Peru: Mineral Revenue Sharing

**HISTORY OF REFORMS**

- **1979**: Constitution established the use of derivative principle for the distribution of natural resource revenues.
- **1991**: New legislative decree required that 20% of the corporate income tax be distributed to mining regions.
- **2001**: First Law of Canon for mining established a 50% of corporate income tax and the rules for the distribution to regional and municipal governments.
- **2004**: First system of royalties required companies to pay between 1% and 3% of total mineral concentration.
- **2005**: The "Mining Program of Solidarity with the People" gave the option to firms to allocate 3.75% of their net profits for local development purposes.
- **2006**: Modification of the fiscal regime required royalties to be calculated on operating income, and introduced the Special Tax and the Obligation on Mining.

**REVENUES AND DISTRIBUTION (2014)**

- **Mineral Revenues Shared with Subnational Governments**
  - **$810.5 billion**: Canon Minero (50% of corporate income tax).
  - **$81.05 billion**: Canon Minero.
  - **$81.30 billion**: Royalties.
  - **$885.9 million**: Derivatives of Royalty and Canon Minero.

- **Total Revenues**
  - **$57.3 billion**

**DISTRIBUTION OF REVENUES**

- **Regional Governments**
  - **$11.3 billion**
  - **$1.7 billion**
  - **$1.3 billion**
  - **$1.2 billion**

- **Provincial Level**
  - **$8.6 billion**
  - **$6.2 billion**
  - **$5.0 billion**

- **District Level**
  - **$4.1 billion**
  - **$3.0 billion**

- **Municipalities**
  - **$2.9 billion**
  - **$2.0 billion**

- **Universities**
  - **$0.7 billion**
  - **$0.5 billion**

**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.

**PATTERN OF DISTRIBUTION**

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