

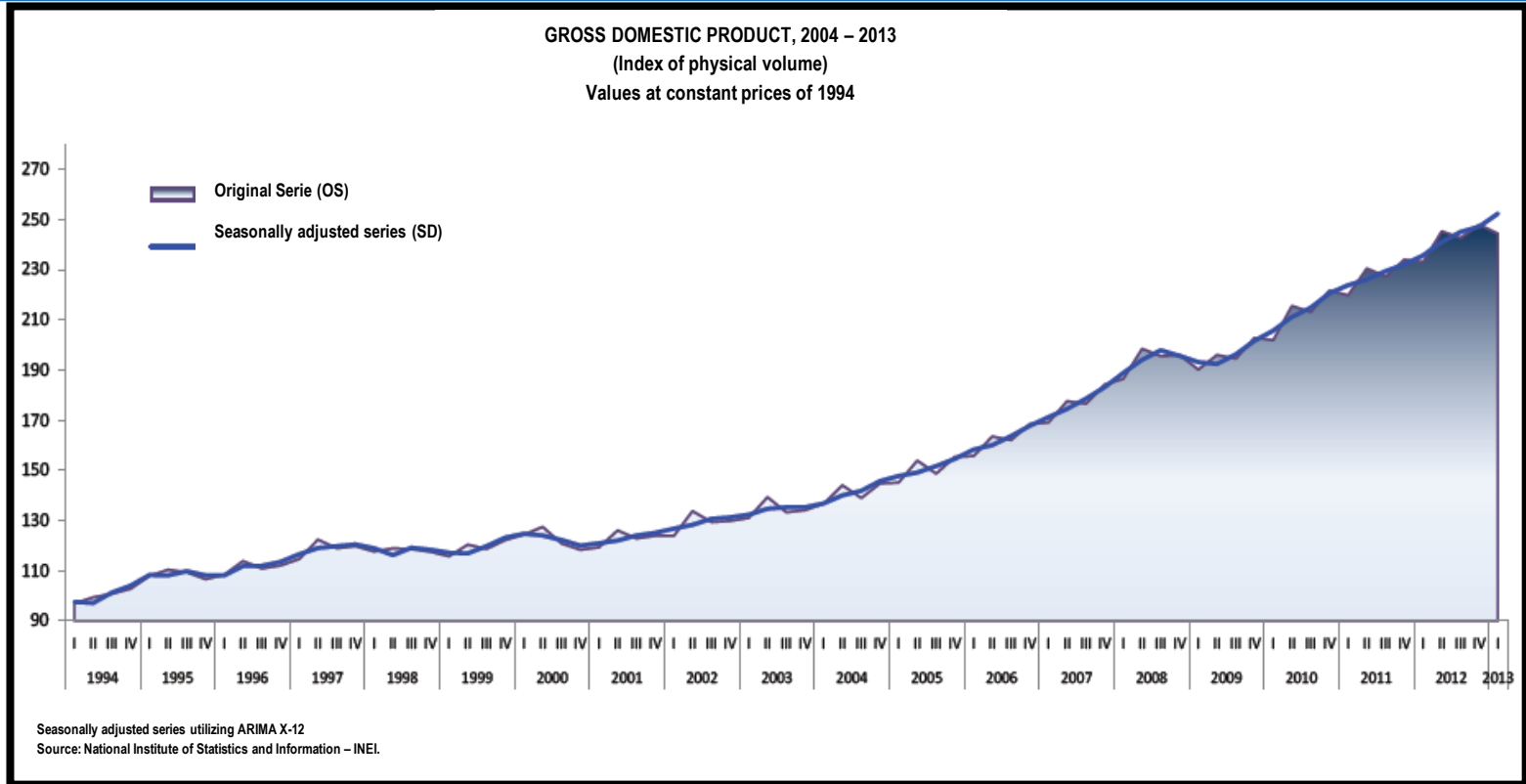
Tax News to Invest in Perú

CASAHIERRO Abogados

May 2014

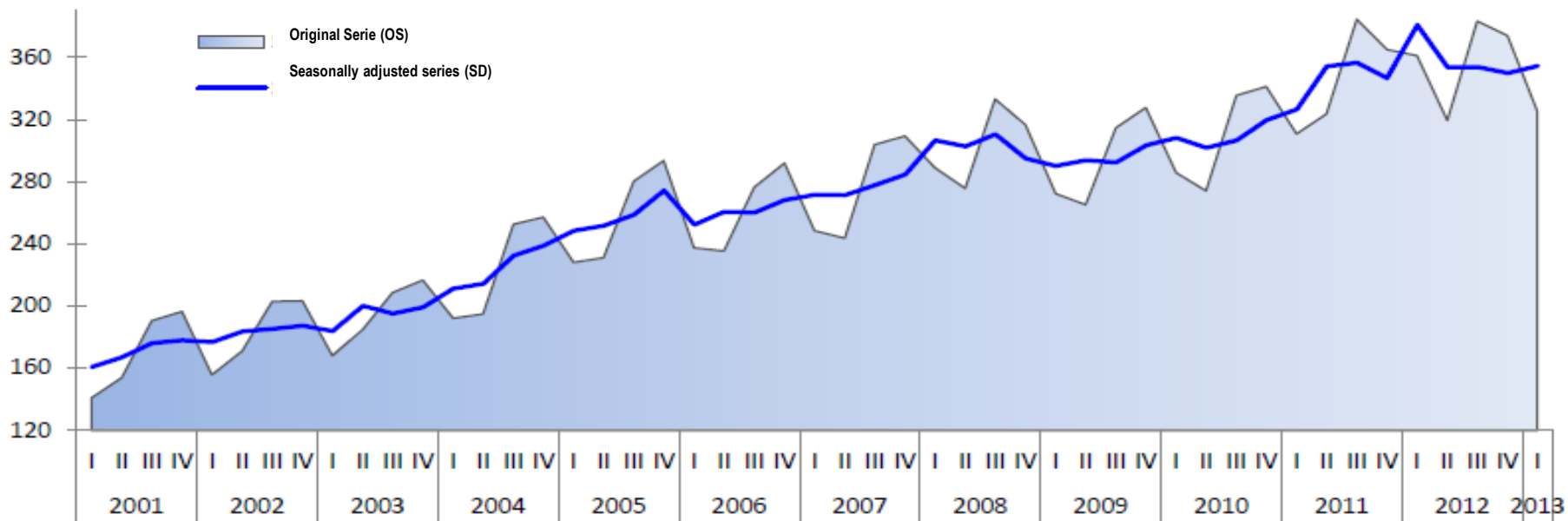
Percy Castle

Investing in Peru: GDP (PEN)- 2014: 5%



Investing in Peru: Exports (PEN)

INDEX OF PHYSIC VOLUME OF THE EXPORTATIONS, 2001 – 2013
(Values at constant prices of 1994)



Seasonally adjusted series utilizing ARIMA X-12
Source: National Institute of Statistics and Information – INEI.

Investing in Perú: Main Industries of Foreign Investments

- **Mining and Hydrocarbons (Oil, Gas)**
- **Construction of public infrastructure (Bid)**
- **Construction Procurement (Bid)**
- Agriculture
- **Energy (generation) (Bid)**
- **Technology (Government) (Bid)**
- Construction and Sale of Private Real State
- M&A

Legal Vehicles to Manage Foreign Corporate Investments

- Subsidiaries of Foreign Corp.
- Subsidiaries of Foreign Corp. Based in a Low Tax Jurisdiction
- Branches of Foreign Corp. (regular or low tax jurisd.)
- Permanent Establishments

Over View : Main Peruvian Taxes

- **Corporate Income Tax:**
 - Profits 30%
 - Dividends Distribution 4.1%
 - Technical Assistance Services 15%
 - Low Rate Loan Interests 4.99%
- **Individual Income Tax**
 - Resident Capital Gains 5%
 - Non- Resident Capital Gains 30%

Over View : Main Peruvian Taxes

