

# THE POWER OF BEING UNDERSTOOD

ASSURANCE | TAX | CONSULTING

DOING BUSINESS PERÚ

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This document has summarized information for general reference guide purposes and to facilitate information regarding prospective business within Peru. This document it is not meant to replace professional advisory. Additional assessment must be required for conducting a business in Peru. In this regard, we do not assume any responsibility for the decisions take using this document. Likewise, due to the constant changes in the markets and its regulation the information provided may be updated. We strongly recommend that for any business entrepreneurship or investment an appropriate advice be requested according to the particular situation since this document does not constitute or replace professional advice.

Information updated until April 2023.

# TAX

## 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, Transfer Tax, amongst others)

Other taxes and contribution

Contributions to regulatory government agencies

1.2

### INCOME TAX (IT)

#### + Enforcement of the IT

Income generated by the taxpayers during the fiscal year are taxed. The fiscal year goes from January 1st to December 31st.

#### Entities

##### Non residents in Peru

For corporate incomes the tax rate is 30% on the Peruvian source incomes.

The following, are considered Peruvian source incomes, amongst others:

- (i) Incomes generated due to real estate located within Peru;
- (ii) Provided that are economically used within the Peruvian territory: loans, capital investments, technical assistance, digital services and royalties.

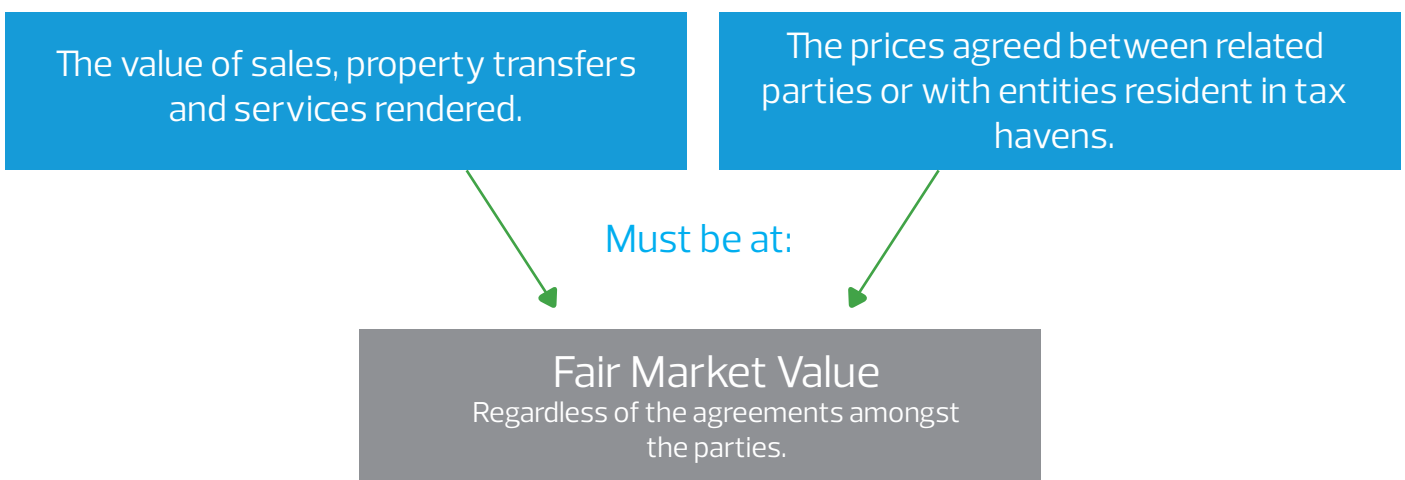
##### Residents in Peru

For corporate incomes the tax rate is 29,5% on the Worldwide source incomes (this is the ones generated within the Peruvian territory and any other generated abroad Perú).

Additions for prohibited expenses and deductions accepted expenses are allowed before the tax rate is applied.

<p>(iii) Goods located or economically used within the Peruvian territory; and/or,  (iv) Corporate activities or any other activity performed within the Peruvian territory.</p>	<p>In case of a Branch of a non resident entity in Peru, the Branch would be only taxed for their Peruvian source incomes.</p>
<p>In transactions with Peruvian resident entities a withholding tax would be applicable.</p>	<p>In transactions with non resident entities in Peru a withholding tax.</p>
<p>The tax rate applicable to dividends are 5% on the amount paid. Dividends paid to entities resident in Peru are not taxed.</p> <p>The tax obligations for the dividends would be applicable only with the shareholders agreement to pay the dividends. The entity that pays the dividends would make the withholding.</p>	<p>The tax rate applicable to dividends are 5% on the amount paid. Dividends paid to entities resident in Peru are not taxed.</p> <p>The tax obligations for the dividends would be applicable only with the shareholders agreement to pay the dividends. The entity that pays the dividends would make the withholding.</p> <p>In the case of Branch of a non resident entity in Peru, it is considered mandatory that the Branch pays dividends annually provided that profits are generated.</p>
<p>( - )</p>	<p>Advanced payments of the IT are collected monthly by the Tax Authority on a gross incomes basis.</p>
<p>( - )</p>	<p>Tax losses are allowed from one fiscal period to the following.</p>

## + Transactions value for tax purposes



## + Sale of shares

### Direct

- The income generated would be taxed.
- It is the direct sale of the share by the shareholder.

### Indirect

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

## + Tax Treaties to avoid Double

Peru has entered into Tax Treaties to avoid Double Taxation with the following countries:

Bolivia, Colombia y Ecuador through the Decision No. 578 of the Andean Community of Nations

Corea del Sur	Brasil	Canadá	México
Chile	Portugal	Suiza	Japón

## 1.3

## VALUE ADDED TAX (VAT)

### The VAT taxes:

Sale of goods

Rendering or use of services within Peru

Execution of construction contracts in Peru

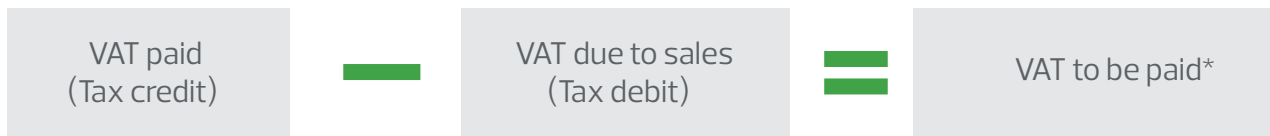
First sale of real estate made by the builder

