accountants able to perform the work, the court must appoint a professional titled accountant.

The College of Public Accountants, representing the university graduates, has its own definition of public practice. Article 3 of its By-laws covers the professional activities of a Public Accountant. A translation of this article follows:

In relation to the purposes of the College, the following activities shall be considered as normal within the field of professional activities of a Public Accountant-

- a) The examination and certification of balance sheets for the expression of the economic and/or financial situation of commercial and industrial entities.
- b) The revision, isolated or permanent, of the books of account for purposes of auditing or expert testimony or appraisal, judicial or extra-judicial.
- c) The organization of accounting and control systems which serve as direction by and security for the operators of, or persons responsible for, respective economic entities.

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- d) The supervision of such systems for assuring their effectiveness.
  - e) The study and interpretation of balance sheets, exhibits and supporting schedules of enterprises in order to explain their economic-financial condition.
  - f) Any other functions related with the profession which may be charged to it by Commerce, Industry, Banks, or Public Administration, or which may be determined by special laws.

### REGISTRATION

#### General Conditions:

Registration is not compulsory in Peru. Persons holding the degree of Public Accountant awarded by any university in Peru have the right to be inscribed in the Register maintained by the Ministry of Treasury and Commerce.

No minimum age is indicated in the law relative to registration, but university graduates are probably at least twenty-one years of age. Under the rules of the Institute of Accountants of Peru, which formerly issued the title of Public Accountant, members had to be at least twenty-one years of age.

Applications for inscription must be accompanied by a stamp of five soles (\$5).

#### Revalidation or Recognition of Foreign Degrees:

Peru was a signatory to the Treaty of 1889 with Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay, which contained reciprocal clauses relative to recognition of professional titles or diplomas. Under this Treaty, the degree of Public Accountant earned by a Peruvian in any of these countries would be entitled to the same value in Peru.

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Even though there is no treaty between the United States and Peru covering academic reciprocity or recognition of professional degrees, a Peruvian who had obtained a degree from a United States college might be able to have his degree revalidated in Peru, without examination, under present conditions.

Accountants in Practice at Date of Restrictive Legislation:

Under Law No. 75 of 1905, powers were given to the then Technical Institute of Accountants of Peru to classify its members in two categories: (1) Official Accounting Experts and Public Accountants; and (2) Titled Accountants.

The Supreme Decree of December 5, 1939 provided that the Accounting Experts who had been qualified by the Institute of Accountants (whose name had been changed from Technical Institute of Accountants) would, under certain conditions, have the right to be registered as Public Accountants, along with the university graduates holding the degree of Public Accountant. The conditions for registration were:

- a) Ten years' practice of the functions of Public Accountants, verified by means of certificates duly legalized, issued by public entities or corporations.
- b) Presentation to the Faculty of Economic Sciences of the University of San Marcos of a thesis relative to the proper functions of Public Accountants in order to obtain qualification and title.

These Accounting Experts were given a period of six months within which to comply with the foregoing conditions, which term was further extended by subsequent decrees until July 13, 1944.

All Accounting Experts who had not complied with the conditions prescribed by that date lost the right to be inscribed as Public Accountants.

By Supreme Resolution of February 6, 1946, the register of Public Accountants was divided into two independent registers. One register contains the names of Public Accountants with the corresponding university degree and the other, the names of Accounting Experts who had been previously qualified by the Institute of Accountants.

#### EDUCATION OF PUBLIC ACCOUNTANTS

In the Ministry of Public Education, a separate department has charge of vocational instruction in the fields of industry, business or commerce, and agriculture at the elementary and secondary school levels. Uniform plans of study which were adopted for these three types of education in 1942 have since been amended; and in April 1945 a new plan of studies was inaugurated in the business schools of Peru.

There are two types of schools which provide training in commercial education: elementary and secondary. The former prepares clerks and minor employees for commercial houses; the latter, skilled personnel. Students who have completed the 6-year elementary school work and who probable average 13 years of age may enroll for elementary business training. Upon the completion of a 3-year course, students receive the diploma or certificate of assistant bookkeeper and after an additional year's study receive the

certificate of bookkeeper (tenedor de libros). Students who complete five years of study in the secondary business schools are awarded the title of business accountant (contador mercantil) or of business expert (tecnico de comercio).

Students who have completed the 5-year secondary school work are eligible to enter the universities. Completion of secondary school work is equivalent to high school graduation in the United States.

In 1944 there were 16 public business schools and 40 private business schools functioning in Peru. In that year there were 893 students in the public schools and 2,724 students in the private schools.

