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Global Practice Guides

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2024

Chambers Global Practice Guides

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PERU



Law and Practice

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Thorne, Echeandía & Lema Abogados

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Thorne, Echeandía & Lema Abogados is a multi-service law firm based in Lima that provides high quality legal representation to businesses and private clients. It is a specialised firm in tax law, international trade and intellectual property. Others law practice includes corporate law, labour, M&A, contracts, real estate and administrative law. With over 15 years in the market and a highly specialised team of lawyers, the firm has a proven track record for delivering effective and tailored legal solutions in the most

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1. Legal System

1.1 Legal System and Judicial Order

Peru has adopted a civil law legal system, which means that the law and regulations are the main source to administer justice in the country. For that purpose, the current regulations are divided in order of relevance from the most important to the least, providing a subordinated legal system.

In the first place, there is the Political Constitution, which establishes the most basic aspects of the Republic, such as fundamental rights and the structure of the government. The current document was created and enacted in 1993 with a social market economy approach. Given its importance, the Constitutional Court was established as an autonomous institution with the sole responsibility of resolving conflicts related to constitutional content, as well as being responsible for the interpretation and control of constitutionality.

Following on from the Political Constitution, there are the International Treaties that Peru has entered into with other countries, laws created by the legislature, laws created by the executive with prior authorisation, and other regulations.

Peru, as a democratic republic, divides its government organisation into three branches with equal hierarchy. Although they have different responsibilities, the government structure is designed to provide checks and balances to prevent any branch from overusing its power. The Executive Power is elected every five years and is represented by the President of the Republic, who selects its own team of ministers.

- The executive has one minister designated to lead each ministry, who is responsible for

issuing regulations and has the exceptional power to submit bills to the legislature.

- The legislative power is composed of 130 members of congress who represent the nation in government, with the primary aim of creating laws. Their term lasts for five years and they are elected simultaneously with the President of the Republic.
- The judicial power is the institution that administers justice in accordance with the laws already enacted. However, it can also establish mandatory guidelines such as jurisprudence and binding precedents. The judicial power, adhering to the right to multiple instances in a judicial process, has the following structure:
 - (a) a Superior Court judge resolves in the first instance;
 - (b) the Superior Tribunal resolves the appeal in the second instance; and
 - (c) the Supreme Court will resolve the casation, that is not a third instance, but an exceptional instance used to correct a misinterpretation of the law.

2. Restrictions on Foreign Investments

2.1 Approval of Foreign Investments

In general terms, foreign investments do not require any approval or authorisation by any Peruvian authority. This is because the Peruvian Constitution provides that local and foreign investments are subject to the same conditions.

Peruvian law assures equal treatment before the law to foreign investors and investments; hence, equality of rights and obligations between foreign and national investors is guaranteed.

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Likewise, foreign investors are guaranteed respect for their private property, the right to resort to arbitration, and freedom of trade, among other guarantees to protect their investments.

2.2 Procedure and Sanctions in the Event of Non-compliance

Notwithstanding the foregoing, Peruvian law establishes certain restrictions for foreigners for national security and defence purposes.

The Peruvian Constitution provides that foreigners cannot acquire or own assets within 50 kilometres of the borders, unless authorised by a supreme decree issued by the Council of Ministers in cases of public necessity. Failure to comply with such prohibition could trigger expropriation by the Peruvian State.

Along the same line, Peruvian regulations establish restrictions on foreign investments in sectors such as commercial aviation, private security and surveillance, commercialisation of weapons and explosives, radio broadcasting services, maritime transportation of hydrocarbons and water transportation.

2.3 Commitments Required From Foreign Investors

Within the framework of the promotion of foreign investments, local legislation provides the execution of Legal Stability Agreements with the Peruvian State.

The purpose of such agreements is to stabilise the guarantees applicable to the foreign investors with respect to the tax regime, the free availability of foreign currency and the right of free remittance of profits, dividends and royalties.

Foreign investors who execute Legal Stability Agreements must comply with certain requirements: (i) channel the investments through the National Financial System and (ii) make a monetary contribution of at least USD10 million (in the mining and hydrocarbon sectors) and USD5 million (in other sectors).

The term of the Legal Stability Agreements is ten years, except in the case of concessions where the term is subject to the term of the concession. Likewise, any disputes that may arise between foreign investors and the Peruvian State shall be submitted to an arbitration tribunal.

The agreements executed between the Peruvian State and investors have the force of law and cannot be modified unilaterally by any of the parties.

2.4 Right to Appeal

The Peruvian Constitution establishes the plurality of instances as a principle of the jurisdictional function.

In this way, in accordance with the guarantee of equal treatment before the law, foreign investors shall exercise the right of appeal against any judicial decision or administrative resolution applicable to them (complying with the corresponding procedures, formalities and deadlines).

With respect to arbitration, Peru has signed the Convention on the Settlement of Investment Disputes; consequently, foreign investors may submit to arbitration under ICSID rules.

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3. Corporate Vehicles

3.1 Most Common Forms of Legal Entity **Sociedad Anonima Ordinaria (SA)**

The most common type of corporate vehicle available in Peru is the *Sociedad Anonima Ordinaria* (SA), which is equivalent to a corporation and is suitable for private and public companies, and for every type of business.

The main characteristics of the SA are the following.

- It must be incorporated by at least two shareholders (natural persons or legal entities).
- The liability of the shareholders is limited to their contributions to the capital.
- The duration can be for a determined or indeterminate term.
- There is no legal requirement to allocate a minimum capital; however, depending on the activity conducted by the company (such as insurers, banks and custom agencies), minimum capital allocations can be required. Non-monetary contributions (with the exception of services) and credit rights are also permitted.
- The capital is divided into freely negotiable shares, unless the shareholders decide to limit temporarily such right in the by-laws or by a shareholders' agreement. All the shares must be nominative, issued and paid in at least 25% of their nominal value.
- Right of first refusal and tag/drag along rights are permitted.
- The general shareholders' meeting is the supreme corporate power of the company.

Sociedad Anonima Cerrada (SAC)

The SAC, or closely held corporation, is usually associated with small or medium-sized companies and family businesses, although there are

no limitations to the amount of the capital or the commercial transactions that can be conducted.

In addition to the previously described main characteristics of the SA, the SAC has the following specific characteristics:

- it cannot have more than 20 shareholders nor list its shares in the Public Register of the Securities Market; and
- all shareholders have the right of first refusal unless the by-laws waive such right.

Having a board of directors is optional.

