

Total Tax Contribution 2019



April 2020



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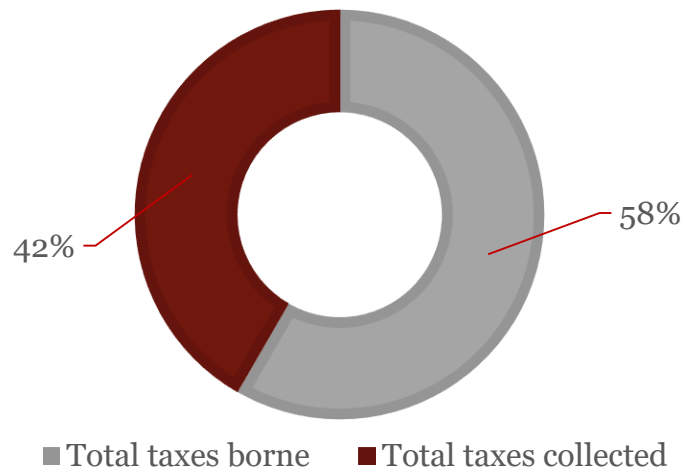
An aerial photograph of a modern building's courtyard. The courtyard is paved with light-colored tiles in a geometric pattern. Several people are walking around. In the background, there is a building with a glass facade and a golden decorative structure. A large red semi-transparent overlay covers the left side of the image, containing the text "1. Executive Summary".

1. Executive Summary

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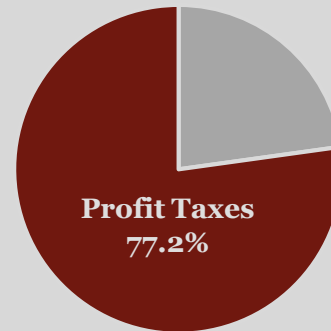
Enel's total tax contribution in 2019 amounted to **Soles 858 million***, with 58% of this total corresponding to taxes borne and 42% to taxes collected.

Total Tax Contribution in 2019 TTC - S/ 858 MM



Source: PwC

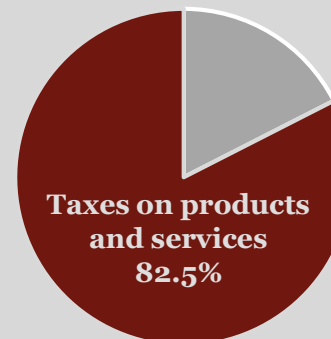
Taxes Borne in 2019



Taxes borne by Enel in 2019 amounted to **Soles 500 million**. A major part of this total corresponds to **profit taxes**, which account for **77.2%** of taxes borne.

Source: PwC

Taxes Collected in 2019

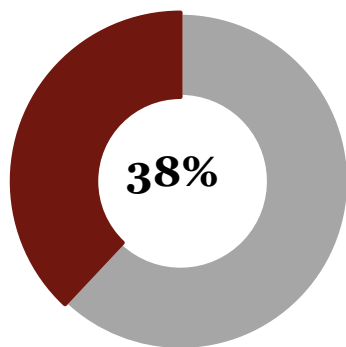


Taxes collected by Enel in 2019 amounted to **Soles 358 million**. A major part of this total corresponds to **Taxes on products and services**, which account for **82.5%** of taxes collected.

Source: PwC

1. Executive Summary

Tax Value Distributed* in 2019

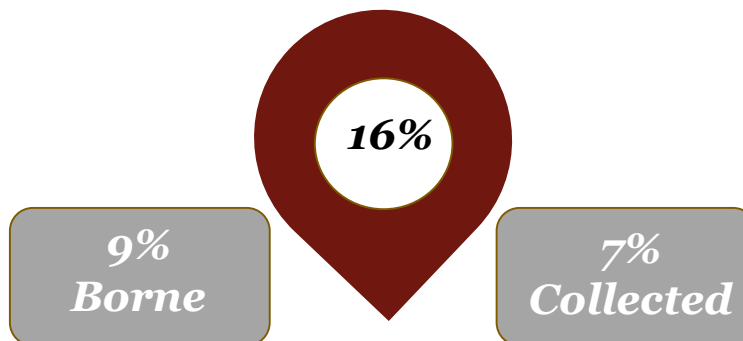


Source: PwC

38% of the value generated by Enel has been paid in to the Public Treasury in the form of taxes borne and taxes collected. Of **every Soles 100 of value generated** by Enel in 2019, **Soles 38 were therefore used in the payment of taxes.**

Tax Contribution of Enel with respect to turnover in 2019

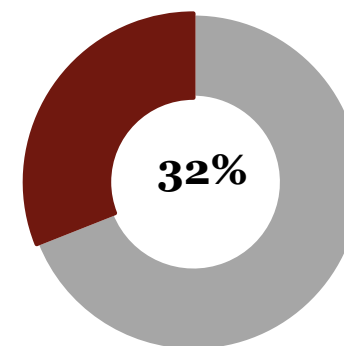
TTC to turnover



Source: PwC

In relation to the size of its business, for every Soles 100 of the net revenues obtained by the Company, **Soles 16 are used in the payment of taxes.** Of this amount, Soles 9 correspond to taxes borne and Soles 7 to taxes collected.

Total Tax Contribution Rate in 2019



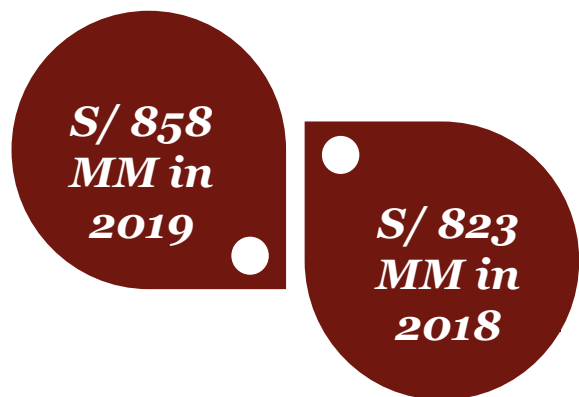
Source: PwC

Enel's **Total Tax Contribution rate** for 2019 **is 32%**. In other words, taxes borne account for 32% of total income before all taxes borne for the purposes of the Total Tax Contribution.

*The concept is explained on page 24.

1. Executive Summary

Trend in TTC 2018-2019



Source: PwC

In 2019, Enel's **Tax Contribution** in Peru has increased by **4%** with respect to 2018.

This trend is attributable, to a **6% increase in taxes borne** in relation to the previous year and a **2% increase in taxes collected**. Both increases are mainly given because in 2018 there was a lower payment of taxes, due to balances in favor applied during the year, unlike 2019, in which there were no such balances in favor and, also, tax payments increased due to the increase of business revenues.

Wages and Taxes per employee in 2019 vs 2018



S/ 174,271

Wages per employee



S/ 40,569

Taxes per employee

Source: PwC

In 2019, annual Wages per employee and taxes per employee amounted to **Soles 174,271** and **Soles 40,569** respectively.

Compared to 2018, the annual wages per employee have decreased by **16%**. This difference is mainly originated because, as opposed to 2018, in 2019 the total wages and salaries did not include salaries capitalized and not taken as an expense. Should they have been included, the difference would be less than 1%.



2. Background and the purpose of this report

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Purpose and scope of the report

The PwC global network through its different studies is eager to create, maintain, and strengthen links between companies and governments as well as between companies and society. While the actions of companies, regardless of their industry sector, are increasingly put under scrutiny, it is essential to facilitate the dialogue between different stakeholders, promote strong values and principles and innovate by sharing analyses and ideas.