#### Universities:

Higher education is available for accountants in the Greater National University of San Marcos, the Catholic University, both in Lima, and in the National Universities of Arequipa, Cuzco, and Trujillo. Each of these five universities maintains a Faculty of Economic and Commercial Sciences.

The Greater National University of San Marcos is one of the oldest universities in America, having been founded in 1551, and is commonly referred to as the University of San Marcos. Its Faculty of Economic and Commercial Sciences was established in 1895.

Admission Requirements:

Secondary school certificate, passing of entrance examination given by the university, medical examination, birth certificate, and character certificate are required for admission to colegio universitarios, preliminary to study on the university level. Students are probably about 18 years of age upon entering.

Degrees Conferred:

A bachelor's degree is conferred after two years of university study, spent on general cultural subjects, and is required for admission to regular degree courses. The degree of Contador Publico (Public Accountant) is awarded after four years of study on the university level and bestows the same rights as the professional title. The degree of Doctor en Ciencias Economicas y Comerciales (Doctor of Economic and Commercial Sciences) is conferred after an additional year's study and presentation of a thesis.

Courses:

Under the Organic Law of Public Education, all universities must be organized in such a manner as to permit the interchange of courses, professors, and publications. The 4-year course offered by the Greater National University of San Marcos, which is also given by the four other universities mentioned previously, comprises the following subjects:

First Year-  
 Spanish composition  
 General history  
 Sociology  
 Review of mathematics  
 General accounting  
 Political and legislative economy  
 English

**Second Year-**

General accounting  
 English  
 Commercial geography  
 Mercantile and banking calculations  
 History of commerce  
 Balance sheets  
 History of Peru

**Third Year-**

Introduction to civil law  
 Introduction to public law  
 Methodological statistics  
 Merchandising  
 Mercantile legislation  
 Financial and actuarial mathematics  
 Industrial legislation  
 Labor legislation  
 Industrial accounting

**Fourth Year-**

Merchandising  
 Finance and financial legislation  
 Consular and customs legislation  
 Fiscal organization and Administration accounting  
 Applied statistics  
 Technical and practical banking  
 Organization of commercial companies  
 Industrial organizations  
 Financial accounting  
 Bank accounting  
 Auditing  
 Commercial psychology

**Examinations:**

Annually, during a period specified by law and under regular examining boards, promotional examinations of a comprehensive (global) character are administered. They are written, oral, or practical. No single, special examination is given for the title of Contador Publico (Public Accountant). Specimen examinations in accounting subjects have not been furnished, and, therefore, it is not possible to evaluate the accounting courses.



SOME ASPECTS OF PRACTICE  
WITH RESPECT TO CORPORATIONS

Annual Audits:

Although annual audits of commercial companies are not presently required by Peruvian law, the reference in the decree of December 5, 1939 to "certification of statements submitted to the State" as one of the functions of a public accountant is considered by some accountants to imply a regulation providing for such audits. Until recent years Peruvian business men were said to be opposed to auditing in the American or British manner and were reluctant to allowing other parties to learn details of their business affairs. However, annual audits have gradually become a more common practice by large corporations or stock companies whose shares are held by a number of stockholders. This is particularly true of banks, insurance and agricultural companies, public service organizations, branches of foreign firms, and other large companies or entities.

All limited liability companies (and branches) with a registered capital of \$25,000 (U. S. equivalent about \$1,600) or over must publish their annual balance sheets (signed by a director or manager and the accountant) in El Peruano, the official gazette.

Under the provisions of Article 165 of the Code of Commerce, as amended by Law No. 6,500 of February 9, 1929, all stock companies, the shares of which are quoted on the stock exchange, are required to publish annually a balance sheet of their operations upon approval thereof, or each time a dividend is declared. Under

the same law, banking institutions, credit, insurance and public works companies and companies collecting or administering public funds are required to publish monthly statements according to the original provisions in Article 165 of the Code.

Banks and insurance companies are audited by the Superintendency of Banks. Government dependencies are inspected by a government audit department.

#### Tax Returns:

Law No. 7904 of July 26, 1934 is the Income Tax Law. Regulations therefor were issued on September 14, 1936, and established rules for presenting commercial balance sheets. This law and the regulations have since been amended, the last amendment being Law No. 10,813 of March 7, 1947. Annual balance sheets as of December 31 must be submitted to the Superintendency of Taxes not later than March 31. Under the regulations, all accountants who sign balance sheets for tax purposes must be registered with the Tax Department.

