



PERU

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1. INTRODUCTION

a. Forms of Legal Entity

The types of legal entities commonly used in Peru to carry out businesses are (i) *sociedad anónima* (“S.A.”), (ii) *sociedad anónima cerrada* (“S.A.C.”), and (iii) *sociedad de responsabilidad limitada* (“S.R.L.”).

From a legal perspective, key similarities include the limited liability of shareholders (for the S.A. and S.A.C.) and partners (for the S.R.L.), the representation of ownership of the shareholders/partners in shares (for the S.A. and S.A.C.) and quotas (for the S.R.L.), and the requirement to have at least two shareholders/partners during their existence.

On the other hand, key differences between these legal entities include:

- ❖ **Board of directors:** S.A. companies are required to have a board of directors. In the case of S.A.C. companies, although they are not required to have a board of directors, their shareholders may choose to have one in the bylaws. As for S.R.L. companies, having a board of directors is not possible.
- ❖ **Preemptive rights:** In the context of share acquisitions, the law does not contemplate preemptive rights for S.A. companies, but shareholders may choose to implement them in the by-laws. As for S.A.C. companies, such rights are contemplated by law, but shareholders may choose to eliminate them in the bylaws. In the case of S.R.L. companies, however, preemptive rights are also contemplated by law, but shareholders are not allowed to eliminate them in the bylaws.
- ❖ **Share transfers:** The transfer of shares issued by an S.A. or S.A.C. can be perfected through a private document and formalised through its registration in the company’s share ledger (private registry). By contrast, the transfer of quotas of an S.R.L. can only be achieved by way of a public deed executed before a notary public and formalised through its registration in the public registries.

From a tax perspective, there are no relevant differences in the tax treatment applicable to the abovementioned legal entities.

b. Taxes, Tax Rates

i Income Tax

Resident companies are subject to Corporate Income Tax (“CIT”) at a 29.5% rate, over their worldwide net income. Dividend distributions carried out by these entities are levied with a 5% income tax rate when the shareholder receiving such dividend is a nonresident (entity or individual) or a resident individual. Distributions performed in favor of other resident companies, however, are exempt from such tax.

In the case of branches (and other permanent establishments) of foreign corporations incorporated in Peru, they are subject to CIT at a 29.5% rate solely over their Peruvian source net income. Furthermore, by virtue of a legal presumption, their net income at year end (after CIT) is deemed as a “dividend” and taxed with a 5% rate.

As for non-resident companies, they are also subject to CIT at a 30% withholding rate over their Peruvian source gross income. However, in certain cases established by the Peruvian Income Tax Law, the applicable rate may be lower (for instance, interest on non-related party loans and technical assistance services attract a 4.99% and a 15% withholding tax rate, respectively).



Notwithstanding the preceding comments, corporate reorganisations (e.g. mergers, spinoffs, etc.) between resident companies may be carried out under any of the following regimes for Income Tax purposes:

- ❖ **No asset revaluation (tax neutral):** Under this regime, the transfer of assets in the context of a reorganization is tax-free (i.e. the operation does not generate taxable capital gains), to the extent that such assets are transferred at book value.
- ❖ **Voluntary asset revaluation with tax effects:** Under this regime, the companies involved in the reorganisation agree to revalue their assets. As a result thereof, the difference between the assets' new value and their tax basis is levied with Income Tax as a capital gain. Note that the amount to which said assets are revalued will be their new tax basis for Income Tax purposes.
- ❖ **Voluntary assets revaluation with no tax effects:** Under this regime, the companies involved in the reorganisation agree to revalue their assets, but solely for accounting purposes. The difference between the assets' new value and their tax basis is not levied with Income Tax (as long as it is not distributed), and the amount to which said assets are revalued will not generate any step ups in their basis for Income Tax purposes.

ii VAT

In Peru, only the following operations are subject to VAT at an 18% rate:

- ❖ The sale of movable goods within the country.
- ❖ The provision or use of services in the country.
- ❖ Construction agreements.
- ❖ The first sale of real estate by its constructor.
- ❖ The import of goods.

Nevertheless, as expressly provided in the Peruvian VAT Law, the transfer of assets in the context of a corporate reorganisation (such as a merger or spin-off) is not subject to VAT.

iii Other taxes

In the case of M&A operations involving the transfer of real estate properties, the acquirer of such assets will be subject to the Real Estate Transfer Tax. This tax levies the operation at a 3% rate over the asset's transfer price (provided it is higher than the property's registered value). It is important to note that the first 10 Tax Units (PEN46,000 for FY 2022, or approximately USD12,400) of the applicable tax basis are exempt from this tax.

Furthermore, Personal Income Tax considerations may also be relevant in the context of M&A operations involving companies with employees. Resident individuals are subject to a progressive tax ranging from 8% to 30% on their annual net employment income. The applicable rate for non-resident individuals is a flat 30% rate charge on their Peruvian source annual net employment income.

For such purposes, note that the following individuals are considered resident in Peru for Income Tax purposes: (i) Peruvian nationals domiciled in the country; and (ii) foreign individuals that have remained in the country for more than 183 calendar days within any 12 month period.



c. Common divergences between income shown on tax returns and local financial statements

Resident corporations and permanent establishments determine their taxable base for CIT purposes based on their accounting profit for the year, adjusted with specific deductions and additions set forth in tax legislation, which may eventually result in temporary or permanent accounting/tax differences. Some of the most common differences relate to maximum depreciation and amortisation rates allowed by the Peruvian Income Tax Law, accelerated depreciation provisions in lease agreements, pre-operating expenses, some special expenses accrued but not yet disbursed (as in the case of non-domiciled entities and/or labor obligations), development and exploration expenses in the mining industry, among others.

2. RECENT DEVELOPMENTS

On 27 October 2021, a bill was submitted before the Peruvian Congress requesting the delegation of powers to the Executive Branch to legislate on several matters such as tax, fiscal, financial, and economic reactivation.

