

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING



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Doing Business 2024



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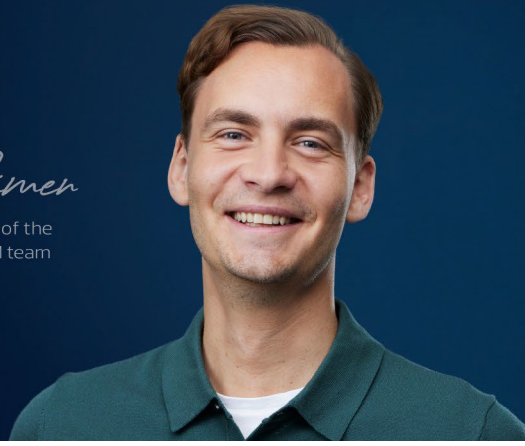
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1. Taxes

Peruvian Tax Regime

1.1 Main taxes

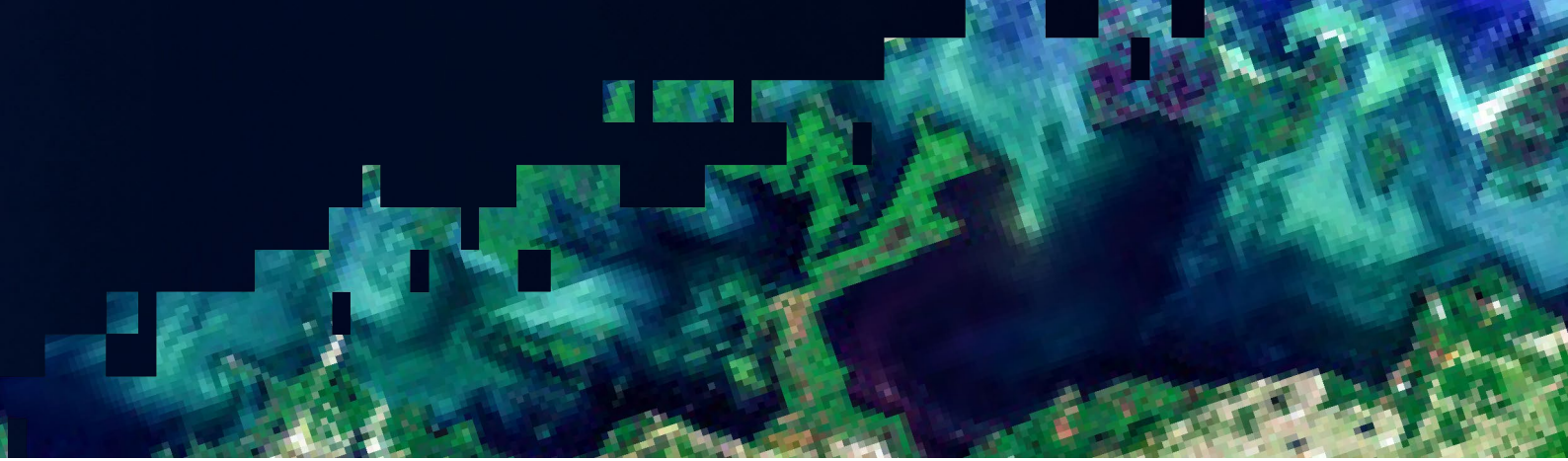
Income Tax (IT)	Value Added Tax (VAT)	Excise Tax
Temporary Tax on Net Assets (TTNA)	Financial Transaction Tax (FTT)	Custom duties
Municipal Taxes (Property Tax, Excise Tax, among others)	Other rates and contributions	Contributions to regulatory agencies

1.2 Income Tax (IT)

IT Application

Tax the income generated by contributors during the fiscal year, which is computed from January 1 to December 31.

Subjects	
Non-residents in Peru	Residents in Peru
<p>For corporate incomes the tax rate is 30% on the Peruvian source incomes. The following are considered Peruvian source incomes, among others:</p> <ol style="list-style-type: none"> Incomes generated due to real estate located within Peru As long as they are economically used in Peru: loans, capital investments, technical assistance, digital services and royalties. 	<p>For business income, 29.5% rate applies to their worldwide source income (that is, Peruvian source income and any income generated outside Peru).</p> <p>Before applying the rate, additions for disallowed expenses and deductions for allowed expenses are applied. In the case of a branch of a non-resident in Peru, it is only taxed on its Peruvian source income.</p>



<p>3. Assets located or economically used in Peruvian territory.</p> <p>4. Civil, commercial, business or any other type of activity carried out in the national territory.</p>	
<p>If a Peruvian resident intervenes, they will apply the withholding tax.</p>	<p>They must make withholdings when carrying out transactions with non-residents in Peru.</p>
<p>The dividend rate is 5% on the amount distributed.</p> <p>The sole agreement of the shareholders is sufficient for the income tax payment obligation. The entity that distributes the dividend makes the withholding.</p>	<p>Dividends are taxed at a rate of 5% on the amount distributed. The distribution to another legal entity resident in Peru is not taxed.</p> <p>The sole agreement of the shareholders is sufficient for the obligation to the IT payment to exist. The entity that distributes the dividend makes the withholding.</p> <p>In the case of a branch of a non-resident entity in Peru, it is considered that dividends are distributed annually on a mandatory basis as long as there is a profit.</p>
<p>(-)</p>	<p>They make income tax payments in advance monthly, based on the month's gross income.</p>
<p>(-)</p>	<p>Losses generated in one year are allowed to be carried forward to the following years.</p>

Value of operations for tax purposes

The value of sales operations, property transfers and services provision; and prices agreed between related parties or with entities resident in tax havens, must be at **Market Value** *regardless of what was agreed between the parties.*



Disposal of shares

Direct:

- The income generated is taxed.
- It is the direct sale of the shares by the shareholders.