#### PROFESSIONAL ACCOUNTANTS ENGAGED IN PRACTICE

##### Standards and Code of Ethics:

According to advice received from the College of Public Accountants, which was formed in 1945 to represent the university graduates, Peruvian professional accountants are organizing themselves in a manner similar to the professional accountants of the United States and Great Britain. This society has expressed an eagerness to assist in the development of the accounting profession

in South America. The Society expects to complete its internal rules and code of ethics sometime during 1951.

Number of Professional Accountants in Practice:

Figures are not available as to the number of Public Accountants actually engaged in practice. The College of Public Accountants of Lima had a total membership of 278 at June 30, 1950. Of this number, about one hundred were non-university accountants who were admitted under the Supreme Decree of September 6, 1940 to registration as Public Accountants.

Anuario Kraft, a commercial directory, had a total of 265 listings of Contadores (Accountants) in all of Peru. Less than 20 of these listings indicated that the individuals were licensed public accountants.

PROFESSIONAL ACCOUNTING SOCIETIES

As has been previously indicated, there are two accounting societies in Peru, the older of which is the Institute of Accountants. The newer one is the College of Public Accountants which now represents the professional accountants.

The College of Public Accountants of Peru (Colegio de Contadores Publicos del Peru) was organized in 1945 and represents the accountants holding the university degree of Public Accountant. This association, which has its office in Lima, was officially recognized by Supreme Resolution on December 21, 1945. It is not a governmental body and membership is not compulsory. The Ministry

of Treasury and Commerce is the governmental authority which acts as the liaison between the Executive Power and the society. The College has branches in the various Provinces. As mentioned previously, the College had a total of 278 active members as at June 30, 1950.

The College has three classes of members: Titular, correspondence, and honorary. In order to be a titular member, an individual must hold the title of Public Accountant, granted or revalidated by a university in the Republic, and he must be inscribed in the Register of Public Accountants. Two qualified titular members must propose an individual and must sign his application for admission. If, within fifteen days following its presentation, no justifiable objection is produced, the name of the applicant as well as the names of the proponents are published. For approval by the Directive Council, the applicant must furnish a certified or photostatic copy of his degree.

Correspondent membership is available to Public Accountants residing in foreign countries who belong to such institutions similar to the College as may be designated by the Directive Council. The title of honorary member may be conferred in special cases to persons who have attained international distinction because of work related to accounting, economics, and finance, or to persons who have made notable contributions towards the attainment of the College's purposes.

The purposes of the College, as outlined in its By-laws, are to represent the professional Public Accountants of Peru; to watch

over the progress, prestige, and prerogatives of the profession, urging the Public Powers of the Republic to adopt all measures which tend towards its development and support; to procure the professional perfection of all members, encouraging works of investigation and seminars on economic studies; to regulate the practice of the profession and to adopt disciplinary measures when they are necessary; to encourage the spirit of solidarity among the members and to protect them in the practice of the profession; to collaborate with Governmental authorities in all studies and investigations connected with the profession that may be recommended to it; and to stimulate the publishing of the aims of the profession, maintaining relations with the universities, other centers of studies of economic sciences, and similar institutions of Peru and other countries.

The Directive Council of the College, elected in 1949, announced its intention to continue to urge for the regulation of the profession of Public Accountant. The Committee for the Regulation of the Profession has already taken up with the Ministry of Treasury a proposed resolution relative to the inscription of accountants for the purposes of certifying balance sheets.

According to the By-laws of the College, a United States citizen residing in Peru would be eligible for titular membership after revalidation of his United States certificate and inscription in the Register of Public Accountants.

As previously mentioned, the College is in the process of preparing a Code of Ethics.

The official organ of the College of Public Accountants is entitled Boletin. This journal is issued quarterly in mimeographed form.

This society was represented by one of its members at the First Inter-American Conference on Accounting which was held in Puerto Rico in May 1949. It does not appear to be listed as a member of the Pan-American Union of Technicians in Economic Sciences.

The Institute of Accountants of Peru (Instituto de Contadores del Peru) was authorized by Law No. 75 of 1905 as the Technical Institute of Accountants of Peru. It was reorganized in 1930 and until July 31, 1941, this Institute had the power to confer the title of Public Accountant to its members. As mentioned earlier in this article, Public Accountants thus qualified were entitled to be inscribed in the Register maintained by the Ministry of Treasury and Commerce. Those accountants who complied with certain conditions, such as ten years' practice and the presentation of a thesis, were permitted to use the title of Public Accountant. When the new society was formed in 1945, persons so registered as Public Accountants were accepted for membership.

