

Doing Business India – Peru

2025



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Disclaimer

The information contained in this guide is provided for general and guidance purposes only. It does not constitute legal or professional advice and should not be considered or treated as a substitute for specific advice tailored to particular circumstances.

Doing Business in Peru

This document outlines the main legal considerations for Indian companies interested in operating in Peru. It is not intended to serve as a comprehensive guide, but rather to address practical matters that typically require legal advice, in order to assist companies that are considering launching investment projects in the country.

Peru and India are at a pivotal point in their economic and trade relations. With the Free Trade Agreement (FTA) in its final negotiation stage and an increasingly dynamic exchange, opportunities for Indian entrepreneurs and investors are expanding.

The Peruvian market offers macroeconomic stability, full openness to foreign investment, preferential access to the markets of more than 50 countries through its network of trade agreements, and a strategic location that positions it as an ideal platform for entering South America and the Pacific basin.

At CMS Peru, we provide legal advice across all areas of corporate and commercial law, and on every aspect of business transactions, through a multidisciplinary and highly qualified team of over 80 lawyers. Drawing on our experience, we have prepared this guide in the hope that it will prove useful to your business.

Please do not hesitate to contact us should you have any questions or require further assistance.



Advantages and opportunities for Indian investment

- Investing in Peru offers not only the benefits of its location and stability, but also the possibility of forming strategic alliances and accessing major projects.
- Strategic location as a logistics hub for South America and the Pacific.
- Broad network of FTAs with the US, EU, China and soon India.
- Abundant natural resources and skilled labour.
- Recognised legal and economic stability in the region.
- Joint ventures for public tenders and infrastructure projects.
- Technology transfer in mining, agribusiness and energy.
- Supply of machinery, equipment and specialised services in high demand locally.



Peru at a Glance



Population

34.2 million
Urban: 79.3%
Rural: 20.7%



Income per capita

USD 6,621.6

Inflation rate

4.6%

Unemployment rate

6.8%



GDP

USD 270 billion

National budget

PEN 222 billion



External debt

36.6%

Foreign direct investment

USD 7.6 billion



Total surface area

1,285,215 km²

Main languages

Spanish, Quechua and Aymara



Life expectancy at birth

77

Minimum wage

PEN 1,130 (approx. USD 310)

Sources: INEI, World Bank, BCRP, MEF, ECLAC

This section provides a concise overview of Peru's economic and demographic indicators. These figures illustrate the country's scale, competitiveness and investment profile, serving as a reference point for Indian companies assessing market potential.

Peru's Top 10 Exports

The following export product groups represent the highest dollar value in Peruvian global shipments during 2024¹. Also shown is the percentage share each export category represents in terms of overall exports from Peru.

1. Ores, slag, ash: \$29.4 billion (39.3% of total exports)
2. Gems, precious metals: \$13.2 billion (17.7%)
3. Fruits, nuts: \$6.5 billion (8.7%)
4. Mineral fuels including oil: \$4.4 billion (5.9%)
5. Copper: \$3.7 billion (4.9%)
6. Food industry waste, animal fodder: \$1.9 billion (2.5%)
7. Coffee, tea, spices: \$1.4 billion (1.9%)
8. Cocoa: \$1.3 billion (1.7%)
9. Knit or crochet clothing, accessories: \$1.12 billion (1.5%)
10. Fish: \$1.07 billion (1.4%)

By value, Peru's top 10 export product categories generated 85.6% of total Peruvian shipments.

Diplomatic and Institutional Relations

- Peru and India established diplomatic relations since 1963. India opened its resident embassy in Lima in September 1969, and Peru has maintained representation in New Delhi since 1973.
- The current Ambassador of India to Peru is Shri Vishvas Vidu Sapkal, who took up his appointment in June 2023.
- The Embassy of India in Lima is located at Av. Salaverry 3006, San Isidro, Lima, Peru.
- The Embassy of Peru in New Delhi, led by Ambassador Javier Manuel Paulinich Velarde, also accredited before several neighbouring countries.
- Bilateral cooperation spans defence partnerships, military training, technology scholarships, and cultural exchange programmes.

