

2024

DOING BUSINESS IN PERU



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1. Introduction

What is the economic and business environment like in Peru?

The year 2024 is as a year of opportunities and challenges for Peru. In this *Doing Business in Peru*, we will explore the country's dynamic economic and business environment, providing an essential guide for anyone interested in doing business in this economy.

The Peruvian economy, like that of many countries, has had to face the challenges of the global pandemic. However, the outlook for 2024 suggests a slight improvement, with a decrease in inflation levels and an increase in private investment.

We will explore in detail several economic sectors that are showing signs of growth, such as tourism and *retail*. We will also analyze the impact of foreign investment and foreign trade on the Peruvian economy, especially in the context of the Asia-Pacific Economic Cooperation (APEC) forum that Peru will host in 2024.

It is not all good news, though. We must also consider the political and institutional risks that can generate uncertainty in the business environment. In addition, tax law changes are expected to be implemented in 2024, which could have a significant impact on businesses.

Finally, we will address the role of innovation and technology in the Peruvian economy, as well as environmental challenges and the potential slowdown in the growth of the global economy.

This text is designed to provide a comprehensive overview of the economic and business environment in Peru, and we hope it will be a valuable tool for anyone looking to do business in this vibrant country.



2. Setting up a company

What are the types of legal entities in Peru?

In Peru's vibrant business landscape, there are several legal forms that a business can take. Each of these configurations has its own characteristics and requirements, and choosing the right shape can have a significant impact on a company's success.

Sociedad Anónima (S.A.): This is one of the most common forms of business in Peru. It requires a minimum of two shareholders and a first capital contribution of S/1000. Shareholders' liability is limited to the amount of their contribution, which means that their personal liability is protected if the company incurs debts.

Sociedad Anónima Cerrada (S.A.C.): This form of company is like the Corporation but has a few key differences. In an S.A.C., the number of shareholders is limited to a maximum of twenty, and the company's shares cannot be registered in the public registry of the stock exchange.

Limited Liability Company (S.R.L.): In an LLC, two or more partners share the management and operation of the company. As in an S.A., the liability of the partners is limited to the capital they have invested in the company.

Individual Entrepreneur Limited Liability (E.I.R.L.): This form of company allows a single person (the owner) to handle the management and operation of the company. As in a S.R.L., the owner's liability is limited to the capital he has invested in the company.

Sociedad Anónima Abierta (S.A.A.): In an S.A.A., the number of shareholders is unlimited, and their shares can be freely traded on the stock market. S.A.A. must have a higher minimum share capital than S.A.C. and meet certain additional requirements for their incorporation and operation.



The **Simplified Closed Joint Stock Company (SACS)**: it is an alternative for formalizing economic activities that is simple and fast. Its features are:

- It does not require a public deed and can be managed via the Internet, through the Digital Intermediation System (SID Sunarp), making use of the digital signature certificate.
- It is intended for individuals who wish to form a company.
- In the limitations on the transfer of the position of the partner, it is required that the acquiring partner has the status of a legal entity.
- It is a simple and fast alternative for the formalization of economic activities, promoting the productive and business development of micro, small and medium-sized enterprises.

Other economic vehicles include:

1. **Trust:** A trust is a contract whereby a person (the settlor) transfers property, amounts of money, or rights, present or future, of his or her property to another person (the trustee), to be administered or invested for his or her own benefit or that of a third party called a trustee.
2. **Consortium:** A consortium is an agreement between two or more individuals or companies to conduct a joint venture. The consortium members keep their legal independence, and each is responsible for their own obligations, but share in the benefits of the joint venture.
3. **Joint Venture:** A *joint venture* is a strategic alliance between two or more companies to conduct a specific project. Each company contributes assets, shares risks and benefits, and has a level of control in the joint venture.
4. **Franchising:** A franchise is an agreement in which one company (the franchisor) allows another company (the franchisee) to use its brand and business model in exchange for a fee or royalty. It is an effective way to expand a business with relatively low risk.



5. **Cooperative:** A cooperative is an entity composed of individuals with common interests who come together to promote their mutual economic well-being. The members of the cooperative are both the owners and the customers of the entity.

What is the company registration process in Peru?

Registering a company in Peru is a crucial milestone in any entrepreneur's journey. This process, which is conducted before the State, allows the company to obtain the benefits of being formal. Below are the general steps that must be followed to register a company in Peru:

1. **Name Search and Reservation:** This is the first step in setting up your company. Although it is not mandatory, it is recommended because it helps the registration of the company in the Registry of Legal Entities. For this step, an amount of S/24 must be paid at the SUNARP Registry Office corresponding to the previously registered address.
2. **Preparation of the Constituent Instrument:** The Minutes are a document in which the will of the members of the company to incorporate the company will be reflected, and where the articles of incorporation and the bylaws are agreed.
3. **Payment of Capital and Assets:** In this step, the partners must contribute the agreed capital for the company. This capital can be in cash or goods.
4. **Preparation of Public Deed:** Once the Minutes have been drawn up and the capital has been paid, you must go to a notary for signature and legalization.
5. **Registration in Public Registries:** With the Public Deed signed and legalized, the application for registration and the required documents must be sent to SUNARP.
6. **Registration with the RUC for Legal Entity:** Finally, the company must be registered in the Single Taxpayer Registry (RUC) of the National Superintendence of Customs and Tax Administration (SUNAT).



