

2025

Doing Business in Peru



Foreword

The year 2025 brings growth expectations for Latin America, forecast to increase to 2.5 percent. This scenario shows how even in a context of constant transformation around the world, optimism remains in governments and businessmen projections across the region.

The events of recent years, such as the COVID-19 pandemic, the war between Russia and Ukraine, and natural disasters such as floods and fires, continue to leave their marks on countries, affecting their economies.

In addition to this, the rise of artificial intelligence (AI) is transforming key sectors, generating new opportunities. Also, there has been a global increase in the awareness of the need to mitigate climate change. In this scenario, the World Bank projects global economic growth is expected to edge up at 2.7% in 2025-26.

In this setting, despite facing challenges such as dependency on natural resources, social inequality, and political instability, Peru remains an attractive country for foreign investment due to several key factors. These include a stable macroeconomic environment, a strong mining sector, natural resources, emerging opportunities in sectors like agriculture, and a credible central bank. In addition, the World Bank forecasts that Peru's economy will grow by an average of 2.5% over the next two years.

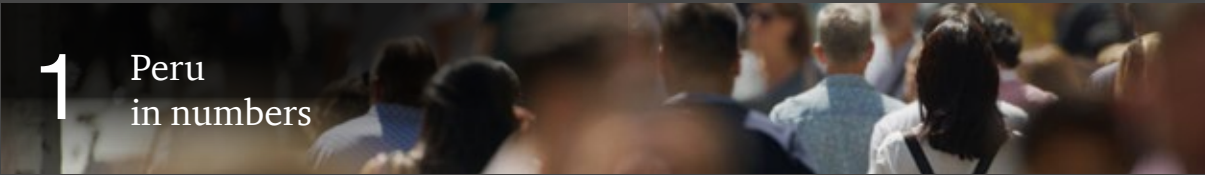
"Doing Business in Peru 2025" presents detailed and reliable information of the main macroeconomic, tax, labor, corporate and social security actors in Peru. It is a valuable source both for investors wishing to enter the Peruvian market and for those already operating in it, providing relevant and updated information on the country's business environment.

With more than 100 years of presence in Peru, PwC has consolidated its experience in the provision of audit, tax, and advisory services, integrating multidisciplinary teams and technology with the purpose of building trust in society and solving important problems, permanently at the service of your organization to help achieve your goals and navigate the challenges of a dynamic business environment.

Orlando Marchesi
Country Senior Partner
PwC Peru

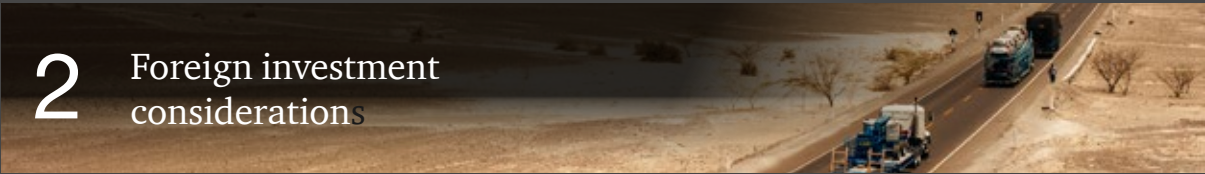


Content



1 Peru in numbers

Page 04



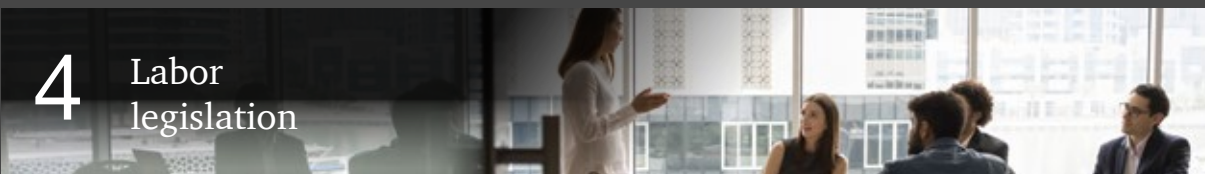
2 Foreign investment considerations

Page 06



3 Corporate considerations

Page 12



4 Labor legislation

Page 18



5 Foreign trade-Peru

Page 36



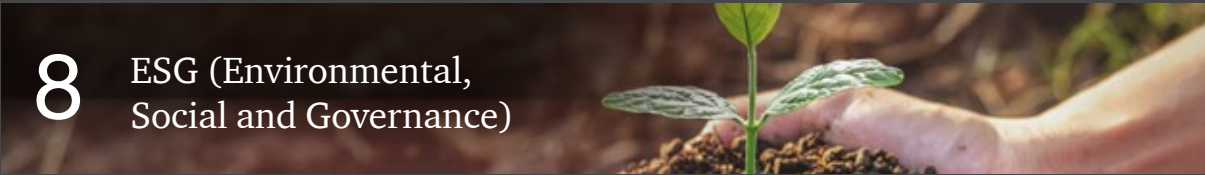
6 Tax system

Page 40



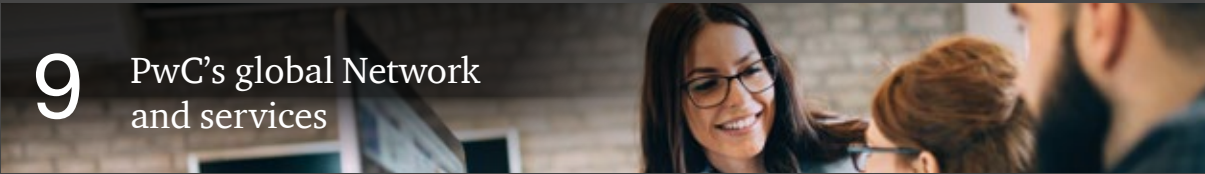
7 Mining chapter

Page 59



8 ESG (Environmental, Social and Governance)

Page 80



9 PwC's global Network and services

Page 92

Peru in numbers

Over the past few years, Peru has maintained economic stability, welcoming brand new players and businesses. Despite the pandemic, the country remains one of the most attractive markets for new investors.

These are some important facts to be considered by business leaders interested in investing in Peru.

**34.038.500**

Population

**US\$ 267.600 M**

GDP

**US\$ 7.906,6**

Income per capita

**US\$ 7.906,6**

Foreign debt

**2.0%**

Inflation rate

**US\$ 7.400 M**

Foreign direct investment

**1 285 215,60 km²**

Total land area

**77. 9**

Life expectancy at birth

**5.4%**

Unemployment rate

**US\$ 67.300 M**

National budget

**US\$ 73.000 M**

Exports

Main resources of Peru

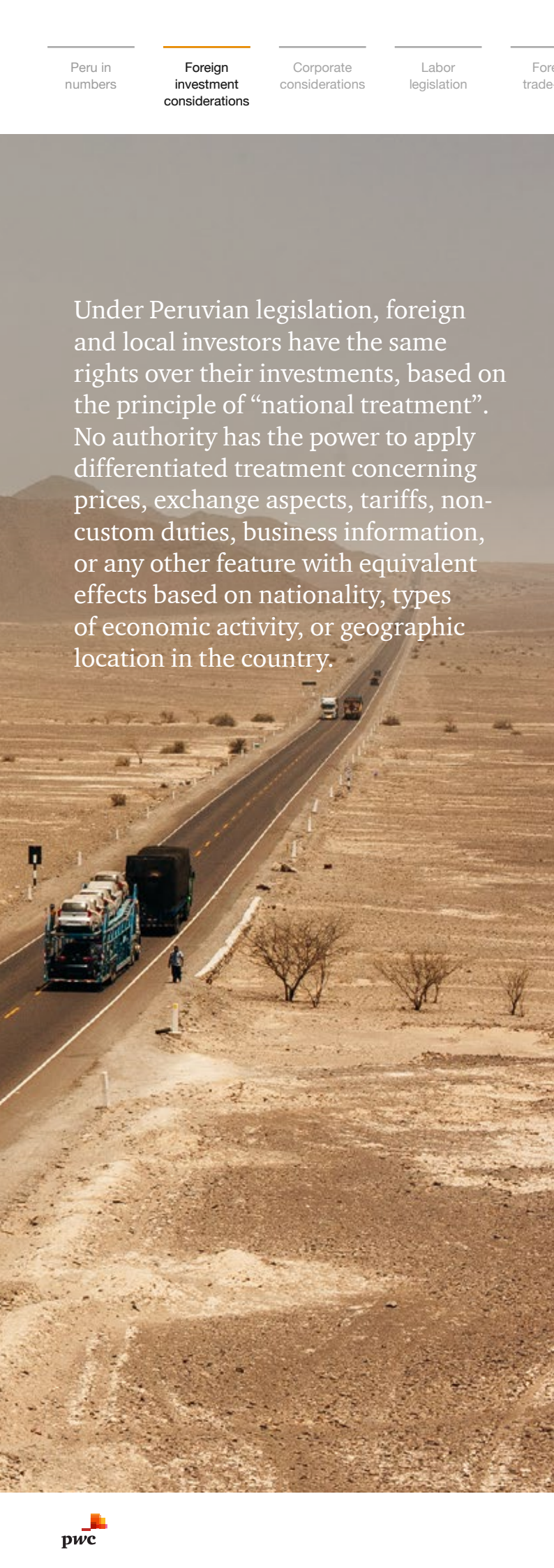
**US\$ 45.094,1 M**

Imports

Main resources of Peru

Source: BCRP, CIEN, COMEX, INEI, MEF, PAHO, World Bank

Foreign investment considerations



Under Peruvian legislation, foreign and local investors have the same rights over their investments, based on the principle of “national treatment”. No authority has the power to apply differentiated treatment concerning prices, exchange aspects, tariffs, non-custom duties, business information, or any other feature with equivalent effects based on nationality, types of economic activity, or geographic location in the country.

No specific restrictions or requirements apply to foreign investment in most economic activities. Furthermore, they do not need prior authorization from the government. Investments that require approval are those involving weapons and/or explosives, private security and surveillance, investments in maritime or air transport, as well as those located within 50 kilometers of Peru’s frontier line or in natural protected areas.

Moreover, the acquisitions of shares belonging to local investors is freely permitted, both through the stock market and over the counter operations. Investors have the right to organize and carry out their business activities in any form envisaged by the law.

The authority responsible for promoting private investment in the country is the Private Investment Promotion Agency (Proinversion). Among its main duties are the proposal and execution of the national policy to promote private investment in infrastructure projects and public services; investor’s guidance in the stages of pre-establishment and post-establishment; the subscription of legal stability agreements and investment agreements; and foreign investment registration. Regional governments also promote private investment projects in their territorial jurisdictions and within the framework of their functions and competencies.

Tax credits and incentives

▪ Foreign Tax Credit

Taxpayers may deduct the foreign income taxes paid due to the foreign-source income levied by the Peruvian Income Tax Law (PITL), provided that it doesn't exceed the amount which results from applying the average rate of the taxpayer to the income obtained abroad, or to the tax paid abroad. The amount that is not used in the corresponding fiscal year cannot be set off (or compensated) in others fiscal years, nor can it be refunded. It should be taken into account that (i) tax credit will be granted for the entire tax paid abroad that falls upon income taxed by the PITL; (ii) taxes paid abroad –whatever their denomination– shall bear the characteristics of income taxes; and (iii) tax credit will only be granted when the payment of the foreign income tax is supported by reliable documentation.

Likewise, taxpayers who obtain income from foreign sources taxed by the PITL corresponding to dividends or profits distributed by non-domiciled companies may deduct as credit not only the income tax paid or withheld abroad on the dividend distributions or other kind of profits (direct credit) but also the corporate income tax paid by the non-domiciled first and second level companies subject to compliance with certain requirements established by Peruvian provisions.

For the purposes of deducting the indirect tax credit, the following conditions must be met: (i) the taxpayer must hold at least a ten percent (10%) direct participation in the total voting shares of the non-domiciled first level companies and a ten percent (10%) indirect participation in the second level company for at least twelve (12) months prior to the date on which the dividends or profits are distributed; (ii) the taxpayer must include the income tax paid by the non-domiciled first and second level companies in their net income to determine the income tax for the year; and (iii) the amount of the deduction will be the lower amount between the actual tax paid abroad and the tax that would have been paid in Peru on the total foreign income, calculated using the average tax rate. Additionally, formal requirements must be met for the use of the indirect tax credit.

▪ Special deduction regime for projects related to scientific research, technological development and technological innovation

Law that establishes an additional deduction for expenses in scientific research, technological development, and technological innovation projects, in order to promote private investment and thus guarantee an increase in the productivity and competitiveness of companies.

In that sense, the taxpayer may have the following deductions:

a. Taxpayers whose net income does not exceed 2300 Tax Unit¹ (here in after "UIT") and who make expenditures in scientific research, technological development and/or technological innovation projects, whether linked to the company's line of business, are eligible for the following deductions:

240%

If the project is carried out directly by the taxpayer or through scientific research, technological development or research, technological development or technological innovation centers domiciled in the country.

190%

If the project is carried out through research through scientific research, technological development or research, technological development or technological innovation centers not domiciled in the country.

b. Taxpayers whose net income exceeds 2300 UITs and who incur expenses in scientific research, technological development and/or technological innovation projects, whether linked to the company's line of business, are eligible for the following deductions of the company:

190%

If the project is carried out directly by the taxpayer or through scientific research, technological development or research, technological development or technological innovation centers domiciled in the country.

160%

If the project is carried out by through scientific research, technological development or research, technological development or technological innovation centers not domiciled in the country.



▪ Early recovery of VAT

Companies in a preoperative stage with large projects in process may apply for early recovery of VAT prior to commencing operations. An investment agreement with the government (the Ministry of the sector involved) is required.

¹ During 2025, the value of the Tax Unit (UIT) as a reference index in tax regulations will be Five Thousand Three Hundred Fifty Soles (S/ 5,350).

▪ Stability agreements

Investors may enter into stability agreements with the government, either under the general regime or specific regimes (i.e. mining and oil).



Under the general regime, investors may enter into juridical stability agreements that guarantee the following advantages for a ten-year period:

- Stability of the income tax regime in force at the time the agreement is entered into, regarding dividends and profit distribution.
- Stability of the Peruvian government monetary policy, according to which there is a complete absence of exchange controls, foreign currency can be freely acquired or sold at whatever exchange rate the market offers, and funds can be remitted abroad without any previous authorization.
- Right of non-discrimination between foreign and local investors.



Under the mining regime, local mining companies may enter into stability agreements of guarantees and investment promotion measures that ensure the following for 10, 12, or 15 years:

- Stability of the overall tax regime.
- Stability of the overall administrative regime.
- Free disposition of funds (foreign currency) arising from export operations.
- No exchange rate discrimination.
- Free trade of products.
- Stability of special regimes for tax refunds, temporary import, etc.



Oil and gas companies may enter into stability agreements that guarantee the following for the term of the contract:

- Stability of the overall tax regime.
- Free disposition of funds (foreign currency) arising from export operations.
- Free convertibility of funds.
- Free trade of products.

▪ Investment promotion in the Amazon

Certain tax benefits in relation to VAT and income tax have been established for taxpayers located in the area designated by the law as the 'Amazon', and who engage in the following activities:

- Agriculture and livestock enterprises.
- Aquaculture.
- Fishing.
- Tourism.
- Manufacturing activities linked to the processing, transformation, and commercialization of primary products originated from the aforementioned economic activities, and in forest transformation, provided these products are produced in the area.

▪ Special zones of development (Zonas Especiales de Desarrollo – ZED) – known before as Centers of Export, Transformation, Industry, Commercialization, and Services (CETICOS)

ZED are duly delimited geographical areas with a customs primary zone status and special treatment destined for the generation of development poles through industrial, maquila, assembling, or storage activities. ZED are in Paíta (Piura), Ilo (Moquegua), and Matarani (Arequipa) cities.

Agribusiness and agro-exporting activities may be performed within a ZED. Agribusiness activity is primarily the transformation of agro-farming products produced in the country. Such transformation must be carried out at ZED.

Until 31 December 2042, companies engaged in industrial, maquila, or assembling activities, established or set up in the ZED are exempt from income tax, VAT, excise tax, municipal promotion tax, as well as from any other taxes, fees, contributions levied by the Central Administration, and even taxes that require express exempt regulation.

Corporate considerations



In Peru no specific rules have been established to authorize percentages for foreign or domestic investment participations. However, the Peruvian Companies Act (hereinafter, PCA) establishes various requirements and conditions for the incorporation of a corporation or partnership. Within the main requirements established by the PCA, every corporation or partnership shall have at least two shareholders and/or partners. Such requirement is not applicable for branches since they are only recognized by their head office corporate development.

It is important to note shareholders, directors and managers do not have to fulfill the condition of being Peruvian nationals or residents of Peru; however, Peruvian regulation notes that all representatives for procedures before the Tax Authority must be Peruvian or have a Foreign Residence Card, so for practical purposes, the recommendation is that at least one of the representatives to be a citizen resident in Peru. In addition, all newly appointed directors shall formally accept their appointment to carry out the registration at the Peruvian Public Registry (SUNARP).

Stock capital

Peruvian law does not require a minimum stock capital, however, to formalize the company it will be necessary to deposit the stock capital in a bank, which requires a minimum amount to open a current account, according to the policies of the bank with which you wish to work. Generally, the initial capital amount is S/1,000.00 (approximately USD 300.00).

Shares are nominative and different classes are allowed –though bearer shares are prohibited. However, all shares must have the same face value, which cannot be zero. In addition, shares can be issued once they have been fully subscribed and paid-up at least in 25 percent. Depending on the share classes, shares can be issued with or without voting rights or even have a preferential right for obtaining dividends. Bylaws of the company may establish share classes, limitations and conditions on the transfer of shares, but may not prohibit them.

Corporate governance

The management of a company is formed by the Board of Directors and General Manager. Both corporate bodies oversee the company's day to day operations. Furthermore, shareholders exercise the control of a company through the General Shareholders Meeting and are entitled to take any corporate act such as capital increases, corporate reorganizations, appointment of proxies, or any other action necessary to fulfill the corporate purpose of the company. However, the most common legal structure is the Closed Corporation. In Closed Corporation having a board of directors is not mandatory.

Within the first three months of the year, shareholders must hold an annual mandatory shareholders meeting, in which matters such as the financial statements of the previous fiscal year, the distribution of dividends and the appointment of the Board of Directors are approved.

Likewise, a shareholders meeting must be held to execute an increase or reduction of capital stock and any bylaws amendment, which should be decided by majority of shareholders. All shareholders representing no less than two-thirds of the subscribed shares with voting rights must be present or represented by proxy in the first summon, and no less than three-fifths in a second summon, to meet the required quorum. No agreed resolution will be valid if the required representation of shareholders is not present at either of these two meetings.

Certain supervised entities, such as banks and insurance companies are required to publish their balance sheets and profit and loss statements in the Peruvian Official Gazette El Peruano, as well as a second daily newspaper.

The PCA establishes that all companies must have corporate books to register all the resolutions taken by their governing bodies. The corporate books are used for General Shareholders' Meetings resolutions and Board of Directors resolutions.



Distribution of dividends

The rules for dividend distribution are as follows:

- Dividends are only to be paid based on profits or free reserves and provided the company's net worth is not lower than the paid-up share capital.
- Unless otherwise stated in the bylaws or agreed on by the General Shareholders Meeting, all shares of the corporation (even if not fully paid-in) have the same right to dividends, regardless of when they were issued or paid.
- Distribution of dividends in advance is valid, except for corporations that have an explicit legal prohibition.

Annual audits

Annual audits by independent public accountants are mandatory in the following circumstances:

- For banks, insurance companies and, in general, entities listed on the Lima Stock Exchange Market.
- When established in the company's bylaws.
- When specifically requested by shareholders representing not less than 10 percent of the company's subscribed shares with voting rights.
- In a closed corporation, when it is requested by shareholders representing at least 50 percent of subscribed shares with voting rights.
- When the company qualifies as an open corporation.

Merger Control

Business concentration operations may be subject to merger control regulation if carried out by companies (i) of a certain size, and (ii) of a certain level of sales. If merger control regulation applies to a transaction, such transaction needs first to be authorized by the Peruvian Administration.