The aim of this report is to obtain and analyse the Total Tax Contribution data of Group Enel Peru (hereinafter Enel or the Company or The Group) for 2019. The Group includes the following companies: Enel Generación Perú S.A.A., Enel Perú S.A.C., Enel Distribución Perú S.A.A., Enel Generación Piura S.A.A., Chinango S.A.C., Enel Green Power Perú S.A., Energética Monzón S.A.C., Proyectos y Soluciones Renovables S.A.C., Compañía Energética Veracruz S.A.C., Empresa de Generación Eléctrica Marcona S.A.C., Enel X Peru S.A.C. and Empresa de Generación Eléctrica Los Pinos S.A.¹

The data for 2019, and the analysis of contribution profiles and certain indicators have been compared with the equivalent data for 2018, and a study made of the trend reflected.

The contribution made by major sectors of activity to the public purse in the jurisdictions in which they are present, and the way in which their tax contribution is distributed, are currently central

topics of socio-economic debate.

In this context, regarding the tax strategy of Enel which is declared to public and shared in the official website of the company, compliance with the tax legislations in which Enel operates carries an utmost importance for the company.

Fully aware of the fact that the tax revenue is one of the main contributors of the economic and social development in the regions in which the Group operates, Enel gives great importance to tax reporting and transparency.

Enel has decided to publish this Total Tax Contribution Report to show the importance the Company attaches to tax matters and the extent of its commitment to its main stakeholders. Information available in this report renders it possible to identify measure and communicate the business asset, which is Enel's tax contribution, so that it can have a significant impact on its reputational value. The purpose of this report is to enlarge the concept of Corporate Social Responsibility and to reveal the value of the social function deriving from Enel's tax contribution.

The way in which the tax information is provided in this report intends to make it more versatile and facilitate its integration so that it can be presented in accordance with the different parameters required by different stakeholders.

¹ Enel Green Power Perú S.A., Energética Monzón S.A.C., Proyectos y Soluciones Renovables S.A.C. are renewable companies which have a functional currency in united states dollars. Their financial statements in soles are being used for this purposes, as the local legislation requires that the accounting books must be registered in soles.

“The Enel Group, in the spirit of its sustainability strategy, manages its tax-related activities in accordance with values of honesty and integrity.”

2. Background and the purpose of this report

The data compiled by PwC includes information received from Enel obtained from its own IT system and its internal working procedures. Our work has consisted of the analysis of the information supplied by Enel and verification of the consistency of the trends and figures reflected. Their origin has been neither verified nor audited.

In relation to the above, this report is based on the tax contribution figures provided as at 6th of March 2020. Our fieldwork was concluded on 6th of March 2020, and there could be significant events that have taken place since this date, which would not be reflected in this report.



TTC Methodology

The Total Tax Contribution (hereinafter TTC) methodology measures the total impact of the payment of taxes by a company. This valuation takes into account the total contribution of taxes paid to different Administrations, either directly or indirectly, as a result of Enel's economic activity.

The key points to be borne in mind in relation to this methodology are:

1. It distinguishes between those taxes that constitute a cost for Enel and those taxes that it collects.

Taxes borne are the taxes that Enel has paid to the Peruvian Administrations of the different jurisdictions in which it operates. These are taxes that represent an actual cost for the Company, e.g. certain environmental taxes.

Taxes collected are those that have been paid in because of Enel's economic activity but which, apart from the related management expenses, imply no cost for the Company.

These are nevertheless amounts which are paid into the public purse as a result of Enel's economic activity and should therefore be taken into consideration when analysing its tax contribution. Taxes withheld on the earned income paid to workers are one example of what we refer to as a tax collected. They constitute tax revenues obtained by the Administration thanks to the economic value generated by Enel.

2. Background and the purpose of this report

In this respect, the TTC methodology is consistent with the approach adopted by the OECD, which highlights the relevance of the role played by business groups in the taxation system, both as contributors of taxes which imply a cost (“Legal Tax Liability”), and as “collectors” of taxes on behalf of others (“Legal Remittance Responsibility”) as reflected in working paper no. 32. “Legal tax liability, remittance responsibility and tax incidence”.²

2. Since taxes are known by different names in different countries, taxes borne and taxes collected have been grouped into 5 main categories:



(i) Profit taxes:

This includes taxes borne on the income obtained by on companies, such as corporate income tax, the tax on economic activities and taxes collected in the form of withholding on payments made to third parties.



(ii) Property taxes:

These are taxes on the ownership, sale, transfer or tenancy of property.



(iii) Employment Taxes:

Taxes linked to employment comprise both taxes borne and those collected, including personal income tax withholding on payments to employees and the social contributions payable by both the employee and the company.



(iv) Taxes on products and services:

There are indirect taxes levied on the production and consumption of goods and services, including VAT, customs, duties, etc.



(v) Environmental taxes:

Taxes levied on the supply, use or consumption of products and services which are considered to have an environmental impact.

The classing of taxes as environmental is based on the definition agreed upon for the purposes of the harmonized statistical framework developed jointly, in 1997, by Eurostat, the European Commission, the Organization for Economic Cooperation and Development (OECD), and the International Energy Agency (IEA), according to which environmental taxes “A tax whose tax base is a physical unit (or a proxy of it) that has a proven specific negative impact on the environment. Four subsets of environmental taxes are distinguished: energy taxes, transport taxes, pollution taxes and resources taxes. Taxes should not be confounded neither with payments of rent nor with purchase of an environmental protection service”.³

3. It includes all tax payments made to Public Administrations.

When considering the figures reflected in this report, it should be borne in mind that they include tax payments made to Public Administrations in respect of items which, given historic or circumstantial reasons, they are not classed as such.

² https://www.oecd-ilibrary.org/taxation/legal-tax-liability-legal-remittance-responsibility-and-tax-incidence_e7ced3ea-en

³ <https://stats.oecd.org/glossary/detail.asp?ID=6437>

2. Background and the purpose of this report

4. It can be tailored to the specific circumstances of the organization.

In relation to the composition of Group Enel Peru and the calculation of its overall TTC, it should be borne in mind that:

This reports takes into account 100% of the tax contribution made by all Peruvian Enel companies.

In relation to the overall amount of payments to the Administration taken into consideration for the purposes of this study, a list of all Peruvian taxes covered by this analysis is attached hereto illustration purposes in the form of an appendix.

5. The special characteristics of Value Added Tax and equivalent taxes are taken into account.

Value Added Tax (and equivalent taxes) is classed as a tax on products and services collected, and its amount reflects the net payments made by Enel to the tax authorities of each of the jurisdictions in which it operates in the corresponding period.

In view of the way in which VAT works, the figure presented in this respect for a particular country includes the positive amount paid in to the corresponding Treasury, arrived at by subtracting VAT deducted from VAT accrued.

If the overall calculation for the year for a particular country, the net figure arrived at by subtracting VAT deducted from VAT accrued is negative, owing to a refund, no figure is shown.

On the other hand, amounts of VAT which are not recoverable because the continuation of the value chain through the charging of output tax is not possible, are regarded as a tax on products and services borne, since they represent a cost for the company.

2. Background and the purpose of this report

6. Main Assumptions made during the preparation of this report

(i) Perimeter: This report takes into account 100% of the tax contribution made by companies whose accounts are consolidated with those of the parent company by the full consolidation method or other Peruvian companies in which Enel has a significant presence, provided that it has been possible to obtain the necessary information. In particular, this report considers the tax contributions made by 9 entities in 2018 and 12 entities in 2019.

(ii) Currency: This report considers Soles as the currency to be referred.

(iii) Certain Economic Indicators:

1) Revenues: Considering that consolidated financial statements are not prepared at the level of Peru, the respective amount is reported as the sum of revenue of each entity in scope.