The Institute is still in existence and is a body composed of accountants, bookkeepers, etc. For admission a person must have either a diploma from a commercial school or have had a certain number of years' practical experience; in the latter event a diploma or even a course of study is not required.

## SECTION II

### PUBLIC PRACTICE OF ACCOUNTING BY UNITED STATES

#### CITIZENS AND OTHER NON-NATIONALS

##### BASIC LAWS AND REGULATIONS

The same laws, decrees, and resolutions which govern public practice by nationals apply to such practice by United States citizens and other non-nationals. In addition, the laws relative to immigration into Peru and the Social Laws with respect to employment of foreigners on the staff of any firm must be considered.

##### QUALIFICATION OF A UNITED STATES CPA

###### By Examination:

No qualifying examination is now given by any governmental authority, but it is possible that one may be required in the future.

###### By Revalidation of United States Certificate or Degree:

Until quite recently United States qualified accountants residing in Peru had no difficulty in obtaining revalidation of their diplomas. There now appears to be some delay in granting recognition without examination. In the absence of any treaty between the United States and Peru, providing for academic reciprocity with respect to degrees, it is possible that the Peruvian universities may in the future insist upon some form of oral or written examination.

Proof of Practical Experience:

As in other Latin American countries, practical experience is not a condition precedent for qualification of a person to engage in the profession of public accounting as a licensed accountant. Therefore, proof of such experience obtained in the United States, Peru, or elsewhere would not by itself qualify a United States CPA to registration as a Public Accountant of Peru.

Membership in a Recognized Society:

Membership in a society of professional accountants is not compulsory in Peru. Membership in a professional society in the United States would not be sufficient evidence to qualify an accountant to registration as a Public Accountant in Peru. Registration is essential, though, for membership in the College of Public Accountants.

PERMANENT PRACTICE

As of the time of writing this article (January 1951) there are no restrictions limiting or preventing practice by United States citizens or United States accounting firms; i.e., practice as Accountants and Auditors. But it should be pointed out that there are restrictive measures pending which, if enacted, will limit the certification of accounts to auditors with degrees granted by Peruvian universities. United States CPAs may not, of course, use the title Contador Publico (Public Accountant) without having had revalidated by a Peruvian university their corresponding United States university degree.



Since there is no requirement of Peruvian nationality for registration as a Public Accountant, and registration is not compulsory, a Peruvian qualified accountant may engage in practice with a United States CPA or a firm made up of non-nationals. Under the rules of the College of Public Accountants, a member may associate with other Public Accountants in fact or in law for the practice of the appropriate activities of the profession.

Practice may be conducted under a firm name. There is nothing in the present professional regulations to prevent a foreign firm of public accountants from practicing in Peru without either a partner or a manager being registered. Subject to the immigration regulations and the Social Laws (relative to employment of foreigners), the present staff of a foreign accounting firm could probably be replaced with United States citizens.

There is no limitation as to the size of staff of an accounting firm, but under the Social Laws, the proportion of foreigners on the staff of any concern may not exceed 20 percent (approved technicians being excepted) and at least 80 percent of the total payroll must be paid to Peruvians. This limitation does not apply to partners in firms and exception is made, for the time being at least, in respect of foreign qualified accountants who are recognized as technicians. In determining the proportion established by this law, a man married to a Peruvian woman or having Peruvian children is not to be counted as a foreigner even though he may preserve his foreign nationality.

With respect to restrictions as to types of engagements that may be undertaken, United States CPAs who are not registered as Public Accountants of Peru

- a) may not act as experts in lawsuits in connection with matters calling for accounting knowledge; and
- b) may not certify balance sheets which are presented for official purposes.

Actually, in practice these restrictions are said not to be strictly observed.

ISOLATED ENGAGEMENTS

As of the present time, there is no legal restriction against the performance of isolated engagements by United States CPAs in connection with reports for use and publication in Peru, other than the restrictions mentioned in the preceding paragraph. And, of course, they may freely perform any type of engagement in connection with reports for use in the United States.

IMMIGRATION REQUIREMENTS

Permanent Residence:

Application must be made on behalf of an individual who desires to acquire permanent residence in Peru by a firm or client to the Ministry of Foreign Relations in Peru. The person himself makes application to the Consul in this country, who issues the necessary visa after receipt of approval from Peru. A valid passport is required together with certain documents, as to good

health (dated within one month), vaccination within three years, and good conduct; passport pictures; and payment of fee of \$10.00. An authenticated contract of employment should also be submitted to the Consul; otherwise, a deposit for return passage is needed.