Indirect:

- The income generated is taxed.
- It is the sale of shares of a non-resident company in Peru that holds, directly or indirectly, shares of a legal entity resident in Peru.

Peru has entered into agreements to avoid double taxation with the following countries:

Bolivia, Colombia and Ecuador through Decision No. 578 of the Andean Community of Nations (CAN)			
South Korea	Brazil	Canada	Mexico
Chile	Portugal	Switzerland	Japan

1.3 Value Added Tax (VAT)

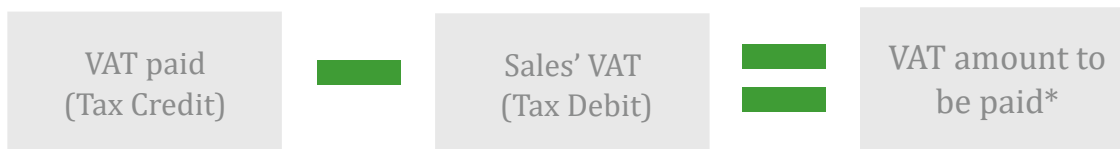
The VAT tax:

- Real estate sale.
- Provision or use of services in Peru.
- Execution of construction contracts in Peru.
- First sale of real estate carried out by the builder.
- Import of goods.

VAT rate: 18%

It is possible to recover the VAT paid for the export of goods and some services that qualify as exports, as long as they fulfill certain requirements.

The VAT paid can be credited against the VAT that tax the sales



* If the VAT paid is greater than the sales' VAT, then a tax credit is generated that can be carried forward to the following periods.

Tax Obligations Payment System with the Central Government (“SPOT” for its acronym in Spanish)

- Certain VAT operations are subject to an in advance VAT payment called “deduction”.
- In most of the cases, the deduction is 12% applied on the invoice value.
- The deduction is deposited by the purchaser of the good or user of the service - as applicable - in the seller's bank account opened at Banco de la Nación for these purposes.
- The deductions deposited in the bank account are only used for the payment of tax debts with the central government.

1.4 Excise Tax

The Excise Tax levies:

- Sales in Peru at producer level of certain goods.
- Import of certain goods.
- Gambling and betting games (lotteries, bingo, raffles and equestrian events, with the exception of casino and slot machines games).
- Importer sale of certain goods (gasoline, liquors, new and used vehicles, beverages).



Excise Tax calculation systems according to type of good: Value System, Specific System and Value at Retail Price System.

1.5 Temporary Tax on Net Assets (TTNA)

TTNA:

- Equity Tax.
- It is taxed on the Net Assets book value as of December 31 of the prior to payment year.
- It is paid in a single payment or 9 equal monthly installments (from March to November).
- It can be used as a credit against IT.

Rate	Net Assets Value
0%	Up to PEN 1,000,000
0.4%	Due to excess of PEN 1,000,000



1.6 Financial Transaction Tax (FTT)

- It taxes certain banking transactions carried out in Peru, whether in local or foreign currency.
- Rate is 0.005% on the amount of the transaction made.

1.7 Main Municipal Taxes

Property Tax

- Annual periodicity.
- It taxes the value of urban and rural properties.
- It is paid by subjects who, as of January 1 of each year, are owners of taxable properties.

Rate	Tranche
0.2%	Up to the first 15 TU (*)
0.6%	Next 15 TU up to 60 TU
1.0%	Due to excess of 60 TU

Vehicle Property Tax

- Annual periodicity.
- It taxes the vehicles' ownership during the first 3 years counted from the year following its inscription in the Public Registry.
- The rate is 1% of the equity's original value of acquisition, importing or entry, which shall not be less than the reference value approved by the Ministry of Economy and Finance.
- It is paid by subjects who own taxable vehicles as of January 1 of each year.

Alcabala's Tax

- The real estate purchaser is required to pay the tax.
- It taxes urban or rural real estate property transfers for valuable consideration or free of charge, regardless of their form or modality.

Rate	Tranche
Unaffected	First 10 TU (*)
3%	Due to excess of the first 10 TU

* About TU: (*) TU is a value updated each year. It must be considered the TU from the exercise in which the infraction incurred.



1.8 Tax Regimes

Concepts	New Simplified Single Regime (NSSR)	Special Income Regime (SIR)	MYPE Tax Regime (MTR)	General Income Regime
Individuals or Legal Entities	Only for Individuals	Individuals and Legal Entities	Individuals and Legal Entities	Individuals and Legal Entities
Contributors who apply	Individuals and undivided successions that have a business whose customers are final consumers. Non-professional individuals, domiciled in the country who receive fourth category income only for trade activities.	Individuals and legal entities, undivided successions and marital partnerships domiciled in the country that receive third category income, that is, income of a business or entrepreneurial nature.	Individuals and legal entities, undivided successions and marital partnerships, de facto associations of professionals and similar that receive third category income, domiciled in the country.	Individuals and legal entities engaged in business activities. Generally, this income is produced by the joint participation of capital and labor investment.
Benefits	No accounting records are kept. A single monthly payment is made. No obligation to file monthly or annual statements.	Two accounting records are kept. Monthly statements are filed. Not required to file annual statements.	Reduced rates. Chance of suspending payments on account. Be able to issue vouchers of any kind.	Develop any activity without an income limit. Issuance of any type of payment voucher. In case of losses, the profits of the following years can be deducted.
Income Limits	Up to S/ 96,000 yearly or S/ 8,000 monthly.	Up to S/ 525,000 yearly.	Net Income that does not exceed 1,700 TU in the year.	Unlimited
Purchase Limits	Up to S/ 96,000 yearly or S/ 8,000 monthly.	Up to S/ 525,000 yearly.	Unlimited	Unlimited
Payment vouchers that can be issued	Sales tickets, remittance advices and tickets.	Invoices, bills and all others allowed.		