¹ Source: World's Top Exports

Economic and Trade Relations between Peru and India

Peru and India share more than six decades of diplomatic ties, with relations today reaching a turning point. Trade between the two countries has grown steadily, and negotiations for a Free Trade Agreement (FTA) have advanced into their final stage, with the eighth round scheduled in Lima in September 2025. This agreement is expected to unlock new opportunities by reducing tariffs and fostering closer cooperation across multiple sectors.

Bilateral Trade

- In 2024, Peruvian exports to India reached USD 4.739 billion, an increase of 87% compared to 2023.
- Imports from India were estimated at USD 1.061 billion, reflecting an expanding bilateral trade relationship with a strong surplus in Peru's favour.
- India has become Peru's third-largest trading partner, accounting for 6.3% of Peru's total exports worldwide.
- Both countries are currently in the final stages of negotiating a Free Trade Agreement (FTA). The eighth round of negotiations, initially scheduled for August 2025 in Lima, is now expected to take place in September. Both governments aim to conclude the negotiations by late 2025, with the agreement expected to be signed in 2026.

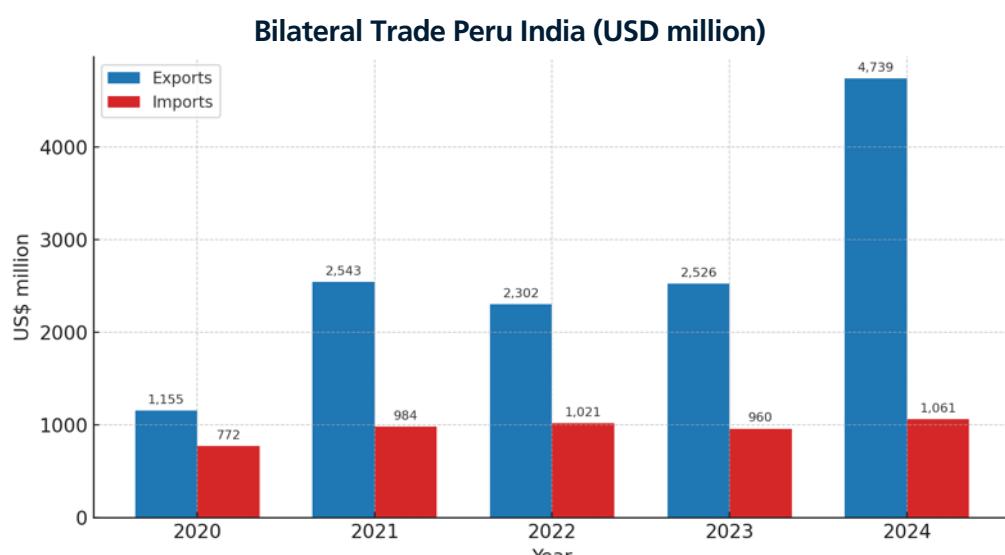
Peru exports to India are composed mainly of minerals (98% of the total), primarily gold (85%). India is the second most important destination for this precious metal after Canada. In turn, Peru imports goods from India in sectors such as heavy automotive industry (20% of the total), chemicals (21%), and textiles (20%).

Key Peruvian Exports to India

- Precious Metals: Gold is the largest export.
- Minerals and Ores: Copper ore and calcium phosphates are important items.
- Agro-products: Peru is a major global exporter of blueberries, avocados, quinoa, asparagus, and grapes, which are also exported to India.
- Other Products: Tin and products made from tin, as well as silver, are also significant exports.

Key Exports from India to Peru

- Machinery and Mechanical Appliances
- Automobiles, Motorcycles, and Three-Wheelers
- Pharmaceuticals
- Textiles, including cotton and man-made staple fibers
- Iron and Steel Products
- Rubber and Rubber Products
- Chemicals
- Plastic Products



While Peru's gold exports play a significant role in this trade relationship, an FTA would also expand scope for India's top exports to Peru, which include vehicles, cotton, and pharmaceutical products.

Indian Presence in Peru: Investments and Community

Beyond bilateral trade, India's footprint in Peru is increasingly tangible through investment, cultural presence, and a small but meaningful community. This section presents the sectors where Indian companies already operate, as well as the cultural and community ties that reinforce long-term engagement.