What are the first tax obligations when setting up a company in Peru?

The establishment of a company in Peru involves a series of first tax obligations that must be fulfilled to ensure the operability and legality of the company. These obligations are detailed below:

1. **Registration in the Single Taxpayers Registry (RUC):** All companies must register with the RUC to run and conduct economic activities in the country. This registration is mandatory and is the first step in formalizing a company in Peru.
2. **Tax Declaration and Payment:** Companies must file periodic returns and make the corresponding payment of the corresponding taxes, such as Income Tax, General Sales Tax, among others. It is important to remember that companies that are incorporated in Peru must be registered as single taxpayers with SUNAT and are subject to corporate income tax of 29.5% on globally sourced income, including capital gains, and tax of 1% or 1.5% on monthly net income, depending on the amount of annual net income.
3. **Payment of Capital and Assets:** The partners must contribute the agreed capital for the company. This capital can be in cash or goods.
4. **Preparation of Public Deed:** Once the Minutes have been drawn up and the capital has been paid, you must go to a notary for signature and legalization.
5. **Registration in Public Registries:** With the Public Deed signed and legalized, the application for registration and the required documents must be sent to SUNARP.
6. **Registration with the RUC for Legal Entity:** Finally, the company must be registered in the Single Taxpayer Registry (RUC) of the National Superintendence of Customs and Tax Administration (SUNAT).

Temporary Tax on Net Assets (ITAN): This is a tax that must be declared and paid by those who belong to the General, MSE, Amazon, Agrarian regimes, or establishments in border areas, under certain conditions and with exceptions. 0.4% of the total amount of net assets exceeding one million soles is applied, according to your annual balance sheet.



ITAN refund: You can use the ITAN as a credit in your favor for payments on account of income tax under the general regime or MyPe for the tax periods from March to December of the year for which the tax was paid. It can also be used as a credit for the payment of the annual Income Tax (IR) return. If you did not use part of the amount paid for the ITAN in your annual income tax return, you can request your refund from SUNAT, which will be dealt with in a maximum of sixty business days.

Compensation for Losses: In Peru, companies can offset total third-category net losses from Peruvian sources that they record in a taxable year. Here are more details:

1. **System A:** Allows to offset the total net loss of third category of Peruvian source that they register in a taxable year, attributing it year by year, until its amount is exhausted, to the net income of third category that they obtain in the four (4) immediately following years computed from the year following that of its generation.
2. **System B:** Allows offsetting the total net loss of third category Peruvian source that they record in a taxable year by imputing it year by year, until its amount is exhausted, to fifty percent (50%) of the net income of the third category that they obtain in the immediately following years.

The option of the system to be applied must be exercised at the time of the filing of the annual tax return and in the year in which such loss is generated. If the obligated taxpayer refrains from choosing one of the loss compensation systems, SUNAT will apply system A.

In addition, if during the year you had an excess in the payment of Income Tax (due to monthly withholdings, direct payments, or deductible expenses) you can request a refund of that amount via the internet, quickly and easily, with a direct credit to your bank account.



3. *Family Businesses*

How is corporate governance structured in a family business?

Corporate governance is a crucial aspect in the management of any business, and in the case of family businesses, it takes on even greater importance due to the intersection between family and business interests. In this chapter, we will explore how corporate governance is structured in a family business in Peru.

1. **General Meeting of Shareholders (AGM):** The AGM is the supreme body of the company and is composed of all shareholders. He makes decisions on the most important matters of the company, including the election of the board of directors and the approval of strategic policies.
2. **Board of Directors:** The Board of Directors is the body in charge of the management and administration of the company. It may be composed of family members and/or independent directors. The Board of Directors handles implementing the strategic policies approved by the AGM and overseeing the management of the company.
3. **Senior Management Team (EAA):** The EAA is made up of the company's senior executives, who oversee day-to-day management. The EAA handles implementing the decisions of the Board of Directors and managing the company's operations.
4. **Family Council:** The Family Council is an advisory body that deals with family matters related to the business. Family Council can help resolve family conflicts, estate planning, and keep family harmony.
5. **Family Protocol:** The Family Protocol is an agreement that sets up the rules of operation of the company and the relationships between family members. The Family Protocol can help prevent conflicts and ensure business continuity.
6. **Family Meetings and Family Assembly:** Family Meetings and Family Assembly are spaces where family members can discuss business-related matters. These meetings can help keep communication and family cohesion.