Monthly/Annual Income Tax Report	With the payment of the monthly installment, the Monthly Income Tax Report will be marked as filed.		Only Monthly Income Tax Report	Monthly and Annual Income Tax Report	
Workers	Unlimited	Max. 10 per turn	Unlimited	Unlimited	
Accounting books or records to be kept	None	Only Purchase and Sales Records	According to Income	According to Income	
Fixed assets maximum value	S/ 70,000 (neither land nor vehicles are computed)	S/ 126,000 (neither land nor vehicles are computed)	Unlimited	Unlimited	
Monthly taxes Payment	S/ 20 as minimum payment and S/ 50 as maximum payment according to the income and/or purchase table by category	Income: 1.5% rate of NI	Income lower than 300 TU: 1% of NI Income greater than 300 TU: 1.5% of NI	Income: Monthly installment payment. The resultant coefficient or 1.5%, according to ITL.	
Restriction by activity type,,,,	Yes	Yes	No	No	

1.9 Double Taxation Avoidance Agreements (DTAA)

Applicable Deductions

Agreement	Dividends	Interests	Royalties	Technical Assistance	Digital Services
South Korea	10%	10%	10%	10%	-
Brazil	10% / 15%	10%	15%	15%	15%
CAN	6.8%	4.99%	30%	15%	30%
Canada	10% / 15%	10%	15%	-	-
Mexico	10% / 15%	10%	15%	-	-
Chile	10% / 15%	10%	15%	-	-
Portugal	10% / 15%	10% / 15%	15%	10%	-
Switzerland	10% / 15%	10% / 15%	15%	10%	10%
Japan	10%	10%	15%	-	-

Convention to homologate the tax treatment planned in the Double Taxation Avoidance Agreements signed between the States members of the Framework Agreement of the Pacific Alliance (Colombia, Peru, Mexico and Chile):

- Pension funds are included in the agreements as “resident of a Contracting State” in order to avoid Double Taxation on a bilateral basis subscribed by the Contracting States, and thus establish specific rules on the taxation of Income Tax affecting interest and capital gains obtained through such funds.
- The term “recognized pension fund” is defined, clarifying the type of funds that will be covered by the convention for each Contracting State. Pension funds in Peru:
 - a) Pension funds managed by Pension Fund Administrators (PFA)
 - b) Military and Police Pension Fund
 - c) Military and Police Pensionary Guarantee Fund
- It is established that the recognized pension funds will be considered as the effective beneficiaries of the income they receive.
- The withholding tax rate applicable to interest income received by a pension fund is limited to 10% of gross income.
- Lien rights are granted exclusively on the residency status over capital gains obtained by a recognized pension fund from the sale of shares representing the capital of a resident corporation of a Contracting State, carried out through a stock exchange that is part of the Latin American Integrated Market (MILA).
- When it continues in business. Nonetheless, having incurred in a dissolution cause established in the law, the articles of incorporation or bylaws.





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2. Transfer Pricing

The transfer pricing rules will be applicable to transactions carried out by taxpayers with their related parties or those carried out from, to or through low or no taxation countries or territories.

Transfer pricing regulations in Peru are set forth in Article No. 32 of the Income Tax Law and its respective regulations, as well as the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations regulations, as long as they do not oppose the provisions approved by the aforementioned Law.

2.1 Related Parties

- A person, company or entity participates directly or indirectly in the management, control or capital of another.
- The same person or group of people participates directly or indirectly in the management, control or capital of several people, companies or entities.
- When the transaction is carried out using interposed people whose purpose is to disguise a transaction between related parties.

2.2 Local File

Mandatory criterion

Contributors are required to file the Income Tax Return when in the corresponding fiscal year, their accrued income has exceeded 2,300 TU^(*) (PEN 11,385,000), and they have carried out operations within the scope of application of the transfer pricing rules, being the amount of the operations equal to or greater than 100 Tax Units (PEN 495,000).

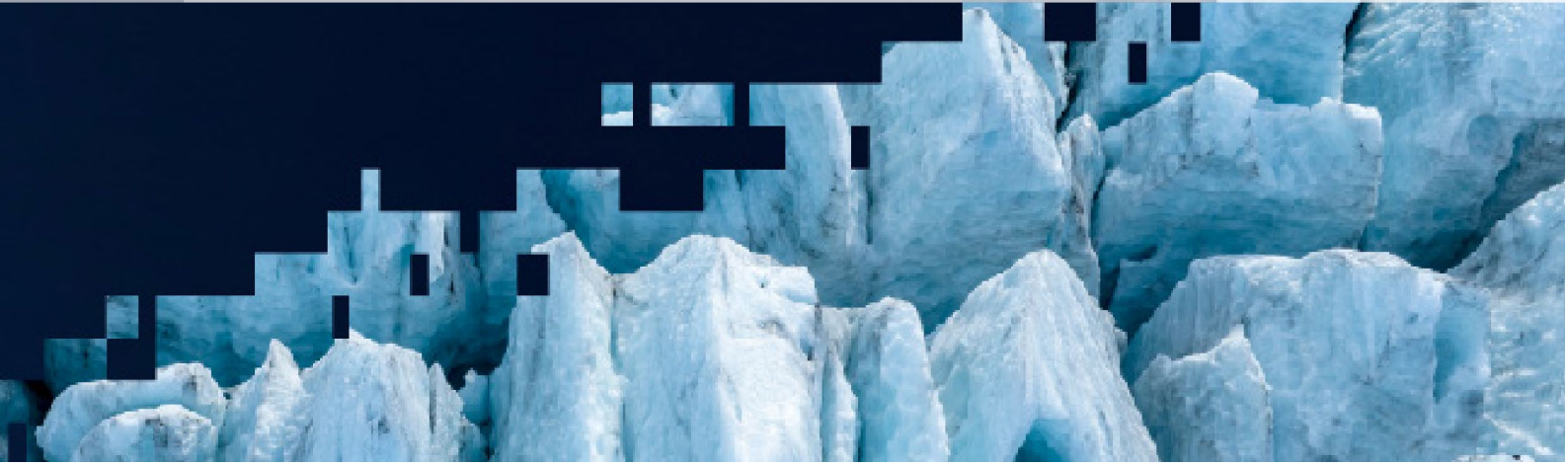
^{*} The TU is a value that is updated every year. TU 2023 is considered for this calculation (PEN 4,950)

2.3 Master File

Mandatory criterion

Contributors that consolidate or are required to consolidate financial statements must file the Income Tax Return when in the corresponding fiscal year, their accrued income has exceeded 20,000 TU^(*) (PEN 99,000,000), and they have carried out operations within the scope of application of the transfer pricing rules, being the amount of the operations equal to or greater than 400 Tax Units (PEN 1,980,000).