Key Sectors with Indian Investments

- **Automotive and motorcycles:** Indian brands such as Bajaj and TVS are leaders in the Peruvian motorcycle market, with strong distribution networks and after-sales services. Bajaj, through its local partner Crosland, holds one of the highest market shares in motorcycles and three-wheelers.
- **Pharmaceuticals and healthcare:** Indian laboratories including Dr. Reddy's, Cipla and Sun Pharma have established operations and distribution channels in Peru, supplying generics and specialised medicines, aligned with DIGEMID regulations.
- **Audiovisual distribution:** Indian cinema (Bollywood) has gained traction in Peru through local distributors and cultural associations, reflecting growing soft power and cultural ties between both countries.
- **Mining and industrial services:** Indian companies provide machinery, spare parts, and technical services for the Peruvian mining industry. This presence is still modest compared to other sectors, but it signals potential for partnerships and technology transfer in exploration and services

Indian Community in Peru

- The Indian community in Peru remains small, with around 450–500 individuals¹, primarily engaged in business, trade, and technical services.
- The first Indian immigrants arrived in the early 1960s.
- There are Hare Krishna, Sai Baba, and Brahma Kumaris religious organisations active in Lima, Chimbote, and Puno.
- Cultural activities include celebrations like Gandhi Jayanti, International Day of Yoga, spiritual services such as devotional chanting, and Indian cuisine.

Peruvian Community in India

- The Peruvian community in India is similarly modest, estimated at around 200 individuals², mainly professors, engineers, students, and diplomats based in Delhi NCR, Haryana, Maharashtra, Uttar Pradesh, Karnataka, and Rajasthan.
- Many Peruvians benefit from opportunities through Indian programmes such as the Indian Technical and Economic Cooperation (ITEC) and Indian Council for Cultural Relations (ICCR) scholarships, as well as the Professional Course for Foreign Diplomats (PCFD) at India's Foreign Service Institute.

¹ Source: Ministry of External Affairs, Government of India – Foreign Relation: Peru

² Source: Embassy Peru - India.

Sectors with greatest potential for Indian investment

Peru boasts a highly diversified economy, with strong performance in traditional industries such as mining and agriculture, alongside rapid growth in emerging sectors including renewable energy, technology, and specialised services. This diversity creates multiple entry points for foreign investors, offering opportunities both in established markets and in areas undergoing modernisation and expansion.

For Indian companies, Peru presents a unique combination of high-demand sectors, strategic location, and a regulatory environment open to foreign participation. Below we highlight the sectors currently showing the greatest potential for Indian investment.



Mining

Peru is the world's second-largest producer of copper and a leading producer of gold, silver, zinc and tin. The sector offers significant opportunities in exploration, extraction, processing, supply of specialised machinery and environmental management services.



Pharmaceuticals and healthcare

Growing demand for generic medicines and medical devices, regulated by DIGEMID under international standards.



Automotive and motorcycles

Expanding market; mandatory homologation and emissions standards.



Machinery and metalworking

High demand in mining, construction and agribusiness; technical certification required.



Infrastructure

Railway, port and urban transport projects; schemes such as PPPs and Works for Taxes.



Agribusiness and agro-exports

Climatic diversity enabling varied production; regulated by SENASA.



Renewable energy

Strong potential for solar, wind and hydroelectric projects, supported by a favourable regulatory framework and government tenders aimed at diversifying the energy matrix.



Technology and services

Innovation hubs, software development, fintech and cybersecurity, with incentives in free trade zones and technology parks.

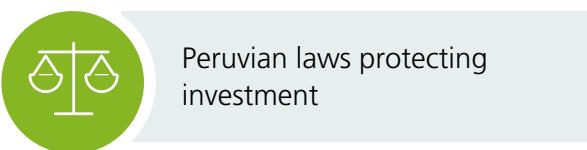
Legal and regulatory framework and key steps for investing



Legal and regulatory framework

Investing in Peru means operating in a sound legal environment, which grants foreign investors the same treatment as nationals and ensures the protection of their rights through recognised dispute resolution mechanisms such as **ICSID** and **UNCITRAL**.

The Peruvian legal framework combines regulatory stability with clear procedures for establishing and developing operations, providing long-term security for investment projects.



