



Energy Investment Guide

2025-2026





Energy Investing Guide is one of the publications prepared by KPMG in Peru to provide general information to investors who are considering investing or doing business in the country in the Energy industry. However, it should be noted that this publication does not provide the broad and detailed information that would be necessary for business decision-making.

Furthermore, due to the constant changes in regulations in Peru, we recommend obtaining legal, tax, accounting, or other professional advice prior to executing the investment in the country.

Investments in Peru is part of a series of guides that KPMG publishes on topics related to investments in different countries.

This publication includes the most important legal provisions established up to November 2024.

The information contained herein is general in nature and is not intended to address the circumstances of any particular individual or entity. Although we try to provide correct and timely information, there can be no guarantee that such information is correct on the date received or that it will continue to be correct in the future. No one should take action based on such information without due professional advice after a detailed study of the particular situation.

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The global energy landscape is undergoing significant transformations, with the energy transition reshaping market dynamics worldwide. Energy efficiency improvements, electrification of transportation, and other factors are influencing oil & gas and power & utilities demand. As a reference, the International Energy Agency (IEA) projects that global oil demand growth will accelerate from 840,000 barrels per day (b/d) in 2024 to 1.1 million b/d in 2025, reaching a total consumption of 103.9 million b/d. Increases in both years will be dominated by petrochemical feedstocks, while demand for transport fuels will continue to be constrained by behavioral and technological progress.

According to KPMG’s 2024 Global Energy CEO Outlook, 82% of CEOs in the energy, natural resources, and chemicals (ENRC) sector are confident about their organizations’ growth prospects over the next three years, surpassing the all-sector average of 78%. This optimism is fueled by resilient energy prices and increased investment in emerging technologies, particularly Generative Artificial Intelligence (Gen AI), identified as a top investment priority by nearly two-thirds of ENRC CEOs. However, geopolitical complexities and supply chain disruptions remain significant challenges, with 55% of CEOs citing geopolitical risk as their greatest concern.

Additionally, environmental, social, and governance (ESG) strategies have become central to business operations. 72% of ENRC CEOs have fully integrated ESG initiatives into their value creation strategies, while 79% express confidence in meeting evolving ESG reporting standards. However, 58% of CEOs recognize challenges in achieving net-zero targets by 2030 due to complex supply chains and a shortage of specialized sustainability skills

In this context, the international investment landscape presents significant opportunities for Peru, recognized as a strategic exporter of natural gas in Latin America through the Camisea Project. Peru possesses underdeveloped and unexplored basins across its territory, offering substantial potential for energy sector investments.

Peru’s energy and natural resources sectors are increasingly incorporating sustainable standards. The Peruvian government is advancing regulations with social content and promoting new energies (e.g., electric vehicles, hydrogen) to address social gaps in alignment with the Sustainable Development Goals 2030. Concurrently, the private sector is developing strategies to operate under Environmental, Social, and Governance (ESG) standards.

Peru offers a comprehensive framework to attract investment, including regulations ensuring equal opportunities for private and foreign investors, legal and tax stability, free remittance of capital and dividends abroad, and favorable market conditions for exchange rates.

This document provides a summary of relevant information for investors interested in the Peruvian market, including macroeconomic data, business opportunities, procedures for incorporating a Peruvian entity, taxation on individuals and business activities, key aspects of foreign trade, labor, and migration, among other factors that could influence investment decisions. It also outlines significant regulatory aspects of the energy industry and the status of energy transition.

KPMG remains committed to fostering an investment environment that offers new opportunities for sustainable development in Peru.



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Peru’s energy sector is undergoing a deep transformation, driven by influence of “clean energy” worldwide demand due to sustainability and climatic change actions and commitments, the expansion of natural gas and the emergence of green hydrogen as a key component of the country’s energy transition. The Camisea project, Peru’s largest natural gas development, has played a key role in reducing dependence on imported liquid fuels such as diesel and coal, shifting the energy matrix toward cleaner, more cost-effective alternatives like Liquefied Petroleum Gas (LPG) and Vehicle Natural Gas (VNG). This transition aligns with global energy trends, as economies worldwide seek to diversify their energy supply with sustainable and efficient solutions. The Peruvian government continues to prioritize hydrocarbon exploration and development, mainly in Blocks 57 and 58, reinforcing the country’s position as a regional energy hub and an attractive market for long-term investments in energy production, infrastructure, and distribution. Opportunities for energy investors remain strong, particularly in the underexplored hydrocarbon basins of Talara, Ucayali and Marañon, which have already attracted international interest

Infrastructure development, particularly the expansion of Camisea’s natural gas pipeline, has enabled the growth of thermoelectric power plants, especially in Chilca, where four major energy companies contribute significantly to Peru’s electricity supply.

Alongside its natural gas expansion, Peru has taken a significant step toward renewable energy development with the approval of Law No. 31992 in March 2024, which promotes the research, production, and commercialization of green hydrogen. This legislation positions green hydrogen as a key energy vector, supporting Peru’s commitment to reducing greenhouse gas emissions and integrating low-carbon energy solutions into the national energy matrix. The southern regions of Arequipa and Moquegua have been identified as strategic hubs for green hydrogen production, attracting strong interest from both local industries and foreign investors. The first green hydrogen project, launched in January 2024, is already contributing to carbon footprint reduction by combining solar energy with natural gas-fired thermal generation in Chilca, south of Lima.

With a favorable regulatory environment, increasing public-private collaboration, and strong international interest, Peru can be well-positioned to become a leader in energy transition within Latin America. As global energy markets shift toward sustainability and efficiency, Peru’s energy policies and resource potential create a dynamic and profitable landscape for investors seeking to participate in one of the region’s most promising energy markets.



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PERUPETRO starts 2025 with great challenges, but at the same time with much optimism to reactivate the activities of exploration and exploitation of hydrocarbons in the country.

Being the promotion of investment the main role of PERUPETRO, we continue participating in the most important international events that bring together the main stakeholders in the world, to attract investment and continue with the reactivation of hydrocarbon exploration to guarantee the energy security that Peru requires for the development and competitiveness of various industries, and benefit of almost 34 million Peruvians.

During 2024, PERUPETRO signed two hydrocarbon exploitation contracts and six technical evaluation agreements, which confirms the hydrocarbon potential and the interest in Peru.

We currently have 124 areas under promotion located in the different hydrocarbon basins in Peru. These areas present important prospects with oil and gas potential, generating interest among companies. The promotion areas are under permanent evaluation by several companies and can be requested to PERUPETRO to start direct negotiation processes, as long as it is the only company interested.

We have high expectations in knowing the results of the 3D seismic carried out in blocks Z-61, Z-62 and Z-63 operated by Anadarko, results that will define the drilling of an exploratory well that would confirm the potential of the Trujillo basin, whose prospective oil resources are estimated at 13 million barrels and 7.5 trillion cubic feet of gas.

At the beginning of 2025, PERUPETRO continued with the open call process for awarding blocks I and VI, production blocks located in the Talara basin. These are being operated by PETROPERU, through a temporary contract, whose award is scheduled for February 24. We are also preparing to launch bidding processes for blocks II, XV and Z-69, also located in the Talara Basin.

In the social aspect, PERUPETRO opened two Liaison Offices, in Trujillo (La Libertad) and Chiclayo (Lambayeque), to be in direct contact with the regional and local authorities, as well as with the organizations representing the civil society, to strengthen the tripartite dialogue and the Community - Companies - State relations.

At the same time, we continue to promote a permanent dialogue with the communities in the areas of influence of our operations, to ensure investments with sustainable development. In this sense, the Social Development Fund, implemented in the License Contracts for lots 95, 192, 131, 8, I, V, VI, VII, and Z-69, began to bear fruit and we are sure that it will improve the quality of life of the population located in the direct area of influence of the operations.

In PERUPETRO we are concerned about the country's energy security and transition. In the case of electricity generation, this is composed of approximately 50% water, 10% RER, and 40% natural gas, which means that this industry only emits 7% of Peru's GHGs. However, our gas reserves have a horizon of 15 years, therefore, we are working to value new resources to ensure clean, safe, and affordable energy for all Peruvians, encouraging exploration in areas where there is potential.

In Peru and the world, hydrocarbons are still the main energy source. Therefore, it is a strategic sector for the development of the country and PERUPETRO will continue to promote the arrival of new investments with sustainable development.



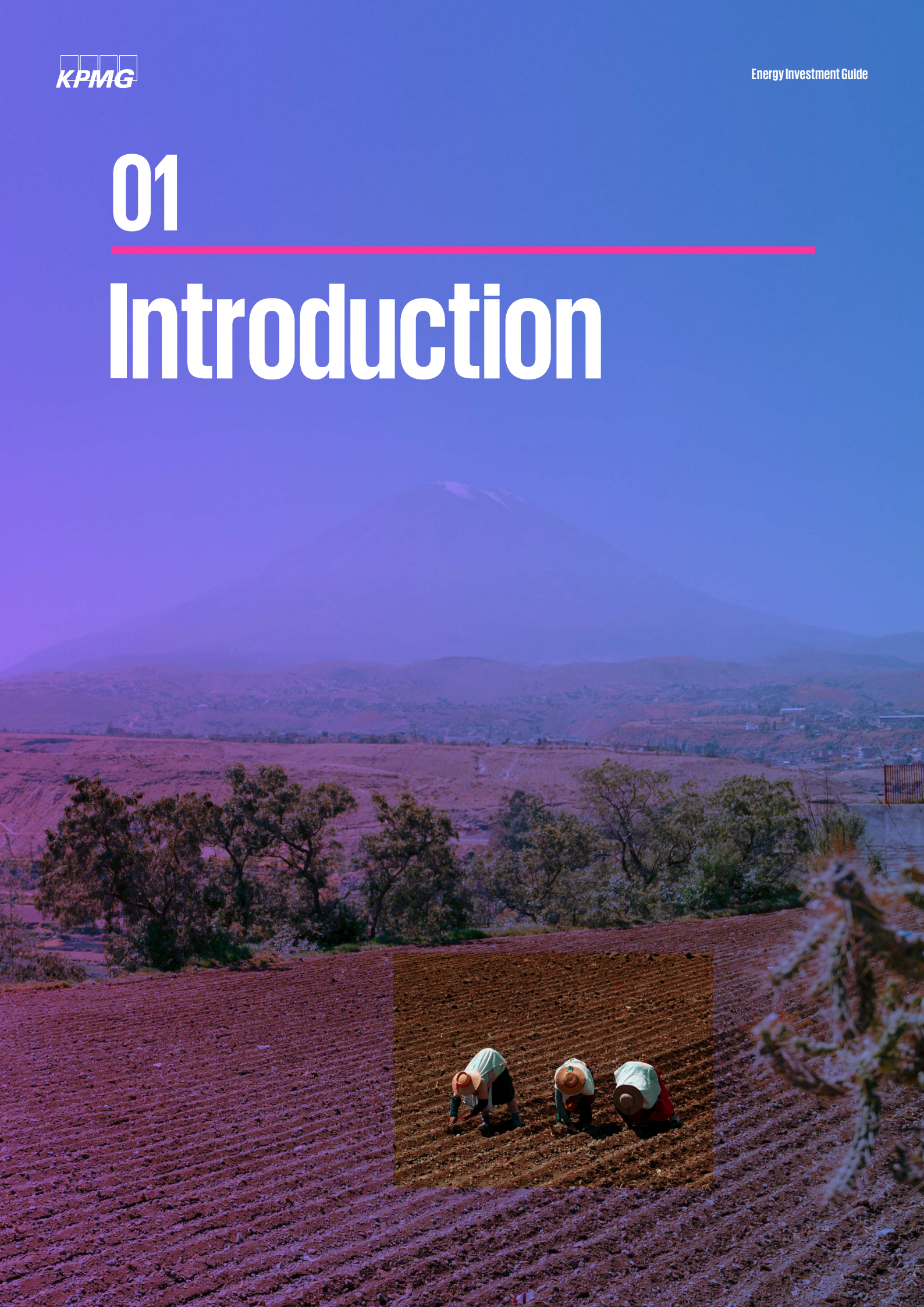
José Adrián Mantilla Castillo
President of Perupetro

The word 'Content' is written in a large, white, sans-serif font, centered on the page. It is set against a background image of an industrial facility with a tall chimney and a network of pipes and scaffolding under a blue sky.

