

An aerial photograph of a coastal city. At the top, a dense urban area with buildings and streets is visible. Below the city is a large green park with winding paths and a playground. A multi-lane highway runs horizontally across the middle of the image. Below the highway is a rocky coastline with a sandy beach and the ocean. The text 'RODRIGO, ELIAS & MEDRANO ABOGADOS' is in a red box in the top left, and 'DOING BUSINESS PERU' is in large white letters on the right side.

RODRIGO,
ELIAS
& MEDRANO
ABOGADOS

DOING BUSINESS PERU

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I. INTRODUCTION

For the past 30 years, Peru has been undergoing comprehensive economic growth, followed by a modernization and development process. This sustained growth process, coupled with the constitutional recognition that our economy applies the essential principles of a social market economy, has been the best incentive to attract substantial foreign investment in several industries.

The development of the agribusiness, fishing, and mining industries, as well as the completion of major infrastructure projects, primarily in the fields of energy, gas, and transportation, have all contributed to the growth of the domestic market and to increased international trade, making Peru one of the most attractive countries for investment in Latin America.

In addition to its ambitious entry into a series of free trade agreements with key commercial partners, such as the United States, China and other international players, Peru is continuously working towards positioning itself in the global market and obtaining a larger share of benefits from

the global economy by strengthening its business ties with nations throughout the Pacific basin and further entering into a series of comprehensive and far reaching international treaties. As such, Peru is a member of the Pacific Alliance together with leading Latin American economies (Mexico, Chile and Colombia), and has signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) along with important economies of the Pacific.

This paper briefly describes the main provisions of the Peruvian legal framework¹ that may be of interest to persons or entities wishing to invest or do business in Peru. This includes, among other aspects, the regulations relating to foreign investment, as well as the corporate structures available for doing business in Peru.

It goes without saying that the most favorable structure for any business must be determined on a case-by-case basis, and therefore, this document does not aim to take the place of appropriate legal advice.

¹ This document was updated in 2024, as of which the laws and regulations referred to throughout the report were fully in force. Please seek legal advice on their enforcement when required.



II. PERU TO THE WORLD

In an effort to enter into the global market and create incentives to develop and expand its economy, Peru has entered into a number of international instruments aiming to attract foreign investment.

Investment Agreements

Peru has entered into several bilateral investment treaties that are currently in force:

Bilateral Investment Treaties (BITs)	
Argentina	Malaysia
Belgium – Luxembourg	Netherlands
Canada	Norway
Colombia	Paraguay
Cuba	People's Republic of China
Czech Republic	Portuguese Republic
Denmark	Romania
El Salvador	Spain
Finland	Sweden
France	Switzerland
Germany	Thailand
Italy	United Kingdom
Japan	Venezuela

Treaty investment chapters

Peru has also signed several treaties with investment chapters that are currently in force, including:

Australia	Mexico
Canada	Pacific Alliance
Chile	Panama
Costa Rica	People's Republic of China
European Free Trade Association (EFTA)	Singapore
Honduras	South Korea
Japan	United States

Free Trade Agreements

Peru has also entered into trade agreements with several countries, as detailed in "Customs" (Section V, item C) hereof, aiming to reduce customs duties and facilitate the trade of goods.

Double Taxation Treaties

Likewise, Peru has entered into tax treaties, with the objective of avoiding double taxation for taxpaying residents in the contracting States. Currently, the agreements in force are:

Brazil	Pacific Alliance
Canada	Portugal
Chile	Switzerland
Japan	South Korea
Mexico	The Andean Community (Bolivia, Colombia and Ecuador)

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

In March 2018, the CPTPP was executed. Peru shall enter into said treaty along with important economies of the Pacific such as Australia, Brunei, Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Singapore and Vietnam as its original members.

This agreement reinforces Peru's strategic presence in the Asia-Pacific region, whose countries are important APEC economies; strengthens its goal to achieve free trade; and contributes to its desire of being considered a stable and friendly country for foreign investors. The CPTPP entered into force for Peru on September 19, 2021.

The Pacific Alliance (*Alianza del Pacífico*)

Peru is firmly committed to the development and success of the Pacific Alliance, a dynamic mechanism of economic and commercial integration composed by Chile, Colombia, Mexico and Peru. It seeks to create a deep integration towards the free circulation of goods, services, capital and people in order to boost the economic growth and competitiveness of the member countries. Also, it aims to become a platform to project itself into the world, particularly toward the Asia Pacific region.

Upon a formal establishment of the Framework Agreement, the Additional Protocol to the Framework Agreement was enforced by the Pacific Alliance member countries in May 2016 –a commercial agreement representing a first substantial advance towards the free circulation of goods and services. The aforementioned Protocol allowed the immediate elimination of 92% of the tariff universe, with full liberalization to be expected by 2030.

Likewise, by means of negotiated areas in the aforementioned document, the bilateral commercial agreements entered into by Chile, Colombia, Mexico and Peru were enhanced and complemented in order to create more opportunities related to the accumulation of origin and the insertion in regional production chains with broad and diverse supply of products with higher added value.

In order to connect with the Asia Pacific region, the Pacific Alliance signed a Free Trade Agreement with Singapore, ratified by Peru in 2023, and is currently negotiating with Australia, Canada and New Zealand high-standard economic trade agreements with the aim of granting these countries the status of Associated States and contributing to the establishment of productive linkages.

In sum, the Pacific Alliance provides tools to economic operators of the four member countries by defining clear rules for the exchange of goods and services, reinforcing the facilitation of commerce and generation of higher investment flows, in such a way that these, in due course, promote strategies and actions both corporate and commercial. In its almost 13 years of creation, the Pacific Alliance has become a mechanism that contributes to the citizen welfare.

Further, Peru's participation in the CPTPP, the Pacific Alliance and APEC represents an opportunity to consolidate a platform with the Pacific as an articulating axis of our international insertion, participating in valuable global chains and driving competitiveness.

Organization for Economic Cooperation and Development (OECD)

On the other hand, Peru's economic success and continual expansion has prompted an interest in the country in adopting the best international standards and public policies. To accomplish this, Peru has sought the cooperation of the Organization for Economic Cooperation and Development (OECD) through the Country Program. This program will create a plan to implement and execute reforms that will increase productivity and set the foundations for sustainable economic growth and development. This will reduce poverty levels in the country and increase public welfare, without damaging the environment. This commitment to reaching the standards set by the OECD seeks to generate in foreign investors the confidence that the country is implementing the right policies to ensure solid economic growth in the future.

Basic Considerations for Investing in Peru²

The following table provides potential investors an overview of basic considerations for investing in Peru:

Restrictions on foreign shareholders	Unrestricted
Minimum capital required to incorporate a company	As a general rule, no minimum capital is required.
Average time of the incorporation process	15 business days
Restrictions on foreign investment	In general terms, they do not exist, except for the prohibition of foreigners acquiring or owning land or water within 50 km. of Peru's borders, as well as some specific limitations applying to certain regulated sectors.
Legal Stability Agreements (general regime)	Available to investors who commit to invest the minimum amounts provided by law (US\$ 10 million for the mining and hydrocarbons sectors, and US\$ 5 million for other sectors), as well as to the local companies receiving such investment. The legal stability agreements grant tax stability with respect to income tax and other guarantees, under the terms set forth in the law.
Restrictions on foreign exchange	Unrestricted
VAT	18%
Restrictions on hiring foreign personnel	Corporations may hire foreign personnel for up to 20% of their total number of workers.
Restrictions on foreigners' property ownership rights	Within 50 km of national borders, foreigners are not allowed to acquire or own rights over land or water.
Remittance of profits	Fully allowed.

² Exceptions to this overview may apply.



III. AVAILABLE CORPORATE STRUCTURES

A. Permanent Structures

I. Frequently used Corporate Structures

The stock corporation and the limited liability company are the most important and frequently used company types regulated under the General Corporations Law ("LGS" for its Spanish acronym), effective on January 1, 1998.

The LGS Law recognizes and regulates seven types of corporations:

- a)** Stock corporations, in its three corporate forms: general stock - S.A.; closely held - S.A.C.; and publicly held - S.A.A
- b)** General partnership
- c)** Limited partnership
- d)** Limited partnership by shares
- e)** Commercial limited liability company
- f)** Ordinary civil society
- g)** Limited liability company

On the other hand, Legislative Decree No. 1409 and its Regulations, published in September 2018 and October 2019 respectively, created and regulated a new corporate form: the Simplified Closed Stock Company (S.A.C.S.). This new corporate form, which allows only natural persons to be shareholders, seeks to have a more expeditious constitution procedure.

In commercial practice, the most common companies are corporations. In general, Peruvian regulations on corporations are similar to those of other jurisdictions. Peruvian legislation recognizes and regulates three types of stock corporations: (i) general stock - S.A.; (ii) closely held - S.A.C.; and (iii) publicly held - S.A.A. These three types of corporation mentioned above have the essential features of any stock corporation, that is, stocks are issued, their ownership is divided into equity shares and they have limited liability.

- i. A general stock corporation is a capital stock company. Its capital is represented by shares which give titleholders the rights set forth in the LGS Law, as well as in the respective company bylaws.
- ii. Specific regulations regarding closely held corporations include characteristics proper to a capital stock company, and also provide a suitable corporate structure for a limited number of shareholders who are usually involved in the company management. Given the importance of shareholders' personal factors in terms of ownership and capital management, its shares cannot be listed on the stock market.
- iii. An publicly held corporation must comply with one or more of the following conditions: (a) have made a primary public offering of shares or bonds convertible into shares; (b) have more than 750 shareholders; (c) more than 35% of its capital stock must belong to 175 or more shareholders, without considering within this number those shareholders whose individual owner equity does not reach two per thousand of the capital or exceeds 5% of the capital stock; (d) it is incorporated as such; or (e) all shareholders with voting rights have unanimously approved to adopt such corporation system. Publicly held corporation must register its stock in the Stock Market Public Registry. This means that its stock trading of free transfer may not be restricted, unless otherwise expressly provided in the LGS Law. This type of corporation is subject to supervision by the Superintendence of Stock Market (SMV).

The regulations applicable to the commercial limited liability company (S.R.L.) are similar to those applicable to the closed corporation, given the importance of the personal characteristics of those who participate as partners in this type of company, which the LGS intends to preserve. In these companies, capital is represented by membership interest.

a. General Features

These are the most relevant features of the general stock corporation, closely held corporation, and limited liability companies.

	General Stock Corporation (<i>Sociedad Anónima</i>)	Closely Held Corporation (<i>Sociedad Anónima Cerrada</i>)	Limited Liability Company (<i>Sociedad Comercial de Responsabilidad Limitada</i>)
Minimum number of founding partners/ shareholders		2	
Shareholder/ Member/Partner	Limited to the amount of the shareholders'/members'/partners' contributions.		
	The LGS Law does not require a minimum amount of capital for the incorporation/organization of a corporation/company.		
Initial Capital	For some sectors, the specific regulatory framework does establish a minimum initial capital to carry out a particular activity (e.g., companies under the Peruvian financial system, pension funds management companies, and labor intermediation companies).		

Capital Stock	Shares		
	Different types of shares may exist. The difference is in the shareholders' rights, liabilities, or both.		
	All same shares of stock have the same rights and are subject to the same liability.		
	Corporations may issue non-voting shares. Shareholders have the right to receive preferred dividends pursuant to the bylaws. Therefore, if there are distributable profits, the corporation will be required to pay the dividends to shareholders with non-voting shares.	Membership Interest (participaciones)	
Maximum Number of Shareholders/ Members		750	20
Limitations on the transfer of shares/ participations and other formalities	None, except for the pre-emptive acquisition right of the other shareholders and/or the corporation, where established in the bylaws.	Limited by the pre-emptive acquisition right of the other shareholders and the corporation unless otherwise provided by statutory provision.	Limited by other shareholders' right of first refusal unless the bylaws state otherwise.
	Transfers are private and are recorded in the company's Stock Ledger Book.	Transfers are private and are recorded in the company's Stock Ledger Book.	Transfers are carried out by public deed.
Distribution of Profits	Profits are distributed among holders of shares/membership interests in proportion to their capital contributions, unless otherwise provided by statutory provision or agreed by the general meeting of shareholders/partners.		
	Companies are required to set aside a minimum of 10% of their after-tax profits during each fiscal year to create or increase a legal reserve, until an amount equal to one-fifth of the capital stock is reached.		
	Dividends must be paid in cash up to an amount equal to one-half of the distributable profits during each fiscal year, after deducting the amount that must be set aside for legal reserve. At the request of shareholders representing 20% of total shares with voting rights.		
Agreements among Shareholders/ Members	Agreements among partners/shareholders, or between them and third parties, are valid in all types of corporations and are required in all matters concerning the corporation from the moment they are duly communicated.		
	In case of conflict between said agreements and the articles of incorporation/ organization or bylaws/operating agreement, these latter will prevail.		

b. Management

The table below provides a general overview of the corporate bodies involved in the management of general stock corporation, closed corporation, and limited liability company.

	General Stock Corporation <i>Sociedad Anónima - S.A.</i>	Closely Held Corporation <i>Sociedad Anónima Cerrada - S.A.C.</i>	Limited Liability Company <i>Sociedad de Responsabilidad Limitada- S.R.L.</i>
Board of Directors	<p>The existence of a Board of Directors as the governing body is mandatory by law.</p> <p>Directors are elected by shareholders. A Board of Directors must have a minimum of three directors. It is not necessary to be a shareholder in order to serve as a board member, unless otherwise provided in the bylaws. Directors may be removed at any time.</p> <p>No restrictions on nationality or domicile to board members.</p>	<p>The existence of a Board of Directors as the governing body is optional.</p> <p>Directors are elected by shareholders. A Board of Directors must have a minimum of three directors. It is not necessary to be a shareholder in order to serve as a board member, unless otherwise provided in the bylaws. Directors may be removed at any time.</p> <p>No restrictions on nationality or domicile to board members.</p>	<p>Does not have a Board of Directors.</p>
General Manager	<p>A corporation is also managed by one or more managers.</p> <p>The manager may be removed at any time by the general shareholders' meeting or the board of directors, depending on which body has made the appointment decision.</p> <p>The LGS Law provides that the general manager, solely by appointment or provided otherwise, has full power and authority for procedural and administrative representation, as well as the power to dispose of or encumber the corporation's assets and rights, and may execute any agreement, act and transaction required to carry out the corporate purpose.</p>		<p>The general manager is responsible for the administration and legal representation of the company.</p> <p>The manager may be removed at any time by the shareholder's general meeting.</p> <p>The LGS Law provides that the general manager, solely by appointment as such and except as otherwise provided, has full power and authority for procedural and administrative representation, as well as the power to dispose of or encumber the corporation's assets and rights, and may execute any agreement, act and transaction required to carry out the corporate purpose.</p>

Shareholders' / Partners' General Meeting	<p>The Shareholders' / Partners' General Meeting is the corporation's highest governing body.</p> <p>The LGS sets out the formal requirements for its call and establishes the quorum and the minimum majority of votes required for adoption of agreements, as well as matters that fall within the exclusive competence of the general meeting.</p>	The Members' Meeting is the limited liability company's highest governing body. Its actions are subject to the LGS Law regulations.
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c. Incorporation Process

The process of incorporating a company takes approximately 15 business days. In the event that the founders are non-domiciled entities or individuals who are not in the country at the time of incorporation, they will be required to have the corresponding powers of attorney registered. These documents must be registered before the Public Registry. This process could take up to 15 additional business days.

The table below is a timetable detailing the steps that need to be taken to incorporate a company in Peru:

Steps	Time for Completion
Granting of powers to incorporate the company³	<p>Up to 15 business days.</p> <p>These documents must be legalized and registered prior to the incorporation of the company.</p>
Verifying the availability of the proposed company name	1 day.
Preparation of incorporation documents and notarization by a notary public	2 - 5 days.
Deposit at least 25% of the company's capital stock in a bank and obtain proof thereof	1 day.
Registration of the incorporation documents before the Public Registry	2 - 7 business days.
Registration before the tax authority	1 day.
Legalization of corporate books	1 day.

³ In the event that the founding shareholders are legal persons not domiciled, the following documents are required in addition to the powers of attorney:

- Certificate of Good Standing
- Certificate of Corporate Authority

II. Branches

An alternative to setting up corporations is to establish branches, which are deemed to have permanent legal representation and enjoy procedural autonomy in the sphere of activities assigned to them by the parent company, in accordance with the powers granted to their representatives. Branches do not have independent legal status.

The table below describes the requirements and procedure to establish a branch in Peru.

Establishment	By public deed with, at least, the following information: (a) certificate of good standing of the main company in the country of origin with the constancy that neither the articles of incorporation nor the bylaws prohibit the establishment of branches abroad; (b) copy of the articles of incorporation and bylaws or equivalents; (c) agreement to establish the branch in Peru, that indicates: (c.1) the capital assigned to the branch for its operations in the country; (c.2) the activities of the branch and a declaration stating that said activities are part of the parent company's corporate purpose; (c.3) the branch address; (c.4) the appointment of at least one permanent legal representative in the country, with the granted power of attorney; and, (c.5) the statement that the parent company is subject to the laws of Peru in order to meet the branch's obligations.
Liability	The parent company is liable for all obligations incurred by the branch. Any agreement exempting responsibility is considered null and void.
Capital	The total amount of assets assigned by the parent company to undertake the branch's activities is known as "assigned capital". No minimum capital is required.
Administration	Branches are required to have at least one permanent legal representative in Peru, who must have the necessary powers to bind the company for the operations carried out by the branch.
Remittance of Profits	There are no limitations on the remittance of profits by a branch to its parent company.

III. Joint Ventures

Peruvian law defines two different types of joint ventures: the consortium and the silent-partnership agreement (*contrato de asociación en participación*). This is not an exhaustive list, so that other associative contracts, such as associations or joint ventures, are also permitted under Peruvian law, without the need for specific regulation.

The consortium is defined as a contract in which two individuals or legal entities join together in order to participate in a certain business to share profits and reduce their transaction costs. Consortiums do not generate a separate independent entity from its partners.

The LGS defines the silent-partnership agreement as a contract by means of which an individual or company grants to a person or persons (whether individuals or legal entities) a participation in the profits of the business that it carries out with third parties. In exchange, the participating partner usually provides some kind of contribution to the business. In this type of contracts, the participating party remains hidden from third parties with whom its partner may undertake business activities.

B. Agency / Reseller / Franchising / Distribution Networks

Peruvian law does not have any specific regulations for the establishment, requirements or treatment of agency, distributors, franchises or distribution networks. Likewise, there are no rules for the protection of the agent or distributor. Consequently, any agency, distribution or franchise business conducted by Peruvian entities will be governed by the provisions of the contract entered into between the parties and the general provisions applicable to contracts and obligations.