Importing goods

**VAT rate: 18%**

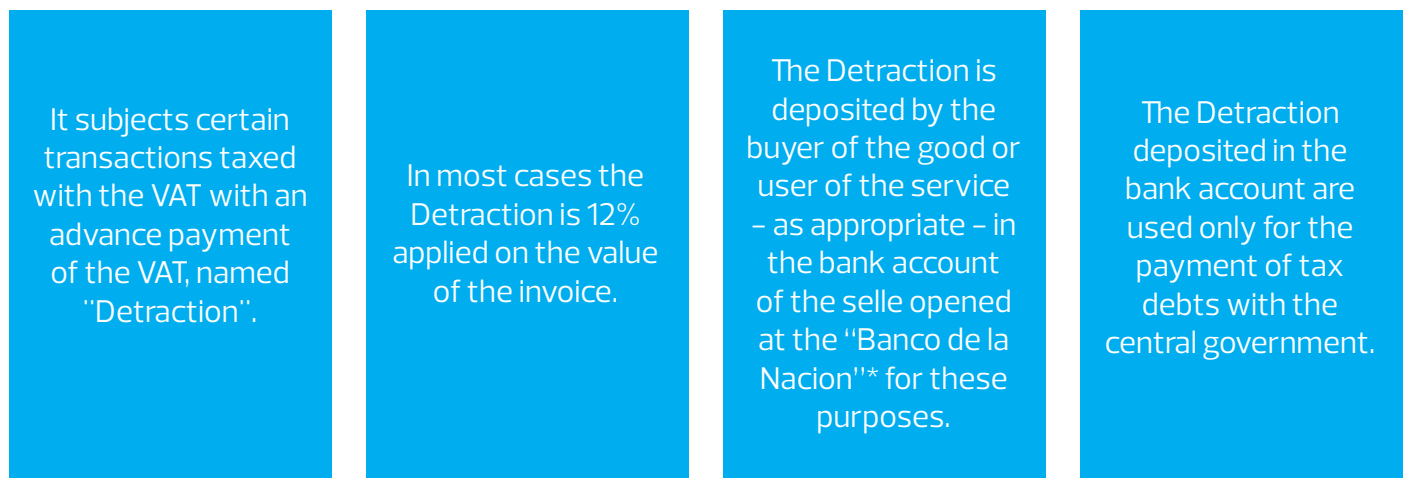
The VAT paid for the export of goods and some services that qualify as exports can be recovered, provided that certain requirements are met.

## + The VAT paid can be offset against the VAT that taxes sales



\* If VAT paid is greater than VAT due to sales a tax credit is generated that can be used in the following periods.

## + System of Payment of Tax Obligations with the Central Government (SPOT)



1.4

## EXCISE TAX

### Excise Tax levies:

Sale in Peru at producer level of certain goods.

Import of certain goods.

Gambling and betting (lotteries, bingo, raffles and equestrian events, except games of casino and slot machines).

Sale by the importer of certain goods (gasolina, liquors, new and used vehicles, soft drinks and cigarettes).

## Excise Tax calculation systems is according to type of good

Value System

Specific System

Value System according to the Public Sale Price

1.5

### TEMPORARY TAX ON NET ASSETS (TTNA)

## ITAN

It taxes wealth

Taxes the value in the accounting records of the Net Assets at December 31st of the year prior to the payment

It is paid in a single payment or 9 equal monthly installments (from March to November)

It can be used as credit against IT.

Rate

Value of the Net Assets

0%

Up to PEN 1,000,000

0.4%

For more than PEN 1,000,000

1.6

### FINANCIAL TRANSACTION TAX (FTT)

FTT

Taxes certain banking operations carried out in Peru, whether they are in national or foreign currency.

The rate is 0.005% on the amount of the operation performed.

**+ Property Tax**

It is paid annually

Taxes the value of urban and rural properties

It is paid by subjects who, as per January 1st of each year, are owners of taxed properties

Rate	Section
0.2%	Up to 15 Tax Units(*)
0.6%	Following 15 Tax Units Up to 60 Tax Units
1.0%	For more tan 60 Tax Units

(\*) In Peru, Tax Units "UIT" for their Spanish acronym is a value update annually"

**+ Tax on Automobile Property**

It is paid annually

Taxes the ownership of automobiles for 3 first years counted from the year following its registration in the Public Registry Office.

The rate is 1% of the original value of purchase, importation or entry into equity, which shall not be less than the reference value approved by the Ministry of Economy and Finance.

It is paid by subjects who, as per January 1st of each year, are owners of taxed automobiles.

**+ Transfer Tax**

The purchaser of the property would have to pay the tax.

Taxes the transfers of property of urban or rural real estate, whether it is a free transaction or not, and in any mode of the transferring.



Rate	Section
Not taxed	For the first 10 Tax Units(*)
3%	Above the first 10 Tax Units

(\*) In Peru: Tax Units "UIT" for their Spanish acronym is a value update annually

## 1.8

## TAX REGIMES

Concepts	Nuevo Régimen Único Simplificado (NRUS)	Régimen Especial de Renta (RER)	Régimen MYPE Tributario (RMT)	Régimen General de Renta
Natural or legal person	Only for natural persons	Natural and legal persons.	Natural and legal persons.	Natural and legal persons.
Taxpayers to whom it applies	The natural persons and undivided successions who own a business whose customers are final consumers. Non-professional natural persons domiciled in the country who earn fourth category income solely from trades and crafts.	The natural and legal persons, undivided successions, and marital societies domiciled in the country earn third-category income, that is, an income of an entrepreneurial or business nature.	The natural and legal persons, undivided successions, marital societies, de facto associations of professionals, and similar entities domiciled in the country earn third-category income.	Natural and legal persons engaged in business activities. Generally, these incomes are generated by the joint participation of capital investment and labor.
Benefits	Not required to keep accounting records. A single monthly payment is made. Not required to file monthly or annual tax returns.	Required to keep two accounting records. Monthly tax returns are filed. Not required to file annual tax returns.	Reduced rates. Possibility to suspend advance payments. Ability to issue any type of payment voucher or receipt.	Ability to engage in any activity without income limits. Issuance of all types of payment vouchers or receipts. In case of losses, future profits can be used to offset them.
Income limit	Up to S/ 96,000 per year or S/ 8,000 per month	Up to S/ 525,000 per year.	Net income that does not exceed 1,700 UIT per year.	No limit.
Purchase limit	Up to S/ 96,000 per year S/ 8,000 per month.	Up to S/ 525,000 per year.	No limit.	No limit.

<b>Proofs of payment that can be issued</b>	Invoice receipts, delivery notes, and sales tickets.	Invoices, sales receipts, and all other types permitted.		
<b>Monthly/Annual sworn statement.</b>	The monthly payment is considered as the filing of the Monthly Tax Return.	Only Monthly Tax Return.	Monthly and Annual Tax Returns.	
<b>Employees</b>	No limit.	Maximum of 10 per-shift.	No limit.	No limit.
<b>Books or accounting records</b>	None.	Single Purchase and Sales Record	According to your income	According to your income.
<b>Maximum fixed assets value</b>	S/. 70,000 (Real estate and vehicles are not taken into account)	S/. 126,000 (Real estate and vehicles are not taken into account)	No limit.	No limit.

