



## Country insights

# PERU

Country insights from **Angel Saco** and **Luis Gutiérrez Ríos** on current trends in the Peruvian accounting market and opportunities for doing business

**Luis Gutiérrez Ríos** from MGI Gutiérrez Ríos y Asociados and **Angel Saco** from Ramirez, Saco y Asociados, share important insights on the current trends in the Peruvian accounting market, identifying areas of service that are buoyant and the most significant challenges facing Peru over the coming months.

**Q: Have there been any significant regulatory developments in Peru over the last 12 months?**

**Angel:** In the second quarter of 2021, the General Directorate of Public Accounting, (branch of the Ministry of Economy and Finance and rector of the National Accounting System of Peru for government entities), approved International Accounting Standards for the Public Sector. Said approval means that the implementation of international accounting regulations will be carried out gradually and in accordance with the provisions issued by the General Directorate of Public Accounting, for public entities and other non-financial organizational firms that administer public resources.

**Q: How would you describe the health of the accounting industry in Peru in terms of customer demand, fee pressure, and staff recruitment and retention?**

**Luis:** Private companies from different economic sectors have been greatly affected by the periods of quarantine due to Covid-19. Company activities have, at several times over the last two years been paralysed, (including those of accounting services), leading to closure and bankruptcy and a rise in unemployment. There are some exceptions such as the Construction Sector. Due to the above, the demand for professional accounting services dropped significantly, as well as the level of the fees charged.



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**Angel:** In relation to the audit services market, we have observed pressure to maintain or lower audit fees, which has led a significant number of clients that were traditionally served by large service firms, to turn to medium-sized firms, whose administrative and cost structure allow them to be more competitive, meeting the expectations of the client without compromising the quality of the service.

**Q: Are there any services areas where demand has grown over the last 12 months?**

**Luis:** In recent months, there has been economic growth in Fishing, Manufacturing, Construction, Telecommunications, and Finance and Insurance sectors. These are the areas that have maintained a positive output. Professional services to these sectors have also not been adversely affected.

**Angel:** As a firm, we have observed a growing demand for company and brand valuation services. Likewise, accounting-financial, tax and labor due diligence services have been more dynamic due to business restructuring, mergers and acquisitions of various companies. In addition, I could mention that the outsourcing of accounting, tax and payroll services has grown notably in the last 18 months.

**Q: Has there been any significant consolidation or merger activity in the accounting profession?**

**Angel:** We are aware that there is greater move towards integration and regionalization by firms that are part of professional networks and associations, given that globalization forces us to serve our clients in the places where they carry out their operations.

**Q: What are your expectations for the next 12 months - are there any potentially significant developments in the pipeline?**

**Luis:** As a firm we are fortunate as we are located in the city of Lima, Peru's capital, and 90% of our work as Independent Auditors is for State Entities and companies.

**Angel:** Despite the impact of the pandemic, at our firm we are optimistic about the growth of our operations. In a way, we are going against the tide regarding investment in infrastructure and personnel, and we see the current stagnant state of the economy as an opportunity rather than a threat. We see high potential in non-traditional services in financial consulting, corporate governance, forensic auditing, risk management, advising government entities, among others.

**Get in touch**

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