Sociedad Anonima Abierta (SAA)

The SAA (open corporation) is usually associated with large companies that comply with at least one of the following requirements: (i) have 750 or more shareholders; (ii) have made a public primary offer of shares or obligations convertible to shares; (iii) have more than 35% of the capital owned by one 175 or more shareholders, without considering shareholders whose individual stock does not meet two per 1,000 or more than 5% of the capital; (iv) it is incorporated as an SAA; and (v) all the shareholders with voting rights unanimously approve to adopt such corporate form.

In addition to the previously described main characteristics of the SA, the SAA has the following specific characteristics:

- must register all its shares in the Public Register of the Securities Market;
- is supervised and controlled by the Superintendence of the Securities Market (SMV); and
- the shares cannot be subject to any of the following stipulations (i) limitations to the free transfer of the shares; (ii) any form of restriction to negotiate the shares; and (iii) any right

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of first refusal in favour of the shareholders or the company.

3.2 Incorporation Process

The incorporation process takes approximately three weeks and includes the following steps.

- Search and reservation of the corporate name with the local public registry (not mandatory but recommended).
- Subscription of the incorporation minute and by-laws by the founding partners.
- Subscription of the directors' acceptance letters (only if the corporation has a board of directors).
- Payment of the initial capital (in the case of monetary contributions) or issuance of the valuation report (in the case of non-monetary contributions and credit rights).
- Subscription of the public deed with a public notary.
- Registration of the company with the local public registry.
- Activation of the tax number, password and authorisation for the issuance of invoices with the tax authority.
- Opening of the bank accounts.
- Purchase and legalisation of the corporate books.
- Issuance of the share certificates.

3.3 Ongoing Reporting and Disclosure Obligations

Changes to management must be filed and registered with the local public registry. Filing with the tax authority is only required if the representative has tax powers.

Amendment to articles of incorporation must be filed with the local public registry. Filing with the tax authority is only required in specific cases,

such as change of name, domicile or corporate purpose.

Financial statements must be approved by the shareholders' meeting and included in the corporation's annual sworn statement filed with the tax authority.

Legislative Decree 1372 establishes the obligation of legal persons and/or legal entities (including private companies) to report the identification of ultimate beneficial owners before SUNAT (Peruvian tax authority). The ultimate beneficial owner is defined as a natural person who (i) holds at least 10% of the capital stock of the legal entity, or (ii) exercises effective control of the legal entity, by means other than ownership, in both cases, directly or indirectly. In case no one is identified under these criteria, it will be the person with the highest administrative position.

The filing of the ultimate beneficiary statement is made gradually according to the deadline established by the tax authority by means of a superintendence resolution.

3.4 Management Structures

One-tier (general manager) and two-tier (board of directors and general manager) management structures are available in the most common legal entities.

A one-tier management structure is only available in an SAC. Two-tier management structures are mandatory in an SA and SAA.

3.5 Directors', Officers' and Shareholders' Liability

Directors are unlimited and jointly liable before the corporation, the shareholders and third parties, for the damages caused by the agreements or acts contrary to the law, the by-laws or those

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conducted with intent, abuse of powers or gross negligence.

Managers are liable before the corporation, the shareholders and third parties for the damages caused by failure to fulfil their obligations, intent, abuse of powers and gross negligence. Managers are also liable, jointly with the members of the board of directors, when they participate in acts that trigger the liability of the latter or when, knowing the existence of such acts, do not inform them to the board of directors or the shareholders' meeting.

Peruvian legislation does not include a concept of "piercing the corporate veil". However, some local jurists consider that such doctrine can be applied, exceptionally, in cases of abuse of law and fraud on the legal entity, only if there is no other available solution in the legal framework.

4. Employment Law

4.1 Nature of Applicable Regulations

The Peruvian legal system is governed by the Political Constitution of Peru, which regulates the fundamental right to work, as the basis of social well-being and a means of personal fulfilment. In addition, the Peruvian State, in labour matters, is bound by the standards established in the fundamental conventions of the ILO, which are part of the legal system and of constitutional rank. In relation to these, the ILO Governing Body identified ten conventions, within the full range of international instruments, that were described as "fundamental" to guarantee the basic labour rights of all people in the workplace. Of the ten, eight fundamentals have been ratified by Peru. These ILO conventions deal with: association and syndical freedom and the effective recognition of the right to collective bargaining; elimina-

tion of any forced or compulsory labour; effective abolition of child labour; the elimination of discrimination in employment and occupation; and respect and promotion of a safe and healthy work environment.

Peru contemplates the co-existence of labour regimes. The main ones are the general working regime (regulated in the Single Harmonised Text of Legislative Decree No 728, Labour Productivity and Competitiveness Law, approved by Supreme Decree No 003-97-TR), special regime for the micro and small businesses (MYPE), the special agrarian regime (Law No 27360) and the civil construction regime (regulated by various collective conventions by branch of activity). These regimes apply to more than 90% of the formal workers in the private sector.

The establishment of special regimes for the private sector comes, generally, with fewer labour rights in comparison to the general labour regime, which include the following labour social rights and benefits: compensation for time of service (one monthly remuneration for each year of service); legal gratifications (two ordinary remunerations annually); vacations (30 calendar days for each passed year of service); utilities (percentage to be distributed depending on the firm's line of business); minimum vital remuneration (PEN1,025); social security in pensions (at the worker's expense between 12 and 13%) and in health (at the employer's expense of 9% with each worker's monthly remuneration as base).

In matters of occupational safety and health, all economic and service sectors must comply with Law No 29783, Law on Safety and Health at Work, which applies to all employers and employees subject to the labour regime of the private sector, regardless of the nature of their relationship, whether it be training or civil.

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4.2 Characteristics of Employment Contracts

The characteristics of an employment contract depend on whether it is an indefinite-term or a fixed-term contract. As a general rule, if the activity to be contracted satisfies a permanent need of the company, it must be hired for an indefinite term; however, the labour law provides exceptions to this rule, provided that the contract corresponds to the type regulated as temporary, occasional, or for specific work or service, and complies with its legal requirements for use. In these cases, the employer must conclude the contract in writing, state the term and objectively support the temporary nature of the contract to avoid labour fraud, the sanction for which is the conversion of the contract to an indefinite one.

The labour law also regulates the possibility of hiring a part-time worker, defined as those whose workday, divided into five or six days (depending on the company's usual working hours), averages less than four hours a day. Such contracts must be concluded in writing and submitted to the Administrative Labour Authority for registration.