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Introduction



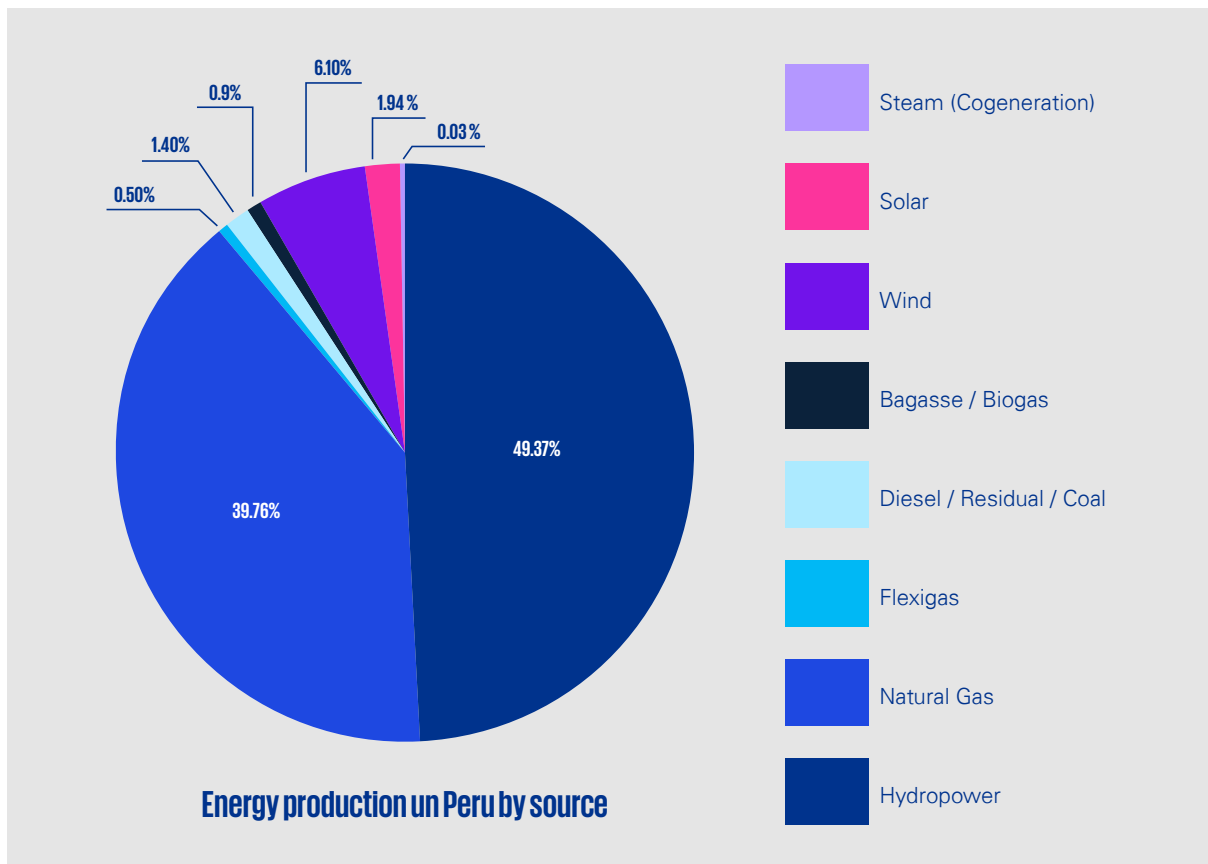
Introduction

The energy sector in Peru plays a strategic role in the country’s economic and social development, serving as a key driver for the modernization of its infrastructure and the promotion of sustainable investments. This sector, essential for daily life and productive activities, is primarily composed of the power & utilities subsector and the oil & gas subsector, which also includes petrochemicals and natural gas. Additionally, energy transition solutions and technologies, such as a renewable, electromobility, green hydrogen and others, are transforming the industry and opening new avenues for sustainable growth.

In line with the abovementioned, this Guide aims to provide a comprehensive overview of Peru’s energy sector and the opportunities it offers to both domestic and international investors. Through a detailed analysis of the regulatory framework, available resources, and global trends, we present a clear and practical tool for those looking to explore and capitalize on the competitive advantages of Peru’s energy market.

As is well known, electricity serves as the backbone of the energy system, supported by an ever-expanding infrastructure. Meanwhile, oil & gas remains a key source of primary energy and revenue for the country. Finally, renewable energy, with its growing adoption, not only diversifies the energy matrix but also positions Peru as a key player committed to energy transition and international climate goals.

Below is Peru’s Energy Matrix with official figures as of November 2024. As can be seen, the country’s energy production is primarily sourced from hydroelectric plants, which account for 49.37% of the total production.



Source: MINEM
 Elaborated by KPMG
 * Up to November 2024

Overview

Peru has maintained a dynamic economy over the last decade, characterized by resilience in the face of global challenges. From 2014 to 2023, the country's GDP growth exhibited significant variation, reflecting both global economic trends and domestic policy responses. Peru's GDP showed steady growth in the earlier part of the decade, driven by high commodity prices and robust fiscal management. However, the COVID-19 pandemic triggered a sharp contraction of -10.9% in 2020, followed by an exceptional recovery of 13.4% in 2021. Growth moderated in 2022 to 2.7%, and a slight contraction of -0.6% was recorded in 2023, due to external pressures and internal challenges.

Looking ahead, the economy is projected to grow 3.1% in 2024 and 3.0% in 2025, according to September 2024 Inflation Report. These projections are underpinned by favorable conditions in both primary sectors (Agriculture, fishing and mining) and non-primary sectors (Manufacturing, construction, trade and services). Key drivers include a recovery in private investment, increased dynamism in consumption, and a stable sociopolitical environment.

In addition to its economic resilience, Peru is making strides in aligning itself with international standards through its accession process to the Organization for Economic Co-operation and Development (OECD), which began in 2022. The accession process is a rigorous, multi-stage evaluation designed to align the country's policies and practices with OECD standards. Peru is currently in the evaluation and reform implementation phase, having submitted its Initial Memorandum in 2023, which outlined its adherence to OECD legal instruments and identified areas for further alignment.

Since then, Peru has been undergoing detailed assessments by 24 committees and 25 working groups covering areas such as public governance, fiscal policies, environmental standards, and anti-corruption measures. By August 2024, Peru had adopted over 55 OECD legal instruments, demonstrating significant progress in its alignment with international best practices.

In Peruvian legislation there is a regime to promote foreign investment. Foreign investors and the companies in which they participate have the same rights and obligations as national investors and companies, therefore the right to free enterprise is guaranteed.

Government

Peru operates under a constitutional framework established by the 1993 constitution, which defines the Republic of Peru as a democratic, independent, and sovereign nation.

The 1993 Constitution replaced the Constitution of 1979, under which democracy was restored after more than one decade of military government, characterized in its early years by state socialism, and later by a process of gradual restitution of freedom.

The Administration of Peruvian President, Dina Boluarte, provides with a legal framework in keeping with the demands of international competitiveness, thus resulting in a country with an attractive market for both national and foreign investments.



Political System

In conformity with the provisions of the 1993 Constitution, the Republic of Peru is a democratic, social, independent, and sovereign state. The state is unitary and indivisible, with its government structured as a unitary, representative, and decentralized system. Power is distributed among three branches: the Executive, the Legislative, and the Judiciary.

The President of Peru, elected for a five-year term, serves as both head of state and head of government. Immediate re-election is not permitted. The President represents the nation domestically and internationally, oversees the Executive branch, and plays a key role in policy implementation and national security.

The unicameral Congress, composed of 130 members, wields legislative authority. Congress members are elected every five years in conjunction with presidential elections. Congress has the power to legislate, oversee the Executive branch, and approve the national budget.

The Judiciary, led by the Supreme Court of Justice, ensures the application of laws, protects constitutional rights, and administers justice throughout the country. Judicial independence is a cornerstone of Peru's democracy, though ongoing reforms aim to address challenges such as corruption and inefficiency within the system.

Currency

Peru's official currency is the Sol (PEN), which, as of December 31st, 2024, was worth about 0.266 US\$ (USD 1= 3.758 Soles).

Under Peruvian law, debts in foreign currency are permitted, and the U.S. dollar is frequently used for civil and commercial transactions. The dollar is widely accepted in normal business operations, particularly for high-value transactions such as real estate, vehicle purchases, and corporate investments. This partial dollarization reflects confidence in the stability of the U.S. dollar.

Companies receiving foreign investment may request to maintain their accounting records in U.S. dollars, provided they operate in specific sectors such as mining, oil and gas, natural gas distribution, and large-scale infrastructure projects. However, this benefit is subject to approval by the relevant authorities, and not all foreign-invested companies are eligible.



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Peruvian Energy Industry in numbers



Macroeconomic Context

Peru's economic activity in 2024 has been characterized by resilience amid global and domestic challenges. According to the September 2024 Inflation Report by the Central Reserve Bank of Peru (BCRP), key sectors such as metal mining and hydrocarbons demonstrated mixed performance.

The metal mining sector saw a 3.4% decline in the second quarter of 2024, driven by reductions in copper (-7.1%) and zinc (-20.7%) production. However:



Gold production increased by 4.8% due to higher extraction at major mines.



Molybdenum output surged by 27.7%, reflecting intensified production efforts.

Growth forecasts for the sector have been revised to 1.2% in 2024, with a recovery projected at 1.9% in 2025, supported by improved zinc and copper ore grades and adjusted production plans.

The hydrocarbon sector experienced a 2.9% decline in production during the second quarter of 2024, primarily due to reduced natural gas extraction and lower oil yields. Despite these setbacks, growth projections have been adjusted upwards to 3.7% in 2024 and 7.1% in 2025, driven by increased activity in lot 95, where new wells are expected to boost production.

Looking ahead Peru's economy is forecasted to grow by 3.0% in 2025, supported by primary and non-primary sectors. The energy sector, driven by the Perupetro Strategic Plan 2022-2026, aims to increase oil production to 107,000 BPD and natural gas output to 1,927 MMSCFD, alongside ongoing investments in infrastructure, such as the Talara refinery optimization.

These initiatives underline Peru's commitment to aligning with its National Energy Plan, fostering sustainable growth, and reinforcing its position as an attractive destination for energy sector investments.

GDP BY ECONOMY SECTOR

(Real percentual variations)

	2024*	2025*
	IR.Sep.24	IR.Sep.24
Primary GDP		
Agricultural	3.5	3.5
Fishing	22.4	4.9
Metal mining	1.2	1.9
Hydrocarbons	3.7	7.1
Manufacture	5.2	3.4
Non primary GDP	3.2	3
Manufacture	2.3	3
Electricity and water	3.1	3
Construction	3.2	3.4
Trade	3.2	2.7
Services	3.3	3
Gross domestic product	3	3

Source: BCRP
Inflation Report (IR) Sept. 2024

Foreign investment plays an important role in the national economy, designing an integrated system of regulations to guarantee foreign investors.

Investments are received without restrictions in various sectors of economic activity (i.e., telecommunications, electricity, retail, banking, among others).

Foreign Investment Registry



Foreign investments in Peru are automatically authorized but require registration with the Private Investment Promotion Agency of Peru (PROINVERSIÓN). This includes contracts related to technology licenses, technical assistance, and engineering services. According to Andean Community Decision 291, investments from Bolivia, Colombia, Ecuador, and Peru must also be registered with PROINVERSIÓN in freely convertible currency.

Rights of Foreign Investors



The Peruvian Government guarantees foreign investors the right to transfer dividends, net profits, and invested capital abroad in freely convertible currencies after paying legal taxes. This includes proceeds from the sale of shares, participations, rights, and from the reduction or liquidation of companies.

Foreign Investment Restrictions



In Peru, pre-investment approval is not required. Technology transfer contracts, licenses, patents, and trademarks must be registered with administrative authorities, but this does not qualify their content. Under Law 29785, some investment projects may require consultation with indigenous communities, although this consultation does not grant veto rights over the projects.