Franchising agreements must be registered before the National Institute for the Protection of Competition and Intellectual Property ("INDECOPI" for its Spanish acronym), the Peruvian trademark authority, in order to use the marks involved in said agreements.

C. Representative Offices and other "Non-Permanent" Establishments

Foreign companies may establish representative offices and "non-permanent" establishments without the need for any registration or approval, except in certain regulated industries, such as banks and insurance companies. These types of establishments must have sufficient powers of representation so that the agreements signed by these establishments are enforceable under Peruvian law.

D. Authorizations and Registrations

The undertaking of certain business activities requires prior approval from the competent authorities. This is the case, for instance, for banking and financial, insurance, and telecom activities, among others. Likewise, any activities involving natural resources, both renewable and nonrenewable, require prior authorization or granting of a concession by the competent governmental authorities.

E. Sensitive Industries / Restrictions on Foreign Ownership

Generally, Peruvian law does not establish restrictions on undertaking any business activity or owning property in Peru, except for the limitations on shareholding ownership by foreigners in local companies in certain industries such as air and maritime transport, banking, among others, as well as the real estate property referred to in section V., subparagraph I. on property law and real estate investment.

F. Political Risk and Related Issues

For most of the 21st century, Peru has been characterized by macroeconomic stability, fiscal soundness, moderate public debt, and one of the lowest annual inflation rates in the region. Although in recent years the main credit risk evaluators have reduced the country's credit rating, mainly as a result of the COVID-19 pandemic and the political situation, Peru still retains its rating as a reliable country by maintaining its investment grade. The economic chapter of the Constitution promotes private initiative, equality between domestic and foreign investment, free availability of foreign currency, and that the State may grant guarantees through contract-laws. Precisely, by offering the execution of legal stability agreements, the State provides investors and the companies that receive their investments with a tool to protect themselves from country risk.



IV. PROMOTION OF INVESTMENT AND LEGAL STABILITY

A. Legal Framework for Foreign Investment

Peru has a general legal regime that promotes and establishes guarantees for foreign investments.

The most important principles governing foreign investment are the following:

- Foreign investment is entitled to the same treatment as domestic investments
- Foreign investors may invest in any sector of the economy
- The Government's prior express authorization is not required
- There are no exchange controls and the use, convertibility, and remittance of foreign currency is unrestricted

B. Stability Agreements for Investment Protection

Investors may benefit from Peru's legal stability regime by entering into Legal Stability Agreements (CEJ), pursuant to which the Government guarantees the stability of the laws governing certain legal regimes and rights for a specific term.

Said Legal Stability Agreements (CEJ) have law status between the parties thereto. Therefore, the parties must abide by them and cannot amend them on a unilateral basis. Further, the Government may not unilaterally modify them by adopting a law or revoke them in any way other than the grounds for termination of the infringement provided for in the Legal Stability Agreement (CEJ) itself.

Legal Stability Agreements (CEJ) may be entered into at any time, provided the legal requirements are met. If an investment in the form of a contribution to a local company's capital stock has been made before the execution of a Legal Stability Agreement (CEJ), said investment may be used to fulfill the investment commitment requirements for both the investor and the local company's Legal Stability Agreements (CEJ), provided said agreements are entered into within the next twelve months after the registration of the capital stock increase in the local company's accounting records.

Generally, the term of any Legal Stability Agreements (CEJ) is ten years, and the time period to comply with the pertinent investment agreement is two years. However, in the case of CEJs entered into by companies that have signed public-private partnership contracts under Legislative Decree No. 1362 and the respective investors, the term of validity of the CEJ of the receiving company and the CEJ of each investor will extend for the entire term of the public-private partnership contract. In this case, the term to make the investment may also be determined by what is established in the respective contract.

Requirements for Investors under the General Legal Stability Regime

Generally, among other requirements, investors are required to contribute to the capital stock of a local company within a term of two years and the total investment commitment shall be, at least, US\$10 million for mining and hydrocarbon activities or US\$5 million for all other activities. Additionally, investment must be directed through the Peruvian financial system.

Requirements for Recipient Companies under the General Legal Stability Regime

Recipient companies may also enter into a Legal Stability Agreement (CEJ) with the Government if they receive investments from at least one investor meeting the requirements set forth by law.

Companies fulfilling this requirement may benefit from the stability of the employment and export promotion regimes. In addition, they can benefit from income tax regime stability, provided they meet any of the following requirements:

- The new investments exceed 50% of the company's capital stock and reserves accounts, and are allocated to the expansion of its production capacity or to technological improvement; or
- The new investments entail the acquisition of more than 50% of the shares of a company that is directly or indirectly owned by the Government (as is the case in state-owned companies that are privatized).

Rights Guaranteed under Stability Agreements

- For investors (foreign and domestic):

Legal Stability Agreement's guarantee, for the entire respective term and in connection with the amount of the corresponding commitment legal stability of the regulations governing the following regimes and rights:

- Income tax regime: Dividends and any other form of profit-sharing in profits to which foreign investors are entitled will not be affected by modifications or new taxes arising during the period of validity of the Legal Stability Agreement (CEJ).
 - The right to free availability of foreign currency (only for foreign investors).
 - The right to freely remit funds, profits, dividends and royalties abroad, without any limitations or restrictions (only for foreign investors).
 - The right to use the most favorable exchange rate available in the market.
 - The right to non-discrimination.
- For recipient companies:

Legal Stability Agreement's guarantee, for the entire term of the agreement, legal stability of the regulations governing the following regimes and rights:

- Income Tax system (if at least one of the abovementioned requirements is met): Throughout the term of the Legal Stability Agreement, amendments to the Income Tax regime will not be applicable to the titleholder of the Legal Stability Agreement (CEJ). Similarly, taxable income will be calculated based on the same rates, deductions and scale set forth in the legislation in effect at the time of executing the agreement. This protection exists regardless of whether said modifications prove favorable or not to the company.
- Employment system.
- Export promotion system.



V. APPLICABLE LEGAL FRAMEWORK

A. Foreign Exchange

There are neither foreign exchange controls, registrations, authorizations or other similar restrictions in place for remittance of foreign currency to or from Peru; nor a requirement to obtain authorization in order to undertake foreign exchange transactions or to carry foreign currency. Any currency can be exchanged to Peruvian Soles and may be used in any transaction in Peru, provided that the parties agree to do so.

Bank accounts of any kind can be opened in U.S. Dollars and other currencies. Also, credit facilities may be contracted in U.S. Dollars or other currencies without any special authorizations.

B. Immigration and Visa Requirements

Any foreign citizen –tourist, businessperson or resident– desiring to enter the Peruvian territory shall present a passport issued by a State with a minimum six-month validity counting from his or her entry to the Peruvian territory.

Below is an overview of the most relevant types of immigration status for corporate and business purposes.

Business

Business visas are issued to foreign citizen who enter the country for corporate, legal, or contractual purposes, or to provide specialized technical assistance or similar purposes, and who do not intend to work or earn incomes from a Peruvian-source company.

Business visas are issued by Peruvian Consulates abroad after complying with the requirements (valid passport, a letter of invitation and introduction letter, form, fee payment, etc.). Business visa may be issued from 5 to 10 business days.

In case of countries with which Peru has entered into international business visa exemption agreements, immigration status will be granted by the National Immigration Agency at immigration and/or border checkpoints. Some of the countries with this benefit are: Chile, Colombia, Mexico, Brazil, Costa Rica, India, China⁴, Bulgaria, Croatia, Cyprus, Romania, Iceland, Switzerland, Liechtenstein, Norway, and European Union member countries that are part of the Schengen Area.

A foreign citizen who obtains this type of visa may stay in the country up to 183 calendar days per year, continuously or in different periods, without extension.

Designated Worker (Foreign Worker from Non-Resident Company)

This immigration status is granted to foreign workers who are relocated to Peru by their non-resident employer in order to render contractual services on the employer's behalf.

This immigration status entails the existence of two companies. The first company must be domiciled in Peru and operate in the country. The second company must be domiciled abroad.

The designated worker immigration status allows the foreigner to work in national territory, performing activities involving specific tasks or roles or work requiring specialized professional, business or technical knowledge.

The current Immigration Law differentiates between temporary designated workers and resident designated workers.

The term of stay for the resident designated worker is 365 days, extendable; while for the temporary designated worker, it is 183 days, extendable for the same term.

Resident Worker

Foreign workers who wish to work for a local employer and reside in Peru may opt for the migratory status of a resident worker.

To do so, they must sign an employment contract that must be registered before the Labor Administrative Authority.

This migratory status may also be granted to workers of a transnational company or international corporation who are displaced to Peru to work with a company of the same economic group or holding company to work as senior management or trustworthy personnel or as specialist or specialized personnel.

A foreign citizen who obtains this immigration status shall have the right to work legally for one year, renewable on a yearly basis.

⁴ For nationals of China and India, provided they can prove they hold visas with a minimum validity from certain countries, and/or permanent residence from certain countries.



C. Customs

The General Customs Law establishes the legal framework applicable to the entry and exit of goods to and from Peru.

Import

Only domiciled entities or individuals may act as importers of foreign goods to be used or consumed in the country.

As a general rule, there are no restrictions to the import of goods, although some restrictions based on specific regulations (regarding matters like health and safety, security, environment, etc.) may apply. In such cases, importation is conditioned on the approval of the corresponding authorities.

Duties and taxes applied to import of goods are ad valorem duties, additional variable duty, Selective Consumption Tax ("ISC" for its Spanish acronym) and Value added tax (VAT). In addition, the import of goods is subject to advance VAT payments.

The applicable ad valorem rates are 0%, 6%, or 11%, depending on the tariff sub-category of the imported merchandise. More than 70% of the merchandise listed in the current customs tariff is subject to a 0% ad valorem rate.

Additional variable duties apply only to certain agricultural products. The rate will depend on the type of merchandise and the reference price established at the time of import.

As a general rule, the tax base for calculation of ad valorem duties is cost, insurance and freight (CIF value). This value is determined according to the Relative Agreement on Implementation of Article VII of the General Agreement on Customs Tariffs and Trade (GATT) of 1994 (Valuation Agreement) of the World Trade Organization (WTO).

Excise Tax applies only to a certain group of products: petrol (gasoline), gas-oil (diesel), spirits, cigars, tobacco and certain vehicles. The rate or amount will depend on the type of product involved (as discussed in the section on "Taxation and Cross-Border Transactions").

VAT applies to most imported goods. There is only a limited group of products that are tax exempted, according to the type of merchandise or the place to where the goods are imported (e.g., import benefits of certain types of goods in the jungle region). The applicable rate is 18%.

The VAT's perceptions system applies, as a general rule, in the importation of all types of goods. However, there are cases in which this system does not apply, such as, for example, imports made by importers designated as VAT withholding agents or definitive imports derived from temporary imports. The applicable rate is: (i) 10% when, among other cases, the importer carries out for the first time an operation and/or customs regime, (ii) 5% when the importer nationalizes used goods, and (iii) 3.5% in the rest of cases. To calculate the VAT, the calculation basis is the customs value plus all the importation taxes.

Temporary Imports

Temporary entry of goods is also allowed. Such entries can be of two types: (i) for internal use and subsequent re-export (applicable to equipment and machinery included in a closed list of goods approved for this purpose); and (ii) for transformation and subsequent export of the final product obtained (applicable to raw materials). In both cases the payment of customs duties and import taxes is suspended by submitting a guarantee covering the amount of such duties and taxes plus interests.

Export

Export operations are tax-free and, as a general rule, there are no restrictions to the export of goods. However, exportation of some goods such as endangered animals, vegetable species, and archeological findings, among others, is prohibited or restricted depending on the type of good.

Only domiciled entities or individuals may act as exporters.

Temporary exports of goods are also allowed and can be of two types: (i) to be used abroad and returned to the country in the same condition as they were when exported; and (ii) to be transformed, repaired or replaced abroad. In these cases, the re-import of the goods is subject to special tax regulations.

Drawback

Peruvian regulations allow the refund of duties upon import of raw materials required for the production of the exported goods. From January 1, 2019, this refund is (a fixed rate of) 3% of the FOB export value up to a cap of 50% of its production value.

Only companies that manufacture or produce goods in the country (by themselves or by hiring third parties), using imported raw materials, can obtain this benefit after said goods have been exported. Specific conditions and requirements provided by applicable regulations must be fulfilled to obtain a restitution of the duties.

Good Replenishment with Customs Exemption

This regime allows goods to be imported (raw materials/inputs) with an automatic exemption of customs duties and import taxes. The exemption applies for the same quantity of equivalent goods (identical or equivalent) that was previously imported (without exemption) and was transformed to obtain goods that were exported.

This regime allows exporters to replenish, free of duties and import taxes, the raw materials and inputs used in the process of manufacturing goods to supply to their foreign clients.

Other Customs Procedures

- Entry into or exit from Peru of goods contained in parcels carried by international cargo carriers, express mail, or courier services.
- A duty-free system that allows duty free storage and sale to inbound or outbound passengers of domestic or foreign merchandise in authorized establishments inside international ports or airports.
- Entry into and exit from Peru of samples for exhibition purposes.
- Entry into and exit from Peru of baggage and household items.

International Trade Agreements

Peru has entered into several trade agreements that establish the reduction of customs duties and facilitate the trade of goods with countries in Asia, the Pacific Basin, Europe and South America.

Agreements currently in force	
Pacific Alliance	Japan
European Free Trade Association (EFTA)	Southern Common Market
APEC	Mexico
Canada	World Trade Organization (WTO)
Chile	Panama
Andean Community	People's Republic of China
South Korea	Singapore
Costa Rica	Thailand
Cuba	European Union
United States	Venezuela
Honduras	Australia
United Kingdom	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
Agreements that will enter into force in the near future	
Guatemala	
Brazil (Economic and Commercial Deepening Agreement)	

Antidumping and Countervailing Duties

In accordance with the WTO's general rules on antidumping and countervailing measures, Peru has adopted rules to prevent and correct distortions of competition in the market caused by dumping and subsidies. Peruvian provisions try to prevent unfair trade practices resulting from sale prices that are below the production cost of exported products, or from granting subventions.

Antidumping and countervailing duties are imposed by the National Institute for the Defense of Competition and Intellectual Property ("INDECOPI" for its Spanish acronym). The customs authority is in charge of their collection.

D. Taxation and Cross-Border Transactions

The Customs and Tax Administration National Superintendence ("SUNAT"), the Peruvian tax authority, collects and administrates internal taxes, custom duties and other foreign trade borne charges which constitute Peruvian treasury revenue (exceptionally, SUNAT collects other taxes and contributions established by law). SUNAT also enforces the Tax Code and is involved in issuing rulings regarding matters of revenue.

Taxpayer Identification – RUC

Every individual, corporation, undivided estate, partnership or any entity, whether Peruvian or foreign, regardless of its tax domicile, must be registered in the taxpayer identification record ("RUC" for its Spanish acronym) upon acquiring taxpayer status or becoming responsible for taxes administrated or collected by SUNAT. The same requirement applies to tax withholding agents.

The taxpayer and the tax withholding agent are identified by the 11-digit number assigned by SUNAT (the RUC), which is used to comply with both its formal and substantive tax obligations.

Workers who only obtain fifth category income, among others, are not required to register in the RUC. In principle, non-domiciled taxpayers would not have to register in the RUC either; however, there are some cases in which the tax authorities demanded compliance with such requirement as a condition for processing their requests for refund of undue and/or excess payments.

Peruvian Tax System

The following is an overview of the taxes generally applied in Peru, at the time this report was issued. This report also includes a description of certain tax issues relevant to mining activities.

Income Tax

- **Scope of Application**

Income tax is levied on income obtained from capital, work, the joint application of both factors, capital gains, revenues resulting from operations with third parties as expressly stated in the Income Tax Law ("LIR" for its Spanish acronym), and imputed income as expressly stated in the LIR.

- **Tax Jurisdiction**

Peruvian residents are subject to income tax on their worldwide income. Non-residents or permanent establishments in Peru of foreign corporations are taxed only on their Peruvian source income.

- **Peruvian Residents**

For tax purposes, the following are considered residents in Peru, among others: (i) Peruvian individuals who reside in Peru; (ii) foreign individuals who have resided or remained in the country more than 183 calendar days within a 12-month period; (iii) legal entities incorporated in the country; (iv) branches, agencies or other permanent establishments in Peru of non-resident corporations, in which case the status of resident applies to the branch, agency or other permanent establishment as to its Peruvian source income.

- **Peruvian Source Income**

The term "Peruvian source income" includes, among others, income originated or produced by: (i) properties located in Peru; (ii) loans and investments when the capital is placed or economically used in Peru, or the payer is domiciled in Peru; (iii) digital and technical assistance services, when they are economically used within the national territory; (iv) royalties, when they are paid by a subject domiciled in Peru, or when the goods or rights for which they are paid are economically used in Peru; (v) personal work performed in the national territory; (vi) civil, commercial, business or any other kind of activities performed in the national territory; (vii) among others.

Individual Income Tax Rules

For domiciled individuals, capital income (first and second category) is taxed at an "effective rate" of income tax of 5%⁵. On the other hand, the income tax applicable to the sum of net labor income derived from the rendering of dependent services (fifth category income) and independent services (fourth category income) plus net foreign source income, is determined by applying a progressive, cumulative scale.

5 In the case of capital income, the rate provided in the Income Tax Law ("nominal rate") is 6.25%. However, this rate is applied to the "net income", which is the result of deducting from the "gross income" an amount equivalent to 20%. The result of applying the nominal rate to the "net income" is the same as that obtained if the 5% rate is applied to the "gross income". Hence, it is stated that this type of income is subject to an "effective rate" of 5%.

In greater detail, the net earned income is determined by applying, in the first place, the legal deductions provided for in the LIR. In the case of income derived from the individual and independent exercise of a profession, art, science or trade, the Income Tax Law recognizes a legal deduction of 20% (this deduction does not apply to income derived from the performance of the functions of a company director, trustee, agent, business manager, executor and similar). The legal deduction of 7 UIT is applied to the sum of labor income (fourth and fifth category income).

Additionally, from fourth and fifth category income, taxpayers may deduct up to a maximum of 3 UIT for the following personal expenses: lease and/or sublease of real estate located in the country that is not exclusively destined to the development of business activities; doctors' and dentists' fees for services rendered in the country; fees for services rendered related to any profession, art, science or trade (with the exception of amounts paid for the functions of company directors, agents, receivers, business managers, executors and similar); EsSalud contributions in favor of household workers; among others. It should be noted that, in some cases, only a percentage of the expenses are deductible for tax purposes.