7. **Audit Committee:** The Audit Committee is a body in charge of overseeing the financial and risk management of the company. The Audit Committee can help ensure the financial integrity and risk management of the company.

These corporate governance mechanisms can help improve engagement, transparency, and communication in the company. In addition, they can make it possible to manage conflicts effectively and set up a clear leadership structure.

How do you manage transition and succession in a family business?

Transition and succession in a family business is a delicate process that requires careful planning and effective communication. In this chapter, we will explore how transition and succession are managed in a family business in Peru.

1. **Prepare the Successor:** The first step in the succession process is to find and prepare the successor. This can be a family member or an outside leader. The successor must have the educational background, business knowledge, leadership skills, empathy with family, and dedicated dedication necessary to lead the company.
2. **Prepare the Company:** The company must be prepared for the transition. This involves setting up the structures, processes, controls, and delegation systems that allow the new leader to have the management tools for good governance.
3. **Prepare the Family:** The family must be prepared for the changes that come with probate. This implies being willing to accept new leadership and spaces.
4. **Prepare the Outgoing Leader:** The leader who will leave office must be prepared to relinquish power, accept the new leadership, and the changes that will come with the new administration.
5. **Effective Communication:** When the new leader starts in the position, it is important to communicate it promptly to the entire organization, as well as to facilitate links so that there is an efficient flow of information between the leader and the collaborators.



6. **Support for the New Leader:** It is important to have tolerance for the new person who takes on the position, give them time and confidence.
7. **External Advice:** Having the support of third parties can be helpful at the time of transition, as it provides objectivity in defining and implementing the succession.

These steps are critical to ensuring a successful transition and succession in a family business. However, every business is unique and may require a personalized approach. Therefore, it is important to seek the advice of a Peruvian lawyer specializing in economics to develop a succession plan that is tailored to the specific needs of your company.

What is a family protocol and how is it implemented in Peruvian family businesses?

The family protocol is an essential tool in the management of family businesses. In this chapter, we will explore what a family protocol is and how it is implemented in Peruvian family businesses.

1. **Definition of Family Protocol:** A family protocol is an agreement, usually written, between the members of a family that regulates the bases and values that will guide their relationships within the framework of current or future business ventures. This agreement also regulates the various economic and professional relationships that may arise between partners, family members and the company itself.
2. **Implementation of the Family Protocol:** The implementation of the family protocol does not primarily revolve around the document, but rather from the gestation process that allows it to be reached. This includes negotiating the family, setting up a corporate policy, determining the company's mission and vision, weighing the interests at stake, among others.
3. **Conflict Resolution:** The family protocol also sets up the form and mechanisms for resolving conflicts of interest that may arise, both within the framework of the business/company, and in that of the family when it relates to it.



4. **Business Continuity:** One of the main goals of the family protocol is to ensure the continuity of the business without harming family coexistence. To achieve this, the family protocol may include rules on generational succession, the management of the company, and the ownership of shares or shareholdings.

How do you resolve conflicts between family members in a family business?

The following is recommended:

1. *Set up a family protocol:* This document should lay out the clear rules for how conflicts will be managed. It should include procedures for decision-making, succession, and dispute resolution.
2. *Open and honest communication:* Fostering an environment where all family members feel comfortable expressing their opinions and concerns can help prevent conflict.
3. *Family Council:* A family council can provide a forum to discuss business matters and resolve conflicts constructively.
4. *Mediation or arbitration:* If disputes cannot be resolved internally, it may be helpful to use an external mediator or arbitrator. This can be a lawyer, a family business consultant, or an expert in conflict resolution.
5. *Legal Advice:* In some cases, it may be necessary to seek legal advice to resolve legal or financial disputes.

It is important to remember that every business and family is unique, so these suggestions may need to be tailored to the specific circumstances of your situation.



4. *Considerations for SMEs*

How can SMEs access finance in Peru?

In Peru, they have several options to access financing. Here are some of the main ones:

1. ***Impulso Myperú Program:*** This program of the Ministry of Economy and Finance (MEF) offers loans from S/30,000 to S/90,000 with a State guarantee. It is expected to help 140,000 Peruvian micro and small enterprises affected by the current situation.
2. **Business Support Fund for MSMEs (FAE-Mype):** This is a state fund created to guarantee working capital credits for micro and small enterprises (MSEs) in all productive sectors, with terms of 3 years and a grace period of up to 12 months.
3. **Bank loans:** Banks offer various forms of credit for SMEs, such as secured loans, revolving accounts, and commercial loans.

What government support programs exist for SMEs in Peru?

