Doing business in Peru
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>4</td>
</tr>
<tr>
<td><strong>Chapter One – General Aspects</strong></td>
<td>6</td>
</tr>
<tr>
<td>Geography and Population</td>
<td>6</td>
</tr>
<tr>
<td>Economic Environment</td>
<td>6</td>
</tr>
<tr>
<td>Political System</td>
<td>8</td>
</tr>
<tr>
<td>Communications</td>
<td>8</td>
</tr>
<tr>
<td>Language, Currency and Exchange Rate</td>
<td>9</td>
</tr>
<tr>
<td>Legal System</td>
<td>9</td>
</tr>
<tr>
<td>Major Exports and Imports</td>
<td>11</td>
</tr>
<tr>
<td>Import Control</td>
<td>12</td>
</tr>
<tr>
<td>Financing Sources</td>
<td></td>
</tr>
<tr>
<td><strong>Chapter Two – Business Structure</strong></td>
<td>13</td>
</tr>
<tr>
<td>Foreign Investment</td>
<td>13</td>
</tr>
<tr>
<td>Legal form of Companies</td>
<td>13</td>
</tr>
<tr>
<td>Document for the Incorporation of Companies and its Contents</td>
<td>16</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>16</td>
</tr>
<tr>
<td>Forming a Business</td>
<td>17</td>
</tr>
<tr>
<td>Requirements for the registration of securities (stocks) and procedure involved in their public issuance</td>
<td>17</td>
</tr>
<tr>
<td>Accounting and Auditing Standards</td>
<td>18</td>
</tr>
<tr>
<td>Non-Residents’ Shares</td>
<td>18</td>
</tr>
<tr>
<td>Foreign Company in Peru</td>
<td>18</td>
</tr>
<tr>
<td>Associations</td>
<td>19</td>
</tr>
<tr>
<td>Joint Venture</td>
<td>19</td>
</tr>
<tr>
<td>Trust</td>
<td>20</td>
</tr>
<tr>
<td><strong>Chapter Three – Tax System</strong></td>
<td>21</td>
</tr>
<tr>
<td>Tax Administration in Peru</td>
<td>21</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>22</td>
</tr>
<tr>
<td>Taxpayers</td>
<td>22</td>
</tr>
<tr>
<td>Type of Taxes</td>
<td>22</td>
</tr>
<tr>
<td>Tax Base</td>
<td>25</td>
</tr>
<tr>
<td>Filing the Annual Income Tax Return</td>
<td>26</td>
</tr>
<tr>
<td>Taxes on Associations and Trusts</td>
<td>27</td>
</tr>
<tr>
<td>Other Taxes</td>
<td></td>
</tr>
<tr>
<td><strong>Chapter Four – Foreign Trade</strong></td>
<td>28</td>
</tr>
<tr>
<td>Covenants</td>
<td>28</td>
</tr>
<tr>
<td>Promotion of Foreign Trade Operations</td>
<td>28</td>
</tr>
</tbody>
</table>
Chapter Five – Labor System

- Labor contracts
- Pension Funds Administration (AFP)
- Working hours and overtime
- Vacations
- Bonuses
- Compensation for period of services
- Company’s profit distribution to workers
- Foreigners working in Peru

Chapter Six – Benefits and Incentives

- Special benefits
- Stability agreements
- Agreements on double taxation
- Incentives of the Government
- Protection of the intellectual and industrial property

Chapter Seven – Immigration

- Migration to Peru
- Visa requirements to enter Peru
- Types of visas for foreigners in Peru
- Contracting Foreigners in Peru
- APEC Business Travel Card (ABTC)
Doing business in Peru

The information included in this booklet has the purpose of making known the most important aspects on the political, economic and social environment in which investments and businesses are being developed in Peru.

Information is not given in detailed, just in a general manner, because fiscal laws vary frequently in our country.

In addition, for further information is important to look the World Bank Doing Business in Peru. http://www.doingbusiness.org/ExploreEconomies/default.aspx?economyid=152
General Aspects

Geography and population

Peru is located on the Western side of South America. It is bound on the north by Ecuador and Colombia, on the east by Brazil and Bolivia, on the south by Chile, and on the west by the Pacific Ocean. It has a rough total area of 1,285,216 km² and also has 200 nautical miles on the Pacific Ocean. It has a population of 28 millions approximately of which 40% is living in the City of Lima (Peru’s Capital). The official language is Spanish.

Economic environment

Since the year of 1990, Peru is developing a neo-liberal economic program, whose policy is to promote the private investment, to reduce inflation, to get rid of corruption and terrorism, putting emphasis on a free-market economy. With the execution of the economic program, Peru, in the last years, has reduced its annual inflation rate to below 4%, excepting 2008.

Economic growth

The last years were marked by a very good performance of the Peruvian economy, which showed a GDP growth around 8%, reaching in 2009 the highest rate of the past 14 years (9.8%), consolidating the expansion of the economy by 10 consecutive years based on the favorable outcome of all economic sectors.

The favorable performance of economic activity is explained by the increase in domestic demand (consumption and investment) and external demand reflected in increased investment in a context of positive expectations about the future evolution of the economy and growth employment.
Inflation

Peru has made significant improvement in the economic growth; however, the annualized inflation had a significant increase due to rising international prices of food and fuel. In this way, the annualized inflation for the year 2008 was 6.7%, the highest rate since 1996.

However, these increases would not have a permanent effect on the rate of inflation, would not affect agents’ expectations, and would not move to other prices in the economy.

Monetary Policy

Monetary stability is a necessary condition for achieving high and sustained growth of the economy by encouraging an environment for saving, investment, and generally for any business decision. To achieve this objective, the Central Bank, from 2002 runs its monetary policy following a scheme of explicit inflation targets. The inflation target is 2.0 percent with a tolerance of one percentage point down (1.0 percent) and up (3.0 percent). The inflation target of the Central Bank aims to anchor inflation expectations at the level of inflation in developed economies and
is a commitment of the Central Bank with monetary stability, regardless of temporary
deviations that can cause uncontrolled factors.

The Central Bank has adjusted its monetary policy to seek a return in inflation gradually to the
target range and that, increases in food and fuel prices did not increase inflation expectations
in a scenario of high growth in domestic demand. Thus the Central Bank increased the
benchmark interest rate four times successively by 25 basis points each, from 5.50 percent to
6.50 percent between May and September 2008.

Trade Balance

The trade balance result for the years 2008 and 2007 was a surplus of US$ 3,090 million and
US$ 8,287 million dollars respectively, as a result of the difference between the exports of US$
31,529 and US$ 27,882 and imports of US$ 28,436 and US$ 19,595 for both periods
respectively.

Economic Outlook 2010

The financial crisis started in August 2007, has gotten worse in the recent months and has
introduced greater uncertainty on prospects for global growth. Growth has been affected by
unfavorable developments in employment in United States, the correction of real estate in
several developed economies and the toughened financial conditions in the economies
affected by the subprime crisis.

In this context, global growth projections will decrease for the years 2009 and 2010.

Although the outcome of the worldwide economy shows a deterioration of the crisis in financial
markets, the Peruvian economy continues to show positive rates of growth. However, the
growth rate will decrease in comparison with the previous years.

By 2010, economy is expected to recover with a projected growth rate of 5.0 percent.

The baseline scenario projected for inflation is a return to target range, 2% +/- 1% by the end
of 2009 and 2010. The gradual decrease of inflation will be due to the reduction in international
prices of food and fuel, a slowdown in growth in domestic demand and inflation expectations.

Political System

Peru was declared an Independent Republic in 1821 and, since then, it has always sought a
peaceful coexistence with its neighboring countries. Peru is a democratic country where the
freedom of speech and work are honored.

Communications

The Ministry of Transportation and Communications is the entity in charge of regulating the
transportation services, roads, as well as communications nationwide. It looks for rational land
use planning in relation to the areas of resources, production, markets and populated areas by
regulating, promoting, executing and supervising the transportation and communications
infrastructure.

A number of mass media, such as the press (newspaper and magazines), radio, (digital,
satellite, cable) television, books, etc., are used to maintain people informed about political,
economic and social issues.
People can also communicate with each other by phones, cell phones, internet (e-mail, chat, blogs, etc.).

Peru is a democratic country where the freedom of the press, speech and opinion are honored, and the law and people’s rights are respected.

Language, Currency and Exchange Rate

The official language in Peru is the Spanish.

Since 1991, the legal currency in Peru is the Nuevo Sol (S/.)

The Central Reserve Bank of Peru is the entity in charge of maintaining the monetary stability in the country and operates autonomously. In fact, it intervenes in the foreign exchange market by buying and/or selling American dollars depending upon the volatility existing therein.

Legal System

The Congress of the Republic is the entity in charge of passing laws, which govern the various activities in Peru. The Legal System is based on the supreme law in our country, that is, the “Political Constitution of Peru”, which can be amended by the approval of the absolute majority of the Congress.

Furthermore, it is worth mentioning that the Constitutional Tribunal is the body that exercises maximum oversight over the Justice System in Peru. It is autonomous and independent and defends the principle of the constitutional supremacy and intervenes to reestablish the respect for the Constitution in general and of the constitutional rights in particular.

Major Export and Imports

Exports are classified into traditional and non-traditional exports. Traditional exports basically include mining and agricultural products, hydrocarbons and fishmeal, while non-traditional exports mainly include products related to textile, agricultural and livestock activities.