The net earned income is added to net foreign source income. The result derived from such addition is subject to income tax as follows: (i) to the first 5 UIT the rate of 8% is applied; (ii) to the bracket between 5 UIT and 20 UIT the rate of 14% is applied; (iii) to the bracket between 20 UIT and 35 UIT the rate of 17% is applied; (iv) to the bracket between 35 UIT and 45 UIT the rate of 20% is applied; and, (v) to any amount exceeding 45 UIT the rate of 30% is applied. The Income Tax will be equivalent to the sum of the amounts obtained as a result of applying the rates according to the progressive cumulative scale.

The earned income (Peruvian source) received by non-domiciled individuals is taxed via withholding tax at a fixed rate of 30% of net income, without considering the legal deduction of the aforementioned 7 UIT or the additional deduction of up to 3 UIT (referred to in the preceding paragraphs). In the case of fourth category income (self-employment), it is understood that the net income from work is equivalent to 80% of the amount paid to the non-domiciled taxpayer.

Taxation of Mining Activities

- **Special Deduction Rules**

In accordance with the provisions of the General Mining Law (LGM), the acquisition value of mining concessions shall be amortized from the year in which, in accordance with the LGM, the minimum production obligation must be met (regardless of the start of actual production) within a term to be determined by the holder of the mining activity at that time. Such term is determined based on the probable life of the deposit, calculated taking into account the proven and probable reserves and the minimum production obligation according to law.

The acquisition value of each mining concession includes the price paid or filing fees (as the case may be), as well as prospecting and exploration expenses incurred up to the date on which, according to law, the minimum production is required to be met.

Prospecting and exploration expenses may be amortized as part of the acquisition value of the mining concession or fully deducted in the year in which they are incurred, at the taxpayer's option.

If the mining concession is abandoned or declared outdated before complying with the minimum production levels established by the applicable law, the acquisition value may be totally amortized in the fiscal period in which any of said events occur.

Development and preparation expenses allowing the exploitation of the mining concession for more than one year may be wholly deducted in the fiscal period in which said expenses are incurred or amortized within said term and over two additional years (i.e. an overall three-year amortization period).

- **Mining company tax benefits for public infrastructure investments**

According to the Mining Law, investments by mining companies on public infrastructure may be deductible expenses for Income Tax purposes. In order to enjoy this benefit, the investments must be made in roads; seaports; airports; environmental sanitation works; energy, telecommunication, education and health infrastructure; and in public facilities for recreation and other public infrastructure projects.

Investments must be approved by the competent authority (i.e., in the case of roads, the Ministry of Transport and Communication). The amount of the investment deductible from taxable income under this benefit will be only that which corresponds to the portion of the work qualified as a public service, according to the percentage indicated in the approval resolution.



- **Special Mining Tax**

Mining companies are subject to Special Mining Taxes in the exploitation and production stages.

The Special Mining Tax is levied on the quarterly operating income of mining companies that originate from the sale of metallic mineral resources in the state in which they are located. The marginal rates of the Special Mining Tax range from 2% to 8.40%. There is no minimum tax. The tax actually paid is a deductible expense for income tax purposes in the year in which it is paid.

- **Mining Royalties**

Mining Royalties are a royalty charge to be paid by subjects of mining activity mainly in favor of the Regional and Local Governments where mining resources are exploited.

Mining Royalties are currently a percentage of the quarterly operating profits, with effective rates ranging from 1 to 12%, which can be a deductible expense for purposes of annual Income Taxes for the year in which it is paid. Should the resulting Mining Royalty be lower than 1% of the respective quarterly sales revenue.

Transfer Pricing

In the event of sales, contributions of goods and other property transfers, as well as in the provision of services, notwithstanding the consideration agreed upon between the parties, for tax purposes the relevant transaction will always be deemed as made at its corresponding "fair market" value. If the value determined by the parties differs from the "fair market" value, tax authorities will make the necessary adjustments to the involved parties.

In the case of transactions entered into between related parties or carried out from, to or through non-cooperative or low or no taxation countries or territories (known as "tax havens")⁶, or with subjects whose income, revenues or profits from such operations are subject to a preferential tax regime⁷, the market value will be considered equivalent to the consideration that would have been agreed with or between independent parties in similar transactions, under identical or similar conditions, following the local rules on transfer pricing.

The value of the operations will only be adjusted if the payable tax in the country is less (a fiscal damage). The Peruvian Tax Authority may make said adjustment, even if the previous assumption is not met, in case the adjustment involves the determination of a higher tax to transactions between the taxpayer and its related parties.

In the case of services rendered by related parties, among other aspects, the user must prove compliance with the benefit test and provide the documentation and information requested by the Peruvian tax authority, as necessary conditions for the deduction of the respective cost or expense.

For the interpretation of Peruvian transfer pricing rules, it is applied the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, approved by OECD Council, as long as they do not oppose the mentioned Peruvian legislation the has force of law. Among other formal transfer pricing obligations, taxpayers subject to the scope of application of the regime which also meet certain conditions must submit to the Peruvian tax authority the following informative declarations: (i) Local Report; (ii) Master Report; and (iii) Country-by-Country Report is applicable for fiscal years 2016 onwards, while the Master Report and the Country-by-Country Report are applicable for fiscal year 2017 and subsequent fiscal years. Failure to comply with these obligations generates tax penalties.

⁶ Non-cooperating or low or zero-tax countries or territories are those listed in the annex of the Income Tax Law Regulations.

⁷ A country or territory will be considered to have a preferential tax regime if it meets at least two of the following criteria: (i) it does not have a Tax Information Exchange Agreement or a Double Taxation Treaty that includes an information exchange clause, or, if such agreements exist, the information exchange is not effectively implemented or is restricted; (ii) it lacks a legal, regulatory, or administrative transparency regime; (iii) it has an applicable Income Tax rate of 0%, or a rate that is less than 60% of what would apply in Peru to income of the same nature for resident taxpayers; (iv) it excludes residents of the same country or territory (or the beneficiaries are prevented from operating in the domestic market); or (v) it has been classified by the OECD as having harmful or potentially harmful tax regimes.

International Tax Transparency Regime (RFTI)

Under the RFTI, taxpayers domiciled in Peru who are owners of Non-Domiciled Controlled Entities must recognize as their own (i.e., "attribute") foreign source passive income from such entities in the same year in which such income is accrued, paying the corresponding tax for such concepts.

Those entities of any nature, not domiciled in Peru, that comply with the following three conditions qualify as "Non-Domiciled Controlled Entities": (i) they have a different legal status from that of the persons that compose them (by regulatory provision, entities such as corporations, investment funds, trusts, partnerships, associations and foundations meet this criterion); (ii) they are established or domiciled in tax havens or in territories in which their passive income is not subject to income tax or, being so, it is equal to or less than 75% of the income tax that would correspond in Peru to the income of the same nature; and, (iii) are owned by taxpayers domiciled in Peru (which is understood to be fulfilled when the taxpayer, alone or with its related parties in Peru, has an interest of more than 50% of the capital, results or voting rights of the entity).

Examples of "passive income" are, among others: dividends, interest, royalties, rental income, capital gains from the alienation of rights, real estate and securities. Passive income from Peruvian sources (e.g., dividends derived from companies incorporated in Peru) is not subject to the RFTI.

As an exception, there are some passive incomes that are not attributable under the FTTR, so they will only be subject to income tax when they are effectively distributed in favor of the owner (domiciled in Peru) of the Non-Domiciled Controlled Entity. Such is the case, for example, of: (i) income from Peruvian sources; and (ii) income that was subject to income tax in a country other than the one in which the Controlled Non-Domiciled Entity is incorporated, at a rate higher than 75% of the Peruvian income tax that would have been applicable on income of the same nature.

General Sales Tax (IGV)

- **Scope of Application**

VAT applies to the following transactions: (i) sale of movable goods within Peru; (ii) services provided or used within Peru; (iii) construction contracts; (iv) first sale of real estate by constructors; and (v) import of goods.

- **VAT Payers**

All Individuals, legal entities, foreign company's branches, irregular partnerships, associations, trusts, and mutual and investment funds that carry out any of the transactions subject to VAT.

Likewise, they are taxpayers of the VAT, joint ventures, consortiums and other forms of business cooperation contracts that keep independent accounting from that of the investors or ventures joint ventures, consortia and other forms of business collaboration contracts, which carry independent accounting of that of their investors or participants.

Individuals and any type of entity that does not carry out business activities may be subject to VAT rules if they regularly import goods or carry out activities subject to VAT.

- **VAT Calculation**

The payable tax is determined monthly by deducting the fiscal credit from the gross tax payable each month. The gross tax for each taxable transaction is the amount resulting from applying the tax rate to the taxable base. The VAT tax rate is 16%. A 2% rate is added for the Municipal Promotion Tax, which is governed by the provisions applicable to VAT, resulting in a total tax rate of 18%.

- **Fiscal Credit**

Consists of the VAT that appears separately in receipts/invoices. Only purchases of goods, provision or use of services, construction contracts or imports that are allowed as expenses or costs for income tax purposes and are related to transactions subject to VAT may be used for fiscal credit.

- **VAT Definitive Recovery Regime for Mining Activities - Act No. 27623**

This regime allows the holders of mining concessions that carry out mining exploration activities, which are still in a pre-productive stage and that sign an Exploration Investment Contract with the Peruvian State, to recover the VAT paid on imports or local purchases of certain goods and on the acquisition of certain services and construction contracts related to the referred activities, provided that the requirements and formalities provided in the legislation on the matter are complied with. This regime will be in force until December 31, 2027.

Temporary Tax on Net Assets (ITAN)

This tax levies companies' net asset value as reflected on their balance sheets as of December 31 of the year prior to the date of payment, after deducting the depreciation and amortization permitted by the LIR.

ITAN must be paid only by companies subject to the general income tax regime and is determined by applying a rate of 0.4% on the amount of the value of net assets exceeding S/ 1 million (the portion not exceeding this amount is not taxed) In principle, taxpayers have the option of considering ITAN payments: as a deductible expense; or as a credit to be offset against the monthly payments on account and the annual income tax regularization payment and the annual income tax. If the ITAN paid exceeds the annual Income Tax due at the end of a fiscal year, taxpayers may request the refund of said excess.

Financial Transaction Tax (ITF)

The ITF applies, among others, to the following transactions: (i) credit or debit made to bank accounts of the Peruvian financial system (except for the movement of accounts of the same account holder); (ii) payments to a Peruvian financial system company; (iii) the acquisition of cashier's checks, bank certificates, traveler's checks, or other financial instruments; (iv) money transfers or remittances made through a financial system company or a funds transfer company.

The ITF rate is 0.005% and must be withheld by the companies of the financial system or by funds transfer companies, as applicable.

Selective Consumption Tax (ISC)

The ISC (Impuesto selectivo al consumo) levies the import and local sale of goods, such as cars, cigars and similar, alcoholic and non-alcoholic beverages and fuel. Casino games and slot machines are also included.

Depending on the respective good's nature, the tax is determined based on systems to the specific value and to the value according to the price of sale to the public.

Property Tax

Individuals and legal entities that, as of January 1 of any year, are owners of any property (urban or rustic), will be taxpayers of the Property Tax for such year. This municipal tax is payable annually and is calculated by applying a progressive rate to the total value of the properties owned by the taxpayer in each district jurisdiction.

The progressive rate is applied as follows: (i) the rate of 0.2% is applied to the first 15 UIT; (ii) the rate of 0.6% is applied to the first 15 UIT and up to 60 UIT; and (iii) the rate of 1% is applied to all amounts exceeding 60 UIT. The Property Tax will be equivalent to the sum of the amounts obtained as a result of applying the rates according to the progressive cumulative scale.

The tax law provides for certain legal deductions or tax exemptions (e.g., for rural properties used and dedicated to agricultural activity, for pensioners who own a single property, among others).

Property Transfer Tax (Alcabala)

This municipal tax is payable immediately and is levied on transfers of ownership of urban or rural real estate for valuable consideration or free of charge. In this case, the taxpayer is the purchaser or acquirer of the property, and the tax rate is 3%, applicable on the transfer value of the property transferred (whichever is higher).

The first 10 UIT of the value of the property is not taxed. The first sale of real estate made by construction companies will not be subject to the Alcabala Tax. In addition, the regulation also establishes a list of entities⁸ and transfers⁹ that are not subject to this tax.

Tax on Casino Games and Slot Machines and Tax on Remote Gaming and Remote Sports Betting

The taxpayer of the Tax on Casino Games and Slot Machines is the one who operates physical establishments with casino games and slot machines, having the respective authorizations for such purpose.

The Tax on Casino Games and Slot Machines is levied on a monthly basis and results from applying the rate of 12% on the difference between the monthly net income minus the maintenance expenses (equivalent to 2% of the monthly net income). The taxable base is determined independently for each activity and each establishment. The amount paid for this tax will be deductible for the determination of the third category gross income.

Since it refers exclusively to physical establishments, the Tax on Casino Games and Slot Machines does not reach legal entities that operate remote games and/or remote sports betting developed in technological platforms. However, the Tax on Remote Gaming and Remote Sports Betting will become effective as from April 1, 2024 and will be applicable to legal entities incorporated in Peru, branches established in Peru of foreign legal entities, and/or legal entities incorporated abroad, which carry out the referred economic activity (with the corresponding authorization).

The Remote Gaming and Remote Sports Betting Tax is also levied on a monthly basis and results from applying a 12% rate on the difference between the net monthly income minus the maintenance expenses (equivalent to 2% of the net monthly income). The taxable base will be determined independently for each remote gaming or remote sports betting technological platform. The tax paid by taxpayers domiciled in Peru will be a deductible expense for IR purposes.

Tax Incentives

- **Tax benefits for public investment projects – Act No. 29230**

Companies in general may enter into agreements with Regional and Local Governments to finance or carry out public investment projects listed on ProInversion's portfolio. Once finalized, the works must be transferred to the Regional and Local Governments. Investors are paid by the Peruvian Government with Regional and Local Public Investment Certificates (CIPRL). These certificates may be used by the company to offset its monthly and annual Income Tax payments for the respective year, up to an amount equal to 50% of the Income Tax for the previous fiscal year. If the certificates are not used in the respective fiscal year due to the 50% limitation, Peruvian Government will issue new certificates, adding a 2% annual credit to the amount stated on the previous certificates. If the certificates are not used within a period of ten years, the company may request a reimbursement from SUNAT.

⁸ Central Government, Regions and Municipalities, foreign governments, international organizations, religious entities, the General Volunteer Firefighters Corps of Peru, universities, and educational institutions.

⁹ Advances on legitimate fractional shares, those resulting from death, the transfer of ships and aircraft, the division and distribution of the hereditary estate, the transfer of fractional shares between heirs or original co-owners, among others.

In order to enter into such agreements, the companies must be selected by the Regional and Local Governments in accordance with certain legal norms. Moreover, the companies must be registered in the National Registry of Suppliers of the Supervisory Body of State Contracting - OSCE.

Legislative Order No. 1238 has extended this tax benefit to companies entering into this type of agreement with the Peruvian Government for public investment projects related to health, education, tourism, agriculture and irrigation, public order and security, culture, sanitation, rural electrification, fishing, sports, environment, urban development, social protection and development, transportation, communications and justice, including its maintenance, provided they are registered on the list of priority projects issued by the competent Public Institution. Thus, Peruvian Government will issue "Peruvian Government – Public Treasury Public Investment Certificates" (CIPGN" for its Spanish acronym) to pay the private company the amount it invested. CIPGN Certificates are subject to the same rules as CIPRL Certificates.

- **Stability Agreements**

See section regarding Foreign Investment Protection (Section IV, item B).

- **Special Depreciation Regime - Law No. 31652**

As from fiscal year 2023, for income tax purposes, buildings and constructions may be depreciated with a maximum of 33.33% per year (under the general regime, the annual depreciation rate is 5%) provided that such assets are used exclusively for business development and the following conditions are met: (i) the construction has been started as from January 1, 2023 (the start of construction is understood as the moment when the building license or other document established by the Regulations is obtained); and, (ii) until December 31, 2024, the construction has a work progress of at least 80%. This regime will also be applicable to taxpayers that during 2023 and 2024 acquire in property constructions that comply with these conditions.

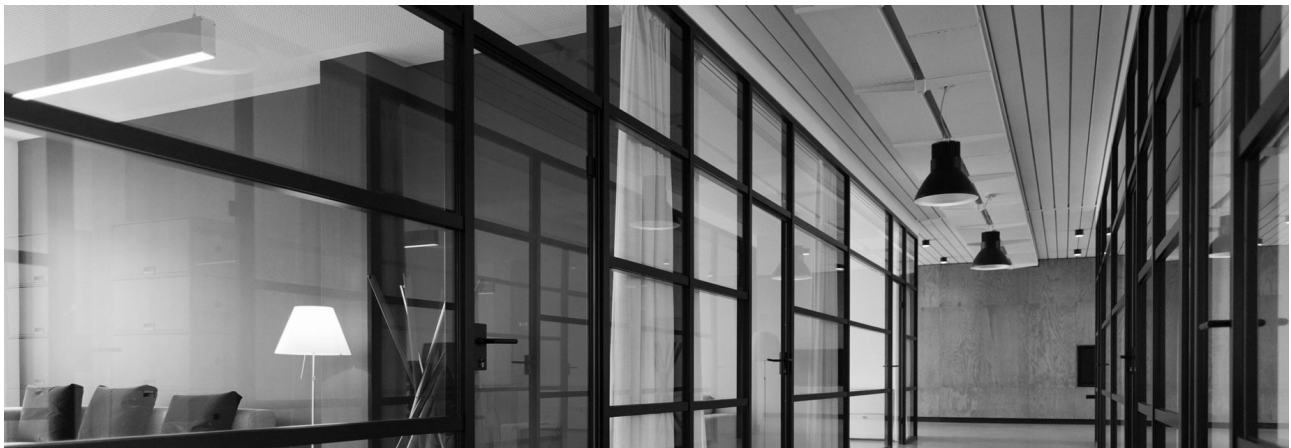
As of fiscal year 2023, hybrid or electric land transportation vehicles (except railroads), acquired in fiscal years 2023 and 2024, may be depreciated with a maximum of 50% per year.

These regimes will not apply to investments included in the legal stability agreements subscribed under Legislative Decrees No. 662 and 757, and in other contracts subscribed with tax stability clauses.

- **Exceptional application of the Special Regime for Advance Recovery of VAT - Law No. 31661**

Individuals or legal entities that carry out an investment project in any sector of the economic activity and whose execution involves a total investment commitment of not less than US\$ 2'000,000.00 may exceptionally apply for this regime until December 31, 2024.

E. Labor Regulation and Employment



The most relevant labor and employment aspects of the Peruvian legal framework will be outlined in this section. The following charts include overviews of: (i) employment and non-employment agreements, as well as contracting through third parties (intermediation and outsourcing); (ii) the conditions applicable to labor relations; (iii) minimum standards in terms of salary and benefits applicable to workers; (iv) pension systems and taxes on compensations. (v) the most important legal considerations in force as a result of COVID-19 in our country.