^{*} The TU is a value that is updated every year. TU 2023 is considered for this calculation (PEN 4,950)



2.4 Country by Country Report (CbCR)

Mandatory criterion

The accrued income in the previous fiscal year to which the Income Tax Return corresponds according to the consolidated financial statements to be prepared by the parent company of the multinational group, is greater than or equal to PEN 2,700,000,000 (Approx. USD 706,806,282)^(*).

^{*} Taking into account the Sell exchange rate for 31/12/2023, according to SUNAT (S/ 3.713)

2.5 Compliance with the market value of transactions within the transfer pricing scope

Mandatory criterion

All transactions included in the scope of application of transfer pricing must be carried out at market value, as indicated in Art. 32 parr. 4 of the Income Tax Law.

2.6 Benefit Test

Mandatory criterion

Companies receiving intragroup services are required to undergo a benefit test to demonstrate that the services received from related parties provide an economic or commercial value to the company.

2.7 Violations due to non-compliance in reports

Violations	Penalty
Article 176 paragraph 2 Failure to present the Income Tax Report	0.6% of the Net Income (it couldn't be less than the 10% of the Tax Unit nor greater than 25 Tax Units)
Article 176 paragraph 4 Presentation of an incomplete Income Tax Report	0.6% of the Net Income (it couldn't be less than the 10% of the Tax Unit nor greater than 25 Tax Units)
Article 178 paragraph 1 Taxable income different from the income tax return	50% of the omitted tax payable, or 100% of the amount truly obtained, if credits or similar concepts have been obtained.
Article 177 paragraph 27 Hinderance of tax control	0.6% of the Net Income (it couldn't be less than the 10% of the Tax Unit nor greater than 25 Tax Units)

2.8 Tax Schedule

Declarations in the Transfer Pricing Application Framework

Local File Informative Income Tax Report

1 = June 18 = June 19, 2024

2 and 3 = June 20, 2024

4 and 5 = June 21, 2024

6 and 7 = June 24, 2024, 8 and 9 = June 25, 2024

Good contributors = June 26, 2024

Local File and Master File Informative Income Tax Report

0 = October 16, 2024

1 = October 17, 2024

2 and 3 = October 18, 2024

4 and 5 = October 21, 2024

6 and 7 = October 22, 2024

8 and 9 = October 23, 2024

Good contributors = October 24, 2024







3. Corporate

3.1 Entity Constitution

Main types of legal entities under the Peruvian General Corporation Law

- Joint-Stock Company
- Société Anonyme (S.A.)
- Closely Held Corporation
- Limited Liability Company (LLC)
- Partnership
- Limited Liability Partnership (LLP)

3.2 Main types of corporations used in Peru

Denomination	Joint-Stock Company	Société Anonyme (S.A.)	Closely Held Corporation	Limited Liability Company (LLC)
Characteristics	<p>More than 750 shareholders</p> <p>More than 35% of its capital is owned by 175 or more shareholders.</p> <p>Is obliged to carry out an annual external audit</p> <p>Has a primary offering of shares or convertible debentures in shares.</p>	<p>From 2 to 750 shareholders</p> <p>(more than 750 shareholders automatically makes it a Closely Held Corporation)</p>	<p>From 2 to 20 shareholders</p>	<p>From 2 to 20 shareholding partners</p>
Share Capital	Shares			Participation



Share Transfer	They register at the Public Registry of the Securities Market and the free transferability of shares cannot be limited.	The shares transfer must be recorded in the company's Share Registration Book, which is of a private nature.	By public deed before a notary, which is registered in the Public Registries.
Bodies	Management Directory General Meeting of Shareholders	Management Directory (optional) General Meeting of Shareholders	Management General Meeting of Partners
Duration	Limited or Unlimited		

3.3 Irregular corporations

A corporation is considered irregular when it has not been incorporated and registered in accordance with the General Corporation Law or when two or more people manifestly act as a corporation without having incorporated and registered it. The corporation acquires the condition of irregular when:

- After 60 days since the founding partners have signed the articles of incorporation without having requested the execution of the public deed of incorporation.
- After 30 days since the meeting designated the signatory or signatories to execute the public deed without having requested its granting.
- After more than 30 days since the public deed of incorporation was executed without requesting its registration in the Registry.
- After 30 days since the refusal to register formulated by the Registry became final.
- When it has transformed without observing the provisions of this law.
- When it continues in business despite having incurred in a dissolution cause provided by law, the articles of incorporation or bylaws.

Although it is not an incorporated and registered company, it is effective in terms of the liability of the administrators, representatives and, in general, those who appear before third parties acting on behalf of the irregular corporation are personally, jointly and severally and unlimitedly liable.

It does not have legal personality, but for tax purposes they are constituents.



3.4 Branch

BRCANH	
Definition	It is any secondary establishment through which a company carries out, in a place other than its domicile, certain activities included in its corporate purpose.
Legal person	No.
Management autonomy	It has management autonomy within the scope of the activities assigned to it by the principal, in accordance with the powers granted to its representatives.
Corporate bodies	Permanent legal representation.
Responsibility	The principal company is liable for the obligations of the branch.