The main destinations are the United States, Canada, Spain, Germany, Switzerland, China, Japan, and Chile, among others.
### EXPORTACIONES FOB - PRINCIPALES PRODUCTOS 1

<table>
<thead>
<tr>
<th>N°</th>
<th>PARTIDA</th>
<th>DESCRIPCIÓN</th>
<th>2008</th>
<th>% Part.</th>
<th>% Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7108120000</td>
<td>ORO EN DEMA FORMAS, EN BRUTO, INCLUIDO EL ORO PLATINADO, EXCEPTO PARA USO MONETARIO</td>
<td>5,553.5</td>
<td>17.8</td>
<td>32.7</td>
</tr>
<tr>
<td>2</td>
<td>2603000000</td>
<td>MINERALES DE COBRE Y SUS CONCENTRADOS</td>
<td>4,897.5</td>
<td>15.7</td>
<td>6.2</td>
</tr>
<tr>
<td>3</td>
<td>7403110000</td>
<td>CÁTODOS Y SECCIONES DE CÁTODOS, DE COBRE REFINADO</td>
<td>2,697.0</td>
<td>8.6</td>
<td>12.6</td>
</tr>
<tr>
<td>4</td>
<td>2301201100</td>
<td>HARA, POLVO Y &quot;PELLETS&quot;, DE PESCA DO, CON UN CONTENIDO DE GRASA SUPERIOR A 2% EN PESO, IMPROPIOS PARA LA ALIMENTACION HUMANA</td>
<td>1,413.0</td>
<td>4.5</td>
<td>72.7</td>
</tr>
<tr>
<td>5</td>
<td>2609900000</td>
<td>MINERALES DE CINC Y SUS CONCENTRADOS</td>
<td>1,294.0</td>
<td>4.1</td>
<td>-44.2</td>
</tr>
<tr>
<td>6</td>
<td>2613900000</td>
<td>DEMÁS MINERALES DE MOLIBDENO Y SUS CONCENTRADOS</td>
<td>1,079.4</td>
<td>3.5</td>
<td>23.4</td>
</tr>
<tr>
<td>7</td>
<td>2607000000</td>
<td>MINERALES DE PLOMO Y SUS CONCENTRADOS</td>
<td>801.3</td>
<td>2.6</td>
<td>23.4</td>
</tr>
<tr>
<td>8</td>
<td>0901111000</td>
<td>CAFÉ SIN TOSTAR, SIN DESCAFEINAR, EXCEPTO PARA SIEMBRA</td>
<td>643.8</td>
<td>2.1</td>
<td>77.3</td>
</tr>
<tr>
<td>9</td>
<td>7106911000</td>
<td>PLATA EN BRUTO, SIN ALEAR, INCLUIDA LA PLATA DORADA Y LA PLATINADA</td>
<td>587.5</td>
<td>1.9</td>
<td>-5.3</td>
</tr>
<tr>
<td>10</td>
<td>2709000000</td>
<td>ACEITES CRUDOS DE PETROLEO O DE MINERAL BITUMINOSO</td>
<td>494.5</td>
<td>1.6</td>
<td>52.1</td>
</tr>
<tr>
<td>11</td>
<td>2710111200</td>
<td>DEMAS CARBURANTES, TIPO GASEOSO PARA REACTORES Y TURBINAS, DESTINADO A LAS EMPRESAS DE A VACION</td>
<td>451.3</td>
<td>1.4</td>
<td>89.9</td>
</tr>
<tr>
<td>12</td>
<td>2710191290</td>
<td>DEMAS FUELOS (FUEL), EXCEPTO RESIDUAL 6</td>
<td>422.1</td>
<td>1.4</td>
<td>12.1</td>
</tr>
<tr>
<td>13</td>
<td>8001100000</td>
<td>ESTAÑO SIN ALEAR</td>
<td>380.5</td>
<td>1.2</td>
<td>36.1</td>
</tr>
<tr>
<td>14</td>
<td>2710111310</td>
<td>GASOLINAS SIN TETRAETILO DE PLOMO, PARA MOTORES DE VEHICULOS AUTOMOVILES, CON UN NUMERO DE OCTANO RESEARCH (RON) SUPERIOR A 84</td>
<td>379.9</td>
<td>1.2</td>
<td>35.4</td>
</tr>
<tr>
<td>15</td>
<td>1504201000</td>
<td>GRASAS Y ACEITES DE PESCA DO Y SUS FRACCIONES, EXCEPTO LOS ACEITES DE HIGADO, EN BRUTO</td>
<td>310.8</td>
<td>1.0</td>
<td>35.8</td>
</tr>
<tr>
<td>16</td>
<td>7408110000</td>
<td>ALAMBRE DE COBRE REFINADO, EN LA QUE LA MAYOR DIMENSION DE LA SECCION TRANSVERSAL SEA SUPERIOR A 6 MM</td>
<td>285.8</td>
<td>0.9</td>
<td>-8.7</td>
</tr>
<tr>
<td>17</td>
<td>7801100000</td>
<td>PLOMO REFINADO, EN BRUTO</td>
<td>253.8</td>
<td>0.8</td>
<td>-13.6</td>
</tr>
<tr>
<td>18</td>
<td>2710182210</td>
<td>RESIDUAL 6</td>
<td>243.8</td>
<td>0.8</td>
<td>61.7</td>
</tr>
<tr>
<td>19</td>
<td>0709200000</td>
<td>ESPARRAGOS, FRESCOS O REFRIGERADOS</td>
<td>230.8</td>
<td>0.7</td>
<td>-2.1</td>
</tr>
<tr>
<td>20</td>
<td>2601110000</td>
<td>MINERALES DE HIERRO Y SUS CONCENTRADOS, EXCEPTO LAS PIRITAS DE HIERRO TOSTADAS (CENIZAS DE PIRITAS), SIN AGLOMERAR</td>
<td>228.9</td>
<td>0.7</td>
<td>39.3</td>
</tr>
<tr>
<td>21</td>
<td>6109100031</td>
<td>T-SHIRT DE ALGODON PARA HOMBRES O MUJERES, DE TEJIDO CELESTE DE UN SOLO COLOR UNIFORME, INCLUIDOS LOS BLANCHEADOS, PARA HOMBRES O MUJERES</td>
<td>201.9</td>
<td>0.6</td>
<td>-5.2</td>
</tr>
<tr>
<td>22</td>
<td>2005000000</td>
<td>ESPARRAGOS PREPARADOS O CONSERVADOS, EXCEPTO EN VINAGRE O EN ACOIDO ACETICO, SIN CONGELAR</td>
<td>184.6</td>
<td>0.6</td>
<td>18.2</td>
</tr>
<tr>
<td>23</td>
<td>7901100000</td>
<td>ZINC EN BRUTO, SIN ALEAR, CON UN CONTENIDO DE ZINC SUPERIOR A IGUAL AL 99,99% EN PESO</td>
<td>174.3</td>
<td>0.6</td>
<td>-21.1</td>
</tr>
<tr>
<td>24</td>
<td>6109100039</td>
<td>DEMAS &quot;T-SHIRT&quot; DE ALGODON PARA HOMBRES O MUJERES</td>
<td>166.0</td>
<td>0.5</td>
<td>25.1</td>
</tr>
</tbody>
</table>

**TOTAL** | **31,235.9** | **100.0** | **11.2**

---

1. Corresponden a Regímenes Definitivos de Exportación

Fuente: SUNAT

Elaboración: OGEE/VMCE - MINCETUR

Imports are classified, according to use or economic destination, into consumer goods (durable and non-durable), intermediate goods, capital goods and other.