4.3 Working Time

The ordinary working day is limited to eight hours daily or 48 hours weekly. However, certain workers aren't constrained to this limit, such as managerial, trusted staff, trusted personnel, and those employees whose work is not under direct supervision (eg, work outside the employer's premises).

Overtime

For workers who are subject to the maximum limit of the ordinary working day, overtime is paid at a rate of 1.25 times the regular remuneration for the first two hours and 1.35 times for any additional hour. Working on a day of rest or holi-

day is compensated with a 100% surcharge or with the corresponding financial compensation.

4.4 Termination of Employment Contracts

According to the labour law, the employment contract is terminated for the following reasons:

- the death of the worker or employer (if a natural person);
- the voluntary resignation or retirement of the worker;
- the termination of service or work;
- the fulfilment of the resolutive condition and the expiry of the term in contracts legally concluded under modality;
- mutual dissent between worker and employer;
- permanent absolute disability;
- retirement;
- dismissal, in the cases and manner permitted by law; and
- termination of the employment relationship for objective reasons.

Collective Dismissals

Collective dismissal for objective reasons is carried out when at least 10% of the payroll is affected, following the procedure established by law, and reporting to the Administrative Labour Authority, which decides on its approval.

According to the labour law, termination for objective reasons includes the following cases: fortuitous event or force majeure; economic, technological, structural, or similar reasons; the dissolution and liquidation of the company, and bankruptcy; and asset restructuring.

Individual Dismissals

The individual dismissal of a worker who has exceeded the trial period and works four or more

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hours daily on average may only proceed if there is a justified cause related to conduct or capacity as contemplated by law and duly verified.

To carry out a disciplinary dismissal for serious misconduct, the employer must send the worker a letter of “prior notice” of dismissal, specifically stating the fault committed, informing the legal basis, explaining the facts and means of proof that substantiate the commission of the infraction, and granting a period of no less than six calendar days for the worker to present a defence in writing in the case of serious misconduct related to work conduct, and 30 calendar days in the case of misconduct related to capacity.

Dismissal without cause or that cannot be proven in the process leads to an indemnity payment for arbitrary dismissal. Workers who have exceeded the trial period established by law and work for four or more hours daily on average are entitled to an indemnity payment for arbitrary dismissal. For indefinite-term contracts, the indemnity amounts to 1.5 remunerations per complete year of service up to 12 remunerations, and for fixed-term contracts, 1.5 remunerations for every month remaining until the contract's expiry date.

In cases of null, unjustified, and fraudulent dismissals, workers may apply to the courts for reinstatement in their jobs and be compensated for the damages caused as a result of the dismissal.

4.5 Employee Representations

Membership of trade unions by workers is optional. Workers have the fundamental right to freedom of association. This right allows workers to organise without the need to seek authorisation from anyone, in order to promote, protect and develop their rights and interests.

Trade unions must meet a series of formal requirements for registration and must also be made up of at least 20 workers. For trade union organisations to achieve their objectives of promoting the rights of their members, they use the following mechanisms.

Collective Bargaining

It is the good faith negotiation of the employer and the union whose objective is to reach a collective agreement that implies benefits for both parties, among them are improvements in working conditions, economic benefits, productivity goals, among others.

Collective Accords

Collective accords the products of collective bargaining and constitute a source of rights for the parties. Their minimum duration is one year, however, the parties may agree on the duration they deem appropriate. In the event of non-compliance with the collective agreement, workers may choose to use administrative remedies or exercise the right to strike.

Strike

A strike is a labour right that involves the collective suspension of work agreed upon by the majority and carried out voluntarily and peacefully by the workers, with abandonment of the workplace. In order to exercise this right, workers must meet a series of requirements, including prior notification to the employer and the Administrative Labour Authority.

5. Tax Law

5.1 Taxes Applicable to Employees/ Employers

Income Tax

Workers pay income tax based on the salary earned, which either comes from independent or subordinated labour.

The tax rate in both cases is the same and it will be applied progressively to the total income as the amount gets higher:

- 8% for income under 5 UIT;
- 14% for income in between 5 UIT and 20 UIT;
- 17% for income in between 20 UIT and 35 UIT;
- 20% for income in between 35 UIT and 45 UIT; and
- 30% for income over 45 UIT.

For reference, the updated UIT (taxation unit) to the 2024 is PEN5,150.

Independent workers

Since there is no permanent employment relationship, the worker is the one who has the responsibility to keep a record of the perceived payments and to fulfil the tax obligation on its own, when applicable.

In general, most companies are assigned as “withholding agents” where they will withhold 8% of the payout if the collected amount is PEN1,500 or more. Independent workers who earn less than PEN45,063 annually will not be taxed and therefore may request the suspension of withholdings, bearing in mind the income projection for the year.

Withheld tax will be a credit against annual income tax when an affidavit must be presented before the tax authority, if applicable.

The minimum amount to tax will be PEN36,050 annually if the income comes from activities as a corporate manager, trade union directive, business manager and similar job positions.

Subordinated workers

Since there is a labour relationship, the taxation base comes from the salary earned by the worker, but it is the employer who is responsible for that payment to the tax administration. The taxation is calculated for the whole year, divided into 14 sections that represent the total payments that the worker will receive in that year (12 months plus two gratifications in July and December) and then deducted evenly from the monthly salary. To pay the income tax as a subordinated worker, the salary perceived by year must be PEN45,063 or more.

If a worker has only obtained subordinated labour income, no annual tax return needs to be presented.

For independent workers, a deduction of 20% from gross income can be applied, plus 7 UIT deduction and limited percentages for the likes of restaurants, accommodation, national tourism, and many other. On the other hand, dependent workers can only deduct the 7 UIT. Both categories can deduct an additional 3 UIT for additional fixed expenses (such as professional services, leasing, medical expenses, and hotels, among others).

Social health insurance

In Peru, the social contribution for health is directed to the government institution known as “EsSalud” which provides health coverage, paid

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breaks due to maternity, injury, temporary disability, and other related benefits. The deducted amount for this concept is equivalent to 9% of the salary of the subordinated worker, with the taxpayer being the employer. Exceptionally, this tax will apply to those incorporated by Special Law.

Pension system

This social contribution aims to provide savings to the worker for retirement. Workers can choose between a private pension system called AFP (Private Pension Fund Administration), which operates with a savings and investment model, or a public system called ONP (National Pension System), which operates with a trust-based system where pensions are funded from contributions made during the same period. ONP tax rate is 10%, that must be withheld by the employer from the worker's salary.