3.5 Types of corporate reorganization

The General Corporation Law provides various types of corporate reorganizations depending on the needs of each company as time goes by. Thus, these are the main types:

Transformation

- It allows corporations to transform into any other type of corporation or legal entity contemplated in the laws of Peru.
- The transformation does not entail a change of legal personality.

Merger

- Allows two or more companies to merge to form a single company.
- There are two forms of merger:
 1. Merger by absorption: in which the absorbing company assumes the equity block of the absorbed company.
 2. Merger by incorporation: two or more companies merge to form a new incorporating company.



Spin-Off

- Allows a company to divide its equity into two or more blocks in order to transfer them in their entirety to other companies or to keep one of them.
- There are two types of spin-offs:
 1. **Own spin-off:** total division of a corporation's equity into two or more equity blocks, which are transferred to new corporations or absorbed by existing corporations, this produces the extinction of the spun-off corporation.
 2. **Improper spin-off:** segregation of one or more equity blocks of a company that is not extinct.

Simple reorganization

- Allows a company to segregate one or more equity blocks and contribute them to one or more new or existing companies, receiving in exchange and keeping in its assets the shares or participations corresponding to such contributions.



4. Labor

4.1 Administrative labor authorities

- **MTPE** (Ministerio de Trabajo y Promoción del Empleo)
- **SUNAFIL** (Superintendencia Nacional de Fiscalización Laboral)

4.2 Labor Recruitment

Modality

- Indefinite period
- Subject to modality
- Part-time

Trial period

- Regular or ordinary worker (3 months)
- Trusted worker (6 months)
- Management personnel (12 months)

Outsourcing services

It consists of the assignment made by a principal company to an outsourcing company, so that the latter performs, independently, an activity of its productive chain. Additionally, those activities that are included in the main activity of the company or in its core business could not be outsourced.

The outsourcing company must comply with the following requirements:

- Develop specialized activities or jobs under its own account and risk;
- Have its own financial, technical or material resources;
- Assume responsibility for the results of its activities; and,
- Maintain its workers under its exclusive subordination.

Indirect Labor Recruitment: Labor Intermediation

Unlike outsourcing, labor intermediation involves the simple provision of personnel in specific positions from one company to another.

Direct labor hiring

The general rule in the personnel hiring for paid and subordinate services is that it is for an indefinite term, preferably in verbal or written form.

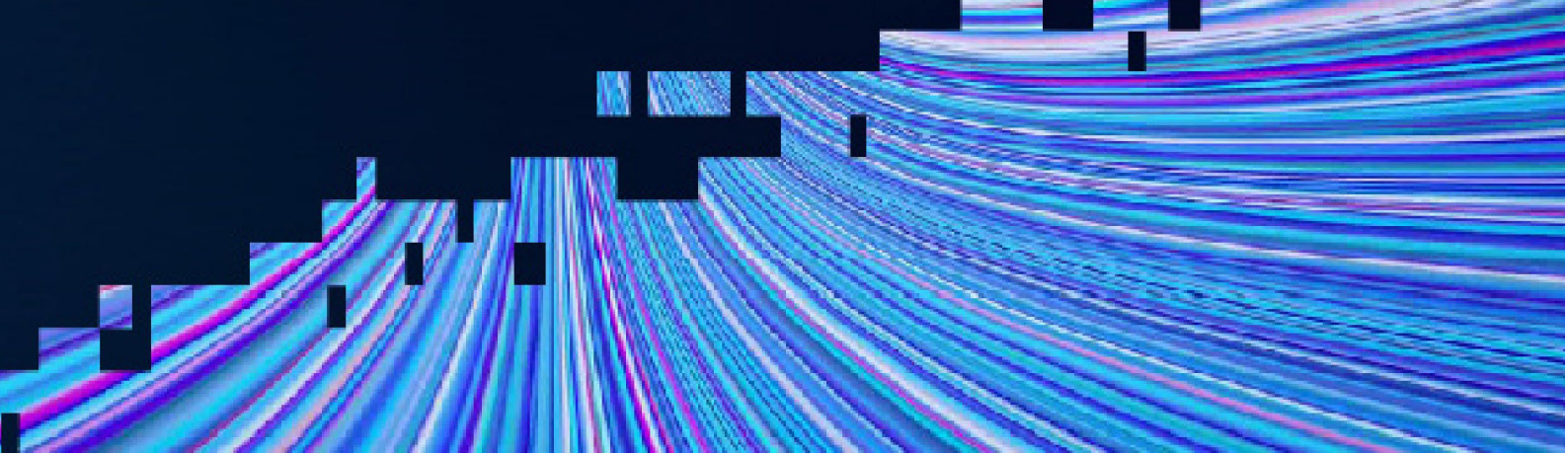
Exceptionally, fixed-term contracts or contracts subject to modality may be entered into, which must necessarily be evidenced in writing, as long as there is an objective cause according to the law.

Maximum working day

- 8 hours daily.
- 48 hours weekly.

Exceptions to the maximum working day⁽¹⁾





- Management personnel
- Personnel in trust positions not subject to time control.
- Not subject to immediate supervision personnel.
- Workers who perform intermittent services

Extra hours⁽²⁾

- It is the hour worked as part of the normal daily or weekly workday.
- The surcharge for the first two hours is 25%.
- After the first two hours, the surcharge is 35% for each remaining hour.

(1) They are not entitled to payment of overtime surcharges, nor are they subject to company attendance control.

(2) As an alternative mechanism, with prior written agreement, compensation with physical rest for hours worked outside the normal working day is available.

Main worker rights and benefits

1. Compensation for Time of Service (CTS).
2. Profit-Sharing Plan.
3. Remuneration.
4. Statutory bonuses in July and December.
5. Weekly rest and holidays.
6. Holidays.
7. Family allowance.
8. Life insurance.