Temporary Entry:

Individuals may go to Peru for business purposes to remain there for a period not exceeding ninety days. Application is made to the Peruvian Consul for a visa; he considers each case on its merits. Persons who enter as tourists for a period of thirty days may not perform any work.

ACCOUNTANTS ESTABLISHED IN PRACTICE

There are no United States citizens known to be engaged in independent practice in Lima, and quite likely there are none in any other part of Peru.

The following international firms maintain offices in Lima:

Deloitte, Plender, Haskins & Sells

Deloitte, Plender, Griffiths & Co.

Price, Waterhouse, Peat & Co.

### SECTION III

#### TREATIES AND LEGISLATION PENDING

##### Treaties between Peru and the United States:

There is no treaty in effect between Peru and the United States providing for academic reciprocity with respect to professional degrees or titles. Neither is there any commercial treaty between the two countries permitting accountants of either country to make audits, examinations, and technical investigations and to render reports to nationals and companies within the territories of the other, regardless of the extent to which they may have qualified for the practice of the profession of public accounting within such other country.

##### Treaties between Peru and Other Countries:

As mentioned earlier in this article, Peru signed the Treaty of Montevideo of 1889 with Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay. This Treaty provides for reciprocity by Peru with respect to professional diplomas earned and studies made in each of the other countries; and, conversely, the other countries recognize Peruvian diplomas and studies.

Peru also signed another treaty with Uruguay in 1939 relative to the practice of university professions.

Pending Legislation:

It is our understanding that a law in draft form has been in existence for some time which, if enacted, would require all corporations with a capital in excess of an established minimum to have their accounts audited annually by a qualified Peruvian accountant. Because of political changes, this proposed law was apparently shelved.

However, another bill was proposed in October 1950, providing that the title of Economist, Doctor in Economic Sciences, Public Accountant, or Auditor would be indispensable for certain prescribed professional activities, as defined therein. This bill provides for the creation of a colegio (society) of Economists and another for Public Accountants and Auditors. Each society would maintain the official register for licensed professionals within its classification and would act as the official regulatory body with respect to its members.

Under the provisions of this bill, candidates for the respective titles would be obliged to fulfill the educational requirements specified by the Main National University of San Marcos. Candidates for the title of Public Accountant would be required to have three years' accounting experience, while candidates for registration as Auditor would be required to have five years' experience as a Public Accountant, making a total of eight years' experience for the title of Auditor.

The main difference with respect to functions of Public Accountants and of Auditors, as defined in the bill, is in connec-

tion with certification of financial statements or documents of companies for submission to the Tax Department or other governmental authorities. Companies with assets of \$5,000,000 or over would be obliged to have their financial statements certified by duly registered Auditors, and companies with assets of less than \$5,000,000, but with a minimum of \$100,000, would be obliged to have their accounts signed by duly registered Public Accountants.

The matter of revalidation of foreign titles and registration of foreign firms is covered in the following articles of the bill:

Article 21. Foreigners licensed in the country may be inscribed in the registers of the colleges mentioned in cases in which practice of the respective professional activities is permitted them by express, legal provisions or international conventions which establish the principle of reciprocity in that respect. In the absence of a law or convention in that respect, they will also have the right of inscription if they are accredited in practice in their countries and such countries admit our nationals to professional practice.

Article 22. Those who have obtained in any foreign countries the titles referred to in the present law or any other equivalent title may be registered in the Official Registers of the Colleges by prior revalidation of such titles before the National Universities in accordance with the dispositions which govern the cases.

Article 23. Firms which are constituted for rendering the relative professional services may be inscribed in the Official Registers of the Professional Colleges at all times that they are formed by professionals inscribed in individual manner.

When any of the abovementioned firms is of foreign origin, registration shall be conditioned on the prior and individual registration of a manager, attorney, or official representative in the country and by at least one other national, titled professional whom the firm shall be obliged to take in its service.

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In conclusion, it should be stated that the foregoing study of Public Practice of Accounting in the Republic of Peru has been prepared on the basis of a review of the laws dealing with accounting practice and other information which has been obtained from sources believed to be reliable. A list of such sources is furnished in the attached appendix.

