



PERÚ – 2009 BUSINESS ENVIRONMENT

Currency: Nuevo Sol (PEN). Peru also uses the "tax unit", a figure set annually by the tax authorities to determine applicable rates and deductions, among other uses.

Foreign exchange control: No restrictions are imposed on the import or export of capital. Funds may be repatriated in any currency, and both residents and nonresidents can hold bank accounts in any currency.

Accounting principles/financial statements: IAS/IFRS. Financial statements must be prepared annually.

Principal business entities: These are the corporation, closed corporation, public corporation, limited liability company and branch of a foreign company.

TAX ID NUMBER

RUC: Registro unico de contribuyente - Registry of Taxpayers (RUC).

Unique registry of Contribuyentes (RUC) is the computer science registry in charge of the SUNAT - National supervision of tributary Administration - (Superintendencia Nacional de Administracion tributaria) that contains the data of identification and the tributary obligations of the contributors of the administered tributes and/or collected by the SUNAT, of the tie information to its economic activities, as well as the information of its people in charge.

Who must register in the RUC?

All the natural or legal people, undivided successions, collective societies in fact or other beings, nationals or foreigners, domiciled or not in the country, that they are contributors and/or people in charge of administered tributes and/or collected by SUNAT.

Also, they will have to register in the Registry, the subjects that under protection of ask for the return of IGV or IPM the arranged thing by modifying the Legislative Decree N° 783 and, the subjects that take refuge in Special Customs the Customs Regimes or anticipated Destino or of Exception in the General Law of Customs; and those that by the acts or operations that are made the SUNAT considers their incorporation to the registry necessary.

In order to register in the RUC, the contributor must previously know the rent that generates, the tributary regime and/or the tribute that corresponds to him like retaining agent.

Most foreign-owned firms are organised as corporations (sociedades anonimas, or SAs). Foreigners can also opt for a limited-liability company (sociedad comercial de responsabilidad limitada, or SRL), unlimited partnership (sociedad colectiva), branch office (sucursal) or a sole proprietorship.

Establishing a branch is relatively straightforward, but locally incorporated companies enjoy certain tax advantages over branches. Both business forms are subject to the same employee profit-sharing rules.

Example:

RUC number: 20 10160545 1

Structure: The RUC, it is the number of eleven (11) digits that identifies to the contributor before the SUNAT, as soon as to this its inscription is confirmed to him, in this registry. It is of obligatory use for any management that is made before the Tributary Administration and other dependencies of the Public Administration that the SUNAT establishes. This number has permanent character and is of exclusive use of its holder.

RUC number has 11 digits; it has no letters nor special characters.

20: (two first numbers) they indicate the type of contributor 20 legal person and 10 natural person.



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10160545: number generated at random at the time of the inscription (legal people), in the case of natural people it is the number of DNI or document of national identification.

1: (complete digit) I number of verification. It indicates the turn of payment of tributes according to a cronogram established by regulating organ SUNAT.

The RUC number is unique.

Corporate taxation:

Residence – An entity is considered domiciled for tax purposes if it is incorporated in Peru.

Basis – Domiciled corporations are taxed on worldwide income. Non-domiciled corporations and branches of foreign entities are taxed only on Peruvian-source income. Foreign-source income derived by residents is subject to corporation tax in the same way as Peruvian-source income, but it is calculated separately. Branches are taxed at the corporation tax rate, plus a remittance tax. Subsidiaries are taxed at the normal corporation tax rate.

Taxable income – Taxable income is comprised of all profits derived by a company, including capital gains. Normal business expenses may be deducted in computing taxable income.

Taxation of dividends – Dividend distributions between resident entities are not taxed. Foreign dividends received by a Peruvian entity are included in taxable income and subject to the normal corporate tax rate, but with a tax credit for foreign tax paid on the dividends. Dividends and other profit distributions, as well as a branch remittance of net profits abroad, are subject to a 4.1% withholding tax when paid to resident and nonresident individuals and nonresident entities.