1

COMPENSATION FOR TIME OF SERVICE (CTS)

The CTS is intended to prevent contingencies arising from termination of employment and is not subject to any type of taxation.

It consists of the deposit in May and November of each year of as many twelfths of computable remuneration as full months worked in the respective semester. Fractions of months worked will be paid at the rate of twelfths and thirtieths.

2.

PROFIT-SHARING PLAN

Companies with more than 20 workers must distribute a percentage of their annual income before taxes.

The percentage of income to be distributed is determined according to the economic activity carried out by the company, ranging between 5% and 10%.

The amount received by the workers will depend on the remunerations received and the days worked during the year.

There is a maximum limit of 18 monthly remunerations.

3.

REMUNERATION

It is the full amount that the worker receives for its services, in cash or in kind, in whichever form or denomination, as long as it is at its free disposal.

Workers must receive at least a monthly remuneration equivalent to PEN 1025.00 (Minimum Living Wage) as long as they comply with the ordinary working day.

Likewise, when the agreed monthly remuneration is equal to or greater than 2 Tax Units (TU), this and the corresponding social benefits may be consolidated in a single amount called Annual Integral Remuneration (AIR).⁽¹⁾

¹ The TU is a value that is updated every year. The TU of the fiscal year in which the infraction was incurred must be considered.

² The following are considered mandatory holidays: New Year's Day (January 1), Maundy Thursday and Good Friday (April 6, 7 and 9), Labor Day (May 1), St. Peter and St. Paul (June 29), Fiestas Patrias (July 28 and 29), Battle of Junín (August 06), Santa Rosa de Lima (August 30), Angamos' Combat (October 8), All Saints Day (November 1), Immaculate Conception (December 8), Battle of Ayacucho (December 9) and Christmas (December 25).

4.

STATUTORY BONUSES IN JULY AND DECEMBER

Workers have the right to the payment of 2 statutory bonuses during the year.

Each bonus is equivalent to one monthly remuneration.

The payment opportunity is in the months of July and December.

5.

WEEKLY REST AND HOLIDAYS

Workers have the right to at least 24 hours of mandatory weekly rest, which is paid and is preferably granted on Sundays.

Likewise, workers are entitled to paid rest on holidays designated by law. ⁽²⁾

6.

HOLIDAYS

The worker has the right to 30 calendar days of paid physical rest for each full year of service or a period proportional to the time actually worked.

7.

FAMILY ALLOWCANE

An amount equivalent to at least 10% of the Minimum Living Wage is granted to any worker who has children under 18 years old. The amount will not vary according to the number of children; however, it may be extended until the child reaches 24 years old, in the case of higher or university studies.

8.

LIFE INSURCANE

Companies are required to hire life insurance for all workers with more than 4 years of service. The payment of the insurance is the responsibility of the employer, who is fully responsible for the payment of the corresponding premiums.

4.3 Modal contracts

Contracts subject to modality		Objective cause	Durability
Temporary contracts	Activities beginning or increase	Beginning of the company's operational activities. Opening of new establishments. Entry into new markets. Increase in the company's activities.	The maximum durability is 3 years from the beginning of the activity that justifies the cause.
	Market needs	When it is necessary to meet substantial variations in market demand. The increase arises from an external and conjunctural situation of an unforeseeable nature.	The durability was extended to 5 years, a modification introduced by Law No. 26513.
	Business restructuring	This is foreseen for cases of substitution, expansion or modification of the company's activities. It can also be a technological process such as the implementation of new machinery.	The maximum durability is 2 years.
Accidental nature contracts	Occasional contract	For transitory needs of the company other than the normal productive activities carried out by the company.	The maximum durability is 6 months per year.
	Substitution contract	When it is necessary to temporarily replace a worker whose employment contract is suspended.	The durability of the contract shall be as long as necessary under the circumstances.
	Emergency contract	Due to the need to attend to a situation of fortuitous event or force majeure.	The durability is linked to the durability of the emergency.
Work or service contract	Specific project or service	When a specific work or service is about to be performed.	The durability is linked to the completion of the work or service.
	Intermittent contract	For permanent activities, but discontinuous in nature.	It does not have a maximum term, since it is a permanent contract.
	Season contract	Specific needs to the company's business line that are met only at certain times of the year and tend to be repeated in equivalent periods in each cycle.	Its durability is the length of the season.

4.4 Tax obligations of the labor relationship

Employer's monthly tax obligations in connection with the employment relationship			
Obligation	Concept	Rate	
Contributions to Social Health Insurance (EsSalud) ⁽⁴⁾	Empowers workers to access health benefits provided by state medical centers.	9% of the worker's remuneration	
Contributions' withholding to the Pension Systems	It can be to the private pension system or to the national pension system.	13% of the worker's remuneration	
Withholding of income tax on earned income	The obligation to withhold income tax from the total income received by workers for the provision of dependent personal services.	Cumulative progressive scale for Individuals residing in Peru	
		TU Tranches	Applicable on net earned income and income from foreign source
		First 7 TU ⁽⁵⁾	0%
		For the following 5 TU	8%
		For the following 5 TU up to 20 TU	14%
		For the following 20 TU up to 35 TU	17%
		For the following 35 TU up to 45 TU	20%
		Due to excess of 45 TU	30%
		Individuals not residing in Peru	
		30% applicable on net income obtained	

⁴ Employers may optionally contract private insurance for their workers. The payment of the monthly private insurance applies as a credit to ESSALUD.

⁵ The TU is a value that is updated every year. The TU of the fiscal year in which the infraction was incurred must be considered.



4.5 Termination of labor relationship

Termination of labor relationship causes:

- Worker's absolute and permanent disability.
- Dismissal⁽⁷⁾
- Worker's death.
- Worker's resignation.
- Mutual disagreement between employer and worker.
- Retirement.
- Termination for objective cause.
- Fulfillment of the resolutive condition.