Local regulation considers "Business Concentration Operations" activities such as (i) mergers of two independent parties (e.g. not from the same corporate group); (ii) direct or indirect acquisitions by one or more economic agents of rights that allow the control of another; (iii) the incorporation by two or more independent economic agents of a company, joint venture or other, that allow the joint control over one or many economic agents; and (iv) the direct or indirect acquisition of production assets of one or more economic agents.

Dissolution and liquidation of a company

In the event of the dissolution of the company, the resolution must be approved by the General Shareholders Meeting and published three consecutive times in the Peruvian Official Gazette El Peruano, as well as a second daily newspaper. The registration of the resolution at the Peruvian Public Registry must be carried out within ten days following the last publication. A liquidator must be appointed in the resolution.

Once the resolution has been registered in the Public Registry, a company will enter into a liquidation process. During this process, the liquidator is in charge of executing the company's assets in order to cancel its liabilities, due to the fact the administrative extinction process will only be possible if the company has no liabilities.

It is important to note a company is obliged to enter into a liquidation process if it incurs in losses that exceed two-thirds of its paid-in capital. In case the company continues to operate, it will be deemed as an "irregular" company, directors and managers assume personal and unlimited responsibility for all obligations incurred.

Bankruptcy System Law is also applicable, provided the creditors or the debtor request the beginning of a bankruptcy process at the Antitrust and Intellectual Property Institute (INDECOPi).

Forms of business enterprise



Corporation

This type of legal entity must be incorporated by two or more individuals or legal entities, by means of a public deed by a Notary Public and registered at the Peruvian Public Registry.

Bylaws of the corporation may establish limitations on the transfer of shares but may not prohibit them.

There are three main types of corporations:

- **Private Corporation:** Contributions to capital are represented by shares and liability is limited to the amount of the contribution. It must have a Board of Directors and a General Manager.
- **Closed Corporation:** No more than twenty shareholders are allowed, its shares are not listed on the stock exchange, and the transfer of shares is subject to restrictions. The Board of Directors is optional, but the corporation must have a General Manager.
- **Public Corporation:** Either (a) an initial public offering of shares or convertible bonds has been carried out, it has more than 750 shareholders, and/or over 35 percent of the share capital must be distributed among 175 or more shareholders; or (b) all its shares are registered with the Stock Exchange. A Board of Directors and general manager are both mandatory.



Limited Liability Company

This type of company must be incorporated by at least two and no more than twenty individuals or legal entities, by means of a public deed by a Notary Public and registered at the Peruvian Public Registry. The capital of a Limited Liability Company is divided into equal, accumulative and non-divisible participations, which must not be treated as shares, and no title or document is issued to its holder. The partners of the companies are not liable for the company's obligations. It is a form of business organization in which the liability of the partners is limited to the capital they have contributed to the company. This means that the partners are not personally liable for the debts of the company.

The incorporation public deed must contain the contribution of each partner, ancillary services to which the partners have committed, procedures and summoning partners meetings, requirements and other formalities for the modification of the articles of incorporation and the bylaws, formalities to be followed for the increase or reduction of capital, preparation and approval of financial statements, and other rules and procedures deemed convenient for the organization of the company. The articles of incorporation or bylaws may impose restrictions and conditions for the transfer of the company's participations, but they cannot prohibit transfers altogether.

The management of the company is entrusted to one or more managers, who may or may not be partners, and who represent the company in every matter related to its corporate purpose. Because of their appointment, managers hold general and special representation powers.



Branch of a Foreign Company

A branch does not have legal independence or a different legal status from its head office. It is a secondary establishment fixed at a place other than the place where the company's principal place of business is located. However, it is considered as an independent company for tax purposes. In that sense, a branch must be registered by means of a public deed issued by a legal representative of the head office in Peru. In case the document was to be in a foreign language, it must be translated to Spanish by a Peruvian official translator for it to be submitted to the Peruvian Public Registry (SUNARP). Also, the documentation must be fully notarized and apostilled before its submission.

The capital of a branch is assigned by the Foreign Company (principal company). The branch lacks legal personality independence from the principal company. The principal company is liable for the obligations of the branch office.

The business of the branch is directed by a permanent legal representative appointed by the head office, whose powers of attorney must be registered at the Peruvian Public Registry. Such powers may be revoked only by the head office company or by the holder of an overriding power of attorney in Peru. The scope of the representative's powers of attorney may vary according to the head office's policy but should be sufficiently extensive to allow adequate representation in Peru. There is no regulation requiring filing of the financial statements of the parent company in Peru.



Participation Account Agreement

Pursuant to this agreement, two or more parties are able to carry out a particular business activity without incorporating a separate legal entity. One of the associates will act as the managing (active) partner, who agrees to share the results or profits of a particular business with another individual or legal entity –who will act as a silent partner (or partners)- in exchange for a contribution of assets or services to such business. The managing partner operates the business and is the sole responsible towards third parties. This agreement does not involve the incorporation of an entity different from the managing partner's.



Consortium or Joint Venture Agreement

Two or more parties may associate to actively and directly participate in a certain business in which each party maintains its independence at all moment. In this type of agreement, each party will be individually liable to third parties for the activities that it carries out. When the consortium enters into agreements with third parties, there is joint liability for the partners if it is so stated in the agreement or when determined by law. The parties should determine the extent of their participation in the results, or otherwise it will be deemed to be equal for all parties. For tax purposes, a consortium or joint venture is considered as a separate taxable entity when independent accounting records are kept (in certain circumstances, one party can keep the accounting of its shares in the agreement).



Permanent Establishment (PE)

The PE does not have a legal personality, it is basically a granting of powers of attorney to develop agency activities of a foreign company in Peru. It only has a Taxpayer Registry (RUC). Its duration may be unlimited until is revoked or the purpose is fulfilled. In case the foreign company decides to grant irrevocable powers of attorney, it may not be longer that 1 year. The foreign company that opens the PE is responsible. The representative must only and exclusively perform the activities conferred.

Estimated time for registration

Based on previous experience, the estimated time for incorporating a legal entity, including obtaining the taxpayer number (RUC) in Peru, will depend on whether the incorporation of the entity is done with local or foreign shareholders. In the case of local shareholders, it takes approximately two (02) weeks from the date of submission of all required documentation and in the case of foreign shareholders between four (04) to six (06) weeks, is approximately three (03) weeks from the date of submission of all required documentation.



Labor legislation

Employment of personnel

The general rule for the hiring of personnel in Peru is the use of indefinite-term employment agreements. Notwithstanding this, employers may opt for temporary employment by using fixed-term employment agreements. The details of each are outlined below:



Indefinite term employment agreements:

Through this form of employment agreement, it is established that the contract is of indefinite duration and remains in force until certain legally recognized causes arise that justify its termination.



Fixed term employment agreements:

Through this form of employment arrangement, it is established that the contract has a fixed duration, meaning it is limited to a specific period of time. In accordance with Peruvian labor regulations, any temporary employment must be justified by an objective cause, which must be clearly outlined in the contract. In this regard, the following are the temporary or accidental employment modalities contemplated by the law:

- **Employment agreement for beginning of activities:** this type of employment agreement is designed to minimize labor costs for companies during the establishment or expansion phase. This is due to the inherent uncertainties associated with the development of the activity. As such, a three-year period is allocated to assess the growth and long-term viability of the business within the sector.
- **Employment agreement for activity expansion:** this type of employment agreement is used when there is an increase in the existing activities of the company.
- **Employment agreement for market needs:** this type of employment agreement is one that is concluded to address temporary increases in production resulting from significant fluctuations in market demand.
- **Employment agreement for business reconversion:** this type of employment agreement is concluded in relation to the substitution, expansion, or modification of the activities carried out by the company, as well as any technological changes in machinery, equipment, facilities, production means, systems, methods, and administrative or production procedures. The maximum duration of this contract is two years.
- **Occasional employment agreement:** this type of employment agreement is concluded to address temporary needs that are distinct from the usual activities of the workplace. Its maximum duration is six months per year.
- **Substitution employment agreement:** this type of employment agreement is concluded with the purpose of replacing a permanent employee of the company whose employment relationship has been suspended for a justified cause, as stipulated by current labor legislation or by applicable collective agreements at the workplace. In this regard, the duration of the contract will be determined based on the specific circumstances and will last only as long as necessary to cover the employee's absence.
- **Emergency employment agreement:** this type of employment agreement is entered into to address the needs arising from a fortuitous event or force majeure, with its duration coinciding with that of the emergency.
- **Employment agreement for specific project or service:** this type of employment agreement pertains to the hiring of an employee for the development of a project or certain specific tasks that are temporary, as once completed, the services will no longer continue.
- **Intermittent employment agreement:** this type of employment agreement is designed to meet the company's needs that, by their nature, are permanent but discontinuous. Therefore, it is a contract in which services are provided intermittently, meaning the employee is called upon only when their work is required.
- **Seasonal employment agreement:** this type of employment agreement is entered into to meet the needs specific to the company's line of business, which are fulfilled only during certain times of the year and are subject to recurring periods in each cycle, depending on the nature of the productive activity. It can also be used to cover regular and periodic increases in the company's normal activity level or to address a substantial increase in the demand for a product during a part of the year.



Part-time employment agreements:

Through this form of employment agreements, labor terms are established for roles with an average work schedule of less than four hours per day. Part-time employees are entitled to all legal benefits, with the following exceptions: i) severance payment for wrongful termination; ii) Compensation for Time of Service (CTS) and iii) 30 days of annual leave (they are only entitled to six business days of annual leave).

Furthermore, Peruvian labor law recognizes two types of indirect employment contracts:



Labor intermediations:

This type of agreement refers to the labor decentralization contract between a company (the user) that hires personnel for temporary, special, and supplementary tasks, by engaging a third party (intermediary entities). In this context, the user company is defined as the one that contracts with the intermediary entity, while the intermediary entity is responsible for assigning the personnel. The legal provisions of this form of employment are outlined in Law No. 27626 and its regulation, approved by Supreme Decree No. 003-2002-TR.



Outsourcing agreements:

It refers to the hiring of a third-party company to carry out specialized activities, works, or other services within the facilities of a user company. Under this arrangement, the outsourcing company is responsible for the results of its activities and assumes all the risks associated with providing its services. That is, it has its own financial, technical, or material resources and maintains exclusive control over its employees, even if they perform their tasks within the user company. The legal provisions of this form of employment are outlined in Law No. 29245 and its Regulation, approved by Supreme Decree No. 006-2008-TR.

Peruvian employers are obliged to use the Electronic Payroll System to register employees and comply with their monthly payments. This system is formed by T-Registro, which contains information on employees, professional services agreements, trainees, outsourced personnel, etc., and PLAME, which contains the monthly payments. Both registries must be submitted monthly to the Tax Administration.

With the purpose of simplifying certain formal labor obligations, Legislative Decree N° 1310, approved on December 30th, 2016, allowed the use of electronic digital signature in labor documents, the delivery of payment certificates through technological means, and the use of the digital version of labor documents in audits performed by the Labor Authority. Additionally, it was established that employers must keep labor documents or certificates for five years after the corresponding payments.

Regarding the termination of employment, should an employee be terminated without fair cause, the employee will have the right to receive an indemnity for arbitrary dismissal that equals 1.5 monthly salaries for each year of service, up to a maximum of 12 salaries for indefinite term labor agreements, or 1.5 salaries for each month left in the contract for fixed term agreements. In case the employee does not accept the indemnity, they could file a judicial claim in order to request their reinstatement.

Termination of the Employment Agreement

In our regulations, both the resignation of the employee and the dismissal by the employer are regulated as ways to terminate the employment relationship.

The resignation is understood as the exercise of the right to labor freedom. This grants the employee the ability to choose where, for whom, and for how long they wish to work. Although theoretically this right should have no restrictions, there are certain requirements that the employee must fulfill when ending their employment.

In this sense, the employee must communicate their decision in writing to the employer at least 30 days in advance. If the employee does not want to continue working during this period, they can request, also in writing, an exemption from the notice period and specify the date of their departure.

In response, the company has 3 days to accept or reject this request for exemption from the notice period. If there is no response, it will be considered that the request has been accepted. If the request is rejected, the employee must continue working until the thirty days established by law have passed.

Dismissal refers to the employer's authority to terminate the employment relationship with a specific employee. However, this authority is restricted because the regulation contemplates and limits dismissal to justified causes:

- a. The death of the employee or the employer if they are a natural person;
- b. The resignation or voluntary withdrawal of the employee;
- c. The completion of the work or service, the fulfillment of the resolutive condition, and the expiration of the term in contracts legally concluded under a specific modality.
- d. Mutual agreement between the employee and the employer;
- e. Permanent total disability;
- f. Retirement;
- g. Dismissal, in the cases and manner permitted by law;
- h. Termination of the employment relationship for objective reasons, in the cases and manner permitted by this law.

Additionally, the law includes situations of collective termination of contracts without compensation for employees, such as force majeure, economic reasons, or the dissolution of the company.

Legal labor benefits and obligations



Salaries:

Compensations are subject to statutory social contributions and employee's taxes. The current minimum monthly wage is S/ 1,130.00 (approximately US\$302). The employer may also agree with employees whose monthly compensation is not less than two Tax Units (equivalent to S/10,700.00 or approximately US\$ 2,865.00) that their compensation be paid as an annual package calculated on an annual basis, including all legal and conventional benefits, except for profit sharing.



Legal bonus:

In the general labor regime of private sector activities, the employee has the right to receive two ordinary bonuses per year. One on the occasion of National Holidays and the other on the occasion of Christmas, regardless of the type of employment contract and the length of service of the employee. This right also applies to part-time employees and to the employee-members of employees cooperatives.

According to Law N° 30334, effective as of June 25th, 2015, this bonus is exempt from social security or pension fund contributions (EsSalud or AFP/ONP). Instead, the amount corresponding to the social security health contribution must be paid to employees as an extraordinary bonus.



Compensation for time of service (CTS):

It is a deposit made by the employer as required by law; its main purpose is to anticipate the risk arising from the termination of the employment relationship and the subsequent loss of your income. Employees are entitled to a tax-free compensation that equals approximately one month's salary plus one-sixth of the legal bonus, deposited on a semi-annual basis in a banking or financial institution chosen by the employee. Deposits are made in the months of May and November of each year.



Overtime:

Overtime, including work on statutory holidays, is payable at a premium agreed on between the parties, with a minimum of 25% of the ordinary hourly rate for the first two hours, and 35% for the following. Employer and employee may agree, instead, to compensate overtime with rest periods. This agreement must be in written form.



Night shift additional payment:

Employers with employees who earn the minimum salary and work between 10:00 p.m. and 6:00 a.m. are required to make an additional payment of 35% of the ordinary work hour wage.



Family allowance:

Is received by parents and/or mothers who have children under 18 years of age. It is the amount granted to employees subject to the labor regime of the private sector, regardless of their date of entry. Additionally, it is part of the calculation of their social benefits and is intended to provide financial support to families with dependent minors.



Annual leave:

Employees are entitled to paid annual leaves of one month upon completion of each year of service. Although the use of vacation days should be agreed between the employer and the employee, if an agreement is not reached, the employer must determine such vacation period on behalf of the employee.

Employer and employee may agree to split the annual leave days in two periods of 15 days each. The first one must be a period of not less than 7 and 8 days, consecutive. The remaining period can be enjoyed in periods of less than 7 days. However, any agreement must be in written form. In the absence of it, the employer decides the opportunity to enjoy the annual leaves but not the division of the same.

Regarding compensation, when the employment is terminated, the vacation days enjoyed in advanced will be compensated with vacations truncated to that date. Likewise, if at the end of the employment relationship, the days enjoyed are superior to the vacations acquired, the employee has no obligation of compensation; that is, in case the employee does not have enough vacations to compensate, he is not obliged to any compensation.

In case employees do not spend their annual leave within the following year they earn this benefit, they are entitled to the vacation salary plus an indemnity that equals a monthly salary. However, management personnel are not entitled to an indemnity considering they have the possibility to determine and choose to spend their vacations or not.

Employer and employee may agree to accumulate up to two vacation periods, as long as the employee enjoys at least seven days in the first period. A reduction of the vacation period could also be agreed, up to a maximum of 15 days, with the corresponding payment for those days, and they could be enjoyed in periods of less than 7 consecutive days.



Profit sharing:

Employees of companies which perform activities that generate corporate income are entitled to participate in the profits of the company, provided the company has more than 20 employees and they are subject to the labor regime for private company employees. Employees share the profits of the company through the distribution of a percentage of the company's net income before taxes. The percentage is 10% for fishing, telecommunications and industrial companies; 8% for mining, wholesale, retail and restaurants; and 5% for other activities.

To calculate profit sharing, the employer must consider the days of maternity leave as actually worked, both prenatal and postnatal. Employees in the agricultural sector participate in 5% of the profits of their respective companies during the years 2021 to 2023; 7.5% of profits during the years 2024 to 2026 and 10% of profits from 2027 onwards.



Social Security and Pension Fund Contributions

Social security health contributions (EsSalud):

Employers must make a contribution for all their employees, including foreign employees registered on the payroll, based on the total monthly compensation, including compensation in kind, with certain exceptions such as profit-sharing payments and extraordinary bonuses. The rate of this contribution is 9% of the employee's compensation.

National and Private Pension fund contributions (ONP/AFP):

The contribution for the National Pension System is 13% of the employee's compensation, and the contribution for the Private Pension System is 10% of the employee's compensation, plus commission for the pension fund administration and insurance premiums for handicap and burial coverage.

National Service for Training on Industrial Work (SENATI):

Individuals or legal entities that develop industrial activities included in Category D of the "International Standard Industrial Classification of all Economic Activities (CIIU)" are obliged to make contributions to SENATI, paying a percentage of 0.75% over all remunerations paid to the employees dedicated to such activities.

Please, consider that additional contributions may vary depending on the type of industry.

On September, 2024, Law No. 32123, the Law on the Modernization of the Pension System, was published. The law aims to create a new pension system that incorporates the National Pension System and the Private Pension System, protecting all citizens, whether or not they have an employment relationship. This regulation includes the following new pillars:

	Benefit / Subsidy	Characteristics	Administration
Contributory Pillar	Retirement pension, disability pension, survivor's pension, and funeral expenses.	It is financed with the contributions made by the affiliates to the System.	ONP / AFP and ESF
Semi-contributory Pillar	Special proportional pension or minimum pension with state guarantee. Disability pension, survivor's pension, and funeral expenses.	Coverage with public funds for affiliates of the SNP (National Pension System) who, at retirement age, meet the required number of contributions for a pension, and for those of the SPP (Private Pension System) who, at retirement age, meet the following conditions: (i) have not made withdrawals from their CIC (Individual Capitalization Account) since the law came into effect; (ii) have a minimum number of contributions; (iii) their CIC balance is insufficient to finance the minimum pension or special proportional pension. SPP affiliates who apply for the minimum pension or special proportional pension transfer their CIC to the SNP.	ONP
Non-Contributory Pillar	Financial subsidy (vulnerable groups in poverty).	Coverage for individuals of retirement age who demonstrate: (i) not having a special proportional pension; (ii) being in a condition of poverty, vulnerability, or severe disability. The pension cannot exceed 25% of the minimum pension provided by the ONP (National Pension Office) and includes funeral expenses.	ONP
Voluntary Pillar	Complementary contributions. Contributions for consumption.	Voluntary contributions for pension purposes allow (i) supplementing contributions to reach the minimum pension or special proportional retirement in the semi-contributory pillar; (ii) increasing pensions in the contributory pillar. All affiliates to the System can make voluntary contributions for pension purposes in the SPP (Private Pension System). Affiliates of the SPP can also make voluntary contributions without pension purposes.	AFP and ESF

Additionally, the regulation includes the following new points and provisions:

Affiliation:

It will be mandatory to the National Pension System (SNP) or the Private Pension System (SPP) upon turning 18 years old. For those over 18 years old who are not affiliated with the system, if they do not express their preference, will be affiliated with the SPP. If those who turn 18 years old, have not expressed their preference, they will be affiliated with the SNP.

