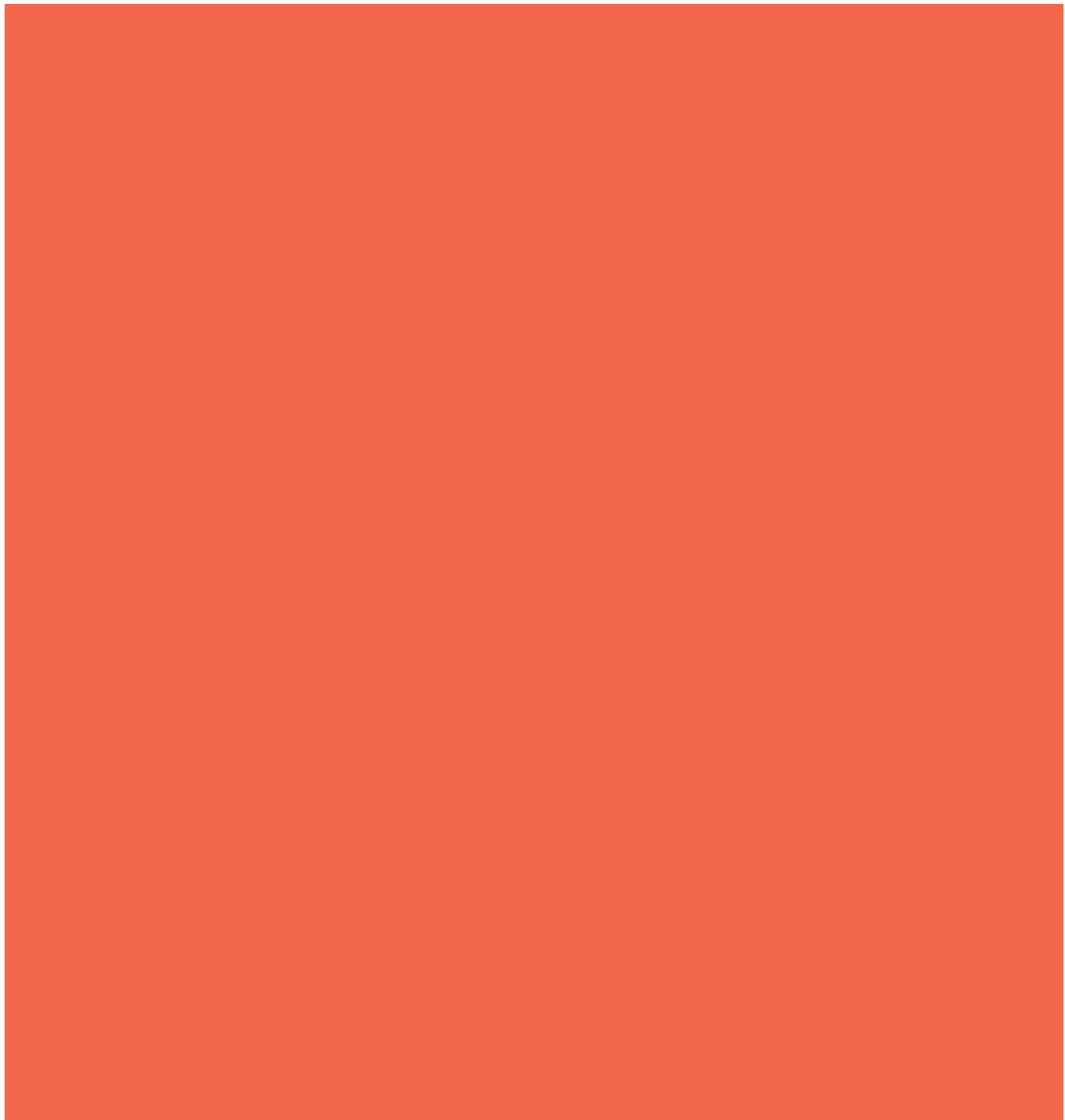


A woman wearing a traditional Peruvian hat and a red jacket with colorful embroidery is sitting on the grass, weaving a colorful striped fabric on a loom. The background shows a stone wall and green grass.

# Doing Business in Peru



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# An overview of the country

# Geographical and demographical background

## History

Primitive communities populated the Andean territories around fifteen thousand years ago. Caral (circa six thousand years old) is the first known ceremonial city in the American Continent. Several great civilizations developed, such as Chavin, Paracas, Mochica, Nazca, Wari, and Chimu, over the centuries and the last was the Inca Empire (In the 15<sup>th</sup> century). The Incas emerged as a powerful state which, in the span of a century, formed the largest empire in pre-Columbian America. They were conquered by the Spanish in 1532. After nearly three centuries of Spanish colonial rule Peru became an independent republic (1821).



## Surface area

With an area of 1,285,215 square km (496,222 sq mi), Peru is the third-largest country in South America after Brazil and Argentina, ranking it amongst the world's 20 largest nations.

Peru also holds sway over the sea up to 200 miles from the Peruvian coast and has territorial rights to an area of 60 million hectares in the Antarctic. Peru is divided into 25 regions. Lima is the capital of Peru.

Peru is divided into three major regions. Its geography varies from the arid plains of the Pacific coast to the peaks of the Andes mountains and the tropical forests of the Amazon Basin. Also has the largest macroclimatic areas in the world, an extraordinary variety of eco-systems shelters and is one of the widest diversity of animals and plants in the globe.

The climate varies by mayor region:

- Coast: Humidity produces a sensation of cold, although temperatures rarely dip below 12°C.

- Mountainous Region: Dry and pleasant climate in the highlands. The temperatures commonly range around 24°C at midday before plunging to -3°C.
- Jungle: features high humidity all year long and temperatures about 25°C in winter and 35°C in summertime.

The 2007 census shows 28,220,764 million inhabitants. Peru is the fourth most populous country in South America. As of 2005, 72.6% lived in urban areas and 27.4% in rural areas. Major cities include Lima, Arequipa, Trujillo, Chiclayo, Piura, Iquitos, Chimbote, Cusco, and Huancayo.

Peru is a multiethnic and multilingual nation formed by the combination of different groups over five centuries. The indigenous population was joined 500 years ago by the Spaniards. As a result of this encounter the population was enriched later by the migration of Africans, Asians and Europeans. The merging of races and cultures has produces one of the richest ethnic mix and one of its mains assets.

The main spoken language is Spanish, although a significant number of Peruvians speak Quechua (legacy of the Inca Empire) or other native languages, as Aymara. This mixture of cultural traditions has resulted in a wide diversity of expressions in fields such as art, cuisine, literature, and music.

It is a developing country with a medium Human Development Index score and a poverty level around 40%. Literacy was estimated at 88.9% in 2005; this rate is lower in rural areas (76.1%) than in urban areas (94.8%). Primary and secondary education are compulsory and free in public schools.

Prices are now average in relation to some other South American countries and the United States; a house with garden may rent for US\$ 2,000 per month. There is a Chinese School in Lima "C.E.P. Peruano Chino Juan XXIII" ([www.juan23.edu.pe](http://www.juan23.edu.pe)).

## Mineral and energy resources

Peru is 1<sup>st</sup> producer of gold, silver, zinc, tin, and lead in Latin America and 2<sup>nd</sup> producer of copper and molybdenum. Almost all the large transnational mining companies operate in Peru.

Electrical generation in Peru is provided by several companies belonging to different economic groups. The largest is Edegel (Endesa), followed by Electroperú (state-owned company). The main variety of electrical generation in Peru is hydroelectric, although natural gas is being used increasingly in recent years. This is because since 2004, natural gas from Camisea is available in Lima.