Property Acquisition



Foreigners in Peru (individuals and companies) have the same property rights as Peruvians, but there are restrictions within 50 kilometers of the border where they cannot acquire or possess certain resources without authorization. Property ownership transfers with a valid sales contract, and while registration in public records is not mandatory, it is recommended for transaction security.

Competition Rules



Peru's competition rules establish a free market system, limiting the State's role as a regulator of productive activities. These regulations protect commercial identification and intellectual property rights, creating a favorable environment for private investment.

The National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI) is the state body responsible for enforcing these regulations, ensuring the free market's functioning, and overseeing intellectual property protection and market competition.

International Investment Agreements



The International Investment Agreement is a treaty designed to create a legal framework that attracts, promotes, and protects investments by ensuring transparent and predictable treatment according to international standards. Since 1991, Peru has implemented 29 Agreements for the Promotion and Reciprocal Protection of Investments, and since 2009, it has included 9 investment chapters in Free Trade Agreements.

To facilitate investor decision-making, a detailed list of these agreements, is included in Annex A.

Trade Agreements



Peru is actively involved in various international integration agreements to promote economic integration and establish common markets. It has been part of the Andean Community Integration Agreement with Bolivia, Colombia, and Ecuador since 1969. Peru signed a free trade agreement with the United States, effective since February 1, 2009. Additionally, Peru participates in several major international integration schemes, including the Latin American Integration Association (ALADI), the Andean Community (CAN), and the Pacific Alliance, and has numerous Free Trade Agreements with countries worldwide.

“Work for Taxes” mechanism

The “Works for Taxes” mechanism (Law No. 29230), introduced in Peru, promotes regional and local public investment through private sector participation. This law allows private companies to sign investment agreements to finance, execute, and propose public investment projects that address infrastructure needs in health, education, transportation, tourism, agriculture, irrigation, culture, rural electrification, and other sectors. These projects must align with priorities established under the Invierte.pe system of the Ministry of Economy and Finance, ensuring efficient and sustainable use of resources for the benefit of the population.

Through this mechanism, private companies receive tax credits applicable to their income tax obligations in exchange for executing these projects. According to MEF, to October 2024, the “Works for Taxes” scheme has facilitated investments of over PEN 10.5 billion across 604 projects, directly benefiting more than 27 million Peruvians. Prominent regions such as Ancash, Arequipa, and Ica have attracted substantial investments, collectively accounting for 50% of the total funds mobilized.

For investors, this mechanism not only enhances their corporate social responsibility and strengthens their relationship with local communities but also provides an opportunity for tax optimization. Investors are permitted to advance the payment of Corporate Income Tax to finance and execute public investment projects prioritized by the State. The main certificates used in Peru’s Work for Taxes mechanism are Regional and Local Public Investment Certificate (CIPRL) and National Government Investment Certificate (CIGT). The CIPRL is negotiable, meaning it can be transferred to third parties for tax payment purposes. In contrast, the CIGT is non-negotiable and can only be used by the investing company to offset its own Income Tax liability.

Merger and Acquisition control (M&A Control)

In Peru, regulation regarding the control of M&A has historically focused on the Power and utilities sector. In 1997, Law No. 26876, known as the Antimonopoly and Anti-Oligopoly Law for the Electricity Sector, was enacted. This law establishes a prior control regime for business concentration operations in the electricity sector, aimed at preventing anticompetitive practices and promoting competition in the electricity market.

Additionally, since June 2021, Law No. 31112, the Law on Prior Control of Business Concentration Operations, has been in force. This Law establishes a prior control regime for M&A applicable to all sectors of the Peruvian economy.

According to the regulation, a transaction will be subject to prior control if, for instance, the total value of sales, annual gross revenues, or asset value in Peru of the companies involved in the business concentration operation during the fiscal year preceding the notification equals or exceeds 118,000 Tax Units (the Tax Unit for 2025 is set at PEN 5,350.00, approximately USD 1,440).

If an M&A transaction falls within the established threshold, companies must submit an authorization request to INDECOPI, which will assess whether the transaction could significantly restrict competition in the market. Executing operations without prior authorization can result in penalties of up to 12% of the annual revenues of the companies involved.

As of 2023, 33 applications have been filed with INDECOPI, of which 26 transactions have been approved, 2 applications were rejected, and 5 remain under review. The main sectors of the economy involved in these transactions include electricity, mining, automotive, retail, financial, and construction, among others.

Oil & Gas Industry in Peru

The hydrocarbon industry can be summarized in three phases within the value chain: exploration, production, and refining. These, in turn, are included in three general segments: upstream, midstream, and downstream.

SECTOR	STAGE	DESCRIPTION	MAIN PROJECTS
OIL	Upstream	This stage involves the exploration and extraction of crude oil, particularly in resource-rich areas. In Peru, activities are concentrated in the Selva Norte region, including highly productive basins such as the Marañón and Ucayali.	Block 192 (the country's largest and most productive oil block, key for national output), Block 64 (operated by PetroPeru), Marañón Basin (high exploration potential)
	Midstream	The midstream phase focuses on transporting crude oil from production sites to processing facilities or export points. Pipelines are the main mode of transport in Peru, given the country's rugged geography.	Norperuvian Oil Pipeline (a critical infrastructure that spans over 850 km, transporting Amazonian oil to the Pacific coast for export or refining).
	Downstream	This stage includes refining crude oil into usable fuels and petrochemical products, as well as their distribution to domestic and international markets. Investments aim to modernize facilities for cleaner fuels.	Talara Refinery Modernization Project (a \$5 million investment to increase refining capacity and produce low-sulfur fuels to meet international standards).
NATURAL GAS	Upstream	This phase involves the exploration and production of natural gas and associated liquids. Peru's gas reserves are mainly located in the southern Andes, particularly in the Camisea fields, one of the largest gas reserves in Latin America.	Camisea Gas Fields (Block 88 and Block 56, operated by Pluspetrol; a vital source of natural gas and liquids for domestic and export markets).
	Midstream	Natural gas transportation focuses on pipelines that connect gas fields to processing plants, storage hubs, and distribution networks. Peru's geography makes midstream operations complex and capital-intensive.	Camisea Pipeline System (links the gas fields in Cusco to the coast; essential for domestic energy supply and exports).
	Downstream	Downstream activities in the natural gas sector focus on processing, liquefaction, and distribution to industrial, residential, and export markets. Peru is also a major exporter of Liquefied Natural Gas (LNG).	Peru LNG Plant (a world-class liquefaction facility in Pampa Melchorita, enabling exports primarily to Asia and North America).

Background of the Oil & Gas sector

The oil and gas sector in Peru has undergone significant transformation over the decades, transitioning from a period of decline to becoming a critical driver of economic growth. Historically, government interference in the 1960s, including fixed petroleum prices and restrictive policies, led to dwindling reserves and minimal private investment. The creation of PETROPERU in 1968 centralized control but stifled growth. A pivotal change occurred in the 1990s with the privatization of PETROPERU's operations and the establishment of PERUPETRO, responsible for negotiating and managing hydrocarbon contracts.

This shift resulted in substantial growth, with sector investments rising from USD 20 million in 1990 to USD 4.3 billion in 1997. Major natural gas discoveries, such as the Camisea Project, propelled Peru into a phase of energy diversification and self-sufficiency, positioning the country as an exporter of liquefied natural gas (LNG). Despite challenges in recent years, including low prices and political instability, the industry continues to attract investment and maintain resilience. In its hydrocarbons industry, Peru is focusing on the development of the Camisea gas field and diversifying its energy matrix. The government has established a legal framework to attract investment and integrate with the global economy. The Oil & Gas sector is crucial for Peru's macroeconomic growth, with the Camisea deposit boosting natural gas liquids production and turning Peru into a net LPG exporter.

Investment in the Hydrocarbons Sector

PERUPETRO S.A., representing the Government of Peru, manages the contracts for the exploration and exploitation of hydrocarbons in the country. Under the framework of the Hydrocarbons Law and its Regulations, the following contractual modalities are implemented:

- **License Contract:** Authorizes the contractor to explore and exploit hydrocarbons, transferring ownership of the extracted hydrocarbons to the contractor in exchange for the payment of contractually established royalties.
- **Service Contract:** Permits the contractor to explore and exploit hydrocarbons, receiving remuneration based on controlled production without transferring ownership of the hydrocarbons. These contracts have a maximum term of 30 years for oil and 40 years for natural gas.

Both contract types are classified as law contracts, providing legal and tax stability for investors. Foreign companies are required to establish a branch or subsidiary in Peru and appoint a Peruvian representative. Other contractual modalities can be established to the extent that they are authorized by the Ministry of Energy and Mines (MINEM).

Regarding the applicable tax regime, the contracts signed within the framework of the Hydrocarbons Law apply the tax regulations in force on the date of their execution, with respect to the activities of the contract (other activities will be taxed regularly). Likewise, an additional rate of 2% will be applied to the Income Tax.

Fiscal Revenues from Contracts and Royalties

Investors who carry out oil and gas activities under a license agreement with PERUPETRO are required to pay a royalty to the Peruvian Government as compensation for the exploitation of natural resources. This royalty is calculated based on hydrocarbon production and can be determined using various methodologies, such as production scales, economic results, or other formulas specified in the contract. The royalties paid are considered a deductible expense for companies, which directly impacts their tax returns.

In that way, fiscal revenues from license and service contracts have shown fluctuations depending on the economic context and international prices. Royalties from natural gas projects, particularly from Camisea represent a significant contribution to the Peruvian economy.

OIL AND GAS ROYALTY (USD)						
	2019	2020	2021	2022	2023	2024*
Gas-others	32,868,345	22,354,201	55,890,869	104,568,314	69,636,187	73,300,547
Gas-Camisea	540,991,015	405,812,677	1,015,885,785	1,437,581,060	912,290,866	795,741,072
Oil	200,438,678	82,180,597	167,844,122	300,662,895	222,318,925	221,362,388

Source: Perupetro. Elaborated by KPMG

* Up to December 2024

** Includes condensates and natural gas liquids.

FISCAL REVENUES BY LICENCE CONTRACTS AND SERVICE REVENUES (USD)											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
LICENSE CONTRACTS	1,630,236,927	729,400,948	628,916,464	793,265,366	1,031,043,074	774,298,039	510,336,273	1,239,632,895	1,843,376,408	1,204,362,497.81	1,091,190,697.43
SERVICE CONTRACTS	85,017,758	39,958,131	32,856,496	37,120,279	72,221,416	80,735,419	27,959,085	39,479,236	37,230,608	25,081,280.08	0
TOTAL	1,715,254,676	769,359,078	661,772,960	830,385,645	1,103,264,489	855,033,459	538,295,359	1,279,112,132	1,880,607,016	1,229,443,777.89	1,091,190,697.43

Source: Perupetro

*Up to November 2024

Fiscal Revenues from Canon

The Canon is another key component in the distribution of income generated by the exploitation of natural resources. Unlike royalties, which are direct payments to the Peruvian Government, the Canon constitutes a form of redistribution of wealth generated by extractive activities. This redistribution is carried out through the transfer of income from taxes, royalties, and other sources of revenue to local and regional governments in areas where the exploitation activities take place.

The Canon is designed to promote economic and social development in the regions producing hydrocarbons, ensuring that a portion of the revenues generated from natural resource exploitation is reinvested in these areas. The regions of Loreto, Ucayali, Piura, Tumbes, and Puerto Inca are some of the main beneficiaries of these funds, which are distributed according to specific criteria and percentages established by law.