Mandatory contribution for self-employed individuals:

The new contribution rate is now 2% of the income received from each invoice for services rendered. This rate will increase by 1% every two years until it reaches 5%.

Consumption pension:

Refund of 1% of consumption, with an annual limit of 8 UIT (Tax Units). The amount is allocated to a special account in the SPP, which may be subject to a fee.

Minimum pension in the SPP:

Affiliates who meet the following criteria at the retirement age are eligible: (i) they have not made withdrawals from their Individual Capitalization Account (CIC) since the law came into effect, (ii) they have a minimum number of contributions, (iii) the amount in their CIC is insufficient to finance the minimum pension.

Withdrawals in the SPP:

Early withdrawals are prohibited.

Withdrawal of 95.5% in the SPP:

The option to withdraw 95.5% of the CIC is eliminated for individuals under 40 years old.

Retirement age:

For the general system, it is 65 years. For the Ordinary Early Retirement or Early Retirement due to Unemployment, it is 55 years.

Contribution rate for dependent employees:

In the National Pension System, contributions will be no less than 13% of the monthly remuneration. In the Private Pension System, the contributions correspond to 10% of the insurable remuneration, which will be contributed to the Individual Capitalization Account (CIC). Thus, a percentage of the insurable remuneration will finance disability, survival benefits, and funeral expenses.

Paid permits, licenses and leaves

No	Norm	Name	Description	Days / Hours
1	Legislative Decree No. 713	The legislation on paid breaks for employee subject to the labor regime of private sector activities is consolidated.	The legislation on paid breaks for employees under the labor regime of private sector activities is hartmonized and consolidated, without discrimination.	30 calendar days of annual leave
2	Supreme Decree No. 012-92-TR	Regulation of Legislative Decree No. 713	The Regulation of Legislative Decree No. 713 on paid breaks for employees subject to the labor regime of private sector activities is approved.	
3	Law No. 26644	Pre-natal and post-natal leave for the pregnant employees	Law that clarifies the entitlement to pre-natal and post-natal leave for the pregnant employee.	45 calendar days of pre-natal leave 45 calendar days of post-natal leave 30 additional calendar days in the case of multiple births or the birth of a child with a disability 1 hour daily
4	Supreme Decree No. 005-2011-TR	Supreme Decree that regulates Law No. 26644.	The Regulation of Law No. 26644 is approved, a law that clarifies the entitlement to pre-natal and post-natal leave for the pregnant employee.	
5	Law No. 27240	Law that grants maternity leave or breastfeeding leave.	The law granting breastfeeding leave to the working mother after the post-natal period is approved.	1 hour daily
6	Law No. 27403	Law that specifies the scope of the maternity leave for breastfeeding.	Law that specifies the maternity leave for breastfeeding.	1 hour daily
7	Law No. 29409	Law that grants the right to paternity leave.	The law granting the right to paternity leave to employees in both the private and public sectors is approved.	10 consecutive calendar days of paternity leave 20 consecutive calendar days for premature births and multiple births 30 consecutive calendar days for births with terminal congenital diseases or severe disabilities 30 consecutive calendar days for serious health complications in the mother.
8	Supreme Decree No. 014-2010-TR	Regulation of Law No. 29409	The regulation of the law granting the right to paternity leave to employees in both the private and public sectors is approved.	

No	Norm	Name	Description	Days / Hours
9	Law No. 30012	Law that grants the right to leave for employees with direct family members who are suffering from a serious or terminal illness or have suffered a serious accident.	Law that establishes the employee's right to take leave for direct family members who are suffering from a serious or terminal illness or have suffered a serious accident.	7 consecutive calendar days. Any extension is granted against vacation leave and is subject to the submission of the corresponding medical certificate.
10	Supreme Decree No. 008-2017-TR	Regulation of the Law No. 30012	7 consecutive calendar days. Any extension is granted against vacation leave and is subject to the submission of the corresponding medical certificate.	
11	Law No. 30119	Law that grants the right to leave for employees to provide medical assistance and rehabilitation therapy for persons with disabilities.	Law that grants the right to leave for employees in both the private and public sectors for medical assistance and rehabilitation therapy for persons with disabilities.	56 consecutive or alternate hours annually. Any extension is granted on account of later compensation with overtime work (extra hours) by prior agreement with the employer.
12	Supreme Decree No. 013-2017-TR	Regulation of Law No. 30119	The regulation of the law granting the right to leave for employees in both the private and public sectors for medical assistance and rehabilitation therapy for persons with disabilities is approved.	
13	Law No. 27409	Law that grants Parental Leave for Adoption	Leave with pay is granted for adoption.	30 calendar days during a calendar year.
14	Law No. 31479 and Law No. 21336	Law that establishes paid leave and subsequent compensation for employees who undergo annual preventive gynecological exams.	Paid leave and subsequent compensation are established for employees who undergo annual preventive gynecological exams.	2 consecutive or non-consecutive business days.
15	Law No. 30287	Law on the Prevention and Control of Tuberculosis in Peru.	Law on the Prevention and Control of Tuberculosis in Peru.	1 hour after the start time or 1 hour before the end time, on the days corresponding to their treatment until completion.
16	Law No. 30795	The Law for the Prevention and Treatment of Alzheimer's Disease and Other Dementias.	The Law for the Prevention and Treatment of Alzheimer's Disease and Other Dementias.	Leave by hours. Not necessarily continuous, as long as it does not exceed the equivalent of one workday of the employee within the respective calendar year.
17	Supreme Decree. No. 011-92-TR	Regulation of the Law on Collective Labor Relations.	The regulation of the Law on Collective Labor Relations was approved.	30 calendar days per calendar year for each leader, unless there is a custom or collective agreement at the workplace that grants a larger amount.
18	Supreme Decree No001-2017-TR	They establish provisions in favor of volunteer firefighters working in the private and public sectors.	Provisions are established in favor of volunteer firefighters working in the private and public sectors.	There is no limit. Leave is granted as long as they are called by the General Corps of Volunteer Firefighters of Peru (CGBVP).

No	Norm	Name	Description	Days / Hours
19	Law No. 31602 and Supreme Decree No. 013-2023-TR	Law that establishes leave for the death of family members in the Private Sector.	A license is granted for the death of a spouse, parents, children, and siblings.	5 calendar days. Additionally, licenses are granted for the days of travel when the death occurred in a location different from the workplace.
21	Law No. 26790	Social Security Modernization Law in Health	First 20 days of temporary disability	The first 20 days of temporary disability.
22	Law No. 29497	New Labor Procedural Law	Permits taken to give testimony as a witness.	No minimum or maximum is specified, only that the licenses will be granted for the hours and/or days required by the judge. The court secretary issues a certificate of attendance to the witness in order to verify the fulfillment of their civic duty. In the case of an employee, this certificate serves to justify their absence to the employer and support the payment of wages for the time of absence.
23	Supreme Decree No. 001-2024-SA	Law for the Prevention of Cancer in Women and the Strengthening of Specialized Oncological Care.	Leave for early detection tests of breast cancer and cervical cancer.	No minimum or maximum is specified, only that the licenses will be granted for the dates of medical appointments.
25	Law No. 29248	Military Service Law	Military service in the event of mobilization or a grave threat or imminent danger to national security.	A maximum of 30 calendar days.
26	Law No. 30364	Law to Prevent, Punish, and Eradicate Violence Against Women and Family Members.	The right to justify absences and tardiness from the workplace due to such acts of violence. The complaint filed with the police authority or the Public Ministry is considered a justificatory document.	For the days resulting from acts of violence.
27	Law No. 28036	Law for the Promotion and Development of Sports	Leave for employees who are representatives of Peru in athletics, qualified for official national and international events.	A leave with pay, as well as facilitation for training, travel, staying in concentration camps, and competing.
28	Law No. 29783 and Supreme Decree No. 005-2012-TR	Law No. 29783, Occupational Safety and Health Law, and its regulations.	Training in Occupational Safety and Health for employees and for the OSH Committee.	For the duration of the training in hours.
29	Law No. 29783 and Supreme Decree No. 005-2012-TR	Law No. 29783, Occupational Safety and Health Law, and its regulations.	Training on prevention of sexual harassment in the workplace for employees, the Sexual Harassment Prevention Committee, and the HR department.	For the duration of the training in hours.

Formal labor obligations



Hiring of personnel with disabilities:

the General Law of Disabled People –Law N° 29973- states that people with disabilities have the right to work in equal conditions to other employees. In that sense, private employers with more than 50 employees are obliged to hire people with disabilities at a rate not lower than 3% of their payroll, with certain exemptions.

The employer must make all the necessary and reasonable adjustments during the recruitment process for people with disabilities, such as the implementation of tools, machinery and signage, among others.

Life insurance:

From the beginning of the employment relationship, all employees are entitled to a mandatory life insurance provided by the employer. This life insurance contract must be registered (online) before the Labor Authority.

Employee Handbook:

Employers with 100 or more employees must develop and Employee Handbook that must contain the principal labor dispositions in regard of the labor relations (admission of employees, working hours, work schedules, among others). The present document (3 copies) must be approved by the Administrative Labor Authority. Similarly, a copy of the same or its modification, presented to the competent authority, must be delivered to the employees within five (5) calendar days of the referred action.

Salary equality:

The Law for equality and nondiscrimination in wages states specific obligations that every company must consider within its planning of equality and non-discrimination, such as: i) table of positions and salary bands, ii) training plans and communications to the staff; and iii) career lines and promotions.

Sexual Harassment:

It is the employer's duty to prevent and sanction sexual harassment occurring in relationships of authority or dependence, regardless of the legal form of this relationship. Likewise, when it occurs between individuals regardless of hierarchy, rank, position, function, salary level, or similar factors. To this end, the company is obligated to implement a management system for the prevention and sanctioning of sexual harassment in the workplace through an Internal Procedure for the Prevention, Investigation, and Sanctioning of Sexual Harassment Policy in compliance with the terms for each stage of the procedure regulated by law.

Additionally, workplaces with 20 or more employees are required to ensure the existence of a Committee for Intervention against Sexual Harassment, the installation of which must be accredited through the Installation Report.

In addition, the employer must conduct annual evaluations to identify potential harassment situations or risks of such occurrences within their area of intervention.

Diabetes:

The General Law for the Protection of People with Diabetes states that the employer must consider, as part of the company's politics, that diabetes and the consequences it carries should not be causes to prevent the entry or hiring of an employee, neither should they be considered as reasons to terminate a contract or employment relationship.

Tuberculosis:

The company has a procedure for the prevention and control of acts of discrimination against employees affected by tuberculosis.

HIV-AIDS:

The company has a procedure for the prevention and sanctioning of acts of discrimination due to HIV-AIDS.

Institutional lactation room:

Employers with 20 or more female employees of reproductive age must have an institutional lactation room that complies with the specific legal provisions, including characteristics such as a minimum space area, proper ventilation and lighting, and having a refrigerator or minibar in optimal condition, among others.

Certified social worker:

Companies with 100 or more employees must have a certified social worker.

Unions:

In order to form a company union, a minimum of 20 employees is required, while other types of unions (activities, professions, specialties) require a minimum of 50. Agreements reached with unions that comprise more than one-half of a company's employees are applicable for all employees, even if they are not members of the union.

Occupational Health and Safety

- **Occupational Health and Safety Internal Regulation:** employers with 20 or more employees must prepare an occupational safety and health at work regulation.
- **Occupational Health and Safety Policy:** The employer, in consultation with the employees and their representatives, must present in writing the occupational health and safety policy, which must include the following minimum content:
 - a) Be specific to the organization and appropriate to its size and the nature of its activities;
 - b) Be concise, clearly written, dated, and made effective by the signature or endorsement of the employer or the highest-ranking representative with responsibility in the organization;
 - c) Be disseminated and easily accessible to all people in the workplace;
 - d) Be periodically updated and made available to external interested parties, as appropriate.
- **Occupational Health and Safety Plan:** is a management plan through which the employer implements the Occupational Health and Safety Management System based on the results of an initial evaluation or subsequent evaluations, or other available data, with the participation of employees, their representatives, and the labor union.
- **Occupational Health and Safety Programme:** It should be understood as the set of prevention activities in Occupational Health and Safety that the organization, service, or company establishes to carry out throughout the year.
- **Occupational Health and Safety Trainings Plan:** the labor law specifies in the principle of information and training that the employer must properly train and inform their employees. In that sense, employers must develop an annual training program where at least four trainings on the matter must be completed. This document must be extended to the employees, provided by competent and experienced professionals, offer initial and refresher courses, be evaluated, be periodically reviewed by the Occupational Health and Safety Committee, include appropriate materials, and be adapted to the size of the organization.
- **Copy of the Health and Safety recommendations:** The employer must attach to the employment agreement the description of the safety and health recommendations in the workplace.
- **Hazard Identification and Risk Assessment Matrix:** Employers are required to have a risk matrix that allows them to measure, assess, and prevent risks in occupational health and safety. This risk matrix must be updated at least once a year, whenever working conditions change, or when there have been incidents affecting occupational health and safety.
- **Occupational Health and Safety Committee:** employers with 20 or more employees must establish an occupational safety and health committee, with participation of employees and company's representatives. If there are less than 20 employees, a supervisor must be designated.
- **Occupational Health and Safety Register:** employers must implement registries for accidents, diseases, trainings, medical examinations, statistics, safety and health equipment, etc., and documentation pursuant to the occupational safety and health management system, through magnetic or physical means.
- **Risk evaluation:** the employer updates the risk assessment at least once a year or when there are changes in working conditions or when health and safety damages have occurred in the workplace.
- **Occupational medical exams:** employers must schedule occupational medical examinations at the beginning, during and at the end of the labor relationship. It is important to take into consideration that these medical exams are mandatory every 2 years, and at the end of the labor relationship –only if requested by the employee.
- **Doctor:** employers must ensure the presence of a doctor in the workplace. In any workplace with more than 500 employees, the doctor must remain for at least 6 hours a day, 5 days a week, and in any workplace with less than 500 employees, health supervision is conducted by a doctor, without the requirement of a minimum of hours, as long as the company has an Occupational Health Annual Plan, and an Employee's Health Surveillance Program.
- **COVID-19:** Through Ministerial Resolution No. 022-2024-MINSA, new provisions were established for the surveillance, prevention, and control of the health of employees exposed to SARS-CoV-2. These include duties related to promotion and prevention, such as complete vaccination against COVID-19, the obligation to establish a COVID-19 Surveillance, Prevention, and Control Plan at the workplace, the use of masks for pregnant and breastfeeding employees, among others.

Labor Inspection System

The labor authority oversees and ensures that employers fulfil labor and social security provisions. It also provides technical assistance to employers and employees, protecting their corresponding rights. The labor authority is entitled to impose fines on employers who infringe the Labor Law. The amount imposed varies according to the type of company and the number of employees affected.

Microenterprises										
Number of employees affected	1	2	3	4	5	6	7	8	9	10 or more
Slight infringement	PEN 240.75	PEN 267.50	PEN 374.50	PEN 428.00	PEN 481.50	PEN 588.50	PEN 749.00	PEN 865.00	PEN 963.00	PEN 1,230.50
Serious infringement	PEN 588.50	PEN 749.00	PEN 856.00	PEN 963.00	PEN 1,070.00	PEN 1,337.50	PEN 1,551.50	PEN 1,819.00	PEN 2,033.00	PEN 2,407.50
Very serious infringement	PEN 1,230.50	PEN 1,337.50	PEN 1,551.50	PEN 1,712.00	PEN 1,926.00	PEN 2,193.50	PEN 2,514.50	PEN 2,889.00	PEN 3,263.50	PEN 3,638.00

Small enterprises

Number of employees affected	1 to 5	6 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	61 to 70	71 to 99	100 or more
Slight infringement	PEN 481.50	PEN 749.00	PEN 963.00	PEN 1,230.50	PEN 1,712.00	PEN 2,407.50	PEN 3,263.50	PEN 4,440.50	PEN 5,403.50	PEN 12,037.50
Serious infringement	PEN 2,407.50	PEN 3,156.50	PEN 4,119.50	PEN 5,189.5	PEN 6,741.00	PEN 8,667.00	PEN 11,181.50	PEN 13,000.50	PEN 15,033.50	PEN 24,075.00
Very serious infringement	PEN 4,119.50	PEN 5,296.50	PEN 6,848.00	PEN 8,774.00	PEN 11,449.00	PEN 14,712.50	PEN 19,046.00	PEN 23,112.00	PEN 26,482.50	PEN 40,927.50

No microenterprises

Number of employees affected	1 to 10	11 to 25	26 to 50	51 to 100	101 to 200	201 to 300	301 to 400	401 to 500	501 to 999	1000 or more
Slight infringement	PEN 1,391.00	PEN 4,761.50	PEN 6,741.00	PEN 12,465.50	PEN 16,585.00	PEN 19,955.50	PEN 28,355.00	PEN 40,713.50	PEN 58,154.50	PEN 83,023.00
Serious infringement	PEN 8,399.50	PEN 20,972.00	PEN 27,927.00	PEN 34,935.50	PEN 41,890.50	PEN 55,907.50	PEN 69,871.00	PEN 97,798.00	PEN 11,601.00	PEN 139,742.00
Very serious infringement	PEN 14,070.50	PEN 28,087.50	PEN 42,158.00	PEN 61,846.00	PEN 75,863.00	PEN 98,386.50	PEN 126,474.00	PEN 168,632.00	PEN 224,860.50	PEN 281,035.50

Remote work

In September 2022 the new Remote work Law (Law N° 31572) was published, later on February, 2023 its Regulation, approved by the Supreme Decree N° 002-2023-TR was published. In that sense, below are the main dispositions:

- **Remote working modalities:** remote work can be either full-time or part-time. When it is part-time, the distribution of the workday must be specified in the employment contract or in the agreement to change the work modality. The same must be by writing (physical or digital) and be taken place in Peru or abroad (place where the parties agree).

This working modality arrangement is voluntary and must be agreed upon by both parties. Temporary or permanent. However, for duly justified reasons, the employer may require the employee to change the mode of performing their duties from in-person to remote work or vice versa.

- **Labor rights and obligations:** the same rights and obligations that employees have under the in-person modality (special benefit: digital disconnection). The remote employee must comply with the regulations on Safety and Health at Work and that on Security and Digital Confidence.
- **Trainings:** They are carried out at the beginning of the employment relationship, before changing the modality, or when substantial modifications are introduced.
- **Rules on the provision, use and care of technological equipment**

Rule 1: The employer provides the technological equipment and assumes internet costs. The cost of electricity may be included.

Rule 2: The employer compensates (returns) the expense incurred by the remote employee, if it is agreed that the remote work employee provides the equipment and assumes the costs (internet/electricity).

Rule 3: Exceptionally, the remote working employee provides the equipment and assumes the costs of remote working, without compensation (return).

Note 1: Compensation for internet and electricity is applicable when remote working is at the remote working employee home. The compensation is considered a working condition and is recorded in the digital payroll.

Note 2: In the public sector it depends on the logistics and budget of the entity. The MYPES do not assume the costs of remote working, unless expressly agreed.

- **Working daytime:** it should not exceed 8 hours a day or 48 hours a week; allow exceptions. It is possible to agree on the free distribution of the working day when the nature of the function allows it. Overtime will be recognized by the employer, provided that it has been authorized. In the public sector, there is no overtime pay. It is compensated with rest. The cost of a remote work control system is borne by the employer.
- **Digital disconnection:** applies to periods outside the working day (daily rest, weekly rest, vacations, maternity/paternity leave, breastfeeding, disability leave or leave). During the disconnection, the remote work employee is not obliged to respond to communications, orders or other requirements, except for force majeure or exceptional circumstances.
- Management and trust remote work employees, those not subject to immediate inspection and those who provide intermittent work, have a differentiated period of 12 continuous hours in a 24-hour period.
- **Safety and Health at Work:** The employer is required to identify hazards and assess risks, as well as implement corrective measures for the risks to which the remote work employee is exposed. The employer may carry out the verification directly, or, by mutual agreement, they may implement a self-assessment mechanism. Accidents that occur at the remote workplace will only qualify as work-related accidents if the employee can prove that the injury or health damage occurred at the workplace, during working hours, and with the tools used for their work.