In Peru, there are several government support programs for small and medium-sized enterprises (SMEs). Here are some of the highlights:

1. *Entrepreneur MSME Fund:* This fund was strengthened with S/ 150 million to reactivate micro, small and medium-sized enterprises. Among the most outstanding programs of this fund, the following stand out:
 - Business Emergency Program (S/ 64.6 million): Aimed at the economic reactivation of micro, small and medium-sized enterprises.
 - Seed Capital Program for Dynamic Ventures (S/ 11 million): Strengthens and supports startups with seed capital.
 - Cluster Support Program (S/ 4.4 million): Promotes the economic activity of value chains in certain geographical areas.
 - Internationalization Support Program (S/ 20 million): Supports companies in their process of entering international markets.



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2. *Business Support Fund for MSMEs (FAE-Myte)*: This is a State fund created to guarantee working capital credits for micro and small enterprises (MSEs) in all productive sectors, with terms of 3 years and a grace period of up to 12 months.



5. Foreign Investment

How does the Foreign Investment Law work in Peru?

The Foreign Investment Law in Peru, known as Legislative Decree No. 662, sets up a legal framework that promotes and guarantees foreign investments in the country. Some key points are:

1. **Promotion and guarantee of foreign investment:** The Peruvian State promotes and guarantees foreign investment in all sectors of economic activity and in any business or contractual form allowed by national legislation.
2. **Modalities of foreign investment:** Foreign investments are investments from abroad that are carried out in income-generating economic activities, under various modalities, such as property contributions from foreign natural or legal persons, investments in national currency from resources with the right to be remitted abroad, and the conversion of private obligations abroad into shares, among others.
3. **Legal stability:** The law provides a regime of legal stability to foreign investors through the recognition of certain guarantees.
4. **Equal Rights:** The law looks to guarantee equal rights and obligations between foreign and domestic investors.



What free trade agreements and bilateral agreements does Peru have that could help my company?

Peru's main international treaties are:

Agreement	Description
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	Made up of eleven economies in the Asia-Pacific, it accounts for 15% of international trade, 13% of global GDP and a market of 500 million consumers.
Trade Agreement between Peru and the United Kingdom	It incorporates by reference the Trade Agreement with the European Union.
Peru-Australia Free Trade Agreement	It includes a chapter on Small and Medium Enterprises (SMEs), Development, and Competitiveness and Business Facilitation.
Peruvian-Colombian Customs Cooperation Agreement	It provides for the withdrawal of tariff subheadings from the common tariff.
WTO Trade Facilitation Agreement	It sets up measures focused on providing transparency to the rules related to foreign trade, streamlining, and simplifying procedures related to the clearance of goods, reducing obstacles to the flow of goods, and generating equity in the decisions of control entities.



6. Foreign trade

What is the process for importing and exporting goods in Peru?

Importing and exporting goods in Peru are key processes for companies looking to do business in the country:

Importing goods into Peru:

To import goods into Peru, it is necessary to meet the following requirements:

- Be a legal entity or natural person registered with the National Superintendence of Customs and Tax Administration (SUNAT).
- Have an active Single Taxpayer Registry (RUC).
- Make the payment of the corresponding taxes and duties.

The process of importing goods in Peru consists of the following steps:

- Obtain authorization from SUNAT to import the goods.
- Conduct the necessary customs formalities.
- Pay the applicable taxes and duties.
- Receiving and dispatching imported goods.

To import goods into Peru, it is necessary to send the following documentation:

- Commercial invoice for the goods to be imported.
- Bill of lading or air waybill.
- International Transport Document.
- Affidavit of customs value.
- Identity document or RUC of the importer.



Export of goods from Peru:

To export goods from Peru, you must meet the following requirements:

- Have an active Single Exporter Registry (RUE).
- Make the payment of the corresponding taxes and duties.
- Follow the regulations and restrictions established for the export of certain goods.

The process of exporting goods from Peru consists of the following steps:

- Register the export operation in the RUE.
- Conduct the necessary customs formalities.
- Pay the applicable taxes and duties.
- Prepare and dispatch exported goods.

To export goods from Peru, it is necessary to send the following documentation:

- Commercial invoice for the goods to be exported.
- Single Export Declaration (DU-E).
- International Transport Document.
- Identity document or RUC of the exporter.

The costs and fees for importing and exporting goods in Peru vary depending on the type of good, its value, and other factors. It is necessary to consult the table of tariffs and tariffs set up by SUNAT to determine the exact costs.

Importing or exporting goods in Peru requires following a series of procedures and legal requirements. It is important to have the necessary documentation and make the corresponding payments to avoid setbacks in the process.



What customs regulations are in place in Peru?