CANON REVENUES (USD)											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TOTAL	975,075,160	492,700,121	395,249,809	479,565,757	626,727,915	502,517,426	325,987,029	717,211,143	1,027,781,174	702,854,757	619,619,988

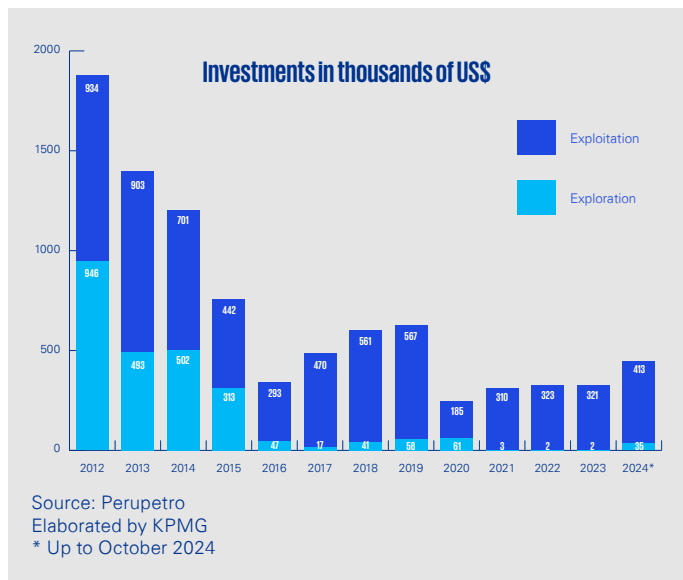
Source: Perupetro

*Up to December 2024

Situation of the Hydrocarbon Sector

According to BCRP’s inflation report (September 2024), hydrocarbon production experienced a decline of 2.9% in the second quarter of 2024. This decrease was primarily attributed to a 5.3% reduction in natural gas extraction from lot 88, which was impacted by a slowdown in demand for thermal energy generation. Additionally, oil production fell by 4.2%, influenced by decreased output from lots 95 and X. Lot X, in particular, has faced lower yields throughout the year, a situation exacerbated by the transition to a new operator on May 18. Overall, the hydrocarbon sector saw a 1.0% decline in the first half of 2024.

Despite these challenges, growth projections for the sector have been revised upward. For 2024, the growth forecast has been adjusted from 1.5% to 3.7%, and for 2025, from 4.2% to 7.1%. This optimistic outlook is driven by anticipated increases in oil production from lot 95, following the commissioning of two new wells and additional drilling activities planned for the remainder of the year.



In 2025, PERUPETRO will continue the open bidding process for awarding Lots I and VI, which are producing blocks located in the Talara Basin. These blocks are currently operated by PETROPERU under a temporary contract, with the award scheduled for February 24. Additionally, PERUPETRO is preparing the bidding processes for Lots II, XV, and Z-69, also located in the Talara Basin.

Oil and Gas Price Stabilization Fund

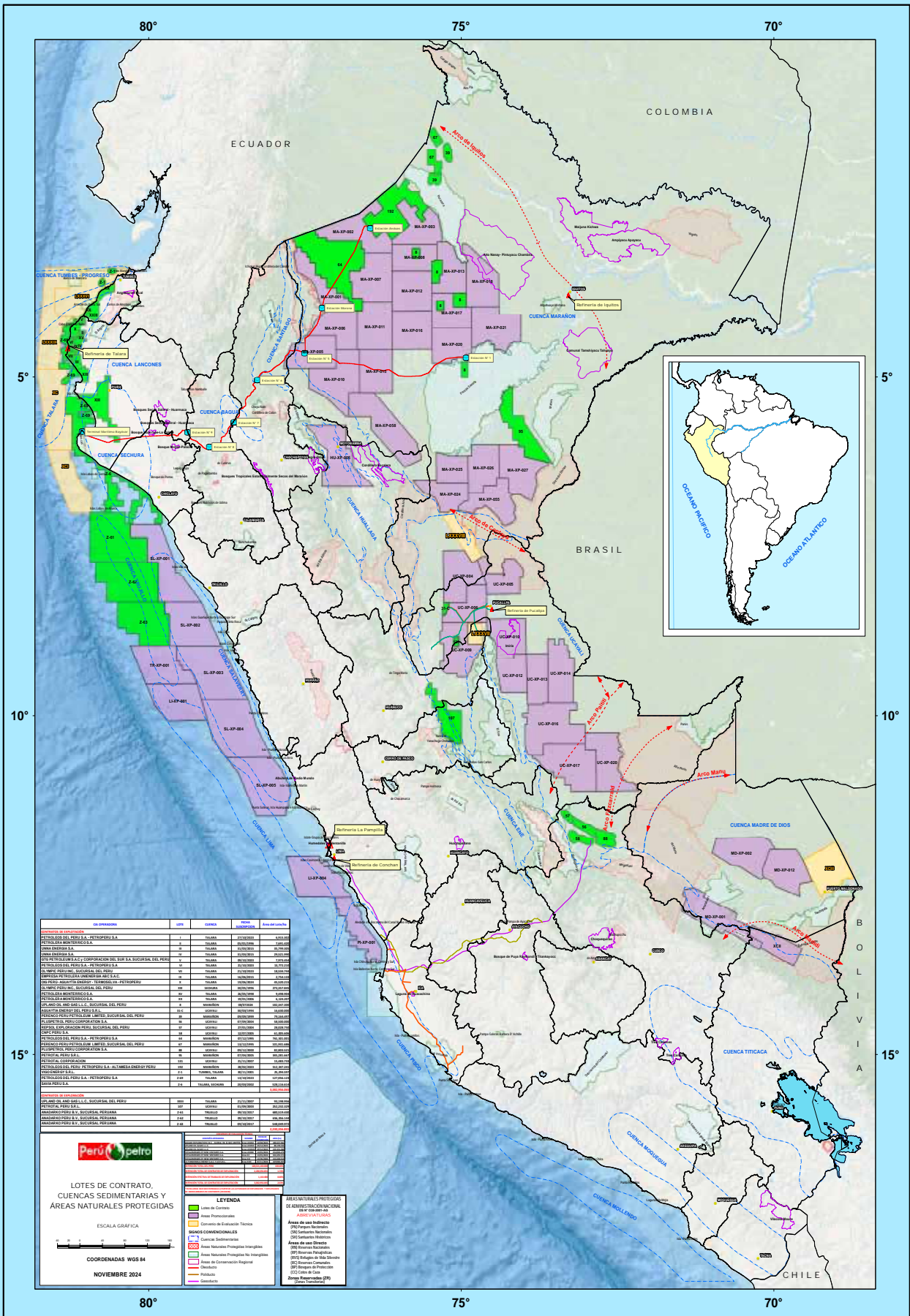
The Oil and Gas Price Stabilization Fund (FEPEH) is a mechanism created to reduce the impact of fluctuations in international fuel prices on the domestic market in Peru. Its main objective is to protect national consumers from sharp increases in hydrocarbon prices that could negatively affect the country’s economy, especially during times of volatility in international markets. The fund allows the state to intervene in situations of abrupt price hikes in international oil prices, stabilizing domestic prices and preventing these increases from being immediately passed on to consumers.

This fund is primarily financed by resources generated from domestic hydrocarbon revenues, and its operation is regulated by decrees, such as Emergency Decree 010-2004 and Supreme Decree No. 142-2004-EF.

In terms of its implementation, FEPEH has been used on several occasions over the years. A notable example occurred in 2008, when a global oil price crisis took place due to rising oil prices. The Peruvian government activated the fund to prevent the immediate transfer of price increases to the domestic market, thereby protecting the end consumer. Similarly, in other periods of global energy crises, the fund has played a crucial role in stabilizing prices and protecting the national economy.



MAP OF CONTRACT BLOCKS, SEDIMENTARY BASINS AND PROTECTED NATURAL AREAS



Power & Utilities Industry in Peru

Background

The development of Peru's energy industry dates back to 1886, when electricity was first introduced. The sector has undergone significant changes, with the first regulatory framework established by Law No.12378 in 1955 during President Manuel Odría's administration. This law set the foundation for the industry by promoting private investment and outlining guidelines for concessions, permits, and licenses.

The 1960s marked a period of expansion, with Law No. 13979 (1962) enabling the organization of national electricity services to ensure coverage in areas underserved by private investment. By the 1970s, the government, under President Juan Velasco Alvarado, nationalized the industry through Law No. 19521, creating the National Electricity Corporation (Electroperu), which centralized generation, transmission, and distribution activities.

Efforts in the 1980s, such as the Electricity General Law (Law No. 23406), aimed to expand regional affiliates for electricity distribution. However, by 1990, only 45% of the population had access to electricity, and the infrastructure faced significant losses and inefficiencies.

The 1990s brought a major restructuring under President Alberto Fujimori, who privatized many national corporations to attract investment. The enactment of Law No. 25844 (Electric Energy Law) introduced principles such as free market entry, open access, and regulated prices for transmission and distribution. The establishment of the Supervisory Board for Investment in Energy and Mining (OSINERGMIN) in 1996 reinforced regulatory oversight, while antitrust regulations in 1997 ensured a competitive market structure.

Today, the private sector plays a dominant role in the Peruvian electricity market, while the government focuses on subsidizing rural electrification through Law No. 28749, aiming to provide energy access to underserved areas and improve socioeconomic conditions.

Investment

Peru's energy sector has become a hub for private investment due to its market-oriented policies and legal framework. The government has prioritized the diversification of energy sources and rural electrification projects. Investments are concentrated in: (i) Hydropower and natural gas projects, which form the backbone of Peru's electricity generation, and (ii) Expansion of renewable energy, including solar and wind projects, to align with global clean energy trends.

Peru's commitment to clean energy infrastructure is attracting increasing interest from international investors. The Government continues to implement incentives for renewable energy projects, ensuring alignment with global sustainability goals and the nation's growing energy needs.

According to MINEM's Report on the Main Indicators of the Electricity Sector (November 2024), as of October 2024, notable projects in generation and transmission include the Casagrande Thermal Power Plant, which is the closest to commencing operations, with an installed capacity of 68.5 MW and an investment of USD 19.30 million, followed by the San Juan Wind Farm, with a capacity of 135.7 MW and an investment of USD 127.9 million.

Additionally, in September 2024, concession contracts were signed for the following projects: the New Substation "Hub" Poroma (First Stage) and the 500 kV Transmission Line "Hub" Poroma–Colectora, the New Substation "Hub" San José (First Stage) and the 220 kV Transmission Line "Hub" San José–Repartición (Arequipa), as well as the New Substation Marcona II and the 138 kV Transmission Line Marcona II–San Isidro (Bella Unión)–Pampa (Chala) (ITC).

The above highlights the importance of the electricity sector in generating significant fiscal revenue, primarily related to the collection of the country's main taxes: the Income Tax and the Value Added Tax (VAT). The following chart shows the revenue collected by the Tax Administration from the electricity sector in recent years:



Fiscal Revenues (PEN)

FISCAL REVENUES IN PEN MILLIONS									
	2016	2017	2018	2019	2020	2021	2022	2023	2024
INCOME TAX	1,338.9	1,190.8	1,247.5	1,498.1	1,295.6	1,536.5	1,842.2	2,345.3	2,343.7
VAT	1,273.6	1,421.4	1,751.9	1,985.4	1,940.5	2,120.0	2,397.0	2,541.1	2,580.7
TOTAL	2,612.50	2,612.2	2,999.4	3,483.5	3,236.1	3,656.5	4,239.2	4,886.4	4,924.4

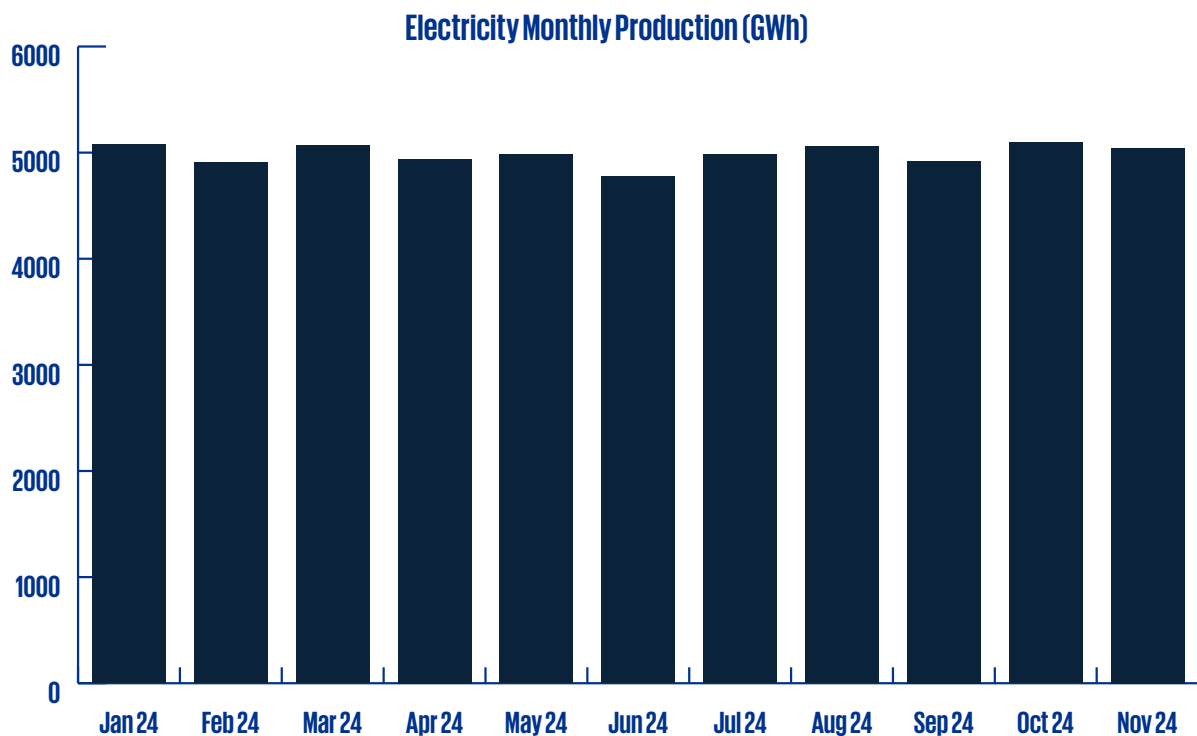
Source: SUNAT

* Electric Power and Water Generation up to November 2024.