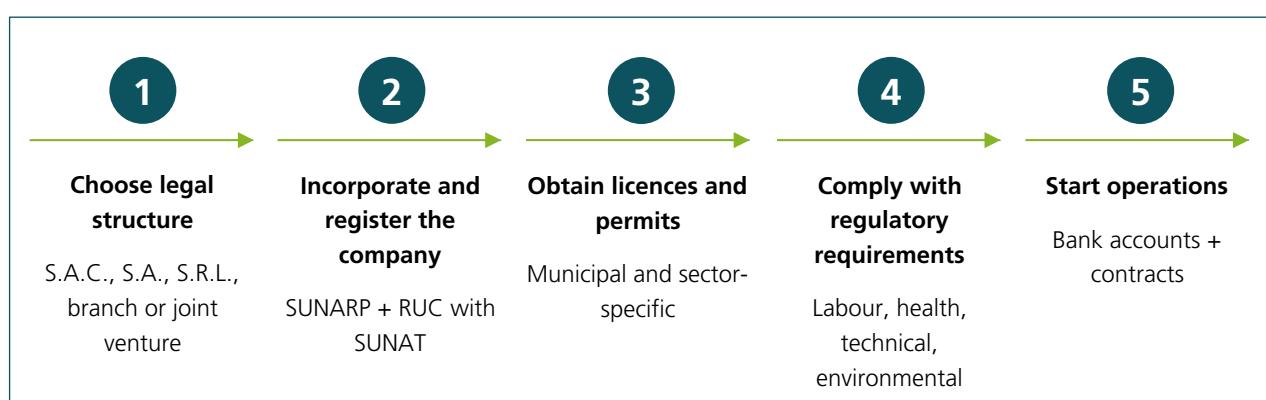
Peruvian laws protecting investment

- **Political Constitution of Peru:** Guarantees equal treatment for national and foreign investors.
- **Legislative Decrees Nos. 662 and 757:** Establish the legal stability regime for foreign investment.
- **Legal Stability Agreements:** Allow freezing of the tax regime for up to 10 years for investments exceeding USD 5 million.

Legal requirements for setting up a company

Types of entities:

- Private Limited Company (S.A.C.)
- Public Limited Company (S.A.)
- Branch of a foreign company
- Representative office



Essential procedures:

- Single Taxpayer Registry (RUC)
- Municipal and sector licences
- Labour payroll registration
- Issuance of electronic invoices
- Monthly and annual tax compliance

Tax incentives

- Special Regime for Anticipated Recovery of VAT (RERA): VAT refund during the pre-operational stage for projects over USD 5 million.
- Law 30309: additional deduction of up to 240% for R&D&I expenses.
- Special Economic Zones (SEZs): tax and customs benefits.
- Reduced corporate income tax rates in sectors such as Amazon, agribusiness and tourism.

Immigration considerations

- Investor visa.
- Foreigner identity card.
- Work permit for managers and legal representatives.

In the following chapters, we outline the most relevant corporate, tax and labour aspects, together with the key steps for establishing a business in the country.

1. Corporate Business Organisations

Types of Business Organisations



Corporations (Sociedades Anónimas – S.A.)

A minimum of two (2) shareholders is required. Non-resident shareholders must appoint a representative in Peru to sign the incorporation documents on their behalf. The initial capital contribution, whether in local or foreign currency, must be deposited in a Peruvian bank.

The General Companies Law (LGS) does not set a mandatory minimum capital; however, financial institutions typically require an initial capital of at least PEN 1,000 (approximately USD 300). Share capital is represented by shares, which may be documented through share certificates or book entries.



Limited Liability Companies (Sociedades de Responsabilidad Limitada – S.R.L.)

Limited liability companies may be formed by a minimum of two (2) and a maximum of twenty (20) partners. This type of company does not issue shares.

The incorporation process is the same as for other types of companies. The capital is divided into equity interests (cuotas de participación), which are non-cumulative and indivisible.



Branches

Branches are secondary establishments through which a company, whether local or foreign, carries out business activities in a location other than its main place of business.

Branches do not have a separate legal personality. The parent company is fully liable for the branch's obligations.