Capital gains – Capital gains are generally included as income and taxed at the normal corporate rate.

Losses – A taxpayer has the option to carry forward all

net operating losses for 4 years or carry the losses forward indefinitely, but only up to 50% of the taxpayer's taxable income of each subsequent year. Loss carryback is not permitted.

Rate – 30%

Surtax – No

Alternative minimum tax – No

Foreign tax credit – A tax credit is available for income tax paid on foreign-source income equal to the actual foreign tax paid or the Peruvian tax liability on the income, whichever is less. Excess credits may not be carried forward.

Participation exemption – No

Holding company regime – No

Incentives – Investors in large mining and oil or gas operations may conclude tax law stability agreements with the government for periods of 10 to 15 years.

Withholding tax:

Dividends – Dividends paid to nonresident entities (companies) and to resident and nonresident individuals are subject to a 4.1% withholding tax.

Interest – Interest payments to a nonresident related party that satisfies certain requirements are subject to a 4.99% withholding tax; otherwise, the rate is 30%.

Royalties – Royalties paid by a Peruvian resident are considered Peruvian-source income and, consequently, subject to a 30% withholding tax.

Branch remittance tax – The remittance of net profits abroad is subject to a 4.1% withholding tax. Branches of foreign companies are subject to the 30% standard rate of corporate income tax, plus the 4.1% tax on the remittance.

Other taxes on corporations:



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Capital duty – No

Payroll tax – No

Real property tax – The municipal authorities levy real estate property tax at progressive tax rates of 0.2%, 0.6% and 1%, depending on the value of the property. The tax is a deductible expense for income tax purposes.

Social security – An employer pays a 9% social security contribution for its employees.

Stamp duty – No.

Transfer tax – The transfer of buildings (real estate property) are subject to a 3% transfer tax, with the first 10 tax units being exempt.

Other – A Temporary Net Assets Tax (TNAT) is imposed on the value of total assets exceeding PEN 1 million at a rate of 0.4%. A “Financial Transactions Tax” of 0.06% is imposed primarily on debit and credit transactions with Peruvian bank accounts.

Anti-avoidance rules:

Transfer pricing – Transactions between related parties or between a Peruvian person and an entity in a tax haven jurisdiction must be carried out at arm's length prices. If the price agreed upon is not arm's length, the tax authorities may adjust the price. Jurisdictions that are deemed to be tax havens are set out in a list issued by the tax authorities. Transfer pricing documentation is required.

Thin capitalisation – Interest paid by resident taxpayers to economically related or associated enterprises may not be deducted if a debt-to-equity ratio of 3:1 is exceeded. However, the interest is not recharacterised as a dividend.

Controlled foreign companies – No

Other – A transaction that exceeds USD 1,500 must be paid via check or other means of verifiable payment.

Disclosure requirements – No, other than transfer pricing documentation.

Administration and compliance:

Tax year – Calendar year

Consolidated returns – No

Filing requirements – Companies are required to make 9 monthly advance payments of income tax based on a percentage of net assets (TNAT) and 12 payments on account based on monthly taxable income. An annual self-assessment tax return must be filed, and final tax must be paid by the first week in April following the end of the tax year.

Penalties – Penalties apply for late filing or failure to file.

Rulings – No

Value added tax:

Taxable transactions – VAT is levied on the sale of goods, the provision and use of services, the first sale of real estate by a contractor and imports.

Rates – 19%

Registration – Taxpayers are required to keep accounting books (such as purchase and sales books).

Filing and payment – VAT returns must be filed on a monthly basis.

Source of tax law: Income Tax Law and VAT Law

Tax treaties: Peru has 2 bilateral agreements and an agreement with the Andean Community (Colombia, Ecuador and Bolivia).

Tax authorities: Tax Administration (SUNAT), Tax Court (Tribunal Fiscal)

International organisations: Andean Community,



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APEC

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