On 17 December 2021, the bill was debated and parts of it were approved by Congress. The legislative powers were finally conferred through Law No. 31380, published on 27 December 2021, for a period of 90 calendar days (until 28 March 2022). Under that authorisation, the Peruvian Government has approved the following relevant tax measures:

a. Measures to standardise the cost of benefiting from tax stability for all sectors

As from 31 December 2021, companies that receive foreign investments and enter into stability contracts with the Peruvian Government will be subject to CIT at the applicable rate for the fiscal year in which the stability contract is executed, plus two (2) percentage points.

b. New case of presumptive income for foreign companies that sell hydro-biological resources

As from 1 January 2022, it is presumed that foreign companies (and their branches and other permanent establishments in Peru) generate net income when they sell highly migratory hydro-biological resources, extracted within or outside Peruvian maritime territory, to Peruvian companies. Said presumptive income will amount to 9% of the gross revenues received on the sale.

c. Tax measures approved in relation to the aquaculture, forestry and wildlife sector

As from fiscal year 2022, individuals and legal entities that perform activities in the aquaculture, forestry or wildlife sectors and that generate corporate income will benefit from the same reduced income tax rates that apply to the farming/irrigation/export/agribusiness sector (i.e. 15%, 20% and 25%, as the case may be).

In addition, up to 31 December 2025, they may apply the accelerated depreciation rate of 20% on the amounts invested in infrastructure intended for: (i) crops and water supply channels for the aquaculture sector; and (ii) management and use of forestland and wildlife.



d. New methods to determine the market value upon a direct transfer of shares and other securities

As from 1 January 2023, the market value assigned to shares in transfer operations, for tax purposes, will be whichever is higher between the value agreed between the parties (i.e. the transaction value) and the shares' quotation value, if applicable.

If said quotation value is not applicable, the shares' market value will be whichever is higher between the transaction value and the market value obtained by applying the discounted cash flow method. It should be noted, however, that such method will not be applicable when (i) the transferor's participation in the company issuing such shares is less than 5%; or (ii) the accrued net income of the issuing company in the previous year is equal to or lower than 1,700 Tax Units (i.e. the Tax Unit in force for 2022 equals to PEN4,600).

Finally, if the discounted cash flow method is not applicable, the shares' market value will be whichever is higher between the transaction value and the book value per share ("BVPS").

e. New rules on the tax treatment of associative contracts ("silent partnerships")

The main aspects of the tax treatment corresponding to such contracts include the following:

- ❖ The contribution of assets to an associative contract qualifies as a taxable transfer for Income Tax purposes.
- ❖ The silent partner's (*asociado*) participation in an associative contract qualifies as a dividend for Income Tax purposes and may not be taken as a deductible cost or expense by the active partner (*asociante*).
- ❖ Active partners (*asociantes*) must perform Income Tax withholdings on the profits they distribute to their silent partners when they are (i) resident and nonresident individuals; (ii) or nonresident entities.
- ❖ Active partners (*asociantes*) must register in special subaccounts all business operations carried out under the associative contract.

f. New thresholds for the use of "payment methods" ("bancarization")

As from 1 April 2022, obligations for amounts equal to or greater than PEN2,000 or USD500 must be paid through certain payments methods, such as bank transfers, bank checks, deposits, etc. (payments that fail to comply with this requirement are deemed as non-deductible for tax purposes and do not generate tax credits).

Furthermore, payments linked to foreign trade operations may be channeled through Peruvian or foreign banking/financial entities; unless said entities are residents of non-cooperative or low/zero-tax jurisdictions (so called tax havens), in which case the obligation to use "payment methods" (bancarization) will not be considered fulfilled.



g. Taxpayers without Operational Capacity (“SSCO”)

As from 1 January 2023, the Peruvian Tax Administration may assign the status of SSCO to identify taxpayers with no economic, financial, material or human resources, or whose resources are unsuitable, to carry out the operations for which they issue their invoices.

The main tax considerations surrounding the SSCO status include the following:

- ❖ Operations carried out with an SSCO do not allow for tax credit deductions or any other right/benefit derived from Value Added Tax (“VAT”).
- ❖ Operations carried out with an SSCO are not deductible as a cost or expense for Income Tax purposes.

h. Compliance Profiles

Compliance Profiles are introduced as a mechanism to encourage voluntary compliance with tax, non-tax, and customs obligations collected by the Peruvian Tax Administration (“SUNAT”). Said profiles will be implemented gradually, based on at least five levels of compliance (to be determined in further regulations).

Taxpayers in any of the two lowest profiles will face several limitations and consequences, mainly related to tax return deadlines and the mandatory use of “payment methods” (“bancarization”).

3. SHARE ACQUISITION

a. General Comments

The transfer of shares issued by a Peruvian company (either directly or indirectly) is a taxable event for Income Tax purposes. In that regard, the main tax implications to consider in this type of operations are outlined below, from buyer and seller perspectives.

From a buyer’s perspective:

Generally, share acquisitions do not have immediate tax implications for the buyer. The target company remains in existence and any tax liabilities remain with it after the operation is completed.

Nonetheless, it should be noted that price payments must be channelled through certain payment methods provided for by applicable law (“*bancarization*”), such as bank transfers, bank checks, deposits, among others. Otherwise, the transferred shares will not have a tax basis for the buyer in future share transfer operations.

From a seller’s perspective:

When the seller is a non-resident individual or company, capital gains arising from a share transfer operation are subject to a 30% income tax rate. The applicable rate is 5% when said operation is carried out through the Lima Stock Exchange (and 0% if certain additional requirements are met). For such purposes, taxable capital gains shall be determined as the difference between (i) the tax basis of such shares and (ii) their market value.



In cases where the transferred shares are not listed in the Lima Stock Exchange, the non-resident seller must undergo a special certification proceeding before the Peruvian Tax Administration (“SUNAT”) so that the latter certifies the tax basis of the shares. Said certificate must be issued prior to any payment made for the share transfer operation; otherwise, the seller would be subject to income tax at a rate of 30% over the total market value of the shares.

When the seller is a resident company, capital gains are levied with the 29.5% Corporate Income Tax rate. Capital gains will also be determined as the difference between the tax basis of the shares and their market value; however, unlike the previous scenario, the seller is not required to go through a certification proceeding before the Peruvian Tax Administration (“SUNAT”).

Finally, when the seller is a resident individual, capital gains are subject to a 5% income tax rate.

b. Tax Attributes

All tax attributes (such as net operating losses or tax credits) will remain in the target company following the share acquisition. Peruvian companies are entitled to offset their corporate losses accumulated in a fiscal year, by applying one of the following systems:

- ❖ System A: NOLs are carried forward against the net income obtained within the following four fiscal years.
- ❖ System B: NOLs are carried forward indefinitely against 50% of the net income obtained in the following fiscal years.

In any case, the carry back of NOLs is not permitted under Peruvian law.