## Political and legal system

Peru is a democratic republic divided into Legislative, Executive and Judicial powers. The president and members of Congress are elected every five years by universal suffrage. The current constitutional president of Peru is Alan Garcia Perez (2006-2011).

The government authorities are the president and the ministers who constitute the Executive power. The head is the president of the republic and in his absence or illness the first vice president assumes the position and in his absence the second vice presidents. The president appoints the president of the Council of Ministers and jointly the Cabinet of Ministers.

The president major duties (established in the 1993 Constitution) are:

- Represent the State.
- Conduct the general policies including foreign.
- Preside the National Security System and the adoption of measures to defend the republic, its territory and sovereignty.
- Declare war and sign the peace.
- Administer the economy.
- Address the Congress and the people.
- Sign and ratify international treaties.
- Appoint the Peruvian ambassadors abroad and receive those of other states.

The president of the Cabinet of Ministers presides over the rest. The major duties of the Cabinet among others are:

- Approve the drafts of the laws the president submits to Congress.
- Approve the legislative and urgent decrees issued by the president.
- Deliberate in public matters of government.

The Congress is the legislative body and The Judicial is the legal enforcement body. It is a continental legal system. Both civil and criminal law were inherited from the Spanish judicial administration.

# The economy

## Economic performance



- Country risk below the Latin American average.
- Inflation remains above the target as a result of external pressures rather than domestic price rises. It is one of the lowest rates of inflation in Latin America, however.
- Increasing Net International Reserves: in 2007, this variable grew by 60%, reaching US\$ 27,686 million.
- Changes in interest rates favor local currency appreciation; the Central Reserve Bank of Peru (BCRP) funds rate exceeds the FED rate.
- Trade balance was 8,356 (million US\$).
- Peru's risk rating was upgraded to BBB-in April 2008 by Fitch Ratings.



## GDP of the last 3 years

Year	Gross GDP (US\$ million)	GDP growth (%)	GDP per capita
2005	148,716	6.7	126,4
2006	159,955	7.6	134,1
2007	174,328	9	143,9

## GDP growth

Economic Sector	2007	2008	2009	2010	2011
Agriculture and livestock	3.2	3.7	4.1	4.0	3.5
Fishing	6.9	2.4	3.2	3.5	2.0
Mining and petroleum	2.1	5.8	5.0	6.5	7.0
Manufacturing	10.6	8.1	6.5	6.5	6.8
Primary	0.2	5.0	3.8	3.9	3.2
Secondary	12.9	8.8	7.0	7.0	7.5
Construction	16.5	15.4	10.0	11.0	11.0
Commerce	10.5	8.7	6.8	6.8	6.7
Services / 1	9.3	6.1	6.2	6.5	6.5
Gross Value Added (GVA)	9.1	7.2	6.3	6.6	6.7
Taxes on products and imports duties	8.3	5.0	8.1	10.6	11.9
GDP	9.0	7.0	6.5	7.0	7.2
Primary sector GVA	2.4	4.6	4.3	4.9	4.7
Non-primary sector GVA	10.7	7.8	6.8	7.0	7.1

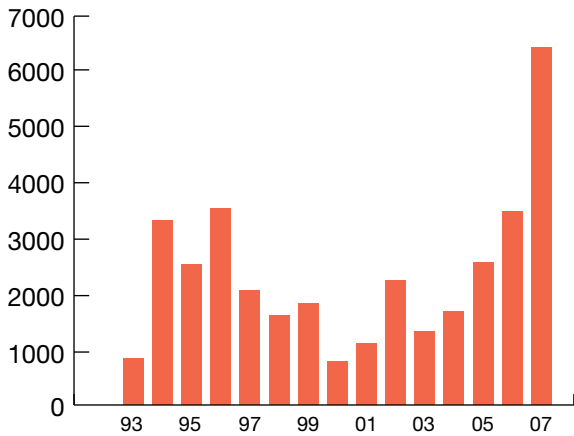
1/ Includes GDP of electricity and water sector.

Source: INEI. Proyecciones MEF.

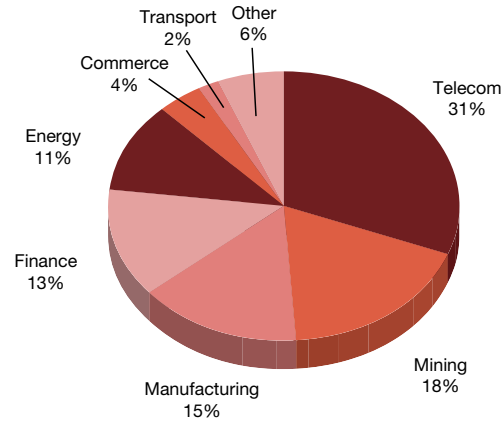
# Foreign investment utilization

## Foreign investment

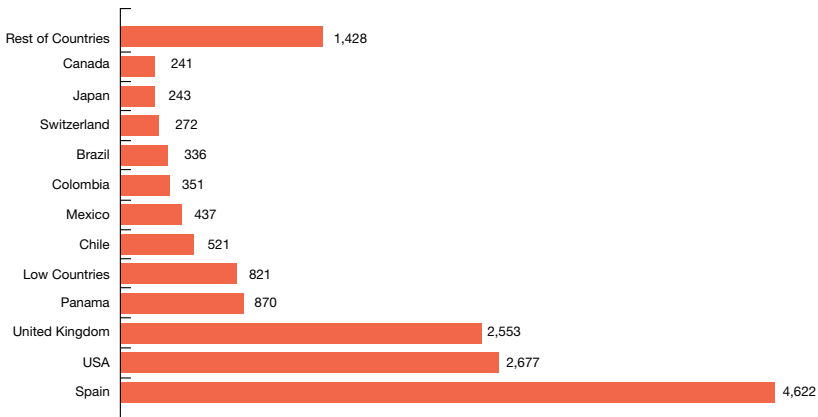
Foreign direct investment (US\$ million)



Percent of total FDI In major sectors - June 2007



Stock of FDI, by country of origin - June 2007 (US\$ million)



## Growth of private investment will continue in 2008

Central bank survey of 274 large companies, 2007-2008  
(US\$ millions)

Sector	2007	2008
Agriculture and livestock	160	238
Fishing	224	149
Mining and fuel	1,146	1,411
Manufacturing	1,142	1,570
Electricity, water and gas	310	457
Construction	96	122
Commerce	476	679
Transport and Telecom.	636	811
Services	28	55
<b>Total</b>	<b>4,218</b>	<b>5,492</b>



Doing business  
in the country

# General business and investment climate

## Peru offers a favorable legal framework for foreign investment

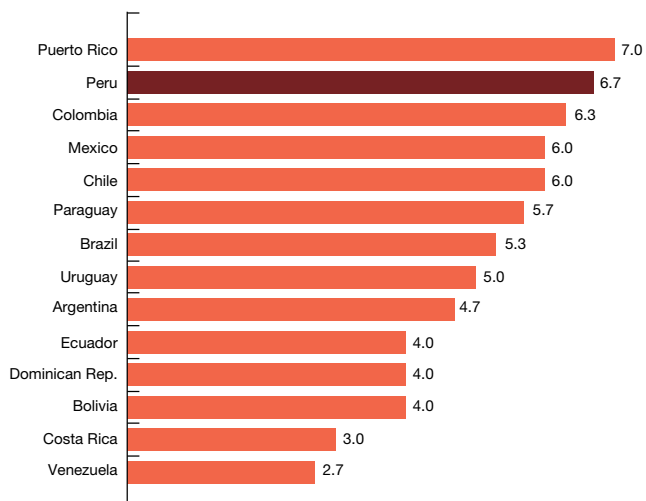
- Non-discriminatory treatment.
- Unrestrictive access to most economic sectors.
- No performance requirements.
- Free transfer of capital.
- Free competition.
- Guarantee for private property.
- Freedom to purchase stocks from locals.
- Freedom to access internal and external credit.
- Freedom to pay royalties.
- Network of investment agreements and member of ICSID and MIGA.