Foreign trade-Peru

Peru is a member of the World Trade Organization (WTO) and has several bilateral agreements based on most favored nation treatment on a reciprocal basis.

Trade agreements

Peru's foreign trade policy has promoted an aggressive trade liberalization to successfully insert Peru in the global economy. To that end, Peru has signed several trade agreements that aim to further access to the country's main trading partners:

	Partner	Year of enactment
Multi-lateral agreements	WTO	1995
	APEC	1998
	CPTPP	2021
	APEP	2023
Regional agreements	Andean Community: Bolivia, Colombia, Ecuador	1969
	Mercosur: Argentina, Brazil, Paraguay, Uruguay	2005
	EFTA: Switzerland, Iceland, Liechtenstein and Norway	2011
	Pacific Alliance: Colombia, Chile and Mexico	2012
Bilateral agreements	European Union	2013
	Cuba	2001
	Chile	2009
	Canada	2009
	Singapore	2009
	United States of America	2009
	China	2010
	South Korea	2011
	Thailand	2011
	Japan	2012
	Panama	2012
	Mexico	2012
	Costa Rica	2013
	Venezuela	2013
	Honduras	2017
	United Kingdom	2020
	Australia	2020



Peru has also signed trade agreements soon to be effective with Guatemala, Brazil and Hong Kong. It is currently negotiating agreements with the Doha Development Round, the Trade in Services Agreement (TISA), El Salvador, Turkey, India, Nicaragua, Indonesia and the Pacific Alliance Partner States.

Customs duties

Customs duties applied to imports are related to their tariff classification under the Customs Tariff and are determined by the information provided by the importer through the invoice and other complementary information, as well as the physical recognition performed by the customs authority during customs clearance.

The taxes required are the following:

- Ad valorem customs duty (rates of 0%, 4%, 6% and 11%).
- VAT (16%).
- Municipal promotion tax (2%).

Depending of the nature of the goods, other taxes may apply, including the following:

- Selective consumption tax.
- Specific duties.
- Antidumping and compensatory.
- VAT perception.

There are no restrictions on imported and exported goods. Notwithstanding, there is a limited list of products that cannot be imported or exported (forbidden and restricted goods). Exports are not subject to any taxes, and the import of most capital goods is subject to the 0% rate.

The government is empowered to grant duty exemptions under certain circumstances, as well as to temporarily suspend the assessment of duties on certain products. Customs duties are imposed on an ad valorem basis (the FOB value of imported goods, insurance, and freight - CIF value of the imported goods). Goods are classified for customs duty purposes under the Harmonized System.

Pursuant to the drawback regime, an exporter may apply for a refund of customs duties paid upon: (i) the import of goods contained in exported goods, or (ii) the import of goods consumed during the production of exported goods.

The refund rate is currently 3% of the freight on board (FOB) value of the exported good, provided such amount does not exceed 50% of the good's production cost (CIF value). The refund will proceed for each type of good exported and for the first USD 20 million worth of goods exported per year (the excess will not be subject to refund).

For the purposes of deducting the indirect tax credit, the following conditions must be met: (i) the taxpayer must hold at least a ten percent (10%) direct participation in the total voting shares of the non-domiciled first level companies and a ten percent (10%) indirect participation in the second level company for at least twelve (12) months prior to the date on which the dividends or profits are distributed; (ii) the taxpayer must include the income tax paid by the non-domiciled first and second level companies in their net income to determine the income tax for the year; and (iii) the amount of the deduction will be the lower amount between the actual tax paid abroad and the tax that would have been paid in Peru on the total foreign income, calculated using the average tax rate. Additionally, formal requirements must be met for the use of the indirect tax credit.

During 2025, the value of the Tax Unit (UIT) as a reference index in tax regulations will be Five Thousand Three Hundred Fifty Soles (S/ 5,350).



Tax system

Main Taxes

Corporate Income Tax

According to the Peruvian Income Tax Law (PITL), domiciled taxpayers are subject to Income Tax on a worldwide basis; whereas non-domiciled taxpayers, branches, agencies, and permanent establishments (PE) of non-domiciled entities incorporated in Peru, are subject to income tax on their Peruvian-source income. In general, Peruvian income tax applies on an annual and accrual basis for domiciled taxpayers. The fiscal year starts on January 1st and ends on December 31st.

Under the Corporate Income Tax (CIT) Regime, monthly income tax payments in advance on account of the annual tax payable. To determine said monthly payments, the coefficient to be applied to the month's income must be determined by dividing the income tax calculated the previous year by the total taxable income for the same period. On the other hand, new companies or companies with tax losses determine their monthly advance obligations by paying 1.5% of their monthly net revenues. However, it is possible to reduce the coefficient or even suspend the monthly advance payments under certain conditions.

To establish taxable corporate income, it is allowed to deduct expenses to the necessary extent to generate and/or maintain the source of taxable income. Requirements, conditions, limitations, and/or caps may apply for the deduction of certain expenses (thin capitalization rules, bad debt provisions, salaries, travel expenses, gifts, donations, penalties, and others).

The PITL allows crediting for various payments against income tax, including income taxes paid in advance, amounts paid for certain other taxes, and income taxes paid in foreign tax jurisdictions, provided that the foreign country's tax rate is not higher than the CIT rate and the taxable income qualifies as foreign-source income for Peruvian income tax purposes.

Dividends and any other type of profit distribution paid by a domiciled taxpayer to a non-domiciled entity and individuals will be subject to a 5% withholding tax. If the dividends correspond to earnings of the fiscal year 2014 the withholding will be 4.1%, for earnings from the fiscal years 2015-2016, the rate will be 6.8% and for the earnings from the fiscal years 2017-2018, the rate will be 8%,

The entity distributing dividends or profits is liable for withholding tax (WHT) at the aforementioned rates. Resident legal entities are not subject to WHT over dividends received from other Peruvian corporations; on the contrary, the distribution of dividends in favor of domiciled individuals is subject to a 5% of WHT.

Enterprises are subject to an additional tax rate of 5% on every amount or payment in kind that, as a result of a tax audit, is construed as taxable income, to the extent that it is an indirect distribution of such income which escapes further control from the Tax Administration, including income that has not been declared.

Companies incorporated abroad are considered as non-domiciled in Peru for tax purposes and thus, are in most cases subject to an income tax rate of 30% over their gross Peruvian-source income. As a general rule, foreign companies are not allowed to deduct expenses and are taxed on their gross income.

Deductions

Obligations that are fulfilled through cash payments exceeding PEN 2,000 or USD 500 must be made via bank deposits, wire transfers, payment orders, credit cards, non-negotiable checks, or other means of payment authorized by Law 28194, provided by entities of the Peruvian financial system. Failure to use one of these payment methods when such an obligation exists will result in the disallowance of deductions for any expenses or costs for income tax purposes and the disallowance of a credit for the corresponding VAT.

Payments to non-domiciled individuals or companies for foreign trade operations, acquisition of real estate property or rights related to them and shares and other securities, can be made via the Peruvian financial system or non-domiciled financial companies (banks or financial institutions). Foreign banks or foreign financial institutions should belong to a jurisdiction with whom Peru has a treaty to exchange tax information in force; otherwise, the corresponding means of payment (e.g., wire transfer) would not be considered valid to support deduction of expenses or tax basis.

Payments shall be made directly to the creditor, supplier of the goods or provider of the services. Payments made to third parties are valid as long as there is a prior communication to the Tax Administration.

Certain expenses are not tax-deductible, including expenses related to transactions entered into with (i) entities resident in tax havens or non-cooperating territories, (ii) PEs located in tax havens or non-cooperating territories, or (iii) entities that generate revenues or income through tax havens or non-cooperating territories.

Nonetheless, expenses incurred from the following transactions are excluded from the aforementioned limitations, provided that the retribution paid is at market value according to the tax rules on the matter:

- Interest on loans.
- Insurance premiums.
- Leases of aircraft or ships.
- Maritime freight.
- Fees for passing through the Panama Channel.

Depreciation

Assets may be depreciated for tax purposes via the straight-line method, capped at the following rates –without exceeding the amount of the financial depreciation:

Assets	Depreciation rate (%)
Cattle (both labor and reproduction) and fishing nets	25
Land transport vehicles (except trains) and any kind of ovens	20
Machines and equipment used for mining, oil and construction activities, excluding furniture, household, and office goods	20
Equipment for data processing	25
Machines and equipment acquired as of 1 January 1991	10
Other fixed assets	10

Buildings are subject to a flat 5% rate of depreciation, regardless of the financial depreciation.

Notwithstanding, on December 2022, Law No. 31652 was published, through which a special and temporary depreciation regime has been established to buildings and electric vehicles, in order to promote private investment.

Under this regime, buildings and constructions are subject to a flat 33.33% rate of depreciation, provided that:

- The assets are totally affected by the Income Tax.
- The construction of the building would have started on January 1, 2023.
- By December 31, 2024, the construction would be at least 80% complete.

Vehicles (except trains) hybrid or electric acquired in fiscal years 2023 and 2024, which are used for the production of taxable income, may be depreciated with the maximum special annual rate of 50%.

Legislative Decree No. 1488, in force since January 1, 2021 also established a special and temporary depreciation regime for buildings and constructions and certain assets, due to the State of Emergency.

Amortization of intangible assets

The amortization of property rights, trademarks, patents, and manufacturing procedures, as well as other similar intangible assets are not deductible for income tax purposes. However, the price paid for intangible assets of a limited duration –at the taxpayer's choice– may be considered as an expense and applied to the results in a single year or amortized proportionally over a ten-year term. The Peruvian Tax Administration –prior opinion from the corresponding technical organism– may determine the real value of intangible assets when the prices do not reflect the real ones.

Organizational and start-up expenses

Organization expenses, pre-operating expenses (including initial operations and further expansion of operations), and interest accrued during the pre-operating period may be amortized in the first period of operation or using the straight-line method over a maximum of ten years. However, once a company has elected to recover start-up costs via the straight-line method, it may revoke such election only upon receiving approval of the tax authorities.

Interest expenses

According to the PITL, since the 2021 fiscal year, the net interest of indebtedness contracted with related parties and third parties (regardless of the date the loan was granted) will be deductible in the part that does not exceed 30% of the EBITDA as the end of the previous fiscal year (earnings stripping rule).

For purposes of this new rule, net interest is defined as the amount of interest expense that exceed the amount of interest income, while EBITDA is defined as the net income after setting off net operating losses, plus net interest, depreciation and amortization. Non-deductible interest exceeding the aforementioned limit may be carried forward to the following 4 years.

Only the amount of interest that proportionally corresponds to the maximum amount of debt permitted after applying such coefficient is deductible.

The earnings stripping rule, will not apply to:

- a. Insurance and Banking companies.
- b. Taxpayers whose net income is equal to or less than 2,500 Tax Units (approximately USD 3.5 MM¹).
- c. Taxpayers who develop public infrastructure projects, public services, services related to public services, applied investigation and/or technological innovation through Public-Private Entrepreneurship Associations.
- d. Interest arising from loans required to finance the activities mentioned in the previous point.
- e. Indebtedness arising from the issuance of debt securities, subject to certain requirements.

¹ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

Bad debts

Write-offs of bad debts and equitable provisions are deductible, provided that the accounts to which they belong are determined. For the provisions of bad debts, there must be a debt due and a taxpayer who is able to provide evidence of the financial difficulties of the debtor that could indicate a risk in the collection of the debt. Additionally, the provision must be registered separately in the inventory and balance book at the fiscal year closing. In this sense, generic bad debt provision will not be deductible in the assessment of the net taxable income, nor will bad debts whose terms have not yet elapsed.

Charitable contributions

Donations made to entities of the public sector, except companies, and to non-profit associations with certain purposes are deductible, provided that the receiver of the donation is duly qualified by the Tax Administration to perceive donations (with certain exceptions). The deduction will be limited to 10% of the net income of the donor, and only during the fiscal year in which it is granted (carryforward of the donation is disallowed). This means that if the donor does not obtain taxable income in the fiscal year in which the donation is made, no deduction will be available.

Profit sharing

Entities with more than 20 employees, provided they obtain taxable income during the fiscal year, must distribute a percentage of their profits among their employees (5%, 8%, or 10% depending on the industry). The basis is the tax profit of the fiscal year. The amount of distribution for each employee depends on the employee's effective working days during the year and annual retribution paid.

Employee's retributions and health insurance premiums

Employee's retributions paid during a fiscal year may be deducted in such year, provided that the payments are made by the employer before the term to file its annual income tax return expires. Likewise, health insurance premiums for employees, their spouses/husbands, and children are deductible.

Vehicle expenses deductions

Vehicle expenses may be deducted, provided that the vehicles are essential to a company's business activities and are continuously used for such purposes. There is a limitation on the tax deductibility of vehicle expenses used for administrative representation purposes, depending on the amount of income generated by the company. The number of company cars assigned to directors, managers, and representatives of a company may not exceed five under any circumstances.

Taxes

Other taxes assessable on properties and activities generating taxable income are deductible for income tax purposes.

Net operating losses (NOLs)

Tax losses may be offset according to either one of the following systems: (i) against net income generated within the following four fiscal years after the year in which the loss was incurred (any losses that are not offset within such period may not be carried forward to any future year); or (ii) against 50% of the net income generated in the following fiscal years after the year in which the loss was generated (under this system, there is no time limit for carrying the losses forward). As an exception, Legislative Decree No. 1481 has extended the term from four to five years in system (i) for losses generated in fiscal year 2020.

Payments to foreign affiliates

Payments in favor of non-domiciled beneficiaries may be deducted as a cost or expense in the fiscal year in which they correspond to the extent that they have been effectively paid or credited within the term established to file the annual tax return (for the year in which they were incurred). Expenses that are not deducted in the fiscal year to which they correspond will be deductible in the fiscal year in which they are effectively paid, even if they have been registered in a previous fiscal year.

Group taxation

Group taxation is not permitted in Peru.

Transfer pricing rules

Transactions between related parties and those with parties domiciled in tax havens are subject to transfer pricing rules.

The existence of the transactions between related parties determines the application of specific valuation methods, which are established in the Income Tax law.

The rules related to market value and transfer pricing establish that, in any kind of transaction, the value assigned to the goods and services must be the fair market value (FMV) for tax purposes. If such value differs from the FMV, either by overvaluation or sub valuation, the Tax Administration will proceed to adjust it for both the purchaser and the seller, even when one of them is a non-domiciled entity, provided that the agreed value results in a lower tax than the one that would have applied if transfer pricing rules would have been used. The adjustment will be imposed in the taxable period in which the operations with related parties were performed.

In case of transactions between related parties or those entered into with tax havens or non-cooperating territories, the FMV will be equivalent to the value agreed with independent parties in similar transactions; in which case, a supporting transfer pricing study would be mandatory.

The law states that transfer pricing rules will not apply for VAT purposes.

Formal obligations

- **Informative tax return – Local report:** Mandatory for taxpayers whose accrued income in the taxable year exceeded 2,300 Tax Units (approximately USD 3.2 MM²). They must provide information of transactions which generate taxable income and deductible costs/expenses.
- **Informative tax return – Master report:** Mandatory for companies that are part of a group with profits higher than 20,000 Tax Units (approximately USD 27.7MM³), and companies that would have performed transactions within the scope of transfer pricing rules, whose amount of operations is equal or higher than 400 Tax Units (approximately USD 552,426⁴). They must give information regarding the organizational structure of the group, description of their business, their transfer pricing policies for intangibles and financing, and their financial and tax status.
- **Informative tax return – Country by country report:** Mandatory for domiciled companies within a multinational group. They must provide information of the global distribution of profits, and the taxes paid and business activities performed by each entity of the group in any country.

Benefit test requirement

The benefit test must be accomplished when a domiciled entity receives a service rendered by any of its related parties. Such test is considered complied when the rendered service provides economic or commercial value to the recipient of the service, improving or maintaining its commercial position, which occurs if independent parties have satisfied the need for the service. The providers' cost structure must be proved.

If the domiciled entity complies successfully with the benefit requirement test, then the deduction of the cost or expense incurred for the services rendered would be accepted. Low value services must not exceed the margin of 5%.

² According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

³ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

⁴ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

Price adjustments for income tax purposes

Adjustments to prices are only required whenever the price paid generates a higher tax deduction or a lower income tax in Peru. Consequently, the existence of a tax prejudice will be required for an adjustment to be requested. Adjustments are performed individually (on each operation) and not in an overall or global manner.

The adjustment of the value assigned by the Tax Administration or the taxpayer will be effective for both the transferor and the purchaser or transferee, without any constraints. In the case of non-domiciled parties, the bilateral adjustment will only proceed on transactions that could trigger taxable income in Peru and/or deductions for determining the income tax in Peru.

The adjustments are attributed to the corresponding tax period, according to the attribution rules depicted in the PITL (accrual regime for corporate taxpayers). However, when under such rules the adjustment cannot be attributed to a particular period, the adjustment will be allocated among all tax periods where income or expense has been allocated, in proportion.

Operations where no consideration has been paid are subject to transfer pricing rules. In this kind of transaction, the adjustment shall be allocated to the period or periods in which revenue would have accrued if consideration had been paid and the income was to be acknowledged by a domiciled taxpayer. On the other hand, if the income was to be recognized by a non-domiciled taxpayer, it would be attributed to the period or periods where the expenses accrued, even if it was a non-deductible expense, and the domiciled taxpayer would be responsible of payment.

Advance Transfer Pricing Agreements (APAs)

Peruvian tax law allows taxpayers to enter into APAs with the Tax Administration, in order to determine the price, retribution and/or the profit margin. In addition, it can be agreed the methodology which will support the values to be used by taxpayers in setting the prices of the transactions which may be agreed with related parties, tax havens or non-cooperating territories.

The Peruvian Tax Administration may also enter into APAs with other tax administration of countries that Peru has signed a double tax treaty.

As of January 1, 2025, APAs may have effects on transactions from taxable years prior to those covered by them, provided that it is verified that the relevant facts and circumstances of said years are the same as in the years covered by the APAs; and the action of SUNAT to determine the tax liability related to Income Tax by application of the transfer pricing regulations with respect to said transactions has not prescribed.

Corporate residence

For income tax purposes, the following entities –among others– are considered as resident entities in Peru:

- Corporations duly incorporated in Peru.
- Partnerships and limited liability companies.
- Branches, agencies, and PE in Peru of non-resident individuals or entities.

According to the PITL, a foreign company is considered a PE if:

- i. It has a fixed place of business through which it carries out business activities in whole or in part
- ii. An individual has a power of attorney of a foreign entity and uses it on a regular basis to sign agreements on behalf of the foreign entity
- iii. The person with power of attorney of the foreign entity keeps within the country inventory and/or goods to be negotiated in Peru on behalf of the foreign entity
- iv. Works or construction projects, installation or assembly, as well as the supervision activities related to them, when their duration exceeds 183 days, unless a lower term has been established through a Double Tax Treaty, in which case, that would be the applicable term.
- v. Services, when they are performed in the country for a same project, service or for a related one, for a period or periods that in total exceed 183 days within any given 12 month period, unless a lower term has been established through a Double Tax Treaty, in which case, that would be the applicable term.

PEs must comply with all the formal and substantial tax obligations of any domiciled taxpayer. If a PE presence is determined, then the tax contingency will have to be quantified by calculating the taxes, fines, and interest accrued as from the moment in which the PE presence can be deemed, except for the period barred by statute of limitations.

Withholding taxes

Domestic corporations are required to withhold income tax regarding the retribution paid to non-resident entities at the following rates:

Type of payment	WHT (%)
Dividends or profit distributions	5
Interest on non-related party loans, provided certain requirements are fulfilled	4.99
Interest on related party loans	30
Interest paid by Peruvian financial entities or banks to foreign beneficiaries for credit lines used in Peru	4.99
Royalties	30
Digital services	30
Technical assistance	15
Lease of vessels or aircraft	10
Other income	30
Sale of securities within Peru (Lima Stock Exchange)	5
Sale of securities outside Peru	30

Note that resident taxpayers may not deduct the WHT of a third party, except in the case of loans provided by non-resident creditors, to the extent that the debtor has contractually assumed the obligation of bearing the WHT cost.