2) Wages and salaries: Considering that consolidated financial statements are not prepared at the level of Peru, the respective amount is reported as the sum of wages and salaries of each entity in scope. (excluding social security contributions, incentives or benefits). In this case, the number of employees stated in the TTC Reporting is aligned with the Country by Country Report (CbCR).

3) Profit before Taxes: Report considers data on profit before taxes which is provided as “EBT/ earnings before tax” in the local reporting.

Considering that consolidated financial statements are not prepared at the level of Peru, the respective amount is reported as the sum of profit before taxes of each entity in scope. Note that the scope of companies included in the TTC reporting is aligned with the scope of the CbCR.

The amount of profit before tax excludes intercompany dividends in order to avoid double-counting of the same income of various entities, if that income was distributed as dividends to Peruvian entities. Such calculation allows to reflect the objective amount of Profit before taxes at the country level, and to calculate the objective ETR since dividends are usually subject to beneficial tax treatment compared to the other types of income (so-called ‘participation exemption’ regime).

An aerial photograph of a large, paved public square. The square is divided into sections by light-colored lines. In the center, there is a curved set of wide, shallow steps. Several people are walking around the square, and two people are riding bicycles. There are green lampposts and some white structures in the background. A large, semi-transparent red rectangle is overlaid on the left side of the image, containing white text.

3. TTC of Enel Peru in 2019

3. TTC of Enel Peru in 2019 (1/2)

TTC of Enel Group in 2019 2019 Country Report

Country	Peru	31/12/2019
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Economic data	Amount (local currency)
Revenues	5,269,228,568
Wages and salaries	162,943,663
(1) Average number of employees	935
Income before tax	1,442,586,765
(2) Income before tax borne	1,556,485,601
Total taxes borne	500,582,035
Total taxes collected	357,675,653
Income after tax	1,051,334,249
Total Tax Contribution	858,257,688

TTC indicators	Percentage
1 TTC ratio	32%
2 TTC in relation to revenues	16%
2* Taxes borne in relation to revenues	9.50%
2** Taxes collected in relation to revenues	6.79%
3 Tax value distributed to society	38%
4 Wages and salaries per employee	174,271
5 Taxes paid per employee	40,569

1 Total taxes borne / Income before taxes borne

2 Total Tax Contribution / Revenue

2* Taxes borne / Revenue

2** Taxes collected / Revenue

3 Tax borne and collected / Total value distributed (regarded as the sum of: income after tax or shareholder value, wages and salaries, net interest, taxes borne and taxes collected)

4 Wages and salaries / Number of employees

5 Total taxes linked to employment (borne and collected) / Average number of employees

(1) Average number of employees according to information of PwC central team and Enel Group. As instructed by Enel Perú, the average number of employees is rounded up to a whole number

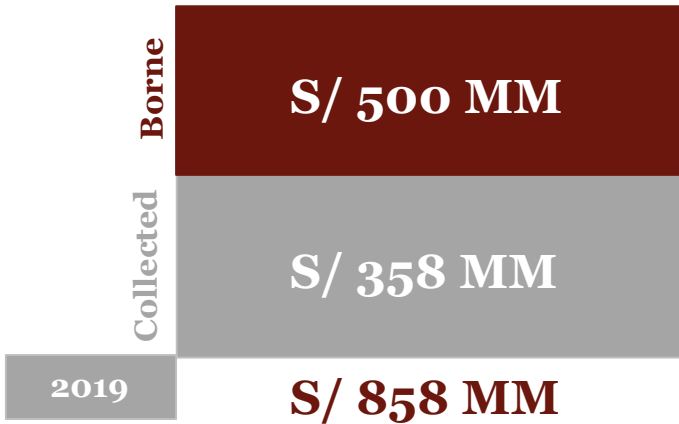
(2) Calculated as "Income before tax" plus "all taxes borne" minus "corporate income tax"

3. TTC of Enel Peru in 2019 (2/2)

	2019 local currency		2019 local currency
Taxes borne		Taxes collected	
Profit taxes	386,683,199	Profit taxes	31,259,971
Corporate income tax	386,683,199	Withholdings on payments to non-residents (without PE)	14,433,266
Tax on Economic Activities		Revenues from investment capital	16,754,794
Other taxes		Withholdings on payments to independent individuals	65,911
Property Taxes	50,400,273	Property Taxes	-
Tax on real property	4,774,109	Revenues from property investments	-
Municipal Fees	2,021,560	Employment Taxes	31,380,743
Temporary Tax on Net Assets	43,604,604	Withholdings on earned income	31,380,743
Employment Taxes	6,551,516	Employee social security contributions	
Employer's social security contribution	6,479,592	Taxes on products and services	295,034,939
Other taxes	71,924	VAT withholdings (Net position)	295,034,939
Taxes on products and services	50,630,660	VAT drawdowns	-
Non-deductible VAT/IGIC		Environmental taxes	-
Tax on the utilization of airspace, soil and subsoil	-	Taxes on electricity	
Regulation contributions to public entities	48,909,157	TOTAL	357,675,653
Tax on Financial Transactions	1,303,690		
Custom duties	417,813		
Other public domain charges			
Environmental Taxes	6,316,387		
Tax on value of electricity generation			
Other environmental taxes (regional)	6,316,387		
Tax on nuclear services			
Other taxes			
TOTAL	500,582,035	TOTAL	357,675,653
Total Tax Contribution in Peru		858,257,688	
Other regulatory payments		-	
Other			
Total payments to Public Authorities		858,257,688	

3. TTC of Enel Peru in 2019

Analysis of the total tax contribution in 2019



Source: PwC

Enel's Total Tax Contribution in Peru amounted to **Soles 858 million in 2019**.

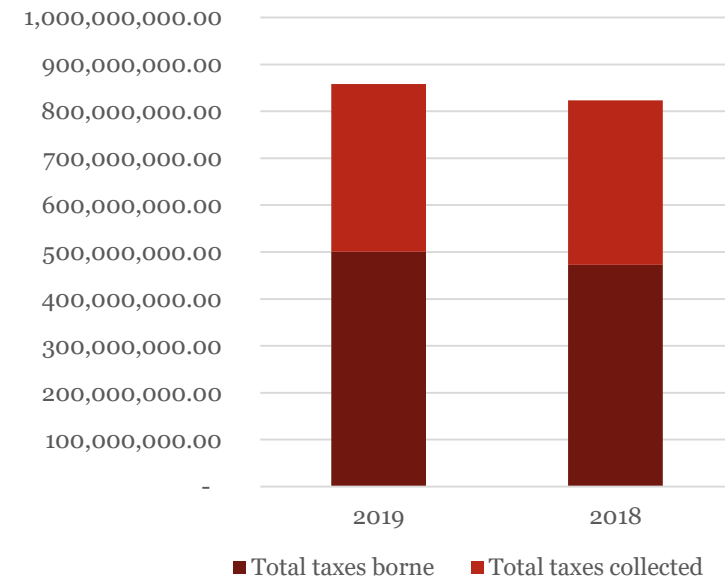
Of this, **58%** corresponds to **taxes borne** which represent a cost for the Company and the remaining **42%** corresponds to taxes collected by the Group owing to the pursuit of its economic activity.

Trend in total tax contribution

The amounts taken into account for the purpose of analysing the trend in Total Tax Contribution over the years 2018 and 2019 include taxes borne and collected by all Peruvian Enel Companies.

Compared to 2018, in 2019 there was an increase on the total tax contribution. This difference is explained mainly because during 2018, Enel Peru applied, both in the Income Tax borne and the Value Added Tax supported, balances in favor. Meanwhile in 2019, the Group did not have such balances and, moreover, the business revenues increased; thus, these taxes also increased accordingly.