Labor contracts, non-labor contracts and third-party contracts

Employment Contracts	Indefinite-Term Employment Contract <p>This is general rule. It is not mandatory to formalize it in writing as the main characteristics of the contract appear in the payment slip the employer must deliver to the employee. However, it is advisable to agree the terms of the contract in writing.</p>
	Fixed-Term Contracts <p>Fixed-term employment is extraordinary, and requires an explicit justification in a writing contract. It applies in the following cases:</p> <ul style="list-style-type: none">• <u>Starting or increasing operations</u>: Contracts for start-ups or new business activities for a maximum term of 3 years.• <u>Market needs</u>: Contracts executed in order to meet business production due to demand significant variations for a maximum term of five years.• <u>Corporate restructuring</u>: For substitution, expansion or modification of the company's activities or production methods, for a maximum term of 2 years.• <u>Temporary</u>: For temporary needs, other than the workplace's regular activities, for a maximum term of 6 months.• <u>Substitution</u>: To temporarily replace a stable worker at the company.• <u>Emergency</u>: To cover needs resulting from unforeseeable circumstances or force majeure, for the duration of the emergency.• <u>Specific work or service</u>: To execute specific work or service consisting in a predetermined aim and specified duration.• <u>Intermittent</u>: To cover permanent but intermittent needs.• <u>Seasonal</u>: To cover needs that occur only at certain times of the year and subject to be repeated in similar periods. <p>Maximum cumulative term for any fix-term contract is five years.</p>

Part-Time Contracts

When the working day of the employee is less than 4 hours a day, on average.

- Must be in writing.
- It does not require prior authorization, although the contract must be submitted to the Ministry of Labor.
- It does not generate the right of: (i) protection against dismissal, (ii) Severance Pay (CTS), and (iii) full vacations (only 6 days per year).

New Telework Law and New Telework Regulations

The new Telework Law and the new Telework Regulations replaced the legislation on remote work and sought to regulate all existing work-from-home schemes

In order to implement teleworking, a written agreement between the employer and the worker is required, which is subject to several requirements.

Teleworking can be total or partial. Teleworkers can perform their work within the Peruvian territory as well as outside of it. In the second case, they must comply with the corresponding immigration, labor and tax regulations.

The employer's duties include: (i) provide or compensate the worker for internet, electricity and equipment, unless otherwise agreed; (ii) be responsible for the safety and health of its workers (work accidents and occupational diseases) while they are teleworking; (iii) respect the digital disconnection; and (iv) train the teleworker in the use of digital applications and information security, in safety and health in telework, in prevention of sexual harassment in telework, and in personal data protection, security and digital trust.

Collective Agreements

They are entered into by one or more employers and one or more unions or workers' representatives in order to regulate working conditions (mainly workers' benefits).

Most of collective agreements are executed at a company level. If the union represents majority, its collective agreement applies to all workers; or only to its affiliated, otherwise.

A recent and questioned regulatory rule prevents the extension of conventional benefits to workers outside the union's scope.

If the parties do not reach an agreement through collect bargaining, may use pacific mechanisms to solve the conflict, such as conciliation, mediation, out-of-court and arbitration. There are cases in which the union can force an *optional* arbitration.

Peruvian Constitution recognizes workers' right to strike.

Special Agreements

Special labor regimes exist for agriculture sector, civil construction, foreign employees, micro- and small business employees, among others. Each regime is governed by special legislation establishing its characteristics and specifications.

Non-Employment Agreements	Trainee Contracts <ul style="list-style-type: none"> • The purpose is to professionally train and instruct those who have not entered the labor market yet. It includes the following agreement: apprenticeship, internship, youth trainee, clerkships, and labor re-insertion. • Individuals rendering these services are not entitled to common labor rights, but they have partial benefits instead.
	Independent Services Contracts <ul style="list-style-type: none"> • They are governed by the Civil Code. • They are available for independent services and there is no subordination or subject to the party requesting such service. • The service provider is not entitled to labor benefits.
Labor Intermediation and Outsourcing	Labor Intermediation <ul style="list-style-type: none"> • Consists of placement of service company personnel at a user company. • Labor intermediation is only allowed when there is a need for temporary, supplementary or specialized services. Not valid for services that entail the ongoing performance of the employer's core bus. • The workers assigned to the user company may not exceed 20% of the total number of its workers, except in complementary or specialized services.
	Outsourcing Services <p>The purpose of outsourcing is to decentralize or outsource part of the main activity of the employer to a contractor or subcontractor.</p> <ul style="list-style-type: none"> - The Supreme Decree No. 001-2022-TR has prohibited the outsourcing of "activities that form the core of the employer's business". This prohibition has been suspended, due to a pronouncement by INDECOPI which declared it as an illegal bureaucratic barrier. • The outsourcing contractor shall: (i) be in charge of an integral part of the contracting party's activities, (ii) perform the tasks for which it is hired at its own risk and account, (iii) have its own financial, technical or material resources, (iv) be responsible for the outcome of its activities and, (v) have its employees under its exclusive subordination. • It may comply with the following characteristic elements: (i) multiple clients; (ii) enough equipment; (iii) capital investment; and (iv) salary evidencing that is not simple personnel providing service. • When the task or delegated work involves the user company's core business, and there is continuous placement of personnel, companies are jointly liable for the wage payments, legal benefits and social security obligations, up to one year after placement of personnel.

Unions	<ul style="list-style-type: none"> Workers may form unions with the scope they deem appropriate (company, company groups, union, branch, among others). A company union requires at least 20 members. Unions at other levels require a minimum of 50 members. Membership is voluntary and is governed by its bylaws. Unions represent employees in its company/industry facing collective conflicts and complaints.
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Labor Conditions

Age	<ul style="list-style-type: none"> The minimum working age is 14 years, prior authorization of the parents and approval of the Ministry of Labor. (Regional Department or Management of Labor and Employment Promotion). Some activities a higher age threshold. Ordinary Retirement age is 65 years. Under the Private Pension System, workers may choose: (i) access to the retirement pension; or, (ii) to withdraw up to 95.5% of the Pension Fund accrued. If the person chooses to withdraw less, a pension with the remaining funds may be obtained. There are earlier retirement cases for workers with sufficient accrued capital, and those performing qualified high-risk activities. Compulsory and automatic retirement age is 70 years, unless both parties agree otherwise.
Nationality	<ul style="list-style-type: none"> Hiring foreign workers is subject to two limitations: no more than 20% of the employer's workforce, and no more than 30% of the payroll value may be foreign workers. These limitations do not apply to: (i) excluded workers (immigrants, with Peruvian close relatives, Andean migrants, workers covered by the Mercosur Agreement, etc.); and (ii) to exempted workers (professional or specialized technical personnel, senior management personnel for a new business activity, etc.)
Working Day	<ul style="list-style-type: none"> The maximum legal working day is 8 hours, or a 48-hours work week. Time and Attendance Record tracking in/out time entry of workers, trainees, and third party service providers is kept. All excess hours of any ordinary working day fixed by the employer refer to as overtime, and agreement by the parties is required. The minimum payment of the first 2 overtime hours is 125% of the common value; and for the next overtime hours is 135%. Compensation for equivalent rest periods may be agreed. Cumulative or irregular working days are valid, but the maximum verification cycle may not exceed three weeks.

Salary	<ul style="list-style-type: none"> • Salary refers to the total amount received by workers in exchange for their services, whether in cash or in kind, provided it may be freely used by workers. • Non-remunerative benefits such as extraordinary payment, profit sharing, and working conditions, among others are allowed. • Workers receiving monthly payments greater than 2 UIT may agree an annual payment (annual comprehensive salary) that includes all legal and conventional benefits, except profit-sharing. • Salary may not be discriminatory. For such purpose, the employer must prepare salary, category and function charts; and inform its salary policy to its employees.
Living Wage	<ul style="list-style-type: none"> • It is approximately US\$ 270 (S/1,025.00) per month. Part-time workers are paid proportionally. • The minimum wage for night-shift workers (from 10:00 p.m. to 6:00 a.m.) is 35% more than the living wage.

Labor Benefits

Vacation	<ul style="list-style-type: none"> • Workers are entitled to 30 days of paid vacation leave after each full year of service to be used within the following year it was accrued. • For unused vacation leave, workers will be paid the amount equivalent to 2 salaries plus the corresponding salary, except managers or company representatives with autonomy to define the timing of their own rest.
Rest Day/ Paid Holidays	<ul style="list-style-type: none"> • Rest day per week refers to 24 continuous hours at minimum, preferably Sundays. • In addition, workers are entitled to pay rest on the following holidays: January 1 (New Year's Day), Holy Week (Holy Thursday and Friday), May 1 (Labor Day), June 7 (Battle of Arica and Flag Day), June 29 (San Pedro and San Pablo), July 23 (Commemoration of the heroic sacrifice of Captain FAP José Abelardo Quiñones Gonzales), July 28 and 29 (National Holidays), August 6 (Battle of Junín), August 30 (Santa Rosa de Lima), October 8 (Battle of Angamos), November 1 (All Saints), December 8 (Immaculate Conception), December 9 (Battle of Ayacucho) and December 25 (Christmas).
Leave and Benefits	<p>Maternity Leave</p> <ul style="list-style-type: none"> • Female workers are entitled to 49 days of prenatal leave and 49 days of postnatal leave. • Female workers are free to use her prenatal leave, on a partial or comprehensive basis, together with her postnatal leave, as well as her pending vacations. • In the event of multiple births or birth of a child with disabilities, postnatal leave will extend to 30 days. • The mother is entitled to a daily one-hour nursing leave (two hours in case of multiple births) until the child become 1 year old. That nursing leave is considered time effectively worked.

Paternity Leave

The working father is entitled to 10 consecutive calendar days. It is extended:

- (i) To 20 days, for premature births and multiple births.
- (ii) To 30 days, for births with terminal congenital disease or severe disability.
- (iii) To 30 days, for serious complications in the mother's health.

It becomes effective when the worker chooses between the following options: (i) from birth; (ii) since the mother or child are discharged; or, (iii) from the third day prior to the probable date of delivery, certified by a doctor.

Leave for medical assistance and rehabilitation therapy for family members with disabilities

- It is granted to workers with minor children with disabilities or children with disabilities who are subject to guardianship, as well as the one designated as a support for a disabled person on condition of dependency requiring medical assistance or rehabilitation therapy, with 7-day prior notice attaching the appropriate medical documents.
- The above-mentioned person is paid for up to 56 hours per year.
- If additional time is required, the license is due overtime by agreement with the employer.

Leave for workers whose immediate family being under terminal or serious medical conditions or having suffered a serious accident

- It is granted to workers whose children, parents, spouse, common-law partner or person under their guardianship are diagnosed under a serious or terminal condition or suffer from a life-threatening accident.
- It is subject to 48-hour notice being occurred or acknowledge the event by attaching the medical certificate.
- Continuous 7-day paid leave of absence is granted. If additional leave is required, it is granted for an additional period of no more than 30 to 40 days to be discounted from vacation leave. It may be compensated with extra hours, unless agreed otherwise.

Leave for workers with children diagnosed with cancer

- It is granted to workers whose child or adolescent under 18 years of age is diagnosed with cancer by a specialist doctor.
- It is paid, up to a period not exceeding one year.
- The first 21 days are paid by the employer and the remaining time by EsSalud.

Adoption Leave

- It is granted to workers having requested the adoption of a child no more than 12 years of age.
- It is granted for 30 days, counting from the day the Administrative Adoption Placement Order and the respective Record of Reception are issued.

Other leave

- Use of lactarium: Companies required to implement lactarium (where 20 or more women workers of childbearing age work) must grant the use of the lactarium for one hour during working hours.
- Firefighters: Workers belonging to the General Volunteer Fire Brigade of Peru must be granted permission to extinguish fires, accidents and related rescues.
- Direct family members or caregivers of patients with Alzheimer's and other diseases: Leave of up to one paid working day per year must be granted to workers who are direct family members or caregivers in charge of patients with Alzheimer's disease and other dementias. They must also be provided with work facilities, subject to prior agreement, to enable them to attend to the patient's assessment and urgent care.
- Union leave: In the absence of a collective agreement that regulates it, each leader who is entitled to the benefit must be granted leave of absence for up to 30 days each year to attend compulsory attendance events.
- Tuberculosis: Workers with tuberculosis have the right to enter their workplace one hour later than usual or retire an hour earlier for supervised treatment until treatment is completed.
- Family violence: Absences or delays resulting from acts of family violence are justified. Absences may not exceed 5 in a 30-day period, or 15 in 180 days. The judge may grant the victim up to five consecutive months of unpaid leave.
- Mandatory military service: A paid leave of up to 30 days must be granted if a worker is called to serve periods of instruction and training or is required. At the end of the period, the State shall assume the salary.
- Civil position: If a worker is elected councilor (member of a municipal council), he is granted paid leave of up to 20 hours per week for municipal duties. The employer may not transfer or reassign him without his consent. If a worker is elected to Congress, he is granted leave without pay, without loss of rights.
- Members of the Committee on Safety and Health at Work and Occupational Safety and Health Supervisors: They must be granted paid leave for their duties, subject to authorization by the same Committee.
- Professional sports people: Workers selected to represent Peru at official international sporting events have the right to have a license and facilities to train, concentrate and compete, or at recognized official national or regional events. The same applies to managers, coaches and sports agents.
- Blood donation: Workers who wish to donate blood should be granted a license during the time that the donation takes, if the Blood Bank does not attend outside work hours, provided that this does not affect production.

	<ul style="list-style-type: none"> • <u>Preventive oncology exams</u>: Employees must be granted paid leave of up to 2 working days per year, consecutive or not, to perform preventive oncology exams. These days are subject to compensation. • <u>Preventive oncological exams for women</u>: Female workers are entitled to one day of paid leave per year to carry out their medical exams for early detection of breast and cervical cancer. • <u>Death of family members</u>: Workers must be granted leave of up to 5 calendar days in the event of the death of their spouse, parents, children and siblings. These days may be extended if the death occurs in a different geographical location, considering the distance.
Family Allowance	<ul style="list-style-type: none"> • It is granted to employees whose salary is not regulated by collective agreements and have children under 18. The benefit may be extended if children study at a university or superior education center until they become 24 years old, and if children over 18 have severe disability. • It is equal to 10% of the living wage.
Profit Sharing	<ul style="list-style-type: none"> • Employees of companies that generate income, except for those that employ up to 20 workers, are entitled to participate in the profits of such companies. • Profit sharing is calculated on the annual income determined pursuant to tax regulations. The employer distributes among its workers a percentage depending on said income according to its line of business, varying from 5% to 10% of the taxable income. Half of the share is distributed proportionally to the remuneration of each worker, and the other half is divided according to the days worked in the year by each worker. • Applies a limit of 18 monthly salaries per worker. The excess is paid to entities managed by the State.
Severance Pay (CTS)	<ul style="list-style-type: none"> • Employees working a minimum of 4 hours per day on average are entitled to CTS. • It is deposited every 6 months (in May and November) by the employer in the banking or financial institution up to the employee's choice. • The amount of each deposit is approximately half of the remuneration. The total monthly amount that the employee receives regularly for his or her work, whether in cash or in kind, is computed.
Mandatory Legal Bonuses	<ul style="list-style-type: none"> • There are two mandatory legal bonuses per year: one in July for the Independence Day, and another in December for Christmas. • The amount is one-month payroll being in force at the date of payment.
Life Insurance	<ul style="list-style-type: none"> • Each worker is entitled to life insurance paid by the employer, which generates compensation in case of death or disability. • The premium is negotiated with an insurance company.
Workers with Disabilities	<ul style="list-style-type: none"> • Employer with more than 50 workers must hire employees with disabilities representing at minimum 3% of its payroll. • Reasonable adjustments may be set for them, both in the selection process and during the employment relationship.

Workers' Termination

- Employment relationship may be terminated: resignation, mutual termination, retirement, dismissal, among others.
- As a general rule, a worker can only be dismissed under a fair cause under law (related to the capacity or behavior of the worker).
- Workers dismissed under an unfair cause (termination without cause, null and void dismissal or fraudulent dismissal), not pursuant to law but case-law criteria, may choose between two remedies: (i) reinstatement, or (ii) indemnity amounting to 1.5 salaries per year of service for indefinite employment contracts, and 1.5 salaries per month stopped working for fixed-term contract. Limit of indemnity is up to 12 salaries.
- Workers in position of trust or management positions may not request reinstatement, unless they have been promoted, in which case they may request to be reinstated in the position prior to the position of trust or management position. There are conflicting judicial criteria as to whether they are entitled to severance day.
- There is a trend towards the award of compensation for moral injury, as an additional means of redress in cases of arbitrary dismissal.

Pension Systems and Taxes on Salary

Pension Systems

There are two main pension systems. In both cases, the contribution is paid by the worker, but must be withheld and paid by the employer:

National Pension System

- It is administered by the Government through the National Social Security Pension Fund Office (ONP). All workers subject to private labor regime are included, unless they are affiliated to the private pension system.
- Affiliated workers contribute with 13% of their payroll.
- This is a collective system. If workers meet the minimum requirements, the received pension will primarily depend on the time being affiliated to this system.

Private Pension System

- It refers to Private Pension Fund Administrators (AFP). This is an individual account pension system. Affiliated members contribute from 11% to 13.5% approximately of their payroll. The pension will depend on the amount accrued at the time of retirement.

EsSalud Social Security and Income Tax

EsSalud Social Security Health Insurance

- Monthly contribution per working regular affiliated member is 9% of the insurable payroll by the employer. Comprehensive healthcare of workers and their beneficiaries is covered by EsSalud.

Income Tax

- This tax is levied on all work-related incomes. It is charged to the worker, but must be withheld and paid by the employer.

