

# LEGAL ENVIRONNEMENT FOR DOING BUSINESS IN PERU

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# 1. GENERAL CONTEXT

- Steady economic growth
  - GDP growth of 6.3% in 2012
  - Projected growth of 6.2% in 2013, supported by:
    - robust private consumption growth
    - solid investment
    - gradually improving external conditions
  - Inflation of 2.5% (year to February 2013) within Central Bank's 1-3% target range

- EIU's forecasted growth of 5.9, 5.8, 5.7 and 5.7% in 2014, 2015, 2016 and 2017 respectively
- First place in Latin America with regards to environment open to business (according to the Economic Index Climate of Getulio Vargas Foundation)

- Political stability
- Free trade agreements: fourteen agreements since 2006, including:
  - U.S. (February 1, 2009)
  - Canada (August 1, 2009)
  - European Union (March 1, 2013)

## 2. GOVERNMENT ROLE

- Peruvian Constitution
- A “Market Social Economy”
- Legislative Decree 757 of November 1991  
 (“Ley Marco de Crecimiento de la Inversión Privada”)

## 3. PROMOTION OF PRIVATE INVESTMENT

- Guarantees to Investment
  - Constitutional guarantee of foreign investment (s. 63 of the Constitution)  
Sole exception: 50km
  - Freedom of trade and industry
  - Freedom of export/import
  - Right to possess and exchange foreign currency
  - No restrictions to repatriation of capitals, dividends, profits
  - No discrimination (currency exchange, prices, tariffs, import duties) among investors

- Privatizations and concessions
  - Privatization of public companies
  - Legal regime of Public/Private Partnerships
  - Guarantee of private investment at the three government levels
  - Concessions as result of private initiatives

- Legal Stability Agreements
  - Legal force
  - 10 years
  - Minimum investment
  - Stabilized rights: Income tax, foreign currency, repatriation of capital and dividends, access to the most favourable exchange rate, no discrimination, employment of workers



- **Bilateral and Multilateral Investment Agreements**
  - MIGA
  - Alternative Dispute Resolution
  - Bilateral investment agreements with Canada and 30 other countries

## • Corporate Law

- Freedom to constitute companies in elected form  
exception: financial sector and mining sector
- Legal capacity of foreign entities to act in Peru
- Registration in public registry
- “Ley General de Sociedades”
  - Sociedad Anonima
  - Limited Responsibility Commercial Corporation
  - (Branch)
  - Shareholder Agreements
  - Powers of attorney

## 4. TAX SYSTEM

- Legislative Decree 757 of November 1991
- International Agreements to avoid double taxation (including one with Canada)
- Registration: RUC
- Income Tax
- General Sales Tax
- Selective Consumption Tax
  - Oil, alcohol, cigarettes
  - Lotteries and bidding
- Financial Transaction Tax

- Temporal Tax to Net Assets
- Municipal Taxes
  - Property taxes
  - Property transfer taxes
  - Vehicles

## 5. ANTITRUST

- General rule: Concentration of corporations: no need for authorization
- Previous authorization for concentration of companies in electricity sector
- Equalization of playing field:
  - Abuse of dominant position
  - Horizontal collusion
  - Vertical collusion
  - General anticompetitive behaviour
- Commission of Defense of Free Competition, belonging to INDECOPI

## 6. INTERNATIONAL TRADE

- Legislative Decree 668 of October 1991
- Freedom in international trade
- Ley General de Aduanas, Legislative Decree 1053
  - No restrictions
  - Exceptions
  - Import Tax
    - 6% ➤ 33.55%
    - 11% ➤ 10.47%
    - 0% ➤ 55.96%

- WTO norms on import value
- Founding member of the World Trade Organization
  - Antidumping
  - Subsidies
  - Compensatory measures
- Bilateral Agreements on Protection of Investments

# 7. PROTECTION OF INTELLECTUAL PROPERTY

- Industrial Property
  - Patents
  - Certificates of protection
  - Industrial design
  - Commercial names
  - Designation of origin
  - International Agreements
    - Paris Convention
    - Washington Convention, etc.
- INDECOPI



- Copyright protection
  - Rome Convention 1961
  - Other international agreements and national legislation

## 8. EMPLOYMENT LAW

- General rule: indefinite-term contracts
- Fixed-term contracts
- Contracts through third parties
- Outsourcing
- Working hours
- Holidays
- Minimum income
- Compensation for time of services
- Taxes on salaries
- End of the employment relationship – remaining rigidities

## 9. IMMIGRATION

- Written contract
- Limits:
  - Number
  - Payroll
- Work visa
- Taxation aspects

QUESTIONS ?  
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THANK YOU

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