## According to a world bank survey and world economic forum:

- Peru stands second in the Latin America region in protecting investors, and 15<sup>th</sup> in the world.
- Peru is first in the region in government readiness for private investment.

## Protecting investors index



Position	Country	Point
1	Peru	5.8
2	Colombia	5.6
3	Chile	5.5
4	Uruguay	4.8
5	El Salvador	4.6
6	Bolivia	4.5
7	Brazil	4.2
8	Dominican Rep.	4.2
9	Mexico	4.1
10	Guatemala	4.0
11	Venezuela	3.2
12	Argentina	3.1

Source: Semana Económica.

# Form of foreign investment

## Guide to doing business

### Choice of entity

The corporation is the most commonly used entity by foreign investors. However, there are no significant local tax differences between corporations, branches or partnerships. Foreign investors may also set up a branch, which is taxed like a corporation.

### Capital requirements

There are no specific rules establishing percentages for foreign investment participation. There is no minimum capital requirement, except for banks, financial entities and certain other controlled companies.

### Founders' requirements

There is no minimum number of Peruvian shareholders required. There is no general requirement stating that directors or managers must be Peruvian residents or nationals. In some cases, however, Peruvian residence of the legal representative is recommended for practical reasons.

### Repatriation of funds

Repatriation of funds is unrestricted.

### Tax considerations

Capital gains, as defined by the income tax law, are taxed as ordinary corporate income.

## Forms of business enterprise



The General Law on Companies (Ley General de Sociedades-LGS), the Commerce Code and a number of other laws, decrees and regulations govern financial, commercial and industrial activities. The General Law on Companies regulates the incorporation and conduct of business entities in general. Special laws affect the conduct of industrial, mining, telecommunications, banking and insurance activities to varying degrees, however, as well as companies operating under special conditions.

The main varieties of commercial entities recognized in the General Law on Companies are Sociedad Anonima (S.A.), Sociedad Comercial de Responsabilidad Limitada (S.R.L.), Sucursal – Branch, Participation Agreement - Contrato de Consorcio.



## Capital structure

Matters of interest related to the capital structure of Peruvian corporations are summarized below:

- There is no minimum capital amount required by law, except in the cases of banks, financial institutions, insurance companies and pension fund administrators, and intermediate labor service entities.
- Shares are nominative, and different classes are allowed (bearer shares are prohibited).
- The issuance of shares is permitted with or without voting rights.
- Shares can be issued once they have been fully subscribed and at least 25 percent paid for.
- By-laws may establish limitations on the transfer of shares, but may not prohibit transfers.
- The corporation may not grant loans or guarantees under responsibility of the board of directors using its own shares as a guarantee, not even for the acquisition of shares.
- A corporation is entitled to issue bonds or debentures, thus creating debt in favor of their holders.

# Relationship of shareholders, directors and officers

## Conduct of the entity

The shareholders exercise the control of a corporation through the general shareholders' meeting. The management of the business is normally delegated to a board of three or more directors and to the managers, except for closed corporations, in which the existence of a board of directors is not mandatory. Powers of each body are defined in the General Law on Companies and in the by-laws of the corporation.

## General shareholders meetings

An annual general meeting of shareholders must be held within three months of the end of each year. At this meeting, shareholders approve, among other matters, the management, the financial statements of the past year, the profit distribution (if any), and the membership of the board of directors.

Other meetings are held when required by the corporation, with the agenda stating the reason for calling the meeting.

## Increase or decrease of share capital and modification to the by-laws

The increase or decrease of share capital and the modification to the by-laws may only be decided by an absolute majority of shareholders at a general shareholders' meeting. Shareholders representing not less than two-thirds of the subscribed shares with voting rights must be present or represented by proxy. If the required number of shareholders is not obtained at the first meeting, a second meeting must be called at which shareholders representing not less than three-fifths of the subscribed shares with voting rights must be present or represented by proxy. No valid resolution may be agreed if the required representation of shareholders is not present at either of these two meetings.

## Voting rights

Voting rights for the different classes of shares are normally established in the by-laws, with each share being entitled to one vote. Proxies for shareholders' meetings may be granted by letter, fax and other similar methods if provided in the by-laws.

Non-voting-right shares are permitted. These shares are not taken into account in determining the quorum of the general shareholders' meeting. However, they are granted preferential rights to profit distribution.

## Dividends

Unless otherwise stated in the by-laws, the shareholders at the annual general meeting decide the distribution of profits. The rules for profit distribution are as follows:

- Dividends are only to be paid on the basis of profits obtained or of free reserves, and provided that the company's net worth is not lower than the paid-up share capital.
- Unless otherwise stated in the by-laws or agreed on by the general shareholders' meeting, all shares of the corporation (even if not fully paid in) have the same right to dividends, no matter when they have been issued or paid.
- Distribution of dividends in advance is valid, except for those corporations that have an express legal prohibition.
- In the event that the general shareholders' meeting approves the distribution of a dividend in advance, with no favorable report from the board of directors, the shareholders who vote in favor of such a distribution shall be jointly and exclusively responsible for the payment.
- Directors may be empowered to decide on the distribution of dividends in advance. The distribution of dividends for up to half the value of the distributable profits for each period is mandatory when requested by shareholders who represent at least 20 percent of the company's subscribed shares with voting rights.

## Dissolution and liquidation

Dissolution must be agreed to at the general shareholders' meeting. Such a resolution must be published three consecutive days within ten days of the agreement. The registration of the dissolution before the Public Registry must be performed within ten days following the last publication.

A corporation must enter into a liquidation process if it incurs losses in excess of two-thirds of its paid-in capital stock. A corporation that continues to operate after accumulating losses in excess of two-thirds of its paid-in capital is deemed to be an "irregular" company and, as such, loses its limited liability status, where upon the shareholders, directors and managers assume unlimited responsibility for all obligations incurred.

## Statutory audit

Annual audits by independent public accountants are mandatory in the following circumstances:

- When established by the company's by-laws.
- When specifically requested by shareholders representing not less than 10 percent of the company's subscribed shares with voting rights.
- In a closed corporation, when it is requested by shareholders representing at least 50 percent of subscribed shares with voting rights.
- When the corporation qualifies as an open corporation.
- When established by special legislation.

## Books and records

Banks, insurance companies and other supervised companies are required to publish their balance sheets and profit and loss statements in "El Peruano", the official gazette, and another daily newspaper. A standard form is requested for this presentation, but the information required is minimal.

## Branch of a foreign corporation

Under Peruvian legislation, a branch is every secondary establishment through which a company performs certain activities included in its corporate purpose in different location from its domicile.

To register a branch of a foreign corporation, the legal representative of the corporation in Peru must execute an appropriate Public Deed before a Notary Public.

The business of the branch is directed by the person appointed by the parent company, whose powers of attorney are duly registered before the Public Registry. Such power may be revoked only by the parent company or by the holder of an overriding power of attorney in Peru. The scope of the representative's power of attorney may vary according to the parent company's policy, but should be sufficiently extensive to allow adequate representation in Peru. It is recommended that certain powers, such as the signing of checks, be delegated.