Situation of the Sector

Production

In November 2024, electricity generation reached 5,042 GWh, representing a 4% increase (equivalent to 211 GWh more) compared to the same month in 2023. This increase was primarily driven by higher production from EMGE Huallaga (83 GWh more) and Orygen Perú (71 GWh more). However, the volume recorded for the month was 1% lower than that observed in October 2024.



Source: Perupetro

Elaborated by KPMG

* Up to November 2024

Evolution of Electricity Production 2015-2024

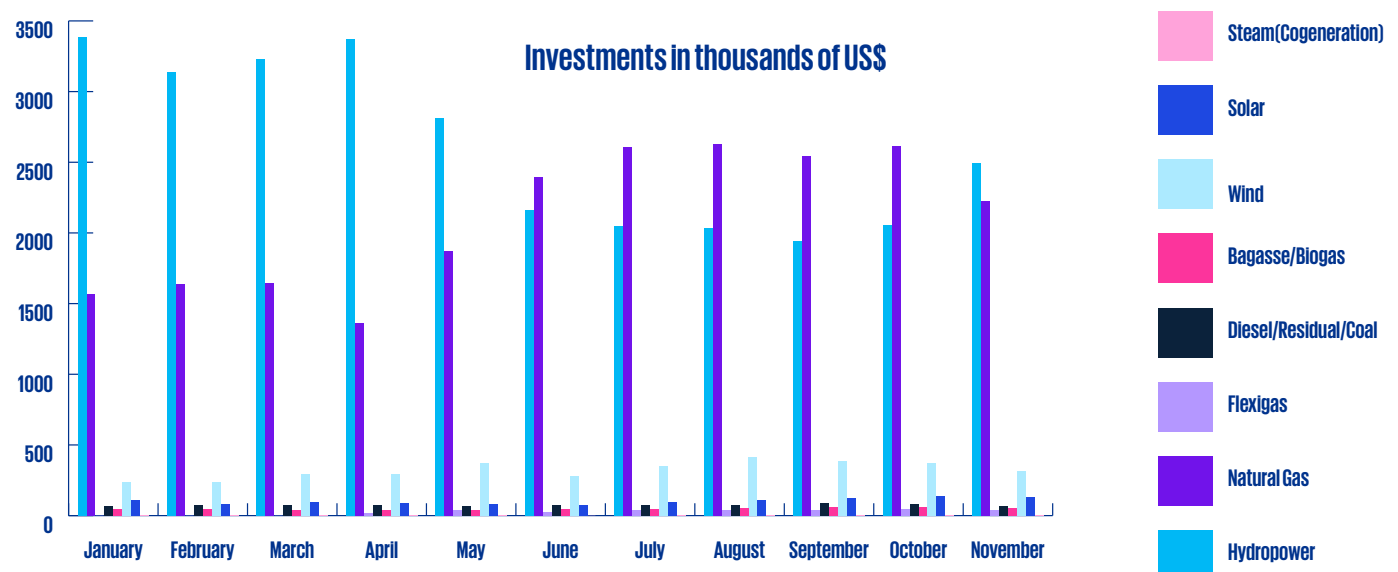
The following table shows the evolution of total electricity production (hydroelectric, thermoelectric, and renewable resources) from 2015 to November 2024. As observed, energy production has generally increased year after year. In November 2024, total energy production reached 5,041.949 GWh. This figure represents a 4.36% increase compared to production in November 2023.

Total Electricity Production (GWh)

MESES	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ENE	3,659.73	4,008.47	4,271.93	4,255.25	4,497.08	4,603.82	4,557.44	4,683.97	4,890.67	5,078.97
FEB	3,383.12	3,913.42	3,851.71	3,919.54	4,140.24	4,397.79	4,154.35	4,321.24	4,526.44	4,904.72
MAR	3,774.42	4,127.21	4,164.51	4,315.87	4,589.86	3,999.06	4,619.30	4,718.93	5,105.78	5,066.09
ABR	3,592.47	3,979.85	3,963.74	4,207.90	4,346.36	3,041.61	4,326.83	4,430.66	4,829.06	4,940.39
MAY	3,729.72	4,029.54	4,164.07	4,287.98	4,485.25	3,344.72	4,528.81	4,594.95	4,894.22	4,982.34
JUN	3,620.31	3,862.17	3,999.39	4,134.92	4,289.36	3,756.71	4,438.20	4,544.47	4,772.72	4,775.71
JUL	3,698.06	3,995.30	4,042.55	4,200.01	4,397.94	4,139.42	4,483.17	4,697.05	4,805.62	4,981.25
AGO	3,725.57	4,037.57	4,116.77	4,221.87	4,401.60	4,279.35	4,571.39	4,714.24	4,905.69	5,057.05
SET	3,658.33	3,950.54	4,013.13	4,143.36	4,269.94	4,190.85	4,468.15	4,686.59	4,826.36	4,922.69
OCT	3,862.55	4,101.38	4,141.86	4,354.59	4,482.57	4,464.68	4,618.90	4,847.26	4,962.34	5,094.63
NOV	3,780.34	4,047.21	4,052.90	4,279.41	4,397.73	4,385.37	4,536.55	4,832.06	4,831.08	5,041.94
DIC	4,000.70	4,235.87	4,210.71	4,496.08	4,591.22	4,583.26	4,687.26	5,012.26	5,043.41	
TOTAL ANUAL	44,485.32	48,288.53	48,993.25	50,816.79	52,889.14	49,186.64	53,990.35	56,083.67	58,393.38	54,845.78

Source: COES
 Elaborated by KPMG
 * Up to November 2024

Regarding electricity production by type of energy resource used, the following indicators show the energy supply based on the type of resource utilized by power plants during 2024. While hydropower remains the primary source for energy generation, natural gas thermal units produced 2,227 GWh in November 2024. As for plants using non-conventional resources (solar, wind, bagasse, and biogas), they collectively generated 495.1 GWh in November 2024, representing an 18% increase compared to November 2023



Source: MINEM
 Elaborated by KPMG
 * Up to November 2024

Companies' Participation in Electricity Generation in 2024

According to the COES Monthly Report (November 2024), preliminary figures up to November 2024 indicate that total energy production (hydroelectric, thermoelectric, and renewable resources) for the year reached 54,845.78 GWh. In this context, the following table shows energy production (from all sources) by company, highlighting Kallpa Generación S.A. as the leading producer with a total of 9,711.83 GWh, representing 17.71% of national energy production.

Additionally, energy production from renewable resources represents 12.93% of national energy production, reflecting the growing integration of these resources into Peru's energy matrix.

Companies' Participation in Electricity Generation in 2024 (GWh)

Company	Total Production
KALLPA GENERACIÓN S.A.	9711.83
ORYGEN PERÚ S.A.A. (New name of ENEL GENERACIÓN S.A.A. since 08/01/2024)	7271.23
ENGIE	6931.12
ELECTROPERU	5704.97
FENIX POWER PERÚ	3138.84
ORAZUL ENERGY PERÚ	1774.53
EMPRESA DE GENERACIÓN HUALLAGA	1738.25
STATKRAFT S.A.	1558.98
ENERGÍA EÓLICA S.A.	1197.22
EGEMSA	1066.75
CELEPSA	1050.43
INFRAESTRUCTURAS Y ENERGÍAS DEL PERU S.A.C.	1044.81
TERMOCHILCA S.A.C.	972.79
ENERGÍA RENOVABLE DEL SUR S.A.	896.22
CHINANGO S.A.C.	852.54
EMPRESA ELÉCTRICA RÍO DOBLE	814.27
EGASA	756.04
SAN GABAN	645.52
ELÉCTRICA YANAPAMPA SAC	632.51
TACNA SOLAR SAC	561.39
INLAND ENERGY SAC	510.59
PARQUE EÓLICO TRES HERMANAS S.A.C.	401.77
EMPRESA DE GENERACIÓN HUANZA	396.53
EGEJUNIN	395.33
ENEL GENERACIÓN PIURA S.A.	356.82
LA VIRGEN	326.87

Company	Total Production
GENERADORA DE ENERGÍA DEL PERÚ	305.63
GM OPERACIONES S.A.C.	280.94
TERMOSELVA	203.39
EMPRESA DE GENERACIÓN ELÉCTRICA SANTA ANA S.A.C.	186.51
GENERACIÓN ANDINA S.A.C.	164.78
HUAURA POWER GROUP S.A.	158.41
SHOUGESA	146.7
PARQUE EÓLICO MARCONA S.A.C.	135.19
SINERSA	134.37
HIDROELÉCTRICA HUANCHOR S.A.C.	131.56
"EMPRESA DE GENERACIÓN ELÉCTRICA RÍO BAÑOS S.A.C."	125.38
"CELEPSA RENOVABLES S.R.L."	118.09
"ANDEAN POWER S.A.C."	116.21
"SDF ENERGÍA SAC"	110.87
"MINERA CERRO VERDE"	110.37
"AGRO INDUSTRIAL PARAMONGA"	107.60
"EGESUR"	103.98

Source: COES
 Elaborated by KPMG
 * Up to November 2024

The Energy and Inclusion Fund

The Energy and Inclusion Fund (FEI) in the power and utilities sector in Peru is a mechanism designed to promote the universalization of access to energy services in rural and hard-to-reach areas. Its main goal is to improve the quality of life of vulnerable populations by providing sustainable energy solutions, particularly those favoring the use of renewable energy. The legal framework regulating this fund is linked to the Law that creates the energy security system in hydrocarbons and the energy social inclusion fund - Law No. 29852 published in April 2012, which establish the guidelines for the implementation of projects in marginalized areas, prioritizing those that foster energy transition and reduce access gaps to electricity services.

This fund is primarily allocated to social projects in rural communities and isolated areas of the country, aiming to reduce energy poverty. A key project funded by the FEI is the Rural Electrification Project in Isolated Areas in the Peruvian Amazon region. This project was implemented with the goal of providing electricity access to rural and isolated communities in areas like Ucayali and Loreto, where conventional distribution networks do not reach due to geographical complexity and low population density. Through the installation of photovoltaic systems, the project has electrified homes, healthcare centers, and enabled small businesses to operate in areas that have historically relied on unsustainable energy sources, such as diesel generators. These types of initiatives not only improve the quality of life of the affected populations but also contribute to reducing the carbon footprint, aligning with the FEI's sustainability goals.

Incorporating a Peruvian entity

Legal Vehicles to Invest in Peru

Foreign investors can set up companies or branches without restrictions and engage in all kinds of businesses, except for activities that take place within 50 km. of the international borders of the country, in which case they require authorization from the Government. There are specific limitations to invest in different types of regulated services, such as air transport, broadcasting, banking, among others.