In 2009, major imports were capital goods and construction materials, and also for industry, automatic machines for data processing, dump trucks and motor vehicles designed to be used off-road, alternating-current generators with a power greater than 750 kva. The main supplier countries are the United States, China, Brazil, Japan, Colombia and Germany.
<table>
<thead>
<tr>
<th>No.</th>
<th>Partida</th>
<th>Descripción</th>
<th>2008</th>
<th>Mill US$</th>
<th>% Part.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2709000000</td>
<td>ACEITES CRUDOS DE PETRÓLEO O DE MINERAL BITUMINOSO</td>
<td></td>
<td>3,376.82</td>
<td>11.30</td>
</tr>
<tr>
<td>2</td>
<td>2710192110</td>
<td>DIESEL 2</td>
<td></td>
<td>1,310.45</td>
<td>4.39</td>
</tr>
<tr>
<td>3</td>
<td>8517120000</td>
<td>TELEFONOS MOVILES (CELULARES) Y LOS DE OTRAS REDES INALÁMBRICAS</td>
<td></td>
<td>699.82</td>
<td>2.34</td>
</tr>
<tr>
<td>4</td>
<td>1001902000</td>
<td>DEMAS TRIGOS</td>
<td></td>
<td>476.09</td>
<td>1.59</td>
</tr>
<tr>
<td>5</td>
<td>1005901100</td>
<td>MAZ AMARILLO, EXCEPTO PARA SIEMBRA</td>
<td></td>
<td>395.12</td>
<td>1.32</td>
</tr>
<tr>
<td>6</td>
<td>8070329020</td>
<td>DEMAS VEHICULOS ENSAMBLADOS CON MOTOR DE EMBOLIO O PISTON ALTERNATIVO, DE ENCENDIDO POR CHISPA, PARA EL TRANSPORTE DE PERSONAS, DE CILINDRADA SUPERIOR A 1.500 CM3 PERO INFERIOR O IGUAL A 3.000 CM3</td>
<td></td>
<td>392.80</td>
<td>1.31</td>
</tr>
<tr>
<td>7</td>
<td>8070120000</td>
<td>TRACTORES DE CARRETERA PARA SEMIREMOLQUES</td>
<td></td>
<td>344.37</td>
<td>1.15</td>
</tr>
<tr>
<td>8</td>
<td>7214200000</td>
<td>BARRAS DE HIERRO O ACERO SIN ALEAR, CON MUESCAS, CORDONES, SUPUCOS O RELIEVES, PRODUCIDOS EN EL LAMINADO O SOMETIDAS A TORSIÓN DESPUÉS DEL LAMINADO, EN CALIENTE</td>
<td></td>
<td>334.61</td>
<td>1.12</td>
</tr>
<tr>
<td>9</td>
<td>1507100000</td>
<td>ACEITE DE SOJA (SOYA) EN BRUTO, INCLUSO DESGOMADO</td>
<td></td>
<td>324.14</td>
<td>1.08</td>
</tr>
<tr>
<td>10</td>
<td>2304000000</td>
<td>TORTAS Y DEMAS RESIDUOS SOLIDOS DE LA EXTRACCION DEL ACEITE DE SOJA (SOYA), INCLUSO MOLDIDOS O EN «PELLETS»</td>
<td></td>
<td>314.73</td>
<td>1.05</td>
</tr>
<tr>
<td>11</td>
<td>8070329020</td>
<td>DEMAS VEHICULOS ENSAMBLADOS CON MOTOR DE EMBOLIO O PISTON ALTERNATIVO, DE ENCENDIDO POR CHISPA, PARA EL TRANSPORTE DE PERSONAS, DE CILINDRADA SUPERIOR A 1.000 CM3 PERO INFERIOR O IGUAL A 1.500 CM3</td>
<td></td>
<td>244.56</td>
<td>0.82</td>
</tr>
<tr>
<td>12</td>
<td>7305110000</td>
<td>TUBOS DEL TIPO DE LOS UTILIZADOS EN OLEODUCTOS O GASODUCTOS, SOLDADOS LONGLITUDINALMENTE CON ARCO SUMERGIDO, DE SECCION INTERIOR Y EXTERIOR CIRCULAR, DE DIAMETRO EXTERIOR SUPERIOR A 406,4 MM DE HIERRO O DE ACERO</td>
<td></td>
<td>230.00</td>
<td>0.77</td>
</tr>
<tr>
<td>13</td>
<td>8070421101</td>
<td>CAMIONETAS PICK-UP ENSAMBLADAS, PARA EL TRANSPORTE DE PERSONAS, CON MOTOR DE EMBOLIO O PISTON, DE ENCENDIDO POR COMPRESION (DIESEL O SEMIDIESEL), DE PESO TOTAL CON CARGA MAXIMA INFERIOR O IGUAL A 4,537 T.</td>
<td></td>
<td>227.50</td>
<td>0.76</td>
</tr>
<tr>
<td>14</td>
<td>3902100000</td>
<td>POLIPROPILENO</td>
<td></td>
<td>222.88</td>
<td>0.75</td>
</tr>
<tr>
<td>15</td>
<td>8070423000</td>
<td>DEMAS VEHICULOS PARA EL TRANSPORTE DE MERCANCIAS, CON MOTOR DE EMBOLIO O PISTON, DE ENCENDIDO POR COMPRESION (DIESEL O SEMIDIESEL), DE PESO TOTAL CON CARGA MAXIMA SUPERIOR A 20 T</td>
<td></td>
<td>221.36</td>
<td>0.74</td>
</tr>
<tr>
<td>16</td>
<td>8528720000</td>
<td>DEMAS APORTES RECEPTORES DE TELEVISION, INCLUSO CON APORTA RECEPTOR DE RADIODIFUSION O GRABACION O REPRODUCCION DE SONIDO O IMAGEN INCORPORADO, EN COLORES</td>
<td></td>
<td>192.92</td>
<td>0.65</td>
</tr>
<tr>
<td>17</td>
<td>8471300000</td>
<td>MÁQUINAS AUTOMÁTICAS PARA TRATAMIENTO O PROCESAMIENTO DE DATOS, PORTÁTILES, DE PESO INFERIOR O IGUAL A 10 KG, QUE ESTÉN CONSTITUIDAS, AL MENOS, POR UNA UNIDAD CENTRAL DE PROCESO, UN TECLADO Y UN VISUALIZADOR</td>
<td></td>
<td>175.36</td>
<td>0.59</td>
</tr>
<tr>
<td>18</td>
<td>8429510000</td>
<td>CARGADORAS Y PALAS CARGADORAS DE CARGA FRONTAL</td>
<td></td>
<td>169.49</td>
<td>0.57</td>
</tr>
<tr>
<td>19</td>
<td>3004902900</td>
<td>DEMAS MEDICAMENTOS, EXCEPTO ANALGESICOS, PARA USO HUMANO, PREPARADOS PARA USOS TERAPEUTICOS O PROFILACTICOS, DOFICICADOS O ACONDICIONADOS PARA LA VENTA AL POR MENOR</td>
<td></td>
<td>167.88</td>
<td>0.56</td>
</tr>
<tr>
<td>20</td>
<td>8070210900</td>
<td>DEMAS VEHICULOS AUTOMOVILES PARA EL TRANSPORTE DE MAS DE 16 PERSONAS, INCLUIDO EL CONDUCTOR, CON MOTOR DE EMBOLIO O PISTON, DE ENCENDIDO POR COMPRESION (DIESEL O SEMIDIESEL)</td>
<td></td>
<td>166.80</td>
<td>0.56</td>
</tr>
<tr>
<td>21</td>
<td>3901100000</td>
<td>POLIETILENO DE DENSIDAD SUPERIOR O IGUAL A 0.94</td>
<td></td>
<td>165.55</td>
<td>0.55</td>
</tr>
<tr>
<td>22</td>
<td>8414902300</td>
<td>DEMAS COMPRESORES, DE POTENCIA SUPERIOR O IGUAL A 282.2 KW (352 HP)</td>
<td></td>
<td>159.92</td>
<td>0.54</td>
</tr>
<tr>
<td>23</td>
<td>3901200000</td>
<td>POLIETILENO DE DENSIDAD SUPERIOR O IGUAL A 0.94</td>
<td></td>
<td>156.70</td>
<td>0.52</td>
</tr>
<tr>
<td>24</td>
<td>3102101000</td>
<td>UREA, CON UN PORCENTAJE DE NITROGENO SUPERIOR O IGUAL A 45% PERO INFERIOR O IGUAL A 46% EN PESO (CALIDA FERTILIZANTE)</td>
<td></td>
<td>153.56</td>
<td>0.51</td>
</tr>
<tr>
<td>25</td>
<td>3904102000</td>
<td>POLICLORURO DE VINIL SIN MEZCLAR CON OTRAS SUSTANCIAS, OBTENIDO POR POLIMERIZACION EN SUSTENSION</td>
<td></td>
<td>146.94</td>
<td>0.49</td>
</tr>
<tr>
<td></td>
<td>19,112.86</td>
<td></td>
<td></td>
<td>19,112.86</td>
<td>63.96</td>
</tr>
<tr>
<td></td>
<td>29,883.29</td>
<td></td>
<td></td>
<td>29,883.29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

/ Corresponden a Regímenes Definitivos de Importación
Fuente: SUNAT
Elaboración: OGEE/VMCE - MINCETUR

Import Control

Supreme Decree 061-2002-PCM dated July 12, 2002, disposed a merger by take-over of ADUANAS and SUNAT, the latter acting as the incorporated entity.

The main functions of the SUNAT are:

- Administer, collect and oversee the Central Government’s internal taxes, except for those of the municipalities, as well as the contributions made to the Social Security (ESSALUD) and to the Oficina de Normalización Previsional (ONP), and other tax collection which has been entrusted to it according to the law.
Propose tax and customs regulations to the Ministry of Economy and Finance.

Issue, within the scope of its powers, provisions on tax and customs matters, establishing taxpayers’ obligations, identify individuals responsible and/or users of the customs services, issue measures leading to simplifying the customs regimes, as well as to regulate the procedures resulting from them.

Further details in Chapter III – Tax Administration in Peru.

**Financing Sources**

At first, funds are internally raised through the issuance of sovereign bonds; in the international market, funds are raised through global bonds or loans granted by international entities such as the Paris Club, the World Bank, IDB and other.
Business Structure

Foreign investment

Peru welcomes foreign investors, through a free-market economy where conditions are similar for investors either local or foreign. [http://www.proinversion.gob.pe/default.aspx?ARE=1&PFL=0](http://www.proinversion.gob.pe/default.aspx?ARE=1&PFL=0)

In the following, we will mention some of the current characteristics of businesses operating in Peru:
- There is complete freedom for importing and exporting any kind of lawful goods and services.
- Salaries are ruled through direct negotiations between the Company and workers.
- A minimum capital is not required for starting a business.

Legal forms of companies

Our legislation comprises various forms of companies. In the following, we state, briefly, some of their characteristics that foreign investors are concerned with.

Corporation

- In a Corporation, capital is represented by registered stocks contributed by shareholders, who are not personally liable for the corporate debts. In order to incorporate a Company, at least, one fourth of the capital stock must be paid-up.
- Capital may only be contributed in the form of goods and rights capable of being economically appraised. The contribution of services is forbidden.
- In accordance with the provisions of the By-laws, the Board of Directors Meeting may be held without the presence of the Directors, through written, electronic, or other means that allow for adequate communication and guarantee the authenticity of agreements.

The Corporation may be a:

a) Corporation - S.A.

Regular Corporation. It has the regular characteristics of any Corporation. This alternative has many articles that must be specifically clarified by a specialized Consultant.

We consider that this is the most adequate option for a foreign company wishing to be incorporated in Peru.

b) Closed Corporation -S.A.C

Main Characteristics:
- A closed Corporation shall not have more than 20 shareholders and its stocks may not be listed on the stock market.
The shareholder who wishes to transfer stocks shall report this to the Company's Management, which, in turn, will inform the other shareholders about the matter, in order to allow them to practice their preferential right of acquisition.

Representation in a Shareholders Meeting may be granted to the husband/wife and first-degree ascendants or descendants. The By-laws may extend the representation to other individuals as well.

Shareholders meetings held without the presence of the Shareholders are authorized; that is, a formal meeting with the attendance of shareholders is not required, unless 20% of the shares with voting rights so require it. In case non-attending meetings are held, agreements may be reached by means of any written or electronic means that guarantee their authenticity.