Customs regulations in Peru are mainly governed by the General Customs Law, Legislative Decree No. 1053, and its regulations. Here is a summary of these regulations:

1. Purpose of the Law: The purpose of this law is to regulate the legal relationship set up between the National Superintendence of Tax Administration (SUNAT) and the natural persons and legal entities involved in the entry, stay, transfer, and exit of goods to and from the customs territory.
2. Definitions: The law defines several terms related to customs activities, such as extraordinary control actions, ordinary control actions, customs administration, ability, customs authority, capital goods, among others.
3. Scope of application: This Legislative Decree applies to all customs activities in Peru and applies to all persons, goods and means of transport within the customs territory.
4. Quality Management System: The customs service adapts its processes to a quality management system, for which it sets up, documents, implements, maintains, and continuously improves its effectiveness in accordance with international quality management standards.
5. Competence of the Intendancies: The Customs Intendancies, through their pertinent organizational units, within their circumscription, are competent to hear and resolve customs acts and their tax and technical consequences.

These customs regulations are critical to the economic security and integrity of international trade in Peru.



What is an Authorized Economic Operator and how is this certification obtained in Peru?

An Authorized Economic Operator (AEO) is an international trade operator certified by the National Superintendence of Customs and Tax Administration (SUNAT) of Peru. This operator is accredited in the security of the global logistics chain and has facilities in customs control and simplification due to having the support of SUNAT.

For your company to be certified as an AEO, it must meet the following requirements:

- Have a satisfactory history in following current regulations.
- Have an adequate system of accounting and logistical records.
- Demonstrate proven financial solvency.
- Maintain an adequate level of security.
- Follow the standards regulated by the World Customs Organization (WCO) Global Trade Facilitation and Security Standards (SAFE).

The companies that can obtain this certification are exporters, importers, customs brokers, bonded warehouses, and express delivery service companies (ESERs).

Being an AEO offers several advantages:

- Reduction of customs control in import and export clearances.
- Preferential attention in customs procedures.
- Reduction of customs procedures.
- Direct action of exporters and importers as customs brokers, exempt from the payment of guarantee to work.
- Access to the facilities provided for in mutual recognition agreements.



How does the Single Window for Foreign Trade work in Peru?

The Single Window for Foreign Trade (VUCE) in Peru is an integrated system that allows the parties involved in international trade and transport to manage, through electronic means, the procedures required by the various competent entities for the transit, entry or exit of goods from the national territory.

The VUCE is administered by the Ministry of Foreign Trade and Tourism (MINCETUR) and was created to improve collaboration between government agencies linked to foreign trade, as well as increase the competitiveness of the sector.

Through the VUCE, you can obtain authorizations for the entry and exit of goods, manage operating permits, manage procedures before the Special Economic Zones, certify that your products are from the country, manage the reception, stay and dispatch of ships, among others.

What international trade agreements does Peru have and how can they help my company?

Peru has several international trade agreements that can help your company by providing access to international markets, eliminating tariff and non-tariff barriers, and facilitating the acquisition of state-of-the-art technology. Here are some of the highlights:

- 1. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP):** This treaty is made up of 11 Asia-Pacific economies: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Singapore, Vietnam and Peru. These economies account for 15% of international trade, 13% of global GDP and a market of 500 million consumers.
- 2. Trade Agreement between Peru and the United Kingdom:** This agreement incorporates by reference the Trade Agreement with the European Union.
- 3. Peru-Australia Free Trade Agreement:** This agreement includes a chapter on Small and Medium-sized Enterprises (SMEs), Development, and Competitiveness and Business Facilitation.
- 4. Peruvian-Colombian Customs Cooperation Agreement:** This agreement provides for the withdrawal of tariff subheadings from the common tariff.



5. WTO Trade Facilitation Agreement: This agreement sets up measures focused on providing transparency to the rules related to foreign trade, streamlining, and simplifying the procedures related to the clearance of goods, reducing obstacles to the flow of goods, and generating equity in the decisions of control entities.

These agreements can provide companies with access to international markets, elimination of tariffs, and the acquisition of state-of-the-art technology will be facilitated.

What are the fishing regulations in Peru?

Fishing regulation in Peru is mainly governed by the General Fisheries Law, Decree Law No. 25977. Here is a summary of these regulations:

- 1. Purpose of the Law:** The purpose of this law is to regulate fishing activity to promote its sustained development as a source of food, employment, and income and to ensure the responsible use of hydrobiological resources, optimizing economic benefits, in harmony with the preservation of the environment and the conservation of biodiversity.
- 2. National Heritage:** The hydrobiological resources contained in Peru's jurisdictional waters are the patrimony of the Nation. Consequently, it is the responsibility of the State to regulate the comprehensive management and rational exploitation of these resources.
- 3. Promotion of Participation:** The State encourages the widest possible participation of Peruvian natural or legal persons in fishing activities and encourages foreign investment, subject to the relevant provisions of Peruvian legislation.
- 4. Support for Artisanal Fishing Activity:** The State provides the necessary support for the development of artisanal fishing activity and the training and qualification of artisanal fishermen.
- 5. Protection and Preservation of the Environment:** The State ensures the protection and preservation of the environment, requiring that the necessary measures to be adopted to prevent, reduce, and control damage or risks of pollution or deterioration in the maritime, terrestrial, and atmospheric environment.