- **Net Asset Tax (Financial Effects): 0.5%**
 - Companies with Assets of more than USD 400K
 - It is an Income Tax Credit
- **Value Added Tax (VAT) 18% - Business Activities**
 - Sale of goods in the country
 - Render of services
 - Importation of Services
 - Construction and sale of new real state

Menu of Tax Rules

- Anti-Avoidance General Rule: (Substance over form principle)
- Transfer Price Rules: (OECD)
- Fiscal Transparency Tax (Since 2013)
- Tax Heavens Jurisdictions (Expenses and Loans)
- Indirect Transfer of Shares (Capital Gains)
- Thin Capitalization: (Related Parties Transactions)
- Double Taxation Treaties (Few)
- TIEA's (Increasing)

Structuring Foreign Investments by Peruvian Subsidiaries

- General Approach
- Transfer of Shares: Tax Authority pre-certification
- Few Double Treaties to Avoid Tax
- Fiscal Transparency
- Indirect Transfer of Shares
- Tax Heavens: Expenses and Loans

Structuring Foreign Investments by Peruvian BRANCH of a Non-Resident Company

- Only Peruvian Source Income
- Subject to Dividends Distribution (4.1%)
automatically
- Good vehicle to start up investments in
Government bidding businesses (risk of
responsability)

Structuring Foreign Investments by Permanent Establishments

- Quick set up allowing to have a rapid branch structure
- Non-common