5.2 Taxes Applicable to Businesses

Corporate Income Tax (CIT)

CIT applies to worldwide income received by a resident company within a specified period. To qualify as such, the entity must be incorporated in Peru. The taxable base is determined by calculating Peruvian source net income after deductions of expenses and costs, specified in the Peruvian tax law, when applicable. Peruvian net source income and foreign net source income form global net income that must be taxed.

The General Income Tax Regime applies on net income with a 29.5% tax rate. Monthly advanced payments apply to this regime. The monthly advanced payment will be 1.5% of the net income or the coefficient, depending on the amount that is higher.

VAT

The general sales tax (IGV) is an indirect and territorial tax that affects consumption by taxing the provision of goods and services.

VAT taxpayers are Peruvian companies, and the tax rate is 18% (16% for VAT and 2% for the municipal promotion tax). The VAT to be paid and declared on a monthly basis before SUNAT results from the difference between sales VAT and acquisitions VAT.

Substantial and formal requirements apply for the deduction of input VAT from purchases of goods and services.

Exportation of goods and services are exempted from VAT, under certain conditions. In this case, a right to obtain a cash flow reimbursement of input VAT can be exercised, called "balance in favour of the exporter".

Anticipated recovery of input VAT regimes are also available under certain conditions.

Excise Tax

Excise tax is applied to reduce the consumption of taxed goods affecting the health and well-being of the consumer. This tax applies to alcoholic beverages, sugary drinks, fuel and cigarettes, among others. Rates vary depending of different variables.

Financial Transaction Tax (ITF)

All transactions using financial and banking entities regulated by the SBS (Superintendence of Banking and Insurance) are taxed with the ITF. The applicable rate will be 0.005% of the amount of the transaction, the bank being the withholding agent. The owner or beneficiary of the bank account must pay the ITF directly, with the exception of certain conditions.

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Corporate Assets Tax (ITAN)

This tax is levied to companies' owners of net assets included in the General Income Tax Regime or in the MYPE Income Tax. A tax rate of 0.4% will be applied to the value of net assets if it exceeds the amount of PEN1 million.

To calculate the book value of these assets, the age of the asset, and the inflationary adjustment, among others, will be considered for carrying out the valuation with the corresponding depreciation and amortisation.

Withholding Tax for Non-residents

For non-domiciled individuals, income obtained by a non-domiciled person who performs work within Peruvian territory will be taxed with 30% income tax on gross income with no deductions available (if the services are provided in a civil, no-labour relationship, a 24% tax rate will apply).

In the case of "technical assistance" services, a 15% rate will be applied (if an individual is the provider, a 24% tax rate will apply). To qualify within this concept, an independent service must be performed where skills with special procedures, arts, or techniques are used and a transmission of knowledge occurs, that is essential for the core business of the user company, regardless of whether it is provided in Peru or abroad. A list of technical assistance services is available in Peruvian tax law (for example, engineering services).

In respect of interest on foreign credits, 4.99% will be taxed on the interest generated, under certain conditions. If the loan is granted between related parties, a 30% tax rate will be applied.

For royalties, for non-domiciled residents a tax rate of 30% is applicable.

In the case of dividends and other distributions of profit by a Peruvian company, the applicable withholding tax will be 5%. This tax will not be applicable if the beneficiary of the dividend is also a resident company.

In respect of capital gains, in general, a tax of 5% applies to stock-listed transactions. In other cases, a tax rate of 30% may apply.

Other Peruvian source income and tax rates may be applicable under specific scenarios.

In addition, Peru has a double-tax treaty (DTT) network negotiated under the OECD model, with countries including Brazil, Canada, Chile, Mexico, Portugal, Switzerland, Korea, and Japan. The Andean Community Treaty (578 Decision) involves Peru, Bolivia, Colombia and Ecuador.

DTT can reduce or eliminate income tax, when applicable, providing a Tax Residency Certificate has been issued by the tax authority from the resident country.

5.3 Available Tax Credits/Incentives Agriculture

Among the most relevant benefits in this sector are exemptions for agricultural products, exemption from VAT for sales less than 50 UIT per year, exemption from the obligation to withhold tax income for workers in the sector, and a 15% reduction to the income tax.

Amazonian Regime

Regarding the Amazon, some of the benefits are the exemption of excise tax and VAT on fuel in the regions of Loreto, Ucayali, and Madre de Dios, exemption from VAT for the sale of goods or services within the Amazon area, application of special tax credit, and a reduction in the income tax rate by 5% for the "low jungle" area

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or 10% for the “high jungle” one, divided by geographic position, and under certain specific conditions.

Mining

Mining concessions can be amortised over a period corresponding to the projected lifespan of the mine, taking into account both proven and probable reserves. This begins in the earlier of (i) the year when mining operations commence, or (ii) the year when the minimum production threshold must be met.

Special Economic Zones (SEZ)

This is the name given to certain strategic geographic areas since they have greater exposure to investment and trade, which promotes the economic development of the country. For this reason, tax incentives are granted to the area, dividing them into three types according to the type of business developed in the area, which are Permanent Free Zone, Permanent Special Zone and Temporary Free Zone.

Most important free zones are located in Tacna, Ilo and Paita. The tax benefit applied to these zones is the exemption of income tax, VAT, municipal promotion tax, excise tax, ad valorem tariff, and other tax obligations, except for the health insurance charge.

Aquaculture

Aquaculture companies with revenues below 1,700 UIT qualify for a reduced corporate income tax rate of 15% until 2030. They are eligible for a credit equivalent to 10% of reinvested profits, capped at 70% of total profits. Investments in canals and harvesting infrastructure can be depreciated at a rate of 20%.

Forestry and Wildlife

Companies involved in forestry and wildlife activities, also with revenues under 1,700 UIT, benefit from a 15% corporate income tax rate until 2030. They can receive a credit of 10% on reinvested profits, up to 70% of total profits. Investments in infrastructure for forest and wildlife management can be depreciated at a 20% rate.

Small and Medium-Sized Businesses

Small and medium-sized enterprises earning less than 1,700 UIT face a 10% corporate income tax rate on their net income up to 15 UIT, and 29.5% on any income exceeding this threshold. Monthly advanced payments apply to this regime being 1% if the net income is less than 300 UIT and 1.5% or coefficient when the net income is over said amount.

5.4 Tax Consolidation

As of 2024, there is no tax consolidation regime in force in Peru.