If the retribution for technical assistance exceeds 140 Tax Units (approximately USD 193,349⁵), a report issued by an audit firm will be required, in which case it must be stated that the technical assistance has been effectively rendered for the 15% WHT rate to apply; otherwise, a WHT rate of 30% will be applicable.

In the case of the services that entail the execution of activities partly in Peru and partly abroad, non-resident entities are subject to a 30% WHT (except for the lease of vessels and aircrafts, subject to a 10% WHT) on deemed Peru-source income determined by applying the following percentages to gross income:

Type of payment	Deemed Peruvian-source income (%)
Insurance	7
Lease of vessels	80
Lease of aircraft	60
Air transport	1
Maritime transport	2
Telecom services	5
International news services	10
Distribution of movies, records, and similar products	20
Supply of containers	15
Demurrage of containers	80
Rights for broadcasting live foreign TV shows within Peru	20
Sale of highly migratory hydrobiological resources to Peruvian entities, extracted inside and outside the Peruvian maritime domain	9

For branches and other Permanent Establishments, the WHT on profit for distribution is applied on the date the annual income tax return is submitted. Subsidiaries are subject to the WHT on the date in which the corresponding shareholders agreement took place or the date when the beneficiary receives the dividends, whichever occurs first. For non-domiciled shareholders, the withholding will be applicable whenever the dividend is actually paid, without considering the moment in which the shareholder agreement is executed.

⁵ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

General anti-avoidance rule (GAAR)

The Legislative Decree N° 1422, published on September 13, 2018, offers additional guidance on the application of the Peruvian GAAR (the so-called "Norm XVI"). The GAAR allows the Peruvian tax authorities to determine the true nature of any transaction and recharacterize it if deemed necessary.

Norm XVI is applicable in tax audits carried out in order to analyze cases, facts, or situations occurring on or after July 19, 2012, provided that the Peruvian tax inspector has obtained a favorable opinion from the review committee. This committee consists of three Tax Administration officials that are accountants or lawyers by profession, and that have previous experience in tax audits or in the interpretation of Peruvian tax legislation performed in the public sector. The tax inspector must provide the committee with the tax audit records and a memorandum that must be shared with the taxpayer. Before issuing its opinion, the review committee must schedule a hearing with the taxpayer to explain the case and information included in the memorandum. Opinions, that must be issued within 30 working days of that hearing, are binding on the tax inspector and must be notified to the taxpayer.

In February 2020, the Tax Administration published the first version of a series of High Risk Schemes that, through their general characterization, could lead to an incorrect determination of the tax liability or to obtaining undue tax advantages, and therefore would be subject to priority evaluation by the Tax Administration.

In October 2022, the second version of this Catalogue was published, increasing the number of High Tax Risk Schemes to 13. It should be noted that these situations identified by the Tax Administration are enunciative, i.e., other situations could occur that, if they present similar elements, could also be included as high-risk schemes.

In July 2024, the most recent version of this Catalogue was published, increasing the number of High Risk Schemes to 24. It is important to mention that the general characterization of each scheme makes the catalog an informative and non-binding document for the taxpayer, given that the qualification of each operation will require a detailed analysis of its legal and economic reasons for its execution.

Foreign tax relief

Tax credits are permitted, within certain limits, for taxes paid abroad on foreign-source income.

Since January 1, 2019, domiciled taxpayers are entitled to deduct the corporate income tax paid by non-domiciled companies of first and second level that distributed them dividends.

Regarding paid Income tax deduction by first level non-domiciled companies, the domiciled entity must have direct participation on at least 10% of the total shares with voting rights of the first level non-domiciled company. In this context, there are two forms of deductible income tax: (i) The one paid or withheld abroad for distributed dividends or; (ii) the corporate income tax according to the amount of the dividends abovementioned.

In terms of paid Income tax deduction by second level companies, the domiciled entity must have direct participation on at least 10% of the total shares with voting rights of the second level non-domiciled company. For this, the second level non-domiciled company needs to be: (i) resident of a country that has celebrated an information exchange treaty with Peru or, (ii) resident of the same country as the first level non-domiciled company.

It should be noted that the Double Taxation Treaties (DTT) signed by Peru with Brazil, Canada, Chile, South Korea, Switzerland, Mexico, Portugal and Japan establishes specific provisions for the purpose of eliminating double taxation with respect to the application of credits, whether direct or indirect, derived from taxes paid in said countries by a company domiciled in Peru.

Other taxes

Value-Added Tax (VAT)

Peruvian VAT law establishes that the following transactions will be subject to VAT at a rate of 18%.

- Sale of goods within the country.
- Render or use of services within the country.
- Construction contracts.
- The first sale of real estate made by constructors.
- Import of goods.

For all transactions, vendors are subject to VAT, except in the case of importation of goods or services rendered abroad but economically used within Peru, for which VAT is self-assessed by the importers and users, respectively.

As from December 2024, the mechanism established by Legislative Decree 1623 for the collection of VAT will come into force. This VAT must be paid by natural persons who do not carry out business activity when they use digital services in the country provided by non-domiciled subjects or import intangible goods via the Internet.

The VAT law follows a debit/credit system, and input VAT may be offset by output VAT. Should excess input VAT be obtained in a particular month, it shall offset output VAT obtained during the following months, until it is exhausted.

The export of movable goods (including the sale of goods in the international zone of ports and airports) is not subject to VAT, nor is the export of services provided that certain conditions are met. Thus, VAT paid upon the acquisition of goods, rendering of services, construction agreements, and the importation of goods related to exported goods or services creates a positive VAT export balance. The positive balance may be offset against output VAT, income tax, or any other outstanding tax debt in favor of the central government. If the positive balance is not completely offset –as the amount of the tax obligations is insufficient– the taxpayer may apply for a refund.

Tax Obligatory Payment System (SPOT)

The SPOT is applicable to the sale of certain goods and the rendering of services subject to Peruvian VAT. The main purpose of the SPOT is to generate funds to enable the payment of tax obligations by the VAT payer.

According to the SPOT, the sale of goods and services listed in the appendices of the Resolution that are levied with VAT will be subject to withholding, applying the rates established for each kind of good or service (1.5%, 4%, 9%, 10%, or 15%). Any service subject to VAT, except expressly excluded, will be subject to the SPOT with a withholding rate of 10%. The following services are subject to a withholding rate of 12%: (i) labor intermediation, (ii) maintenance and repair of movable goods, (iii) other corporate services, and (iv) other services levied with VAT.

The purchaser or service recipient must withhold a percentage of the transaction price and deposit such amount within the seller's or service provider's State Bank (Banco de la Nación) account. It is important to note that the right of the purchaser or user of the service to offset input VAT related to such goods or services may be exercised only after the deposit to the State Bank account has been executed.

The amount deposited is applied towards the payment of the seller's or service provider's Peruvian tax obligations (not just VAT). If after three consecutive months such amount is not used, the seller or service provider may request a refund or use the amount to pay withholdings applicable to purchasers or services recipients.

VAT withholding regime

This system is applicable to recipients, appointed as VAT withholding agents, of goods or services subject to VAT. Purchasers of goods and users of services must withhold 3% of the price or fees invoiced where the price of the supply exceeds PEN 700 (approximately USD 187⁶).

Recipients of goods or services must be expressly appointed as a VAT withholding agent by the Tax Administration. The designation of withholding agents, as well as the exclusion of any of them, is determined by Supreme Decree endorsed by the Ministry of Economy and Finance (MEF), with the technical opinion of the Tax Administration.

⁶ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

The provider may deduct the withheld amounts from the gross tax (this is, the total amount of VAT on sales or services performed in the period) until the last day of the period for which the return corresponds. The amount not applied would be carried forward to the next periods until they are exhausted, without any time limit.

Also, the provider would be entitled to request the refund of the withheld amounts that were not applied (as a VAT credit), to the extent such amounts are not applied over a term of 3 months.

VAT perception regime

This system is applicable to the sale of certain goods within the country, such as mixed oil gas, carbon dioxide, among others. For this purpose, perception agents, which are previously appointed by the Tax Administration, must withhold in advance an amount of the VAT that will be generated by its customers in future transactions with the goods. Perception regime is not applicable to the rendering of services.

The sale of goods listed in Superintendency Resolution 058-2006/SUNAT, in which the perception agent would have to withhold a perception amount that the customer would be obliged to pay for the acquisition of such goods; and, in the import of goods, with some specific exemptions established by the Tax Administration.

In the import of goods, the Tax Administration acts as the perception agent. In this case, the withholding rates range between 3.5%, 5% and 10%.

The regime would be applicable to the definitive import of goods subject to VAT, except for the import of goods subject to temporary importation regimes and the goods listed in the annex 1 of the Superintendency Resolution 203-2003.

Amounts subject to the perception regime can be recovered either as a credit or as a refund.

The taxpayer may offset as input VAT the amount withheld from it. If no VAT levied transactions were to be performed or if these would not be enough to absorb the perceptions applied in a certain month, the surplus amounts may be used in the next months until it is exhausted.

VAT special recovery regime for investments

This regime allows companies at pre-operative stage to recover the input VAT on the import and/or local acquisition of new capital goods, new intermediate goods, services and construction contracts, that were acquired in the pre-operative stage, to be used directly in the execution of a project investment commitment and which are destined to the performance of operations levied with VAT or exportations.

For purposes of be benefited with this regime, the applicants must comply with the following requirements:

- The implementation of a project in any economic sector that generates corporate income, committing to invest not less than USD 5'000,000.00⁷ (Five Million Dollars), not including VAT.
- Have a project that requires a pre-operative stage equal or more than 2 years, counted as from the date of initiation of the investment schedule.
- Obtain the Ministerial Resolution of the corresponding sector, approving the subjects who would be benefited with the regime; as well as the list of goods, services and construction contracts approved for the early recovery of the VAT.

Excise Tax

The sale of specific goods, including fuel, cigarettes, beer, liquor, and vehicles is subject to excise tax. Excise tax rates, and the manner on which the tax is applied, depend on the type of goods or services.

⁷ Except in the case of agricultural projects where it may be less than this amount.

Real Estate Property Tax

The real estate property tax is levied on the value of urban and rural real estate property. Individuals and legal entities owners of real estate properties are considered taxpayers for such purposes. The taxable base is calculated considering the value of all the properties owned in a specific local district, as reflected in the internal records of the corresponding local authorities.

The tax is calculated and paid on an annual basis applying the following progressive cumulative scale:

Real estate's value	Real estate property tax rate (%)
Up to 15 Tax Units	0.2
Over 15 and up to 60 Tax Units	0.6
Over 60 Tax Units	1.0

Real Estate Transfer Tax

The real estate transfer tax is levied on all transfers of urban and rural real estate property. The taxpayer is the purchaser of the property. The taxable base is equivalent to the retribution agreed by the parties involved in the transaction, provided it is higher than the property's value (in the relevant year for purposes of the real estate property tax), as reflected in the internal records of the corresponding local authorities.

The tax rate is 3% and must be assumed exclusively by the buyer, regardless of what the parties have agreed. The first ten (10) Tax Units (PEN 51,500 for 2024) of the tax basis are exempt from this tax.

Tax on Vehicular Assets

This is an annual tax which levies the ownership of vehicles, cars, trucks, station wagons, and buses, among others in kind, which have no more than 3 years old. This term will be considered as from the first inscription in the Registry of Vehicular Property (SUNARP).

The applicable tax rate is 1%, applicable on the value of the vehicle. In any case, the amount to be paid shall not be less than 1.5% of the effective applicable Tax Unit as of January 1 of the year in which the tax corresponds.

The tax may be paid according to the following alternatives: i) in cash, until the last business day of the month of February or ii) in installments, up to four quarterly installments.

Financial Transactions Tax (FTT)

FTT is applied at a rate of 0.005% on all debits and/or credits on bank accounts held by the taxpayers. Payments of FTT are deductible as expenses for income tax purposes.

The following operations –among others– are exempted from the FTT:

- Operations made between accounts of the same holder.
- Credits to bank accounts for the payment of salaries.
- Credits and debits to bank accounts of diplomatic representations and international organizations recognized in Peru

Temporary Net Assets Tax (TNAT)

Companies subject to CIT are required to pay TNAT, except for companies which are in preoperative stages or that commenced business as from January 1 of the fiscal year in which TNAT must be paid. The tax basis is the value of the assets set forth in the taxpayer's balance sheet as of 31 December of the year prior to the one in which corresponds the tax payment, adjusted for deductions and amortizations accepted by the Peruvian law.

The amount paid for TNAT may be credited against the taxpayer's income tax. If not totally used, the remaining TNAT may be refunded by the Tax Administration.

The amount of TNAT is determined by applying the following rates on the taxable basis:

- Up to PEN 1'000,000 (approximately USD 268,168)⁸: 0%.
- More than PEN 1'000,000: 0.4%.

The TNAT Law indicates that the following items, among others, shall not be considered for the tax basis of ITAN:

- The shares, participations or rights of capital of companies subject to the tax, except that they were exempted from the tax.
- The value of the machinery and equipment with no more than 3 years of use.
- The goods delivered in concession by the Government, according to the Supreme Decree 059-96-PCM, and which are affected to the provision of public services, as well as the constructions carried out on them.

⁸ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

Special Taxation on Mining Industry

The new mining royalty (NMR) regime, special mining tax (SMT), and special mining contribution (SMC) are economic considerations paid to the Peruvian government for the exploitation of mineral resources. The NMR applies to metallic and non-metallic mineral resources, while the SMT and SMC only apply to metallic mineral resources.

The SMC is only applicable for mining companies with projects with tax stability agreements in force. Such companies have voluntarily entered into agreements with the Peruvian government with the purpose of paying this contribution. This special contribution is determined for each stability agreement entered.

The amounts paid will be deductible for income tax purposes as long as they are actually paid during the fiscal year.

In all three cases, the tax basis is the operating profit of the company, and the special rates and considerations are explained below:



	New mining royalty (NMR)	Special mining tax (SMT)	Special mining contribution (SMC)
Concept	No tax stability	No tax stability	With tax stability
Accumulative progressive scale based on operating margin	1% to 12%	2% to 8.4%	4% to 13.2%
Minimum payment	1% of the sales revenue	N/A	N/A

Mining Investment Regulatory Agency (OSINERGMIN) contribution

The basis for calculating the OSINERGMIN contribution is the monthly invoicing of activities directly related to OSINERGMIN's regulatory scope (mining activities), after deducting the VAT. The applicable rate is 0.12% in 2023-2025.

Agency for Environmental Assessment and Enforcement (OEFA) contribution

The basis for calculating the OEFA contribution is the monthly invoicing of activities directly related to OEFA's regulatory scope (mining activities), after deducting the VAT. The applicable rate is 0.07% in 2023-2025.

Controlled Foreign Companies (CFC)

CFC rules are in force in order to avoid the deferral of income tax on passive income obtained from CFCs (defined as at least 50% of ownership, voting rights, or gains) by domiciled taxpayers, provided such companies are situated in tax havens or jurisdictions with nil or reduced tax rates.

Taxation of indirect disposal of shares in Peruvian entities

According to PITL, domiciled taxpayers are levied on their worldwide income, whereas non-domiciled taxpayers are levied only on their Peruvian-source income. Income obtained from the indirect transfer of shares issued by entities incorporated in Peru is deemed Peruvian-sourced. For such purposes, an indirect transfer of shares is deemed to exist when the shares of a non-domiciled entity, which in turn owns – directly or indirectly through other entities – shares issued by a domiciled entity, are transferred, provided the following two conditions are jointly met:

- i. During the 12 months prior to transfer, the fair market value (FMV) of the shares of the Peruvian entity owned by the foreign entity equals 50% or more of the FMV of the shares of the foreign entity (hereinafter the “50% test”); and,
- ii. During any given 12-month period, shares representing 10% or more of the foreign entity’s share capital are transferred (the minimum rule).

Furthermore, an indirect transfer is also deemed to exist when the total value of the shares of the domiciled entity being indirectly transferred is equal to or greater than 40,000 tax units (approximately USD 55.2 MM⁹). Such amount will be determined by applying the percentage obtained for the 50% test (above) on the total value agreed for the sale of the shares transferred by the taxpayer and its related parties.

The Regulations established the methods by which the FMV of the shares will be calculated for purposes of the 50% test referred above. Such methods consider the discounted cash flow method, the equity participation value adjusted by the average active market rate, the value of equity participation based on audited balance sheets, even before 12 months preceding the transfer of shares, among others.

⁹ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

Other issues

Foreign Account Tax Compliance Act (FATCA)

A Model 1 Intergovernmental agreement (IGA) is treated as 'in effect' by the United States (US) Treasury as of 1 May 2014. The US and Peruvian governments have reached an agreement in substance, and Peru has consented to disclose this status. In accordance with this status, the text of such IGA has not been released and financial institutions in Peru are allowed to register on the FATCA registration website consistent with the treatment of having an IGA in effect, provided that the jurisdiction continues to demonstrate firm resolve to sign the IGA as soon as possible.

Mutual administrative assistance procedure

The mutual administrative assistance procedure has been established in the Peruvian Tax Code. According to this procedure, the Tax Administration can solicit financial institutions for taxpayers' financial information. Additionally, this mechanism provides assistance on information exchange and tax collection with authorities of countries with whom Peru has treaties that include information exchange and mutual assistance.

Common Reporting Standard

Common Reporting Standard ("CRS") is the global reporting standard for the automatic exchange of financial information approved by the Organization for Economic Co-operation and Development (OECD) in 2014. CRS establishes the financial information to be exchanged, the financial institutions required to transmit the information, the accounts to be reported, the taxpayers involved, as well as the due diligence procedures to be followed by the financial institutions. The financial entity is responsible of submitting the above-mentioned information to the Tax Administration.

Ultimate Beneficiary Owner Report

Legal person and legal entities are required to identify, obtain, update, declare, retain and provide information about their ultimate beneficiaries and, in this regard, they have to submit the Ultimate Beneficiary Owner Report. The identification of these beneficiaries is based on the following criteria: (a) The individual who directly or indirectly owns at least ten percent (10%) of the legal entity's shares, (b) An individual who, acting individually or with others as a decision unit, has power to designate or remove the majority of the administrative, management or supervisory bodies, or has decision-making power in the financial, operational and/or commercial agreements that are adopted. When there is no possibility to identify a person by criteria (a) and (b), the ultimate beneficiary of the legal entity that should be reported is the individual within the company with the highest administrative position.

The UBO Statement is a permanent obligation, therefore, the necessary actions must be taken periodically to verify that the UBOs or the information declared have not changed. In this sense, taxpayers are forced to update the declarations previously made when they detect that the UBO information has changed.

In addition to the obligation to declare and keep the UBOs updated, the due diligence procedures required by the Tax Administration must be carried out in order to demonstrate that the respective validations were performed and to evidence the correct declaration of the UBO. In case of non-compliance with the due diligence duty, penalties amount up to PEN 230,000 (approximately USD 61,678¹⁰).

¹⁰ According to the purchase exchange rate published by the Superintendency of Banking, Insurance and Pension Fund Administrators (SBS, by its acronym in Spanish) on December 12, 2024 (3.729 PEN per USD).

Tax treaties

Peru has entered treaties with Brazil, Canada, Chile, Japan, Korea, Mexico, Portugal, and Switzerland regarding double taxation on income tax under the OECD model. In addition, Peru, as a member of the Andean Community, which also includes Bolivia, Colombia, and Ecuador, is subject to a double-taxation standard (based on source income; not on the OECD model).

It should be noted that Peru is currently negotiating a DTT with the United Kingdom and China.

Please see the chart below for the reduced WHT rates that apply under DTTs in force.

