

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Guatemala**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Guatemala. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Colegio de Contadores Públicos y Auditores de Guatemala (CCPA) Instituto Guatemalteco de Contadores Públicos y Auditores (ICGPA)
Role of the organisation	The Colegio is the national accounting standard-setter of Guatemala.
Website	https://cpa.org.gt/
Email contact	colegiocpa@cpa.org.gt

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
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IFRS Standards were adopted as the national accounting standards of Guatemala by Resolution of the Extraordinary General Meeting of the CCPA on 18 December 2007. The resolution may be downloaded from the 'Virtual Library' of the CCPA.

The *IFRS for SMEs* Standard was adopted by a Resolution of the Extraordinary General Meeting of the CCPA on 7 July 2010, effective on 1 January 2011.

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes. See above.
What is the jurisdiction's status of adoption? Additional comments provided on the adoption status?	IFRS Standards and the <i>IFRS for SMEs</i> Standard have been adopted by the CCPA for the financial statements of all companies. The CCPA's resolutions adopting IFRS Standards and the <i>IFRS for SMEs</i> Standard do not have the force of law. 'General Accepted Accounting Principles in Guatemala' according to the Código de Comercio (Guatemala Commercial Code Law) refers to 'Generally Accepted Accounting Principles in Guatemala', not specifically to IFRS Standards. Nor is 'Generally Accepted Accounting Principles in Guatemala' defined, though it is often interpreted to mean the tax law. Therefore, some companies do not follow IFRS Standards or the <i>IFRS for SMEs</i> Standard but, rather, prepare financial statements based on the tax law. Financial statements prepared in accordance with the tax law are regarded as special purpose financial statements. Currently, approximately 20 Guatemalan companies trade corporate bonds and other financial instruments in the national stock exchange (Bolsa de Valores Nacional, Sociedad Anónima, or BVNSA). They are permitted but not required to use full IFRS Standards. More information is available on the BVNSA's website. Many international companies from the US and Europe have branches in Guatemala that apply IFRS Standards, due to their home offices' requirements or the requirements of stock exchanges or lenders in their home countries. The banking regulator (Superintendencia de Bancos) requires the big debtors in the financial system in Guatemala (those with debts that exceed US\$ 600,000) to present audited general purpose financial statements using either IFRS Standards or the <i>IFRS for SMEs</i> Standard. Under Guatemalan, banks, insurance companies, and other regulated financial enterprises are not allowed to present their financial statements based on IFRS. Instead, the banking regulator (Superintendencia de Bancos) has developed national accounting manuals that contain some differences from IFRS Standards. The corporate income tax law requires medium-sized and large companies to present audited financial statements as of December 31, annually in March. The tax authority (Superintendencia de Administración Tributaria, or SAT) allows companies to present their financial statements using income tax rules for calculating taxable income. These are regarded as special purpose financial statements. The tax authority will also accept financial statements prepared according to either full IFRS Standards or the <i>IFRS for SMEs</i> Standard.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Permitted.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Permitted.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Permitted. See discussion above.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Permitted.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as issued by the IASB Board.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

No.

If yes, how does that process work?

Not applicable.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

See discussion above.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

No.

If yes, what is the process?

Not applicable.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

The CCPA adopted IFRS Standards and the *IFRS for SMEs* Standard by resolutions at general meetings of the Association. Endorsement of individual IFRS Standards is not required.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

No.

If yes, what are the changes?

Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?

The IFRS Foundation develops and publishes a Spanish translation of IFRSs Standards.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

The translation follows the official IFRS Foundation translation process.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	Yes.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	By resolution of the CCPA, all SMEs in Guatemala that do not use full IFRS Standards are required to use the <i>IFRS for SMEs</i> Standard. However, since the resolution does not have the force of law, some SMEs do not use the <i>IFRS for SMEs</i> Standard or full IFRS Standards.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use?	Under the CCPA resolutions, SMEs (as defined in the <i>IFRS for SMEs</i> Standards) may choose either full IFRS Standards or the <i>IFRS for SMEs</i> Standards.
Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard?	None.