## 1.9

## DOUBLE TAXATION TREATIES

### + Applicable withholdings

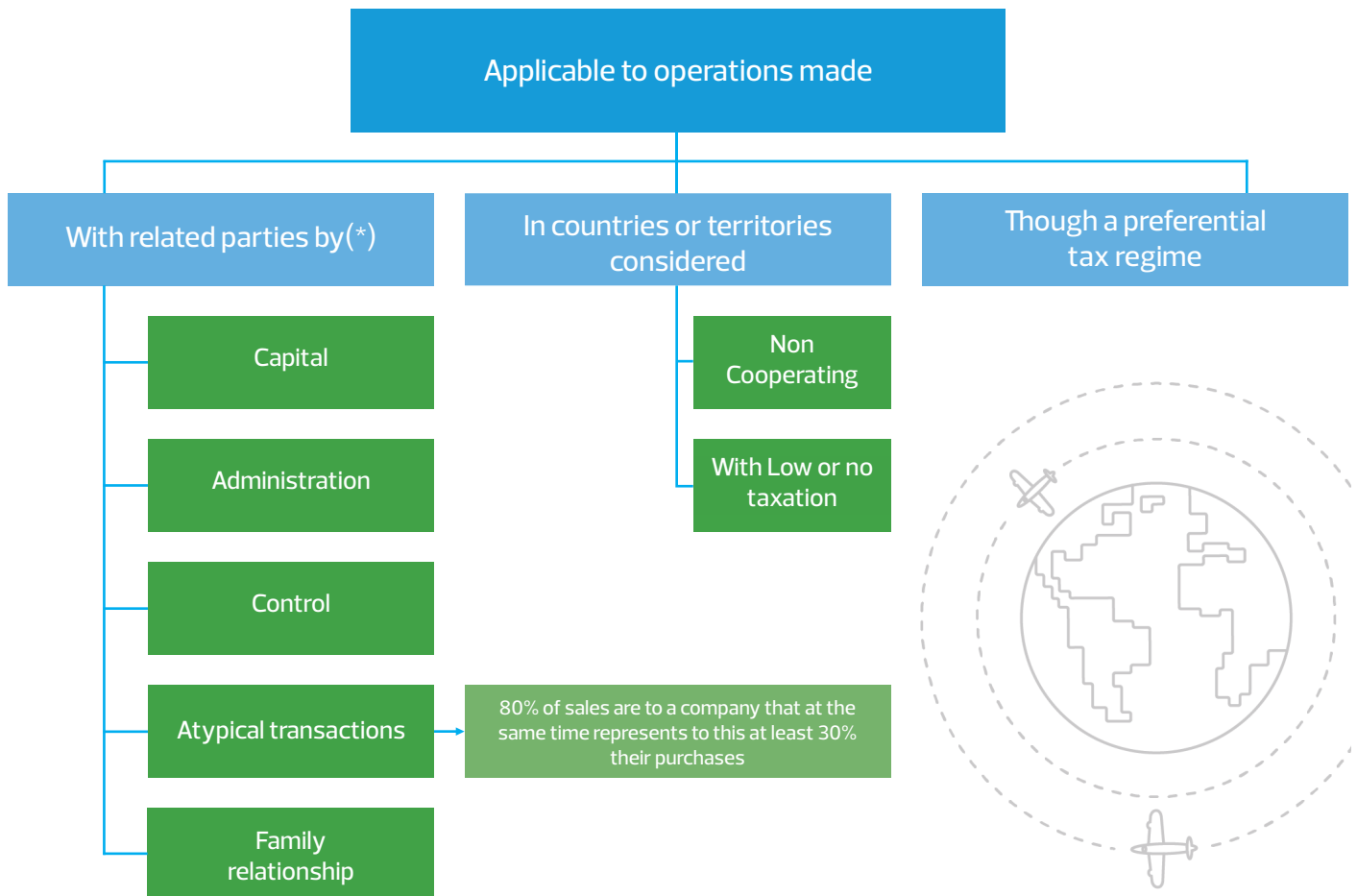
AGREEMENT	DIVIDENDS	INTERESTS	ROYALTIES	TECHNICAL ASSISTANCE	DIGITAL SERVICES
South Korea	10%	10%	10%	10%	-
Brazil	10% / 15%	10%	15%	15%	15%
CAN	6.8%	4.99%	30%	15%	30%
Canada	10% / 15%	10%	15%	-	-
Mexico	10% / 15%	10%	15%	-	-
Chile	10% / 15%	10%	15%	-	-
Portugal	10% / 15%	10% / 15%	15%	10%	-
Switzerland	10% / 15%	10% / 15%	15%	10%	10%
Japan	10%	10%	15%	-	-

(\*) Reference values for 2023.

# TRANSFER PRICING

2.1

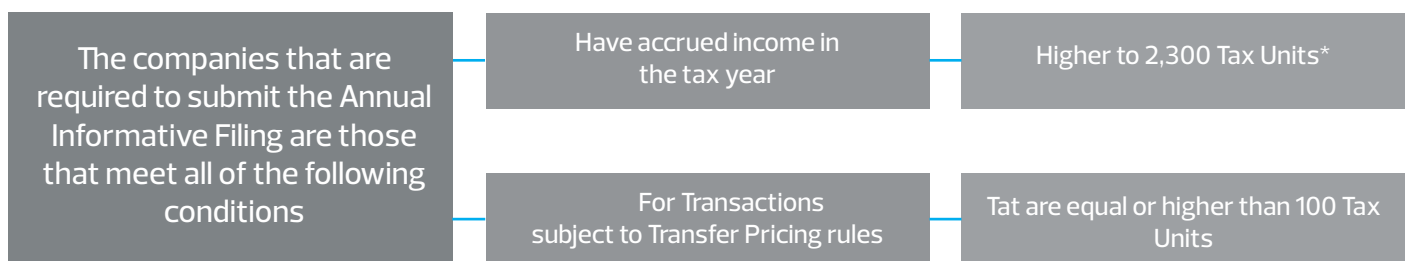
## TRANSFER PRICING RULES



(\*) According to article N° 24th of the income Tax Regulation

2.2

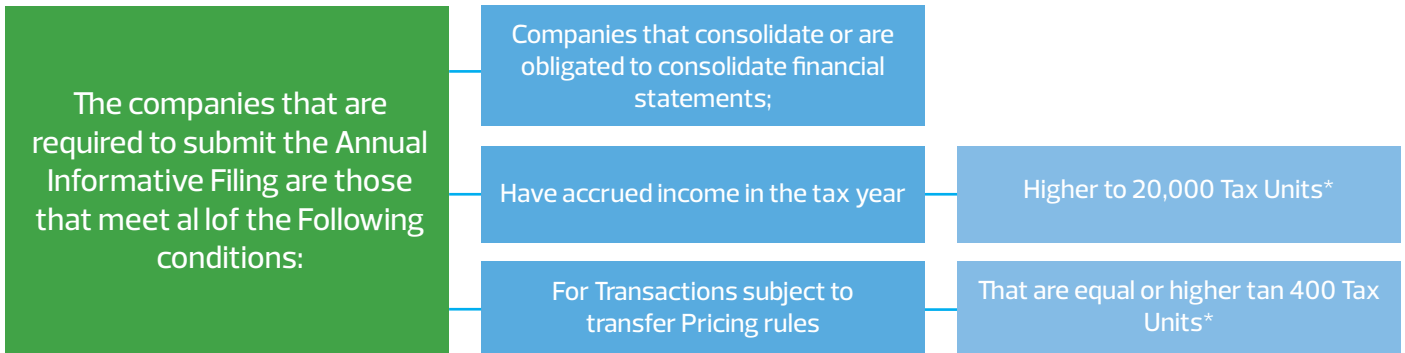
## LOCAL REPORT



(\*) In Peru: Tax Units "UIT" for their Spanish acronym is a value update annually.