Key Characteristics of Business Organisations

Corporations

Name: The corporate name must include the designation “Sociedad Anónima” or the abbreviation “S.A.”

Limited liability: Shareholders’ liability is limited to the value of their shares. Shareholders are not personally liable for the company’s debts.

Centralised management: Managed through a Shareholders’ Meeting, Board of Directors and General Manager.

Legal reserve: A minimum of 10% of net profits (after taxes) must be allocated to a legal reserve fund each year, until such reserve equals one fifth of the company’s paid-in capital.

Transfer of shares: Shares may be freely transferred unless otherwise stipulated. No official filing is required for the transfer.

Limited Liability Companies

Name: The corporate name must include the designation “Sociedad Comercial de Responsabilidad Limitada” or the abbreviation “S.R.L.”

Limited liability: Partners are not personally liable for corporate obligations.

Management: Managed through a General Meeting of Partners and a General Manager.

Legal reserve: There is no obligation to establish a legal reserve.

Transfer of equity interests: Transfers to third parties are subject to a right of first refusal by existing partners and must be registered with the Public Registry.

Branches

In the case of branches established by foreign corporations, the resolution approving the creation of the branch must be notarised by the Peruvian consulate and legalised by the Ministry of Foreign Affairs (MRE) in Peru, or, if applicable, apostilled in the country of origin. This document must then be converted into a public instrument before a notary and registered with the Public Registry.

Branch registration also requires, among other documents, a certificate of existence of the parent company, duly notarised or apostilled, as appropriate.

According to the General Companies Law (LGS), foreign companies may incorporate a branch in Peru or choose to transform into any type of company regulated under Peruvian law.

2. Tax

Key Considerations



Main taxes applicable to all companies in Peru

Income Tax (IR)

Applies to taxable net income at a standard rate of 29.5%.

General Sales Tax (IGV)

Applies to specific transactions at a rate of 18%.

Financial Transactions Tax (ITF)

Applies to credit and debit transactions in any bank account. The applicable rate is 0.005%.

Temporary Net Assets Tax (ITAN)

Applies to the historical value of net assets for companies with assets exceeding PEN 1 million. The applicable rate is 0.4% over the excess of PEN 1 million.

Customs Duties

Apply to the importation of goods into Peruvian territory. Exports are not subject to tax. Import transactions are generally subject to Ad Valorem duties (with rates of 0%, 4%, 6% and 11%, depending on the type of goods) and to IGV at 18%.

Selective Consumption Tax (ISC)

Applies to the sale of certain goods (such as alcoholic beverages, cigarettes, fuel) and services (such as gambling, slot machines, and similar). The applicable rate depends on the specific good or service.



Permanent Establishment (PE) in Tax Law

As of 2019, a new definition of Permanent Establishment (PE) was introduced into domestic tax legislation, which includes the following scenarios:

- A fixed place of business through which the commercial activities of a non-domiciled entity are totally or partially carried out.

— A building site or construction or installation project, as well as supervision activities related to them, when their duration exceeds of 183 days within any 12-month period, unless a lower term has been established through a Double Tax Treaty.

— The provision of services, when they are performed in the country for the same project, service, or for a related one, for a period or periods that in total exceed 183 days within any 12-month period, unless a lower term has been established through a Double Tax Treaty.

— An individual acting in the country on behalf of a non-domiciled entity, and who habitually concludes contracts or habitually develops the main role leading to the conclusion of contracts that are routinely concluded without material modification by the non-domiciled entity.



Corporate Financing

Are thin capitalisation rules in place?

Yes. Peruvian tax law provides that net interest exceeding 30% of the previous year's tax EBITDA is non-deductible for tax purposes. Any excess interest may be carried forward for up to 4 years.

Tax EBITDA is defined as net profit after offsetting losses, plus net interest, depreciation and amortisation.

Are stamp duties or registration taxes applicable to capital contributions or intra-group loans?

No stamp duties or registration taxes apply in Peru to capital contributions or intra-group loans. In the latter case, transfer pricing rules will apply.

Withholding Tax



Withholding tax on dividends

The distribution of dividends to non-resident entities or individuals is subject to a withholding tax rate of 5%. The distribution of dividends between Peruvian entities is not subject to dividend withholding tax.