Recipient	Dividends (%)	Interest (%)	Royalties (%)	Technical assistance (%)	Digital services (%)
Non-treaty	5%	4.99/30	30	15	30
Treaty					
Brazil	10/15 (1)	15	15	15	15
Canada	10/15 (1)	15	15	N/A	N/A
Chile	10/15 (1)	15	15	N/A	N/A
Japan	10	10	15	N/A	N/A
Korea	10	15 (2)	15	10	N/A
Mexico	10/15 (1)	15 (3)	15	N/A	N/A
Portugal	10/15 (1)	10/15 (4)	15	10 (3)	N/A
Switzerland	10/15 (1)	10/15 (4)	15	10	10

1. The lower rate applies in case the beneficial owner is a company that controls at least 20% (Brazil), 10% (Canada, Portugal, and Switzerland), or 25% (Chile and Mexico) of the voting power in the company paying the dividends.
2. Exclusive taxation: If the beneficial owner of the interest is the Contracting State, including its political subdivisions or local authorities, or the Central Bank of that other Contracting State.
3. Exclusive taxation:
 - a) If the beneficial owner is one of the Contracting States or one of its political subdivisions, the Central Bank of a Contracting State or banks whose capital is 100% owned by the Contracting State and which grant loans for a period of not less than three years. In this case the interest they receive must be taxed in the country of residence.
 - b) Interest paid by any of the entities mentioned in paragraph a).
4. The lower rate applies to loans from banks (Portugal and Switzerland) and sale on credit of industrial, commercial, and scientific equipment (Switzerland).
5. The treaty rate applies to technical assistance in connection to copyrights, goods, or rights that generate royalties

Other points of interest

Peruvian tax regulations have been emphasizing the application of various provisions related to the use of the Electronic Issuance System (SEE), the issuance of payment vouchers electronically and their recording in the purchase registry according to established deadlines.

Likewise, within the framework of the Peruvian State's regulatory policy to rate taxpayers, starting in July 2025 the formal period will begin from which compliance profiles (a way to score the "tax behavior" of the taxpayers) are given (ranging from rating A to E) whose effect will be maintained until a new profile is provided as a result of a quarterly evaluation.

Mining chapter



Peruvian mining industry in numbers

The Peruvian mining sector stands out for its geological potential with rich natural resources across the region, and its low production costs make it an attractive option for new companies and investments. This year, 2024, has been challenging for the sector due to social-political conflicts and an economic recession. Despite this, Peru maintains second place as a world producer of copper and zinc; as well as the first producer of zinc and tin and the second producer of gold in Latin America.

Mining currently represents almost 9.1% of the total GDP, with a 65% average contribution to national exports over the past 10 years. For 2023, mining investment meant an entry of USD 4.9 billion, which reflected a decrease of 9.9% compared to what was reported in 2022 (USD 5.4 billion).

USD 14.74^{Bn}

Mining GDP (exchange rate at year-end 2024)

1,391

Mining concessions in activity

51 projects

Mining projects under construction

2'015,975

HA reserved for mining activity

USD 34.657^{Bn}

Exports: January - October 2024

Source: BCRP, INEI, MINEM

Mining legislation

Peru is an attractive destination for mining investments due to its significant reserves and a supportive legal framework that promotes private investment. Other contributing factors include the easily accessible land registry and geological information, and the presence of major global mining companies.

To help potential investors navigate the mining sector, here are some of the most common and important legal procedures:

Types of concessions

Peru's General Mining Law regulates four types of concessions:

1. **Mining concession:** This grants the holder the right to explore and exploit mineral resources within a specific area. It is a property right separate from land ownership and grants the holder ownership of the extracted resources.
2. **Beneficiation concession:** This grants the right to process and concentrate extracted minerals, and/or smelt, purify, or refine metals through physical, chemical, or physical-chemical processes.
3. **General works concession:** This grants the right to provide auxiliary services such as ventilation, sewage, lifting, or extraction to two or more mining concessions.
4. **Mining transport concession:** This grants the right to install and operate continuous transport of mineral products between mining centers, beneficiation plants, ports, or refineries.

The Peruvian government has implemented rules to provide economic stability to private investors. These stability rules safeguard investors from arbitrary changes in the legal framework, minimizing government interference in the market.

Peruvian law does not discriminate between national and foreign investors, so foreign investors receive the same treatment as national investors. An exception is Article 71 of the Political Constitution of Peru, which states that foreign investors cannot acquire or possess mines, lands, forests, waters, energy sources, etc., within 50 km of the Peruvian borders.

Obtaining a mining concession

To apply for ownership of a mining concession, the company must first conduct a search or survey of the area it wants to explore. No authorization is needed for searches in free areas. Once the search is complete, the company must submit an application to the Geological, Mining and Metallurgical Institute (INGEMMET) and pay the necessary fees. The required notices must then be published. The mining concession is granted through a resolution issued by INGEMMET's president. The concession title can then be registered with the Mining Registry of the Public Registry Office.

Operational requirements

Before beginning operations in the area, the concession holder must request authorization from the Ministry of Energy and Mines (MINEM). This procedure requires the holder to include documentation of prior consultation with indigenous communities. Prior consultation is a procedure requested from the Ministry of Culture (MINCUL) to obtain feedback from indigenous communities on the announced activities. This feedback is not obligatory to obtain authorization, as it can be issued at MINEM's discretion. It's important to note that the concession does not grant property rights over the surface land, which needs to be acquired separately through purchase or easement.

Environmental regulations

MINEM and the Ministry of Environment (MINAM) have established regulations related to environmental standards in the mining industry. To obtain authorization to start operations, concession holders must obtain approval of an Environmental Impact Declaration (DIA) or a Semi-detailed Environmental Impact Assessment (EIA-sd), depending on the project's scale. These studies must include technical, social, and environmental aspects, as well as an Environmental Management Plan outlining actions to prevent contingencies.

The Organism for Environmental Evaluation and Control (OEFA) monitors environmental obligations and can perform audits and issue fines to mining companies. All mining companies must prepare a Closure Plan for the end of the concession, and they must provide financial guarantees to ensure its execution. The amount of the guarantee must cover the estimated costs of closure, maintenance, and post-closure. The Closure Plan should be updated periodically to reflect the evolving estimate.

Ownership and rights

The Peruvian government owns the land and all mineral resources, but the extracted mineral resources belong to the concession holder during the agreed-upon period. There is a difference between surface ownership and ownership of the underground natural resources.

The mining concession grants the right to explore and exploit mineral resources within a specific area. It's important to note that mining concessions are limited, as the minerals in each deposit are finite, and the concession holder does not own the surface land. The concession holder can request an easement over the surface land, with compensation, to conduct mining activities.

Water rights

Water rights are separate from concession rights and are granted by the National Water Authority (ANA). To use water for mining, a company must obtain authorization. If drilling wells, there are additional procedures to follow, especially if discovering new water sources. Once the surface right is granted, the holder must adhere to the agreed-upon water usage and make the necessary payments to ANA. There are also standards for mineral residue deposits outlined in the Law of Water Resources.

Explosives

The use of explosives in Peru is regulated by the National Superintendence of Control of Safety Services, Weapons, Ammunitions and Explosives for Civil Use (SUCAMEC). Companies using explosives in mining must follow specific rules for storage, transportation, and usage. Each type of transport and explosive is subject to specific regulations. There are also obligatory safety requirements, and the administration requires technical specifications of every type of explosive used.

Company formation

The most common company type used for mining investment is the Limited Liability company (Sociedad de Responsabilidad Limitada or SRL).

Forming a local company is simple and regulated by the General Company Law. The company can be formed through a private shareholders' agreement. Two or more individuals or legal entities can incorporate a company through a public deed, which is then registered with the Public Registry Office. Companies must also register with the Tax Administration and obtain a Taxpayer's Registration Number (RUC).

Peru's mining legislation in 2024 offers a stable framework and non-discriminatory treatment for investors, with clear processes for obtaining concessions and permits. However, challenges remain, including social conflicts, bureaucratic hurdles, and the complexities of prior consultation with indigenous communities. While the government maintains environmental regulations and oversight, securing surface rights and navigating land access issues can be difficult. Recent developments include a focus on formalizing small-scale mining and ongoing discussions about potential reforms. Investors should stay informed about potential legislative changes and prioritize responsible stakeholder engagement and environmental management for successful mining ventures in Peru.

Labor legislation

According to Mining Statistical Bulletin (BEM) of the Ministry of Energy and Mines (MINEM), the mining sector reached a record high of 247,520 direct jobs in October 2024. This represents an 1.4% increase compared to the previous month's report. The report also highlights the important role of exploration and mining equipment and the ability to generate stability and formal employment opportunities.

In addition to the direct jobs created, the mining sector has a multiplier effect on employment. For every direct job in mining, 8 additional indirect jobs are generated in the rest of the economy.

Despite the positive developments in the mining sector, labor informality remains a challenge in Peru. The average informality rate in Latin America is 48.7%, while Peru's informality rate is 71.2%. This means that a majority of Peruvian employees lack formal contracts, social security, and other benefits.

Supreme Decree No. 042-2003-EM promotes hiring personnel who live near mining operations. Also, Supreme Decree No. 030-89-TR states that the minimum salary for mining employees should be 25% higher than the government-mandated minimum salary.

Income and wages

The average monthly income from work in Peru is S/. 2,054.90. However, the average annual salary in the mining sector is much higher, at S/. 63,145.

Supreme Decree No. 006-2024-TR states that the minimum vital wage (MVW) is S/. 1,130, effective January 1, 2025. Mining employees must earn at least 25% more than this, meaning their minimum wage is S/. 1,412.50.

Job stability and benefits

Peruvian law emphasizes job stability. Employees who have completed a three-month trial period and work for the same employer for more than four hours per day on average are considered permanent. Permanent employees can only be dismissed under specific circumstances related to their work performance or behavior, as outlined in the Peruvian Constitution.

In addition to job security, employees are entitled to a range of benefits, including:

- Family allowance
- Paid vacation
- Legal bonuses
- Compensation for time of service
- Severance indemnity
- Life insurance
- Profit sharing

To streamline compensation, employers can negotiate a total annual compensation package with employees earning a monthly salary higher than two tax units (PEN 10,700 in 2025). This package includes all benefits except profit sharing.

Labor administration

Social Security and healthcare:

- **EsSalud:** All employees are covered by EsSalud, Peru's social security system, which provides medical care and other benefits to employees and their families. Employers contribute 9% of each employee's monthly salary to finance this system.
- **Complementary insurance:** Given the inherent risks in mining, employers must also provide Complimentary Insurance for Hazardous Work (SCTR) to cover work-related illnesses or injuries. This insurance can be obtained through EsSalud or a private Health Maintenance Organization (EPS). The current rate for mining exploration, classified as Risk Level IV, is 1.83%.

Pension systems:

Employees can choose between two retirement savings plans:

- **Private Pension Fund (AFP):** Managed by private administrators, AFPs require employee contributions of approximately 12.75% of their salary.
- **National Pension System (ONP):** Administered by the government, the ONP has a fixed contribution rate of 13% of the employee's salary.

Both systems provide retirement benefits after a minimum contribution period of 20 years.

Complementary mining retirement fund:

Unique to the mining sector, this fund provides an additional layer of financial security for retired employees. Both employers and employees contribute to the fund, with employers contributing 0.5% of their annual pre-tax income and employees contributing 0.5% of their monthly gross salary. Employer contributions are tax-deductible.

Economic Benefits and Protections:

- **Survivor's pension, disability pension, and funeral expenses:** Employers can choose to provide these benefits through the national system or a private insurer.
- **Profit sharing:** Mining companies are legally obligated to distribute a percentage of their profits to their employees. This profit-sharing scheme helps ensure that employees directly benefit from the industry's success.
- **Labor unions:** Peruvian law recognizes the right to form and join labor unions. These unions play a vital role in protecting employee's rights and advocating for better working conditions and benefits.



Labor key trends :

Skills gap: The mining sector highlights a growing demand for skilled employees in the mining sector, particularly in areas like technology, automation, and data analysis.

Focus on sustainability: As environmental and social responsibility become increasingly important, mining companies are seeking employees with expertise in sustainable mining practices and community engagement.

Remote work and digitalization: The industry is increasingly adopting digital technologies and remote work arrangements, leading to a demand for employees with digital literacy and adaptability.

Aging workforce: An aging workforce is a growing concern. According to the INEI reports, the average age of mining employees is increasing, while the number of young workers is declining. This could lead to a shortage of skilled employees in the future.

Competition for talent: The mining industry faces growing competition for talent from other sectors, such as technology and finance. Mining companies will need to offer competitive salaries and benefits to attract and retain top talent.

Diversity and inclusion: There is increasing pressure on mining companies to increase diversity and inclusion in their workforces. This includes hiring more women, people from indigenous communities, and people with disabilities. Currently, women comprise only 7.7% of the mining workforce, indicating a significant need for improvement in gender diversity

This robust legal framework, combined with evolving trends in the labor market, shapes the landscape for employees in Peru's dynamic mining sector.

Foreign trade

A. Rates and tax bases

Customs duties in Peru are levied on the customs value of imported goods. The duty rates are structured in a tiered system, with the most common rates being 0%, 6%, and 11%. It's important to note that capital goods, essential for mining operations, are typically subject to a 0% duty rate. This exemption is a significant advantage for mining companies investing in equipment and machinery.

In addition to customs duties, imported goods are also subject to Value Added Tax (VAT) at the standard rate of 18%. The VAT is calculated on the sum of the customs value and any applicable customs duties.

B. International trade agreements

Peru has a proactive and open approach to international trade. The country has a network of 24 Free Trade Agreements (FTAs) and Economic Integration Agreements (EIAs) with major economies and trading blocs around the world. These agreements provide preferential access to a wide range of markets, including the Andean Community, Mercosur, the United States, the European Union, China, Japan, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) member countries.

FTAs offer several advantages for businesses operating in Peru. They can eliminate or reduce tariffs, simplify customs procedures, and create more predictable trading conditions. This is particularly beneficial for mining companies that often rely on imports for their operations and export their products to various international markets.

C. Temporary Imports

Peru's customs legislation provides for temporary import privileges under certain conditions. This allows mining companies to import capital goods, such as machinery and equipment, for a specified period without paying customs duties and import taxes. This is particularly useful for projects that require specialized equipment for a limited time.

To take advantage of temporary imports, the goods must be identifiable, intended for a specific purpose and location, and re-exported within the allowed period, typically 18 months. A guarantee for the unpaid taxes and interest is also required.

D. Procedure for the Extraction and Analysis of samples of metallic mineral concentrates

According to the Superintendence Resolution No. 202-2020/SUNAT, published in November 2020, the procedure has been modified. The following, among other topics, were stated:

- Sample extraction during customs clearance.
- Issuance of chemical bulletins in 72 hours.
- Certificate of receipt of samples and counter samples.
- Acceptance of suggestions by SUNAT.

E. Amendment to the Specific Procedure Physical Examination: Extraction and Analysis of samples

According to the Superintendence Resolution No. 202-2020/SUNAT, published in November 2020, it has been modified. The following, among other topics, were stated: It has established that the owner, consignee or the customs dispatcher can perform the physical examination of the goods prior the Customs Declaration is file, taking into consideration the provision stated in the General Procedure of "Cargo Manifest" and in the aforementioned procedure.

Additionally, the Customs Official may adopt the necessary actions, such as taking photographs or videos, withdrawing catalogs and documents with technical information, extraction of samples, among others, leaving a record of these actions in the "act of physical examination of official letter", noting that said act is not applicable to the import regime for consumption.

Tax System

Mining taxation in Peru

Corporate income tax

Rate:

Rate: 29.5%

If the Tax payer has signed a Tax Stability Agreement: 31,5%*

*If the tax payer has signed a Tax Stability Agreement an additional 2% is added to the general Income Tax Rate.

Mining taxes

1. Mining Royalty (Regional Government).
2. Special Mining Tax (Central Government).
3. Special Mining Contribution (for companies with tax stability)
4. Contribution to OSINERGMIN: 0.12%¹
5. Contribution to OEFA: 0.07%²

Rate:

18%

Rates of Depreciation:

- Buildings and constructions: 5% or 33,33%³
- Machinery and equipment used in mining activities: 20%.
- Other fixed assets: 10%

Basis:

Operating profits

Rates:

1. Mining Royalty: 1% - 12% (minimum 1% of sales).
2. Special mining tax: 2% - 8.4% on operating mining income.
3. Special Mining Contribution: 4% - 13.12% on operating income⁴

Deductible in CIT calculations: YES

Transactions subject to VAT:

- Sales of movables goods within Peru;
- Rendering or use of services within Peru;
- Import of goods;
- Construction agreements;
- The first sale of a construction performed by constructors.

Restriction on use of tax losses:

4 years (or 5 years for losses generated in 2020) or indefinite but up to 50% of net taxable income.

Other payments:

License Fee (mining right fee): USD 3.00 per hectare

VAT charged in exports:

0% rated

Employee Profit Sharing:

- 8% of the employer's taxable income.
- Deductible for CIT purposes: YES.

Tax stability Agreements:

- Juridical
- Mining

VAT Refund

- Early VAT Recovery
- Definitive VAT recovery.
- Exported VAT reimbursement.

¹ Calculated on the monthly billing recorded in the Sales and Income Record, that corresponds to the activities directly related to the scope of its supervisory and auditing competence, deducting the VAT.

² Calculated on the monthly billing recorded in the Sales and Income Record, deducting the VAT.

³ The 33.33% rate is applicable to buildings and constructions under Law No. 31652 that meet the criteria established by Law.

⁴ Applicable to mining companies with tax stability agreements in place prior to October 1, 2011.

Income Tax (IT)

Companies that are tax resident in Peru are subject to corporation tax on their worldwide taxable income. Tax resident companies are those incorporated in Peru. Nonresident entities, as well as branches and permanent establishments of foreign companies, are taxed on income from Peruvian sources only.

The corporate income tax rate is 29.5%. In addition, a Dividend Tax at a rate of 5% is imposed on distributions of profits to nonresidents and individuals by resident companies and by branches, permanent establishments and agencies of foreign companies.

Mining companies in Peru are subject to the general corporate income tax regime. However, if the taxpayer has signed a Stability Agreement, an additional 2% rate is applied, meaning the combined corporate income tax rate becomes 31.5%. Companies find tax stabilization very attractive and are generally willing to pay the premium.

Taxable income is generally computed by reducing gross revenue by the cost of goods sold and all expenses necessary to produce the income or maintain the source of income. Certain types of revenue, however, must be computed as specified in the tax law, and some expenses are not fully deductible for tax purposes. For example, there are limitations on the deductibility of payments to related parties, and payments to entities located in tax havens are generally non-deductible. Thin capitalization rules also apply, limiting the deductibility of interest expense when a company's debt-to-equity ratio exceeds a certain threshold.

Business transactions must be recorded in legally authorized books of account that are in full compliance with the International Financial Reporting Standards ("IFRS"). The books must be kept in Spanish and must be expressed in Peruvian currency. However, accounting records may be kept in foreign currency (i.e. US dollars) where a stability agreement has been entered into.

Depreciation is computed on a straight-line basis. The depreciation rates are established by tax law and vary depending on the asset category.

Tax losses may be carried forward for three years. The carryback of losses is not permitted.

50% of income tax paid by a mine to the Central Government is to be remitted as "Canon", by the Central Government back to the regional and local authorities of the area where the mine is located.

Dividends: Dividends and any other profit distributions paid to resident individuals are subject to a 5% withholding tax. Dividends paid to non-resident individuals and legal entities are subject to a 5% withholding tax, which is a final tax.

Tax Compliance: Corporate taxpayers must make monthly advance payments of income tax. An annual income tax return must be filed within three months of the end of the tax year.

These are the main considerations to take into account in determining the Peruvian Corporate IT:

i. Deductible expenses

The general deduction rule is that an expense is deductible against gross income if it was necessary to produce said income, produce capital gains or to maintain the source of income.

For such purposes, expenses must be ordinary to the economic activity of the company and meet other requirements such as being general and reasonable, as the case may be. Even though the Peruvian IT Law establishes specific deduction rules for certain expenses, this does not mean that these expenses are the only ones that may be deducted, due to the fact that the Peruvian IT Law allows the deduction of any expense that complies with the causality principle (including mining taxes).