## 2.3

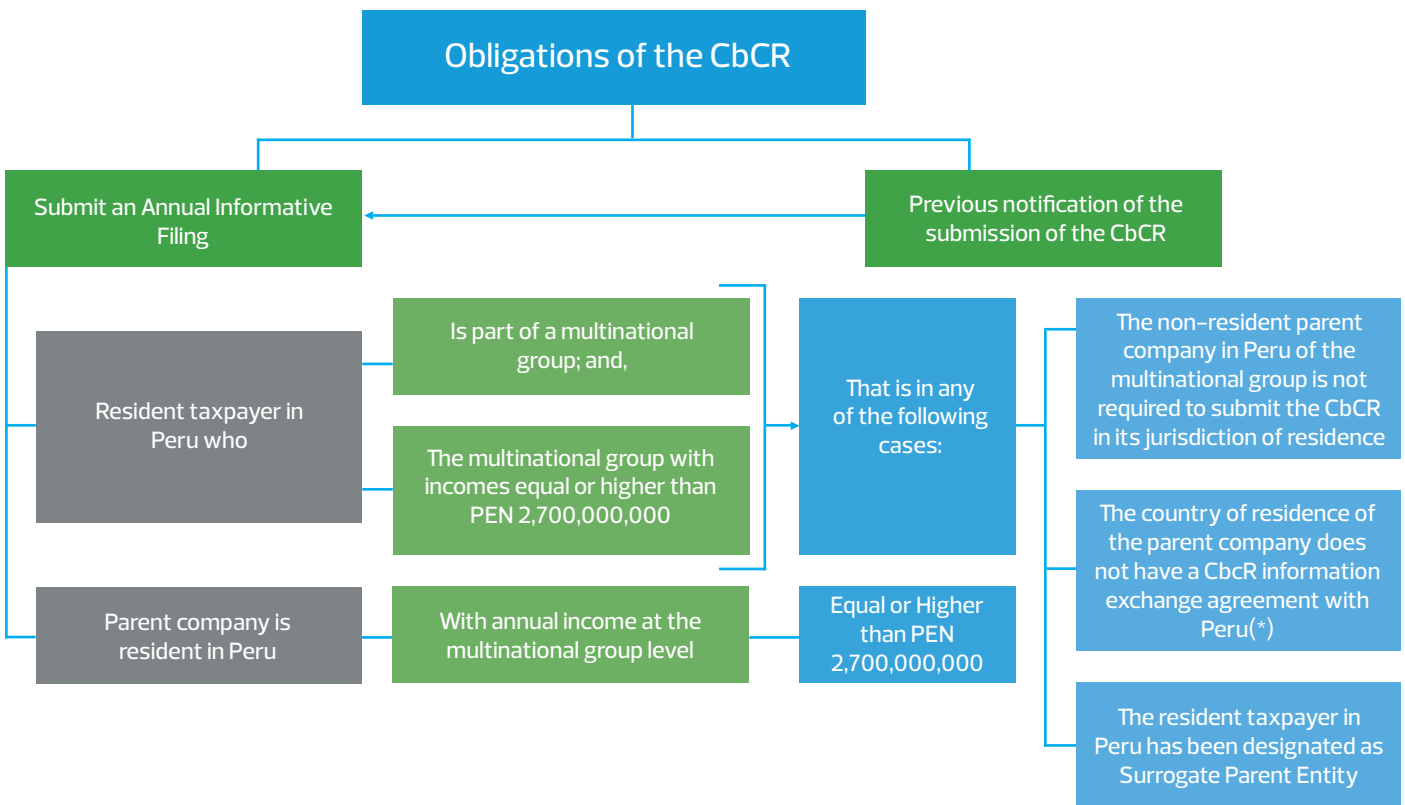
## MASTER REPORT



(\*) In Peru: Tax Units "UIT" for their Spanish acronym is a value update annually

## 2.4

## COUNTRY BY COUNTRY REPORT (CbCR)



(\*) Peru has an CbCR exchange agreement with more than forty countries

## 2.5

# TRANSFER PRICING PENALTIES

1. For not submitting the annual informative filing of the Report.

2. Not displaying or not submitting the documentation and information, translated to Spanish, that support the annual informative filing of the Report.

### Penalty Fee

From a minimum of 10% up to a maximum of 25 Tax Units\*

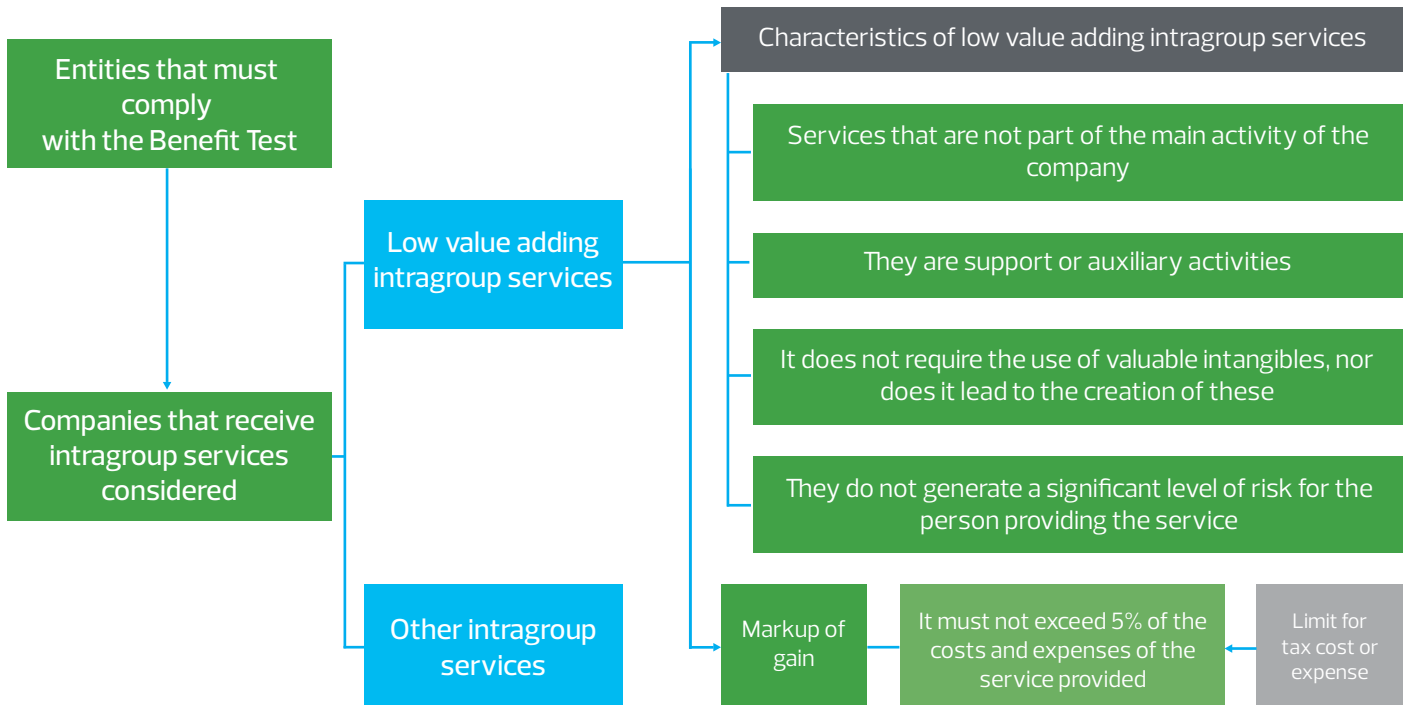
(\*) In Peru: Tax Units "UIT" for their Spanish acronym is a value update annually