All other tax attributes, such as VAT credits, income tax advance payments, CIT credits, etc., remain within the acquired company and subject to normal tax rules (not being affected by the fact that there has been a change in ownership of the target).

c. Tax Grouping

The concept of tax grouping does not exist in Peru.



d. Tax Free Reorganisations

As described in Section 1.b. above, corporate reorganisations (e.g. mergers, spinoffs, etc.) between resident companies may be carried out under any of the following regimes for Income Tax purposes:

- ❖ **No asset revaluation (tax neutral):** Under this regime, the transfer of assets in the context of a reorganisation is tax free (i.e. the operation does not generate taxable capital gains), to the extent that such assets are transferred at book value.
- ❖ **Voluntary asset revaluation with tax effects:** Under this regime, the companies involved in the reorganisation agree to revalue their assets. As a result thereof, the difference between the assets' new value and their tax basis is subject to income tax as a capital gain. Note that the amount to which the assets are revalued will be their new tax basis for income tax purposes.
- ❖ **Voluntary assets revaluation with no tax effects:** Under this regime, the companies involved in the reorganisation agree to revalue their assets, but solely for accounting purposes. The difference between the assets' new value and their tax basis is not subject to income tax (as long as it is not distributed), and the amount to which said assets are revalued will not generate any step ups in their basis for income tax purposes.

In certain cases, it is important to take into account the Peruvian General Anti-Avoidance Rule ("GAAR"), by virtue of which the Peruvian Tax Administration ("SUNAT") may disregard the tax advantages obtained through tax avoidance schemes. For instance, this may be the case of tax driven corporate reorganisations with low, or no, economic substance.

e. Purchase Agreement

There are no special provisions related to tax matters in share acquisitions subject to Peruvian law other than the typical tax representation and warranty and the general tax covenant whereby the parties agree to pay the taxes they are obliged to pursuant to applicable law.

Tax representations and warranties are often negotiated to remain in force between five years and the corresponding statute of limitations. In the case of general tax covenants, it is commonly agreed that they remain in force throughout the corresponding statute of limitations.

In general terms, the statute of limitations for tax matters is four years as from the fiscal year following the due date for filing the corresponding annual tax return. In cases where the taxpayer has not filed said tax return, the applicable statute of limitations is six years.

f. Transfer taxes on share transfers (including mechanisms for disclosure and collection)

There are no transfer taxes on share transfer operations.

g. Share Purchase Advantages

Unlike asset acquisitions, share transfers are not subject to VAT (18%) or municipal transfer taxes (such as the Real Estate Transfer Tax, which levies the transfer of urban and/or rural property with a 3% rate).

In addition, share transfer operations are unlikely to generate the purchaser's joint and several liability for the seller's total tax debt, as opposed to asset acquisitions that normally do (see Section 4 below for further information on the general rule for the purchaser's joint and several liability).



h. Share Purchase Disadvantages

Unlike asset acquisitions, share transfers do not generate a step up in basis regarding the target's assets.

In addition, interest associated to share acquisitions may end up being non-deductible for tax purposes if the acquiring entity is a Peruvian holding company that only receives exempt income (dividends from the acquired target).

4. ASSET ACQUISITION

a. General Comments

The main tax implications to consider in asset acquisitions are outlined below, from buyer and seller perspectives.

From a buyer's perspective:

Asset transfers are subject to VAT at an 18% rate when they involve (i) the transfer of movable property and (ii) the first transfer of real estate property performed by the constructor (note that any subsequent transfers thereof are not subject to VAT). Although technically the taxpayer for VAT purposes is the seller, the buyer must pay this tax (i.e. the purchase price paid by the buyer must include a VAT surcharge).

Where the asset transfer operation involves any real estate properties, the buyer shall pay the corresponding Real Estate Transfer Tax, at a 3% rate over the asset's purchase price (provided it is higher than the property's registered value). It is important to note that the first 10 Tax Units of the applicable tax basis is exempt from this tax (PEN46,000 for FY 2022).

Furthermore, in cases where the transferred assets reduce the seller's capacity to comply with its tax obligations (e.g. transfers involving relevant production units, lines of business or assets that are key to business operations), the buyer may be subject to the general rule on joint and several liability. Under these rules, the buyer may be considered as jointly and severally liable for the seller's total tax debt as of the transfer date. Note that the statute of limitations on this liability is two years following the transfer date, provided that the asset transfer operation is duly notified to the Peruvian Tax Administration ("SUNAT").

In addition, any price payments must be channeled through certain payment methods provided for by applicable law ("*bancarization*"), such as bank transfers, bank checks, deposits, among others. Otherwise, the transferred assets will not have a tax basis for the buyer in future asset transfer operations.

From a seller's perspective:

Provided the seller is a resident company, capital gains arising from an asset transfer operation are levied with the 29.5% corporate income tax rate. For such purposes, taxable capital gains are determined as the difference between (i) the tax basis of such assets (i.e. acquisition price paid by the seller minus applicable depreciation) and (ii) the asset's market value.

Although unusual, if the seller is a non-resident entity, capital gains arising from an asset transfer are subject to income tax at a 30% rate. Taxable capital gains are calculated in the same way as described above, however, the non-resident seller must undergo a special certification proceeding before the Peruvian Tax Administration ("SUNAT") so that the SUNAT certifies the assets' tax basis. The certificate must be issued prior to any payment being made for the asset transfer; otherwise, the seller would be subject to income tax at a rate of 30% on the total market value of the assets.



b. Purchase Price Allocation

The purchase price should be allocated among each asset acquired. The allocation is important to:

- ❖ Correctly reflect the asset's value (purchase price) in the buyer's accounting records (i.e. tax basis for depreciation purposes following the acquisition).
- ❖ Determine the Income Tax to be paid by the seller on any capital gains arising from the acquisition, if applicable (i.e. difference between the allocated purchase price, at market value, and the asset's tax basis).
- ❖ Determine the VAT to be paid by the purchaser, if applicable, depending on the nature of the asset pursuant to law.
- ❖ Determine municipal taxes that may be triggered by the acquisition operation (e.g. real estate transfer tax, which is levied on all transfers of rural and/or urban property at a 3% rate over the agreed purchase price, provided the price is not less than the registered property value).

The allocation of the purchase price is often proposed by the seller and agreed by the purchaser. For Peruvian tax purposes, price allocations must be performed at market value.

c. Tax Attributes

The target's tax attributes (such as net operating losses) do not carry over to the buyer in asset transactions.

d. Tax Free Reorganisations

In Peru, there are no tax-free regimes applicable for asset deals.