Withholding tax on interest

Interest payments to non-resident entities or individuals are subject to a withholding tax rate of 30%. If certain conditions are met, the applicable rate may be reduced to 4.99%. In case the distribution is in favor of a non-domiciled related party, the applicable tax rate will be 30%. Double Tax treaties subscribed by the Peruvian Government may reduce the withholding tax applicable.



Withholding tax on services paid to foreign providers

Services are generally subject to a 30% withholding tax rate. However, the applicable rate will depend on the nature of the services rendered and the place in which they are provided.

Double Taxation Treaties

Peru has entered into double taxation treaties based on the OECD Model Tax Convention with the following countries:

- Brazil
- Mexico
- Canada
- Portugal
- Chile
- Switzerland
- South Korea
- Japan

Peru has also signed a multilateral tax agreement to avoid double taxation (Decision 578), applicable within the Andean Community of Nations, with the following members:

- Bolivia
- Colombia
- Ecuador



3. Employment law

Hiring and employment of foreign nationals



Employment Relationship

A written employment contract is only mandatory in the case of foreign workers or Peruvian nationals hired under fixed-term or part-time agreements (defined as working fewer than four hours per day). In all other cases, there is no legal obligation to execute a written contract. Proof of a dependent service relationship is sufficient to establish the existence of an employment relationship, which automatically creates mutual rights and obligations under the law.

The use of fixed-term employment contracts must be justified by the temporary nature of the work, as set out in the applicable legislation. The maximum duration for such contracts is five years. However, the law provides shorter maximum terms for specific circumstances, such as three years due to business growth, two years in the event of corporate restructuring, and six months for temporary needs unrelated to the company's ordinary activities.

The required contents of a written contract depend on the type of employment. In the case of foreign personnel, the law establishes specific conditions. For fixed-term contracts with local employees, the reason justifying the temporary nature of the employment must be stated. For part-time contracts with local employees, the contract must specify the working hours and indicate that the employee is subject to part-time employment regulations.

All written employment contracts and any amendments thereto must be submitted to the Ministry of Labour for approval in the case of foreign workers.



Probationary Periods

Under the law, the first three months of service are considered the statutory probationary period, during which the employee is not protected against dismissal. The employer may terminate the contract without justification or formalities during this time.

A longer probationary period may be agreed upon for management personnel or executives, with a maximum duration of up to one year. For qualified employees or trusted personnel with access to confidential information or who work closely with senior management, a probationary period of up to six months may be established. In such cases, the duration must be expressly justified in the contract, either due to training or adaptation requirements or based on the level of responsibility of the role.





Foreign Personnel

In order for a foreign national to work in Peru, whether subject to the general regime or as an Andean migrant worker, they must first obtain a work permit.

Under all applicable regimes, foreign employees are protected by Peruvian labour law. They are entitled to the same employment benefits and protection against dismissal as Peruvian employees.

The number of foreign employees a company may hire is limited to 20 percent of its total workforce, and their aggregate remuneration must not exceed 30 percent of the company's total payroll. Exceptions to these limits may apply in specific cases, such as the hiring of highly qualified professionals or individuals who will hold executive positions.

Employment contracts with foreign nationals and any amendments thereto must be in writing, based on an official model, and submitted to the Ministry of Labour for approval. These contracts may not exceed a term of three years, although renewals for additional periods of up to three years each are permitted.

Once the employment contract has been approved, the foreign employee must obtain a work permit before commencing work.

This employment regime does not apply to certain categories of foreign nationals who may be hired under the same terms as Peruvian workers. These include foreign nationals who are related to Peruvian citizens, immigrants, foreign investors, individuals from countries with labour reciprocity agreements or dual nationality agreements, foreign transport company employees, staff of multinational service or banking institutions, foreign nationals working in Peru under bilateral or multilateral government agreements, and artists, athletes or performers hired for public events for a maximum of three months per year.

Main Migration Procedures



Change of migratory status to worker



Allows foreign nationals to carry out paid employment in Peru in either the public or private sector, provided they hold a duly approved employment contract from the Ministry of Labour.