5.5 Thin Capitalisation Rules and Other Limitations

The current CIT considers interest from debt as a deductible expense for the determination of net income, when the loan amount is used to obtain taxable income or maintain the source of income.

Also, the law sets a limit to the deducted interest of 30% of the tax EBITDA (earnings before interest, taxes, depreciation and amortisation) from last year, however, if the company exceeds this amount, it can be applied to the taxation base from the next four years.

The limit of 30% does not apply to certain circumstances such as financial and insurance companies, taxpayers with less than 2,500 UIT

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as net income, taxpayers involved in public procurement and the interests generated from that relationship, among others.

5.6 Transfer Pricing

Transfer pricing (TP) rules are in force in Peru. The value of transactions between related parties must be set under TP rules at an arm's length value. Also, TP rules apply to transactions with countries with low or no taxation known as "tax havens" and with subjects whose income from these transactions is designated under a preferential tax regime.

Adjustment to the price only will be mandatory if a tax prejudice occurs. Peruvian law establishes the methods and procedures for the determination of TP value. The OECD TP Guidelines are a supplementary source.

Annual reporting TP obligations are regulated (local report, master file and Country By Country Report).

5.7 Anti-evasion Rules

Under the current tax regulation, there are general anti-avoidance rules, empowering the tax authority to demand tax payments or reduce credits or losses upon detecting tax avoidance. In this context, tax avoidance refers to actions that either wholly or partially prevent a taxable event, reduce the taxable base or tax debt, or improperly generate credits, balances, or losses through acts that meet two criteria: (i) they are artificial or unsuitable for achieving their intended purposes, and (ii) their legal or economic effects, apart from tax benefits, are equivalent or similar to those achievable through proper or customary acts.

Also, specific anti-avoidance rules may apply, for example, in M&A transactions, cross-bor-

der loans, intercompany loans, and tax haven expenses, among others.

Tax planning is legal in Peru, but is limited to transactions not involving avoidance. As an "option economy", this limits taxpayers' ability to engage a tax saving unless they can demonstrate that actions were motivated by economic, financial, corporate or other reasons other than solely obtaining tax advantages.

6. Competition Law

6.1 Merger Control Notification

In Peru, business concentration operations are regulated under Law No 31112 to protect and promote effective competition. Such law aims to prevent certain transactions from creating significant competition restrictions, thereby avoiding the formation of monopolies or dominant positions that could harm consumers and the economy.

The law covers various types of concentration operations: mergers, acquisition of control, establishment of joint ventures and acquisition of productive assets. Such operations must be notified to INDECOPI if the companies reach certain financial thresholds. Currently, notification is mandatory if a company's sales, gross annual income or assets amount to at least 118,000 UIT and at least two companies individually reach 18,000 UIT in the same period.

To require prior authorisation from INDECOPI, companies must simultaneously meet two criteria in the previous fiscal year: the total sum of sales, gross annual income or asset value must be equal to or exceed 118,000 UIT and at least two companies must each reach or exceed 18,000 UIT in sales, gross annual income or

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asset value. The value of the UIT for this year is PEN5,150.

If neither or only one of such criteria is met, notification is voluntary and no prior authorisation from INDECOPI would be required.

6.2 Merger Control Procedure

Before formalising the request for authorisation with INDECOPI, a non-binding preliminary consultation can be conducted for guidance on the law and requirements.

The mandatory procedure for the prior control of business concentration operations in Peru includes the following.

- Submission of the request – economic agents submit the application with all required background information and preliminary data on the effects in relevant markets.
- Preliminary evaluation by the technical secretariat – initial verification to meet legal requirements. The secretariat communicates its evaluation within ten business days, with possible requests for additional information and deadlines for rectification.
- Evaluation by the Commission for the Defence of Free Competition.
 - (a) First phase – determination if the operation falls within the scope of the regulation and initial assessment of anti-competitive risks within up to 30 business days.
 - (b) Second phase – detailed assessment in case of concerns, extendable up to 90 business days with a possible 30-day extension.
- Issuance of the final resolution – the Commission issues a reasoned resolution authorising the operation without conditions, with conditions to mitigate anti-competitive effects

or denying them. The resolution can be appealed before the competent court.

6.3 Cartels

The Competition Law of Peru, regulated by Supreme Decree No 030-2019-PCM, provides a comprehensive framework to regulate and penalise anti-competitive practices such as cartels, abuses of dominant position, and horizontal and vertical collusive practices.

Horizontal collusions involve agreements among competitors that restrict competition through price fixing or customer allocation, with both absolute and relative prohibitions.

Vertical collusions entail agreements among entities at different levels of the supply chain that restrain competition. Such norm outlines procedures for investigating, determining and sanctioning these practices, empowering INDECOPI to conduct inspections, gather evidence, and issue interim measures. Penalties may include fines, changes in business practices, and publication of resolutions.

6.4 Abuse of Dominant Position

Supreme Decree No 030-2019-PCM, establishes the prohibition of abuse of dominant position, describing specific exclusionary conducts such as refusal to satisfy demands and applying unequal conditions, among others. Additionally, it explains that these rules can be applied when abuse occurs within Peruvian territory or when its effects manifest in the Peruvian market, ensuring effective regulation of economic competition.

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7. Intellectual Property

7.1 Patents

The protection of inventions in Peru (either through a patent or a utility model) is regulated by Decision 486, Common Regime on Industrial Property and by Legislative Decree No 1075, which contains complementary provisions of local application to Decision 486. The requirement of novelty of the invention is of worldwide scope, so that the disclosure of the invention prior to the filing of the application in Peru breaks the novelty requirement (except for the exceptions to the disclosure expressly included in Decision 486).

Patents will be granted for inventions, whether products or process, in all fields of technology, provided that they are new, have an inventive level and are susceptible of industrial application. Uses are not protectable via patent of invention.

Patent applications are filed before the INDECOPI (DIN) and may claim priority from the Paris Convention or from a member country of the CAN or may be filed before the DIN as an international receiving office or as a national phase entry under the PCT.

The applicant must file the application together with the technical documents (report, abstract, claims, drawings, if applicable); copy of the power of attorney (which does not require any certification); invention assignment agreement in case the inventor is a person other than the applicant; certified copy of the application whose priority is claimed; payment of the official fees. In the case of PCT national phase entry, a Spanish translation of the technical documents must also be submitted, as well as the request and the invention assignment agreement in case the Patent

scope does not contain the assignment of the invention in favour of the applicant.