The existence of a Board of Directors is not compulsory; in which case its functions shall be carried out by the General Manager.

c) Open Corporation - S.A.A

Main Characteristics:
- A corporation is an open one when its stock is listed on the stock market, it has more than 750 shareholders, more than 35% of its capital belongs to 175 shareholders or more, or when it is incorporated as such.
- The Company shall register all of its stocks in the Stock Market Public Registry.
- When capital is increased through new contributions, it may be established that the shareholders do not have the preferential right to subscribe the stock to be created, provided that certain requirements established by the Companies Law are met.
- An annual audit is compulsory. It shall be performed by external auditors, chosen by the corporation.
- The Comisión Nacional Supervisora de Empresas y Valores - CONASEV (National Supervisory Commission of Companies & Securities) is in charge of supervising and controlling the company.

d) Sociedad Colectiva (General Partnership)

Main characteristics:
- It is formed by at least two individuals.
- In a general partnership, partners are unlimitedly, jointly and severally liable for the corporate debts. Any agreement to the contrary will not have any effect against third parties.
- A general partnership carries on its business under the corporate name that includes the name of all the partners or of one or more of them, to which the indication "Sociedad Colectiva" or its initials "S.C." are added to it. The individual, who, without being a partner, permits that his or her name appears in the corporate name, is liable as if he or she were a partner.
- Any amendment to the partnership agreement should be approved by all partners and registered in the Commercial Registry. Without meeting this requirement it cannot be enforced against third parties.
- The General partnership has a fixed term of duration.
- Each partner shall be separately and individually responsible for the company’s management, unless there is a different regime established in the partnership agreement.
Sociedad en Comandita (Limited Partnership)

Main characteristics:

- The general partners shall be liable unlimitedly, jointly and severally for the company obligations, while the limited partners shall be liable only up to the portion of the capital that they have promised to contribute. The certificate of incorporation must indicate who the general partners and who the limited partners are.
- A limited partnership can be either simple or by shares.
- A limited partnership carries on its business under a corporate name that includes the name of all the partners or of one or more of them, to which the indication "Sociedad en Comandita" or "Sociedad en Comandita por Acciones", or their respective initials "S. en C." or "S. en C. por A." are added. The limited partner who consents that his or her name appears in the corporate name shall be liable to third parties for the corporate debts as he or she was a general partner.
- The partnership agreement must contain the rules specific to the type of limited partnership to be adopted. In addition, it can include the mechanisms, procedures and rules, as well as other agreements permitted by law that according to the judgment of the contracting parties are necessary and appropriate for the organization and functioning of the company, provided that they do not disagree with any substantive aspects of the respective type of limited partnership.

Sociedad Comercial de Responsabilidad Limitada-S.R.L (Limited Liability Commercial Partnership)

Main characteristics:

- In a S.R.L. the capital is divided into equal, accumulable and indivisible participations, which may not be incorporated into securities or referred to as "shares".
- The maximum number of partners can not exceed 20 and are not personally liable for the company’s debts.
- The Sociedad Comercial de Responsabilidad Limitada operates under a company name, and can also use an abbreviated name to which the indication "Sociedad Comercial de Responsabilidad Limitada" or its initials "S.R.L." are to be added.
- The capital stock is formed by the partners' contributions. Upon constituting the partnership, the capital must be paid in no less than 25% of the face value of every share or participation and deposited with a bank or financial institution of the local financial system in the name of the company.
- Its administration is conducted by one or more managers, whether partners or not, who represent the company in all matters related to its objective. Managers are prohibited to be involved on their own behalf or on behalf of third parties in the same type of business as the company.

Sociedad Civil (Civil Company)

Main characteristics:

- Civil Companies are created for a common economic purpose to be achieved by the personal practice of a profession, trade, expertise, or any other type of personal activity by one, some or all of the partners.
- There are two types of civil companies: (1) Ordinary Civil Company and (2) Limited Liability Civil Company. In the first, partners are liable personally and subsidiarily, with benefit of discussion, for the company’s obligations in proportion to their...
contributions, unless stated otherwise. In the latter, partners are not personally liable and could not be more than thirty in number.

- The Ordinary and the Limited Civil Companies carry on their business under a business name that contains the name of one or more partners and with the indication "Sociedad Civil" or its abbreviation "S. Civil"; or, "Sociedad Civil de Responsabilidad Limitada" or its abbreviation "S. Civil de R. L."
- The capital of the civil company must be fully paid upon the signing of the partnership agreement.

Establishing Branches of a Peruvian Company Abroad

Unless an express stipulation to the contrary in the partnership agreement or the by-laws, a company formed in Peru, whatever the site of its domicile, may establish branches or offices in other places of the country or abroad.

Document for the Incorporation of Companies and its Contents

The company is incorporated through public deed, which includes the Partnership Agreement and the By-laws. For any amendment, the same formalities are required. In the public deed of incorporation, the first managers are appointed, according to the characteristics of each corporate form. These acts must be registered in the Commercial Registry of the place where the company is domiciled.

Board of Directors

The Company’s management is conducted by the Board of Directors and one or more managers. The Board of Directors is a body elected by a General Shareholders Meeting. When one or more types of shares has the right to elect a specific number of directors, the election will be made in a special meeting.

The number of directors is always more than three, which is established in the By-laws of the company.

The position of director, whether principal or alternate, is personal and only for individuals, unless the by-laws authorize representation. It is not required to be shareholder of the Company to be appointed director, unless otherwise stated in the by-laws.

The board of directors must provide the shareholders and the public with sufficient, reliable, and timely information as required by the law regarding the legal, economic and financial situation of the company.

Directors shall be unlimitedly, jointly and severally liable to the company, the shareholders and third parties, for the damages and losses they cause by the agreements or acts contrary to the law, to the by-laws or by those carried out with deceit, abuse of powers or serious negligence. Directors are responsible for complying with the agreements adopted by the General Shareholders Meeting, unless the latter establishes otherwise for specific cases. In addition, they will be jointly and severally liable with the preceding directors if they had knowledge of irregularities and do not notify such irregularities in writing to the General Shareholders Meeting.
Forming a business

Any company established in Peru with national or foreign capitals is governed by the General Law on Companies, http://www.congreso.gob.pe/ntley/Imagenes/Leyes/26887.pdf, from which we will mention some steps to be taken for forming a business.

- Companies are established in a sole act performed by the founding partners.
- To establish a Company, only two partners who may be individuals or body corporate and the preparation of a Social Pact and By-laws are required.
- Companies have a denomination or business name, which may not be similar to the one of a pre-existing Company, unless the new company can show the legitimacy for such.
- The Social Pact and By-laws shall include as a minimum the following information: Founding partners’ personal data, capital amount, detailed description of the social object, domicile, and duration of the partnership.

Requirements for the registration of securities (stocks) and procedures involved in their public issuance

Before making a primary public offering of stocks or stock-convertible obligations, Open corporations must register all of their stocks in the Public Registry of the Stock Market. Open corporations are supervised and controlled by CONASEV.

The Comisión Nacional Supervisora de Empresas y Valores- CONASEV (National Supervisory Commission of Companies & Securities) is a public institution that reports to the Ministry of Economy and Finance. Its objective is to promote the stock market, oversee the appropriate management of businesses and regulate their accounting operations. It is a regulatory body of internal public rights and enjoys economic, administrative and functional autonomy.

All of the companies that wish to have their stock listed on the stock market, must be registered in the Lima Stock Exchange. These requirements are established in the CONASEV Resolution Number 125-98-EF/94.10 “Regulations for the Registration and Exclusion of Securities on the Lima Stock Exchange”. Some of the requirements are listed below:

- The original of the listing application addressed to the General Manager, duly signed by the authorized person(s).
- A simple copy of the Power of Attorney of the person who is empowered to apply for the listing of the securities on the Lima Stock Exchange.
- A simple copy of the pertinent corporate entity’s resolution authorizing the listing of the securities on the Exchange.
- A simple copy of the pertinent corporate entity’s resolution accepting to comply with the rules and regulations of the Lima Stock Exchange.
- Appointment of the person (domiciled in Peru) who will be the Company’s representative at the Stock Exchange (“Stock Exchange Representative”) during the period the listing of the securities is in force.
- Audited Financial Statements (original) and the Annual Reports for the last two financial years.
- Audited Consolidated Financial Statements (original) for the last two years, if applicable (if the company does not consolidate financial information, this will be stated in a sworn statement signed by the Company’s Legal Representative).
- Non-audited Financial Statements as of the quarter prior to the date of the application (original signed by a Peruvian Public Accountant and the Legal Representative of the Company), which must include: the Balance Sheet, the Income Statement, the Statement of Cash Flows, the Statement of Changes in Shareholders’ Equity, the Notes to the
Financial Statements and the Management Report (which must include, the Statement of Responsibility and the Management Discussion and Analysis).

- For further details, please review: http://www.bvl.com.pe/emp_requisitoslistar.html.

Accounting and Auditing Standards

Accounting policies and practices

The financial statements are prepared and presented in accordance with accounting principles generally accepted in Peru and legal provisions on the matter. Such accounting principles comprise the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which include the International Accounting Standards (IAS) and pronouncements of the Standing Interpretations Committee, which, for their application in Peru, were made official by resolutions issued by the Consejo Normativo de Contabilidad (CNC).

Auditing

The financial statements are prepared and presented in accordance with accounting

In Peru, the companies are not obliged to conduct an external audit, except for multiple banking, insurance companies and listed companies. The audits are carried out in conformity with the International Standards on Auditing (ISA).

Non-Residents’ Shares

In Peru, any foreign entrepreneur can become a shareholder of a company and hold any percentage of the capital stock or number of shares.

Foreign Company in Peru

A company incorporated and domiciled abroad, which usually develops activities in Peru, can set up branches or offices and establish domicile in Peru by means of a Public Deed of Incorporation recorded in the Public Registry of Commercial Companies.

The Public Deed of Incorporation of the branch must contain at least the following:

- The Certificate of Good Standing of the Main Office granted in its country of origin.
- Copy of the Partnership Agreement and the By-laws or equivalent documents issued in the country of origin.
- The agreement adopted by the pertinent Corporate Entity to incorporate the Branch in Peru, setting forth the following information: the capital allotted for developing the line of business in the country, a statement that such activities agree with corporate objective, the address of the branch, the appointment of at least one permanent legal representative in the country, the powers of attorney granted and its subjection to Peruvian laws, in order to be liable for the obligations incurred by the branch in the country.
Associations

Association in Participation

It is an agreement whereby a person referred to as the managing partner grants, to other person or persons referred to as the contributing partner(s), a participation in the results or profits of one or more businesses or companies owned by the managing partner in exchange for certain economic contributions.

The managing partner acts in its own name, and the association in participation does not have a corporate name. The managing partner is solely and exclusively responsible for the management of the business or company, and no legal relationship exists between third parties and contributing partners.

Third parties do not acquire rights or assume obligations toward contributing parties, nor the latter toward the former. The agreement may determine the form of supervision or control to be exercised by the contributing partners over the businesses and companies of the managing party which are the subject matter of this agreement. The contributing parties have the right to accountability upon completion of the business and at the end of every fiscal year.

Public-Private Partnerships (PPP)

The Public Sector, together with the Private Sector, participates in these PPP. Experience, know-how, equipment, and technology are brought together into them, and risk and preferably private resources are distributed with the goal of creating, developing, improving, operating or maintaining public infrastructure or supplying utilities. The Government takes part through one of the public entities established by Legislative Decree Nº 1012 and one or more private investors.