Temporary
183 days

Resident
365 days



Change of migratory status to MERCOSUR resident



Allows nationals of Argentina, Brazil, Paraguay, Uruguay, Chile, Colombia, Ecuador or Bolivia to engage in paid activities in Peru after obtaining residence.

Temporary
2 years

Indefinite
Permanent residency



Dismissal

According to the Constitution, employees are protected by law against unfair dismissal. This protection does not apply exclusively to trade union leaders or certain categories of workers, but rather to all employees who work more than four hours a day and have completed their probationary period. These employees may not be dismissed without justified cause.

Under the law, employees may only be dismissed for reasons expressly established by statute.

If an employee is dismissed without just cause, they are entitled to choose one of the following options:

- a) File a claim to be reinstated in their position, or
- b) File a claim for compensation due to unfair dismissal. This compensation amounts to one and a half months' salary per year of service, up to a maximum of twelve months' salary.

Grounds that justify termination without compensation include:

- a) Expiration of a fixed-term contract.
- b) Permanent physical or mental incapacity, or clear and unjustified underperformance in comparison to the average performance of the workforce and the employee's own historical performance; refusal to undergo a medical examination required to determine fitness for work.
- c) Conviction for a criminal offence.
- d) Permanent disability of the employee.
- e) Serious misconduct expressly defined by law, including breach of duties, underperformance, misappropriation or attempted misappropriation of the employer's property or services, disclosure of confidential information or false information that may damage the employer, unfair competition, attending work under the influence of alcohol or drugs, violent behaviour, serious insubordination, intentional damage to company property, unjustified absence for more than three consecutive days or five non-consecutive days, and repeated tardiness.



In the event that the dismissal is challenged in court and the employer fails to substantiate the charges or comply with the required procedure, the dismissal will be deemed unfair. The employee will then be entitled to either reinstatement or the compensation provided for under the law.

The parties may reach a mutual agreement regarding termination. However, if dismissal is found to be unjustified, any settlement agreement that provides for compensation below the statutory minimum shall be considered null and void.



Collective Dismissal

An employer may also terminate employment contracts without paying severance compensation when the dismissal is due to force majeure, economic, technological, structural or similar reasons that justify the need for termination. Prior authorisation from the Ministry of Labour is required, based on an expert report prepared by an independent auditor that demonstrates the necessity of the dismissal.

In practice, although this matter has been regulated for over 50 years, very few cases have resulted in the Ministry of Labour authorising a company to carry out a collective dismissal of its employees.

Legally, before the Ministry of Labour issues its decision, the parties may negotiate and reach an agreement to terminate the contracts of the affected employees. If the employees are unionised, the union's participation in the negotiations is mandatory.

In the event of company dissolution or liquidation, or if the company is declared bankrupt by a competent authority, prior authorisation from the Ministry of Labour is not required. In such cases, a five-day notice period will suffice.



Personnel Excluded from Employment Stability

Executive and trusted personnel are excluded from the scope of statutory employment stability protections.

According to the law, executive or managerial employees are those who represent the employer generally before other employees or third parties, those who act as substitutes, those who perform administrative or supervisory roles, or those whose duties and level of responsibility directly affect the company's results.

Trusted employees are those who work in close contact with executive staff, having access to industrial, commercial or professional secrets, or in general to confidential information, or those whose opinions or reports are submitted directly to executives and contribute to the company's decision-making process.

The classification of executive or trusted employees must consider the specific nature of their duties and responsibilities. This classification must be provided to the employee in writing and is typically included and explained in the employment contract.



Key Employment Rights Provided by Law



Minimum Living Wage

The statutory minimum wage is currently set at S/1,130.00 soles per month (approximately USD 310).



Compensation for Length of Service (CTS)

Employees are entitled to receive a benefit called Compensation for Time of Service (CTS), which amounts to half a month's salary and is paid twice a year (in May and November). The CTS payment must be deposited into the employee's designated financial institution.



Weekly Rest and Public Holidays

All employees are entitled to a minimum weekly rest period of 24 consecutive hours, preferably on Sundays. Employees are also entitled to rest on public holidays.



Family Allowance

This is a benefit paid to any employee with one or more children under 18 years of age, or up to 24 years of age if the child is studying. The allowance equals 10 percent of the statutory minimum wage per month, per employee.