Annual fees must be paid in advance to maintain the validity of the application and/or the invention patent once granted (the annual maintenance fee for an invention patent does not apply to industrial designs or utility models).

The process of granting a patent of invention involves the publication of the application for opposition purposes, with 60 working days being the term for third parties to file an opposition. Objections to the patentability of the invention contained in the patentability examination must be resolved within 60 working days of notification (extendable for an additional 60 working days). If the application is not resolved within this term, the application will be decided based on the contents of the patentability examination and, if applicable, will be rejected. Although the resolution that rejects the patent can be appealed, it cannot be based on the modification of the description, claims or drawings.

The patent is granted for a term of 20 years calculated from the filing date of the application. The term for the granting of an invention patent takes about four years, while the term for the granting of a utility model is reduced to half of the term for invention patents.

Registrations before the DIN are constitutive of rights, so the absence of protection prevents infringement actions against unauthorised third-party users.

Actions for infringement of industrial property rights are administrative proceedings before the DIN of INDECOPI, which may entail the granting of precautionary measures of cessation of use, confiscation or immobilisation. The process

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is followed in double administrative instance with the Intellectual Property Chamber of the INDECOPI Court (SPI) acting as the second and last administrative instance. Within three months following its notification, the final decisions of the SPI may be challenged before the Administrative Court of the Judicial Power (PJ) via a contentious-administrative lawsuit (DCA). The filing of a DCA before the PJ does not suspend the effects of the challenged SPI decision, unless the PJ issues a non-innovative injunction.

7.2 Trade Marks

The protection in Peru of distinctive signs (product trade marks, service marks, commercial slogans, trade names) is regulated by Decision 486, Common Regime on Industrial Property and by Legislative Decree No 1075, which contains complementary provisions of local application to Decision 486. Peru is a member of the Nice Agreement and as such applies the Nice Classification to classify goods and services for trade mark registration purposes.

The Directorate of Distinctive Signs of INDECOPI (DSD) acts as the first instance and the Intellectual Property Chamber of the Court for the Defense of Competition and Intellectual Property of INDECOPI (SPI) acts as the second instance. The only exception is when the Commission of Distinctive Signs of INDECOPI (CSD) acts as second instance in cases of appeals against resolutions of the DSD that reject *ex officio* trade mark applications. Within three months after its notification, the final decisions of the SPI may be challenged before the Contentious Administrative Court of the Judicial Power (PJ) via a contentious-administrative lawsuit (DCA). The filing of a DCA before the PJ does not suspend the effects of the challenged SPI decision, unless the PJ issues a non-innovative injunction.

The process of registering a trade mark involves the publication of the application for opposition purposes, with the term for third parties to file opposition being 30 working days. If the application for registration of a trade mark faces opposition from third parties, the terms of resolution are extended to no less than nine to 12 months per instance. For the registration of a trade mark, it is suggested to make a previous search of antecedents. If the trade mark is free, the applicant must file the application for registration with the complete data of the applicant; identify the trade mark (include design if applicable; in colours if applicable); clearly identify the goods/services to be protected; the class; identify the priority application to claim foreign priority and the date and country of the same (it must be claimed within six months of the original application, while the certified copy of the priority application may be submitted within three months after the expiration of the term to claim priority); attach a copy of the power of attorney (which does not require any certification); and pay the corresponding official fee. The registration process of a trade mark, within a procedure in which the application and all the complete documentation has been filed, without any opposition from third parties, has a duration of two to three months until the registration certificate is obtained.

On the other hand, in the process of renewing the ten-year validity of a trade mark registration, the renewal application must be filed with the complete data of the applicant; identify the registration number of the trade mark and class; attach a power of attorney (which does not require any certification); and pay the corresponding official fee. Provided that it is a procedure in which the application and all the complete documentation have been submitted, it will take approximately one month.

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Although there is a supranational norm that regulates, at the level of the Andean Community of Nations (CAN), the exclusive rights granted on distinctive signs, there is no Andean Community Trade Mark. However, it is important to note that trade marks applied for and/or granted under the scope of Decision 486 have some supranational effects, namely: (i) base an opposition on a mark previously applied for and/or registered in a CAN member country other than the country where the opposition will be filed; (ii) prove use of the mark in the country where it is registered by evidence of use coming from a CAN member country other than the country where the mark is registered and has been summoned in cancellation for non-use; and (iii) prove the notoriety of a mark with the recognition of such notoriety that would have been granted in a different CAN member country.

The registration of a trade mark is constitutive of rights, and its validity of ten years starts to be computed from the date of its concession. Used and unregistered distinctive signs are not considered trade marks. It is not required to prove the use of the trade mark in the country to register it as such. Nor is it required to prove the use of the trade mark to obtain its renewal or to keep it in force beyond three years. From the third anniversary of its registration, the trade mark may be cancelled for lack of use by any interested party, being the only case in which it is necessary to prove the use of the trade mark. The exhaustion of trade mark rights is international.

The commercial slogan is always protected in association with a trade mark (whether registered or pending), which must be clearly identified in the application and is granted or denied based on the attributes of the phrase that inte-

grates the commercial slogan regardless of the associated trade mark.

Trade names, which are signs that identify an economic activity, an enterprise, or a commercial establishment, enjoy protection by the mere fact of their use in the market. Indeed, the protection of a trade name is acquired by its first use in commerce and ends when the use of the name ceases or when the activities of the company or establishment using it cease. The registration of a trade name with the DSD is not constitutive of rights but is merely declaratory of rights (it recognises and declares the date of first use). The owner of a used but unregistered trade name may prevent third parties not only from using in commerce an identical or similar distinctive sign capable of causing confusion but may also prevent the registration of an identical or similar trade mark applied for to protect goods or services similar or related to the economic activities identified by such trade name capable of causing confusion with it.

The exclusive right over a trade mark confers on its owner the right to prevent any third party from performing, without their consent, the following acts:

- applying or affixing the mark or a distinctive sign identical or similar on goods for which the mark has been registered;
- removing or modifying the mark for commercial purposes, after it has been applied or affixed on the goods for which the mark has been registered;
- manufacturing labels, containers, wrappings, packaging or other materials that reproduce or contain the mark, as well as marketing or holding such materials;
- using in commerce a sign identical or similar to the trade mark in respect of any goods or

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services, when such use could cause confusion or a risk of association with the owner of the registration;

- using in commerce a sign identical or similar to a well-known trade mark in respect of any goods or services; and
- using publicly a sign identical or similar to a well-known trade mark, even for non-commercial purposes, when such use could cause a dilution of the distinctive force or of the commercial or advertising value of the trade mark.