PPP projects involve long-term contracts for the provision of public utilities or public infrastructure with high social return and low financial return. The financial balance is achieved by a partial or total financing provided by the government, which is added, if any, to the tariff paid by the direct users of the utility.


Joint Venture

A Joint Venture allows foreign investments to enter the country by teaming up with local companies. In many cases, it permits to finance economic activities, together with associated companies; facilitates the access of certain products or services to the market; and permits to use technology, know-how or knowledge in general provided by one or more of the participants who team up with other companies to undertake economic activities, with a view to improving the productivity and quality of the products or services and thus increasing earnings, sharing the risks and retaining each one their individuality.

In Peru, there are no standardized regulations regarding Joint Venture according to each sector, be it fishing, mining, hydrocarbons, infrastructure works, or investments in acquisition of state-owned companies. In other words, regulations are dispersed. This turns out to be positive since there is more freedom in the form of corporate grouping, allowing to adopt any type of legal organization set forth in the General Law of Companies (association in participation and consortium) and any of the forms not forbidden by the legal system, with their own regulation adopted by common agreement of the participants whether for contractual or
corporate-type purposes. However, the Government should intervene when they constitute any economic concentration form, which may affect the healthy and loyal competition and to prevent control mechanisms of economic concentration from appearing.

**Trust**

A trust consists of a trustor, the titleholder of the property (cash, future collection rights, trademarks, inventory, real estate, etc.), who isolates it by a contract. The isolated asset will remain under the administration of a trustee.

In Peru, at least 95% of trusts are established as a financing guarantee; therefore, the involvement of a third party, who is the beneficiary of an independent estate, is a logical thing. A trust will be well structured insofar as it does not operatively make it difficult to develop a business.

Typically, a trust is used by those clients who require financing and who own machinery, real estate or a good flow of collections from clients; against the incorporation of these assets into a trust, a financial institution will be in a position of granting a loan.

In Peru, in accordance with the provisions of the Banking Law, in general, banks, COFIDE and trustee services companies may act as trustees.
Tax System

The general scheme of this system establishes three large groups of taxes ruled by the sole Tributary Code, which deals with any matter referred to legal-tax relationships of those subject to taxes and the managing Entity of the same. The tax concept involves: Taxes, Contributions and Charges.

In summary, the Peruvian Tributary System, currently, comprises mainly the following taxes on Companies:

<table>
<thead>
<tr>
<th>Tax</th>
<th>Periodicity</th>
<th>Rate</th>
<th>Taxable Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Sales Tax</td>
<td>Monthly</td>
<td>19%</td>
<td>Sales</td>
</tr>
<tr>
<td>Selective Consumption Tax</td>
<td>Monthly</td>
<td>Variable</td>
<td>Sales</td>
</tr>
<tr>
<td>Income Tax</td>
<td>Annual</td>
<td>30%</td>
<td>Net Profit</td>
</tr>
<tr>
<td>Salary Taxes</td>
<td>Monthly</td>
<td>Various</td>
<td>Salary</td>
</tr>
<tr>
<td>Municipal Taxes</td>
<td>Annual</td>
<td>Various</td>
<td>Various</td>
</tr>
<tr>
<td>Financial Transaction Tax</td>
<td>Immediately</td>
<td>0.05%</td>
<td>Transaction Value</td>
</tr>
<tr>
<td>Dividends</td>
<td>Annual</td>
<td>4.1%</td>
<td>Net Profit</td>
</tr>
</tbody>
</table>

Tax Administration in Peru

National Superintendency of Tax Administration (SUNAT) is a Public Decentralized Institution of the Economy and Finance Sector, with legal rights under Public Law, with its own equity and autonomy in economic, administrative, functional, technical and financial matters.

Its functions are:

- Administer, supervise and collect internal taxes, except for the municipal ones, and develop the same functions with respect to the contributions made to the Health Social Security (ESSALUD) and the Oficina de Normalización Previsional (ONP) referred to in rule II of the Preliminary Title of the Orderly Unique Text of the Tributary Code and, optionally, with respect also to the non-tax obligations of ESSALUD and ONP, in accordance with the provisions established in inter-institutional agreements.
- Administer and control the international traffic of goods within Customs territory and collect applicable taxes according to law.
- Facilitate the economic activities of foreign trade, as well as to supervise the international traffic of persons and the means of transportation; and develop the necessary actions to prevent and repress customs crimes.
- Propose tax and customs regulations and participate in their preparation.
- Provide services to taxpayers and responsible individuals, in order to promote and facilitate compliance with tax obligations.
- Other functions stated by the law
- For further information: [www.sunat.gob.pe](http://www.sunat.gob.pe)
The Framework Law of the Peruvian Tax System (Legislative Decree N° 771) states the taxes currently in force and who the tax creditors are: the Central Government, the Local Governments and some entities with specific purposes. In the case of the taxes corresponding to the Central Government, the administrating entities are the SUNAT (internal taxes) and CUSTOMS.

**Fiscal Year**

The period of time on which the public sector accounts of a nation is based. In Peru, it runs from January 1 to December 31 (12 months).

**Taxpayers**

Individuals or body corporates, matrimonial partnerships, undivided estates or other collective entities, either national or foreign, domiciled in Peru, are subject to compliance with the obligations set forth in the Tributary Code (SUPREME DECREE N° 135-99-EF) and in the tax laws and regulations.

Furthermore, individuals, body corporates, matrimonial partnerships, undivided estates or other collective entities, either national or foreign, not domiciled in Peru, are subject to the aforesaid rules and regulations in relation to their equity, income, acts or contracts which are liable to taxation in the country. To this effect, they must establish domicile in the country or appoint a tax representative who is domiciled therein.

In order to further optimize the collection and supervision functions, the SUNAT has divided the directory of taxpayers in the country as follows:

- The Large National and Regional Taxpayers (Principales Contribuyentes Nacionales y Regionales - PRICOS)
- Medium and Small-size Taxpayers (MEPECOS)

The PRICOS are determined based on the factor applied to the taxpayers whose registered offices are in Lima. The first ones are selected from those accounting for 66% of the tax collection revenues nation-wide. A second group, who will be the Most Important Taxpayers of the Intendencia Regional Lima, is selected from those who account for an additional 15% of the revenues, and the remaining will be the Medium and Small-Size Taxpayers.

**Type of Taxes**

In the following, we will describe briefly the above taxes:

**General sales taxes/ value-added tax**

In our country it is known as "Impuesto General a las Ventas" (IGV) [http://www.sunat.gob.pe/legislacion/igv/ley/titulo1.htm](http://www.sunat.gob.pe/legislacion/igv/ley/titulo1.htm) and has the following characteristics:

a) It is imposed basically on the following operations:
   - Sales of goods, performed by companies in the country.
   - Assistance of services rendered by companies in the country.
   - Use of services in the country, provided by non-domiciled ones.
   - Construction contracts
   - Imports of goods
b) Its rate is 19% on the transaction value. It is settled and paid monthly upon discounted IGV purchase.

c) Export of goods and services are not liable for the IGV tax.

d) In accordance with the stipulations of the legal norm, there are sales and provision of services that are exempted from this tax.

Selective consumption tax

This tax is selective for some products, http://www.sunat.gob.pe/legislacion/igv/ley/titulo2.htm, its main characteristics are:

It is imposed basically on the following operations:

Sales of products within the country and import of special products, among others: beer, liquor, cigarettes, spirits, mineral water, soft drinks, fuel.
Games of chance, gambling games, such as: lottery, bingo, slot-machines, etc.

Its tax rate varies according to the goods traded with.

Income tax

For further information, visit the following web page http://www.sunat.gob.pe/legislacion/renta/ley/fdetalle.htm

Income Tax-General System
- Its rate is 30% on the net profit of the Company's balance sheet over one calendar year.
- Companies are obliged to keep complete accounting operations, which will support profit or loss stated by them.
- According to this General System, while determining the net profit subject to this Income tax, it should be considered that some companies' incomes are exempted; while for others costs or expanses are subject to limits.

Income Tax - Special System
- Small businessmen involved in the sale of purchased or manufactured goods falls within the scope of these Special Provisions; as well as those who extract natural resources, provided their incomes do not surpass a referential limit.
- Its rate is 2.5% on the monthly incomes.

Remuneration taxes

Social contributions paid on the basis of the workers' salaries are administrated by the following entities:

Social Security Contribution
- It administers three social security systems:
  - Health System: Its rate is 9% and is paid by the company.
  - National Pension System: Its rate is 13% and is paid by the worker.
  - Risk Work System: Variable rate, paid by the company.
National Training Service in Manufacturing Works – SENATI

The rate is 0.75% on the monthly incomes and is paid by the companies that perform manufacturing activities comprised in a specific category.

Municipal taxes

These taxes are collected and supervised directly by Municipalities, and their payment does not result in a direct provision of services for the taxpayer. In summary, these taxes are:

- **Real Estate Tax**: It is imposed on the real estate property, either urban or rural owned by individuals and body corporates.
- **Automobile Tax**: It is imposed on the new vehicles owned by individuals or body corporate and the rate is 1% of the vehicle value for four years.
- **Transfer Tax**: This tax is on transfers of real estate both urban and rural, in an onerous or free manner.
- Tax on Games of Chance, Tax on Gambling Games and Tax on Public Shows.

Income tax of non-domiciled-foreigners

For tax purposes, taxpayers are classified into taxpayers domiciled and taxpayers non-domiciled in Peru; and into individuals and body corporates.

Domiciled taxpayers pay taxes on their annual worldwide income, in advance and in monthly installments. On the other hand, non-domiciled taxpayers are taxed automatically at the source, and they and their permanent establishments in Peru pay taxes only on Peruvian source of income.

Foreign individuals who have resided or stayed in Peru on a continuous basis for 2 years or more, will be considered domiciled in the country. The continuity of their residence or stay will not be interrupted when they leave Peru for maximum 90 days during the year; however, they may opt to make use of the treatment established in the Law for the domiciled individuals once they have stayed in the country for 6 months and have obtained their Unique Registry of Taxpayer.