There is no regulation requiring filing of the financial statements of the parent company in Peru.

## Participation agreement

Two or more parties may enter into an agreement to carry out a particular business activity under this type of agreement. Pursuant to this agreement, one of the associates is the active partner who agrees to share in the results or profits of one of his businesses with another person, who is the silent partner (or partners), in consideration of the contribution of goods or services to the business.

The active partner operates the business and is responsible before third parties. This agreement does not give rise to an entity different from the active partner.

## Consortium contract / joint venture

Under this form of collaboration agreement, two or more parties associate to actively and directly participate in a certain business with the purpose of obtaining an economic profit. However, each party maintains its independence. Each party is individually liable to third parties for the activities of the agreement. The agreement sets the extent of participation; otherwise it is deemed to be equal for all the parties. For tax purposes, they are considered separate taxable entities if independent accounting records are kept.

# Regulatory environment

## Government supervision Corporation

Government supervision is limited, in general, to the following:

- Analysis of accounting records in connection with taxes imposed by the SUNAT.
- Supervision of insurance, financial and banking operations, as well as examination of financial statements of the companies under the control of the Banking, Insurance and AFP Superintendency-SBS and the CONASEV.
- Supervision and inspection of establishments where certain goods, such as drugs or chemicals, are produced.
- Some sectors have a special regulatory institutions such as: Utilities, Energy / Mining, Telecommunications.

The most common form used by national or foreign investors to conduct business in Peru is a corporation (sociedad anónima).

Incorporation procedures:

- The incorporation of a local corporation is relatively simple. The corporation may be formed either through a founders' agreement (privately) or through a public sale of shares. In the latter case, a project must be prepared and submitted for approval to the CONASEV.

The corporation may be incorporated by two or more persons (acting on their own or as duly accredited legal representatives of others) or legal entities, who must execute a Public Deed of incorporation, which must be authenticated by a Notary Public and registered at the Public Registry.

A copy of the Public Deed must be delivered by the Notary Public in order to be registered before the Public Registry. Registration formalities normally take about 20 days. The registration fee amounts to 1.08 percent of the Peruvian Tax Unit (S/. 3,500 for the year 2008) plus 0.003 percent of the registered capital. Notary Public fees depend on the length and complexity of the Public Deed.

# International environmental agreements

Peru has signed 63 international commitments on environmental matters and natural resource management. 40 of these are global agreements, 19 are regional and 4 are bilateral. The most important commitments include the United Nations Framework Convention on Climate Change (UNFCCC); the Kyoto Protocol; the Montreal Protocol; the Convention on Biological Diversity; The United Nations Convention to Combat Desertification; the Ramsar Convention on Wetlands; the Convention on International Trade in Endangered Species of Wild Fauna and Flora and the Convention on the Conservation of Migratory Species of Wild Animals.

Chapter 18 of the Trade Promotion Agreement with the U.S., on the environment), encourages companies to abide to the local legislation and to access incentivebased flexible and voluntary mechanisms that contribute to diminishing the impact of human activity on the environment (i.e., Clean Development Mechanism).

The Addenda to the Agreement points to the strengthening of capabilities in the forestry sector. This requires governmental bodies to improve their ability to track and record each stage of wood fibre processing (chain of custody) - from the forest to the end user -including harvesting, transportation, manufacturing and distribution. Likewise, corruption by forestry officials will be highly penalized. Furthermore, Congress is currently exploring a law that will impose jail sentences and treatment equal to that applied to narcotics trafficking to anyone who deals inappropriately in forest resources.

The upcoming Free Trade Agreement with Canada will include a chapter on Corporate Social Responsibility and it is believed that the Free Trade Agreement with China may include a chapter on Climate Change.



# Customs duties

- Customs duties are imposed on the CIF value of the imported goods, at rates of 0%, 9%, 17% and 20%. There are no restrictions on imports and exports, although there is a limited list of products that cannot be imported or exported. Exports are not subject to any taxes. The importation of most capital goods is subject to the 0% rate.
- Peru is a member of the World Trade Organization (WTO) and various bilateral agreements that provide most-favored-nation treatment on a reciprocal basis. Peru is also a member of the Andean Community and the Latin American Integration Association -LAIA (formerly the Latin American Free Trade Association).
- The government is empowered to grant duty exemptions under certain circumstances and to temporarily suspend the assessment of duties on certain products. Customs duties are imposed on an ad-valorem basis –the CIF value of the imported goods. Goods are classified under the Harmonized System for customs duty purposes.

## Drawback regime

- Pursuant to the drawback regime, the exporter may apply for the refund of customs duties that it paid on (i) the importation of goods contained in goods that are subsequently exported, or (ii) the importation of goods that are consumed during the production of exported goods.
- The refund rate is 5% of the FOB value of the exported good, provided such amount does not exceed 50% of the good's production cost. The refund will apply to each kind of good exported by the exporter and for the first US\$ 20 million worth of goods exported per year (the excess will not be subject to refund).
- Article 1 of Supreme Decree No. 104-95-EF establishes that the beneficiaries of the drawback regime are the manufacturer-exporter companies whose cost of production has been increased by the customs duties paid upon the importation of (i) raw materials; (ii) intermediate products, or (iii) pieces incorporated or consumed in the production of the exported good. Fuel or any other energy source to generate heat or energy for purposes of obtaining the exported good is not considered a raw material.



## Stability agreement

Investors may enter into stability agreements with the government, either under the general regime or specific regimes (i.e. mining and petroleum).

Under the general regime, investors may enter into Juridical Stability Agreements that guarantee them the following for a 10-year period:

- Stability of the Income Tax regime in force at the time the agreement is entered into with respect to dividends and profit distribution.
- Stability of the Peruvian government monetary policy, according to which there is a complete absence of exchange controls, foreign currency can be freely acquired or sold at whatever exchange rate the market offers and funds can be remitted abroad without any previous authorization.
- Right of non-discrimination between foreign and local investors.

Under the mining regime, local mining companies may enter into stability agreements of guarantees and investment promotion measures that guarantee the following for 10 or 15 years:

- Stability of the overall tax regime.
- Stability of the overall administrative regime.
- Free disposition of funds (foreign currency) arising from export operations.
- No exchange rate discrimination.
- Free trade of products.
- Stability of special regimes for tax refunds, temporary importation, etc.

Oil companies may enter into stability agreements that guarantee them the following for the term of the contract:

- Stability of the overall tax regime.
- Free disposition of funds (foreign currency) arising from export operations.
- Free convertibility of its funds.
- Free trade of products.

# Labour supply

## Labor and management relations

Peruvian labor legislation is characterized for its being atomized into many laws and regulations. However, the creation of a single General Labor Law, which will comprise all labor legislation, is foreseen.

Once the labor relationship is initiated, employees have a trial period of three months, during which they may be dismissed without indemnity for unjustified dismissal. The trial period can be extended to six months or one year for skilled employees, or those appointed to management and positions of trust. There are special additional rights for women and minors.

Current labor legislation grants the same treatment to all types of employees. The following types of employees are excluded from the labor regime applicable to the private sector:

- Employees hired by the public sector (i.e., government employees).
- Professionals who render services independently through service agreements that are ruled under the Civil Code.
- Those working for commissions in the retail sector who simultaneously render services for several employers.
- Travel agents and traders in the wholesale business.
- Independent insurance brokers.

## Payroll

As of January 2008, every employer must substitute their payroll books for the new of electronic payroll system, supervised by the Tax Administration (SUNAT).

The closing of the aforementioned books is postponed as of January 2009.