Companies are governed by Peruvian General Companies Act - Law No. 26887 (LGS), which regulates different types of companies:

Corporation

The Corporation or, in Spanish, Sociedad Anónima (S.A.), is the main form of organization regulated by the LGS, and its capital is represented by shares and made up of contributions from the shareholders, who are not personally responsible for company debts. A corporation used as a subsidiary of a foreign investor has its own legal status different from its shareholders and/or parent company. The minimum number of shareholders is two (2) and they can be natural or legal persons, both national and foreign. The incorporation and registration of an S.A. is carried out approximately in two (2) to three (3) months. There is no minimum capital amount required by the LGS for the establishment of a legal entity in Peru, except for banks, financial entities, pension funds administrators and certain other controlled companies.

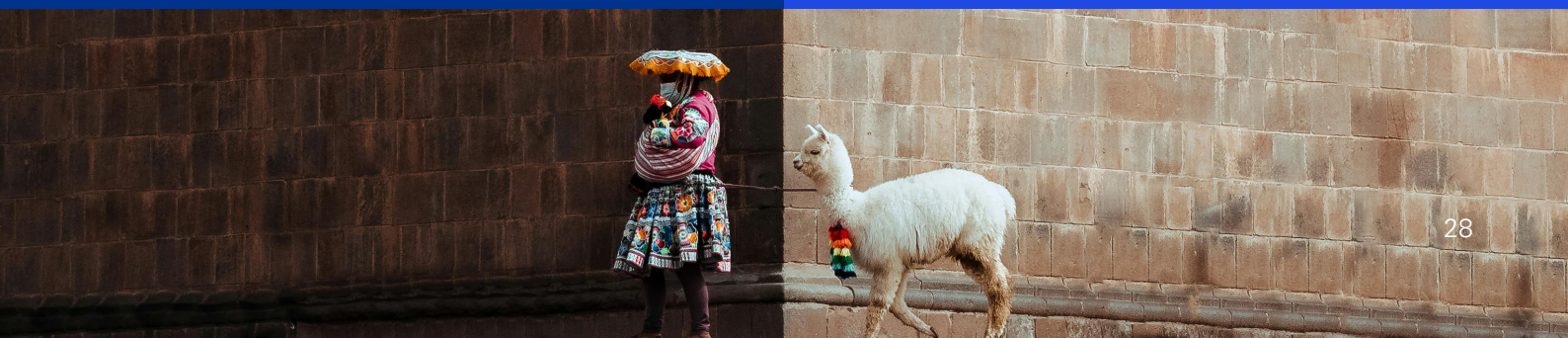
Corporations have three (3) types: (i) Corporation (Sociedad Anónima or S.A.), (ii) Public Corporation (Sociedad Anónima Abierta or S.A.A.); and, (iii) Closed Corporation (Sociedad Anónima Cerrada or S.A.C.)

Public Corporation

The Public Corporation or, in Spanish, Sociedad Anónima Abierta (S.A.A.), is a special form of corporation, which meets the general requirements of the S.A., but has some own distinctive features. For the incorporation of a publicly traded company, you must meet one of the following requirements:

- Having made the primary public offering of shares or convertible bonds.
- Having more than 750 shareholders.
- Having over 35% of its capital owned by 175 or more shareholders, regardless within this number those shareholders whose individual equity trend did not reach two per thousand of the capital or exceed 5% of capital.
- Having been incorporated as such; or,
- All shareholders voting unanimously approved the adjustment to said corporate type.

The public company must register all its shares in the Public Registry of Securities Market. In addition, companies are under the control of the Peruvian Securities Market Superintendency (SMV).



Closed Corporation

The Closed Corporation or, in Spanish, Sociedad Anónima Cerrada (S.A.C.), is a special form of corporation, which meets the general requirements of the SA, but has some own distinctive features. The most important aspects of the closed corporation are the following:

- The maximum number of shareholders is 20. The share capital is divided into shares, registered shares of equal value. Also, when incorporating a closed corporation, the share capital must be paid at least in 25% and deposited in bank or financial institution on behalf of the corporation.
- The board of directors is optional. Therefore, if you choose to not implement a board, its corporate bodies would be the general shareholders meeting and the general manager.
- The incorporation and registration of a S.A.C., is carried out approximately in ten (10) business days

Limited Liability Company

Another corporate form regulated by the LGS is the Limited Liability Company or also known in Spanish as Sociedad Comercial de Responsabilidad Limitada (S.R.L.). This company is similar to a S.A.C: with the same minimum and maximum number of shareholders, and their liability being limited to the participation in the capital. Notwithstanding, the difference lies in certain limitations or requirements for the transfer of the shareholder status, which, in the case of the S.R.L., has more formalities. In limited liability companies, the share capital is divided in equal, accumulative, and indivisible participations, which cannot be denominated shares nor represented by instruments or par value shares.

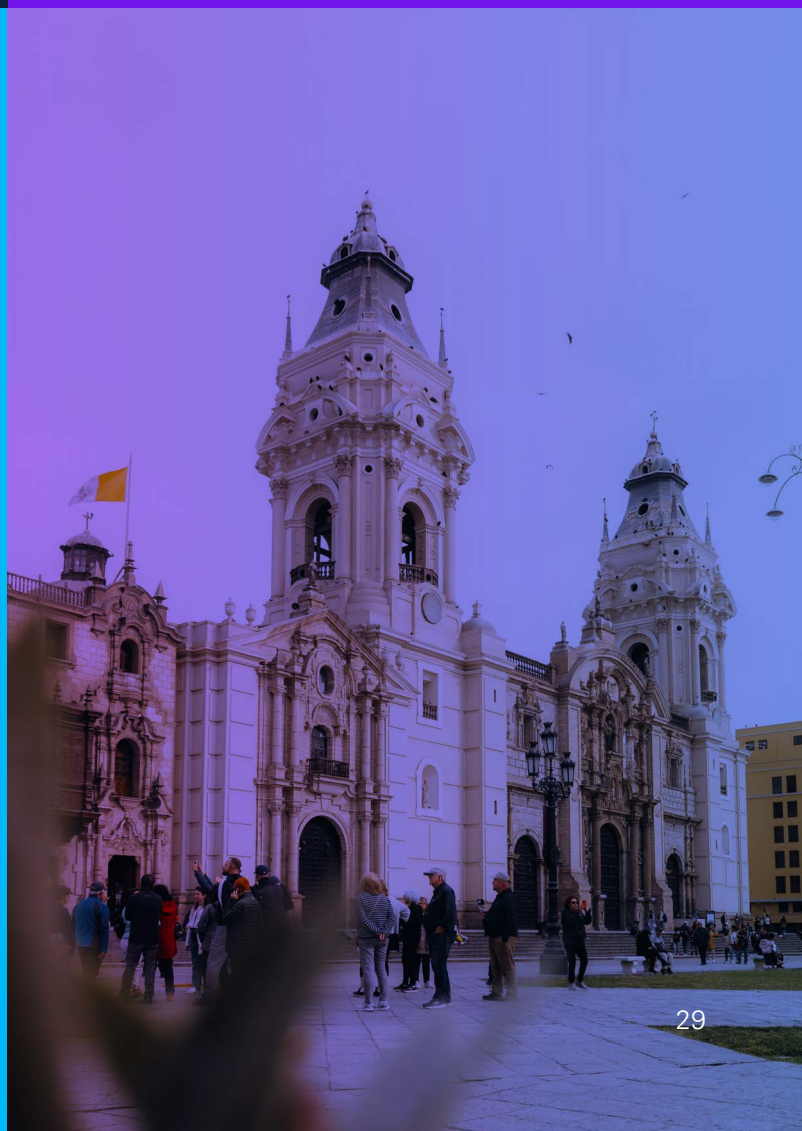
The incorporation and registration of an S.R.L. is carried out approximately in ten (10) business days.

Branch of a Foreign Company

According to the LGS, a branch is a permanent establishment by means of which a local or foreign company develops activities in a place different from its domicile.

The branch does not have legal independence or judicial personality different from its head office. Therefore, the branch will be regulated by the head office's by-laws and its activities must be within the head office's corporate purpose, being legally an extension of it in the Peruvian territory.

In the case of branches, capital is assigned by the head office its liability is not limited to it. The head office remains unlimited liable for the obligations assumed by the branch. The assigned capital does not have a minimum amount and must be previously deposited or wire transferred in a Peruvian financial institution.



License and service contracts

In the hydrocarbons (oil & gas) subsector, exploration and exploitation activities are carried out through the following contractual forms:

License Contract



This is the contract entered into by PERUPETRO S.A. with the Contractor, granting the Contractor authorization to explore and/or exploit hydrocarbons in the contract area. PERUPETRO S.A. transfers the ownership rights of the extracted hydrocarbons to the Contractor, who must pay a royalty to the State.

Service Contract



This is the contract entered into by PERUPETRO S.A. with the Contractor, allowing the Contractor to carry out exploration and exploitation activities or the exploitation of hydrocarbons in the contract area, with the Contractor receiving compensation based on the fiscalized production of hydrocarbons. These contracts have a maximum term of 30 years for oil and 40 years for natural gas.

Both types of contracts may be entered into, at the discretion of the contracting party, through direct negotiation or by invitation, and must be approved by the Ministers of Economy and Finance and of Energy and Mines. These contracts are governed by the Organic Hydrocarbons Law, approved by Supreme Decree No. 042-2005-EM, and other regulatory norms.

Concession Contracts

In the Power and Utilities sector, activities related to electricity generation, regular energy supply, transmission, and distribution are carried out through public tenders that result in the signing of concession contracts. These processes are conducted in accordance with the guidelines approved by OSINERGMIN and under its supervision.

Electricity generation contracts have a maximum supply term of up to twenty (20) years, while electricity transmission contracts have a maximum concession term of thirty (30) years of commercial operation, plus the time required for the construction of facilities included in the Guaranteed Transmission System.

Once concession contracts are registered in the Public Registries, they become legally binding agreements between the parties.

Legal Stability Agreements

Foreign investors can enter into Legal Stability Agreements with the State through the Private Investment Promotion Agency (PROINVERSION), which will guarantee stability in the tax regime in force at the time of subscription, among other benefits.

Investors may choose to enter into tax stability agreements with the Peruvian Government, under which the Government could grant specific guarantees (usually of a tax nature) that cannot be unilaterally modified or annulled. These agreements are of a civil nature, not administrative, and can only be modified or annulled by mutual agreement between the parties. In Peru, there is a general regime and sectoral regimes for the execution of stability agreements.

The investor may choose one of these regimes. Legislative Decrees No. 662 and No. 757 allow investors to enter into legal stability agreements with the Peruvian State for a period of 10 years, provided they make a minimum investment of US\$ 10 million within 2 years of the contract signing. Some of the benefits include stability of the Corporate Income Tax regime in effect at the time of agreement signing, stability of the Peruvian government's monetary policy, and the right to non-discrimination between foreign and local investors, among others.

Accounting and Audit

“International Financial Reporting Standards - IFRS and International Auditing Standards-ISAs, are main frameworks for financial information”

Accounting

The generally accepted accounting principles applicable in Peru are the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting framework for financial institutions and insurance companies issued by Superintendency of Banks, Insurance Companies and Pension Funds (SBS, acronym in Spanish). Likewise, there are certain financial reporting requirements for: a) public companies supervised by SMV (Stock Exchange Peruvian Regulator), b) Government Companies supervised by Peruvian Government Regulator: “Contraloría General de la República (CGR acronym in Spanish)” and c) Healthcare companies supervised by Superintendency of Healthcare providers.

Legal entities based on their legal incorporation statutes, rules and shareholders agreements, may be required to prepare their annual financial information in compliance with the applicable financial information regulations, they may also present their audited annual financial information to its Boards, and Shareholders meetings for approval and for any Regulator entity applicable.