In addition, the Law 31749, recently approved, recognizes ancestral traditional fishing and traditional artisanal fishing, and promotes their preservation within five Peruvian maritime miles.



7. Mining, Energy, Agriculture and Fisheries Regulation

What is the mining regulation in Peru?

Mining regulation in Peru is governed by the General Mining Law, Legislative Decree No. 1053, and its regulations.

- 1. Purpose of the Law:** The purpose of this law is to regulate the legal relationship established between the National Superintendence of Tax Administration (SUNAT) and the natural and legal persons involved in the entry, stay, transfer and exit of goods to and from the customs territory.
- 2. Definitions:** The law defines several terms related to customs activities, such as extraordinary control actions, ordinary control actions, customs administration, ability, customs authority, capital goods, among others.
- 3. Scope of application:** This Legislative Decree applies to all customs activities in Peru and applies to all persons, goods and means of transport within the customs territory.
- 4. Quality Management System:** The customs service adapts its processes to a quality management system, for which it sets up, documents, implements, keeps, and continuously improves its effectiveness in accordance with international quality management standards.
- 5. Competence of the municipalities:** The customs authorities, through their relevant organizational units, within their area, are competent to hear and resolve customs acts and their tax and technical consequences.

These customs regulations are critical to the economic security and integrity of international trade in Peru.



What is the energy regulation in Peru?

1. **Peru's National Energy Policy 2010-2040:** Approved by Supreme Decree No. 064-2010-EM, this policy seeks to meet the national demand for energy in a reliable, regular, continuous, and efficient manner, promoting sustainable development.
2. **General Mining Law, Legislative Decree No. 1053:** This law regulates the legal relationship between the National Superintendence of Tax Administration - SUNAT and the persons involved in the entry, stay, transfer, and exit of goods to and from the customs territory.
3. **Tariff Regulation:** The resolutions that set the rates for the sale of electricity, the New Replacement Value (VNR), the Distribution Value Added (VAD), the tolls for connection to the Main Transmission System, the costs of connection to the electricity distribution network, the maximum cut-off and reconnection amounts, as well as the modification of these, may be reconsidered by the interested parties within the period established by the Law.
4. **Regulation on Renewable Energies and Green Hydrogen:** Currently, the regulatory framework for renewable energies in Peru is being strengthened. Based on Law 28832 – Law to ensure the efficient development of Electricity Generation, a set of regulations has been developed that seek to promote and regulate investment in clean and renewable energy generation projects.

These regulations are critical to the economic security and integrity of international trade in Peru.



What is the agricultural regulation in Peru?

Agricultural regulation in Peru is governed by several laws and policies. Here is a summary:

- 1. National Agrarian Policy 2021 - 2030:** Approved by Supreme Decree No. 017-2021-MIDAGRI, this policy seeks to promote the country's agricultural and rural development, which includes agriculture, livestock, aquaculture, agribusiness, and sustainable forestry, to promote the economic and social development of the sector.
- 2. Agrarian Policy Guidelines:** These guidelines, formalized by Ministerial Resolution No. 0709-2014-MINAGRI, look to strengthen, and expand the access of small and medium-sized farmers' products to local and national markets, as well as to export markets, with special attention to agricultural and forestry value chains.
- 3. Agricultural Titling:** With the promulgation of the Political Constitution of Peru in 1993, it was set up that the State preferentially supports agrarian development and guarantees the right to property over land, privately or communally or in any other form of association.
- 4. Law that regulates the agricultural extension service in Peru:** Law No. 31368 will allow the country's agricultural, livestock and forestry producers to have greater access to the technological and innovation services necessary to enhance the productivity and competitiveness of the national agricultural sector, especially family farming, which represents 97% of the country's farmers.

These regulations and policies are fundamental to agrarian development in Peru.



8. Wealth Management

How is succession planning done in Peru?

Succession planning in Peru is a process that requires careful consideration and preparation. In the following we will specify how it is done:

- 1. Succession Plan Design:** The first step is to design a succession plan that aligns with the organization's strategy. This plan should consider the needs of the new employee and the company's strategy.
- 2. Identification of Potential Successors:** Potential successors within the organization should be found. This may involve assessing the skills and competencies of current employees, as well as considering external candidates.
- 3. Development & Training:** Once potential successors have been found, they must be developed and trained to prepare them for their future roles. This can include training in specific skills, exposure to different areas of the company, and mentoring experienced leaders.
- 4. Succession Plan Implementation:** Succession planning should be implemented gradually and systematically. This may involve the gradual transition of responsibilities, ongoing supervision, and support during the transition process.
- 5. Evaluation and Adjustment:** Finally, the succession plan should be evaluated regularly and adjusted as needed. This may involve gathering feedback, watching the successor's performance, and adjusting the plan as needed.



