Peru: Mineral Revenue Sharing



5.4% MINERAL REVENUE AS A SHARE OF GOVERNMENT REVENUE

PRODUCTION

ROYALTY AND CANON

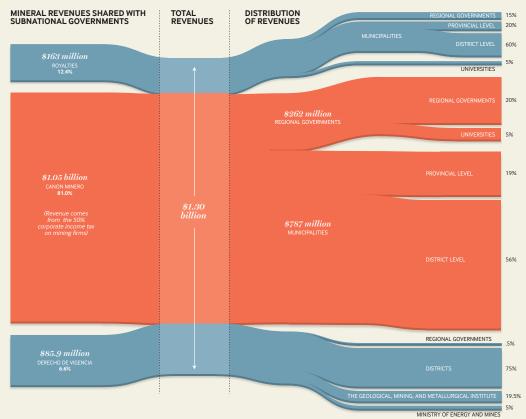
MINERO DISTRIBUTION

(PER CAPITA)

REVENUES AND DISTRIBUTION

The national government transfers a large proportion of the revenue collected from the mining sector – around 60.3 percent in 2014–to municipalities and regional governments.
The national government mainly shares two types of mining revenue with subnational governments:
(i) the Canon Minero comprising 50 percent of the corporate income tax collected from mining firms;

and (ii) mineral royalties. A third source of revenue, the annual sub-surface fee, Derecho de Vigencia, only represents around 6.6% of the total revenue shared with subnational governments in 2014.



GEOGRAPHIC DISTRIBUTION (2014)

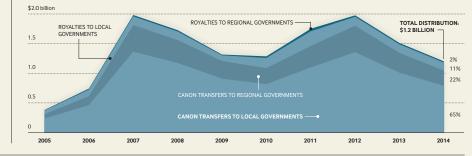
The national government transfers 95 percent of the revenue from both the Canon Minero and royalties, to subnational governments in producing regions.



ROYALTY AND CANON MINERO DISTRIBUTION (PER CAPITA) LESS THAN \$50 \$50 - \$199 MORE THAN \$200

PATTERN OF DISTRIBUTION

There is high volatility in mineral revenue shared with regional and municipal governments.



ource: Lasa Aresti, M. Mineral Revenue **HISTORY OF REFORMS** Sharing in Peru (Natural Resource Sovernance Institute, 2016). http://www.resourcegovernance.org/sites/ default/files/documents/mineral-revenue-sharing-in-peru.pdf 1979 1991 2001 2004 2006 2011 Natural The "Mining Program of Solidarity with the People" gave the option to firms to allocate 3.75% of their net profits for Constitution established the New legislative decree First Law of Canon for mining First system of royalties Modification of the fiscal regime required required that 20% of the royalties to be calculated on operating Resource established a 50% of corporate income use of derivative principle required companies to pay between 1% and 3% of for the distribution of corporate income tax be tax and the rules for the distribution to income, and introduced the Special Tax Governance natural resource revenue: distributed to mining regions regional and municipal governments total mineral concentration local development purposes and the Obligation on Mining Institute