## 2.6

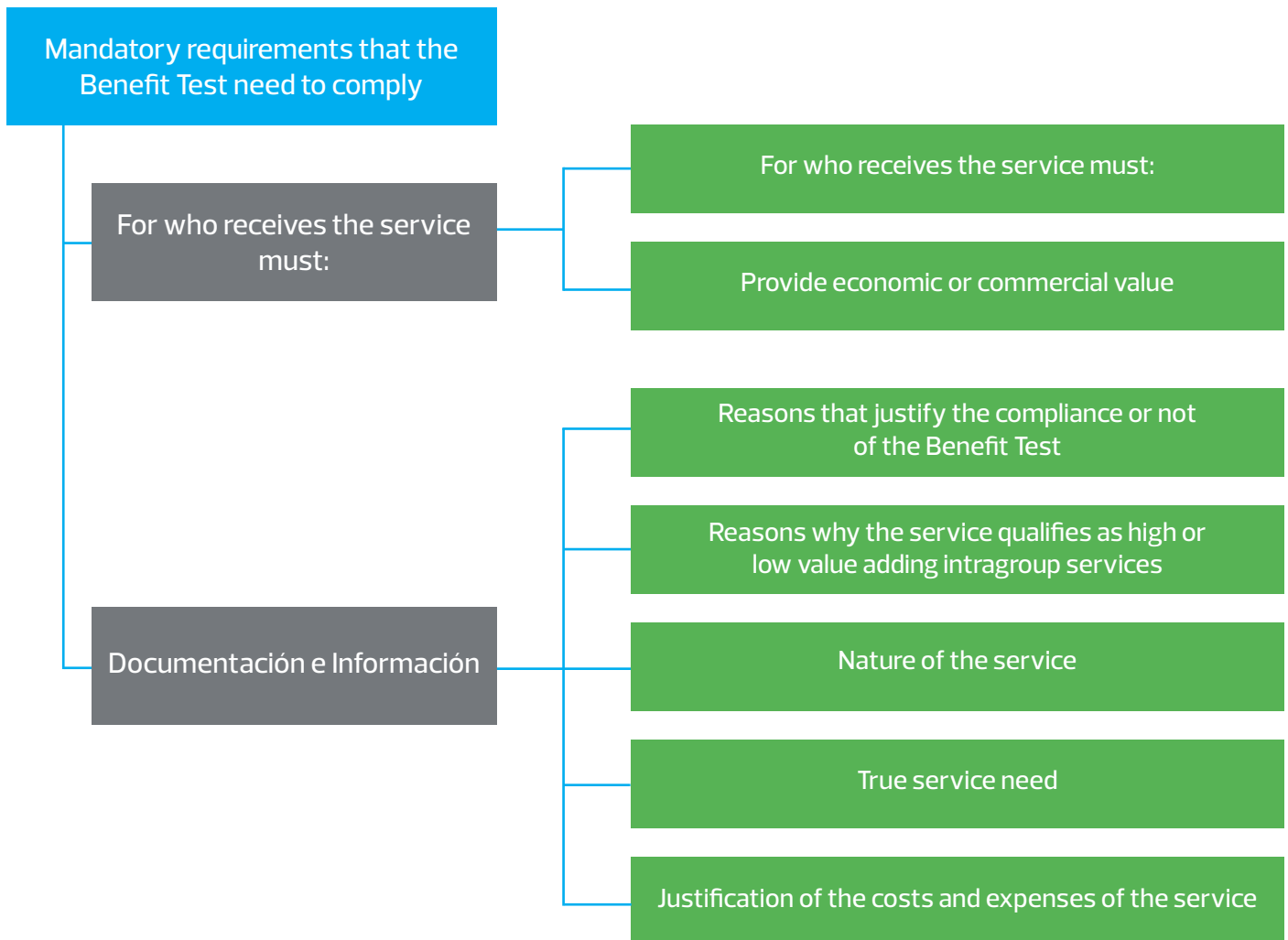
# BENEFIT TEST

Need to comply with the Benefit Test

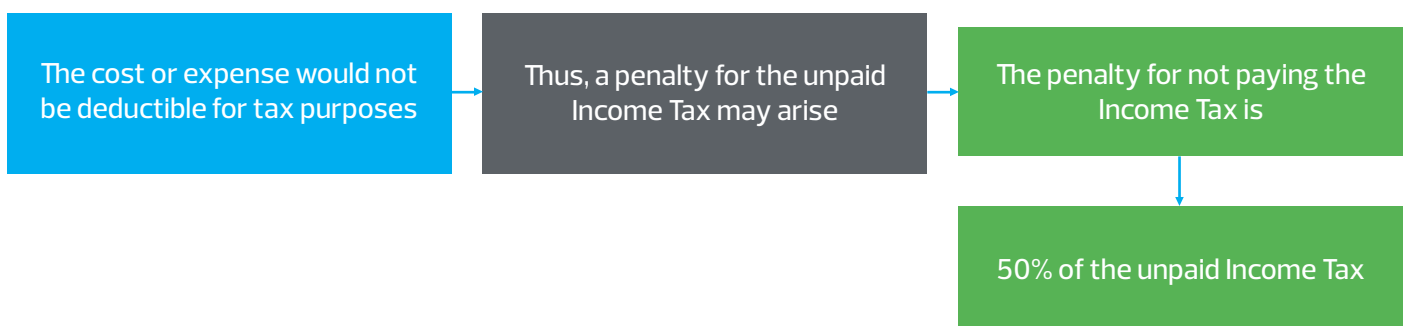
It is mandatory for the tax deduction of the cost or expense of services



## + Requirements of the Benefit Test



## + Consequences of not complying with the Benefit Test



# CORPORATE

3.1

## SETTING UP AN ENTITY

### Main types of legal entities in the Peruvian Corporates Law

Corporation

Public Limited Corporation

Closed Corporation

Limited Liability Company

Partnership

Limited Liability Partnership

3.2

## MOST USED CORPORATE TYPES IN PERU

Denomination in Spanish	Sociedad Anónima Abierta (S.A.A.)	Sociedad Anónima (S.A.)	Sociedad Anónima Cerrada (S.A.C.)	Sociedad Comercial de Responsabilidad Limitada (SRL)
Denomination in English	Corporation (Corp.)	Public Limited Corporation (plc)	Closed Corporation	Limited Liability Company (LLC)
Characteristics	Has more than 750 shareholders; 35% of the shares belong to 175 different shareholders or more; and/or, Execute a primary bid of shares or liabilities convertible to shares.	At least 2 shareholders and up to 750 (more than 750 shareholders would automatically transform it to a plc)	2 to 20 shareholders	2 to 20 quota holders

Capital stock	Shares		Quotas
<b>Transfer of shares</b>	They are registered in the Securities Market Registry and the free transferability of shares cannot be limited	It is mandatory the recording in the Corporate Record Book, which is a private book.	Public Deed and its registration on the Public Registry is needed.
<b>Bodies</b>	Management Board of Directors Shareholders' Board	Management Board of Directors (optional) Shareholders' Board	Management Quota holders' Board
<b>Duration</b>	Limited or Unlimited time		

### 3.3

## IRREGULAR CORPORATES

An irregular corporate is when it has complied with the steps for its constitution; however, it has not been incorporated and registered following the General Corporations Law or when two or more persons manifestly act in a company without having constituted and signed up.

After 60 days have elapsed since the founding partners signed the articles of incorporation without having requested the granting of the public deed of incorporation.

After 30 days have elapsed since the assembly appointed the signatories to grant the public deed without their having requested its granting.

More than 30 days have elapsed since the public deed of incorporation was granted, without having requested its registration in the Registry.

After 30 days have elapsed since the refusal of the registration made by the Registry was firm.

When it has been transformed without observing the provisions of this law.

When it continues in activity despite having incurred grounds for dissolution provided for in the law, the agreement social or statute.

Despite not being a constituted and registered corporate, it takes effect as long as the responsibility of the administrators, representatives, and, in general, those who appear before third parties acting on behalf of the irregular corporate are personally, jointly, and unlimitedly responsible.