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How Do Inheritance Taxes Work in Peru?

In Peru, the inheritance and gift tax, commonly known as inheritance tax, was levied on free transfers of property and rights that occurred by death or donation. However, this tax has been eliminated since 1998, so there is currently no inheritance tax.

It is important to mention that, if the property has been acquired by advance of inheritance, the cost that corresponded to the transferor before the transfer may be considered as a computable cost, if this is reliably accredited, otherwise, it will be zero. When the capital gain generated qualifies as second-category income, the income tax rate is 5%.



9. Taxation

How does the Peruvian tax system work?

The Peruvian tax system is the ordered set of rules, principles, and institutions that regulate the relations arising from the application of taxes in the country. It is governed by Legislative Decree No. 771, known as the Framework Law of the National Tax System. In general, the tax system in Peru is based on two main taxes:

1. **General Sales Tax (IGV):** This tax covers about 55% of tax resources.
2. **Income Tax:** Corresponds to 30% of the collection.

In addition, other taxes account for 15% of the general mark.

The aim of the Framework Law of the National Tax System is to increase revenue, provide the tax system with greater efficiency, permanence, and simplicity, and distribute equitably the revenues that correspond to the Municipalities.

The Tax Code is the cornerstone of the National Tax System, as its rules apply to the various taxes.

What are the corporate taxes in Peru?

Companies in Peru are subject to several corporate taxes:

1. **Corporate Income Tax:** Companies that are incorporated in Peru must pay a corporate income tax of 29.5% on globally sourced income, including capital gains.
2. **General Sales Tax (IGV):** This is a value-added tax levied on the sale of movable property in the country, the provision or use of services, construction, the first sale of real estate, and the importation of goods.
3. **Financial Transaction Tax (FTT):** This tax is levied on transactions in national or foreign currency that are credited or debited from any account opened in a company in the financial system.



4. **Selective Consumption Tax (ISC):** This tax is levied on the sale in the country at the production level and the import of goods, as well as the provision of services.
5. **Property Tax:** This tax is levied on the value of urban and rural properties based on their self-assessment.
6. **Alcabala Tax:** This tax is levied on transfers of ownership of urban and rural real estate for consideration or free of charge, whatever its form or modality, including sales with reservation of title.

How do personal income taxes work in Peru?

Income Tax in Peru is a tax that is figured out annually and is levied on income that comes from the lease (rental), alienation or other type of assignment of real and movable property, shares, and other transferable securities (capital gains) or from work conducted in a dependent and independent manner.

To figure out the Income Tax of Individuals who do not conduct business activity, the income has been separated as follows:

1. **Capital Income - First Category:** Generated by the leasing, subleasing or any type of assignment of movable or immovable property. The payment corresponds to 6.25% of net income (equivalent to 5% of gross income).
2. **Capital Income - Second Category:** Corresponds to the sale of shares or transferable securities, interest on the placement of capital, royalties, patents, annuities, key rights, and others.
3. **Earned Income (Fourth and/or Fifth category) and Foreign Source Income:** If you are an independent or dependent worker and your annual income in 2023 was greater than 7 UIT = S/ 34,650.00, you must pay income tax. For these incomes, the period in which they are received will be considered, between January 1 and December 31.



4. **Foreign Source Income:** Comes from a source found outside the national territory. They are not categorized and are considered for tax purposes if they have been collected.

The tax will be applied at cumulative progressive rates of 8%, 14%, 17%, 20% and 30%. In other words, the higher the income in the year, the more you will pay.



10. *Employment Law*

How do you hire employees in Peru?

Hiring employees in Peru involves several important steps and considerations:

1. **Design of the Hiring Plan:** The first step is to design a hiring plan that aligns with the organization's strategy.
2. **Identification of Potential Candidates:** Potential candidates inside and outside the organization should be found.
3. **Development & Training:** Once potential candidates have been found, they must be developed and trained to prepare them for their future roles.
4. **Implementation of the Hiring Plan:** The hiring plan should be implemented gradually and systematically.
5. **Evaluation and Adjustment:** Finally, the hiring plan should be evaluated regularly and adjusted as needed.

Employment Contract: In Peru, contract employment rather than at-will employment is the norm. Employers and employees sign contracts that stipulate the length of employment and the terms under which either party can end the agreement.

Contract Requirements: In Peru, employment contracts are mandatory; however, they can be written or verbal. In general, written contracts are preferable so that all parties understand expectations accurately.