Relevant current legal considerations as a result of COVID-19

Vaccination	Employers should promote and facilitate full COVID-19 vaccination of all workers.
Ventilation in the workplace	Employers must establish controls to reduce the risk of exposure in the workplace: (i) evaluate the physical characteristics of each of the environments in a workplace, (ii) adequately ventilated environments naturally, (iii) If you do not have natural ventilation, you must have adequately mechanically ventilated environments, and (iv) air extractors can be installed strategically in places that allow air to escape.
Hand washing or disinfection points	The employer ensures the number and location of hand washing points or alcohol points (70% and gel) for the free use of hand washing or disinfection by workers. At the top of each washing or disinfection point, signs must indicate the proper execution of the correct washing method or use of alcohol for hand hygiene.
Raising awareness of contagion prevention in the workplace	The employer ensures the following activities to raise awareness among workers: (i) training on COVID-19 and measures to reduce the risk of becoming infected, (ii) informing about the benefits of vaccination and (iii) raising awareness of the importance to report early the presence of COVID-19 symptoms.
Collectively applied preventive measures	<p>Avoid exposure to COVID-19 in the workplace: meetings or training should preferably be virtual, when possible.</p> <p>Establish administrative controls: check that the conventional capacity is not exceeded.</p> <p>Establish the use of personal protective equipment: according to the level of risk, and must guarantee its correct and safe use, as well as its availability.</p>
Additional obligations to monitor, prevent and control the risk of exposure to Covid-19	<p>These obligations mainly involve the following aspects:</p> <ul style="list-style-type: none"> • Approve the Surveillance, Prevention and Control Plan for COVID-19 in the workplace, as appropriate. • Have a health professional, depending on the number of workers. • Evaluation of the level of risk and assessment of the worker's aptitude prior to returning to the workplace. <p>These obligations have an essentially preventive purpose and seek to guarantee the safety and health of workers, in the context of the COVID-19 outbreak in our country.</p>

F. Antitrust and Competition

Anti-competitive conduct is prohibited and sanctioned by the Law for the Repression of Anti-competitive Conduct¹⁰ (LRCA) and in some cases also by the Criminal Code¹¹ (CP).

Administrative penalties are determined and executed by the competition authority (INDECOPI or OSIPTEL in the case of the telecommunications market) for each case that is presented before it. The LRCA comes into effect and, if applicable, sanctions individuals and entities that participate in the investigated market. However, in the case of infractions classified as absolute prohibitions, it may also sanction those individuals or entities that, without participating in said market, act as planners, intermediaries or facilitators of an anti-competitive conduct.

Three main types of conduct are sanctioned by the LRCA: (i) abuse of dominant position, (ii) horizontal collusive practices, and (iii) vertical collusive practices.

The Criminal Code only sanctions practices considered as absolute prohibitions. The competition authority, after the issuance of the final decision on the existence of an anti-competitive agreement or practice subject to an absolute prohibition must inform the Public Prosecutor's Office, including the identity of the person who benefited from the leniency programme. Criminal sanctions are determined and enforced by the judiciary.

Abuse of Dominant Position

According to the LRCA Law, an economic agent enjoys a dominant position in a relevant market when it has the possibility of substantially restraining, affecting, or distorting the supply or demand conditions in that market, without its competitors, suppliers, or customers being able to counteract it.

Holding a dominant position, with or without affecting real or potential competitors, does not constitute an illegal conduct. Neither monopolies nor dominant positions are prohibited per se, what is considered to be anti-competitive conduct is the abuse of that position. The CP agrees to sanction only the abuse of dominant position and not its holding.

The LRCA Law provides that abuse of a dominant position is verified when an economic agent that holds a dominant position in the relevant market uses this position to unduly restrain competition, obtaining benefits and harming other competitors, in a way which would not have been possible had it not held said position.

Such conducts are sanctioned even when the dominant position derives from a legal provision or from an administrative act, contract or regulation. It is important to note that all conducts of abuse of dominance constitute relative prohibitions.

It is worth mentioning that, unlike the LRCA, the CP does not contain a definition of abuse of dominance.

¹⁰ Whose Single Ordered Text was adopted by Supreme Decree No. 030-2019- PCM, published on February 19, 2019.

¹¹ Adopted by Legislative Decree No. 635, published on April 8, 1991; amended by the Law Amending the Criminal Code and the Code of Consumer Protection and Defense (Law No. 31040) and Law No. 31775.

Horizontal Collusive Practice

Horizontal collusive practices imply the joint action of several competitors as one. The reason for this is that companies sometimes find that cooperating with other competitors is more beneficial than competing with them. This undue cooperation occurs when companies coordinate to reduce the volume of their production, raise their prices, and increase the profit of each of their members.

According to the LRCA Law, such practices may consist of agreements, decisions, recommendations, or concerted practices among competitors with the aim or effect of restraining, preventing, or distorting competition. The LRCA is not limited to sanction those legally enforceable agreements, but also prohibits cooperative activities, decisions or recommendations made through business partnerships, and even understandings between parties.

Collusive practices are regulated by absolute prohibitions or regular prohibitions. Absolute prohibitions relate to practices that are illegal per se, while relative prohibitions relate to practices that require examination to verify whether they have anticompetitive effects. The LRCA considers as absolute prohibitions those concerted practices between parties (inter brand), which are not complementary or ancillary to other lawful agreements and whose purpose is to set wrecks, commercial conditions, limit production or sale, distribute customers, suppliers or markets, or establish positions or abstentions in bids (bid-rigging).

Vertical Collusive Practices

According to the LRCA, these are collusive practices among economic agents operating at different levels of the production, distribution, and marketing whose purpose or effect is to restrict, prevent, or distort free competition. These types of practices require at least one of the parties to have a dominant position in the relevant market prior to engaging in the collusive arrangement.

Illegal vertical practices may consist of alleged abuse of a dominant position and horizontal collusive practices. All vertical collusive practices constitute relative prohibitions. In all such cases, the competition authority must demonstrate that the practice has or may have a negative impact on competition.

For its part, the CP does not distinguish between horizontal and vertical collusive practices, and therefore, by virtue of the general classification, penalizes participation in practices and agreements restrictive in the productive, mercantile or service activity with the purpose of preventing, restrict or distort free competition.

Proving Collusive Practices

Given that collusive practices are difficult to prove, the competition agency may resort to indications and presumptions in order to verify whether similar behavior exists among competitors, and that the similarity is not naturally explained by the competitive operation of the market, such as simultaneous price fluctuations, similar quality of the product offered, and comparable indications.

In this sense, the competition agency must make a careful and restrictive analysis of the alleged uncompetitive practice. For example, it must make sure that the similarity in behavior is not the result of a mere suspicion, but that it has been absolutely proved and that there is no rational alternative explanation for the concerted practice which is capable of justifying such identical behavior.

This analysis carried out by the competition authority will not be considered as a necessary procedural requirement for criminal proceedings.

Sanctions and Corrective Measures

The anti-competitive practices sanctioned by the LRCA are of an administrative nature, therefore, such breaches result in the imposition of fines by the competition authority. Depending on the seriousness of the infringement, fines may be up to 12% of the gross sales or revenues collected by the offending companies.

In addition, the competition authority is empowered to order corrective measures aimed to restore the competitive process. Corrective measures are additional to the sanctions that may be imposed for infringing the provisions contained in the LRCA.

Likewise, the competition authority often punishes individuals who participated in anti-competitive conduct on behalf of sanctioned companies.

As of August 2020, anti-competitive practices considered absolute prohibitions are covered by the CP as offences of a criminal nature, therefore, such offences result in sentences of imprisonment by the Judiciary. Depending on the seriousness of the offence, custodial sentences of not less than 2 years, nor more than 6 years may be imposed. In addition, the penalty of disqualification for the perpetrator of the crime, as well as fines ranging from 180 to 365 days, may also be applied.

The Leniency Program (Leniency)

According to the LRCA, and provided that certain requirements are met, any of the persons, natural or legal, involved in a horizontal collusive agreement may request the competition authority to be totally or partially exempted from the fine in exchange for providing evidence to help identify and establish the existence of the conduct and to punish parties.

The leniency program does not eliminate or limit any civil liability that the applicant may have, as regards the damage that the anti-competitive conduct may have caused.

Whoever takes advantage of the Leniency Program and manages to be completely exonerated by the competition authority will also be exempt from criminal liability.

Business Concentration Control

In Peru, the business concentration prior control regime is in force since 2021. The applicable legal framework is comprised by (i) Law No. 31112, "Law that establishes prior control of business concentration operations"; (ii) the regulations of said Law approved by Supreme Decree 039-2021-PCM; and (iii) the "Guidelines for the Calculation of Notification Thresholds", approved by Resolution 022-2021/CLC-INDECOPI.

This regime, which is applicable to all economic activities (and not only to the electricity market as prior to 2021), obliges economic agents to request prior approval from the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI) for business concentration operations that meet the requirements set forth in the regime.

The main aspects of the business concentration control regime are as follows:

- 1. Business concentration operations:** the following are business concentration operations, and therefore could be subject to prior control by INDECOPI:
 - a.** A merger of two or more economic agents, which were independent before the operation, whatever the form of corporate organization of the merging entities or of the entity resulting from the merger.
 - b.** The acquisition by one or more economic agents, directly or indirectly, of rights that allow them, individually or jointly, to exercise control over all or part of one or more economic agents.
 - c.** The formation by two or more independent economic agents of a joint venture or any other analogous contractual modality that implies the acquisition of joint control over one or more economic agents, in such a way that said economic agent performs the functions of an autonomous economic entity.
 - d.** The acquisition by an economic agent of direct or indirect control, by any means, of operating productive assets of one or more other economic agents.

It should be noted that the four (4) types of transactions described above are not the only operations subject to the prior authorization procedure. As long as there is a change of control, and the requirements are met, an operation could be subject to the regime. For example, modification of a shareholder agreement where there is a change of control may qualify as a concentration subject to prior authorization.

For the purposes of analyzing a corporate control structure operation, INDECOPI also considers as a single business concentration operation the set of acts or operations carried out between the same economic agents within a period of two (2) years, and the concentration operation must be notified prior to the execution of the last transaction or act that allows the thresholds to be exceeded.

- 2. Business concentration operations subject to the authorization procedure:** In order to determine whether or not a transaction must go through the merger control regime, three (3) conditions must be verified simultaneously:
 - a.** That the transaction is executed or has effects in Peru.

b. That the transaction involves a transfer of control. According to the Law, control "Is the possibility of exercising a decisive and continuous influence over an economic agent through (i) rights of ownership or use of all or part of the assets of an enterprise, or (ii) rights or contracts that allow decisive and continuous influence over the composition, deliberations or decisions of the bodies of an enterprise, directly or indirectly determining the competitive strategy".

c. That both parties jointly exceed the two (2) thresholds described in the following numeral:

3. Thresholds: The business concentration structures are subject to prior control when the parties comply, concurrently, with the following thresholds:

- The total sum of the value of sales or annual gross income or value of assets in the country of the companies involved in the business concentration operation has reached, during the fiscal year prior to that in which the operation is notified, a value equal to or greater than 118,000 UIT (the "Joint Threshold").
- The value of the annual sales or gross income or value of assets in the country of at least two of the companies involved in the business concentration operation have reached, during the fiscal year prior to the one in which the operation is notified, a value equal to or higher than 18,000 UIT each (the "Individual Threshold").

The Guidelines state that the UIT to be used must be "the UIT in force as of the last day of the fiscal year prior to the date of notification of the transaction, that is, as of December 31 of the previous year".

Year	UIT AMOUNT	THRESHOLDS	
		Individual	Set
2024	PEN 4,950.00	PEN 89,100,000	PEN 584,100,000

4. Operations that do not comply with the requirements: In the event that a business concentration operation is not subject to the merger control regime, the parties must submit a sworn statement in this regard. Likewise, INDECOPI may initiate an ex officio prior control procedure when there is *prima facie* evidence that it may generate a dominant position or affect effective competition in the relevant market, even if the aforementioned thresholds are not exceeded. This power may be exercised by INDECOPI up to one (1) year after the formal closing of the transaction.

5. Term and duration of proceedings: The authorization procedure by INDECOPI may entail one or two phases, depending on the transaction to be analyzed and the possible effects that it may have on the relevant market.

The first phase culminates with the authorization of INDECOPI in cases that do not involve competition concerns. This phase lasts a maximum of fifty-five (55) working days and concludes with the approval of the transaction by INDECOPI. In case the authority does not issue a decision within the term, the transaction shall be deemed to be approved by the application of the positive administrative silence. Only when a business concentration operation has competition concerns or involves companies with a significant participation in the relevant market, INDECOPI initiates the second phase of the analysis, which lasts a maximum of ninety (90) working days (extendable for an additional thirty (30) working days, with prior justification).

- 6. Termination of proceedings:** Once the business concentration operation has been analyzed, the Law states that INDECOPI may: (i) authorize the transaction; (ii) authorize the transaction with conditions aimed at avoiding or mitigating the possible effects that could arise from the business concentration transaction; or (iii) not authorize the transaction. INDECOPI's decisions may be appealed.
- 7. Fines and non-compliance:** Failure to comply with the regime leads to fines and corrective measures. The amount of these fines could be up to a maximum amount equivalent to 12% of the gross sales or income received by the infringer, or its economic group, related to all its economic activities, corresponding to the fiscal year immediately prior to the issuance of INDECOPI's resolution.

INDECOPI may impose corrective measures aimed at undoing the business concentration operation when possible. Notwithstanding the foregoing, the Law indicates that a business concentration operation which should have been submitted to the prior control procedure has no legal effect whatsoever, as long as it does not have the prior authorization of INDECOPI.

It must be noted that formally closing a transaction before obtaining INDECOPI's authorization is not the only case of infringement of the business concentration control regime. Thus, actions such as sharing sensitive information between the parties, integrating operations or influencing in any way the company's competitive strategy (exercising some kind of control, even de facto) before obtaining INDECOPI's authorization may be considered as a punishable infringement.

G. Environmental Issues

The right to a balanced and adequate environment is recognized by the Constitution.

The General Environmental Law (LGA) – Act No. 28611, governs the general legal framework for environmental management and protection, as well as the basic principles and rules for ensuring the effective exercise and defense of the right to a healthy, balanced, and adequate environment.

The LGA Law provides that any human activities involving construction, structures, services and other activities, as well public programs, policies and plans which may cause negative environmental impacts are subject to the National Environmental Impact Assessment System ("SEIA") and therefore require the previous approval of an environmental management instrument.

In accordance with Law No. 27446, Act on the National System of Environmental Impact Assessment, the SEIA is a unique and coordinated system for identifying, preventing, monitoring, controlling and correcting potential negative environmental impacts derived from human actions expressed through the investment project ensuring citizen participation in this process. It should be noted that by Legislative Decree No. 1394 of September 5, 2018, several amendments were approved to Law No. 27446 regarding the creation of the National Certification Service for Sustainable Investments ("SENACE") and the resulting transfer of competence in the environmental impact assessment to that authority.

In line with the provisions of Legislative Decree No. 1394, on January 26, 2022, Supreme Decree No. 004-2022-MINAM was published, which approved the provisions of the Single Procedure of the SENACE Environmental Certification Process. By means of the referred Single Procedure, called PUPCA, which came into force on July 21, 2022, the requirements, stages and deadlines of the environmental evaluation procedure in charge of SENACE were standardized, in order to provide it with predictability and efficiency. Likewise, within the framework of the rules and principles of Digital or Electronic Government, the use of the Environmental Certification Single Window (EVA) is reinforced, as the mandatory platform to present the environmental management instruments in charge of SENACE.

By Supreme Decree No. 006-2023-MINAM, the application of the PUPCA has been suspended and will be reactivated on January 1, 2025 in order to finalize and establish a series of technical aspects on the process of evaluation of environmental management instruments to ensure the effectiveness in the operation of the SEIA.

In accordance with SEIA regulations, the classification of the environmental impact of investment projects, as well as the applicable environmental management instruments, is as follows:

CATEGORY	LEVEL OF IMPACT	MANAGEMENT INSTRUMENT
I	Low negative environmental impact	Environmental Impact Statement (DIA)
II	Moderate negative environmental impact	Semi-detailed Environmental Impact Statement (EIAsd)
III	High negative environmental impacts	Detailed Environmental Impact Statement (EIAd)

In accordance with these regulations, the execution of projects and service and trade activities shall not start without prior approval of the corresponding environmental management instrument. No national, sectorial, regional or local authority shall approve, authorize or allow these projects or activities if they do not have the pertinent environmental certification.

The Ministry of the Environment ("MINAM") governs SEIA and is the primarily entrusted to propose and execute environmental policies. However, environmental authority, such as environmental management instrument approval, may be assumed by SENACE, the pertinent ministries, and the regional governments, as appropriate.

SENACE has been undertaking the approval of environmental impact assessments as follows:

- (i)** On December 28, 2015, authority to approve Detailed Environmental Impact Assessments for mining and energy activities (electricity and hydrocarbons) was assumed.
- (ii)** On July 14, 2016, authority to approve Detailed Environmental Impact Assessments for activities in the Transport sector was assumed.
- (iii)** On August 14, 2017, authority to approve the Detailed Environmental Impact Assessments for activities in the Agriculture sector was assumed.
- (iv)** On August 14, 2017, it took over powers to approve the Environmental Impact Studies for activities related to solid waste in the Health sector.
- (v)** On December 22, 2017, it assumed the authority to evaluate environmental assessments of public and private investment projects of solid waste infrastructure under municipal management (if the service is provided to two or more regions according to their significant impact) and non-municipal or mixed management (in case they are located outside the industrial or productive facilities, concession area or lot, or owned by a solid waste operating company, taking into account their significant impact).
- (vi)** On August 2, 2021, it assumed the authority to evaluate the Detailed Environmental Impact Studies for activities in the Housing and Construction sector.
- (vii)** On October 3, 2022, it assumed powers to evaluate Environmental Impact Studies in the field of the health sector (Solid Waste).

It is important to mention that, progressively, SENACE will assume the aforementioned skills to assess environmental studies of additional economic sectors.

It is expected that by 2024, the transfer of the functions corresponding to the Tourism, Communications, Health and Defense sectors will begin.

There are also other public entities with the authority to grant permits and/or authorizations that may be required by the owner of a project (depending on the nature of the project), such as the Natural Service of Natural Areas Protected by the State - SERNANP, the National Water Authority - ANA, the General Directorate of Environmental Health - DIGESA, and the Ministry of Culture. In this regard, it is worth mentioning that Law No. 30327 created the Global Environmental Certification procedure with the purpose of progressively incorporating into a single administrative procedure (i.e., the approval procedure of the environmental management instrument) the simultaneous approval of different permits, licenses and authorizations by the aforementioned public entities. The Regulation of Title II of Law No. 303227 - which refers to the Global Environmental Certification - was approved by Supreme Decree No. 005-2016-MINAM, published on July 19, 2016.

On the other hand, the Environmental Assessment and Control Organization ("OEFA") is the governing entity of the Environmental Assessment and Control National System ("SINEFA") in charge of supervising, auditing and sanctioning compliance with environmental obligations of titleholders of activities that are under its authority. Pursuant to the Executive Board's Order No. 027-2017-OEFA-CD, OEFA Sanctioning Administrative Procedure Regulation was approved in order to regulate the sanctioning administrative procedure, as well as the issuance of precautionary and remedial measures, according to its controlling and sanctioning role (applicable to any individual and legal entity, autonomous equity, irregular corporation, business association or other type pursuant to law conducting commercial activities subject to OEFA). Similarly, Directive Council Resolution No.006-2019-OEFA / CD adopted the New OEFA Supervision Regulations, adding principles of institutional coordination and various obligations of the supervisor. Likewise, through Board of Directors Resolution No. 00013-2020-OEFA/CD, modified by Board of Directors Resolution No. 00013-2020-OEFA/CD, the Evaluation Regulations of the Environmental Assessment and Supervision Agency were approved.