Note that the tax neutral regime described in Section 3.d. above is not applicable in these cases, given that asset transfer operations do not qualify as corporate reorganisations for Income Tax purposes.

e. Purchase Agreement

Other than the typical tax representations and warranties related to the assets and the general tax covenant whereby parties agree to pay the taxes they are obliged to pay pursuant to law, the following provisions are also commonly found in asset purchase agreements subject to Peruvian law:

- ❖ **Assumed liabilities:** A provision by which all matters related to the assets that arise before closing are a seller's liability, including taxes for periods before closing. It is typically agreed that this provision remains in force throughout the corresponding statute of limitations (i.e. four years as from the fiscal year following the due date for filing the corresponding tax return and up to six years in cases where the taxpayer fails to file the tax return).
- ❖ **Special indemnity for joint and several liability:** This provision grants the purchaser an indemnity where the relevant tax authority attempts to collect from the purchaser any tax liabilities of the seller, pursuant to the general rule of joint and several liability in the transfer of assets. By virtue of this rule, the purchaser may be deemed jointly and severally liable for the seller's total tax debt as of the acquisition date if the transferred assets reduce the seller's capacity to comply with its tax obligations (for example, in transfers involving relevant production units, lines of business or assets that are key to business operations).

It is typically agreed that this provision shall remain in force throughout the corresponding statute of limitations (i.e. two years following the transfer date, provided certain formal requirements are met before the Peruvian Tax Administration).



f. Depreciation and Amortisation

The acquisition of assets may generate step ups in the tax basis of the assets (based on the price paid by the buyer, at market value), which could allow the buyer to benefit from the additional tax amortisation or depreciation of such assets.

For such purposes, depreciation under the Peruvian Income Tax Law is subject to the following rates and methods:

i Buildings and constructions: The annual depreciation for Income Tax purposes is set at a 5% flat rate, on a straight line basis.

Nonetheless, note that as from fiscal year 2021, a special and temporary depreciation regime has entered into force, by virtue of which some buildings and constructions may be subject to a 20% flat depreciation rate, provided certain requirements are met.

ii Other assets: As for other assets (such as machinery, equipment, vehicles, among others), their tax depreciation shall match their book depreciation, without exceeding the following maximum rates set forth in the Peruvian Income Tax Law and its regulations:

Type of Asset	Maximum Depreciation Rate for Tax Purposes
Cattle, fishing nets	25%
Land transport vehicles (except for trains), ovens in general	20%
Machinery and equipment used in mining, oil and constructions activities (except for furniture, household items and office equipment)	20%
Data processing equipment	25%
Machinery and equipment acquired as from 1 January 1991	10%
Other fixed assets	10%

Nevertheless, by virtue of the special and temporary depreciation regime described in the preceding point, as from fiscal year 2021 the following assets are subject to higher maximum depreciation rates, provided they have been acquired during 2020 and 2021:

Type of Asset	Maximum Depreciation Rate for Tax Purposes
Data processing equipment	50%
Machinery and equipment	20%
Land transport vehicles (except for trains) with EURO IV, Tier II and EPA2007 technology	33.3%
Land transport vehicles (except for trains), either hybrid or electric	50%

Amortisation of trademarks, patents, manufacturing processes and other similar intangible assets, is generally not deductible for Income Tax purposes. An exception to this rule is established in the Peruvian Income Tax Law, by virtue of which the price paid for limited-life intangible assets, which may be deducted as an expense in a single fiscal year or amortised proportionally over a ten year period (at the taxpayer's discretion). Note that internally generated brands and goodwill are not considered limited-life intangible assets for tax purposes.



g. Transfer Taxes, VAT

Asset transfer operations may trigger VAT (at an 18% rate) and Real Estate Transfer Tax (at a 3% rate), as described above.

h. Asset Purchase Advantages

As opposed to share transfer operations, asset acquisitions generate step ups in basis regarding the target's assets (based on the price paid by the buyer, at market value).

Additionally, except for the general tax rule on joint and several liability described above, in asset transfers the other contingencies of the seller (civil, labor, administrative, etc.) are not transferred to the buyer.

i. Asset Purchase Disadvantages

As opposed to share transfer operations, asset acquisitions are subject to VAT (18%) and municipal transfer taxes (such as the Real Estate Transfer Tax, which levies the transfer of urban and/or rural property with a 3% rate).

Furthermore, as detailed above, in certain cases the buyer may be jointly and severally liable for the seller's tax liabilities as of the acquisition date.

5. ACQUISITION VEHICLES

a. General Comments

There are no restrictions to invest in Peru for foreign investors. The most common investment structure to enter into transactions consists in incorporating a Peruvian company (especially in asset deals, where such assets are located in Peru). For these purposes, S.A.C. companies are the most commonly used legal entities given their corporate flexibility.

As explained above, Peruvian companies (such as S.A.C. companies) are subject to Corporate Income Tax at a 29.5% rate over their worldwide annual net income. Dividends received by these companies from other Peruvian entities are exempt from Income Tax; however, dividend distributions carried out in favour of resident individuals and non-residents (entities or individuals) are subject to a 5% withholding tax.

Furthermore, it is worth noting that both the foreign investor and the Peruvian company receiving the investment may enter into Legal Stability Agreements with the Peruvian Government, provided certain requirements are met. These agreements provide guarantees regarding the stability of certain legal regimes that are in force on the date of execution (including the applicable Income Tax Regime); thus protecting both the foreign investor and its Peruvian SPV from any further legislative modifications or amendments made to such regimes while the agreement is in force.