## Labor unions

Presently, the labor union movement in Peru is not very strong. Employees in construction, transportation and industrial companies commonly form the strongest unions, with the most important being the Confederacion General de Trabajadores del Peru (C.G.T.P.) and the Central de Trabajadores del Perú (C.T.P.).

Unions or workers' representatives usually negotiate salary increases, fringe benefits and other special conditions through collective bargaining with employers. Agreements reached with unions that comprise more than one-half of a company's employees are applicable for all employees, even if they are not members of the union.

## Fringe benefits

Voluntary and statutory fringe benefits, usually granted to personnel, are deemed by the employers to be an additional cost of employment. In this regard, those regarding medical care, annual vacation, recreational expenses and bonuses are established as fringe benefits.

Background information on labor practices and main social costs in Peru.

# Employer payroll costs in Peru

## Salaries

Compensation is commonly paid in the form of wages and salaries or by way of commissions, and may be paid in either Peruvian or foreign currency. Compensations are levied with statutory social contributions and employee's taxes.

The employer may also agree with employees whose monthly compensation is not less than two tax units (equivalent to S/. 7,000 or approximately US\$ 2,600) that their compensation be computed paid on an annual basis, including all legal and conventional benefits, with the exception of profit sharing.

## Profit sharing

There is a general system of participation in company profits. Employees of companies that perform activities generating third category income are entitled to participate in the profits of the company, provided the company has more than 20 employees, and they are subject to the labor regime for private employees.

Employees share the profits of the company through the distribution by the company of a percentage of its net income before taxes. This percentage varies from 5% to 10%, depending on the employer's business.

## Overtime

Overtime, including work on statutory holidays, is payable at a premium agreed upon between the parties, which may not be lower than 25 percent of the ordinary hourly rate for the first two hours, and 35 percent for the following hours.

Normal working hours should not exceed 8 hours per day or 48 hours per week. This 48-hour work week applies to all employees, with exception of those appointed to management and trust positions.

## Night shift additional payment

Employers whose employees work between 10:00 p.m. and 6:00 a.m. are obliged to make an additional payment of at least 35% of the daytime working hour. Night Shift Additional Payment.

## Vacations

Employees are entitled to paid annual vacation of one month upon completion of each year of service, with a minimum attendance of 260 days if the workweek is six days long and 210 days if five days long.

The employer and the employee may agree to allow up to two years of vacation to accumulate. However, at the end of the first year the employee should take a seven-day vacation period. If the employer does not grant vacation to the employee, a payment equivalent to double compensation must be made (corresponding to the work performed plus indemnity for not having taken vacation).

## Termination of employment

An employer may not dismiss an employee for reasons of behavior or lack of qualification without granting the employee a term of not less than six calendar days to defend him / herself in writing against such charges, unless they are for serious crime, or a term of thirty calendar days to prove his / her qualification or correct the behavior. Should the employee be terminated and without cause or grounds, the employee has the right to receive a severance payment equal to 1,5 monthly salaries for each year of service, up to a maximum of 12 salaries.

## Severance indemnity (CTS)

Employees are entitled to a tax-free severance indemnity to be received upon death, retirement, resignation, or dismissal. This indemnity is equivalent to one and one-sixth month's salary for each year of service.

Employers are obliged to deposit the CTS on a semiannually basis in a banking or financing institution and in the currency (national or foreign) chosen by the employee. These deposits must be carried out within the first fifteen (15) days of May and November each year, consisting of 1 / 12 of the monthly salary received for each whole month worked during the corresponding semester.

## Social security administration for health services (ESSALUD)

There is a general State system of social security for health services that is administered by EsSalud, providing health coverage as established by law.

In general, all dependant employees registered on the payroll are covered by EsSalud, the labor relationship being the only requirement for obtaining coverage, regardless of the term of employment or the number of hours worked per day, week or month.

Employers must contribute for all their employees, including foreign employees registered on the payroll. Payments are based on the total monthly compensation, including compensation in kind, with certain exceptions such as profit-sharing payments and extraordinary bonuses. The rate of this contribution is 9 percent of compensation.

## National pension fund

The National Pension Fund, managed by the Oficina de Normalizacion Previsional-ONP, provides pensions to retired employees of either sex who have reached the age of 65, provided they have fulfilled with their contribution for a minimum of 20 years.

The amount of the pension is determined by the remuneration earned by the employee and the number of contributions paid into the system.

## Private pension system

Private pension fund administrators, locally known as AFPs, manage an alternative pension system. AFPs guarantee pensions for retirement, handicap and survivorship pensions, and burial expenses.

Contributions go into an individual private fund. Employee contributions and earned interest finances exclusively pensions.

For these purposes employees must contribute 10 percent of their monthly compensation, plus commissions for the AFP and insurance premiums for handicap and burial coverage, making a total contribution of approximately 12.4 percent of the compensation.

## Labor administration system

The Ministry of Labor is in charge of ensuring that employers fulfill labor laws and regulations. This entity is also in charge of providing technical assistance to employers as well as employees to protect their corresponding rights.

The Ministry of Labor is entitled to impose fines on employers that don't comply with the labor law.

# Foreign personnel

## Work permits

Foreign personnel must sign a labor contract, which should be approved by the local labor authorities.

The initial contract cannot exceed three years but is renewable for similar periods. A work or residence visa is also required once the agreement is signed, which must be guaranteed by a letter of the employer filed with the immigration authorities. The visa is granted for a one-year term and is renewable during the term of the contract. Once the visa is obtained, the contract is fully in force.

Most foreign nationals who enter Peru need a valid passport and a Peruvian consul visa. Foreign nationals with tourist visas cannot engage in commercial or professional activities in Peru.

The tourist visa is granted for a period not longer than three months, with the possibility of being renewable, under certain circumstances, for three additional months.

## Restrictions on employment

According to current legislation, companies may hire foreign personnel up to a maximum of 20 percent of the total employees registered on the payroll and up to an amount equivalent to 30 percent of the total compensations paid.

In calculating this limit the following individuals are not considered foreigners.

1. Foreigners married to Peruvians.
2. Foreigners who have children born in Peru.
3. Foreigners whose country of origin has a treaty of labor reciprocity or double nationality.
4. Personnel from foreign transport enterprises that operate under a foreign flag.
5. Personnel from foreign enterprises of multinational services or multinational banks.
6. Foreign investors, whether or not they have waived the right to repatriate capital investments or profits, provided an investment of not less than five tax units (1 UIT is equivalent: S/. 3,100) is permanently maintained throughout the term of the contract.
7. Artists, athletes and, in general, those who perform public shows within Peruvian territory for a maximum period of three months within a year.

It is possible to obtain an exemption from the labor authorities from these limits in respect of foreign technical employees or managers. Specific procedures must be followed in order to obtain such approval.

# Tax system

## Accounting

- The accounting books and records must be kept in Spanish and recorded in local currency. Nevertheless, there is an exemption whereby taxpayers are allowed (but not obliged) to keep their accounting books and records in U.S. dollars, provided certain requirements are met. The aforementioned exemption applies to taxpayers which receive and / or perform direct foreign investment in foreign currency and that for such purposes, enter into a contract with the Peruvian Government.

For these purposes, taxpayers must apply International Accounting Standards and Accounting Principles accepted in Peru.

## Corporate income tax

- Companies incorporated in Peru are considered domiciled in Peru for tax purposes and are thus subject to Income Tax at a 30% rate on their worldwide net income. Branches, agencies and permanent establishment of nondomiciled companies or entities incorporated in Peru are subject to Income Tax at a 30% rate on their Peruvian source income only.
- In order to fulfill their annual Income Tax liability, the afore mentioned entities must make monthly advanced payments by applying a coefficient to their monthly net revenues. The coefficient is determined by dividing the previous year's income tax by total taxable income of that year. New companies or companies with tax losses meet their monthly advance obligations by paying 2% of monthly net revenues. It is possible to reduce the coefficient or even suspend the monthly advance payments under certain conditions.