In addition, the OEFA is gradually assuming evaluation, monitoring and sanctions duties and jurisdiction, and to date, not all economic sectors are under the jurisdiction of the OEFA, but some ministries and regional governments maintain the authority to supervise, supervise and sanction in environmental matters, as established by current legislation. Specifically, the OEFA has assumed the competences of the mining and energy sectors (hydrocarbons and electricity), medium and large-scale fishery and aquaculture, manufacturing industry and domestic trade, agriculture, solid waste and environmental consulting firms.

It is also important to mention that in recent years the government has issued regulations and draft regulations to strengthen environmental institutions and regulate the environmental aspects of the different sectors. Among the most relevant are the following:

- (i) Draft Regulations on Environmental Management of the Education Sector, approved by Ministerial Resolution No. 144-2022-MINEDU, not yet approved
- (ii) Draft Regulations on Environmental Management of the Agricultural and Irrigation Sector, approved by Ministerial Resolution No. 0141-2022-MIDAGRI, not yet approved.
- (iii) Draft Regulations on Environmental Management of the Communications Sector, approved by Ministerial Resolution No. 329-2022-MTC/01.03, not yet approved.
- (iv) Regulations of the National Environmental Information System - SINIA, approved by Supreme Decree No. 034-2021-MINAM.

The draft Regulations for Environmental Management in the Tourism Sector, approved by Ministerial Resolution No. 235-2021-MINCETUR.

- (i) The Integral Solid Waste Management Law, approved by Legislative Decree No. 1278, which establishes the general aspects for solid waste management, as amended by Legislative Decree No. 1501 and by Law No. 31896, whose regulations were approved by Supreme Decree No. 014-2017-MINAM, modified by Supreme Decree No. 001-2022-MINAM.

Similarly, the Special Regime for the Management and Handling of End-of-Life Tires was approved by Supreme Decree No. 024-2021-MINAM, as well as the new Regime for the Management and Handling of Waste Electrical and Electronic Equipment, approved by Supreme Decree No. 009-2019-MINAM, which was modified by Supreme Decree No. 035-2021-MINAM.

- (ii) The Environmental Management Regulations for the Fishing and Aquaculture Subsectors, approved by Supreme Decree No. 012-2019-PRODUCE, modified by Supreme Decree No. 004-2023-PRODUCE.
- (iii) The Regulation for Environmental Protection in Electrical Activities, approved by Supreme Decree No. 014-2019-EM.
- (iv) The Environmental Protection Regulation for the transportation sector, approved by Supreme Decree No. 004-2017-MTC.
- (v) The modification of the Regulation for environmental protection in hydrocarbon activities by Supreme Decree No. 023-2018-EM.
- (vi) The Environmental Protection Regulation for Mining Exploration Activities, approved by Supreme Decree No. 042-2017-EM, amended by Supreme Decree No. 019-2020-EM and by Supreme Decree No. 028-2023-EM.
- (vii) The Environmental Management Regulations for the Manufacturing Industry and Domestic Trade, approved by Supreme Decree No. 017-2015-PRODUCE, amended by Supreme Decree No. 006-2019-PRODUCE.
- (viii) Supreme Decree No. 005-2020-EM, which amends the Regulation on Environmental Protection and Management for Mining, Beneficiation, General Work, Transportation and Storage Activities, approved by Supreme Decree No. 040-2014-EM.
- (ix) Supreme Decree No. 010-2020-MINAM, modified by Supreme Decree No. 001-2024-MINAM, in order to establish the provisions for the submission of the corrective environmental management instrument for solid waste infrastructure.
- (x) Law No. 30884, Law that regulates single-use plastic and disposable containers or packaging, in order to promote the reduction of the adverse impact of single-use plastic, plastic marine, river and lake trash, and other similar pollutants, on human health and the environment.

On the other hand, it should be mentioned that Peruvian environmental law also promotes and force the investors to implement citizen participation mechanisms, mainly with the interest groups located in the area of influence of their investment projects. For example, the Regulations for Citizen Participation in the environmental management of the Fishery and Aquaculture subsectors have been approved by Supreme Decree No. 017-2022-PRODUCE, and recently, the Regulation of Citizen Participation for the realization of Electrical Activities, by means of the Supreme Decree No. 016-2023-EM.

Likewise, within the framework of ILO Convention No. 169, administrative measures (i.e., administrative acts that allow the initiation of a certain activity) and legislative measures that may affect native or indigenous peoples require prior consultation proceedings that are carried out by the authority responsible for issuing the administrative and/or legislative measure in question.

Finally, once the project is completed, the owners of the investment project are obliged to carry out remediation and closure activities to restore the areas disturbed by their activities and return the area where the project was executed, as far as possible, to its original state. A novelty in relation to the closure and post-closure stage was incorporated for the mining sector by Law No. 31347, which amended Law No. 28090, Law that regulates the closure of mines, in relation to the regime of guarantees for the closure of mines, as well as in relation to the joint and several liability of directors and majority shareholders with respect to environmental damages resulting from the abandonment of mining units in the closure stage.

On the other hand, on April 18, 2018, the Framework Law on Climate Change, Law No. 30754, was approved in order to establish the principles, general approaches and provisions regarding public policies for managing climate change adaptation and mitigation measures, in order to reduce the country's vulnerability to climate change, take advantage of the opportunities of low-carbon growth and comply with the international commitments assumed by the State before the United Nations Framework Convention on Climate Change. The aforementioned Law has been regulated by Supreme Decree N° 013-2019-MINAM, establishing - for example - the creation of the National Registry of Mitigation Measures - RENAMI, where all the information referred to the level of progress of emission reductions and increase of Greenhouse Gas (GHG) removals from mitigation measures will be registered, as well as the transfers of GHG emission reduction units. However, to date, this registry is not operational until the corresponding regulations are approved. On August 2, 2022, the draft Supreme Decree approving the "Provisions for the operation of the National Registry of Mitigation Measures (RENAMI)" was published.

In addition, under Law No. 30754, a High Level Commission on Climate Change was established by supreme decree. In addition, its permanent nature has been specified, which is chaired by the Presidency of the Council of Ministers and the Technical Secretariat is the responsibility of the Ministry of the Environment, and that the conformation and development of its functions are defined in the norm of its creation.

In this sense, on July 3, 2020, Supreme Decree No. 006-2020 -MINAM, modified by Supreme Decree No. 005-2023 -MINAM was adopted, which created the permanent Multisectoral Commission under the Ministry of the Environment called "High Level Commission on Climate Change". The purpose of this body is to propose measures for adaptation and mitigation to climate change and to the National Determined Contributions (NDC), as well as to issue the technical report on the NDC every five years, the focal point at the United Nations Framework Convention on Climate Change (UNFCCC) in accordance with international commitments ratified by Peru.

Finally, it is important to mention that, through Supreme Decree No. 003-2022 -MINAM, modified by Supreme Decree No. 001-2023 -MINAM, a climate emergency was declared of national interest in the country, with the aim of urgently executing measures to implement climate action, in accordance with the commitments assumed under the NDCs by 2030.

H. Consumer Protection and Product Liability

The Consumer Protection and Defense Code (Act No. 29571) guarantees consumer access to suitable products and services, and to effective mechanisms to protect their rights, and establishes several criteria to reduce information asymmetry to benefit consumers. Thus, it establishes supplier obligations and consumer rights, and includes rules regarding the information that must be provided to consumers, suitability of products and services, advertising requirements, consumer health and safety, contracts with consumers, and provisions regarding specific products or services.

1. General Rules

In Peru, Law No. 29571 - the Consumer Protection and Defense Code- establishes the rules for the protection and defense of consumer rights. It also regulates contracts with consumers and prohibits the use of coercive commercial methods, aggressive or misleading commercial methods and abusive collection methods.

The Consumer Protection Commission of INDECOPI is the competent national administrative authority responsible for verifying compliance with consumer protection regulations. Its decisions may be appealed before the Specialized Consumer Protection Chamber of the INDECOPI Court.

Likewise, depending on the amount or matter in dispute, the Summary Proceedings Resolution Bodies are competent to rule on consumer protection matters in the first administrative instance. In these cases, the Consumer Protection Commission will review the decisions in second administrative instance.

The Consumer Protection and Defense Code protects consumers in a "consumer relationship" or in a preliminary stage thereof. It applies to: (i) any "consumption relationship" originating in Peruvian territory or producing effects in such territory (even if originating elsewhere); and, (ii) transactions not involving the payment of a consideration but having a commercial purpose aimed at promoting consumption.

For the purposes of the Code, consumers are understood as: (i) natural or legal persons who acquire, use or enjoy as final recipients of products or services for their own benefit or that of their family group, acting outside a business or professional activity; and (ii) suppliers are understood as natural or legal persons who habitually manufacture, process, handle, condition, mix, package, store, prepare, dispense or supply products or provide services of any nature to consumers.

2. Main Obligations

The Consumer Protection and Defense Code imposes two main obligations on sellers/ service providers: i) information and ii) suitability, in relation to the goods or services provided.

- (i) **Information:** the supplier is obliged to provide the consumer with all relevant or material information so that the consumer may make a correct choice and use or consume the goods or services in an appropriate manner.

The information provided by the supplier must be truthful, sufficient, easy to understand, appropriate, timely, easily accessible and in Spanish language.

Relevant or material information means any information without which the consumption decision would not have been made or would have been made in substantially different terms. This information includes, for example, the following:

- a. False or misleading information: by action or omission, information that may mislead an average consumer into making a transaction decision that he or she would not have made otherwise.
- b. Total price information: the price offered (or advertised) must include taxes, commissions, fees and any other applicable charges. It must be the total final price.
- c. Prices in local currency: prices displayed or advertised in a foreign currency (e.g. US dollars) will also be displayed or advertised in local currency, under the same conditions and with the same characters as those used with the foreign currency, and the exchange rate must be indicated.
- d. Payment methods: if there is any difference in price depending on the payment method, this information must be informed to the consumer in a visible and accessible way. Otherwise, the consumer will not be obliged to make any additional payment due to a difference in payment methods.

The extent of relevant or material information to be provided to the consumer will depend on the nature of the goods or services offered. The Consumer Protection and Defense Code contains various provisions establishing the information to be provided to the consumer for certain types of goods and services.

- (ii) **Suitability**: the "service supplier" has the obligation to provide the consumer with appropriate goods or services. Suitability is assessed by taking into account what the consumer expected when buying the goods or contracting the service (depending, for example, on what the seller or service provider offered, the natural and customary characteristics of the goods or services, the price) and what he or she actually got. Suitability is assessed according to the nature of the goods or services and their ability to satisfy the purpose for which they are sold.

The supplier is responsible for the suitability and quality of the goods and services offered, as well as for the authenticity of the marks and labels contained on the goods or services, and for any contradictory statements between the advertising and the product.

The Consumer Protection and Defense Code prohibits consumer discrimination. The supplier may not discriminate against consumers because of race, sex, language, creed, opinion, economic status, or any other reason. Individual exclusion from a business establishment is prohibited, except in the case of disturbance of the security of the establishment or the serenity of the customer or any other similar reason.

Different treatment of consumers must be due to objective and reasonable grounds. Preferential care in a business establishment should be subject to different factual situations that justify different treatment and there should be a proportion between the purpose and the different treatment granted.

3. Guarantees

The Consumer Protection and Defense Code establishes that there are three types of guarantees: legal, explicit and implicit.

- (i) **Legal guarantee:** imposed by law and applicable to certain goods and/or services that cannot be marketed or provided without such guarantee. In this sense, it is not possible to exclude such guarantee by agreement between the parties and it prevails over an explicit guarantee. (Legal guarantees are not imposed on optical products).
- (ii) **Explicit guarantee:** arises from the terms and conditions expressly offered by the "seller or service provider" to the consumer in a contract, label, advertising, invoice or any other means that may evidence what has been offered to the consumer. An explicit guarantee prevails over an implied guarantee.
- (iii) **Implied guarantee:** exists when, in accordance with the silence of the "seller or supplier of services" or the agreements between the parties, the goods and/or services are understood to meet the foreseeable (expected) purposes and uses for which they have been acquired by the consumer taking into account, inter alia, the uses and customs of the market. In case there are no legal guarantees, an explicit or implicit guarantee will be applied.

The indication of exclusions or limitations to the guarantee cannot be unjustified or go against the nature of the good or service.

4. Book of Complaints

Through Law No. 31435, published on March 22, 2022, the Consumer Protection and Defense Code was amended reducing the deadlines for addressing consumer claims and complaints. Thus, currently, the supplier must address any claim or complaint from the consumer and must respond to it within fifteen (15) calendar days, which cannot be extended.

The attention of the claims cannot be subject to any payment made by the consumer (nor to the effective purchase of the good or service object of the claim).

All suppliers that carry out economic activities in establishments open to the public are required to have a Complaints Book.

The complaints book is a document of a physical or virtual nature provided by suppliers in which consumers register their claims or complaints about the products or services offered in a particular commercial establishment.

A claim is filed when the consumer expresses a disagreement related to the goods or services provided. On the other hand, a complaint is filed when the consumer expresses a disagreement that is not related to the goods sold or supplied or the services provided.

Each of the commercial establishments (physical or virtual) open to the public must have a Book, which must be in a visible place on the premises and easily accessible to the public and with a Notice indicating its existence. The Book must follow the format approved by Indecopi, which is included as ANNEX 2 of Supreme Decree No. 011-2011-PCM.

5. Sanctions for Non-Compliance

According to the Consumer Protection and Defense Code, failure to comply with its provisions could be sanctioned with the following:

- (i) **Pecuniary sanctions:** from a warning (without a monetary fine) to a fine of up to 450 UIT depending on the infraction.
- (ii) **Precautionary measures:** these measures may be ordered at any stage of the proceedings. These are, for example, the cessation of the infringing action, the closure of an establishment, the prohibition of a website, the immobilization of assets, etc.
- (iii) **Corrective remedial measures:** these measures are intended to compensate for any monetary damages.
- (iv) Paid or a measure is not complied with, additional sanctions may be ordered.

I. Unfair Competition and Advertising

Legislative Decree No. 1044, Law for the Repression of Unfair Competition, regulates acts of unfair competition, which include acts that are configured through advertising.

The referred rule applies to those acts whose effects or purpose, directly or indirectly, is to compete in the market. It also applies to any act of unfair competition that produces or may produce effects in all or part of the national territory, even if such act has originated abroad.

The Commission for the Control of Unfair Competition of INDECOPI is the national administrative entity responsible for the verification of compliance with the rules governing acts of unfair competition and advertising activity. Its decisions may be appealed before the Antitrust Chamber, which resolves in the second and final administrative instance.

The Law for Repression of Unfair Competition is applicable to any person, natural or juridical, that competes in the market offering or demanding goods or services.

It should be noted that advertising does not require prior authorization or supervision by the authority for its dissemination. The supervision of compliance with the rules regulating advertising will be carried out once the advertisement has been disseminated in the market.

The evaluation by the authority of an advertisement is made in a comprehensive manner, that is to say, on the whole content of the advertisement, including words, images, sounds, among others, considering that the addressee of the advertisement makes a comprehensive and superficial analysis of the advertisement. In the case of an advertising campaign, all the pieces that compose it will be analyzed as a whole.

The responsibility for proving the truthfulness and accuracy of the objective statements disseminated in the market with respect to certain goods or services lies with the person who has disseminated such statements in its capacity as advertiser.

The Law for the Repression of Unfair Competition includes an enunciative (not exhaustive) list of acts that are considered as acts of unfair competition.

The administrative liability arising from the commission of acts of unfair competition through advertising corresponds, in all cases, to the advertiser. Notwithstanding the foregoing, the media shall also be administratively liable for the commission of acts of unfair competition that infringe broadcasting rules that regulate, condition or prohibit the communication of certain contents or the advertising of certain types of products. This liability is independent of the liability of the advertiser. Additionally, the advertising agency will also be administratively liable when the commission of acts of unfair competition is generated by an advertising content different from the characteristics of the advertised good or service. This liability is also independent from that of the advertiser.

In accordance with the provisions of the Law for the Repression of Unfair Competition, the contravention of any of the provisions set forth therein may be sanctioned according to the following detail:

- (i)** Financial sanctions: from a reprimand to a fine, depending on the type of infringement:
 - (a) minor infringement that did not have any real effect on the market: a reprimand;
 - (b) minor infringement: up to 50 UIT;
 - (c) serious infringement: up to 250 UIT; and,
 - (d) very serious infringement: up to 700 UIT.

For purposes of determining the seriousness of the infraction and the application of the corresponding fines, the Commission shall take into account the following criteria:

- a)** The illicit benefit resulting from the commission of the infraction;
 - b)** The probability of detection of the infringement;
 - c)** The modality and scope of the act of unfair competition;
 - d)** The size of the market concerned;
 - e)** The market share of the infringer;
 - f)** The effect of the act of unfair competition on actual or potential competitors, on other agents participating in the competitive process and on consumers or users;
 - g)** The duration in time of the act of unfair competition; and,
 - h)** The recidivism or reiteration in the commission of an act of unfair competition.
- (ii)** Precautionary measures: measures intended to ensure the effectiveness of the final decision and prevent further damage to the concerned party. Among these measures are: the cessation of the infringing act, the confiscation and/or immobilization of the infringing products, the temporary closure of the establishment, among others.
- (iii)** Corrective measures: are those measures whose purpose is to reestablish fair competition in the market. These measures include the cessation of the infringing act, the removal of the effects produced by the infringing act, the confiscation and/or destruction of the infringing products, the temporary closing of the establishment, the rectification of misleading information, the publication of the conviction, among others.
- (iv)** Fines for non-compliance: if the fine imposed or any of the ordered precautionary or corrective measures are not paid, additional sanctions may be imposed.

J. Property Law and Real Estate Investment

Peruvian law offers rules that guarantee the acquisition, transfer and protection of real estate. The specific measures adopted by the Government have a threefold effect. First, the protection of the right to acquire property is at the constitutional level, ensuring the free exercise of this right and enshrining it as inviolable.

Second, the Peruvian Constitution also establishes that foreigners (whether individuals or legal entities) have the same status as Peruvians with respect to the acquisition of property, with a specific exception set forth for national security reasons regarding land located within 50 km of the border zone. The prohibition of property owned by foreigners in the border area is not absolute, since due to public necessity and through a supreme decree such property can be authorized.

Third, several legal mechanisms have been developed to ensure the safety of transactions related to the acquisition, transfer, and use of property.

Private and Public Real Estate

Investors interested in acquiring property in Peru should first be aware of the distinction between private real estate and public real estate.