Finally, it is important to consider that Peru has entered into bilateral treaties to avoid double taxation with the following countries: Brazil, Canada, Chile, Mexico, Portugal, South Korea, Switzerland and Japan. Peru is also a member of the Andean Community (together with Bolivia, Colombia and Ecuador), which has a multilateral tax treaty among its members.



b. Domestic Acquisition Vehicle

If a purchaser decides to create a Peruvian special purpose vehicle to enter into an M&A transaction in Peru, S.A.C. companies are the most commonly used legal entities due to their corporate flexibility. For instance, S.A.C. companies are not required to have a board of directors and the transfer of its shares may be carried out through a private document.

c. Foreign Acquisition Vehicle

There are no restrictions to invest in Peru through foreign vehicles. Such vehicles are often seen in equity deals with strategic purchasers. In the case of funds and private equity deals, the preference is to use a Peruvian special purpose vehicle as purchaser.

d. Partnerships and joint ventures

Generally, partnerships and joint ventures are not used as direct acquisition vehicles in M&A transactions. However, in cases where a joint venture is considered in the transaction from the purchaser's side, partners usually incorporate a Peruvian company (e.g. a S.A.C. company) as an acquisition vehicle and enter into a subscription agreement to fund the company, as well as a shareholders' agreement to regulate their relationship within the company.

e. Strategic vs Private Equity Buyers

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6. ACQUISITION FINANCING

a. General Comments

There are no restrictions to bring funds into Peru. Such funds could be used in an M&A transaction whether by means of equity or by debt. As to the key highlights regarding tax treatment of debt, please see the section "Limitations on Interest Deductions" below.

b. Foreign Acquirer

From a legal standpoint, there are no differences if the foreign acquirer is an entity or an individual, or if it is a foreign or domestic acquirer.

c. Debt

The most commonly used structure to raise debt for an acquisition is the granting of a credit facility by a sole creditor or a syndicate of creditors.



i Limitations on Interest Deductions

Peru has enforced interest limitation rules based on a Fixed Ratio Rule, as provided by BEPS Action 4. Indeed, as from 1 January 2021, net interest exceeding 30% of the previous year's EBITDA is non-deductible for Income Tax purposes (note that the Peruvian Income Tax Law defines EBITDA as net income after offsetting losses, plus net interest, depreciation and amortisation). Interest that cannot be deducted in a given fiscal year because they exceed said limit, may be deducted as an expense in the following four fiscal years (but always subject to said 30% EBITDA limit).

Also, note that this limit applies regardless of whether the parties involved in a financing operation are related or not.

Nevertheless, said limit is not applicable to banking and insurance companies, taxpayers with an annual net income of 2,500 Tax Units (PEN 11,500,000 for FY 2022) or lower, taxpayers who execute public infrastructure projects, among others.

ii Related Party Debt

As previously mentioned, the 30% EBITDA limit on interest deductibility applies regardless of whether the parties involved in a financing operation are related or not.

Additionally, in the case of related party debt, applicable interest must be determined at market value by following transfer pricing rules.

iii Debt Pushdown

Although there are no specific tax rules regarding debt pushdowns, they may be carried out with careful attention to several anti-avoidance rules (such as the General Anti-Avoidance Rule and limitations on interest deductions). Special care needs to be taken to avoid having interest payments that end up being closely related to a capital reduction (such as in the case of a reverse merger conducted to consolidate both the asset and the related financing), as that may also jeopardise their income tax deductibility.

d. Hybrid Instruments

Generally, hybrid instruments are not structured for funding local acquisitions.

e. Other Instruments

The most commonly used structure to raise debt for an acquisition is the granting of a credit facility by either a sole creditor or a syndicate of creditors. Other mechanisms to raise debt (such as bond issuances) are not preferred, given the difficulties to close within the timeline of M&A deals, which is usually narrow.

f. Earn-outs

Earn-outs are commonly used in M&A transactions as a contingent payment due and payable post-closing. However, Peruvian legislation does not provide for a specific tax treatment for earn-outs. In most instances, earn-outs are simply characterised as a subsequent adjustment to the price of the acquired assets, but due to the lack of legislation, a case by case study of the specifics of the transaction is advisable.



7. DIVESTITURES

a. Tax Free

Asset and share transfers are generally taxed in Peru.

Moreover, Peru does not have a participation exemption regime. Capital gains obtained by Peruvian companies in the context of share/asset transfer operations are generally subject to the 29.5% Corporate Income Tax rate, whereas in the case of non-resident companies, such operations generally attract a 30% Income Tax rate (see exceptions detailed in sections 3.d. and 4.d.).

Also, note that indirect share transfers are deemed to be taxable events for Income Tax purposes. Therefore, the transfer of shares issued by a non-resident entity, which in turn owns (directly or indirectly) shares issued by a Peruvian company, is subject to Peruvian Income Tax, provided the following conditions are concurrently met:

- ❖ **50% test:** At any point during the 12 months prior to the operation, the market value of the Peruvian shares owned (directly or indirectly) by the non-resident entity is equivalent to, or higher than, 50% of the market value of all its shares.
- ❖ **10% test:** In any 12 month period, the seller and its related parties transfer (through one or multiple operations) 10% or more of the non-resident entity's share capital.

Notwithstanding the preceding comments, an indirect transfer is always deemed to have occurred when shares of a non-resident entity are transferred and the amount of the transfer price that is attributable to the Peruvian company's shares equals or exceeds 40,000 Tax Units (PEN184 million for FY 2022, or approximately USD50 million).

b. Taxable

In addition to the above, note that capital gains arising in the context of asset or share transfer operations are determined as the difference between (i) the tax basis of the corresponding shares/assets (i.e. acquisition price paid by the seller minus applicable depreciation) and (ii) the shares/assets' market value.

As indicated in Sections 3 and 4, in certain cases, the non-resident seller (individual or company) must certify the tax basis of the transferred shares/assets before the Peruvian Tax Administration, prior to any payments are made by the buyer. Otherwise, the seller would be subject to Income Tax (30%) over the shares/assets' total market value.

c. Cross Border

Cross border sales of Peruvian shares/assets are subject to the tax treatment detailed above. Nevertheless, in these operations it is important to consider the potential application of double taxation treaties entered into by Peru, which often contain provisions regarding maximum tax rates, methods to eliminate double taxation, among others.

Note that Peru has entered into bilateral treaties to avoid double taxation with the following countries: Brazil, Canada, Chile, Mexico, Portugal, South Korea, Switzerland and Japan. Peru is also a member of the Andean Community (together with Bolivia, Colombia and Ecuador), which has a multilateral tax treaty among its members.