Regardless of the nationality or domicile of the parties involved in the operations and the place of signing or fulfillment of contracts, Peruvian-source income is the following:

1. Income generated from property located in Peru;
2. Income generated from goods or rights - including royalties – located in, or capital used in, Peru;
3. Income generated from personal work or from civil, commercial, or any other type of activities carried out in Peru; and,
4. Income generated from the sale of shares or an interest in the capital of companies incorporated in Peru.

Domiciled taxpayers carrying out activities included in the third category, in accordance with the Income Tax Law – commercial, industrial activities and so on - shall apply a rate of 27% on their taxable income.

In the case of non-domiciled individuals and body corporates who directly earn income from Peruvian source, its rate is 30%.

Individuals or body corporates who make payments of any kind to foreign beneficiaries, must withhold and pay to the public treasury, as a definitive payment, the respective tax; except in
case of foreign companies or branches established permanently in the country which must paid in monthly installments the annual tax. Any adjustment will be made in the Annual Income Tax Return to be filed at the end of each fiscal year.

In the following, we will list the withholdings, deductions and rates applied to the income of non-domiciled individuals:

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Deductions</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalties</td>
<td>No deductions</td>
<td>30%</td>
</tr>
<tr>
<td>Interests</td>
<td>No deductions</td>
<td>1% - 30%</td>
</tr>
<tr>
<td>Ship and aircraft rent</td>
<td>80% ship and 60% aircraft on gross incomes</td>
<td>10%</td>
</tr>
<tr>
<td>Remuneration for services</td>
<td>No deductions</td>
<td>30%</td>
</tr>
<tr>
<td>Other incomes from Peruvian Source</td>
<td>Variable</td>
<td>30%</td>
</tr>
<tr>
<td>Technical services</td>
<td>40% on incomes</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Transfer pricing**

In Peru, taxpayers engaged in transactions with related companies must have a Transfer Pricing Technical Study, which shall be applied since 2006 and audited since 2007, and for local related companies since 2008.

Such obligation is applicable to transactions carried out with related companies domiciled in both the country and abroad, as well as with companies domiciled in tax heaven countries.

For this reason, when calculating their income tax, taxpayers must specify their Income, Costs, Deductions, Assets and Liabilities produced or acquired in transactions with economically related companies, as if those had been made with or between independent parties, that is, verifying that such transactions have been made at market prices; otherwise, tax adjustments must be made in the calculation of the tax (Accounting-Tax adjustment) so that they pay the true tax value for said transactions, considering for this effect the “arm's length” principle created by the Organization for Economic Co-operation and Development.

For the preparation of the transfer pricing technical study, the Peruvian law allows taxpayers to use the price methods: i) Comparable uncontrolled price, ii) Resale price, iii) cost plus, as well as the margin methods, namely: i) Profit split, ii) Residual Profit Split and iii) Transaction Net Margin.

Regarding the repatriation of profits or capitals, the government established a US$ 5,000 million dollars limit for the return of Peruvian capital located abroad. This return will have tax incentives only if the currency enters into the financial system to be reviewed and prevents money laundering.

**Tax Base**

It is the quantification of the taxable event on which the tax rate must be directly applied for calculating the amount of the tax payable.

The Peruvian Tax Unit (UIT) is a reference value which can be used in the tax rules to calculate the tax bases, deductions, the limits to which taxpayers are subject to the tax and other aspects of the taxes that lawmakers consider convenient. It also can be used to apply sanctions, to determine accounting obligations, to register oneself in the taxpayer registry and other formal obligations. The value of the UIT will be determined by Supreme Decree, based on macroeconomic assumptions.
Filing the Annual Income Tax Return

Following, we list the taxpayers who are obliged to file an annual income tax return:

- Those who earn Third Category income according to the General Income Tax System.
- Taxpayers who have generated other income other than the third category, for example:

- First Category: Income earned from property leasing.
- Second Category: Gains on the sale of a property other than his or her house.
- Fourth Category: Professional fees collected during a year for the independent practice of a profession.
- Fifth Category: Salaries collected during a year as a dependent worker and which fall into the following situations:
  a) They give rise to an amount payable.
  b) They carry forward amounts in his favor corresponding to taxes from previous years or have applied such amounts against the advance payments of the Income tax during the current year.
  c) They have tax losses pending to be compensated, which have been accumulated up to the prior taxable year, or have tax losses incurred during the current year.

Taxes on Associations and Trusts

Regarding Associations

Income Tax:
In accordance with the last paragraph of Article 14 of Legislative Decree Nº 774, the income of the association in participation is attributed to each contracting party. This provision means that it is the result, either profit or loss, obtained by the managing party, which is attributed to each party in the corresponding proportion, as the case may be. It does not mean that the business income must be attributed to each party.

Article 65 of Legislative Decree 774, establishes that associations in participation must keep their own accounting books.

Regarding Trusts

In the case of Mutual Funds of Investments in Securities and Investment Funds, whether entrepreneurial or not, profits, income or capital gains, shall be attributed to the participants or investors (Chap. III, Art. 14 – Income Tax Law)

In the case of Trusts, the Income Tax shall be determined in the following manner:

- Banking Trust:
  The profits, income or capital gains derived from the transfer of assets or rights in trust under the General Law of the Financial and Insurance Systems and Organic Law of the Superintendency of Banking and Insurance, Law Nº 26702, shall be attributed to the trustor.

  The trustee shall be jointly and severally liable to pay the tax, in his capacity as the administrator of the trust patrimony, in accordance with the provisions of Article 16° of the Peruvian Tax Code. Said responsibility may not exceed the amount of the tax that the activities of the fiduciary business would have generated.

- Securitization Trust:
In the case of the Securitization Trust referred to in the Securities Market Law, the resulting profits, income or capital gains shall be attributed to the beneficiaries, originator or trustor or a third party, if so had been established in the certificate of incorporation.

Further details of the banking and securitization trusts in Chapter III, Article 14, N° 3 of the Income Tax Law.

- **Testamentary Trust:**
  The profits, income or capital gains derived from the transfer of assets or rights, shall be attributed to the beneficiaries of them.
  In accordance with the provisions of Article Nº 247 of Law N° 26702, the testamentary trust is understood to be established since the opening of the succession.

- **Guarantee Trust:**
  Provisions set forth in Article 14 of the Income Tax Law are not applicable to the Guarantee Trusts through which a trust patrimony is established in order to be used as a guarantee of payment of securities, loans or any other obligation in accordance with the laws on the subject matter. In these cases, a fiduciary transfer will not generate any tax, and the trustor will continue considering in its assets the value of the transfer of goods and rights and the resulting Income Tax shall be paid by him.

**Other Taxes:**

**Financial Transactions Tax (Impuesto a las Transacciones Financieras-ITF)**

This tax exists in diverse parts of the world and is a tool used by the Tax Authorities to obtain information regarding the economic operations performed by the taxpayers.

Many countries of South America, such as, Brazil, Argentina, Colombia and Venezuela apply this tax, which is imposed on the cash movements within the financial system, as well as on certain cash movements out of the aforementioned system.

Its rate is 0.06% and is imposed on each deposit and withdrawal from a bank account, unless it is exempt.
Further details: [www.sunat.gob.pe](http://www.sunat.gob.pe)

**Extraordinary Tax for the Promotion and Development of the National Tourism**

This tax is imposed on the entry into national territory of individuals who use international air transportation.

The tax amounts to US$ 15.00 (fifteen and 00/ 100 dollars of the United States of America), which will be stated on the air ticket and will not be part of the tax base of the Value-Added Tax.

The tax shall be collected at the moment of the issue of the international air ticket.

The international air transportation companies are agents in charge of collecting this tax, which shall be declared and paid to the Superintendencia Nacional de Administración Tributaria - SUNAT.
Foreign Trade

Foreign trade in Peru is increasing its integration into the world. For further information, we recommend to visit the following web page:

Covenants

Currently, Peru has subscribed to 4 types of covenants:

- **Bilateral**: With USA, Chile, Mexico, Cuba, Thailand, Singapur, Canada and Mercosur.
- **Multilateral**: With WTO.
- **Regionals**: APEC, ALADI and CAN.

The import tariffs change according to the covenant; however there are 3 rates of Ad-Valorem taxes. Depending on the goods, these rates are 0%, 9% and 17%.

Promotion of foreign trade operations

Exports

a) **Temporal Export**: Customs procedure that allows the temporary departure of the foreign national or nationalized goods with the obligation to be reimported without paying taxes, within a period of 12 months (counted from the date of completion of shipment of goods), in the same state or after being subject to a repair or improvement exchange.

b) **Drawback**: It is a tax benefit that allows the return of 5% of FOB value of exported goods only if imported inputs are involved in the production of output.

Imports

a) **Temporal Import**: Customs procedure that allows the entry of certain goods into the country with the suspension of the Ad-Valorem tax, guaranteed within a maximum of 12 months from the date on which the temporary numbering of the application is done.

b) **Temporal Admission**: Customs procedure which allows entry to the country of certain foreign goods with the suspension of Ad-Valorem tax on imports of goods, raw materials, inputs, intermediate products, parts and accessories that will be transformed and incorporated in the product exported. The deadline is 24 months from the date of the numbering of the Single Custom Declaration (SCD).

c) **Custom Warehousing**: Customs procedure that allows storage of goods arriving in the customs territory under the control of Customs, in places authorized without payment of Ad-Valorem taxes, only if this operation has not been applied in other custom procedure or if the goods are abandoned.

d) **Replacement of Goods Franchise**: Allows automatic discharge of Ad-Valorem tax and the rest of taxes on the import of goods that are to be transformed, consumed or materially incorporated in the exported product.
Labor System

Labor contracts

Peruvian Labor legislation establishes diverse methods for contracting services of personnel required by a company. Contracts may be for a specific period of time, subject to a system (temporary, occasional) and for special services.

Contracts subject to a part-time system, with foreign workers and with workers who are going to do their job at client's home, must be made in writing and presented before the Administrative Labor Authority for its approval and recording.

Pension Funds Administration (AFP)

An employer is legally obliged to deduct approximately 13% of an employee’s salary and deposit it with an AFP, which will be in charge of administrating the money of the contributors until their retirement.

Working hours and overtime

There are maximum work-hour rules legally established. Working day cannot extend for more than 8 hours a day or 48 hours a week. Individuals of two parties can agree to work for lesser hours.