It does not have legal status, but for tax purposes, they are constituent.



## 3.4

# CORPORATION

	SUCURSAL
<b>Definition</b>	It is any secondary location through which a company develops in a place other than its address, certain activities included within its corporate purpose.
<b>Legal status</b>	NO.
<b>Management autonomy</b>	It enjoys management autonomy in the scope of the activities assigned to it by the principal, following the powers granted to its representatives.
<b>Bodies</b>	Representación legal permanente.
<b>Responsibility</b>	The company assumes the liabilities of the branch.

## 3.5

# TYPES OF CORPORATE REORGANIZATION

The General Corporates Law provides for various types of company reorganization based on the needs of each company as time goes by. Thus, these are the main types:

TRANSFORMATION	MERGER	DEMERGER	SIMPLE REORGANIZATION
<ul style="list-style-type: none"> <li>• It allows corporations to transform into any other class of corporate or legal persons contemplated in the laws of Peru.</li> <li>• The transformation does not imply a change in legal personality.</li> </ul>	<ul style="list-style-type: none"> <li>• It allows two or more corporates to come together to form a single one.</li> <li>• There are two forms of merger:               <ul style="list-style-type: none"> <li>• <b>Merger by absorption:</b> in which the absorbing company assumes the patrimonial block of the absorbed company.</li> <li>• <b>Merger by the constitution:</b> two or more companies merge to create a new incorporating company.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• It allows a corporate to divide its assets into two or more blocks to transfer them entirely to other companies or to keep one of them.</li> <li>• There are two types of demergers:               <ul style="list-style-type: none"> <li>• <b>Own demerger:</b> total division of a company's assets into two or more equity blocks for the creation of new companies.</li> <li>• <b>Improper demerger:</b> segregation of one or more patrimonial blocks of a company that does not become extinct.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• It allows a corporate to segregate one or more patrimonial blocks and contributes them to one or more new or existing companies, receiving in exchange and keeping in its assets the shares or participations corresponding to said contributions.</li> </ul>

# LABOR

## 4.1

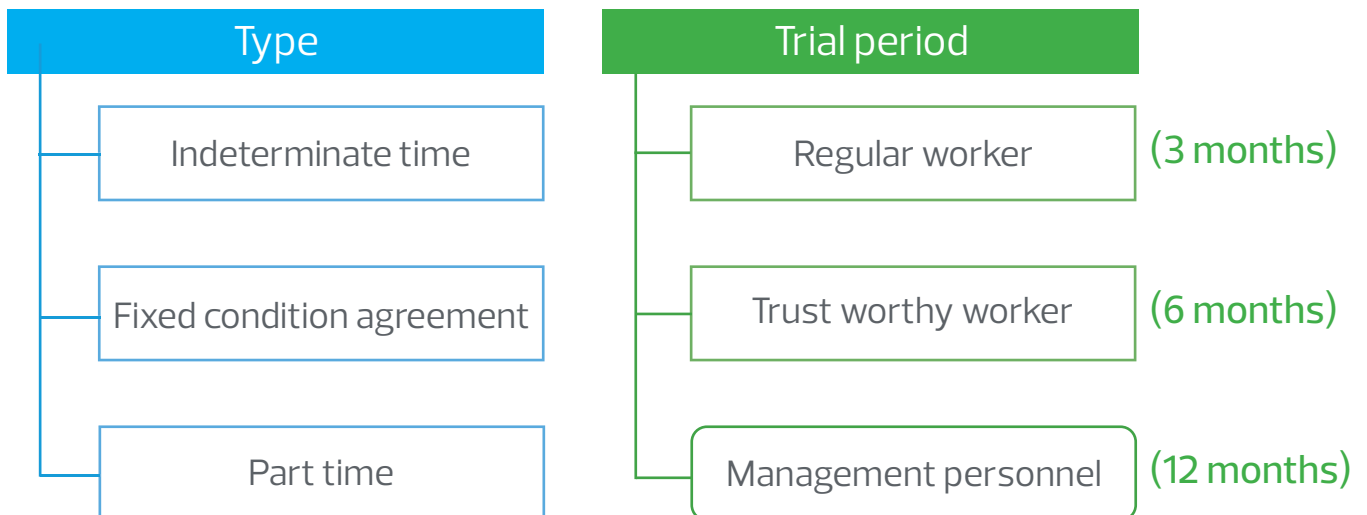
## WORK AUTHORITIES

MINISTRY FOR LABOR AND PROMOTION  
OF EMPLOYMENT

NATIONAL AGENCY OF LABOR  
INSPECTIONS

## 4.2

## HIRING EMPLOYEES



### Outsourcing of services

This when the main company assigns to an outsourcing company to carry out, independently, an activity of its productive chain.

The outsourcing company must meet the following requirements:

- Provide specialized activities or works at their own risk;
- Have their own financial, technical or material resources;
- Accept the liability for the results of their activities; and,
- Keep their outsourcing company workers under exclusive subordination.

### Indirect hiring: Work intermediation

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

## Direct hiring

The general rule in the hiring of paid and subordinated workers is that they are hired for an indefinite period. They can be hired by a verbal agreement or by a written agreement.

Exceptionally, fixed-term agreements or agreements subject to certain conditions may be executed. However, it is mandatory that they are recorded in writing, provided there is an objective reason according to the law.

### Full working day

8 daily hours; or

48 weekly hours

### Exceptions to full working day <sup>1</sup>

Management personnel

Trustworthy worker with no immediate supervision on the working day

Worker not subject to immediate control

Workers performing sporadic services

### Overtime hours <sup>2</sup>

It is the hour worked outside the regular daily or weekly hours.

The extra salary for the first 2 hours is 25%.

After the first 2 hours the extra salary is 35% per hour worked.

(1) They are not entitled to the payment of an extra salary for working overtime, nor are subject to control of assistance to the company.

(2) As an alternative mechanism, prior written agreement, the compensation with physical rest for the hour worked outside the regular working day.

## Main rights and benefits of workers

1. Salary

3. Profit sharing

5. Weekly and holiday rest

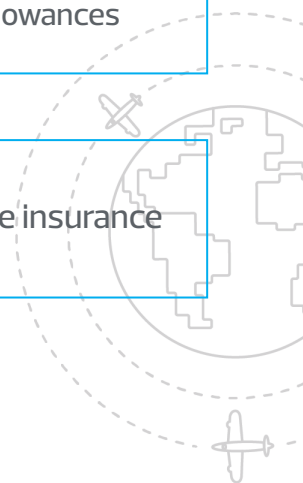
7. Household allowances

2. Compensation for Length of Services (CTS for its Spanish acronym)

4. Legal bonus in July and December

6. Vacations

8. Life insurance



### 1. Salary:

It is everything the worker receives for his services, either in money or in kind, whatever the form or denomination it may have, provided that it is freely available for the worker.

The workers must receive at least a monthly salary equivalent to PEN 1025.00 (Minimum salary) provided they complete the regular working day.

Likewise, when their monthly salary is 2 Tax Units (UIT for its Spanish acronym) or greater, the salary and the applicable social benefits may be consolidated in a single remuneration named Integral Annual Remuneration (RIA for its Spanish acronym)<sup>(1)</sup>

### 2. Compensation for Length of Service (CTS):

The CTS payment purpose is to prevent contingencies caused when a worker is fired and is free of any tax.

The deposit is made in May and November of each year according to the number of months worked in the semester. When the worker has only worked part of a month the CTS is calculated on twelves and thirties basis.