Chart 1. Evolution of Enel's Total Tax Contribution



Source: PwC

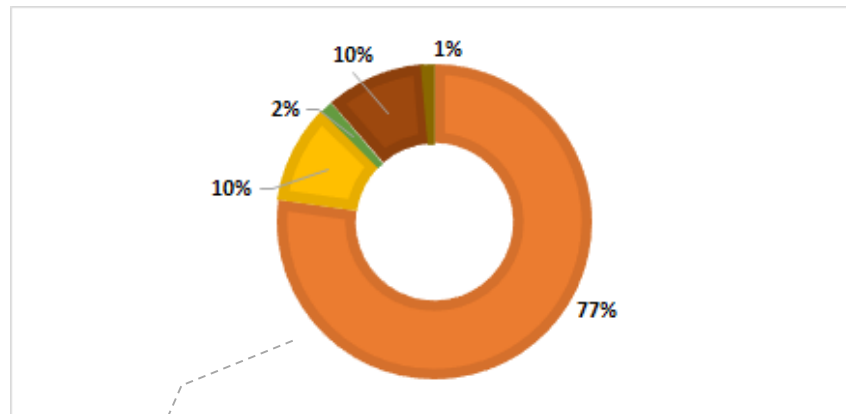
3. TTC of Enel Peru in 2019

Analysis of taxes borne in 2019

Profile of taxes borne

As has been indicated above, taxes borne by Enel in 2019 amounted to **Soles 500 million**.

Chart 2: Types of taxes borne by Enel in 2019



Source: PwC

Profit taxes	386,683,199
Property Taxes	50,400,273
Employment Taxes	6,551,516
Taxes on products and services	50,630,660
Environmental Taxes	6,316,387
Total	500,582,035



It is **profit taxes** that feature most prominently, amounting to **Soles 387 million** and accounting for almost **77% of total taxes borne**.

Profit Taxes include most notably, the payments made to the Tax Authority in respect of Corporate Income Tax.



Employment Taxes account for 2% approximately of Enel's total tax contribution insofar as relates to taxes borne during the year. This amount comprises contributions amounting to **Soles 6 million approximately** paid to the Social Security authorities (or similar bodies) and other types of taxes.



Property taxes which include primarily Temporary Tax on Net Assets, Tax on Real Property and Municipal fees, **account for 10%** of total tax payments made by the Company corresponding to taxes borne and amount to **Soles 50 million**.



Taxes on products and services consist of the regulation contributions to public entities, tax on financial transactions and custom duties.

They amount to **Soles 51 million**, accounting for **10% of total taxes borne**.



On the other hand, **environmental taxes**, which consist of payments of tax on the use of water, **account to 1%** of total tax payments made by the Company corresponding to taxes borne and amount to **Soles 6 million**.

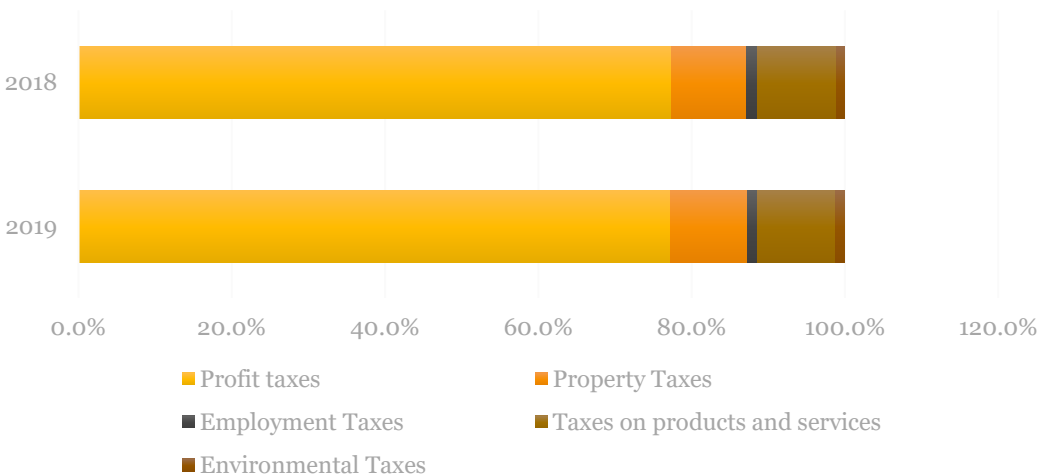
3. TTC of Enel Peru in 2019

Analysis of taxes borne in 2019

Trend in taxes borne

Taxes borne reflect an **upward trend** over the past year, having risen by approximately **Soles 28 million**, which represents an increase in relative terms of **6%** in 2019 in relation to 2018.

Chart 3: Evolution of taxes borne by Enel



Source: PwC

More specifically, the main factor that gives rise to the increase in contribution in absolute terms coincides with the increase in the **profit taxes**. These taxes have increased by approximately **Soles 21 million**, signifying an increase of **6%** in relation to 2018.



The above-mentioned corresponds to the fact that in 2018, there was a positive balance of Soles 15 million from the 2017 fiscal year income tax determination, which was applied against 2018 income tax advance payments. Additionally in 2019, there was a disbursement for Soles 7 million on income tax advance payments, as there was more taxable income during that fiscal year. Based on this, there was higher payment of profit taxes by Enel of Soles 21 million approximately in 2019.



Employment taxes decreased in **9%** in relation to 2018 for an amount of **Soles 0.61 million**. This was mainly due to a decrease of 33% of the workers in the payroll of the renewable energy Peruvian companies.



Meanwhile, **Property taxes** have increased by **10%** in relation to 2018. The variation in Property taxes occurs due to a higher payment for Temporary Net Asset Tax that was made for **Soles 3.8 million** in 2019. In 2019, Enel Generación Piura and Chinango made regularization payments of the Property Tax of previous years. Additionally, there was an increase in land tariff values and unit construction prices, which are approved in a year basis and are considered in the determination of taxes on real property.



Taxes on product and services have increased by approximately **5%**. This responds to the fact that in 2019, Enel Distribución Peru and Enel Generación Peru had a higher billing (in total Soles 2.3 million) for energy, power and other similar services.



Environmental taxes have increased in **13%**. Indeed, during 2018 the Callahuanca plant was in reconstruction. In that period there was less use of water and, consequently, less payment of taxes on its use. In 2019, the plant started its operations again and taxes on use of water increased.

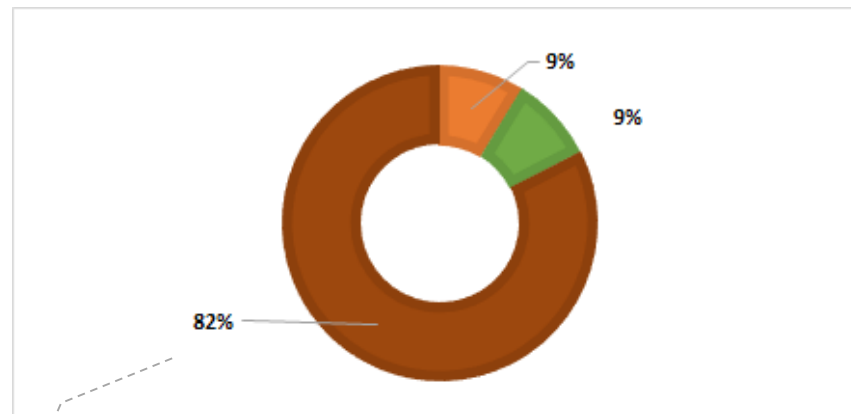
3. TTC of Enel Peru in 2019

Analysis of taxes collected in 2019

Profile of taxes collected

Taxes collected in the year amounted to a total of **Soles 358 million**, their profile being as shown below:

Chart 4: Types of Taxes Collected by Enel in 2019



Source: PwC

Profit taxes	31,259,971
Property Taxes	-
Employment Taxes	31,380,743
Taxes on products and services	295,034,939
Environmental Taxes	-
Total	357,675,653



As can be seen from the chart, the most important of the taxes collected by the Company during 2019 are the **taxes on products and services**, which account for **82%** of total taxes collected, amounting to **Soles 295 million**.