8. FOREIGN OPERATIONS OF A DOMESTIC TARGET

a. Worldwide or Territorial Tax System

Peruvian individuals and companies are subject to Income Tax over their worldwide income. As for non-resident individuals and companies, including their branches or permanent establishments incorporated in Peru, they are subject to Income Tax solely over their Peruvian source income.

b. CFC Regime

The Peruvian CFC Regime aims to prevent resident taxpayers from deferring Income Tax associated with passive income generated by non-resident entities under their control. A resident company may be subject to Income Tax on certain types of passive income obtained by non-resident entities (e.g. dividends, interest, royalties, among others), provided the following conditions are met:

- ❖ The Peruvian company, together with its resident related parties, own (directly or indirectly) more than 50% of the nonresident entity's share capital, profits or voting rights.
- ❖ The non-resident entity is incorporated in, or is deemed a resident of, a non-cooperative or low/zero tax jurisdiction (i.e. a so called tax haven), or a country where such passive income is subject to income tax at a rate equal to, or lower than, 75% of the applicable rate in Peru.

c. Foreign Branches and Partnerships

Foreign branches of Peruvian companies are subject to Corporate Income tax over their worldwide income (for such purposes, applicable regulations establish that the "resident" status of the Peruvian company extends to its foreign branch).

d. Cash Repatriation

There are no legal restrictions to repatriate cash and there is no need to obtain specific authorisations.

However, note that dividend distributions made by a Peruvian company in favour of its foreign parent company are subject to a 5% Income Tax rate, a withholding tax (which must be withheld by the Peruvian company).

9. OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS

a. Special Rules for Real Property, including Shares of "Real Property-Rich" Corporations

In Peru, the concept of "real property-rich corporations" does not exist (although, under several double taxation treaties executed by Peru, the transfer of shares whose underlying value is mostly represented by real estate properties located in a Member State, may be taxable in such Member State as a capital gain).

Capital gains obtained from the transfer of (i) real estate property, or (ii) shares of companies whose main assets are real estate properties located in Peru, are subject to the tax treatment detailed in Sections 3 and 4 above.

Additionally, in the transfer of real estate properties, the buyer pays the corresponding Real Estate Transfer Tax, at a 3% rate over the asset's purchase price (provided it is higher than the property's registered value). It is important to note that the first 10 Tax Units of the applicable tax basis is exempt from this tax (PEN46,000 for FY 2022).



b. CbC and Other Reporting Regimes

Country by country reporting is considered a transfer pricing formal obligation, applicable to resident companies that are part of a multinational group whose accrued income in the previous fiscal year is equal to, or greater than PEN2,700,000,000 (approximately USD729,729,729).

Furthermore, other reporting regimes in the context of Peruvian transfer pricing rules include the following:

- ❖ **Local File:** Applicable to taxpayers (i) with an annual accrued income exceeding 2,300 Tax Units (i.e. PEN10,580,000 for FY 2022, or approximately USD2,859,459); and (ii) which have carried out transactions subject to transfer pricing rules for amounts between 100 Tax Units (i.e. PEN460,000 for FY 2022, or approximately USD124,324) and less than 400 Tax Units (i.e. PEN1,840,000 for FY 2022, or approximately USD497,297).
- ❖ **Master File:** Applicable to taxpayers (i) who are part of a group whose annual accrued income exceeds 20,000 Tax Units (i.e. PEN92,000,000 for FY 2022, or approximately USD24,864,864); and (ii) who have carried out transactions subject to transfer pricing rules for amounts equal to, or greater than, 400 Tax Units (i.e. PEN1,840,000 for FY 2022, or approximately USD497,297).

10. TRANSFER PRICING

Peruvian transfer pricing rules are aligned with OECD guidelines and are applicable to transactions carried out between related parties, as well as to those entered into with parties domiciled in non-cooperative or low/zero tax jurisdictions (i.e. so called tax havens). These transactions are valued on an arm's length basis and are subject to certain documentation requirements.

The Peruvian Tax Administration ("SUNAT") may adjust any overvaluation or undervaluation of such transactions for both the transferor and the acquirer (i.e. bilateral adjustment), by applying several valuation methods expressly established in the Peruvian Income Tax Law. Such adjustments may only be applied if the agreed value for the transaction generates a tax disadvantage for the Peruvian Tax Administration (e.g. if the agreed value generates a lower income tax in Peru than it would by applying transfer pricing rules).

Also, special reporting obligations may apply to resident companies that meet the conditions and requirements set forth in Section 9.b. above.

11. POST-ACQUISITION INTEGRATION CONSIDERATIONS

a. Use of Hybrid Entities

There is no local concept of hybrid entity.

b. Use of Hybrid Instruments

There is no local concept of hybrid instruments.

c. Principal/Limited Risk Distribution or Similar Structures

In Peru, there are no specific regulations for these type of structures. Nevertheless, to the extent that Peruvian tax legislation is aligned with OECD guidelines, any consideration paid to local distributors must be appropriately set at market value (following transfer pricing rules, if applicable), and considering aspects such as the level of risk and the tasks or functions assumed by the distributor.



d. Intellectual Property

Consideration paid for the use of intellectual property in Peru (e.g. patents, trademarks, designs or models, copyrights, software, know-how, among others) is considered a royalty for Income Tax purposes.

Royalties are subject to the following Income Tax rates:

- ❖ 30% when paid to nonresident individuals or entities (via withholding).
- ❖ 5% when paid to resident individuals (via withholding, if applicable).
- ❖ 29.5% when paid to resident companies (in this case, the royalties are subject to the General Corporate Income Tax rate, applied over the company's annual net income).

Please refer to Section 3.f. for a description of the tax rules surrounding the amortisation of intangible assets.

e. Special Tax Regimes

Some of the most relevant special tax regimes in Peru to consider include the following:

- ❖ **Special Regime for the Early Recovery of VAT:** This regime allows taxpayers to obtain an early recovery of the input VAT paid on imports and/or local acquisitions of new capital goods, new intermediate goods, services and construction agreements, in the context of a project's pre-operational stage.
- ❖ **Investment Promotion Tax Regimes:** Taxpayers with investments in certain sectors (e.g. education, agriculture, agribusiness, R&D, among others) and locations (e.g. jungle, highland areas, among others) may be eligible to access the tax benefits provided for in these investment promotion regimes. Tax benefits may include lower tax rates, certain tax exemptions, accelerated depreciation regimes, higher expense deductions, etc.

12. OECD BEPS CONSIDERATIONS

Over the past years, Peru has been adapting its legislation to some of the measures proposed under the OECD BEPS action plans. In that context, Peruvian legislation sets forth a wide range of anti-abuse rules, which are in line with OECD BEPS principles (e.g. limitation on interest deduction, CFC rules, among others).

Also, Peru has joined the "Statement on a Two Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy", and has recently received an invitation from OECD to start its accession process to said organisation.