The transfer of private property is governed by ordinary rules regulated by the Civil Code. According to these rules, transactions between individuals enjoy a wide range of contractual options, even allowing the creation of new types of contracts called "atypical contracts", which are not stipulated in the current legislation. Within the regulated legal concepts are the real rights of property: surface rights, easements, ownership, and usufruct, among others. Formal ownership is also acquired through effective possession of an asset for ten years, which is known as acquisitive prescription.

Peruvian regulations also allow the parties to enter into preliminary agreements intended for the possible acquisition of real estate. This is the case of a commitment to execute an agreement, by means of which the parties agree to enter into a future contract; the party that refuses to execute the agreement may even have to pay a penalty. The option agreement is also available, in which one of the parties agrees to perform the sale within a stipulated term, with the other party having the power to decide whether or not to execute the agreement.

With the exception of donations and mortgages, which have certain formalities, agreements related to real estate may generally be executed by simple mutual consent. Practice and the need to protect property rights encourages the completion of the formalities that evidence the execution of an agreement, either by written evidence of the agreement, by formalizing the agreement in a public deed, or by recording it in the Public Registry. The practice and need to assert rights over property to third parties recommends, however, that the contract be covered with formalities that prove its existence, leaving a written record of its execution, formalizing it in a Public Deed, and registering it in the Public Registries.

With regard to private real estate, there is a special type of property that may only be transferred through special formalities. These properties are owned by native and peasant communities, in which case the sale of property is subject to the approval of the community. According to the resolution adopted at the respective community meeting, a person who has been expressly chosen to act on behalf of the community must execute the agreement.

Public real estate may be private property of the Government or belong to the public domain. In both cases, there is a very specialized regulation in place which stipulates a number of formalities that must be met for the use of said property by any individual. State-owned properties cannot be acquired by means of acquisitive prescription.

Urban and Rural Land

Another relevant distinction to be considered is the urban or rural nature of the land. This distinction applies to both state-owned properties and private real estate.

Urban properties are located within cities, housing commercial, industrial, residential, public services and other activities typical of urban areas. When urban land is intended to be acquired for a specific purpose, it is very important to first obtain the necessary certification from the corresponding local authority, i.e., either a "land development and building parameter" certificate or a "zoning and roads" certificate. These certificates, which are valid for three years, detail -among other information- the uses or activities allowed and the construction parameters to be respected. Notably, while the certificates are valid, the person who requested them may act according to the information contained in them, even though within the three-year period regulations may change, modifying the uses and parameters of the land.

Rural lands are located outside urban areas, being destined to extractive, agricultural, livestock, and peasant activities, among others. In most cases, it is possible to modify the designation of land from rural to urban, following fairly complex proceedings before the competent local governments.

Registry System

The National Administration of Public Registries (SUNARP) is the entity that administers the real estate registration system. It is through SUNARP that any person may obtain a property registry certificate (*Certificado Registral Inmobiliario* - CRI). This document enables the purchaser to verify the existence and the attributes/description of the property (land and construction), the identity of the owner, and to check whether the title is free from attachments, mortgages, or any encumbrances of a judicial or extrajudicial nature.

The effectiveness of the real estate registry system is guaranteed by legal order. All the information published and contained in the records is presumed known by all, without admitting evidence to the contrary. In principle, those who appear as owners in this system are duly entitled to sell the properties of which they are owners.

Expropriation

Property rights are well protected and enjoy guarantees for their defense but are not absolute. The Peruvian Constitution provides that a person may only be deprived of his/her property (expropriated) in case of national security or public necessity, declared as such by a law enacted by Congress, and prior payment in cash of an indemnity for the value of the property and profit loss. The owner can only discuss the value of the compensation in arbitration or before the Judiciary. Expropriation is always in favor of the Republic of Peru only.

Recently, the government has resorted to this mechanism frequently to acquire land and use it for infrastructure works, such as highways, ports, airports, mass transit systems, etc. The overall deficit in this area explains the use of expropriation.

K. Intellectual Property

Trademarks

Andean Community's Resolution No. 486 and Legislative Order No. 1075, amended by Legislative Orders No. 1309 and No. 1397, govern the protection of distinctive signs in Peru.

In Peru the right to the exclusive use of a trademark is acquired by registering it before INDECOPI Distinctive Sign Office.

Any sign or mark that can be subject to graphic representation to distinguish products or services in the market can be registered as a trademark.

If the registration application of a mark is filed in compliance with all formalities required by law and no oppositions are filed, the procedure will last between two and three months approximately. If oppositions are filed, the procedure – at first instance – would take four to six months approximately. The decisions made by INDECOPI Distinctive Sign Office can be appealed at the Distinctive Sign Commission if they involve non-contentious proceedings (registrations that are denied ex officio) or at INDECOPI Intellectual Property Court in case of contentious proceedings.

The registration will be in force for ten years from the date it is granted and may be renewed for successive periods of ten years.

The renewal of the registration of a trademark must be requested within six months before or after the expiration of the registration. Proof of use of the trademark is not required for renewal.

The registration of a trademark may be cancelled at the request of any interested person, if it has not been used in any of the member countries of the Andean Community (Bolivia, Colombia, Ecuador or Peru) during the three years prior to the filing date of the request for cancellation.

Commercial slogans, trade names, collective marks, certification marks and designations of origin are also considered distinctive signs subject to registration.

Trade names are the only distinctive signs that are protected by their actual use in the Peruvian market, with registration being merely declarative.

Assignments, amendments and other acts affecting registered rights must be registered with the Distinctive Sign Office to be enforceable against third parties. The use license agreements may be registered.

On the same way, by virtue of Legislative Order No. 1397, two new constitutive elements of Industrial Property were added: (i) geographical indications; and (ii) indications of traditional specialties guaranteed.

This regulation states that indications of traditional specialties guaranteed are intended to protect traditional recipes and production or processing methods corresponding to traditional practice applicable to a product or food. Thus, added value is given to traditional products trading, production or processing; as well as their characteristics may be informed to consumers.

Patents and Industrial Designs

Andean Community's Resolution No. 486 and Legislative Order No. 1075, amended by Legislative Orders No. 1309 and No. 1397, govern the protection of new creations in Peru.

Patents for inventions are granted, whether for products or procedures, in all fields of technology, provided that they are new, involve inventive steps, and are capable of industrial application. Uses and second uses cannot be patented. If the patent application is filed in compliance with all formalities required by law and no oppositions are filed, procedures will take approximately four years. If oppositions are filed, procedures will take about five to six years. The registration lasts 20 years from the date the application is filed.

The right to exclusive use of an invention and new technologies is acquired by obtaining a patent before INDECOPI Inventions and New Technologies Office, the national agency responsible for granting and protecting patents. It has technical, administrative and operational autonomy to exercise the duties entrusted to it, and issues first-instance rulings on contentious and non-contentious issues submitted to it, including infringement actions, either at the request of a party or ex officio. Its decisions can be appealed before Inventions Commission and New Technologies Office in case of non-contentious proceedings (patents that are denied ex officio), or at INDECOPI Specialized Administrative Intellectual Property Court in case of contentious proceedings. Annual fees must be paid in order for the patent to remain in effect, or where applicable, to continue with the patent application process.

Utility models, industrial designs and layout-designs of integrated circuits also can be protected. The registration of these creations is valid for a term of 10 years from the date the application is filed and cannot be renewed.

Transfers, amendments and other acts affecting patent rights must be registered with the Inventions and New Technologies Office to be enforceable against third parties.

Peru is a member of the Patent Cooperation Treaty (PCT) as of June 6, 2009. Additionally, Peru has executed agreements on Accelerated Patent Procedures with more than 20 countries including the Global PPH, to allow applicants for patents, with a positive patentability test or a registration grant patent in the countries parties to the agreements, to request the acceleration of their procedures in Peru, as long as certain requirements are complied with, such as that the claims of both applications are equivalent.

Copyrights

Andean Community's Resolution No. 351 and Legislative Order No. 822 (Copyright Law, amended by Legislative Orders No. 1076) govern copyright protection in Peru. Copyright protection applies to any original intellectual creation of an artistic, scientific or literary nature, which can be disclosed or reproduced in any form.

Registration is merely declarative. Solely by creating it, the author of the work has the original ownership of an exclusive right that is enforceable against third parties and includes moral and economic rights. The INDECOPi Copyright Office is the national administrative entity responsible for administrative monitoring and protection of copyrights and related rights in the first administrative instance. Meanwhile, the Intellectual Property Specialized Court of INDECOPi represents the second and the final administrative instances.

L. Insurance

Insurance, reinsurance, intermediaries and insurance auxiliary companies are required to be duly authorized to operate locally. Their activities are supervised by the Banking, Insurance and Private Pension Fund Administration Superintendence ("SBS" for its Spanish acronym) in accordance with Act No. 26702, Financial System and Insurance and Organic System of the Superintendence of Banking and Insurance General Law.

However, in terms of insurance agreements, the applicable regulation is primarily contained in Act No. 29946, Insurance Contract Law (LCS), in force on May 2013. The application of this law is imperative, except where indicated otherwise, and applies to all types of insurance, without exceptions, including insurance that covers large risks. Likewise, this law will be of supplementary application should there be mandatory insurance, regulated by special laws, such as the Complementary Occupational Risk Insurance.

An important aspect of the aforementioned law is its protectionist scope in favor of the insured, having included the interpretation of the terms of the insurance policy in favor of the insured as a fundamental principle of insurance agreements, in case of doubt. Additionally, it has set forth several rules whose main objective is the defense of the interests of the insured, such as, among others, the consent of loss, abusive clauses and forbidden clauses.

Complementary to provisions set forth in the Insurance Contract Law, the SBS periodically issues several regulations and resolutions applicable to companies under the insurance system in order to establish terms and conditions of their activity (such as risk management and corporate governance); as well as regulations being complied with by SBS to supervise such companies.

Among the most relevant regulations issued by the SBS is the Conduct Management Regulation of the Insurance System Market (approved by SBS Resolution No. 4143-2019) which is intended to regulate the policies to be adopted by insurance undertakings in order to conduct themselves properly in the market and, in addition, to protect the right of users to access information about products and services commercialized by insurance companies. It should be mentioned the Reinsurance and Coinsurance Contracting and Management Regulation (approved by SBS Resolution No. 4706-2017). It is applicable to insurance companies, reinsurance brokerage companies and foreign reinsurance company representatives. This regulation establishes the requirements for entering into reinsurance contracts, as well as a number of criteria to improve reinsurance contracting and supervision. It should be noted that in 2019, new rules were issued concerning the registration, supervision and control of insurance and reinsurance intermediaries, foreign reinsurance companies and cross-border insurance activities. Also, in 2023, the SBS approved the Regulation of Credit Insurance, Surety and Bonds (Resolution SBS No. 0332-2023) in order to strengthen the regulation of these products. This regulation established provisions for the risk management of such insurance, among others.

In addition, as a result of COVID-19, the SBS promoted the regulation of remote systems for the commercialization of mass insurance through SBS Resolution No. 277-2021, which facilitated the possibility for insurance companies, brokers and marketers to efficiently promote insurance offerings through non-face-to-face mechanisms.

Finally, it shall be noted that different regulations under the Peruvian legal framework impose to representatives of different economy sectors the obligation to purchase different types of insurance regarding the type of activity being carried out and the involving risks, such as mandatory insurance for traffic accidents, personal accident and civil liability insurance for aviation activities, among others.

M. Internet regulations / E-Commerce

The legal and regulatory framework for electronic transactions in Peru is broad and regulates various aspects including consumer protection, personal data protection, computer crimes, digital security, electronic signatures, digital payments, tax aspects on the sale of digital products and services, among others.

In general terms, the Civil Code regulates non-face-to-face contracting and recognizes the use of electronic and digital means as a valid way to manifest the will and perfect consent in any legal action.

The parties involved in an e-commerce relationship (consumers and suppliers) must respect the principles of good faith and transparency in their consumer relations. Suppliers must have terms and conditions in their digital channels that clearly specify the conditions for the acquisition of goods or services. Likewise, they must establish privacy and cookie policies that duly regulate the use of their users' data as provided by the Peruvian Personal Data Protection Law, enacted by Law No. 29733 (the "LPD"), and its regulations approved by Supreme Decree No. 003-2013-JUS. Also, they must have a virtual Complaints Book which must necessarily be hosted on the home page of their website.

In terms of consumer protection, there is no specific rule that regulates the situation of the consumer who contracts through digital channels, however, to fill this gap, the Code of Consumer Protection and Defense (hereinafter, the Code) is used, a rule that contains the minimum provisions for the protection of consumers. Likewise, the National Institute for the Defense of Competition and Protection of Intellectual Property (Indecopi) is in charge of resolving consumer claims against e-commerce suppliers. The rules of the Code apply to: (i) any "consumer relationship" that originates in Peruvian territory or produces effects in such territory (even if it originates elsewhere); and, (ii) transactions that do not involve payment of consideration but have a commercial purpose aimed at promoting consumption. It is worth mentioning that in the last few years several regulatory reform initiatives have been presented that seek to have a specific regulation for the protection of e-commerce consumers; however, they are still under review before Congress.

The use of electronic signatures is expressly regulated by Law No. 27269, Law on Digital Signatures and Certificates (Law of Signatures), and its Regulations, which recognize three types of electronic signatures (simple electronic signature, advanced electronic signature and digital signature). These rules establish that the digital signature has the same validity and legal effectiveness as the use of a handwritten signature, as long as it has been generated by a duly accredited digital certification service provider within the Official Electronic Signature Infrastructure (IOFE). On the other hand, although "simple or advanced electronic signatures" do not provide the same legal protection (in terms of identification of the signer and non-repudiation of the document subscribed) as a digital signature or a handwritten signature, it is valid to use such electronic signatures as a valid expression of will, provided that no specific legal or contractual provision is violated.

The burden of proof will depend on each type of electronic signature:

- a)** In the event of a dispute over the authorship of the simple or advanced electronic signature, the burden of proof falls on the person who invokes it as authentic.
- b)** In the event of a dispute regarding the use of a qualified electronic or digital signature, the burden of proof is reversed and, consequently, whoever denies authorship must demonstrate that the signature is apocryphal.

On the other hand, in recent years, several issues related to the Internet have been regulated, such as electronic money, digital wallets, anti-spam regulations, domain name registration, e-government, computer crimes, liability of digital platforms of collaborative economy, online gambling, payment gateways and payment systems through QR Code, etc.

Regarding the regulation applicable to digital wallets, to date it is not required to obtain a license to offer such services. However, if the digital wallet is linked to bank accounts, to electronic money accounts operated by Electronic Money Issuing Companies ("EEDs"), or to debit, credit or prepaid cards, or if it facilitates transfers by scanning a QR code, it will be necessary to comply with certain requirements and/or registrations.

On the other hand, with respect to the progress that has been made in online payments in Peru, two regulations issued by the Central Reserve Bank of Peru (BCRP) are worth mentioning: (i) Circular 0027-2022-BCRP, which regulates key aspects of the participants in a card payment agreement; and, (ii) the Payment Services Interoperability Regulation, whose purpose is to establish the conditions for the different payment service providers to interconnect and process transactions efficiently, benefiting users with greater coverage and options when making digital payments.

Likewise, with respect to the regulations applicable to online gambling, Supreme Decree No. 005-2023 approved the Regulation of Law No. 31557, "Law that regulates online games and online sports betting", which was subsequently amended by Law No. 31806. This law establishes the regulation of online sports betting activities in Peru. Among its main provisions is that the operators of technological platforms that exploit remote games or offer online betting must have an authorization or license granted by the competent authority in order to operate. Likewise, other components and related suppliers, such as payment gateways, integrated systems, game programs, among others, must undergo a process of approval, registration and in some cases of approval. This regulation establishes that the owners of the technological platforms of online gambling houses must pay a special tax of 12% on the net profits obtained.

Finally, for tax purposes, commercial transactions carried out through the Internet are regulated as "digital services", which, depending on how they have been carried out, are subject to Income Tax.

N. Financing Issues / Payments

The execution of financing agreements with foreign financial entities is not subject to any restrictions, nor does it require prior authorization from, or registration with, the Central Bank of Peru, the Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS) or any other similar entity. Payment of debt abroad under such agreements is equally free of authorizations or restrictions without prejudice to the applicable Income Tax deductions, on any interest paid, to be made.

Financial leases may only be carried out by financial leasing companies. If such companies have either of the two characteristics set forth in the applicable regulation, they must be domiciled in Peru and be duly authorized by the SBS to carry out their operations. Companies engaged in financial leasing operations that do not have any of these characteristics will be considered as financial leasing companies outside the scope of the Banking Law, and must only register with the SBS to carry out their operations.

O. Securities Regulations

Securities transactions are mainly regulated by the Securities Market Law (SML). This law applies to securities that qualify as transferable securities, that is, that are issued in bulk, that are freely negotiable and that grant their holders credit rights, participation rights or similar rights of an economic nature. Transferable securities may be offered publicly or privately.

Security Offerings

All securities that are offered publicly, except for the exceptions expressly provided for in the law, must be previously registered in the Public Registry of the Securities Market (RPMV) administered by the SMV (Securities Market Superintendence), as well as comply with certain other requirements. Among the current exceptions to the aforementioned rule are securities offerings made by the State and securities offerings registered or authorized in the countries of the Pacific Alliance (comprised of Peru, Chile, Colombia and Mexico) and/or the Latin American Integrated Market - MILA (comprised of stock exchanges and securities depository or registry entities of those countries, as mentioned below). Also exempted are securities offered in the framework of the FPF (Financial Participatory Financing), which is subject to the special rules governing this type of activities, referred to in section L. above.

In order to carry out a public offering of securities, the LMV, as well as its regulatory rules issued by the SMV, establishes certain standards, such as transparency and timely disclosure of relevant information to potential investors. All information disclosed to the market for such purposes must be disclosed through the channels provided in the rules for such dissemination and be submitted to the RPMV, and the information disclosed must be true, clear, sufficient and timely. The information submitted to the RPMV is freely accessible, unless it is declared confidential under certain circumstances provided for in the legislation.

On the other hand, Peruvian law establishes that any advertising or notice on financial assets under the competence of the SBS or the SMV, which is made with the purpose of obtaining money from the public, in exchange for a return or a right of an economic nature, and which is made in Peruvian territory using mass media, including virtual media, such as social networks or the internet, may only be made by subjects authorized or supervised by the SMV or the SBS.

Public offerings

The rules governing the securities market mainly cover the following types of public offerings: (i) the public offerings for the primary placement or sale of securities, (ii) the tender offer - OPA, (iii) the public offerings for the purchase of securities by exclusion from the RPMV - OPC; and, (iv) international offerings. To the offers proposing to exchange securities for other securities, or for securities and other assets, called exchange offers, the rules foreseen for the offers indicated in (i), (ii) or (iv), as appropriate.