Time worked in excess of the working day or week is considered overtime and is paid with a surcharge, to be agreed. For the first two hours, the surcharge may not be less than twenty-five percent (25%) per hour, calculated on the remuneration received by the worker according to the value per hour; and thirty-five percent (35%) for the remaining hours. On Sundays and holidays, the surcharge is 100%.

Vacations

After each complete year of service, workers have the right to go on vacations for 30 calendar days. The amount paid to workers for this resting period is similar to the one received in 30 regular days of working. If the worker doesn’t take his vacation in a year, then it is possible to accumulate it until 2 years. The vacations can be purchased by the enterprises but only for 15 days.

Bonuses

Annually, private companies must pay to workers two bonuses, one on Peruvian Independence day (July) and the other on Christmas (December). In both cases, the bonus is similar to an ordinary monthly remuneration earned by a worker in a month.

Compensation for period of services

The Compensation for Period of Services (CTS acronym in Spanish) is a social benefit that has the purpose of foreseeing contingencies arising upon the termination of the worker's labor contract.
The compensation amount is similar to one month remuneration for each year of service and is accumulated beginning the first month. Once the month is over, the benefit will be computed per day worked, proportionately.

Employers are obliged to deposit the accumulated amount of the Compensation for Period of Services, every semester, on May 15 and November 15, with the financial entity chosen by the worker beforehand.

**Company’s profit distribution to workers**

Companies shall pay to their workers a percentage of their pre-tax annual profits.

<table>
<thead>
<tr>
<th>Type of Company</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining Companies</td>
<td>8</td>
</tr>
<tr>
<td>Manufacturing Companies</td>
<td>10</td>
</tr>
<tr>
<td>Fishery Companies</td>
<td>10</td>
</tr>
<tr>
<td>Telecommunication Companies</td>
<td>10</td>
</tr>
<tr>
<td>Wholesale and retail businesses and Restaurants</td>
<td>8</td>
</tr>
<tr>
<td>Companies performing other activities</td>
<td>5</td>
</tr>
</tbody>
</table>

**Foreigners working in Peru**

The Labor Contract with foreigners shall be executed in writing and for a specific period of time. It must be renewed successively for periods not exceeding 3 years. These contracts shall be authorized by the Administrative labor authority.

Companies that contract foreign personnel are subject to constraints regarding the number of workers to be contracted and their remuneration amount.

The national or foreign companies may employ foreign personnel in a proportion of up to 20% of the total number of servers, employees and workers. Their compensation may not exceed 30% of the total payroll of salaries and wages.
Benefits and Incentives

Special benefits

The Peruvian Tributary System in effect comprises several laws which grant tax benefits to specific sectors or activities with the purpose of promoting their development.

Examples:

- Law for the Promotion of Agricultural Sector
- Benefit for reinvestment for private educational institutions
- Benefit for the non-distributed income in Mining
- Law for the Promotion of Investments in Amazon Region.
- Exemptions and benefits for Tourism and Hotel Sector

Stability agreements

The foreign investor that signs these Agreements shall not be affected by variations of tax rates or the creation of new taxes, arising after the signing of this Agreement, until the period the Agreement is in full force and effect.

Investor may abrogate the Agreement at will, if he/she judges it convenient.

Agreements on double taxation

Peru as member of the Cartagena Agreement (Bolivia, Colombia, Ecuador, Peru and Venezuela), has subscribed to a Covenant in order to avoid a double taxation to member countries.

This Covenant embraces the general principle of taxation on the source; that is, regardless of nationality or domicile of people, the income of any nature earned by them shall be only taxable in the member country where those incomes have originated.

In addition, Peru has subscribed another 4 covenants, with Sweden, Canada, Chile and Brazil.

Incentives of the Government

Research and Development

The Consejo Nacional de Ciencia, Tecnología e Innovación Tecnológica (CONCYTEC) aims at regulating, managing, guiding, encouraging, coordinating, supervising and evaluating the actions of the State in the ambit of Science, Technology and Technological Innovation, as well as promoting and sponsoring its development by joint action and complementarity between the programs and projects of the public, academic, business institutions, social organizations and persons who form part of the Sistema Nacional de Ciencia y Tecnología e Innovación Tecnológica (SINACYT).

CONCYTEC, the governing body of the Sistema Nacional de Ciencia y Tecnología e Innovación Tecnológica- (SINACYT), is composed of the Academy, the Public Research Institutions, business organizations, communities and the civil society. It is regulated by the Science and Technology Framework Law N° 28303, and by the provisions set forth in

The *Fondo Nacional de Desarrollo Científico, Tecnológico y de Innovación Tecnológica* (FONDECYT) is the body of CONCYTEC in charge of raising, requesting, managing and channeling funds from local and foreign sources for the activities of the Sistema Nacional de Ciencia, Tecnología e Innovación Tecnológica - SINACYT- in Peru.

It carries out its activities within the framework of the priorities, criteria and policy guidelines established in the National Strategic Plan of Science, Technology and Innovation for the Competitiveness and Human Development 2006-2021 (PNCTI for its Spanish acronym) approved by Supreme Decree N° 001-2006-ED.

Its main functions are:
- Evaluate the economic-finance viability of the Science, Technology and Innovation projects.
- Participate in the financing of the regional programs and projects of Science, Technology and Innovation.
- Sign agreements with regional authorities and specialized publications on scientific and/or technological studies and projects validated with research, as well as on technological innovation.

FONDECYT manages the "Science and Technology Program – PCYT (for its Spanish acronym) ", for a total amount of US$ 36 million financed by a loan from IDB for 25 million dollars, and a national counterpart of US$ 11 million. The PCYT will permit to develop innovation projects in the companies, Science and Technology research projects in the universities and research centers, and doctoral scholarships in foreign universities. Such projects will be awarded through competition mechanisms.

The system of Technological Innovation Centers (CITEs for its Spanish acronym) has been created under the responsibility of the Ministry of Production, as a tool to increase the technological level and the innovation capacities in the companies. They are mainly aimed at the small and medium-sized companies. Their main objectives are:
- Create the idea of a Peruvian product for export and domestic consumption.
- Create a favorable technological environment for investments and cooperation between companies.
- Transfer technology to small and medium-sized companies.
- Improve the quality and differentiation of products, as well as promote the design and the use of computer science as a design tool.
- Conduct research and development activities to improve productivity and increase the value of the natural resources, among others.

**Support to Export - PROMPERÚ**

PromPerú is the Commission for the Promotion of Peruvian Exports and Tourism. It is a Peruvian government’s organization that promotes international trade among Peruvian companies; formulates strategies to offer an integrated and attractive image of Peru in order to develop domestic tourism, and promotes Peru around the world as a privileged destination for incoming tourists and investments.
Its main functions are:

- Design, coordinate, concert and execute policies and actions aimed at disseminating the image of Peru abroad and promoting its export products.
- Take the necessary steps to obtain and channel international technical and financial cooperation in order to fulfill its functions.
- Participate in the strategic planning for the promotion of exports in accordance with the provisions of Legislative Decree N° 805.
- Participate in the design, coordination and execution of the strategic planning for the promotion of investments, in coordination with pertinent entities.
- Design, coordinate, concert and execute actions aimed at promoting incoming tourism to Peru and domestic tourism in Peru.
- Take the necessary steps to obtain and channel international technical and financial cooperation to promote tourism in Peru.

a) Development of Export Markets

The activities carried out by PromPerú are the following:

- Market Studies and Profiles: Trade research on external markets to determine the general socio-economic, political or commercial framework for a market or product.
- Market Prospection: It collects primary information which will permit to gain knowledge in-situ of the market and to have a direct contact with potential buyers. It includes new fair prospection.
- Show Room and Sales Center: They feature products to be offered abroad in order to gain access to new customers and to obtain their opinion on the products and their possibility to enter the international market. The Sales Centers include the sale of products and mean a longer stay.
- Sales Test: A product evaluation technique to be used in direct meetings with potential buyers in order to test the purchase possibilities of the product.
- Fairs: Effective commercial promotion events due to the number of professional contacts from diverse geographical region that get established in such a short period of time. It allows one to find potential customers, distributors and agents.
- Commercial Missions and Business Roundtables: They are useful for entrepreneurs to identify external markets. For this purpose, these kind of commercial meetings are held in a specific site in order to show the exportable supply and to identify the foreign demand.
- Inverse Missions: They are formed by foreign professional buyers to whom an invitation by country is extended. These missions can result in business roundtables, which are meetings between buyers and sellers in a specific site and with a pre-determined business agenda.

b) Business Management Development and Exportable Supply

The activities to be carried out have the following characteristics:

- Develop business associativity as a strategic tool to increase exports in a competitive manner.
- Guide promotion activities in the interior of the country for the development of management capacities of the economic agents and their inclusion in the production chains to increase regional exports.
- In order to achieve the above, PromPerú will provide the export companies with Consulting Services and Business Support, Training, Commercial Information Services, Technological Visits, Technical Assistance, and Standardization Services.
Financing and Insurance of Peruvian Exports

The main financing mechanisms to which the Peruvian export companies can have access are included in the National Export Strategic Plan (Plan Estratégico Nacional Exportador-PENX) prepared by the Ministry of Foreign Trade and Tourism (MINCETUR):

1) **Bank Financing:**

Banks offer exporters the following products:

- The pre-shipment lines are aimed at providing export companies with working capital in order to finance the production of goods to be exported.
- The post-shipment lines are principally aimed at providing the export companies—in advance—with the funds for the export already made, so that they don’t have to wait for the expiry date of the credit granted to the importer to collect the money. In the latter case, the risk for the banks is low, since the repayment of the loan in a certain manner is guaranteed by the invoices or letters of credit of the import company.
- By financing the purchase of export documents, the accounts receivable from abroad are bought from the exporter. These accounts receivable may come from an export letter of credit with a deferred payment date or an export collection with a time draft (bill of exchange) guaranteed by a first-rate bank.

2) **Risk Capital Fund:**

The first risk capital fund was created, with the support of MINCETUR, as an alternative financing source for the small-and medium-sized export companies. This fund, managed by SEAF PERU S.A.F.I. S.A.C., was launched in April 2009, and receives resources from international agencies (SEAF, USAID and the *Fondo Trasandino*) and from two Peruvian AFPs (Profuturo and Integra) for US$ 15 million.