Hiring Foreign Workers: If you are hiring foreign workers in Peru, you will need to follow a specific process that includes entering the SIVICE system and filling out the pertinent information required by the system.



11. Intellectual property

How are trademarks and patents protected in Peru?

In Peru, the protection of trademarks and patents is the responsibility of the National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOPI).

Trademarks: A trademark is any sign that serves to find and differentiate products and services in the market. Registering your trademark is not mandatory to start commercial activities, but doing so makes you the owner and the only one authorized to use it in Peru. This allows you to prevent other people from copying or imitating you and taking advantage of the prestige you have earned. Trademark registration lasts for 10 years and can be renewed consecutively indefinitely.

Patents: A patent is the title granted by the State that confers on its holder the right to exclude third parties from the exploitation of an invention for a certain time and in a certain territory, if the invention complies with the requirements established by the legal provisions. During the term of the patent, the owner of the right may prevent third parties from exploiting, reproducing, selling, using, or exploiting the invention without their consent. All patents have a non-renewable protection period of 20 years.

To register a trademark or patent, you can access the information available on patents and other forms of protection registered in Peru, as well as check the status of an application for registration pending before INDECOPI.



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How does copyright work in Peru?

Peru's Copyright Law of 1996 officially protect Copyright in Peru. This law grants monopoly protection to "original works of authorship", allowing economic exploitation of their cultural creations protected by the Political Constitution of 1993.

Copyright includes the reproduction, distribution, public communication, adaptation, and translation of the work. These exclusive rights are subject to a time limit and expire 70 years after the death of the author for natural persons or 70 years after publication for legal persons.

The institution that oversees this law is the Copyright Directorate of Indecopi, formerly the National Library of Peru.



12. *Dispute Resolution*

How does the Peruvian judicial system work?

Peru's judicial system follows the model in place in many countries with a continental European tradition. It is based on three pillars: the Constitutional Court, the Judiciary and the Public Prosecutor's Office.

The Judicial Branch of Peru is an agency of the Republic of Peru constituted by a hierarchical organization of institutions, which exercise the power to administer justice, which emanates from the people. In its functional exercise, it is autonomous in political, administrative, economic, disciplinary, and jurisdictional matters, subject to the Constitution.

The hierarchical structure of the Judiciary is composed of the following bodies:

- **Supreme Court of Justice:** It is the highest authority of the Judicial Branch and has authority throughout the national territory.
- **Superior Courts:** Reach the level of judicial districts.
- Courts of First Instance
- **Magistrates' Courts and Non-Magistrates' Courts:** Magistrates' Courts investigate and sentence cases of minor misdemeanors, following their competence.



How is arbitration and mediation managed in Peru?

In Peru's legal framework, arbitration and mediation are dispute resolution mechanisms that are widely applied.

Arbitration has been regulated as a specific area and an exception to the judicial authority, following the provisions of article 139 of the 1993 Constitution. In this sense, arbitration is an official, non-state, way of administering justice. Increasingly legal entities and individuals include an arbitration clause in their contracts. Arbitration allows for faster and more efficient dispute resolution.

In summary, international mediation and arbitration are relevant in Peru because they allow conflicts to be resolved quickly, fairly, and efficiently, which contributes to the economic and social development of the country. These dispute resolution mechanisms are critical to keeping a healthy business environment and promoting foreign investment. In an increasingly globalized world, the ability to resolve disputes efficiently is crucial to the economic success of any nation. In this regard, Peru has proven a strong commitment to the promotion of these conflict resolution mechanisms.

On the other hand, the "dispute resolution table", also known as the Dispute Resolution Board (JRD), is an important mechanism in Peru for the resolution of disputes that arise during the execution of contracts, especially in the construction sector.

The JRDs exercise their functions from the beginning of the works until their full acceptance and take part as an impartial third party vis-à-vis the protagonists of the works (Owner or Principal, Supervisor and Contractor). They exercise a consultative and preventive function, preventing disputes from arising if disagreements between the parties through the issuance of recommendations. In addition, they have a decision-making function, resolving disputes that could affect or paralyze the works by issuing decisions that are binding on both parties.

To "augment" the dispute resolution table, the following strategies could be considered:

1. **Promotion and Education:** Conduct awareness and training campaigns on the benefits and operation of the JRDs to encourage their use.



2. **Inclusion in Contracts:** Encourage the inclusion of JRD clauses in contracts, especially in public works contracts.
3. **Regulation and Institutional Support:** Strengthen the regulation of the JRDs and provide institutional support for their implementation.
4. **Expert Training:** Promote the training of JRDs experts to ensure that boards are composed of trained and experienced professionals.
5. **Research and Development:** Conduct research on the effectiveness of JRDs and develop new strategies to improve their operation.

These strategies could help increase the effectiveness and use of JRDs in Peru, contributing to the efficient resolution of disputes in the construction sector and other sectors.



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