Any unpaid balance or excess payment is paid or credited, respectively, upon the filing of the annual Income Tax return, which must be filed no later than 4 months into the tax year following that corresponding to the Income Tax liability (e.g., 2007 annual Income Tax return must be filed no later than April 2008). The Fiscal year corresponds to the calendar year.

- For purposes of determining their taxable income, such entities are allowed to deduct expenses to the extent that they are necessary to produce taxable income or to maintain its source. Requirements, limits and/or caps may be applicable for the deduction of certain expenses, such as financial expenses (thin capitalization rules apply), bad debt provisions, salaries, travel expenses, gifts, etc.

- Certain expenses are not tax deductible, however, such as those derived from transactions with (i) entities domiciled in tax havens on the list attached to the Peruvian Income Tax Law regulations, (ii) permanent establishments located in tax havens, or (iii) entities that obtain revenues or income through tax havens. Nonetheless, expenses derived from the following transactions are excluded from the above-mentioned limitations: (i) interest on loans, (ii) insurance premiums, (iii) lease of aircraft and ships, (iv) maritime freight, and (v) fees for passing through the Panama channel.
- Depreciation is applied using the straight line method. The depreciation allowed for tax purposes is the same as that registered for financial purposes. However, tax depreciation cannot exceed the following rates: Buildings 3%, Cattle 25%, Vehicles 20%, Machines and equipment 20%, Equipment for data processing 25%, Other fixed assets 10%.
- For purposes of determining its taxable income, such entities are allowed to deduct expenses, to the extent that these are necessary to produce taxable income or to maintain its source. Requirements, limits and/or caps may be applicable for the deduction of certain expenses, such as financial expenses (thin capitalization rules apply), bad debts provisions, salaries, travel expenses, gifts, among others.
- However, certain expenses are not tax deductible, such as those derived from transactions with (i) entities domiciled in tax havens included in the list attached to the Peruvian Income Tax Law's regulations, (ii) permanent establishments located in tax havens, or (iii) with entities that obtain revenues or income through tax havens. Not with standing, expenses derived from the following transactions are excluded from the above mentioned limitation: (i) interests on loans, (ii) insurance premiums, (iii) lease of aircraft and ships, (iv) maritime freight, and (v) tariff for passing through the Panama channel.



## Withholding tax

- Income paid to non-domiciled entities is subject to withholding tax at the following rates: Interest on non-related party loans, provided certain requirements are fulfilled 4.99%, Interest on related party loans 30%, Interest paid by Peruvian financial entities or banks to foreign beneficiaries, for credit lines used in Peru 1%, Royalties 30%, Digital services 30%, Technical assistance, provided that certain requirements are met (otherwise 30%) 15%, Lease of vessels or aircraft 10%, Other income 30%.
- Note that domiciled taxpayers cannot deduct the withholding tax of a third party, except in the case of loans provided by non-domiciled creditors, to the extent that the debtor has contractually assumed the obligation of bearing the withholding tax.

- In the case of the services mentioned below that entail the execution of activities both in Peru and abroad, it is deemed that non-domiciled entities obtain net income at the following rates: Insurance 7%, Lease of vessels 80%, Lease of aircraft 60%, Air transport 1%, Maritime transport 2%, Telecom services 5%, International news services 10%, Distribution of movies, records and similar products 20%, Supply of containers 15%, Rights for broadcasting live foreign TV shows within Peru 20%.

## Transfer pricing rules

- For tax purposes, the value assigned to goods and services for all transactions must be at market value. If the value given to a transaction differs from market value, either by overvaluation or sub-valuation, the Tax Administration may adjust it for both the buyer and the seller. Should one of the parties be a non-domiciled entity, such adjustment will be unilateral (only to the domiciled party).
- In the case of transactions between related parties or transactions with tax havens, the value of the goods and services must be determined in accordance to transfer pricing rules. It is mandatory in most transactions to support the value with a transfer pricing study; otherwise, penalties may be imposed.

## Individual income tax

- Individual Income Tax in Peru is determined by the domicile rather than by residence. Foreign individuals are deemed to be domiciled in Peru for tax purposes if they have resided or been in Peru for more 183 calendar days within a 12 month period. Temporary absences up to 183 days within a 12-month period do not interrupt the continuity of the residence.
- The condition of being domiciled is determined at the beginning of the fiscal year. Changes regarding this condition during the fiscal year shall enter into force as of the next fiscal year. This means that non-domiciled individuals who obtain residency after June 30<sup>th</sup> must wait until the next year to apply the domiciled tax treatment, and the change will be effective in the following year.
- Domiciled individuals are subject to Income Tax on their worldwide income, where as non-domiciled individuals are only taxed for their Peru source income. Non-domiciled individuals are entitled to a foreign tax credit for the taxes paid on foreign income taxable in Peru, determined by his / her average Peruvian tax rate applied on his / her foreign income, up to a limit of the amount of tax actually paid abroad.

- Income tax on domiciled individuals is imposed on a scale of brackets on their income, as shown below:

Bracket	Reference in tax units (UIT)	Tax rate
1 <sup>st</sup>	Up to 7 UIT	0%
2 <sup>nd</sup>	From 7 to 34 UIT	15%
3 <sup>rd</sup>	From 34 to 61 UIT	21%
4 <sup>th</sup>	Over 61 UIT	30%

- Income tax on non-domiciled employees is imposed at a flat rate of 30% on their gross Peruvian source income. No deductions or credits apply to non-domiciled individuals.
- A tax unit is equivalent to S/. 3,500. The exchange rate as of March 2008 is S/. 2,76 per US\$ 1.

# Payroll taxes

## Health contributions

- Employers make monthly payments equal to 9% of the total compensation paid to the employee.
- Employees must choose affiliation with either to the National Health System (“EsSalud”) or the Private Health System (“EPS” or “Entidades Prestadoras de Salud”). 25% of the amount paid to the EPS may be used as a credit against EsSalud contributions.

## Complementary insurance for risky work

- Law No. 26790 establishes that employees who perform high-risk activities, such as mineral extraction, iron and steel smelting, and others must have a complementary insurance for risky work, which coverage that includes health care, temporary or permanent disability pensions and burial expenses as a consequence of a job-related accident or disease. This insurance is compulsory and must be paid by the employer.
- Employees hired through workers cooperatives; special, temporary or complementary services companies; contractors and subcontractors, or any other intervening institution that assigns personnel to a company where risky activities are performed, are obliged to contract the complementary insurance for risky work.
- In addition, employers that hire labor services through the above-mentioned companies are obliged to verify that all the employees assigned to its offices have been duly insured according to the corresponding legal provisions. Otherwise, they will have to contract the insurance on their own in order to guarantee coverage of the referred employees, under penalty of being jointly liable with such companies and the National Health System, for the obligations to said employees established by Law.

## Pension fund contributions

- Employers must apply monthly with holdings for pension fund contributions equal to 13% of the compensation received by the employee, in case he / she is affiliated to National Pension System, or about 12.7%, in case he/she is affiliated to Private Pension System (in this case, 10% corresponds to his / her personal pension account and almost 3%, to insurance and commissions for managing the fund).
- Should a foreign individual's labor contract end and he / she leave Peru, the pension funds deposited in the Private Pension System (the aforementioned 10%) may be wired to an account of the employee in a foreign bank.
- Below we summarize the payroll contributions:

Payroll tax	Employer	Employee	Rate
Health Contribution	X		9%
Complementary Insurance for Risky Work	X		1.30%
National Pension Fund		X	13%
Private Pension Fund		X	12.4% aprox.