Start Up Costs	Organization expenses, pre-operating expenses -including initial operations and further expansion of operations-, and interest accrued during the pre-operating period may be deducted in the first period of operation or amortized using the straight-line method over a maximum period of 10 years. The amortization period may be varied provided that the approval of the Tax Authority is granted. The total period may not exceed 10 years.
Acquisition of mining rights	Amortization of the acquisition costs of mining rights starts after the period granted to the owner of the mining right to comply with the minimum production. The amortization period must be established based on the probable life of the ore, calculated by taking into account the proved and probable reserves and legal minimum production.
Exploration expenditures	Exploration costs accumulated up to the year when minimum production is achieved must be added to the acquisition cost and amortized as part of it. However, mining companies may choose to expense said costs when incurred, provided, as mentioned above, that the company has earned revenues. The exploration costs incurred after minimum production is achieved may be deducted in the fiscal period in which it is accrued or amortized during the probable life of the mine. Both the acquisition and exploration costs may be written-off if, prior to achieving minimum production, the mining right is abandoned or revoked. In the event that the mining right is abandoned, revoked or the mining deposit is depleted after minimum production is achieved, the company may choose to write-off the acquisition and exploration costs or continue the amortization thereof.
Development costs	Development costs may be expensed in the year. The mining company may choose to amortize these costs over a maximum period of three years, provided the development allows a production period comprising at least two fiscal periods. The development cost may be written off if the mine is depleted or the mine right is abandoned or revoked.
Production costs	The General Mining Law does not include any regulations regarding the allocation of production costs, neither for accounting purposes nor for tax purposes. The Peruvian IT Law, however, states that production costs have to be allocated to the products sold, and thus, a deduction for them takes place upon the sale of the products.



Depreciation rates

Assets	Maximum annual tax depreciation rate
Work and reproduction livestock; fishing nets	25%
Land transportation vehicles (except railways); furnaces in general	20%
Machinery and equipment used for mining, oil, construction; except furniture and office equipment	20%
Data processing equipment	25%
Machinery and equipment acquired after January 1 st 1991	10%
Other fixed assets	10%
Buildings and constructions	5%

Additionally, the following depreciation rates will apply in these scenarios:

Assets	Maximum annual tax depreciation rate
Machinery and equipment acquired in 2020 and 2021.	20%
Land transportation vehicles (except railways) with hybrid or electric engines, acquired in 2020 and 2021.	25%
Land transportation vehicles (except railways) with hybrid or electric engines, acquired in 2023 and 2024.	50%

In order to accept depreciation for tax purposes, such depreciation must:

- be recorded in the company's accounting records, in the current fiscal year;
- not exceed financial depreciation;
- not exceed the depreciation rates previously mentioned. Differences between financial and tax depreciation may also be deducted, provided that a temporary account is recorded until the assets are fully depreciated for tax purposes.

Buildings are depreciated at a 5% yearly rate. However, a 33,33% yearly depreciation rate will apply, provided the following conditions are met:

- Construction began after January 1, 2023 (construction begins for this purpose when obtaining the construction license).
- The work progress for the construction must be at 80% or more by December 31st, 2024. Incomplete constructions by said date will be considered to be at a lower work progress, unless the taxpayer can substantiate the contrary

These rules will be also applicable for taxpayers that acquire properties that comply with the above-mentioned requirements during fiscal years 2023, and 2024. Nevertheless, it would not be applicable when such property has been built totally or partially before January 1, 2023.

i. Withholding taxes

Peruvian income sources paid to non domiciled entities are subject to withholding tax, in accordance to the following rates:

Peru source income	Rate
Interest paid on loans with non-related parties, provided certain requirements are met	4.99%
Interest paid on loans with related parties	30%
Dividend and any other profit distributions	5%
Royalties	30%
Technical assistance, to the extent certain formal requirements are met	15%
Digital services	30%
Lease of vessels or aircraft	10%
Other income	30%



Mining Taxes

In addition to the corporate income tax, mining companies must pay, on a quarterly basis, mining taxes for exploitation of mineral resources based on operational profit.

- i. **Royalty:** Under the 2004 Mining Royalty Law, revised in 2011, the royalty is applied to the quarterly operational profit of the mining companies, at an effective rate varying from 1% to 12%, depending on the operational margin identified within 16 separate brackets.

A minimum royalty payment equivalent to 1% of the sales is always required. The law defines the distribution of royalties among Local Governments, Province Governments, Regional Governments and National Universities.

- i. **Special Mining Tax:** Mining companies without tax stability agreements with the government (further explained below) are subject to this tax. It applies to the quarterly operational profit at an effective rate varying from 2% to 8.4%, depending on the operational margin identified within 17 separate brackets.
- ii. **Special Mining Contribution:** Mining companies that have taxation stability agreements previously signed with the government are subject to this contribution in the form of a levy. It applies to the quarterly operational profit at an effective rate varying from 4% to 13.12%, depending on the operational margin identified within 17 separate brackets.

Value Added Tax (VAT)

VAT levies at an 18% rate the following transactions:

- a. Sales of movable goods within Peru
- b. Services rendered within Peruvian boundaries
- c. Importation of services (services economically used within Peru by a domiciled entity)
- d. Importation of goods
- e. Construction agreements
- f. The first sale of constructions performed by constructors.

The VAT Law follows a debit/credit system through which input VAT (paid in purchase of goods and services) may be offset with output VAT (originated by taxable operations). Any VAT credit that is not offset in a certain month can be carried forward (at historical values) to be offset with any future output VAT. It should be noted that VAT credit cash refunds are only available for exporters and some entities at preoperative stage, provided certain conditions are met. Peru has three different VAT withholding regimes with rates that fluctuate between 0.5% - 12%. These withholding regimes apply to specific transactions or when the Tax Authorities appointed persons liable to VAT as withholding agents.

VAT withholding regime

This system is applicable to recipients of goods or services subject to VAT. Purchasers of goods and the user of services must withhold 3% of the price or fees invoiced where the price of the supply exceeds PEN 700.

VAT perception system

This system is applied to the sale of certain goods within the country, such as mixed oil gas, carbon dioxide, among others. The perception rates are 0.5%, 1% and 2%.

This system is also applicable to the import of goods, where the Tax Administration acts as the perception agent. In this case, the withholding rates range between 2% and 5%. Exceptionally, a 10% perception rate may apply. Amounts subject to this perception regime can be recovered either as a credit or refund.

Tax Obligatory Payment System (SPOT)

This system is applicable to the sale of certain goods, construction contracts and the rendering of services subject to VAT (with some exceptions).

Sales of certain movable goods are subject to this system at rates ranging from 4% to 10%, depending on the goods whereas in case of services the rates are 10% or 12%, depending on the service.

The recipient of goods or services must withhold the corresponding percentage from the price of the transaction when its consideration exceeds PEN 700, approximately, and deposit it in the Peruvian National Bank (Banco de la Nación) account of the supplier. Withheld amounts can be recovered either as a credit or refund, provided certain specific rules are met.



Other taxes

Excise Tax

The sale of some specific goods, such as fuel, cigarettes, beer, liquor, vehicles, among others, is subject to Excise Tax. The rates are determined according to the type of good or service.

Temporary Net Assets Tax

Companies subject to corporate IT are obliged to pay the Temporary Net Assets Tax. The taxable basis is the value of the net assets set forth in the taxpayer's balance sheet as of December 31 of the year prior to the one that corresponds to the tax payment, adjusted with the deductions and amortizations accepted by the Peruvian IT Law. Thus, the amount of the Temporary Net Assets Tax is determined by the application of the following rates on the taxable basis:

Rates	Net Assets
0%	Up to S/1,000,000
0.4%	Excess of S/1,000,000

The amount paid for the Temporary Net Assets Tax by the taxpayer is a credit to be offset against the monthly IT advanced payments or to the annual IT regularization payment. If not totally offset, the remaining Temporary Net Assets Tax may be refunded by the Tax Administration.

Financial Transfer Tax

Obligations that are fulfilled through cash payments, the amount of which exceeds S/ 2,000 or US\$ 500, must be performed through a bank account or deposit, wire transfers, payment orders, credit cards, non-negotiable checks, among other means of payment provided by the Peruvian financial system entities.

Any obligation that is not performed using such methods does not allow deduction of the expense or recognition of the cost for tax purposes, nor recognition of tax credits (i.e. input VAT).

Moreover, Financial Transactions Tax levies, among other transactions, all debits and/or credits on bank accounts held by the taxpayers. The tax rate is 0.005%.

There are certain operations exempted from the Financial Transactions Tax, such as, operations between accounts of the same holder, credits or debits made in bank accounts opened at the employer's request exclusively in order to deposit their employees' salaries, credits or debits in bank accounts of severance indemnities.

Financial Transactions Tax is deductible as expense for IT purposes.

Statute of limitations

Pursuant to the Peruvian tax legislation, the Tax Administration is entitled to audit taxpayers in order to assess their tax liabilities, request the payment of any due tax and assess any applicable penalty, for up to (a) a 4 year term from January 1st of the year following the date the corresponding tax return had to be filed; (b) 6 years to the extent that the corresponding tax return was not filed, and (c) 10 years when the tax withheld by the taxpayer has not been paid to the Tax Administration.

Formal liabilities

Peruvian corporations must comply with the following formal liabilities: (i) register before the Tax Administration and obtain a Taxpayer's Registry number; (ii) file monthly and annual tax returns; (iii) issue invoices and other receipts, in accordance with the Invoice's Regulations; (iv) keep accounting books and records; (v) allow the Tax Administration to perform tax audits; (vi) comply with the transfer pricing formal liabilities (annual informative statement and transfer pricing study), when applicable.

Employees' profit sharing

There is a maximum limit of 18 salaries per employee; however, the difference is destined to a special training fund. The profit sharing is distributed among all employees according to their salaries and the actual days worked during the year.

Basis for calculating the employees' profit sharing is the company's net income. In that sense, in case the company has no taxable income, or has losses, no profit sharing obligation will arise. Note that this obligation is only applicable for companies which count with more than 20 workers.

International treaties

Peru has entered into Double Taxation Treaties (DTT) with Canada, Chile and Brazil, Mexico, Portugal, South Korea, Switzerland and Japan which are currently in force and follow the OECD Model.

In addition, Peru is a member of the Andean Community of Nations - ACN in which Bolivia, Colombia and Ecuador are also current members. These countries have a Tax Treaty in force (Decision 578) which follows the United Nations Model.



Tax incentives

Stability Agreements

Investors may enter into stability agreements with the Government, either under the general regime or specific regimes (i.e. mining and petroleum).



Juridical Stability Agreements

Under the general regime, investors may enter into Juridical Stability Agreements that guarantee the following advantages for a ten-year period:

- Stability of the income tax regime in force at the time the agreement is entered into with respect to dividends and profit distribution.
- Stability of the Peruvian government monetary policy, according to which there is a complete absence of exchange controls, foreign currency can be freely acquired or sold at whatever exchange rate the market offers, and funds can be remitted abroad without any previous authorization.
- Right of non-discrimination between foreign and local investors.

The companies receiving investment that enter into Juridical Stability Agreement, will stabilize the income tax regime (IT rate plus 2 percentage points).

Mining Tax Stability Agreements

Under the mining regime, local mining companies may enter into stability agreements of guarantees and investment promotion measures that guarantee the following for 10, 12 or 15 years:

- Stability of the overall tax regime. (IT rate plus 2 percentage points)
- Stability of the overall administrative regime.
- Free disposition of funds (foreign currency) arising from export operations.
- Keep accounting in foreign currency (for 12 and 15 year projects).
- For 15-year projects, the benefits of the regime also apply to activities not initially considered in the investment project, provided certain conditions are met.
- For 15-year projects, it could extend the annual rate of depreciation of machinery, industrial equipment and other fixed assets up to the maximum limit of 20% per annum as a global rate according to the characteristics of each project, with the exception of buildings and constructions whose maximum limit will be 5% per annum.
- No exchange rate discrimination.
- Free trade of products.
- Stability of special regimes for tax refunds, temporary importation, etc.

The tax stability regime will enter into force upon the date in which the Mining Tax Stability Agreement is subscribed, or at the date of approval of the Technical-Economic Feasibility Study (in some scenarios).

VAT Recovery Regimes

In order to promote investment in the mining industry, a VAT recovery regime is in force for holders of mining concessions who have not started operations and are at the exploration stage. In addition to this regime exclusively applicable to the mining industry, there is a VAT early recovery regime which can be applicable to any industry (including mining industry) for companies at preoperative stage (e.g. construction stage).

Therefore, the following regimes are applicable to mining companies in exploration stage and at preoperative stage:



VAT recovery regime for mining companies in exploration stage

Holders of mining concessions have the right to recover the VAT paid in connection to their activities during the exploration stage.

In order to access this regime, mining companies must comply with certain conditions, such as being entirely at pre-operative stage and performing exploration activities of minerals within the country, and entering into an Exploration Investment Contract with the Government for a minimum investment of the equivalent amount in national currency to USD 500,000.00.

Regarding the VAT reimbursement, this comprises VAT applicable to all imports or acquisition of goods, services hired or used within national territory and construction contracts linked to mineral exploration activities in the country. Such VAT may be requested on a monthly basis as from the month following the registration of the mentioned transactions in the purchase ledger of the concession holders and for a minimum amount equal to 4 tax units, this is, approximately USD 5,784 (currently, the tax unit approximately amounts to USD 1,4450).

VAT early recovery Regime for companies at pre-operative stage

Companies at preoperative stage (which includes mining companies at construction stage) may recover the VAT for the import and/or local acquisition of new capital goods, new intermediate goods, services and construction contracts, in the preoperative stage, to be used directly in implementing projects.

For such purposes, among other requirements, companies must enter into an Investment Contract with the Government for a minimum investment of USD5'000,000 (VAT not included) in any economic activity area that generates business income, and the company must have at least one project at preoperative stage with a period not lower than 2 years as of the start date of the investments schedule contained in the Investment Contract.

The VAT reimbursement may be requested on a monthly basis as from the month following the registration of the mentioned transactions in the purchase ledger of the concession holders and for a minimum amount equal to 36 tax units, this is, approximately USD 52,054 this year.

Works For Taxes Regime

Companies have the option of paying part of their tax bill in the form of regional infrastructure works in some of the countries' poorest regions. For such purposes, the companies must comply with certain conditions, such as enter into agreements with the Regional and Local Governments and obtain an authorization from Proinversion (Peru's investment promotion agency) for listed projects or new projects.

The amount invested by the company may be used as a tax credit against up to 80% of its income tax of the previous fiscal year.

This Regime generates benefits for the private companies and also for the Governments, such as:

For the Company



- Total investment refund (with a 2% annual indexation).
- Associate their image with social work, carried out in areas of interest.
- Improve the efficiency of their corporate social responsibility programs.
- For construction companies, is an additional way to compete for public works.

For the Government



- Sustain or increase the local economy.
- Accelerate the implementation of works.
- Efficiencies in the execution and simplify procedures.
- Releasing its technical and financial resources.
- Increase its current investment budget.

ESG

Environmental, Social
and Governance



Sustainability has been having an impact on the market over the recent years and companies that have embraced sustainability into their operations have seen positive trends to their business including better risk management and value preservation. Sustainability includes the management of environmental, social and governance topics (ESG) such as climate change, biodiversity, labor practices, product security, board diversity, executive compensation, tax transparency, among others. In addition, sustainability integration embeds processes such as the development of a strategy, implementation of initiatives and reporting.

The challenge of sustainability reporting

One of the most important challenges that companies face is selecting from a variety of reporting frameworks and standards that have been developed in recent years that is challenging for companies and stakeholders. A general mapping carried out by PwC that allows us to identify some relevant components of these standards is shown below:

Umbrella reporting standards/frameworks

Covering a breadth of ESG topics

Single issue standards/frameworks/ measurement protocols/enablers

Sustainability ratings & rankings

ESG principles, guidelines & enabling initiatives

A brief overview of the standards most used and/or with the greatest potential in the future is shown below:

Global Reporting Initiative (GRI)

GRI provides sustainability standards that address the disclosure of socially significant issues that affect a company's stakeholders. It also requires companies to determine significant issues with the advice of stakeholders. In March 2022 the International Sustainability Standard Board (ISSB) and GRI agreed a Memorandum of Understanding to align capital market and multi-stakeholder standards to create an interconnected approach for sustainability disclosures. As of 1 January 2023, GRI reports should be made in line with the new system of GRI Standards. The updated system of GRI Standards consists of three series of Standards: Universal Standards, Sector Standards, and Topic Standards. In Peru, most companies develop their sustainability reports considering the Global Reporting Initiative (GRI) Standards and some of them are recently using the new Universal Standards 2021 such as the new GRI 13 Sector Standard: Agriculture, Aquaculture and Fisheries 2022, as well as the parameters of the Sustainability Accounting Standards Board (SASB) in the Agricultural Products and Processed Foods sectors as an example.

Sustainability Accounting Standards Board (SASB)

SASB recommends themes and metrics for 77 different industries across the three ESG pillars. These standards provide guidance on how organizations can align their reports with the needs of investors and how companies collect standardized data.

Carbon Disclosure Project (CDP)

CDP supports several users to measure their risks and opportunities on climate change, deforestation, and water security. CDP is a framework that focuses investors, businesses, and cities on taking urgent action to build a truly sustainable economy by measuring and understanding their environmental impact. CDP has created a system that has resulted in an unmatched commitment to environmental issues around the world.

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD provides 11 recommendations on four pillars: governance, strategy, risk management and metrics, and objectives. TCFD aims to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to better understand concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. Some companies in the financial sector in Peru are carrying out a preliminary diagnosis on compliance with the TCFD recommendations.

The Taskforce for Nature-related Financial Disclosures (TNFD)

Nature loss poses risks for business and investors are now starting to take natural capital risks seriously is gaining momentum. The TNFD provides a framework for organizations to report and act on evolving nature-related risks, in order to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. The TNFD Framework is built around the same four pillars as the framework of the TCFD. In September 2023, the TNFD published its final framework.

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD)

Is a global initiative aimed at developing recommendations and guidance for businesses and financial institutions to understand and report on impacts, dependencies, risks, and opportunities related to people. The goal is to incentivize business and financial practices that create fairer, stronger societies and economies. The TISFD was launched in September 2024 through the collaborative efforts of more than 20 organizations across the public, social, and private sectors. It is supported by financial institutions, businesses, civil society, and labor leaders worldwide.



Different associations have also developed recommendations to help companies standardize sustainability reporting within their industries so that this set of standards can be more easily processed. As an effort for harmonization's requests from investors and companies, The International Sustainability Standards Board (ISSB), created by the IFRS Foundation Trustees, established at COP26 to develop a comprehensive global baseline of sustainability disclosures.

IFRS S1 and S2

In June 2023, the ISSB issued the IFRS S1 and IFRS S2 standards, marking an expected milestone in the wave of global sustainability disclosure standard-setting. Valid from January 2024 internationally, IFRS S1 relates to general sustainability disclosure requirements, while IFRS S2 addresses climate-related disclosures. Both IFRS S1 and S2 follow the 4-pillar structure (Governance, Strategy, Risk Management, Targets, and Indicators) proposed by the TCFD. In addition, it is worth noting Materiality is based on SASB.

IFRS S1 and S2 do not imply a modification to accounting IFRS. However, any decision to make the business sustainable will have an accounting impact that must be anticipated, recorded, and disclosed.

On the other hand, the role of the accounting professional is essential to achieve correct disclosure. Analytical, critical thinking skills, and familiarity with an entity's expenses and financial reporting make accounting and finance professionals instrumental in assisting the entity's sustainability initiatives. In that sense it is necessary to: monitor and track sustainability progress, report data, influence holistic decision-making efforts and connect sustainability risks, opportunities, and strategies with financial statements.

In Latin America, IFRS S1 and S2 standards will be incorporated into the Brazilian, Bolivian, Chilean and Costa Rican regulatory framework, setting to a mandatory use on the following 2 or 3 years. Likewise, it is expected that Colombia, Mexico and other countries of the region will adopt these standards in a short time. In Peru, a future approval would be expected from regulatory entities such as the Superintendency of the Securities Market (SMV), the Superintendence of Banking and Insurance (SBS) or the Accounting Regulatory Council (CNC).

Finally, other relevant countries at the international level have adopted or are evaluating these standards. Among them, China, Canada, and Australia stand out.