This amount corresponds in its entirety to value added tax.



Employment taxes, account for **9%** of total taxes collected in 2019. Employment taxes include most notably withholding on the employee's earned income, amounting to **Soles 31 million** for the year.



Profit taxes account for **9%** of the total taxes collected and amounting to **Soles 31 million**. Profit taxes correspond to withholding on payments to Soles non-residents without permanent establishments, revenues from investment capital and withholding to services rendered by independent individuals.

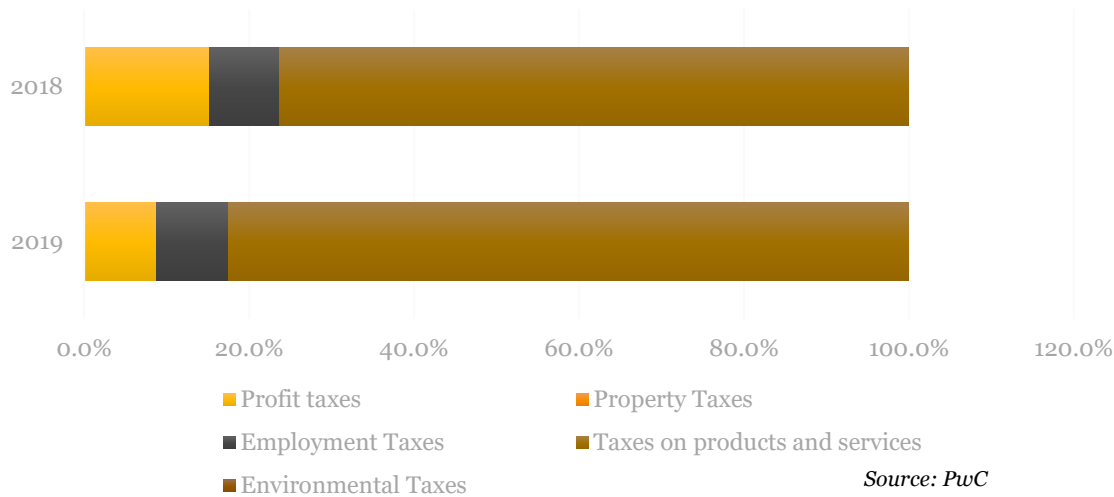
3. TTC of Enel Peru in 2019

Analysis of taxes collected in 2019

Trend in taxes collected

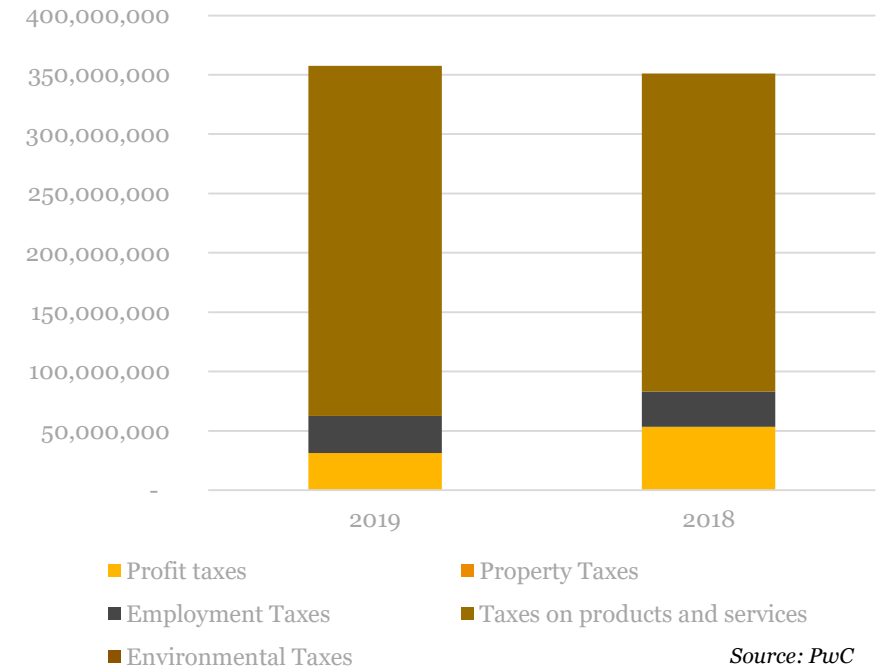
Taxes collected during 2019 increased by approximately **Soles 7 million**. This represents an increase, of **2%** with respect to 2018.

Chart 5: Evolution of the profile of taxes collected by Enel



Profit taxes have **decreased by 41%** with respect to the previous year, which amounts to **Soles 22 million**. The variation is mainly due to the fact that in 2018 there were higher withholdings that amounted to Soles 15 million, due to the distribution of extraordinary dividends. In 2018 there was also a higher income tax withholding of Soles 7 million derived from operations with non-domiciled companies of the Enel Group.

Chart 6: Evolution of taxes collected by Enel



This chart shows how the weighting of each group of taxes collected has increased over the years 2018 and 2019

Taxes on products and services increased in **10%**, which amounts to **Soles 27 million**. This is mainly due to two factors: (i) higher billing for regulated power and energy in 2019, which increased taxes on Soles 23 million, and (ii) a lower tax payment of VAT in 2018, due to the application of Soles 4 million of input VAT.

Employment taxes increased in **6%**, which amounts to **Soles 2 million**, from 2018 to 2019. This was mainly due to the fact that in 2018 the group had better economic results, compared to 2017, and consequently there were more distributable profits for the workers. Withholding taxes on the workers' profit sharing of year 2018 were due and paid in 2019.

3. TTC of Enel Peru in 2019*

TTC Indicators

Total Tax and Contribution Rate (1/2)

	TTCR of Enel Peru
2018	31%
2019	32%

The total tax and contribution rate (TTCR) indicator is equal to the sum of all the taxes and mandatory social contribution paid expressed as percentage of company's commercial profit**. TTCR indicator is calculated as the percentage of taxes borne with respect to profit before such taxes, based on the aggregated figures for Enel's activity in Peru.

This is the indicator used in the **Paying taxes study** published annually by the World Bank and PwC in order to measure the competitiveness of the tax systems of 189 countries. Paying taxes 2020 is based on a case study company to facilitate a global like-for-like comparison.

The calculation of TTCR in Paying Taxes is influenced by the limitation of case study. The case study considers a local medium enterprise in 2nd year of operation, domestically owned, which does not participate in foreign trade and does not have domestic or foreign subsidiaries. Thus, due to the limitation of the case study, certain tax measures such as Industry 4.0 incentives, Patent box, cross border issues are not reflected in the TTCR according to Paying Taxes study, differently from ENEL.

* Due to the lack of information about TTCR in Peru in 2019 (which will be reflected in the Paying Taxes report for 2021 that will be published in the end of 2020), the comparison of 2018 Enel rate has been performed with the benchmark. The data on Peruvian companies with respect to 2018 are contained in the Paying Taxes study for 2020 – the latest one available at the time of preparation of this report. Source: <https://www.pwc.com/gx/en/services/tax/publications/paying-taxes-2020/explorer-tool.html>

** Commercial profit is essentially net profit before all taxes borne. It differs from the conventional PBT, reported in financial statements. In computing PBT, many of the taxes borne by a company are deductible. Commercial profit is calculated as sales minus cost of goods sold, minus gross salaries, minus administrative expenses, minus other expenses, minus provisions, plus capital gains (from the property sale), minus interest expense, plus interest income and minus commercial depreciation.