Our legislation defines a public offering of securities as any offer that is directed to the general public or to a determined segment of non-institutional investors for the sale or placement of securities. Any offer is presumed public if it is addressed to over 100 different prospective investors who qualify as "institutional investors".

For the registration in the RPMV of securities subject to a public offering, as a general rule, an informative prospectus must be filed with the SMV containing all the information considered relevant for investors about the issuer, the offering and the security; the annual audited financial statements for the last two periods (or for the time of incorporation of the issuer) and the last available quarterly financial statements, the annual report for the last two years (or for the time of incorporation of the issuer), as well as some other documents and information described in the applicable regulations, depending on the type of public offering in question.

Primary public offering or sale of transferable securities

The primary public offering of securities can be made through individual issues or emission programmes. The latter allow the realization of one or more broadcasts during the term of program registration that is maximum six years. In the case of registering a programme, the issuer is obliged to update the framework information leaflet submitted for the registration of the programme on the third anniversary of that registration. In any case, the placement of the securities is done in merit to the registration of the corresponding issue and can be carried out within three years from the date of registration of the respective issue, and, if the issue corresponds to a program, as long as it remains in force.

Peruvian law provides simplified registration mechanisms and lesser information disclosure requirements for (i) offering made by small and medium-sized issuers, (ii) offerings of securities in certain multilateral institutions and (iii) offerings exclusively launched to institutional investors. In the latter case, in the case of securities offerings that are registered with the United States Securities and Exchange Commission or are made under Rule 144A or Regulation S, a special recognition regime has been established with automatic registration and no reporting obligations for issuers.

Tender Offer (OPA)

If a person or company intends to directly or indirectly acquire or increase a significant equity stake (defined as any acquisition of shares with voting rights equal to or over 25%, 50% or 60% of the capital stock subscribed and paid up represented by shares with voting rights, the acquisition by any means of voting right capacity equal to 25% of the voting capital, or the ability to elect the majority of the issuer's Board of Directors or amend the issuer's bylaws) in a company whose shares are listed on the Peruvian Stock Exchange, said acquisition requires the launching of a tender offer, except as otherwise indicated.

If the acquisition of a significant equity stake is carried out (i) in no more than four transactions over a three-year period (ii) indirectly, or (iii) as a result of a public offer to sell; the OPA shall be launched within a specified period after the acquisition of said equity stake (subsequent tender offer - OPA) by a share percentage pursuant by law. The minimum value to pay in the OPA will be set by the valorization entity appointed by SMV unless securities comply with the level of liquidity set out in the rule, in which case the minimum value shall be determined on the basis of the transaction carried out on the market in the last three months. The offering must be addressed to shareholders with voting rights and securities that give its holders the right to acquire said shares within a specified period, which did not participate in the previous acquisition.

In other cases, the OPA should be the mechanism for acquiring a significant shareholding (Previous tender offer – OPA).

Tender offer for securities by exclusion from the RPMV - OPC

The request to exclude securities from the RPMV or from a Peruvian Stock Exchange, or the execution of a transaction with similar effects (for example, a spin-off in which investors end up owning unregistered securities), entails the obligation to make a public tender offer (OPC) prior to the exclusion, unless an exception applies.

The OPC must be addressed to all holders of securities that did not participate in the exclusion decision or the approval of the transaction with similar effects, at a minimum price set by a valorization entity which is designated by the SMV.

Investments in Securities by Local Institutional Investors

The acquisition of transferable securities and other local or foreign financial instruments by local institutional investors is subject to their own regulations, which specify the characteristics that such transferable securities or instruments must have in order to be eligible for investment by such investors. For example, in the case of investments of pension funds or insurance companies, the rules approved by the SBS must be followed. On the other hand, in the case of investments of a mutual fund or local investment fund, the rules established by the SMV must be followed.

Lima Stock Exchange

The Lima Stock Exchange (BVL) is currently the only stock exchange in Peru. The BVL has mechanisms for the regular listing of shares and other local and foreign securities. In the case of securities considered as "foreign securities" (for example, those issued abroad by local or foreign issuers), the BVL has implemented simplified listing mechanisms (fast track) that apply to securities that are already listed in certain other markets (dual listing).

Additionally, the BVL has a trading segment in which certain securities registered in the RPMV can be traded for an exclusive offer to Institutional Investors. In the case of offerings of "foreign securities" registered with the U.S. Securities and Exchange Commission - SEC, in which such securities are admitted to trading in a market under SEC supervision, registration in the RPMV and the BVL will be automatic.

The BVL has also implemented a special segment for the listing of junior mining companies, which includes a simplified listing mechanism (fast track) when the securities are previously registered in certain foreign markets specialized in the trading of securities issued by such companies.

In addition, the BVL, together with the Santiago Stock Exchange, the Colombian Stock Exchange, the Mexican Stock Exchange and the corresponding securities depository or registry entities, is part of the Latin American Integrated Market (MILA), in order to facilitate the trading of securities listed on these exchanges among investors in their respective countries. Through MILA, investors can acquire and sell securities in any of these markets through an intermediary in their country of origin.

According to the Early Agenda 2024 of the SMV, said Institution is committed to: (i) strengthen the prevention of money laundering and terrorist financing in the securities market, based on the GAFILAT recommendations contained in the 2018 Mutual Evaluation Report; (ii) evaluate the operational and legal feasibility of allowing intermediaries participating in the Santiago Stock Exchange and the Colombian Stock Exchange to carry out operations from their jurisdictions with securities registered in the Lima Stock Exchange, without the need for such intermediaries to obtain an organization and operation authorization from the SMV; and (iii) to create conditions that make regional integration processes of Stock Exchanges viable, including the intervention of the Securities Clearing and Settlement Chambers, in addition to the modification of other provisions, under adequate standards of investor protection and within the framework of the powers of the SMV.

The BVL, the Santiago Stock Exchange and the Colombian Stock Exchange are currently in the process of creating a single stock market through the eventual integration of their infrastructures and services, and their shareholders and the stock exchanges themselves have signed various agreements to achieve this goal. In November 2023, control of the aforementioned stock exchanges was transferred to a single company, which is expected to accelerate the integration process with a view to the creation of a single regional market. The commercial name adopted by this company for the promotion of this market is NUAM Exchange.

Stock Exchange Intermediaries

Stock exchange intermediaries (broker-dealers) are in charge of all transactions carried out on the BVL. In order to carry out their activities, these entities are required to obtain a license from the SMV and are subject to its control and supervision.

For operations within the MILA, local intermediaries can carry out operations in other stock exchanges through the platforms of the respective foreign exchange intermediaries.

Other mechanisms have also been implemented to allow investors direct access to the market to carry out stock exchange transactions through their intermediaries' systems.

Securities Clearing and Settlement Institutions – CAVALI

CAVALI is the entity in charge of clearing and settling all transactions undertaken on the Lima Stock Exchange, as well as the registry of ownership or encumbrance of security and other financial instruments, for which it has previously obtained a license from the SMV to act as a securities clearing and settlement institution, being subject to the control and supervision of the latter governmental entity.

For purposes of negotiations under the MILA, CAVALI has executed agreements with the relevant clearing and settlement institutions in the MILA countries.

CAVALI has also entered into agreements with other clearing and settlement institutions from other countries for the purpose of trading securities simultaneously at the BVL and other markets (dual listing).

Taxes

Capital gains from the sale of securities by non-domiciled entities are taxed at a preferential rate of 5% for income tax purposes, provided that the securities are traded on the BVL. Otherwise, the applicable rate will be 30%.

P. Guarantees

There are no restrictions for security interests being held by foreign individuals or entities in Peru. The most commonly used types of guarantees under Peruvian law are mortgages and pledges (*security interest*).

Mortgage

Real estate may be mortgaged.

In order to create a security under a mortgage the following essential requirements must be met:

- Expressed consent of the owner or his representative duly authorized.
- Secure compliance of a specified or determinable obligation.
- Secured amount must be fixed or determinable.
- It should be given under a Notarially Recorded Instrument, pursuant law otherwise.
- Registration of the Notarially Recorded Instrument containing the mortgage agreement in the Registry of Real Estate Property.

Once the mortgage is registered in the abovementioned registry, it is considered legally valid and effective. Mortgage foreclosure is normally executed through court proceedings.

Security Interest

A security interest attaches any personal property provided by Peruvian law. For its validation, it should be in written. Security interest may comply with required formalities; and to be enforceable as to third parties applicable disclosure mechanisms is required (generally, registration in the pertinent Public Registry Division).

Enforcement of the security interest can be made with no need of courts, except as provided otherwise in security agreement.

Q. Litigation / Dispute Resolution Systems

Peruvian law allows the resolution of disputes either through the Judiciary or through arbitration courts. Foreigners are subject to the same rights and legal guaranties that apply to nationals. Due process and effective jurisdictional protection are recognized as constitutional rights.

Judicial System

The Peruvian judicial system is composed of different types of courts that are specialized in different areas of law and have a determined jurisdiction defined by matters of law, location, amounts involved in the dispute and the specialty, among other factors. Civil courts are in charge of civil, commercial and constitutional disputes, and challenges to administrative decisions, while criminal courts deal with any matter that is considered a crime in accordance with the Criminal Code or other applicable laws. Peru has a Civil Law System, unlike Common Law. However, in some cases, case law may constitute a source of law when a judicial precedent (in civil matters), a binding precedent (in constitutional matters) or a binding jurisprudential doctrine (in criminal matters) is established.

Proceedings related to civil and commercial matters are duly contained in the Code of Civil Procedure, while criminal proceedings are regulated in the Code of Criminal Procedure. This progressively replaced the Code of Criminal Procedure, which remains in force only and exclusively for certain proceedings that were initiated under it. On the other hand, constitutional proceedings are governed by the Code of Constitutional Procedure, while the review of administrative decisions is governed by the Law of Contentious Administrative Proceedings. Labor proceedings are handled under the rules of the Labor Procedure Law.

The Judiciary is organized into 35 judicial districts around the country. First instance is made up of single-judge courts, depending on the specialty. In each judicial district, the Superior Chambers are composed of three members and act as a second instance. However, there are specific proceedings for constitutional, criminal and civil matters in which the Superior Chambers acts as the court of first instance. In those proceedings, the Supreme Court acts as the court of appeals. The Supreme Court is the highest judicial level and usually reviews cases on matters of objective law. The Chambers of the Supreme Court consist of five members.

In the case of protection of constitutional rights such as life, health, non-discrimination, employment, due process, property, assembly, secrecy of communications and private documents, bank secrecy, among others, the final review of the complaint corresponds to the Constitutional Court which is an autonomous body and is not part of the Judiciary.

Jurisdiction of Courts

There are three main categories to determine the organization of the judiciary system: territory, specialty and hierarchy. Jurisdiction is determined by law. However, in some cases, the parties may agree to submit their disputes to a law and jurisdiction other than Peruvian law.

Enforcement of Foreign Judgments

Peruvian law recognizes foreign judgments, enforcing them with the same effects given to Peruvian judgments. For said purpose, foreign judgments need to be recognized through a judicial procedure (exequatur).

Recognition and enforcement of foreign judgments is subject to satisfaction of the following requirements: (i) the judgment to be enforced does not resolve matters under the exclusive jurisdiction of Peruvian courts; (ii) the court issuing the judgment had jurisdiction under its own conflict of laws rules and under international rules on jurisdiction; (iii) the defendant was served with process in accordance with the law of the place where the court sits, was granted a reasonable opportunity to appear before said foreign courts, and was guaranteed due process rights; (iv) the judgment has the status of *res judicata* in the jurisdiction of the court issuing it; (v) there is no pending litigation in the Republic of Peru between the same parties for the same dispute, that was initiated before the commencement of the proceeding that concluded with the foreign judgment; (vi) the judgment is not incompatible with another enforceable judgment in Peru, unless the foreign judgment was issued first; (vii) the judgment is not contrary to generally accepted moral standards or public policy of the Republic of Peru; and (viii) if there is a treaty between the Republic of Peru and the country in which said judgment was issued, the provisions of said treaty will apply.

In the absence of a treaty between Peru and the foreign country, the rules of reciprocity (which are presumed) will apply, under which a judgment issued by a competent foreign court will be admissible in the Peruvian courts and will be enforceable thereby, except if according to said foreign law: (a) judgments issued by Peruvian courts are not admissible in said foreign country, or (b) judgments issued by Peruvian courts are subject to re-examination by said competent court of the issues addressed therein.

Arbitration

Disputes on matters not subject to mandatory jurisdiction may be submitted to arbitration, provided that the parties have so agreed.

When arbitration takes place, any matters not expressly provided for by the parties will be ruled by the Arbitration Law, which contains provisions regulating both domestic and international arbitration carried out in Peru.

Foreign arbitral awards will be recognized and enforced in Peru, in accordance with the following instruments, even if they are based on a foreign law:

- Convention of Reconnaissance and Execution of Arbitral Decisions, approved in New York on June 10, 1958; or
- Inter-American Convention on International Commercial Arbitration, approved in Panama on January 30, 1975.

In addition to the previous mentioned conventions, Peru has upheld several multilateral instruments, standing out the ICSID Convention and the Montevideo Convention.

Peru has also entered into bilateral treaties regarding the recognition of foreign awards.

VI. WINDING UP / RESTRUCTURING A BUSINESS

A. Dissolution / Liquidation

The LGS Law sets forth the grounds and procedures for dissolution and liquidation of corporations and companies in general. However, certain entities, such as financial entities, must apply specific liquidation regimes, based on their particular activity.

Dissolution

The dissolution of a corporation under the LGS may be decided voluntarily by its shareholders at a general meeting.

The shareholders can freely decide the voluntary dissolution of a corporation under the LGS, the agreement taken by the general meeting of shareholders being sufficient for this purpose, without any legal or statutory cause.

However, a corporation will be obliged to dissolve if any of the causes laid down in article 407 of the LGS is established.

The board of directors or, failing this, a shareholder, partner or manager shall convene a general meeting of shareholders within a maximum period of thirty days in order to take the dissolution agreement or appropriate measures to overcome the cause of dissolution.

Notwithstanding the foregoing, the shareholders may freely decide on the voluntary dissolution of a corporation under the LGS, the agreement taken by the general meeting of shareholders is sufficient without any statutory legal cause.

Finally, it is worth noting that although corporations are run by the shareholders and its governing bodies, the Peruvian Government may compel the company to continue its activities due to reasons of national security or public necessity, even if the dissolution has been agreed.

Liquidation

The liquidation process is initiated as an immediate consequence of the decision to dissolve the company, which maintains its corporate existence until the liquidation process is completed and the extinction is recorded in the Public Registry.

The liquidation process is conducted by one or more liquidators, individuals or legal entities, designated by the shareholders' meeting.

Liquidators must keep the shareholders informed regarding the financial situation statements of the company and on the development of the liquidation process. It's important to notice that the remaining assets cannot be distribute between shareholders before corporate creditors are completely paid off.

Once the remaining social assets (if any) have been distributed, the liquidators will request the extinction of the company before the Public Registry. Once the extinction is declared, if there are pending debts to creditors, they will be able to assert their credits against the shareholders, but only up to the amount of the remaining assets distributed thereto in the liquidation process.

B. Insolvency / Bankruptcy / Restructuring

All insolvency, bankruptcy and restructuring processes involving companies or individuals who are Peruvian residents and perform business activities are regulated by the General Bankruptcy Law and complementary regulation. Banks, insurance companies, private administrators of pension funds, autonomous estates and government bodies (ministries, tax authorities, local governments as municipalities and other similar) are not subject to this law.

The National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOPI), through its Bankruptcy Procedures Commission, is the government administrative agency with exclusive and mandatory competence over insolvency or bankruptcy matters.

The General Insolvency Law establishes two types of procedures: (i) preventive bankruptcy procedure and (ii) ordinary bankruptcy procedure.

The preemptive bankruptcy proceeding shall only be initiated at the request of the debtor when its accumulated losses, after deduction of the reserves, are less than one third of the paid-in capital stock and do not have more than one third of its obligations due and unpaid for a longer period to 30 days. Through this procedure and with the approval of the creditors' meeting of the Global Refinancing Agreement, the debtor can obtain a rescheduling of their debts, lower interest rates and other financial benefits.

The ordinary bankruptcy proceeding may be filed by the debtor (voluntary petition) when it has losses in excess of one-third of its paid-in capital, or past due obligations in excess of one-third of the debtor's total liabilities for a period longer than 30 days. Bankruptcy can also be initiated by creditors (involuntary petition) when their credits exceed 50 tax units (UIT) and are past due for more than 30 days. The ordinary bankruptcy proceeding seeks to create an orderly scenario to allow creditors to decide (by majorities established by law) whether to restructure or liquidate the estate's debtor.

The creditors' meeting is formed by all creditors who hold claims against the bankrupt debtor, which are duly recognized by INDECOPI. In the ordinary bankruptcy proceedings (the one of more general use) the creditors' meeting decides about the debtor's destiny, whether opting for its restructuring or its liquidation, depending on the viability or not of the business in crisis.

Unlike other legal frameworks for bankruptcy, in Peru there is no intervention or approval by a court, jurisdictional authority or by INDECOPI with respect to the economic or financial soundness, reasonability or feasibility of the restructuring or liquidation agreements, or of the creditors' meetings decisions in general, and therefore, the Peruvian insolvency system is highly "privatized" at its core. INDECOPI only fulfills a role of supervision and control of legality (requirements and approval of majorities, mandatory regulation, compliance with bankruptcy regulation, non-existence of abuse of rights, etc.).

The creditors' meeting's agreements and decisions can only be challenged by the debtor or by creditors representing at least 10% of the total credits recognized by INDECOPI Bankruptcy Procedures Commission, based on the non-observance of the provisions contained in the legal system, breach of legal formalities, or in case of abuse of law.

In a liquidation scenario, payment of allowed credits will have the following order of precedence:

- First: Salaries and labor benefits owed to workers, as well as contributions to pension funds (public and private) and required debt to ESSALUD-Social Security of Health.
- Second: Alimony credits (only applicable for bankruptcy of individuals).
- Third: Credits secured by mortgages, guarantees involving movable assets (pledges), warrants or precautionary measures against the debtor's assets, provided that said guarantees or liens were duly registered and the precautionary measures were attached before the commencement of the bankruptcy process.
- Fourth: Tax debts including taxes, fees, rates, contributions, interests and fines.
- Fifth: All remaining unsecured credits that were not considered above.

If liquidation within a bankruptcy proceeding ends with the liquidation of the entire debtor's estate and credits remain unpaid, then the debtor will subsequently be declared bankrupt at the liquidator's request before the competent courts.

An aerial photograph showing a coastal park with winding paths, green lawns, and a playground. The park is situated between a city with buildings and roads on the left and a beach with waves on the right. A multi-lane highway runs along the coastline below the park.

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