CSRD

The Corporate Sustainability Reporting Directive (CSRD) of the European Union has a significant impact on Latin American companies, especially those that operate in, trade with, or are suppliers to EU companies. Adopted in 2021, the CSRD expands and deepens the sustainability reporting requirements for European companies, mandating detailed disclosures on environmental, social, and governance factors and obtaining third-party assurance on their management.

For companies in Latin America, this represents a considerable challenge. Adapting their practices to comply with the new standards of transparency and accountability involves developing detailed and robust reporting systems, as well as implementing due diligence processes that address environmental and human rights risks throughout their value chains.

SEC climate rules

The new SEC climate disclosure rules, adopted in March 2024, present a significant challenge for Latin American companies that operate in the United States or have commercial relationships with U.S. companies. These rules require companies to disclose qualitative and quantitative information related to climate, including the risks that climate change poses to their business strategies, operational results, or financial conditions, as well as their carbon emissions (Scope 1 and Scope 2). For Latin American companies, this means developing detailed and robust reporting systems that can meet these new standards of transparency and accountability.

Even though there is no sustainability-related mandatory disclosure for the whole Peruvian companies' ecosystem, these global efforts could have an impact on the local institutions and companies. In Peru, mandatory sustainability disclosures using international standards are not yet established. Nevertheless, listed companies should report some sustainability related information (more information on the Corporate Sustainability Report section).



Sustainability in Peru

According to the SDG compliance index 2023¹ Peru occupies the 64th position in the SDG ranking out of 167 countries considered. Additionally, it achieved a score of 71.88 points out of a possible 100. The most outstanding improvements correspond to Quality Education (SDG 4). The 2030 Agenda is an important opportunity for the country to keep developing initiatives to tackle the biggest local challenges.

For many years, our country has developed and implemented initiatives that have helped to increase concern about sustainability management in companies. These initiatives will allow us to leverage a stronger sustainability culture in the coming years.

Sustainability reporting

Corporate Sustainability Report²

Companies with securities registered in the Public Registry of the Peruvian Stock Market must prepare and publish a "Corporate Sustainability Report" (CSR) that includes information regarding the policies, standards, and actions they implement to manage their environmental and social risks. This report was regulated under resolution No. 033-2015-CSMV/01 of the Superintendence of the Securities Market (SMV) for its first period from 2015 to 2020 and its renovation from through resolution No. 018-2020-SMV/01, published in February 2020, where the SMV approved the resolution that replaces the previous model, incorporating current trends in social and environmental matters, which will allow both shareholders, investors and other interest groups can have relevant and accurate information about the policies, standards and actions that issuers are implementing to ensure their long-term sustainability. This new format maintains the main guidelines of the previous report but introduces a new structure, greater detail and disaggregation in the questions and definitions that contribute to a better understanding of the various concepts.

ESG Index (2021)³

S&P Dow Jones Indices ("S&P DJI"), the world's leading supplier of indices, and the Lima Stock Exchange ("BVL", for its acronym in Spanish) announced, on November 8, 2021, the launch of the S&P/BVL Peru General ESG Index, which is the latest addition to S&P DJI's growing global family of ESG indices, which are based on some of the world's most followed country and regional benchmarks.

S&P/BVL Peru General ESG index has been designed to reflect the performance of the shares of those companies that belong to the S&P/BVL Peru General index and that meet environmental, social, and good corporate governance criteria (defined by S&P in its Business Sustainability Assessment). In 2022, the first annual rebalancing has been made. The current portfolio (2023 – 2024)⁴ considers 14 companies.

Additional sustainability reporting

Companies belonging to certain sectors such as mining or cement have committed to reporting and/or assuring sustainability information based on international initiatives such as those of the International Council of Mining and Metals (ICMM) or the Global Cement and Concrete Association (GCCA). These guidelines help to drive the management and reporting of associated companies and set a good reference for other companies in Peru.

¹ <https://s3.amazonaws.com/sustainabledevelopment.report/2024/sustainable-development-report-2024.pdf>

² Source: <https://busquedas.elperuano.pe/normaslegales/sustituyen-el-reporte-de-sostenibilidad-corporativa-aprob-resolucion-n-018-2020-smv02-1853548-1/>

³ Sources:

<https://www.spglobal.com/spdji/en/indices/esg/sp-bvl-peru-general-esg-index/#overview>

<https://www.bvl.com.pe/quienes-somos/quienes-somos-bvl/sostenibilidad-corporativa/sostenibilidad-en-la-bvl>

⁴ <https://www.bvl.com.pe/en/market/spbvl-peru-general-esg-index>

Sustainable Finance

According to an article developed by the Presidency of COFIDE (Peruvian Development Bank), thematic bonds have been issued in the Peruvian capital market for a total of S/1,308 million, of which 63% correspond to socially labeled bonds, followed by 20% in sustainable bonds and 17% in green bonds⁵. Its accumulated value was USD1.1 mm in April 2022. GSSSBs (green, social, sustainable and sustainability-linked bonds) in Latin America accounted for approximately 28% of total regional bond issuance in 2023, an increase from previous years. In contrast, the share of GSSSBs in global bond markets is currently around 12%⁶. In 2023, Peru ranked 6th in green bond issuance in LATAM, representing 5% of total green issuance in the region⁷. Regarding sustainable bonds, they have grown more than green bonds in the last 4 years, due to big agreements from the Peruvian government and Fondo Mivivienda. A total of 524 green bonds have been granted in the first month of 2023 to people who have acquired an eco-friendly property through the new Mivivienda Credit.⁸ In June 2022, the first issuance of green bonds by a company in the financial sector was recorded, corresponding to Credicorp, for a total of USD 30 million⁹. Regarding sustainable bonds, its first issuance was from COFIDE and the Local Financial System on October 25, 2019 for an amount of S/ 100 million and a term of three years¹⁰.

Publication “Climate Change and Sustainable Finance” - SBS¹¹

The SBS has shown a significant commitment to sustainability and climate risk management through this document. They have developed a comprehensive roadmap that includes awareness-raising, capacity building, regulation, and supervision. This holistic approach not only promotes the integration of environmental, social, and governance factors into financial decisions but also strengthens the resilience of the Peruvian financial sector against the challenges of climate change. The collaboration between the public and private sectors, promoted by the SBS, is crucial for advancing towards sustainable and equitable development in the country.

Regional Holding – Stock Exchanges

In September 2023, the stock exchanges of Santiago (BSC), Colombia (BVC) and Lima (BVL) formed a regional holding named Holding Bursátil Regional S.A., with the aim of becoming one of the most relevant stock markets in Latin America. Integration implies, among other activities, implementing a common platform that standardizes the operating conditions and rules in the three countries, generating value for the markets, their participants, the economies, and the shareholders.

As BVL, it promotes sustainable capital market development. They are members of the PIR (responsible investment program), part of the Iberoamerican Stock Exchange Federation committee, sustainable stock exchanges and of the Sustainability Working Group of the World Economic Forum (WEF). They had established an inter-institutional agreement with the Global Green Growth Institute (GGGI) to keep working on the low-carbon growth model in Peru.

Additionally, BVL has published orientation for listed and unlisted companies to improve their sustainability practices. They promote the Sustainable Bond Framework, the Green Bonds guideline, and a Corporate Sustainability Report.

⁵ <https://perusostenible.org/una-mirada-a-las-finanzas-sostenibles-a-proposito-del-primer-bono-azul-en-el-peru/>

⁶ https://www.spglobal.com/_assets/documents/ratings/es/pdf/2024/2024-02-27-emision-de-bonos-sostenibles-en-america-latina-aumentara-en-2024.pdf

⁷ https://www.spglobal.com/_assets/documents/ratings/es/pdf/2024/2024-02-27-emision-de-bonos-sostenibles-en-america-latina-aumentara-en-2024.pdf

⁸ <https://www.gob.pe/institucion/vivienda/noticias/699728-en-el-primer-mes-del-2023-se-han-otorgado-mas-de-520-bonos-verdes-para-la-compra-de-viviendas-ecoamigables>

⁹ <https://www.bcrp.gob.pe/docs/Publicaciones/Reporte-Estabilidad-Financiera/2022/noviembre/ref-noviembre-2022-recuadro-3.pdf>

¹⁰ <https://www.gob.pe/institucion/vivienda/noticias/699728-en-el-primer-mes-del-2023-se-han-otorgado-mas-de-520-bonos-verdes-para-la-compra-de-viviendas-ecoamigables>

¹¹ <https://www.sbs.gob.pe/Portals/0/Cambio%20Climatico%20y%20Finanzas%20Sostenibles.pdf>

Green Finance Roadmap¹²

In June 2023, the Ministry of the Environment (MINAM) approved the Green Finance Roadmap (HRFV, for its acronym in Spanish) for Peru, which aims to promote and accelerate the transition towards a green economy and finance in the country. The HRFV promotes and accompanies the financial sector in the implementation of actions that include the environmental component within economic and productive activities.

This management tool also establishes lines of action and participation of people involved, as well as deadlines and means of implementation necessary to conduct environmentally friendly investments.

Sustainable Bond Framework¹³

This Sustainable Bond Framework was developed by the Ministry of Economy and Finance with the aim of promoting the financing of environmental and social projects in a transparent way. This framework was based on main public Peruvian policies and the highest market standards such as:

- ICMA Green Bond Principles 2021
- Social Bond Principles 2021
- Sustainability Bond Guidelines 2021
- The United Nations Sustainable Development Goals

Eligible green projects include green buildings, renewable energy, energy efficiency, low carbon transport, efficient and resilient water and wastewater management, sustainable management of natural resources, land use and marine protected areas, sustainable agriculture, and sustainable waste management. The framework also earmarks eligible social programs in alignment with the Social Bond Principles: support for vulnerable populations; access to affordable housing, education, and essential health services; and support to micro, small, and medium-sized enterprises (MSMEs) to curb unemployment and support the economic recovery.¹⁴

The Sustainability Yearbook 2024¹⁵

The Sustainability Yearbook 2023 considered over 9,400 companies assessed in the 2023 Corporate Sustainability Assessment (CSA). The last status provides the ranking of the 712 companies selected for 2023 based on their S&P Global ESG Scores calculated from the CSA. Representing Peruvian industries, InRetail Peru Corp. and InRetail Peru Corp. are in this list.

PIR: Responsible investment program¹⁶

Initiative to promote responsible investment proposed in 2014 by SURA Peru, Lima Stock Exchange (BVL, for its acronym in Spanish) and COFIDE for the Peruvian securities regulator. This initiative stems from an even greater effort promoted by the United Nations, the Inter-American Development Bank (IDB) and the United Nations Initiative for Sustainable Stock Exchanges. It is a long-term program that joins and empowers institutions of the financial system to promote responsible investment practices in the Pacific Alliance. Its principles are integration, involvement, transparency, promotion, cooperation, and reporting. By 2024, PIR has 19 partners among banks, insurance companies and asset managers. PIR partners have been trained on topics related to the TCFD with the objective of initiating actions to implement the TCFD recommendations in their operations and issuing a first report in 2025.

The Green Climate Fund (GCF)¹⁷

The Green Climate Fund (GCF) is the financial mechanism created within the framework of the United Nations Framework Convention on Climate Change (UNFCCC) established to help developing countries in adaptation practices to climate change and mitigation of its effects. In Peru, Profonanpe, the private environmental fund, is one of the 79 entities globally, and the only one in Peru, which can access these funds. Profonanpe, was reaccredited by the GCF by signing the Accreditation Framework Agreement (AMA), which guarantees Profonanpe's commitment to identify, plan and execute projects with a positive impact on the environment and the communities involved, in addition to reducing the vulnerability of communities and increasing the resilience of ecosystems.

¹² Source: <https://cdn.www.gob.pe/uploads/document/file/5502258/4903998-ds-007-2023-minam.pdf?v=1701349198>

¹³ https://www.mef.gob.pe/contenidos/archivos-descarga/Peru_Sustainable_Bond_Framework.pdf

¹⁴ https://www.mef.gob.pe/contenidos/archivos-descarga/Peru_Sustainable_Bond_Framework.pdf

¹⁵ <https://www.spglobal.com/esg/csa/yearbook/2023/ranking/index>

¹⁶ <https://www.minam.gob.pe/semanaclimatica/wp-content/uploads/sites/104/2015/09/7Presentacion-del-Programa-de-Inversion-Responsable.-PIR.pdf>

¹⁷ <https://profonanpe.org.pe/profonanpe-firmo-el-acuerdo-marco-de-acreditacion-con-el-fondo-verde-para-el-clima/>

Environmental initiatives

Nationally Determined Contributions (NDC)

In the framework of the Paris Agreement, Peru has compromised to reduce its Greenhouse Gas Emissions (GHG) by identifying which sectors were the biggest contributors and establishing actions to increase its resilience. Those measures became official commitments because of the Nationally Determined Contributions (NDC). NDCs are commitments made voluntarily by the member countries of the Conference of the Parties following the signing of the Paris Agreement with the aim of reducing greenhouse gas emissions. Peru's NDCs reflect a 30% reduction in GHG by 2030, and up to 40% with international support and prioritize action on the following activities: energy, industrial processes and product use, agriculture, land use and forestry use and waste. Also, it aims to increase the population's resilience to climate change in fishery, health and water related industries¹⁸.

"Huella de Carbono Perú" Program¹⁹

"Huella de Carbono Perú" is a program developed by the Ministry of the Environment that allows public and private organizations to recognize their level of Greenhouse Gas (GHG) emissions management through a tool that quantifies emissions. Also, recognition is based on the level of maturity of GHG management through the following levels:

- Calculate footprint
- Verify footprint
- Reduce footprint
- Neutralize footprint

Only in 2023, 292 GHG emissions reports were calculated, making a total of 1176 reports with information since 2014.

Paris Agreement and the carbon markets in Peru²⁰

The ideal scenario is to avoid carbon emissions in our quotidian activities, but given the existence of technological and economic limitations, offsetting emissions through the acquisition of carbon credits is a solution for now. In this context, carbon markets are a potential solution, which, despite existing for several years, still presents gaps regarding the legitimacy of the carbon credits that are traded. In this context, the Paris Agreement introduces Article 6, presenting new alternatives for the standardization of carbon credits and their commercialization through a transparent transaction mechanism hosted by the Government of each country. This will allow connecting diverse types of existing markets and conduct transactions in a transparent manner, contributing to compliance with the national commitments of each country.

In Peru, the National Registry of Mitigation Measures (RENAMI), led by the Ministry of Environment (MINAM), will collect, register, monitor, as well as manage, in a public and transparent manner, information on the level of progress of the GHG emissions reductions of mitigation measures in the country (public and private initiatives). One of its functions will authorize the transfer of carbon credits from those measures/projects that are linked to carbon markets.

¹⁸ <https://cdn.www.gob.pe/uploads/document/file/1675213/Actualizaci%C3%B3n%20de%20las%20NDC%20del%20Per%C3%BA%20al%202030.pdf?v=1663622045>

¹⁹ Source: <https://huellacarbonoperu.minam.gob.pe/huellaperu/#/estadisticas/participantes>

²⁰ <https://mer.markit.com/br-reg/public/peru-public/#/home>

Laws

Benefit and Collective Interest (BIC) Law (2020) ²¹

The BIC Law was enacted on November 24, 2020. It recognizes companies that, on their own, generate a positive impact, integrating their economic activity with a scope of social and environmental purposes. This legislative process has been developed in different countries such as Chile and Colombia. For a company to take advantage of this category, it must include in its by-laws a detailed description of its purpose (including social and environmental objectives) and add to its corporate name the expression “benefit and collective interest” or the acronym “BIC”.

In addition, the BIC law establishes that organizational transparency practices must be introduced and an independent third party must be commissioned to prepare a management report on the impact they generate, according to their purpose of social and environmental benefit.²² The BIC law does not establish any tax benefits. However, it is expected that benefits will be generated from the greater recognition and valuation of the market, through the preference of consumers and in the hiring of the Peruvian Government. As to June 2023, 18 companies comply with the BIC status and there are certain opportunities for other companies to join²³.

²¹ Sources:

<https://busquedas.elperuano.pe/download/url/ley-de-la-sociedad-de-beneficio-e-interes-colectivo-sociedad-ley-n-31072-1905747-1>
<https://busquedas.elperuano.pe/download/url/decreto-supremo-que-aprueba-el-reglamento-de-la-ley-n-31072-decreto-supremo-n-004-2021-produce-1929774-4>

²² <https://lexlatin.com/entrevistas/detalles-nueva-ley-sociedades-bic-peru>

²³ <https://www.datosabiertos.gob.pe/dataset/sociedades-de-beneficio-e-inter%C3%A9s-colectivo-bic-ministerio-de-producci%C3%B3n-produce>

Environmental legislation

Regarding environmental topics, since 2005 Peru has the General Environmental Law that is the rule of the legal regulatory framework for environmental management in Peru, after that, the Minister of Environment was created in 2008 as the highest authority on environmental matters to ensure the sustainable use, conservation of natural resources and environmental quality for the benefit of people and the environment with public and private organizations and civil society. Consequently, several regulations were created to promote the development of sustainable initiatives nationwide. One of that was the Framework Law on Climate Change that aims to establish the principles, approaches and general provisions to coordinate, articulate, design, execute, report, monitor, evaluate and disseminate public policies for the comprehensive, participatory and transparent management of adaptation measures and mitigation to climate change, in order to reduce the country's vulnerability to climate change, take advantage of the opportunities of low-carbon growth and comply with the international commitments assumed in the United Nations Framework Convention on Climate Change, with an intergenerational approach.



PwC's global Network and services

One network

We are part of the largest international professional services network, carrying out multidisciplinary work to offer effective and innovative solutions to our clients.

We build value relationships that are sustainable over time, generating confidence and solving complex problems.

We are one of the most powerful brands in the world, leaders in digital consultancy and gender equality, and one of the most attractive places to work.



+370,000

employees around the world



149
countries

656
cities

Our employees

148,000

New employees around the world



12,702

Partners



23%

are women



PwC Peru

We have more than 100 years and more than 1,000 professionals helping organizations create the value they seek.

We work with all of Peru's leading economic groups and companies.

+1,000
professionals

For more information, visit pwc.com/annualreview
Figures as of June 2024



In 2020, PwC joined forces with UNICEF in support of Generation Unlimited, to help improve skills of millions of young people around the world.

A community of solvers coming together in unexpected ways. We are bringing the strength of our people, capabilities and technology together to support our clients in building trust and delivering outcomes for their businesses.

It all add up to The New Equation

Our revenues



US\$11.6 billion

Tax & Legal Services

Our clients

PwC firms provide services to:

84%

Fortune Global 500 companies



US\$18 billion

Assurance



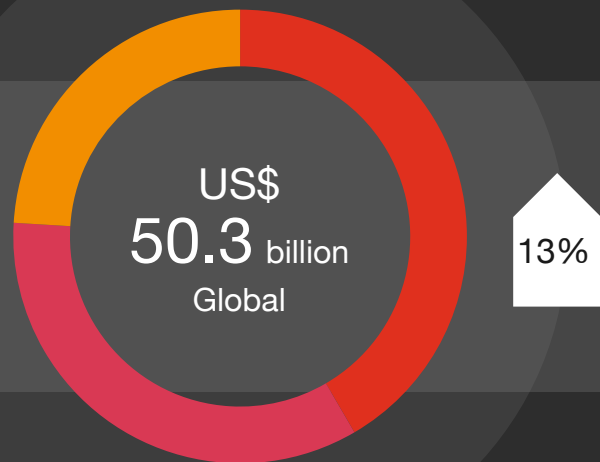
US\$20 billion

Advisory



Net Zero

We are committed to meeting our zero emissions target by 2030.



Corporate responsibility

34,254
volunteers

789,579
volunteering hours



In 2019, PwC joined the Partnership for Global LGBTI Equality, a coalition of organisations working in collaboration with the World Economic Forum to advance LGBT+ inclusion.



HeForShe

We are part of the UN's HeForShe initiative, a global movement for gender equality.

Contact

Orlando Marchesi

Country Senior Partner

PwC Peru

orlando.marchesi@pwc.com

 /Orlando.Marchesi



PwC
Santo Toribio 143, Piso 8
San Isidro, Lima, Perú
(511) 211-6500

© 2025 PwC. All rights reserved.