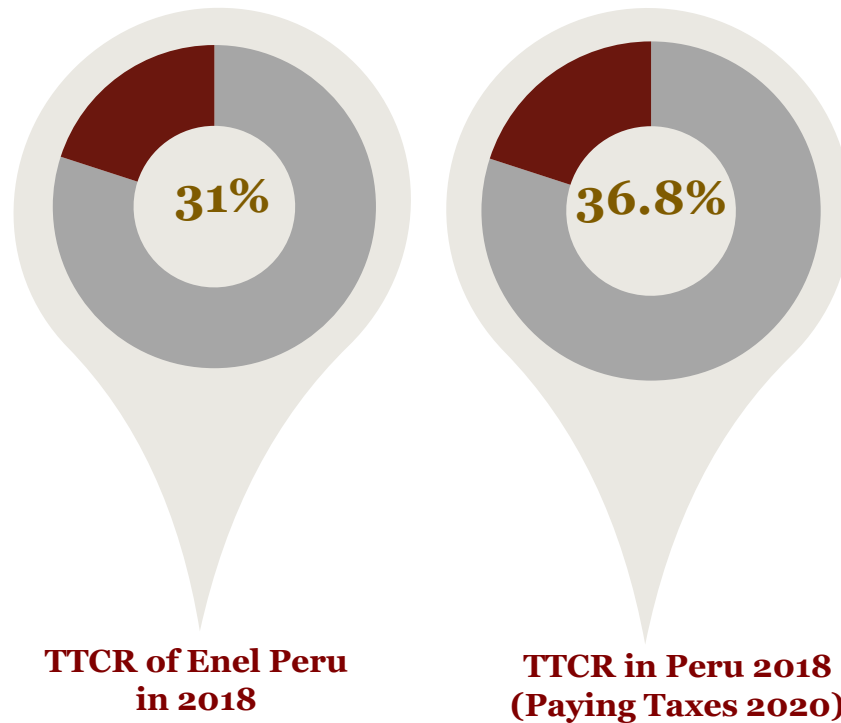
“Taxes borne representing a direct cost for Enel accounted for 31% of profit before all taxes borne in 2018 and 32% in 2019”

3. TTC of Enel Peru in 2019

TTC Indicators

Total Tax and Contribution Rate (2/2)

According to the results of the 2020 Paying Taxes report, the TTCR indicator for Peru in 2018 is **36.8%**.



Source: PwC

“TTCR of Enel Peru in 2018 differed in 5.8% from the average TTCR reported in Paying Taxes report. This means that the TTCR of Enel is generally in line with the Paying taxes Report”

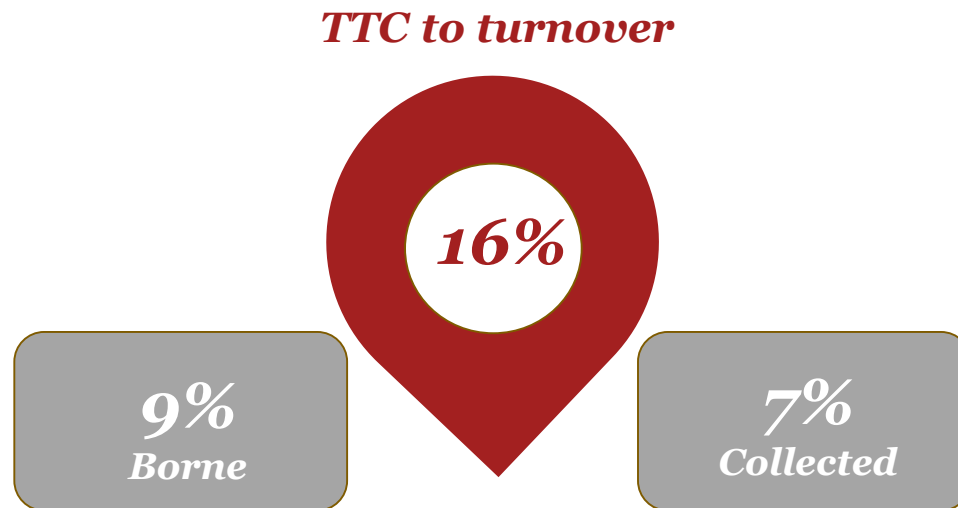
3. TTC of Enel Peru in 2019

TTC Indicators

TTC with respect to turnover

TTC with respect to turnover is an indicator that reflects the extent of the contribution made by the Company in relation to the size of its business.

For Enel, the average Total Tax Contribution rate in relation to net revenues averages at **16%** for 2019. In other words, for every **Soles 100** of the Company's turnover, **Soles 16 are used to pay taxes**, of which **Soles 9** are taxes borne and **Soles 7** are taxes collected.



Source: PwC

“Enel pays Soles 16 in taxes for every Soles 100 of net revenues, of which Soles 9 represent a direct cost for the company.”

3. TTC of Enel Peru in 2019

TTC Indicators

Tax value distributed to society *

According to the TTC methodology, the distributed value of a company is made up of the sum of the following elements:

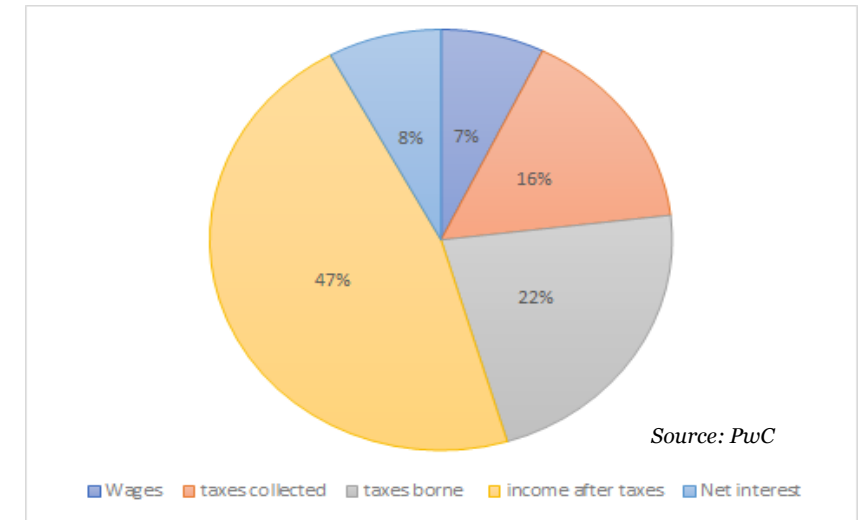
- Net interest
- Wages and salaries (net of taxes collected on payments to employees)
- Taxes (borne and collected)
- Income after tax

The **distributed tax value ratio** indicates the percentage of the total value generated by Enel that is used to pay taxes borne and collected to Public Administrations. The distributed tax value is, in essence, a reflection of how Enel contributes to society the economic value it generates.

Item	Amount S/	%
Wages and salaries	162,943,663	7%
taxes collected	357,675,653	16%
taxes borne	500,582,035	22%
income after taxes	1,051,334,249	47%
Net interest	178,228,380	8%
TOTAL	2,250,763,981	100%

Source: PwC

Chart 7: Tax Value Distributed by Enel in 2019



In 2019, the total distributed value amounted to **Soles 2,251 million**, of which **858 million** were paid to different public administrations in the form of taxes borne and collected.

As can be seen from the chart, **38%** of the value generated by Enel benefits society through the payment of taxes borne and collected in Peru.

* This TTC indicator varies from the 2018 indicator. This year net interest is included in the calculation.

“In 2019, 38% of the value generated by Enel Peru was used to pay taxes borne and collected.”