Actions for infringement of trade mark rights are administrative proceedings before the DSD of INDECOPI, which may lead to the granting of precautionary measures of cessation of use, confiscation or immobilisation. The process is followed in double administrative instance, with the Intellectual Property Chamber of the Court of INDECOPI (SPI) acting as the second and final administrative instance. Within three months after its notification, the final decisions of the SPI may be challenged before the Administrative Court of the Judicial Power (PJ) through a contentious-administrative lawsuit (DCA). The filing of a DCA before the PJ does not suspend the effects of the challenged SPI decision, unless the PJ issues a non-innovative injunction.

Licences granted for the use of trade marks must be in writing and registered with the DSD in order to be enforceable against third parties. In turn, acts of disposition of trade marks must be registered before the DSD, since the lack of such registration will cause the transfer to be ineffective against third parties.

A trade mark may be declared absolutely invalid at any time – either ex officio by the DSD or at the request of third parties – provided that it has been granted contrary to the absolute prohibi-

tions of registration. Up to five years from the date of grant of a trade mark, a relative nullity of a trade mark may be declared – either ex officio by the DSD or at the request of third parties – provided that it has been granted in contravention of the relative prohibitions of registration.

7.3 Industrial Design

The protection of industrial designs in Peru is regulated by Decision 486, Common Regime on Industrial Property and by Legislative Decree No 1075, which contains complementary provisions of local application to Decision 486.

The appearance of a product resulting from any meeting of lines or combination of colours, or from any two-dimensional or three-dimensional external shape, line, contour, configuration, texture or material, without changing the destination or purpose of such product, shall be considered as an industrial design. The novelty requirement of the industrial design is of worldwide scope, so that the disclosure of the same prior to the filing of the application in Peru breaks the novelty requirement (except for the exceptions to disclosure expressly set forth in Decision 486).

Industrial design applications are filed before the Directorate of Inventions and New Technologies of INDECOPI (DIN) and may claim priority from the Paris Convention or from a member country of the CAN. The protection of creations via industrial design includes flat designs, three-dimensional designs, colour designs. Together with the application for registration of the industrial design, the following must be submitted: the drawings with all the views including a perspective drawing (isometric); the agreement of assignment of the design in case the designer is a person other than the applicant; the certified copy of the application whose priority is claimed; the copy of the power of representation which

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does not require any certification; and the payment of the official fees. The industrial design registration application is published for the purpose of opposition by third parties, who may file the opposition within the following 30 working days. The term of the process for the granting of an industrial design is usually six months. Industrial designs are protected for a term of ten years and are not renewable upon expiration. The registrations before the DIN are constitutive of rights, so the absence of protection prevents the exercise of infringement actions against unauthorised third-party users.

Actions for infringement of industrial property rights are administrative proceedings before the INDECOPI, which may lead to the granting of injunctions for cessation of use, confiscation or immobilisation. The process is followed in double administrative instance with the Intellectual Property Chamber of the Court of INDECOPI (SPI) acting as the second and last administrative instance. Within three months following its notification, the final decisions of the SPI may be challenged before the Administrative Court of the Judicial Power (PJ) via a contentious-administrative lawsuit (DCA). The filing of a DCA before the PJ does not suspend the effects of the challenged SPI decision, unless the PJ issues a non-innovative injunction.

7.4 Copyright

The protection of copyrights in Peru is regulated by Decision 351, Common Regime on Copyrights and Related Rights and by Legislative Decree 822, Law on Copyrights. The latter adapts the local legislation not only to Decision 351 but also adapts it to several international conventions to which Peru is a party (Berne Convention for the Protection of Literary and Artistic Works; Rome Convention for the Protection of Performers, Producers of Phonograms

and Broadcasting Organizations; WTO Treaty – Annex 1C TRIPS).

Among others, all works of genius, in the literary or artistic field, whatever their genre, form of expression, merit or purpose, are protected by copyright law, namely: literary works; musical compositions; dramatic, dramatic-musical, choreographic, pantomimic and scenic works in general; audiovisual works; works of plastic arts; works of architecture; photographic works; illustrations, maps, sketches, plans; slogans and phrases insofar as they have a form of literary or artistic expression, with characteristics of originality; computer programs; or any other production of the intellect in the literary or artistic domain, which has characteristics of originality and is susceptible of being disclosed or reproduced by any means or process, known or to be known. Rights related to copyright (the rights of artists, performers, phonogram producers, and broadcasting organisations, etc) are also protected under copyright law.

Only a natural person (who is the natural or physical person who creates the work) can be considered the author, so that the moral rights are only recognised in favour of that person, being the following: right to disclosure; to paternity; to integrity; to modification or variation; to withdrawal of the work from commerce; to the right of access. On the other hand, the economic rights may be assigned by the author in favour of a legal person who may act as applicant and be declared the owner of such rights. The economic rights are the following: reproduction of the work by any form or process; communication to the public of the work by any means; distribution to the public of the work; translation, adaptation, arrangement or other transformation of the work; importation into the national territory of copies of the work made without authorisation of the

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owner of the right by any means, including by transmission; any other form of use of the work.

The protection of economic rights is for a term that includes the whole life of the author and 70 years after their death, after which it falls into the public domain. The exhaustion of the author's economic rights is territorial.

It is not compulsory to register the copyright of a work before the Copyright Office of INDECOPI (DDA), since the original work acquires immediate and automatic protection by the mere fact of its creation. The registration of the work before the DDA is merely declaratory of rights. The validity of the copyright registration is presumed as long as it is not expressly declared null and void. Any reproduction, communication, distribution, or any other form of exploitation of the work, in whole or in part, that is made without the prior written consent of the copyright owner is presumed to be unlawful.

Applications for registration of copyrightable works are filed before the Copyright Directorate of INDECOPI (DDA). The applicant must submit the application; the support of the work; copy of the power of attorney (which does not require any certification); agreement of assignment of the economic rights of the work in case the applicant is a person other than the author; and payment of the official fees. The term for the DDA to issue a resolution and the author's certificate may take one to two months provided that all the required documents have been submitted.