⁷ Dismissal will only be based on legally developed causes whose configuration and proof is mandatory for the dismissal to proceed.

4.6 Provisions for the surveillance, prevention and control of COVID-19

- **Vaccination in workers:** It is no longer mandatory, but it is recommended to promote complete vaccination.
- **Ventilation in the workplace:** Environments should be naturally or mechanically ventilated.
- **Medical rest for COVID-19:** Determined by independent clinical evaluation, without the need for laboratory testing, with the possibility of not giving medical rest in mild cases.
- **Use of mask:** Only required in workers with symptoms or suspicion of COVID-19.
- **Implementation of a Graduate in Nursing:** Mandatory for companies according to the number of workers (50 or more).
- **Washing and disinfection points:** Supplies and instructive posters implementations, although the location of the washing points is not specified.
- **Risk factors:** Must be identified for each worker.

4.7 Regulations regarding telework

- **Telework:** Special job mode where the worker performs their tasks without being present at the work center, using digital platforms and technologies to communicate and perform their tasks.
- **Types of Telework:**
 - a) Total Telework:** The worker performs all their work without being present, except for occasional activities that require their presence or coordination with the employer.
 - b) Partial Telework:** The worker combines in-person activities with non-in-person ones, and the distribution of their working day must be specified in the corresponding contract or agreement.
- **Telework contract content:** Modality specification, application period, notice to in-person attendance, digital disconnection schedule, home address as reference, communication and supervision, equipment and internet access, economic compensation, third parties' prohibition declaration



4.8 Active obligations after the end of the sanitary emergency

- **Occupational Medical Examinations (OMEs):** Reactivation of the obligation for employers to perform periodic OMEs, assuming the cost and periodicity established by law.
- **Audit of the Occupational Safety and Health Management System (OSH):** Reactivation of the obligation to conduct audits of the OSH system by an auditor registered in the MTPE (Ministerio de Trabajo y Promoción del Empleo), with established deadlines for conducting and submitting the respective report.
- **Election of the Occupational Safety and Health (OSH) Committee and Supervisor:** Employer's obligation to guarantee the election process of workers' representatives to the OSH Committee or Supervisor.
- **OSH Trainings:** Obligation to carry out the four annual training courses approved in the Annual Training Plan, as well as the training courses at the time of hiring and function changing, applying the specific regulations for total telework.
- **Communications in collective relations:** During the sanitary emergency, the use of digital media was allowed for communications between employers and trade unions, but with the resumption, in-person communication is expected in all cases.





5. MIGRATORY

Hiring of foreign workers

5.1 Labor treatment

Hiring limitations

Maximum limit of foreign workers that can be hired

Up to 20% of the total number of workers on the payroll, that is, for every 4 Peruvian workers, 1 foreign worker is allowed.

Limit to the foreign workers' remuneration

30% of the company's total payroll.

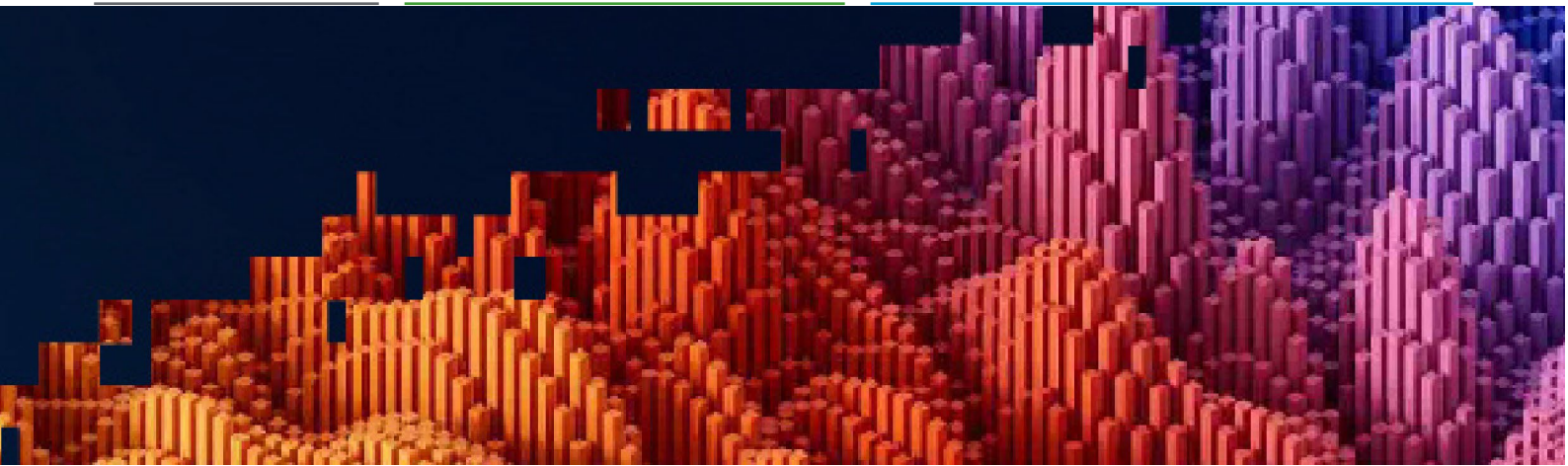
The company may request the exemption of these limiting percentages whenever it hires professional or specialized technical personnel, direction and/or management personnel of a new business activity, among other exceptions established by the Law under the criteria of specialization, qualification or experience.

Contract formality

- Concluded by written means.
- Fixed-term contract for a maximum period of 3 years, extendable.
- Upon signing, the worker must have a business visa or special permission to sign contracts.
- Must be approved by the administrative labor authority.

Situations excluded from the foreigners' hiring regime

- Foreigner with Peruvian spouse, ascendants, descendants or siblings.
- Foreigner with immigrant visa.
- Foreigner whose country of origin has a labor reciprocity or dual nationality agreement.
- Foreign personnel who, according to bilateral or multilateral agreements celebrated by Peru, will provide their services in the country.