Statutory Bonuses

Employees are entitled to two annual bonuses, one in July (Independence Day bonus) and one in December (Christmas bonus). Each bonus is equivalent to one month's salary, plus an extraordinary bonus of 9 percent. If the employee is enrolled in a private health provider (EPS), the extraordinary bonus is 6.75 percent.



Annual Leave

Employees are entitled to 30 calendar days of paid annual leave for each full year of service. Holiday pay must equal the remuneration the employee would have earned if they had worked during the leave period.



Working Hours

The maximum ordinary working hours are 8 hours per day or 48 hours per week, whichever limit is reached first.

Any time worked beyond these limits is considered overtime and must be agreed upon voluntarily. Overtime must be compensated at a rate of no less than 25 percent for the first two daily overtime hours, and 35 percent for any additional hours.

Executive-level employees are not subject to maximum working hour limits and are not entitled to receive overtime pay. In certain cases, trusted personnel may also be excluded from maximum working hour regulations.



Profit-Sharing

Companies with 20 or more employees are required to distribute a fixed percentage of their annual net profits among their employees, as established by law. The applicable percentages range between 5 and 10 percent, depending on the company's line of business.



Life Insurance

Employers are also required to provide life insurance cover for each of their employees.



Social Security Contributions

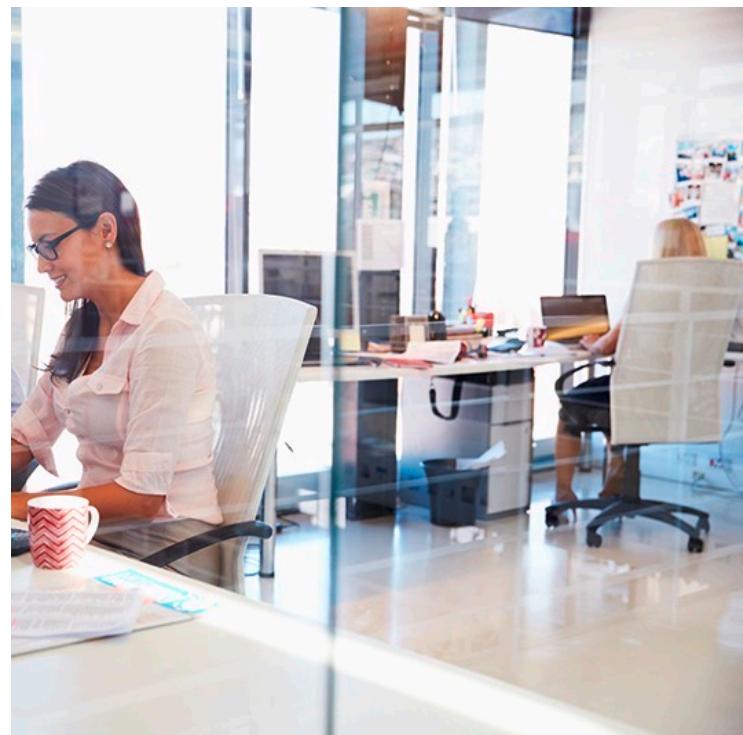
- Employers must enrol their employees in the national healthcare system (ESSALUD) for health insurance purposes. The employer's contribution is equal to 9 percent of the employee's total salary.
- For pension purposes, employees may choose between the Private Pension System or the State Pension System, both managed by the Social Security administration. Contributions to the State System are set at 13 percent, while contributions to the Private System are approximately 13 percent. These amounts must be withheld from the employee's salary and transferred to the appropriate fund.



Total Annual Remuneration

According to the law, employers may agree with employees whose monthly salary is equal to or greater than two tax units (UITs) to pay them a comprehensive annual remuneration. For 2025, this amount is S/10,700 soles (approximately USD 2,923).

This annual package includes base salary and any legal or agreed benefits, with the sole exception of profit-sharing, which must be paid separately. For tax purposes, each component must be itemised on the payroll in order to apply the relevant tax exemptions or exclusions.



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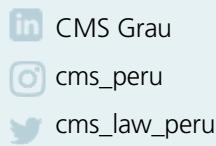
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