13. ACCOUNTING CONSIDERATIONS

In certain M&A transactions (especially in share acquisitions followed by a merger operation whereby the purchaser absorbs the target company), the price paid by the purchaser may be greater than the value of the target's assets that are being transferred through the merger, which in turn is considered as goodwill for Peruvian tax purposes.

In relation thereto, said goodwill shall be registered as an asset in the absorbing entity's balance sheet, but is not amortisable for Income Tax purposes.



14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

The distribution of reserves performed by a Peruvian company is considered a dividend for Income Tax purposes and is subject to a 5% rate. The Peruvian company must perform the corresponding tax withholding at the aforementioned rate. However, distributions performed in favour of other resident companies are exempt from such tax.

b. Application of Regional Rules

Other rules or obligations that are commonly considered in M&A work include the following:

- ❖ **Ultimate Beneficiary Affidavit:** Certain legal entities (such as Peruvian companies) and other vehicles (such as trusts, investment funds, etc.) are legally required to identify, obtain, update, declare, keep, and provide information regarding their ultimate beneficiaries. This information must be filed to the Peruvian Tax Administration (“SUNAT2) through a special affidavit (the “UBO Affidavit”), which is available through SUNAT’s Online Operations System.

For such purposes, note that applicable legislation sets out the following criteria to identify the ultimate beneficiary of a legal entity (i.e. company):

- ❖ **Ownership criteria:** Individual who, directly or indirectly, owns 10% or more of the company’s share capital.
- ❖ **Control criteria:** Individual who, directly or indirectly (or together with others as a decision-making unit) has the power, through means other than ownership, to appoint or remove the majority of the administrative, management or supervisory corporate bodies, or has decision-making power in the financial, operational, and/or commercial agreements to be adopted.

Note that this criterion may be applicable solely if the ultimate beneficiary cannot be identified through the Ownership Criteria.

- ❖ **Highest-ranking officer criteria:** When no individual can be identified under the above criteria, the ultimate beneficiary shall be the individual occupying the highest administrative position.



The obligation to file the UBO Affidavit is currently under a gradual implementation. Initially, only legal persons considered “Main Taxpayers” (*Principales Contribuyentes*) as of 30 November 2019 were bound to do so. However, according to recent rules issued by SUNAT on this matter, the following legal persons and entities will be required to file the UBO Affidavit during fiscal years 2022 and 2023:

- ❖ Resident legal entities (i.e. Peruvian companies) whose 2021 net income exceeds 1,000 Tax Units (i.e. PEN4,400,000, or approximately USD1,200,000), must file the UBO Affidavit by June 2022.
- ❖ Resident legal entities (i.e. Peruvian companies) whose 2021 net income ranges from over 500 Tax Units (i.e. PEN2,200,000, or approximately USD600,000) to 1,000 Tax Units (i.e. PEN4,400,000, or approximately USD1,200,000), must file the UBO Affidavit by September 2022.
- ❖ Resident legal entities (i.e. Peruvian companies) whose 2022 net income exceeds 300 Tax Units (i.e. PEN1,380,000, or approximately USD373,000), must file the UBO Affidavit by June 2023.
- ❖ Other entities (such as trusts, investment funds, etc.) registered in SUNAT’s Taxpayer Registry as of 31 December 2022 and which remain active in such registry until January 2023, must file the UBO Affidavit by January 2023.
- ❖ **Formal communications to SUNAT:** Any changes in the Peruvian company’s shareholding structure following a share transfer operation must be communicated to the Peruvian Tax Administration (“SUNAT”), in order to update said company’s Taxpayer Registry File (Ficha RUC).

Furthermore, the effective date of mergers, spin-offs and other types of corporate reorganisation, must also be communicated to the Peruvian Tax Administration (“SUNAT”) within a 10 business day period following the reorganisation’s entry into force. Otherwise, for tax purposes, SUNAT will consider that the reorganisation is effective as from the public deed execution date.

c. Tax Rulings and Clearances

Other than the tax certification process that nonresident sellers must undergo before the Peruvian Tax Administration (“SUNAT”) to certify the tax basis of the transferred shares/assets (see Sections 3 and 4), there are no additional rulings or clearance processes relevant to share or asset acquisitions.



15. MAJOR NON-TAX CONSIDERATIONS

New anti-trust regime

On 7 January 2021, the Peruvian Congress enacted a new anti-trust regime, in force as from 14 June 2021. The new anti-trust regime requires economic agents to notify concentration operations that meet certain requirements to the National Institute for the Defense of Competition and Protection of Intellectual Property (“INDECOPI”). Under this new regime, operations that imply a change of control, meet the legal thresholds and have effects in Peru, would have to undergo an administrative procedure, which may increase closing deadlines. Additionally, there is a risk for transactions to be approved with certain conditions or even denied by INDECOPI. It must be noted that if a transaction meets the legal requirement and is not notified to INDECOPI, this would result in the invalidity of the operation and other administrative sanctions.

Moreover, applicable regulations establish that INDECOPI may act ex-officio in cases where the operation does not reach the legal thresholds, but there are “reasonable indications” to consider that it “may generate a dominant position” or affect “effective competition in the relevant market”. Regulations have specified that the ex-officio action may be carried out within a maximum period of one year after the formal closure of the operation and that it occurs if there are “special circumstances” in which reasonable indications are identified that the operation can generate a dominant position or affect the effective competition in the relevant market.



16. APPENDIX I - TAX TREATY RATES

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Brazil	10/15	15	15	[1]
Canada	10/15	15	15	[2]
Chile	10/15	15	15	[3]
Japan	10	10	15	
Korea, Republic of	10	15	10/15	[4], [5]
Mexico	10/15	15	15	[4], [6]
Portugal	10/15	10/15	10/15	[2], [7], [8]
Switzerland	10/15	10/15	10/15	[2], [9], [10]

Footnotes

1	Dividends - The lower rate applies if the recipient is a company that directly or indirectly controls at least 20% of the voting shares issued by the company performing the distribution.
2	Dividends - The lower rate applies if the recipient is a company that directly or indirectly controls at least 10% of the voting shares issued by the company performing the distribution.
3	Dividends - The lower rate applies if the recipient is a company that directly or indirectly controls at least 25% of the voting shares issued by the company performing the distribution.
4	Interest - As from 1 January 2015, a lower rate (10%) applies to interest on loans from banks and credit sales of industrial, commercial or scientific equipment.
5	Royalties - The lower rate applies to payments made for the provision of technical assistance services.
6	Dividends - As from 1 January 2015, a 10% maximum rate applies to all dividends subject to this treaty.
7	Interest - The lower rate applies to interest on loans from banks.
8	Royalties - The lower rate applies to payments made for the provision of technical assistance services in relation to the use of, or the right to us, any copyrights, goods or information that generate royalties.
9	Interest - The lower rate applies to interest on loans from banks and credit sales of industrial, commercial or scientific equipment.
10	Royalties - The lower rate applies to payments made for the provision of technical assistance and digital services.