## Sources of Information

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MEMORANDUM RE PUBLIC PRACTICE OF ACCOUNTING IN THE  
REPUBLIC OF PERU

✓ Status of Profession:

Contador Publico (Public Accountant) has the rank of a university or "liberal" profession in Peru, the title being conferred by the universities of Peru. Functions of Public Accountants are limited to matters involved in civil proceedings and certification of balance sheets which must be presented to governmental authorities. However, practice is not otherwise restricted. Non-registered accountants may engage in public practice but may not use the title Contador Publico.

✓ Regulatory Laws:

Various laws dating from 1905, relative to title of Contador, are in effect. Supreme Resolution of April 17, 1939 provided for a register of university graduates with the title of Contador Publico. Other resolutions, decrees, etc., from that date to February 6, 1946 have been enacted. On the latter date, a resolution was passed providing for separating into two registers, Public Accountants with university degrees and Accounting Experts who had been qualified by the Institute of Accountants of Peru.

A law in draft form has been in existence for some time. If enacted, all corporations with a capital in excess of an established minimum would be required to have their accounts audited annually by a qualified accountant. Also, a decree has been drafted which, if passed, would authorize the Tax Department in conjunction with the College of Public Accountants to prepare registers of accountants to sign accounts for filing and of auditors to certify certify accounts for filing. Should this decree be promulgated, it is probable that only Public Accountants with degrees granted by Peruvian universities could be registered as auditors.

✓ Regulatory Authority:

The Ministry of Treasury and Commerce maintains the register of Public Accountants. The College of Public Accountants of Peru regulates practice by its members; it is not a governmental body.

✓ Registration:

Registration is not yet obligatory in Peru. In practice the requirement that registered public accountants must be appointed in connection with lawsuits or for the presentation of official documents of a financial nature is not observed.

Citizenship is not a condition for the title of Contador Publico, which is awarded by Peruvian universities and which enables the holder thereof to be inscribed in the register. No minimum age is indicated

but university graduates are probably at least 21 years of age. A candidate for the title need not have any practical accounting experience and he need not pass any examinations for registration. Foreigners may be subject to examination given by a Peruvian university for revalidation of their degrees.

Professional Accountants in Practice:

As at June 30, 1950, the Colegio de Contadores Publicos del Peru (College of Public Accountants of Peru) had 278 titular members. No information is available as to the actual number in public practice. Anuario Kraft, a commercial directory used in Latin America, listed some 265 Accountants in 1949.

Peruvian professionals are organizing themselves after the pattern of United States and British institutes. The College of Public Accountants is preparing a Code of Ethics.

The university graduates holding the degree of Public Accountant are members of the College of Public Accountants, a non-governmental body, in which membership is voluntary. This society issues a publication quarterly, in mimeographed form, called Boletin (Bulletin).

The Instituto de Contadores del Peru (Institute of Accountants of Peru) was the first accountants' society in Peru, having been established in 1905. Its membership is comprised of accountants, bookkeepers, etc., and for admission a person must have either a diploma from a commercial school or have had a certain number of years' practical experience.

Practice by United States Citizens or Firms:

At the present time (June 1951) it is possible for a United States citizen to practice public accountancy without complying with the formality of revalidating his certificate or degree, but he may not use the title Contador Publico. He need not be registered.

There is nothing in the way of restrictive legislation to prevent the establishment of an office by a United States, or other foreign, accounting firm for the public practice of accounting. A partner or manager would not have to be registered. Actually, however, there might be some difficulty with immigration authorities and possibly also, the Labor Ministry. Practice under a firm name is unrestricted. (But see comments which follow under "Treaties and Legislation Pending".)

United States citizens may enter Peru and perform any type of engagement in connection with reports for use in Peru, except possibly for official purposes, and for use outside of Peru.

Treaties and Legislation Pending:

There is no treaty between the United States and Peru dealing with the right of United States citizens to perform accounting work in Peru on behalf of United States investors. Neither is there a treaty providing for reciprocity with respect to professional titles.

The laws and regulations governing registration really amount to the first step towards restricting professional practice. Registration of all accountants is probably just around the corner, and foreign accountants practicing in Peru are paying particular attention to the regulations covering revalidation of foreign titles.

As mentioned above, a law in draft form has been in existence for some time which, if enacted, might restrict the audit of certain corporations by United States accountants who have not been qualified under the laws of Peru. Also, a decree relative to registration of auditors for certifying tax returns has been proposed but not approved. Should this proposed decree become law, it is probable that only Public Accountants with degrees granted by (or incorporated in) Peruvian universities could be registered as auditors.