Dual nationality agreements

Hiring of Spanish nationality workers

Foreign citizens of Spanish nationality who wish to work in Peru may be hired as a national worker.

Hiring of Foreign Migrant workers

Workers coming from CAN member countries (Bolivia, Ecuador, Colombia) for labor purposes are considered national workers.

Foreign workers hiring who are citizens of MERCOSUR countries, Bolivia and Chile.

Foreign workers from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay and Uruguay, who wish to work in Peru can be hired under the same conditions as a national worker.

5.2 Migratory treatment

Migratory status system and visas

A migratory status is the authorization granted by the Peruvian State to a foreigner according to its personal situation or the activity to be developed in the national territory.



Currently, there are 5 types of migratory statuses that allow foreign citizens to reside and work legally:

Migratory Status	Description
1. Worker	<p>Foreign citizens can perform gainful activities on a subordinate or independent basis for the private sector, under an employment contract.</p> <p>They can't perform remunerated or gainful activities on their own account.</p>
2. Designated worker	<p>Allows foreign citizens to perform labor activities in the national territory consisting in the performance of a specific task, function or a job requiring professional, commercial or specialized technical knowledge sent by a foreign employer.</p> <p>They cannot perform remunerated or gainful activities on their own account in favor of a Peruvian employer. In this case, the foreigner maintains an employment relationship with his foreign employer, who pays its fees or remunerations.</p>
3. Investor	<p>Allows the foreigner to establish, develop or manage one or more lawful investments under Peruvian law. The minimum investment amount is S/ 500,000.00 or USD 165,000.00. The investment amount can be modified through a Superintendence Resolution.</p> <p>Foreign people will only be able to act as a manager or Director of their company.</p>
4. Resident Family Member	<p>Allows the residence abroad to members of the migratory family unit of a Peruvian or foreign resident. Allows to carry out gainful activities in a subordinate or independent way.</p>
5. Immigrant or Permanent	<p>This migratory status is granted to foreigners who have resided for 3 years in Peru, consecutively.</p> <p>People with this migratory status have indefinite residence in Peru and are allowed to develop different activities legally, among them labor activities and/or the provision of services independently.</p>
6. Special Resident	<p>It allows Venezuelan citizens with a temporary residence permit -TRP- to obtain the Spatial Migratory Status, which allows them to access to immigrant rights or Peruvian naturalization, upon compliance with the terms and conditions established as mandatory by law.</p>



Migratory Procedure

	CHANGE OF MIGRATORY STATUS	VISA APPLICATION
START OF PROCEDURE	The change of migratory status will only be requested within the country.	The visa application is submitted when the foreigner is out of the country.
COMPETENT ENTITY	Migrations	Migrations
TYPE OF PROCEDURE	It's personal	It is personal or through third parties by the granting of a notary or consular power.
DEADLINE	Up to 60 business days.	Up to 30 business days.
GENERAL REQUIREMENTS (*)	Passport International Exchange Form – INTERPOL Fee Payment (S/ 162.50 or USD 43.13) No police, criminal and/or judicial record.	Passport International Exchange Form – INTERPOL Fee Payment (S/ 107.50 or USD 28.28) No police, criminal and/or judicial record.
TIME SPENT	Temporary (up to 183 days) o Residency (up to 365 days)	Temporary (up to 90 days) o Residency (up to 365 days)

(*) Depending on the type of migratory status, additional documentation will be required.

Agreements done by Peru to facilitate immigration

MERCOSUR, Chile and Bolivia Residence Agreement

- Foreign citizens from Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay or Uruguay) will be able to obtain a “temporary residence” for a non-extendable term of 2 years, which allows them to work and access to health services, among others.
- Permanent residence could be requested within 90 days prior to the expiration of the temporary residence.

Requirements

- Be a citizen of one of the member countries.
- Regular entry to the country.



- Payment of the processing fee (S/ 162.00 or USD 42.80).
- Copy of passport.
- Certificate of lack of judicial, police and criminal record from the country of origin or the country where they had resided 5 years before.
- Affidavit of lack of international criminal or police record.

5.3 Tax treatment

Income from Peruvian sources subject to Peruvian income tax is income obtained from personal work performed by foreign workers in favor of their employer within the national territory.

In this subsection, the question to answer is: how is a foreign worker taxed? For the effective development of the answer, two assumptions are established:

The foreign worker who has domiciled or non-domiciled worker status

Non-domiciled

Natural persons who have resided in the country for more than one hundred eighty-three (183) calendar days during a calendar period of twelve (12) months.

Domiciled

Those foreign citizens who have resided or stayed in the country for a period of less than 183 calendar days, whose income tax rate is 30%.

- The status of domiciled or non-domiciled is computed on January 1 of each year.

Article 53 of the ITR sets forth the income tax rates applicable to the income of ¹domiciled foreigners for self-employment (Fourth Category Income) and for work developed as employees (Fifth Category Income) in this table:

Contributor Type	Rate
Domiciled	Up to 5 TU: 8% Due to excess of 5 TU and up to 20 TU: 14% Due to excess of 20 TU and up to 35 TU: 17% Due to excess of 35 TU and up to 45 TU: 20% Due to excess of 45 TU: 30%



Non-domiciled

There is no deduction and a single scale of 30%

Existence of Double Taxation Avoidance Agreements (DTAA) in effect between Peru and the foreign country of origin.

- Double Taxation Avoidance Agreements with the following countries: Brazil, Canada, Chile, South Korea, Mexico, Portugal, Switzerland and Japan
- Double Taxation Avoidance Agreement with the CAN member countries: established in Article 3 of Decision 578, it is stated that regardless of people's nationality or domicile, income of any nature will only be taxable in the member country in which such income has its producing source.



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