3. TTC of Enel Peru in 2019

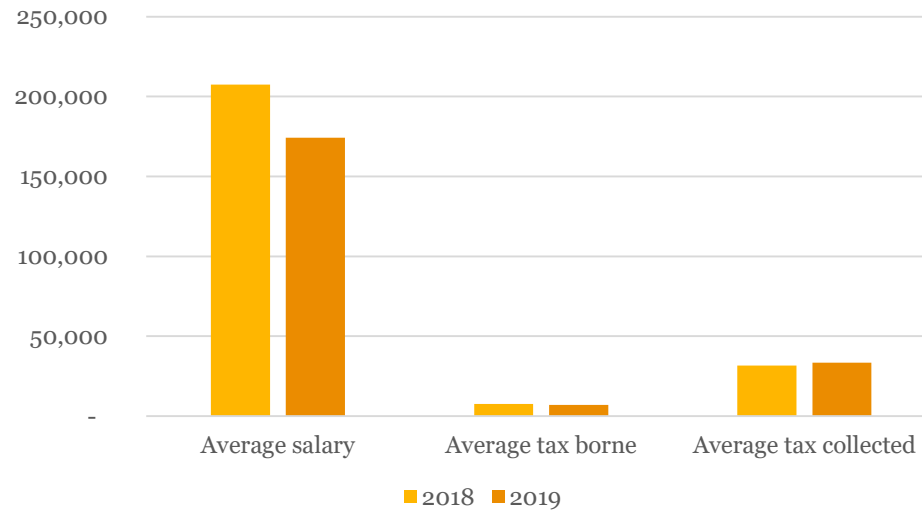
“Employment taxes borne and collected of 2019 are in line with 2018. The comparison of these taxes with the average wages and salaries report from both years, throw a difference, mainly explained because in 2019 the total wages and salaries did not include salaries capitalized by the companies. Should they have been included, the difference would be immaterial.

TTC Indicators

Taxes paid in respect of wages and salaries per employee

Taxes paid in respect of **annual wages and salaries per employee** are an indicator that relates the level of employment to associated taxes. This indicator is calculated by dividing total taxes linked to employment (borne and collected) by the number of employees.

Chart 8: Trend in average salary and average taxes linked to employment in Enel



Source: PwC

In 2019, Enel paid in employment taxes a total of **Soles 40,569 per employee**. Of this figure, **Soles 33,562** correspond to taxes collected on payments per employee and **Soles 7,007** correspond to taxes borne by Enel per employee.



4. Comparative Indicators

4. Comparative Indicators

Corporate Income Tax Effective Rate

The benchmarks considered below for the purposes of comparison is the Corporate Income Tax effective rate of the companies competing in the energy distribution and generation industry in Peru with Enel; in the years 2018 and 2019.

Our methodology is based on the information publicly available; tax expense data is information which is published by companies in their individual annual accounts and this enables us to perform comparative analyses such as that contained in this section. Comparison between Enel Country's ETR and peers' ETR was performed.⁴

The rates are resulting from the following calculations for 2018 and 2019:

Year	Profit Before Tax (S/ M)	Corporate Income Tax	ETR (%)
2018	1,406,703	440,547	31.3%
2019	1,442,587	391,253	27.1%
2018 + 2019	2,849,290	831,799	29.2%

⁴ Methodology described in appendix V.

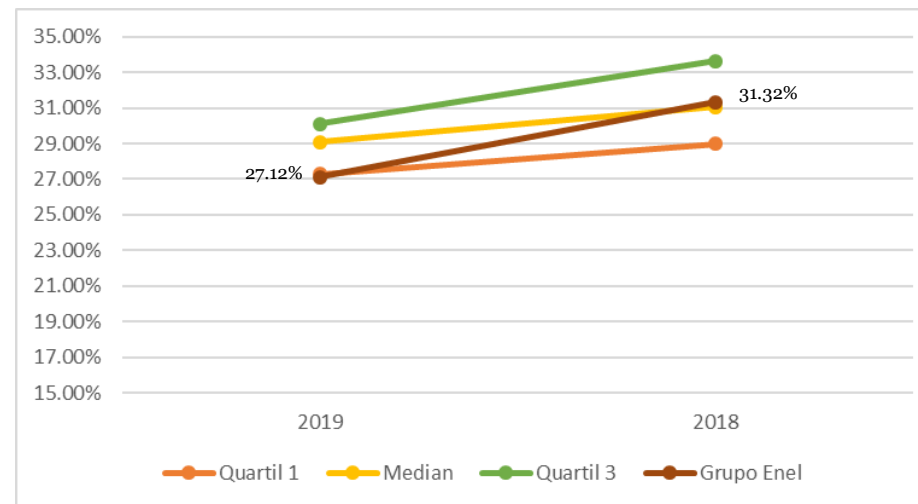


4. Comparative Indicators

Comparison of the ETR of Enel Group with that of the energy companies

The effective tax rate (ETR), calculated as the ratio of Corporate Income Tax expense to income before taxes, the attached chart compares the effective tax rates of Enel Group with the average effective tax rate of nine companies in the energy generation and distribution industry (energy companies), calculated from their information available in the SMV⁵, Peruvian organism that regulates the information for public companies.

Chart 9: Comparison of the ETR of Enel Group with that of the SMV Companies



The above chart shows that the average effective tax rate of the energy companies for 2019 is 29.10%, which is approximately 1.98% higher than the ETR for Enel Group for the period, which amounts to 27.12%

In any event, Enel Group's average ETR for the period 2018-2019 amounts to 29.22%. This is in line with the average rate of the SMV companies for the period, which is 29.65%.

“The average Effective Tax Rate of Enel for the period 2018-2019 was 29.22%, which is in line with the average ETR of the SMV companies for the same period.”

⁵ Superintendencia de Mercado de Valores.

4. Comparative Indicators

Comparison of the ETR of Enel Peru with the nominal tax rate

In relation to the difference between the nominal rate in 2019 (29.5%) and the effective tax rate (27.12%), indicated below are factors affecting the ETR of Enel Group.

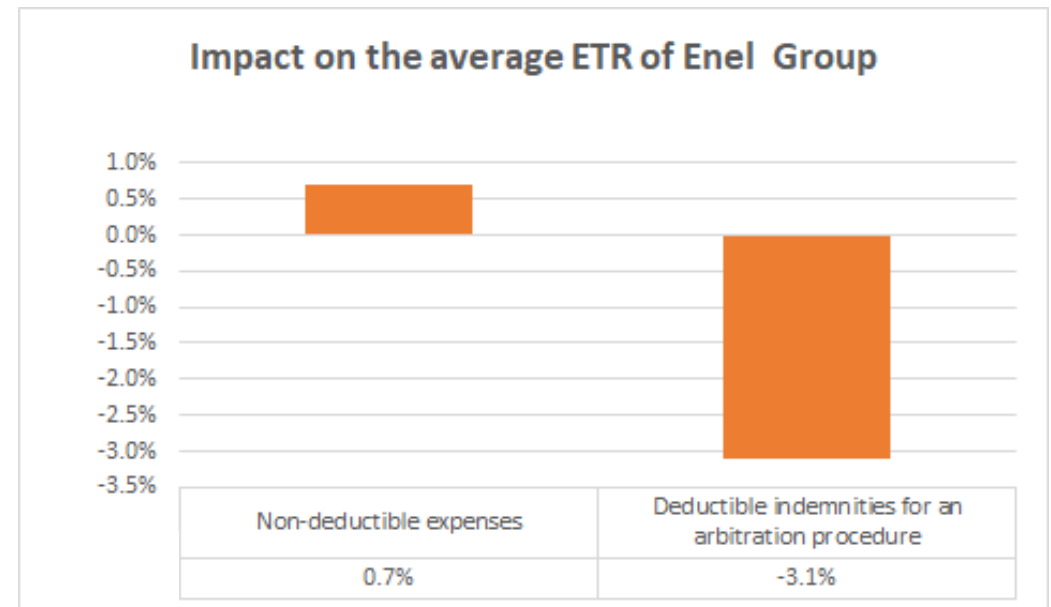
The following chart shows the factors that increase and decrease the Enel Group ETR from the nominal rate (those with a positive impact are situated below 0%).