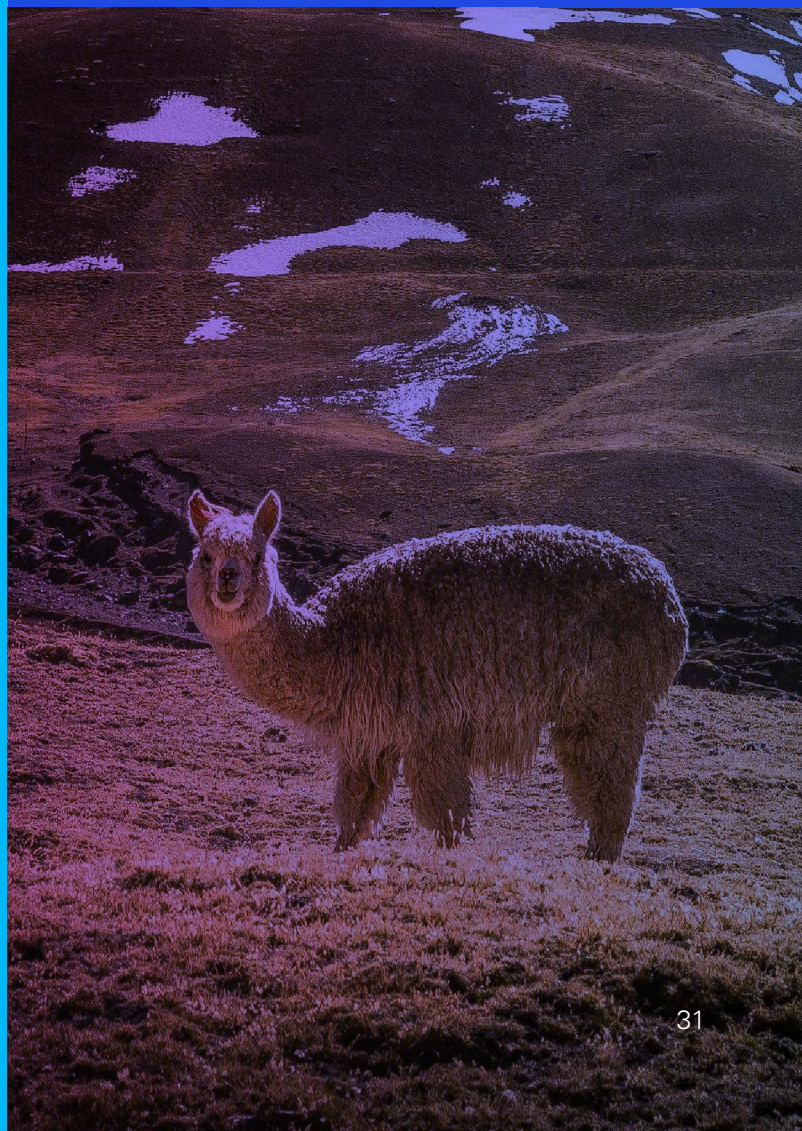
The adoption of IFRS Sustainability standards: “IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information” and “IFRS S2 - Climate-related Disclosures”, both standards international effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. However, in Peru the adoption of these standards is subject to local approval by the Local Accounting Standard Board.

Additionally, significant changes are on their way to the presentation and disclosures in financial statements following the IASB publication of “IFRS 18 — Presentation and Disclosure in Financial Statements”. IFRS 18 was issued in April 2024 and applies to an annual reporting period beginning on or after 1 January 2027 (comparative information is required), with a particular focus on improving the effectiveness and consistency of financial communication to stakeholders. The new standard seeks to improve the structure and content of the financial statements, addressing challenges stakeholders face when comparing companies that may present their operating profit or loss differently.

Audit

Peru has adopted the International Standards on Auditing (ISA) approved for application in Peru by the Board of Deans of the College of Public Accountants of Peru.

International latest version of the ISA is not fully approved to application in Peru yet



03

Environment and Energy Transition



Environmental Regulations

The General Environmental Law (Law No. 28611) establishes the fundamental principles and obligations for environmental protection in Peru, aiming to promote sustainable development while balancing economic growth and environmental conservation. In the context of the Power and Utilities and Oil and Gas sectors, this law provides the framework for managing environmental impacts and complying with regulatory requirements to safeguard ecosystems and communities.

Environmental obligations for these sectors are grounded in ensuring sustainable resource use and minimizing adverse impacts through comprehensive planning and execution of projects. This involves:

Environmental Impact Assessments (EIA)

Under the Environmental Impact Assessment System (SEIA) regulations, any investment project that involves activities, constructions, works, and other commercial and service activities, funded by public, private, or mixed capital, which could result in significant negative environmental impacts, must obtain environmental certification before being carried out. It is mandatory for these projects to have an environmental certification beforehand, and no national, regional, or local authority can approve, authorize, allow, grant or enable them without it.

The EIA is an important document that addresses technical, environmental, and social matters. This document contributes with the determination of the appropriate mechanisms for preventing, minimizing, mitigating and remediate of the eventual negative environmental impacts that the oil & gas or power & utilities activities could trigger.

Depending on the magnitude of the impact that the oil & gas and/or power & utilities could produce there are different types of EIA:

ENVIRONMENTAL IMPACT STATEMENT (EIS)	SEMI DETAILED ENVIRONMENTAL IMPACT ASSESSMENT (EIA-SD)	DETAILED ENVIRONMENTAL IMPACT ASSESSMENT (EIA-D)
<p>When the negative environmental impact is determined as not significant. Its approval is almost immediate. An EIS must be evaluated within thirty (30) days.</p>	<p>When the negative environmental impact is determined as moderate and susceptible to be eliminated or minimized by adopting early measures. The investor should present a study that will be on a period of evaluation by the competent authority. An EIA-sd must be evaluated within ninety (90) days.</p>	<p>When the negative environmental impact is determined as significant because of its magnitude, characteristics, or location. It will be necessary to present an in-depth analysis to study the impact and propose the risk management. An EIA-d must be evaluated in a maximum of one hundred and twenty (120) days.</p>



There are some specific rules for the oil & gas activities such as the following:

STAGE	ACTIVITY	APPLICABLE ENVIRONMENTAL INSTRUMENT	REGULATORY DETAILS
Seismic Line	Seismic data acquisition	Environmental Impact Declaration (DIA) (its acronym in Spanish)	The DIA suffices for primary activities like seismic data acquisition, as the environmental impact is minimal.
		No need for Environmental Impact Assessment (EIA)	This prevents discouraging investment by reducing regulatory costs at preliminary exploration stages.
Exploration	Exploratory well drilling	Semi-detailed Environmental Impact Assessment (EIA-sd)	Required because well drilling has moderate environmental impacts that necessitate more detailed evaluation.
	Geological and geophysical studies	Environmental Impact Declaration (DIA)	Like seismic line activities, impacts are minor and do not require an EIA.
Exploitation	Oil & Gas production and extraction	Detailed Environmental Impact Assessment (EIA-d)	The most rigorous instrument, assessing significant and permanent impacts from extraction operations.
	Infrastructure construction	Detailed Environmental Impact Assessment (EIA-d)	A mandatory requirement to mitigate environmental risks associated with permanent exploitation infrastructure.

Regarding power & utilities activities, Supreme Decree No. 014-2019-EM published in July 2019 establishes that prior to the commencement of activities that may generate environmental impacts, or the expansion or modification of an activity, the holder is required to submit the EIA to the corresponding Regional Government in order to obtain environmental certification.

Prior Consultation

Before initiating an investment project involving the use of natural resources, the investor must evaluate whether the project area is located between or near lands of indigenous communities. This is because special regulations are in place in our country to safeguard the rights of these communities.

Through the Convention 169 of the International Labor Organization and the Law of the Indigenous and Native Peoples Right to Prior Consultation (Law 29785 and its Regulations), Peru recognized the indigenous communities as a vulnerable group and established a special right to consultation in their favor. Indigenous people have the right to be consulted about any legislative or administrative measures that may affect their living conditions concerning the use of their land.

This process aims to safeguard the rights of indigenous communities and to avert potential social conflicts that may arise from investment projects that could impact them. The timeline for conducting the prior consultation process by the competent authority is before the issuance of the respective Supreme Decree that approves the execution of exploration and exploitation agreements.

The prior consultation process consists of seven stages, which include: (1) identifying the legislative or administrative matters that requires consultation; (2) identifying the indigenous people and their representative organizations; (3) publicizing the legislative or administrative matters that requires consultation; (4) providing information; (5) conducting an internal evaluation by the indigenous people; (6) facilitating dialogue between the Government and indigenous communities; and (7) making a decision.

The decision-making process must consider the following aspects:

- It must be within the competences of the promoting entity.**
- It must comply with the constitutional and legal framework.**
- It must adhere to the environmental legislation.**
- It must preserve the survival of the indigenous people and their collective rights.**
- It must guarantee the communal property and land rights of the indigenous peoples.**

It should be noted that in the event of a lack of consensus in the final stage of the process, the entities promoting the project will make every effort to modify the legislative or administrative measures to ensure the protection of the rights and improvement of the living conditions of the indigenous people. Therefore, the absence of consensus does not give the latter a right of veto.

Citizen Participation

It involves all communications that can be established between government authorities, investors and communities located around interest –direct and indirect- of the projects. Citizen participation will be ruled by special laws since the level of sensitivity and social trust reaches different level in this industry.

Regarding oil & gas activities, in January 2019, MINEM published the new Regulation on Citizen Participation for the Hydrocarbon Activities (Supreme Decree No. 002-2019-EM) with the aim to strengthen the access rights to information and citizen participation, as well as to provide information too socio-environmental entities and strengthen the relations between local communities, the government and oil companies.

Meanwhile, in the field of power & utilities activities, in September 2023, MINEM published the new Regulation on Citizen Participation for the Electric Activities (Supreme Decree No. 016-2023-EM) with the purpose of establishing provisions to regulate the mechanisms of citizen participation during the stages of granting temporary concessions related to power and utilities activities, in the preparation and/or evaluation of the environment management instrument, as well as in the stage following its approval.

Citizen Participation Procedure

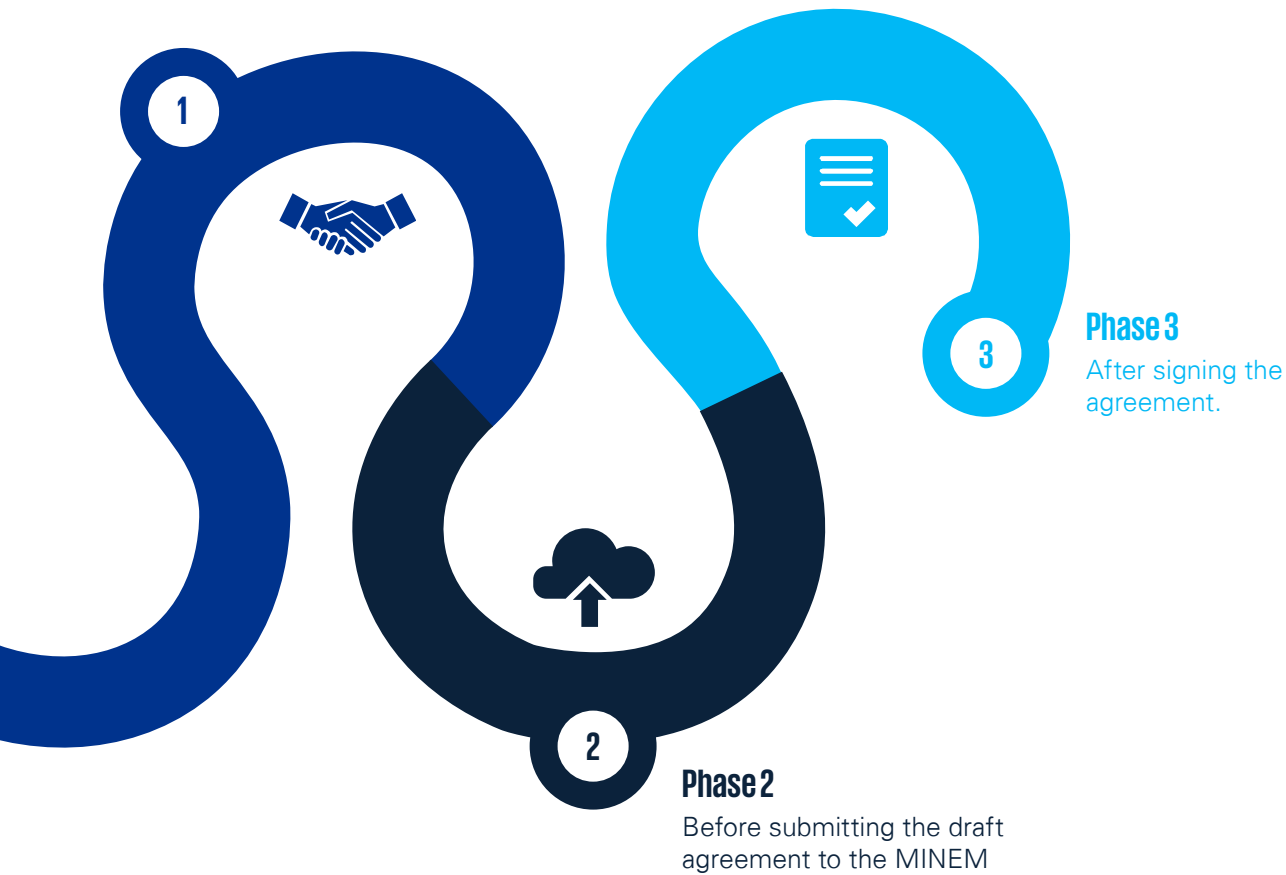
Citizen Participation Procedures in Oil & Gas activities

Negotiation and Subscription of Exploration or Exploitation Agreements

This stage is managed by PERUPETRO S.A., responsible for negotiating or conducting bidding processes and executing oil and gas exploration or exploitation agreements. It is divided into three phases:

Phase 1

Before initiating the negotiation process.