Investments (between US$ 200 thousand and US$ 2.0 million each) will be made as contributions of capital for small-and medium-sized companies in multiple sectors, but with emphasis in export companies with a high growth potential. The investment mechanism of the *Fondo Transandino Perú* is applied by obtaining an interest in the shareholding of a company and the average horizon is 5 years per investment.

As part of its investment model, SEAF will provide technical assistance in those areas where it has gained experience administering funds around the world, including topics such as financial control, strategy, marketing and sales, business and export advisory services. This post-investment assistance aimed at PYMES (small and medium-sized businesses) will result in a better management and financial performance of its portfolio of companies, thereby generating attractive returns for investors.

3) **Line of Credit to the Buyer:**

It is included in the PENX for the purpose of facilitating Peruvian exports. COFIDE is preparing the design and the proposal for the Line of Credit to the Buyer. Despite the fact that the final design is not ready yet, in general terms, this mechanism would help to finance Peruvian exports. This line will be channeled through foreign banks rated by COFIDE or through banks rated as "Investment Grade" by international risk rating agencies.

Regarding the Export Insurance, PENX offers the following details:

a) **SEPYMEX – Export Credit Insurance.**

Within the framework of PENX, a guarantee fund of US$ 50 million has been created, which the Government, through the Ministry of Economy and Finance, has assigned to
COFIDE (Corporación Financiera de Desarrollo – Second-story bank), so that it can cover, through SECREX (Compañía de Seguros de Crédito y Garantía), 50% of the value of the pre-shipment financing lines granted by the banks to export companies with formal purchase orders. Said mechanism has already been implemented in five of the major banks in Peru (Banco de Crédito, Banco Continental, Scotiabank and Banco Financiero).

Its objective is to facilitate the access of the existing and new, small and medium-sized export companies to pre-shipment financing lines, which, in practice, means working capital to fill formal purchase orders. This product will benefit companies which export up to US$ 8 million, and the cost of the premium is 0.35% flat quarterly. At present, over US$ 20 million has been placed and credit lines for more than US$ 50 million have been contracted with the Banks. The recent increase in the line of credit granted by Banco Continental and the signing of an agreement with Banco Financiero have permitted that the total lines have reached US$ 52 million.

![Graph showing Monto de líneas contratadas (Millones de USD)]

b) FOGAPI – Guarantee Fund for Loans to the Small Industry

It provides PYMES (micro and small companies) access to credit and supports their development. It offers three kinds of services: the Individual Guarantee (Guarantee Letters), the Portfolio Guarantee and the Intermediate Guarantee.

At present, within the framework of PENX, a new product has been developed, called FOGAPI Exportador, which consists of a guarantee system to ensure and support the loan portfolio of those banks whose financing lines are intended for the existing and new micro and small exporters. FOGAPI Exportador will permit to guarantee credit lines to a sector by the banks with 50% of the capital balance, thus facilitating the access to working capital credits. At present, the product is being presented to different financial institutions.

Protection of the Intellectual and Industrial Property

The Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual –INDECOPI– is in charge of promoting a culture of a loyal and honest competition and protecting all the forms of intellectual property in the Peruvian economy: from the distinctive signs and copyrights to patents and biotechnology.

It offers different services such as: Metrology and Calibration, Trademarks, Copyrights, Accreditation, Patents, and Bankruptcy Proceedings.
Here, we detail the most important ones:

**Copyright (Derecho de autor)**

Copyright is a branch of the Intellectual Property Law and refers to the legal attributes that the authors have over artistic and literary works that are the fruit of their creation.

The intellectual property protection grants the author, creator or inventor, the following rights:
- Be recognized as the only owner of the creation.
- Be the only one authorized to exploit or allow his or her creation to be exploited.
- Take all the steps required to prevent third parties from exploiting his creation without its consent.

**Trademark**

Any sign used to identify the product or service in the market and that distinguishes it from those of competitors.

A trademark may consist of a word, combination of words, images, figures, symbols, letters, numbers, including specific forms of packages, or wrappers, or forms of presentation of products.

The registration of a trademark is not mandatory or a requirement to start commercial activities in the market; however, it is the only manner to protect it against potential copies from other entrepreneurs who wish to take advantage of your reputation. Registration makes it possible for the holder to become the owner of the trademark, and the only person authorized to use it during the following 10 years as from the registration date (which can be renewed). This registration is valid only in the Peruvian territory.

Peruvian law provides for other distinctive signs:
- **Commercial Name**: Any sign that identifies an economic activity on the market.
- **Advertising Slogan**: Word or phrase used to advertise a trademark.
- **Collective Mark**: Mark adopted and registered by a collective body for use only by its members.
- **Certification Mark**: Mark used to inform the consumer that one or more characteristics of the product or service have been verified by a third party (the holder of the certification mark), other than the manufacturer or the person who provides the services.
- **Geographical Indications**: A sign used to identify a product with special characteristics that corresponds to a specific geographical location of production, extraction or manufacture; and due to that link the product is known by the geographical name or location.

**Patent**

A patent is a title granted by the State to an owner of an invention to exercise the exclusive right to sell an invention (material or immaterial) during a certain validity period and in a specific territory.

An invention can be protected through the following modalities:
- **Invention Patent**: It protects a product or a procedure.
- **Utility Model Patent**: It is a lower-level invention related to any new form, configuration, or arrangement of elements of a device, tool, instrument, mechanism, or other object or any part of an object that results in an improved, or different functioning, use, or manufacture of the object to which it is incorporated or that provides it with some utility, advantage, or technical effect that it did not have before.
• *Industrial Secret:* It protects the invention against disclosure, acquisition or use of the secret in contrary manner to the loyal commercial practices. Of course, nobody prevents a third party from discovering the secret by his or her own means and, in such a case, from exploiting it freely.

In the case of Peru, the duration of an invention patent is 20 years and of a utility model patent is 10 years. In both cases, it is computed as from the date of the filing of the application.
Immigration

Migration to Peru

In the last few years, Peru has become one of the best destinations for foreigners, not only for tourism but also to make investments. In this respect, a total of 22,785 foreign citizens entered Peru during the last two and a half years (Source: www.digemin.com.pe), mainly from the United States, Mexico, Chile, Colombia, Argentina, India, Canada, Brazil and Spain.

Internal migration is also found in Peru, that is, people migrate from the provinces of Peru to the capital, Metropolitan Lima, since the latter is the focus of political and economic activities in the country. This migration has diminished in recent years, because the government has sought to decentralize economic activities. In this regard, significant investments have been made in the construction of large shopping centers in the main provinces of Peru, such as Chiclayo, Trujillo, Arequipa, etc.

Visa Requirements to enter Peru

Citizens of countries of North and South America, Western Europe, Australia, New Zealand, and South Africa do not need to have a visa to enter Peru, only a valid passport. However, a visa is required for visitors from India and Fiji. To obtain a tourist visa, you must present a valid passport, two color photos, an application form, a ticket for the return flight from Peru, a proof of economic solvency, and pay the required fee.

Further details at: http://www.rree.gob.pe/portal/aconsular.nsf/bd437a0309e5e7be05256bff006da083/a086a1dda82ff807052574490075bc48/$FILE/VisasXExtranJul2009.pdf

Types of Visas for Foreigners in Peru

Peruvian migratory laws provide for the existence of different migration status, which allow foreigners to carry out several activities. The following migratory qualifications are foreseen by the aforesaid laws:

- **Businessman:** Foreigners are allowed to enter and stay up to 90 days, extendable to 30 days more. In this case, foreigner can not receive any income from Peruvian source, nevertheless, he may enter into contracts or make transactions. This kind of visa is temporary.
- **Worker:** Foreigners are allowed to stay in Peru with the purpose of carrying out labor activities under a work contract. The time authorized for living in Peru depends on the duration of the contract and previous approval by the Labor Ministry. In this case, the visa is a residence visa.
- **Independent:** Foreigners are allowed to stay indefinitely in Peru to make investments, receive any income or practice an independent profession. In this case, foreigners are granted a resident visa.
Tourist: Foreigners are allowed to stay in Peru for up to 90 days, extendable twice for 30 days each time. It applies to foreigners entering Peru who do not intend to reside or carry out any lucrative or remunerated activity. In this case, foreigners are granted a temporary visa.

Further details at: [http://www.digemin.gob.pe/inm_sv_mostrar.asp](http://www.digemin.gob.pe/inm_sv_mostrar.asp)

### Contracting Foreigners in Peru

In accordance with the Foreigners Contract Law, the contracting of foreign staff by local companies is subject to the legal labor regime of the private activity and to the limitations established by the said law.

Companies are entitled to contracting foreign personnel up to a maximum of 20 percent of the company’s total work force, provided that their salaries do no exceed 30 percent of the company's payroll.

Contracts with foreign staff must be done in writing for a maximum three-year period, extendable for similar periods upon Ministry of Labor’s approval.

Work contracts involving foreigners can be entered into in Peru or abroad. In case of the latter, they must be approved by the Ministry of Labor and submitted to the Ministry of the Interior so that the foreigner’s work visa can be send to his country of residence so that he may enter Peru under a work visa.

If a foreigner intends to enter into a work contract in Peru, he must previously enter the country under a business visa. Upon approval, the work contract must be submitted to the Ministry of the Interior to change the migratory qualification.

### APEC Business Travel Card (ABTC)

On September 15, 2003, Peru officially started its participation in the APEC Business Travel Card (ABTC) scheme, whose aim is to facilitate the travel of businessmen among the APEC economies. Said participation is legally ruled by Supreme Decree Nº 087-2002-RE – Peruvian Regulations of the APEC Business Travel Card (ABTC) Scheme, published on October 15, 2002.

The holder of this Card will be allowed to enter several times, on business migration status, to the member economies of the APEC, which are actually taking part in the ABTC Scheme. These countries are: Australia, Brunei Darusslam, Rep. of Korea, Chile, People’s Republic of China, the Philippines, Hong Kong (China), Indonesia, Japan, Malaysia, New Zealand, Thailand and Chinese Taipei. Cards are valid for three years. The Migration Office will facilitate the entry and exit of the holders of the ABTC Card at the main international airports of said Economies, including the “Jorge Chávez” International Airport in Lima.

PKF Peru is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.