### 3. Profits sharing:

Companies with more than 20 workers must distribute a percentage of their annual income before taxes. The percentage to be distributed varies between 5% and 10% according to the economic activity of the company.

The amount received by employees will depend on the remuneration received and the days worked during the year.

The maximum limit is 18 monthly salaries.

### 4. Legal bonus in July and December:

The workers will be entitled to 2 legal bonuses during the year.

Each legal bonus would be a monthly salary, paid in July and December.

### 5. Weekly and holiday rest:

The workers are entitled to a minimum of 24 hours of mandatory weekly rest, which is remunerated and is preferably granted on Sunday.

Likewise, workers have the right to rest on holidays designated by law. No discounts from the workers salary should be made for these holidays<sup>(2)</sup>

### 6. Vacations:

The worker is entitled to 30 calendar days of paid physical rest for each full year of services or for a period in proportion to the actual time worked.

### 7. Household allowance:

At least an amount equivalent to 10% of the Minimum Salary is granted to all workers who have children under 18 years of age. The amount will not change when the worker has more children. However, it can be extended until the child reaches the age of 24 when the children follow studies to get a degree or goes to the university.

### 8. Life insurance:

It is mandatory for companies to hire a life insurance for workers working for more than 4 years. The insurance total payment is paid by the employer, including the applicable premiums.



<sup>1</sup> In Peru: Tax Units ("UIT" for their Spanish acronym) is a value updated annually.

<sup>2</sup> The following are mandatory holidays: New year (January 1<sup>st</sup>), Holy Thursday and Holy Friday (varies per year), Labor Day (May 1<sup>st</sup>), Saint Peter and Saint Paul Day (June 29<sup>th</sup>), National Holidays (July 28<sup>th</sup> and 29<sup>th</sup>), Battle of Junin (August 6<sup>th</sup>), Saint Rose of Lima (August 30<sup>th</sup>), Battle of Angamos (October 8<sup>th</sup>), Day of all Saints (November 1<sup>st</sup>), Immaculate Conception (December 8<sup>th</sup>), Battle of Ayacucho (December 9<sup>th</sup>) y Christmas (December 25<sup>th</sup>).

Contracts subject a modality		Objective caus	Duration
<b>Contracts of a temporary nature</b>	Start or increase in activities	<ul style="list-style-type: none"> <li>- Commencement of the company's operational activities.</li> <li>- Opening of new establishments.</li> <li>- Entry into new markets.</li> <li>- Increase in the company's activities.</li> </ul>	The maximum duration is 3 years from the beginning of the activity that justifies the cause.
	Market needs	When it is necessary to address substantial variations in market demand. The increase occurs due to an external and conjunctural situation of an unforeseeable nature.	The duration was extended up to 5 years, a modification introduced by Law No. 26513.
	Business reconversion	Envisaged for cases of substitution, expansion, or modification of the company's activities. Likewise, it can be a technological process such as the implementation of new machinery.	The maximum duration is 2 years.
<b>Contracts of an accidental nature</b>	Occasional contract	For temporary needs of the company other than the usual productive activities that the company carries out.	The maximum duration is 6 months.
	Substitution contract	When it is necessary to temporarily replace a worker who is involved in a case of suspension of their employment contract.	The duration of the contract will be as long as necessary according to the circumstances.
	Emergency contract	Due to the need to address a situation of fortuitous event or force majeure.	The duration is related to the duration of the emergency.
<b>Contracts for a specific task or service</b>	Fixed-term contract for a specific work or service.	When a specific work or service will be performed	The duration is related to the completion of the work or service.
	Intermittent contract	For permanent activities that are discontinuous in nature.	It does not have a maximum term.
	Seasonal contract	Needs inherent to the business operation that are only fulfilled during certain times of the year and tend to repeat in equivalent periods during each cycle.	The duration of this type of contract is the length of the season.

## Monthly tax obligations of the employment relationship collected by the employer

Obligation	Description	Rate	
Contributions to Health Social Security (ESSALUD for it is Spanish acronym) <sup>(4)</sup>	Allows workers to access healthcare provided by Government health facilities.	9% of the workers salary	
Withholding of the contributions to the Retirement System	Contributions are either to the public or private system.	13% of the workers salary	
Income Tax withholding of the working incomes	Obligation to withhold the Income Tax from the total income receive by dependent workers.	<b>Cumulative progressive scale for resident persons in Peru</b>	
		<b>Section in Tax Units<sup>(5)</sup></b>	<b>Applicable on net income from work and foreign source income</b>
		First 7 Tax Units	0%
		Following 5 Tax Units	8%
		From 5 Tax Units up To 20 Tax Units	14%
		From 20 Tax Units up to 35 Tax Units	17%
		From 35 Tax Units up To 45 Tax Units	
		More than 45 Tax Units	30%
		<b>Non resident persons in Peru</b>	
	30% on the gross income		

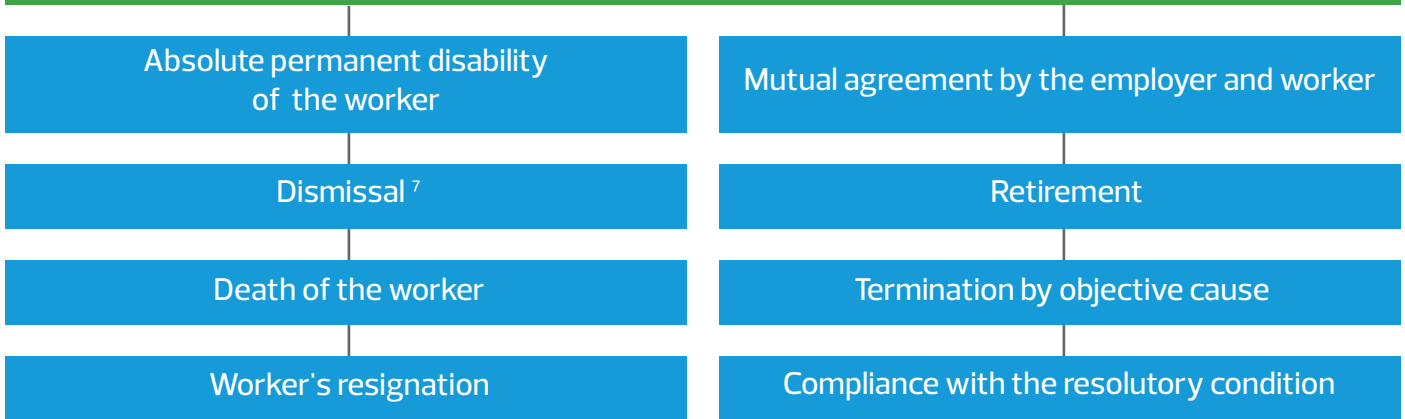
<sup>4</sup> De manera opcional los empleadores podrán contratar seguros privados a favor de sus trabajadores. El pago del aseguramiento privado mensual aplica como un crédito ante ESSALUD.

<sup>5</sup> La UIT es un valor que se actualiza cada año. Se debe considerar la UIT del ejercicio en el que se incurrió con la infracción.

## 4.5

## EMPLOYMENT TERMINATION

### Cause of the employment termination



<sup>7</sup> The dismissal can only take place for legal reasons that may arise and which should be mandatorily proven for the dismissal to proceed.

## 4.6

## COVID-19 RELATED NORMS

Employers, being affected by the different provisions adopted against COVID-19, have to observe several measures to maintain the employment relationship with their workers.