## Financial transactions tax (FTT)

- Pursuant to Law No. 28194, obligations that are fulfilled through cash payments exceeding S/.3,500 or US\$ 1,000, must be made via bank account deposits, wire transfers, payment orders, credit cards, non-negotiable checks, or other means of payment provided by entities of the Peruvian financial system.
- If obligations that are fulfilled through cash payments are not made via such means, they may not be deducted by the debtor as an expense or be used as a credit for tax purposes.

On the other hand, according to article 9 of Law No. 28194, operations that are subject to FTT include the following:

- A) Credits or debits paid in bank accounts owned by the taxpayer. Credits, debits or transfers made between accounts of the same account holder are not subject to FTT, however.
- B) Purchase of certified checks, bank certificates, traveler's checks or other financial instruments in which the bank accounts mentioned in item A) are not used. In this case, the taxpayer is the purchaser of the mentioned instruments.

In 2007, the FTT rate is 0.08%, which in the case of the transactions mentioned in item A) is applied on the value of such transactions. In case of the transactions mentioned in item B), it is applied on the face value of the certified check, bank certificate, traveler's check or the corresponding financial instrument. The FTT may be considered an expense for Income Tax purposes, according to rules applicable to this tax.

The following transactions among others, are exempt from the FTT:

A) Credits or debits made in bank accounts opened at the employer's request in order to deposit exclusively the salaries of their employees.

B) Credits or debits in bank accounts of severance indemnity (compensation for time of service of the employee).

- Companies subject to corporate Income Tax are obliged to pay the TNAT, except those that are in pre-operative stages or that began them on January 1 of the fiscal year in which the TNAT must be paid.
- The taxable basis is the value of the assets set forth in the taxpayer's balance sheet as of December 31 of the year prior to that of the tax payment, adjusted with the deductions and amortizations accepted by the Peruvian Income Taxlaw. Thus, the amount of the temporary net assets tax is determined by applying the following rates on the taxable basis:

Rates	Net Assets
0%	Up to S/. 1,000,000
0.5%	Excess of S/. 1,000,000

- As of January 1, 2009, the following rates will be applicable:

Rates	Net Assets
0%	Up to S/. 1,000,000
0.4%	Excess of S/. 1,000,000

The amount paid for the TNAT can be credited against the taxpayer's corporate Income Tax.

## Value added tax (VAT)

The following transactions are subject to VAT at a 19% rate:

- Sales of moveable goods made within Peru.
- Services rendered within Peru.
- Services rendered abroad but economically used within Peru by a domiciled user.
- Importation of goods.
- Construction agreements.
- The first sale of real estate made by construction firms.

In all transactions the vendor is subject to VAT, except for the case of importation of goods and services rendered abroad but economically used within Peru, for which VAT is self-assessed by the importers and users, respectively.

The VAT Law follows a debit / credit system, and input VAT may be offset by output VAT. Should excess input VAT be obtained in a particular month, it shall be offset by output VAT obtained during the following months until it is exhausted. Cash refunds of excess input VAT may only be made if it is not possible to offset the excess input VAT related to the exportation of goods and services, as explained below, but not to domestic transactions.

## Early recovery of VAT

- Companies in a pre-operative stage with large projects may apply for the early recovery of VAT prior to starting operations. An investment agreement with the government (the Ministry of its sector) is required.

## Positive VAT export balance

- The export of moveable goods (including the sale of goods in the international zone of ports and airports) are not subject to VAT, nor is the exportation of certain services. Thus, VAT paid upon the acquisition of goods, performance of services, construction agreements and the importation of goods related to exported goods or services creates a positive VAT export balance.
- The positive balance may be offset by (i) output VAT, (ii) income tax, (iii) any other outstanding tax debt in favor of the central government. In case the positive balance is not completely offset, as the amount of the aforementioned tax obligations is insufficient, the taxpayer may apply for a refund (which may be made in cash or by check).

## Excise tax

- The sale of specific goods, including fuel, cigarettes, beer, liquor, and vehicles, is subject to excise tax.
- Tax rates are 0%, 2%, 10%, 17%, 20%, 30% and 125%, depending on the type of good or service.

# Accounting and audit requirements

## IFRS and accounting practices in Peru

Accounting practices in Peru have developed significantly when compared to other countries in the region. In fact, Peruvian accounting practices are now getting closer to the International Financial Reporting Standards (IFRS), its being one of the first countries in the region to adopt the International Accounting Standards (IAS) as a basis for its national accounting framework.

As is widely known, the IFRS gather together the IFRS and IAS issued by the International Accounting Standards Committee (IASB) and the SIC and IFRIC interpretations.

According to the Peruvian General Corporate Law, the financial statements of Peruvian companies must be prepared in accordance with accounting principles generally accepted in Peru (Peruvian GAAP), which comprise:

- a) The legal and regulatory requirements on accounting matters, and
- b) The IFRS made official through resolutions issued by the Peruvian standardsetter, the Consejo Normativo de Contabilidad (CNC).

Currently, after the most recent approval of certain standards and pronouncements by the CNC, the major differences between IFRS and Peruvian GAAP are:

a) Under Peruvian GAAP until December 31, 2004, it was required that financial statements be adjusted to reflect the effects of inflation based on a methodology approved by the CNC. The balances restated for inflation were considered to be the historical opening balances to prepare the financial statements for 2005. Under IFRS, Peru did not qualify as an hyperinflationary country after 1992; therefore the financial statements starting from that date should not be restated for inflation according with IAS 29 -Financial Reporting in Hyperinflationary Economies.

b) For Peruvian GAAP purposes, the CNC approved maintaining the application of the equity method in force to account for the investments in subsidiaries presented in separate financial statements of an entity that issues consolidated financial statements. Under IFRS, IAS 27 (modified) - Consolidated and Separate Financial Statements, only permits investments in subsidiaries presented in separate financial statements; to be accounted for at cost or at fair value, as is indicated in IAS 39.

The Company's financial statements are prepared in accordance with Peruvian generally accepted accounting principles. The accounting principles generally accepted in Peru comprise mainly the International Financial Reporting Standards (IFRS) made official through resolutions of the Consejo Normativo de Contabilidad (the Peruvian standard-setter). IFRS comprise the International Accounting Standards (IAS) and the pronouncements of the interpretation committees (SIC and IFRIC). At December 31, 2007 the Consejo Normativo de Contabilidad has approved IAS 1 to 41, IFRS 1 to 6 and SIC 1 to 33.

On March 19, 2008, the Consejo Normativo de Contabilidad under Resolutions No. 040-2008-EF / 94, made official the application, effective January 1, 2008, of the revised version of IAS 32 and IFRS 7 and IFRS 8 (effective 2009), all amendment of the interpretations committee IFRIC (effective 2008), except from IFRIC 13 and 14 to be effective starting 2009).



The 2007's financial statements have been prepared based on the historical cost principle.

The variation in the purchasing power of the Peruvian currency for the years 2007 and 2006, based on the Wholesale Price Index, was, according to official statistics, 5.2% and 1.3%, respectively.

IFRS 7 Financial instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of financial statements - Capital Disclosures. IFRS 7 introduces new disclosure requirements to improve the information about financial instruments; it replaces the disclosure requirements of IAS 32 Financial Instruments: Disclosure and Presentation. The amendment to IAS 1 introduces disclosure requirements on an entity's capital and its management.