17. APPENDIX II - GENERAL CORPORATE ENTITY TAX DUE DILIGENCE REQUESTS

The information and documents detailed below correspond to all open fiscal years, according to the applicable statute of limitations. In general, the statute of limitations for tax matters is four years as from the fiscal year following the due date for filing the corresponding annual tax return. In cases where the taxpayer has not filed the tax return, the applicable statute of limitations is six years.

Nº.	Category	Sub-Category	Description of Request
1	Tax Due Diligence	General	Updated Taxpayer Registry File (<i>Ficha RUC</i>) issued by the Peruvian Tax Administration (SUNAT).
2	Tax Due Diligence	General	Corporate group structure.
3	Tax Due Diligence	General	Updated debt statements issued by SUNAT (<i>Reporte de Valores Emitidos Pendientes de Pago</i>) and any other Peruvian tax authorities to which the company pays taxes.
4	Tax Due Diligence	General	Detail and documentation related to any previous Peruvian corporate reorganisations performed within the Group (if applicable).
5	Tax Due Diligence	General	Minutes of Board of Directors where tax planning strategies have been approved or ratified.
6	Tax Due Diligence	General	Minutes of the Shareholders' Meetings and Board of Directors executed in the periods subject to review.
7	Tax Due Diligence	General	Confirm if the company has taken any high risk position concerning tax matters and involving the application of the General Anti-Avoidance Rule (GAAR).
8	Tax Due Diligence	General	Proof of submission of the Ultimate Beneficiary Affidavit to the Peruvian Tax Administration (SUNAT), if applicable.
9	Tax Due Diligence	Financial & Accounting	Audited and/or unaudited financial statements of the company, including accompanying schedules, for all tax years open to review.
10	Tax Due Diligence	Financial & Accounting	Monthly trial balances corresponding to all tax years open to review (Excel format).
11	Tax Due Diligence	Financial & Accounting	Detail of the company's main income and expense accounts for all tax years open to review.
12	Tax Due Diligence	Corporate Income Tax and VAT	Annual and monthly Corporate Income Tax returns and any amendment returns thereto (if applicable), as well as the corresponding proof of payment, for all tax years open to review.
13	Tax Due Diligence	Corporate Income Tax and VAT	Monthly VAT returns and any amendment returns thereto (if applicable), as well as the corresponding proof of payment, for all tax years open to review.
14	Tax Due Diligence	Corporate Income Tax and VAT	Annual and monthly work papers in relation to the Corporate Income Tax and VAT returns (if possible, in Excel).
15	Tax Due Diligence	Corporate Income Tax and VAT	List of all Corporate Income Tax additions and deductions, for all tax years open to review.



Nº.	Category	Sub-Category	Description of Request
16	Tax Due Diligence	Corporate Income Tax and VAT	Detail of the tax losses (date of origin and expiration) and the Annual income tax return of the fiscal year in which the company chose the corresponding loss compensation system, if applicable.
17	Tax Due Diligence	Transfer Pricing	List of related parties pursuant to the rules set forth in the Peruvian Income Tax Law and its Regulations.
18	Tax Due Diligence	Transfer Pricing	Detail of transactions and operations carried out with related parties or with entities/ individuals domiciled in non-cooperative or low/zero-tax jurisdictions (i.e. so called tax havens), for all tax years open to review.
19	Tax Due Diligence	Transfer Pricing	Main agreements entered into with related parties, if applicable.
20	Tax Due Diligence	Transfer Pricing	Copy of the corresponding transfer pricing informative returns and reports, for all tax years open to review.
21	Tax Due Diligence	Transfer Pricing	List of loans granted and received from related parties.
22	Tax Due Diligence	Withholding Income Tax - Nonresidents	Monthly withholding tax returns performed to non-residents, with the corresponding proof of payment, for all tax years open to review.
23	Tax Due Diligence	Withholding Income Tax - Nonresidents	Detail/list of the transactions carried out with non-residents, specifying if those transactions were subject to the withholding income tax and VAT, if applicable.
24	Tax Due Diligence	Withholding Income Tax - Nonresidents	Detail of the loans received from non-residents.
25	Tax Due Diligence	Withholding Income Tax - Nonresidents	Agreements entered into with non-residents related to services used, specifying the payment conditions.
26	Tax Due Diligence	Withholding Income Tax - Nonresidents	Tax residence certificates issued for the purpose of applying tax treaties, if applicable.
27	Tax Due Diligence	Temporary Net Assets Tax	Temporary Net Assets Tax returns and any amendment returns thereto (if applicable), as well as the corresponding proof of payment, for all tax years open to review.
28	Tax Due Diligence	Temporary Net Assets Tax	Detail of the additions and deductions declared in the Temporary Net Assets Tax returns.
29	Tax Due Diligence	Payroll Income Tax	List of the salary benefits or in kind granted to the employees, specifying the following: (i) remunerative or non-remunerative nature of the benefit, (ii) brief detail of the terms and conditions for the granting, (iii) payment periodicity, (iv) category of the employee eligible for the granting of the benefit, (v) mention the contractual or collective nature of the benefit.



Nº.	Category	Sub-Category	Description of Request
30	Tax Due Diligence	Payroll Income Tax	Report of the calculation of the social benefits related to extraordinary gratification for employment termination, compensation for arbitrary dismissal or other concepts granted due to employment termination. Please specify the accounting treatment given to those concepts.
31	Tax Due Diligence	Tax litigation	Summary of all closed and ongoing audit proceedings carried out by the tax authorities, together with information regarding the status of the ongoing proceedings, and copies of relevant inquiries and responses.
32	Tax Due Diligence	Tax litigation	Description of all material ongoing disputes with any tax authorities. Copies of all relevant documents and correspondence thereto.
33	Tax Due Diligence	Tax litigation	Legal opinion issued by the company's external legal counsel that includes an indication of all pending tax litigation proceedings before SUNAT, the Peruvian Tax Court or any other tax authority, as well as a projected result.



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