### \* Plan for the surveillance, prevention, and control of COVID-19 in the work center

The workplace must have a Plan, which will contain the provisions of the Government. However, the requirement to have full doses of vaccination is eliminated, and the isolation period for COVID-19 will be 7 to 10 days.

### \* Teleworking

The new Teleworking Law was published, which repeals the previous regulations regarding remote work. Because of this, the characteristics by which employers and workers of teleworking can choose, as long as it can be total or partial, permanently or temporarily, and can be realized inside or outside the country, were established. For this, the employer will have to guarantee and provide the use of technological devices and access to the Internet service unless otherwise agreed. In this case, if it is the teleworker who has their own devices and the Internet service, they will be compensated by the employer, unless otherwise agreed. It is important to note that this law still lacks regulations.

# IMMIGRATION – Hiring of foreign workers

5.1

## LABOR LAW TREATMENT

### Recruitment 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 remuneration of the foreign workers



30% total of the payroll of the entire payroll of the company

The company may request exemption from these limiting percentages provided that specialized professional or technical personnel, management personnel and/or management of a new business activity are hired, among other cases of exception established by the Law under the criteria of specialization, qualification or experience.

### Formality of the contract

It is held in writing

Fixed-term for a maximum period of 3 years, extendable

Upon signing, the worker must have a business visa or special permit to sign contract

It must be approved by the labor administrative authority

### Situations excluded from the foreign hiring regime

Foreigner with Peruvian spouse, ascendants, descendants or siblings

Foreigner with an immigrant visa

Foreigner whose country of origin has a labor reciprocity agreement or dual nationality

Foreign personnel who, according to bilateral or multilateral agreements entered into by Peru, will provide their services in the country



## + It must be approved by

Recruitment of Workers of Spanish nationality	Foreign citizens of Spanish nationality who wish to work in Peru can be hired as a national worker.
Recruitment of Foreign Migrant Workers	Workers from CAN member countries (Bolivia, Ecuador, Colombia) for labor purposes are considered national workers.
Recruitment of Foreign Workers citizens of the MERCOSUR countries, Bolivia and Chile.	Foreign workers from the countries of 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

## IMMIGRATION TREATMENT

### IMMIGRATION QUALITY SYSTEM AND VISA

A migratory status is the authorization granted by the Peruvian State to the foreigner in response to their personal situation or for the activity that they are going to carry out in the national territory.

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

Migratory quality	Description
1. Employee	<p>Foreign citizens can carry out lucrative activities in a subordinate or independent manner for the private sector, by virtue of an employment contract.</p> <p>You cannot carry out paid or lucrative activities on your own.</p>
2. Designated worker	<p>It allows foreign citizens to carry out work activities in the national territory that consist of performing a specific task or function or a job that requires specialized professional, commercial or technical knowledge sent by a foreign employer.</p> <p>You cannot carry out remunerated or lucrative activities on your own behalf in favor of a Peruvian employer. In this case, the foreigner maintains an employment relationship with his foreign employer, who pays him his fees or remuneration..</p>

<p><b>3. Investor</b></p>	<p>It allows the foreigner to establish, develop or manage one or more legal investments within the framework of Peruvian legislation. The minimum investment amount is S/ 500,000.00 or USD 165,000.00. The amount of investment can be modified by Resolution of the Superintendence.</p> <p>Foreign persons may only act as Manager or Director of their company.</p>
<p><b>4. Resident Family</b></p>	<p>Allows residence abroad to members of the family migratory unit of a Peruvian or foreign resident. It allows lucrative activities to be carried out in a subordinate or independent manner.</p>
<p><b>5. Immigrant or permanent</b></p>	<p>This migratory status is granted to foreigners who have resided in Peru for 3 years, consecutively.</p> <p>People with this migratory status have indefinite residence in Peru and are allowed to carry out different activities legally, including work activities and/or the provision of services independently.</p>
<p><b>6. Resident special</b></p>	<p>It allows people of Venezuelan nationality with a temporary residence permit -PTP to obtain the Space Migratory Status, which allows them to access rights such as that of immigrant or Peruvian naturalization, by complying with the terms and conditions established as mandatory by law.</p>

## + Immigration procedure

	CHANGE OF IMMIGRATION QUALITY	APPLICATION
START OF THE PROCEDURE	The change of immigration status can only be requested within the country.	The visa application is submitted when the foreigner is outside the country.
COMPETENT ENTITY	Migrations	Migrations
KIND OF PROCEDURE	Personal	It is personal or through third parties through the granting of a notarial or consular power of attorney
TERM	Up to 30 business days.	Up to 30 business days.
GENERAL REQUIREMENTS (*)	Passport International Exchange Sheet – INTERPOL Fee payment (S/ 162.50 PEN or USD 42.80) Not having a police, criminal and/or judicial record	Passport International Exchange Sheet – INTERPOL Fee payment (S/ 107.50 PEN or USD 28.28) Not having a police, criminal and/or judicial record
PERMANENCE TIME	Temporary (up to 183 days) or Residence (up to 365 days)	Temporary (up to 190 days) or Residence (up to 365 days)

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

## + Agreements entered into by Peru to facilitate immigration

Agreement of residence of MERCOSUR, Chile and Bolivia	<ul style="list-style-type: none"> <li>Foreign citizens from Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay or Uruguay) will be able to obtain a "temporary residence" for a non-extendable period of 2 years, which allows them to work and access health services, among others.</li> <li>Permanent residence may be requested within 90 days prior to the expiration of temporary residence.</li> </ul>
Requirements	<ul style="list-style-type: none"> <li>Be a national of some of the member countries.</li> <li>Enter the country on a regular basis.</li> <li>Make the payment of the fee for processing rights (S/ 162.50 or USD 42.80).</li> <li>Copy of passport.</li> <li>Certificate of lack of judicial, police and criminal records from the country of origin or from the country of residence 5 years before.</li> <li>Sworn statement of lack of international criminal or police record.</li> </ul>

Qualify as Peruvian source income subject to Income Tax in Peru, those obtained for the personal work carried out by foreign workers in favor of their employer within the national territory.

Within this section, the question to be answered is how does a foreign worker pay taxes? For the effective development of the answer, two assumptions are established:

### 1- The foreign worker who has the status of domiciled or non-domiciled

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 remained in the country for a period of less than 183 calendar days, whose Income Tax rate is 30%.

·The condition of domiciled or not domiciled is calculated on the first of January of each year.

+ Article 53 of the LIR contains the Income Tax rates applicable to work income of foreigners domiciled for independent work (Fourth Category Income) and for work provided in a dependency relationship (Fifth Category Income) in this chart:

Type of taxpayer	Rate
Domiciled	Up to 5 Tax Units: 8% For the excess of 5 Tax Units and up to 20 Tax Units: 14% For the excess of 20 Tax Units and up to 35 UIT: 17% For the excess of 35 Tax Units and up to 45 UIT: 20%
Not domiciled	There is no deduction and only scale of 30%.

## 2- Existence of Agreements to avoid Double Taxation (CDI) in force between Peru and the foreign country of origin

Agreements to avoid double taxation with the following countries: Brazil, Canada, Chile, South Korea, Mexico, Portugal, Switzerland and Japan.

Agreement to avoid double taxation with the member countries of the CAN, established in article 3 of Decision 578, establishes that regardless of the nationality or domicile of the people, income of any nature will only be taxable in the member country in which such income has its producing source.

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