These factors are grouped into two general categories, based on the descriptions provided by Enel Group in the reconciliation between book result and tax expense contained in the consolidated annual accounts.

In first place, these factors are related to non-deductible expenses. Enel Group has non-deductible intercompany expenses, as well as non-deductible commercial losses. They account for an increase in the ETR rate by **0.7%**.

In second place, a decrease in the rate by **3.1%** is due to a deductible indemnity paid for an arbitration with ElectroPeru. As Enel Group lost this arbitration, a deductible indemnity was paid to ElectroPeru in 2019. This deduction decrease Enel's ETR.

Chart 10: Factors affecting the nominal tax rate



Source: PwC



5. Appendices

5. Appendices

Appendix I: 2019 and 2018 TTC summaries for Enel Peru

Total payments made to public authorities Summary Enel Peru 2019		
	Amount (S/ MM)	Percentage (%)
Taxes borne	500	58%
Taxes collected	358	42%
Total Tax Contribution	858	100%

Total payments made to public authorities Summary Enel Peru 2018		
	Amount (S/ MM)	Percentage (%)
Taxes borne	472	57%
Taxes collected	351	43%
Total Tax Contribution	823	100%

Appendix II: TTC Report of Enel Peru in 2018 (1/2)

TTC of Enel Group in 2018		
2018 Country Report		
Country	Peru	31/12/2018
Economic data		Amount (local currency)
Revenues		4,926,385,809
Wages and salaries		195,443,000
Average number of employees		942
Income before tax		1,406,702,846
Income before tax borne		1,513,366,956
Total taxes borne		472,388,589
Total taxes collected		351,072,567
Income after tax		966,156,134
Total Tax Contribution		823,461,156
TTC indicators		Percentage
¹ TTC ratio		31%
² TTC in relation to revenues		17%
^{2*} Taxes borne in relation to revenues		10%
^{2**} Taxes collected in relation to revenues		7%
³ Tax value distributed to society		39.72%
⁴ Wages and salaries per employee		207,477
⁵ Taxes paid per employee		39,178

¹ Total taxes borne / Income before taxes borne

² Total Tax Contribution / Revenue

^{2*} Taxes borne / Revenue

^{2**} Taxes collected / Revenue

³ Tax borne and collected / Total value distributed (regarded as the sum of: income after tax or shareholder value, wages and salaries, net interest, taxes borne and taxes collected)

⁴ Wages and salaries / Number of employees

⁵ Total taxes linked to employment (borne and collected) / Average number of employees

5. Appendices

Appendix II: TTC Report of Enel Peru in 2018 (2/2)

	2018		2018
	local currency		local currency
Taxes borne		Taxes collected	
Profit taxes	365,724,479	Profit taxes	53,307,198
Corporate income tax	365,724,479	Withholdings on payments to non-residents (without PE)	21,410,473
Tax on Economic Activities		Revenues from investment capital	31,821,664
Other taxes		Withholdings on payments to independent individuals	75,061
Property Taxes	45,747,829	Property Taxes	-
Tax on real property	3,822,866	Revenues from property investments	-
Municipal Fees	2,151,911		
Temporary Tax on Net Assets	39,773,052	Employment Taxes	29,744,557
Employment Taxes	7,161,036	Withholdings on earned income	29,744,557
Employer's social security contribution	7,089,087	Employee social security contributions	
Other taxes	71,949		
Taxes on products and services	48,188,820	Taxes on products and services	268,020,812
Non-deductible VAT/IGIC		VAT withholdings (Net position)	268,020,812
Tax on the utilization of airspace, soil and subsoil	-	VAT drawdowns	-
Regulation contributions to public entities	45,714,825		
Tax on Financial Transactions	1,176,221	Environmental taxes	-
Custom duties	1,297,775	Taxes on electricity	
Other public domain charges			
Environmental Taxes	5,566,425	TOTAL	351,072,567
Tax on value of electricity generation			
Other environmental taxes (regional)	5,566,425		
Tax on nuclear services			
Other taxes			
TOTAL	472,388,589		
Total Tax Contribution in Peru			823,461,156
Other regulatory payments			-
Payment to energy fund			
Other			
Total payments to Public Authorities			823,461,156

5. Appendices

Appendix III: List of taxes

TAXES	STATE TAX	FEDERAL / REGIONAL TAX	LOCAL TAX	TAX BORNE	TAX COLLECTED	SCOPE
PROFIT TAXES						
Third Category Income Tax Payments on Advance	✓			✓		✓
Third Category Income Tax (Corporate Income Tax)	✓			✓		✓
Dividends Income Tax Withholding	✓				✓	✓
Non-domiciled Income Tax Withholding	✓				✓	✓
Fourth Category Income Tax	✓				✓	✓
PROPERTY TAXES						
Property Tax			✓	✓		✓
Municipal public service taxes			✓	✓		✓
Temporary Tax on Net Assets	✓			✓		✓
EMPLOYMENT TAXES						
Fifth Category Income Tax (dependant individuals)	✓				✓	✓
Health social security contributions (ESSALUD)	✓			✓		✓
Industrial contribution (Senati)	✓			✓		✓
TAXES ON PRODUCTS & SERVICES						
Value Added Tax (VAT)	✓				✓	✓
Custom duties AD Valorem	✓			✓		✓
VAT Withholding	✓				✓	✓
Financial Transaction Tax	✓			✓		✓
Regulation contribution to the Energy and Mining Investment Regulator (OSINERGMIN)	✓			✓		✓
Regulation contribution to the Environmental Regulator (OEFA)	✓			✓		✓
Regulation contribution to the Ministry of Energy and Mining (MEM)	✓			✓		✓
ENVIRONMENTAL TAXES						
WATER TAXES	✓			✓		✓

5. Appendices

Appendix IV: List of the 9 comparable energy distribution and generation companies

Name	Country
Empresa De Generación Eléctrica Del Sur S.A. (Egesur)	Peru
Empresa De Generación Eléctrica San Gaban S.A.	Peru
Empresa Electricidad Del Perú S.A. - Electroperu S.A.	Peru
Engie Energía Perú S.A. (antes Enersur S.A.)	Peru
Shougang Generación Electrica S.A.A	Peru
Electro Sur Este S.A.A.	Peru
Electro Dunas S.A.A.	Peru
Luz Del Sur S.A.A.	Peru
Electropuno S.A.A.	Peru

Appendix V: Methodology used in the comparative analysis of effective Corporate Income Tax rates

The analysis has been based on the publicly available information of competitors of Enel Peru.

The effective rate of taxation for Corporate Income Tax purposes (ETR), has been calculated as the ratio of Corporate Income Tax expense to Income before Taxes, with both of these figures being obtained from the consolidated income statement for the year.

The average figure for the last two years for which data is available (2018 and 2019) has been used to illustrate the findings:

- ***Adjusted arithmetical average***

Our findings in relation to the individual analyses of the companies are based on a statistical analysis of ETRs. In this type of analysis, there are generally elements that distort the average, such as non-recurring transactions or exceptional items, and these must be eliminated to draw reasonable conclusions from the sample studied.

- ***Quartiles***

The upper (75%) and lower (25%) quartiles are also calculated for the sample of companies, indicating the results obtained. This facilitates identification of the range of average results within which the majority of the companies are situated.



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