Copyright infringement actions are administrative proceedings before the DDA of INDECOPI which may entail the granting of precautionary measures of cessation of use, confiscation or immobilisation. The process is followed in dou-

ble administrative instance with the Intellectual Property Chamber of the Court of INDECOPI (SPI) acting as the second and last administrative instance. Within three months following its notification, the final decisions of the SPI may be challenged before the Administrative Court of the Judicial Power (PJ) via a contentious-administrative lawsuit (DCA). The filing of a DCA before the PJ does not suspend the effects of the challenged SPI decision, unless the PJ issues a non-innovative injunction.

7.5 Others

Article 4 of Decision 351, Common Regime on Copyright and Related Rights, states that computer programs and databases are considered works, and Article 23 states that computer programs are protected on the same terms as literary works, while Article 28 states that databases are only protected to the extent that the selection or arrangement of materials constitutes an intellectual creation. Furthermore, according to Article 5 of Legislative Decree 822, Law on Copyright, software is considered a work. As such, it is protected by copyright regulations and must be registered with the Copyright Directorate of INDECOPI. For more information on the process to follow, please refer to **7.2 Trade Marks**.

Article 260 of Decision 486, Common Provisions on Industrial Property, states that the protection of trade secrets shall be given whenever it concerns undisclosed information, which may be used in any productive, industrial or commercial activity, and which is susceptible of being transmitted to a third party, provided that it is secret, has a commercial value because it is secret, and has been the subject of reasonable measures taken by its legitimate holder to keep it secret. In turn, Legislative Decree No 1075, which contains complementary provisions of local application to Decision 486, recognises in

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Article 3 that trade secrets constitute a constituent element of industrial property. The protection of a trade secret entails that its holder shall be protected against disclosure, acquisition or use of such secret in a manner contrary to fair trade practices by third parties. The protection of trade secrets lasts as long as the conditions laid down in Article 260 above exist.

8. Data Protection

8.1 Applicable Regulations

The Political Constitution of Peru establishes that individuals have the fundamental right that computer services (whether computerised or not, public or private) do not provide information that affects their personal and family privacy.

In addition, Law No 29733, Law on Personal Data Protection, governs the processing of personal information in the country. Enacted in 2011, this law establishes the principles, rights and obligations related to personal data protection, aiming to guarantee the exercise of the right to privacy and informational self-determination of Peruvian citizens. The law sets forth principles such as informed consent, the purpose of processing, data quality, and information security and grants data subjects various rights, including access, rectification, cancellation, and opposition (ARCO rights). Additionally, it establishes the creation of the National Authority for the Protection of Personal Data (ANPDP), which is responsible for overseeing compliance with the law and ensuring adequate protection of personal data in the country. Law No 29733 is an important pillar in the Peruvian legal framework for the protection of privacy and personal information security.

The Supreme Decree No 003-2013-JUS, Regulation of Law No 29733 was enacted in 2013

and establishes specific procedures and technical guidelines for the effective implementation of Law No 29733. Among the most notable aspects of the Regulation are the definition of key concepts related to data protection, the regulation of the rights and obligations of those responsible for processing personal data as well as the rights of data subjects. Additionally, the Regulation provides detailed guidelines on the procedure for exercising ARCO rights (Access, Rectification, Cancellation, and Opposition) and for the registration of databases in the National Registry of Personal Data Protection. It also establishes the security measures that must be implemented by data processors to ensure the integrity and confidentiality of personal information. In summary, Supreme Decree No 003-2013-JUS complements Law No 29733 by providing a detailed and specific regulatory framework for personal data protection in Peru, thereby contributing to its effective application and safeguarding the privacy rights of citizens.

8.2 Geographical Scope

Article 3 of Law No 29733 establishes the scope of application of the law, stating that it applies to personal data contained or intended to be contained in databases of both the public and private administration, whose processing is carried out within the national territory.

On the other hand, Article 5 of the Regulation of Law No 29733 establishes the territorial scope of application of the Law and the Regulation. The article expands the scope of the law to the processing of personal data carried out in an establishment located in Peruvian territory corresponding to the holder of the database or the data controller, even when the processing is carried out by a data processor regardless of their location. In addition, the Law and the Regulation are applicable if the database holder or data

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controller is not established in Peruvian territory but is subject to Peruvian legislation by contractual provision or international law or if they use means located in Peruvian territory for data processing, with some exceptions.

In summary, Article 3 of Law No 29733 establishes the general scope of application of the Law, while Article 5 of the Regulation expands this scope by establishing specific conditions under which the Law and the Regulation apply to foreign companies operating in Peru or collecting data from Peruvian citizens, even if they do not have a physical presence in the country.

8.3 Role and Authority of the Data Protection Agency

The National Authority for the Protection of Personal Data (ANPDP), which is attached to the Ministry of Justice, is the authority responsible for enforcing data protection laws in Peru. The main role of such authority is to oversee compliance with the Personal Data Protection Law (Law No 29733) and its associated regulations, as well as to ensure the adequate protection of personal data in the country.

The ANPDP has the authority to impose sanctions and corrective measures in case of non-compliance with legal provisions related to data protection. Additionally, it is empowered to provide advice and guidance to organisations and citizens on compliance with data protection regulations.

In summary, the ANPDP plays a crucial role in the effective enforcement of data protection standards in Peru, ensuring respect for citizens' privacy rights and promoting good practices in the handling of personal information.

9. Looking Forward

9.1 Upcoming Legal Reforms

Among others, the Peruvian Parliament has recently passed Law No 32089, which will allow the Executive Power to legislate on various matters until 3 October 2024.

- Regarding taxation, VAT would apply to B2C digital services and provision of goods through marketplaces, to increase tax revenue. Also, payments on account of income tax on capital gains from indirect sale of shares for natural persons will be modified. The rules on advance agreements and other transfer pricing methods will also be refined.
- A series of measures will be taken to promote public, private and public-private investment projects, with various administrative simplification measures and modifications to guarantee legal stability, as well as promote private investment.
- Likewise, improvements will be established to simplify and optimise the processes for promoting investment in public-private partnerships and projects in assets.

In addition, Peru has concluded negotiations with the UK to conclude a Double Taxation Agreement (DTA) for both countries in hopes of promoting the economic development between them. It is expected that in a couple of months, the treaty will be signed and come into effect.

Plans to initiate negotiations for a DTA with China have also been mentioned, which is highly anticipated.

Finally, the Peruvian government recently announced their intentions to declare the megaport of Chancay (in Lima) and its area of influence as a Special Economic Zone (SEZ). If a

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bill is approved, this will grant tax benefits for companies that invest in the area, with the goal to attract foreign direct investment and boost economic development.

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