IFRS 8 Segment reporting (effective internationally from January 1, 2009). It establishes the requirement for the disclosure of information on an entity's operating segments and its products and services, geographical segments as well as major customers.

Finally, common practice in Peru is that the adoption of new standards approved by the CNC is accounted for prospectively rather than as established by IAS 8 (retrospectively in most cases).

This publication is not intended for specific industries and may not cover differences for companies operating in these industries. This publication mainly covers the differences applicable to companies in general. Users and preparers of financial statements must consult all the relevant accounting standards, interpretations and pronouncements issued by the regulators for a detailed knowledge of the accounting treatment and financial information reporting requirements.

This summary takes all the standards and interpretations issued up to April 30, 2008 into account.

# Other attention issues

There is no regulation for price control, although unfair competition and Intellectual property protection are regulated by INDECOPI.

## Protecting the environment

The General Environmental Law, Peru's main law in this matter, establishes the implementation of the National Environmental Management System. Each pertinent sector or Ministry (i.e., Ministry of Energy and Mines, Ministry of Agriculture, etc.) must establish its environmental policies under a criteria of protection, with environmental management instruments, environmental boundaries as well as incentives and economic instruments.

Currently, the most important environmental national authority is CONAM (National Environmental Council). As a result of the Trade Promotion Agreement signed with the U.S., local authorities have been forced to rethink Peru's environmental strategies, and are planning to strengthen environmental control capabilities. A Ministry of the Environment is currently being designed the new Minister is a recognized ecologist. Peru's most pressing environmental issues include deforestation, soil and water pollution, adequate watershed management, and vulnerability to climate change.

Peru has many standing social and environmental issues that need to be addressed. The regulatory role played by government agents is key, and they are gradually aiming to comply with best practices. Likewise, the private sector also plays a key role, not only abiding by existing rules and regulations, but also trying to improve their return on investment and diminishing risks by implementing social and environmental best practices.

Businesses that demonstrate environmental and social leadership, and share the principles and practices they adopt with their stakeholders, build public trust and strengthen their reputations and brands. While these intangibles are sometimes hard to quantify, forward thinkers understand their value. They recognize that a company's approach to sustainability and corporate responsibility mirrors its approach to business. Companies that postpone dealing with the challenges of sustainable business practices, or minimize the attention they give such issues, put themselves at risk while losing opportunities.

# Special considerations for Chinese companies doing business in the country

## The country's attitude to Chinese investment

The present Peruvian administration promotes foreign investment regardless of its origin. The almost absolute majority of people also welcomes foreign investment because it opens new working opportunities. Ignoring the people's expectations, some radical and minority nationalistic and communist-oriented politicians oppose foreign investment as a whole, no matter where it comes from. This is an attitude that reflects opposition to the liberalisation of the economy and free market government policies. Taking into consideration the growth rate of the Peruvian economy, which in April reached 10.3% of the Gross National Product, foreign investment is indispensable for a sustained growth in time.

# Current Chinese business presence and its strength



The first Chinese company with direct investment in Peru in the ore mining business was Shougang. But in the last year others Chinese companies has rights over copper mining projects not yet in production (Zijin and Chinalco). In the other hand, China Fishery Group is part of the fishery market in Peru.

Chinese current presence as foreign investment in business is not significant, but is increasing at interesting rates. It is so as an important trading partner. There is no special considerations or treatment for Chinese companies. But it must be taken into consideration that Peru and China are presently negotiating a Free Trade Agreement.

The trade balance between the two countries is favourable to Peru. In 2007 the surplus was of US\$ 227 million. Fishmeal is a traditional export since the 1970's and also the growing export of traditional goods mining, fisheries, oil and agricultural.

Peru imports Chinese products through Peruvian companies mainly due to their low prices and sold under well known American and European brand names. Such as clothing, sport shoes, electrical appliances, canned and packed foods, preserves, firecrackers, and starting in 2005 automobiles. China diversifies its export offer permanently and new products enter the Peruvian market.

In 2006 Peruvian exports reached US\$ 1,860,86 millions, 23% over 2005. Traditional exports were of US\$ 2,132,93 millions (43%) and no traditional US\$ 137,84. The main buyers in Asia, is China (9.93% followed by Japan (4.4%), Taiwan (1.9%) Soth Korea (1.6%) and Hong Kong (0.2%) of the total export volume of Peruvian products.

The actual growth tendency of Peruvian exports to China is of 33.08% in the last five years.

# Existence of Chinese community

In the XIX century due to farming labour shortages in the Peruvian coastal region the import of Chinese workers became a temporary solution. Soon after the Chinese released from their contracts became urban and entered businesses of different nature but mainly restaurants. Today the Chinese community is a respected Peruvian population and participate in the national economy as owners of important companies mainly in services sector. As a sign of involvement in the Peruvian society it is worthwhile to mention that in the 2005 national competition for the presidency of the republic one candidate was of Chinese origin though he represented not his community but the evangelists. The Chinese community is a very small percentage of the population.

The contribution of the Chinese community to the Peruvian culture is significant not only in the culinary but in the Spanish spoken language which has incorporated hundreds of Chinese words. Chinese restaurants are known, only in Peru, as Chi Fan modified to the population as “Chifa” China Town is in Lima one of the main attractions of the city not only because of the more than forty first class restaurants offering Huanchow, Shanghai and Beijing food but also for the numerous shops selling an extremely large variety of products including traditional Chinese medicines and treatments.

The Chinese community publishes a local newspaper and magazines and possess an good school in Lima under the name of “Juan XXIII”.

## Chamber of commerce Peru-China info

The chamber was found in 2001, as a nonprofit association. The main purpose is encouraging trade between Peru and China.

Tel. (511) 225-6018 / 226-5704

[info@capechi.org.pe](mailto:info@capechi.org.pe)

# Reference information

# Local government agencies

## Indecopi

Tel. (511) 224-7800 - (511) 224-7777

<http://www.indecopi.gob.pe>

## Sunass

Tel. (511) 264-1440 – Fax: (511) 264-4020

<http://www.sunass.gob.pe>

## Sbs

Tel. (511) 221-8990 - Fax: (511) 441-7760

<http://www.sbs.gob.pe>

## Osinergmin

Tel. (511) 219-3410 - 219-3400

<http://www.osinerg.gob.pe>

## Osiptel

Tel. (511) 225-1313 – Fax: (511) 475-1816

<http://www.osiptel.gob.pe>

# Chinese embassy and consulate info

## Embassy of the people's republic of China in Peru

Tel: 511 - 442-9458 Fax: 511 - 442-9467

E-Mail: [chiemba@terra.com.pe](mailto:chiemba@terra.com.pe)

Website: <http://www.embajadachina.org.pe>

## Consular cection of the embassy

Telfax: 511 - 442-9466

## Office of economic affairs-trade embassy

Tel: 511 - 261-5919, Fax: 511 – 461-9855



# PwC key contacts

## Leading partner

Miguel Mur

## Tax & legal services leader

Humberto Allemant

## Assurance services leader

Esteban Chong

## Advisory services leader

Sergio Koremblit

## Markets leader

Orlando Marchesi

# Practical tips for business visitors

Requirements for visitor's visas:

- Valid passport.
- Evidence of departure arrangements from Peru.
- 2 colour passport-size photos.
- Proof of financial solvency.
- 2 completed application forms.

Time zone: PET (UTC-5)

Business hours: 9 a.m. to 6 p.m. Normal working hours should not exceed 8 hours per day or 48 hours per week.

Currency: Nuevo sol (PEN)

Internet TLD: .pe

Calling code: +51



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