During this stage, PERUPETRO S.A. must submit the following reports:

To the Hydrocarbons General Directorate (HGD):

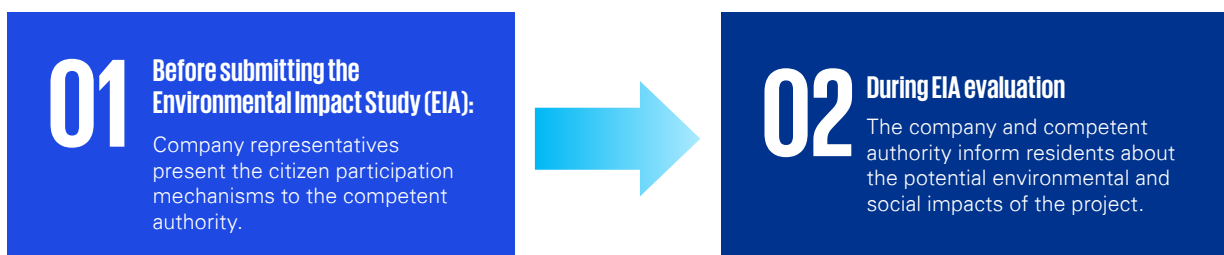
A report on the citizen participation process carried out during Phases 1 and 2. A report analyzing the citizen participation process conducted during Phases 1 and 2.

To SENACE and the Environmental General Directorate (DGAAH):

A report on the citizen participation process carried out in Phase 3.

Evaluation of the Environmental Impact

This stage is overseen by investors and consists of two phases:



Citizen Participation Procedures in Power & Utilities activities

Evaluation of the Environmental Impact

Objective • Ensures public involvement during the temporary concession process.

Key Action • Conduct an in-person informational session in the area of influence to provide clear information about the temporary concession and collect community feedback.

Evaluation of the Corrective Environmental Management Instrument (IGAC, its acronym in Spanish)

Objective • Facilitate access to environmental information and encourage public participation.

Key Actions

- Publish notices in local or national media.
- Ensure public access to the Environmental Study, IGAC, or its modifications.
- Promote active community participation by inviting feedback on environmental documentation.

Supplemental Corrective Environmental Management Instrument

Objective • Engage the community early to address environmental impact concerns.

Key Actions

- Develop and implement a Citizen Participation Plan (PPC) including:
 - Mechanisms to involve the public before submitting the EIA or its modifications.
 - Channels to gather, analyze, and incorporate public feedback.

Post-Approval of the Corrective Environmental Management Instrument

Objective • Maintain transparency and continued community engagement.

Key Actions

- Integrate citizen participation mechanisms into the Community Relations Plan.
- Clearly specify in the plan:
 - Timing of participatory actions.
 - Frequency and methods for reporting to OEFA.
- Verification processes to ensure compliance with commitments.



Tax Transparency in the Energy Sector

Tax transparency in Peru is reinforced by international and domestic frameworks that promote the ethical disclosure of fiscal contributions. Peru’s adherence to the Extractive Industries Transparency Initiative (EITI) highlights its commitment to publicly reporting tax payments, royalties, and other resource-related revenues.

The EITI plays a huge role in promoting transparency and accountability within this industry. As the first country in Latin America to become an EITI member in 2005, Peru has demonstrated its commitment to fostering good governance in its extractive sectors. This initiative aims to enhance transparency in the financial flows between extractive companies and governments, particularly in the energy and natural resources industries.

The standards established requires member countries to disclose information on taxes, royalties, production, and other material payments made by extractive companies to the government. In Peru, these disclosures have provided the public with detailed information regarding the revenues generated from oil, gas, and mining operations. Such transparency allows civil society, policymakers, and industry stakeholders to monitor the allocation and use of these resources, reducing the risk of misappropriation. Peru’s legal framework, including the Hydrocarbons Law - Law No. 26221 and the Mining Law - Supreme Decree

No. 014-92-EM, complements the EITI requirements by mandating the disclosure of contractual and fiscal information in these industries.

EITI also addresses broader governance challenges by requiring countries to disclose beneficial ownership information and conduct regular validation processes to ensure compliance with its standards. In Peru, this has been particularly relevant for curbing illicit financial flows and strengthening public trust. The initiative has contributed to aligning Peru’s transparency practices with international best standards, as highlighted in the OECD Guidelines for Multinational Enterprises. By adhering to these principles, Peru enhances its attractiveness as an investment destination while mitigating potential reputational risks associated with opaque operations.

In conclusion, Peru’s active participation in EITI reflects its leadership in Latin America in promoting transparency in the energy and natural resources sector. By requiring the disclosure of payments, contracts, and beneficial ownership information, the initiative ensures accountability and combats corruption. As Peru continues to expand its renewable energy projects and integrate ESG considerations into its governance framework, EITI remains an essential tool for ensuring that the benefits of resource extraction are equitably distributed and transparently managed.

EITI and its Role in Peru's Extractive Sector

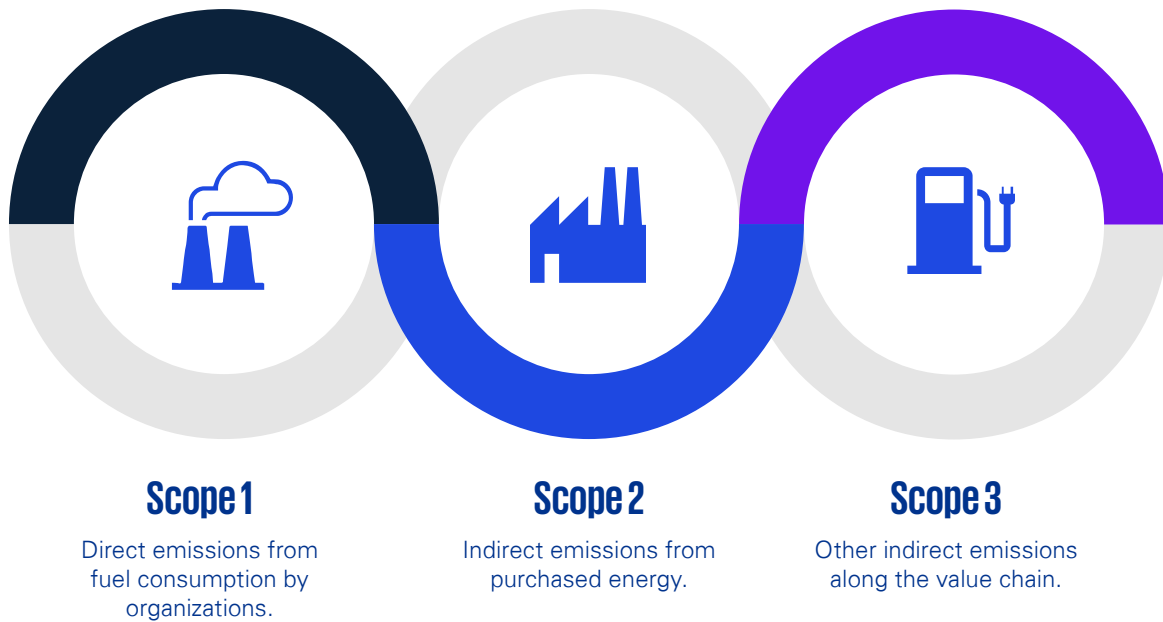
INDICATOR	DETAILS
EITI Membership Start Date	Peru joined the EITI initiative in 2005, becoming the first country in Latin America to do so
Number of EITI Reports Published	Peru has 10 reports as of 2025, covering payments in the extractive sector from 2004 - 2022
Key sectors Disclosing Payments	Main sectors include mining, oil, and natural gas
Number of Participating Companies	Over 30 companies in the extractive industries have participates in transparency reporting

Other relevant matters: Energy Transition

Aligned with its international commitments and national climate policy objectives, Peru has taken concrete actions to mitigate the effects of climate change and transition toward a sustainable economy. With an ambitious target to reduce greenhouse gas (GHG) emissions by 40% by 2030, the country’s Nationally Determined Contributions (NDCs) guide governmental efforts in both climate adaptation and mitigation. In this context, key initiatives reflect not only a commitment to environmental sustainability but also to economic competitiveness and technological innovation.

Carbon Footprint

One of the flagship tools is Peru’s Carbon Footprint, a digital platform enabling public and private organizations to measure, verify, and manage their GHG emissions. This tool categorizes emissions into three scopes:



Currently, 1,800 organizations are registered on this platform, of which 850 have measured their carbon footprint, 243 have verified it, 77 have reduced their emissions, and 31 have implemented additional complementary actions. These advancements highlight a positive shift in GHG management but represent only the first step toward broader and more ambitious goals.

Carbon Bonds

In 2018, Law 30754 – The Framework Law on Climate Change established general provisions to coordinate, execute, report and monitor public policies for the integral, participatory, and transparent management of adaptation and mitigation to climate change in order to reduce the Per’s vulnerability to climate change, take advantage of the opportunities of low-carbon growth and comply with the international commitments assumed by the State in the United Nations Framework Convention on Climate Change.

This Law establishes that the Government designs and implements programs, projects and activities aimed at reducing greenhouse gas emissions, carbon sequestration, and the increase of sinks, prioritizing, among others, sustainable transportation.


In 2020, the government approved Supreme Decree No. 013-2019-MINAM (Regulation of the Law), which creates the National Registry of Mitigation Measures. This Registry allows access to information on mitigation measures developed in the country, including carbon credits generated.

Likewise, the Regulation establishes that Reduction of Emissions from Deforestation and Forest Degradation, as well as the role of conserving forest carbon reserves, sustainable forest management, and enhancing forest carbon stocks (REDD+, its acronym in Spanish) is the mechanism for reducing emissions from deforestation and forest degradation. It seeks to offset carbon emissions through the issuance of bonds. It is led by Ministry of Environment (MINAM) and is financed by international organizations (Moore Foundation and German Bank KFW).

Years later, in 2024, the Government approved Supreme Decree No. 010-2024-MINAM, which approves the guidelines for the operation of the National Registry of Mitigation Measures. This document aims to strengthen the comprehensive management of climate change by promoting environmental integrity and transparency in the information regarding mitigation measures, their emission reductions, and the increase in GHG removals.

Key Points to consider

- After Mexico, Peru is the second-largest issuer of carbon bonds in LATAM. However, there are currently no national policies on carbon pricing or a specific regulatory framework for this type of securities.

<p>Peru </p> <p>Second largest carbon bond issuer in LATAM: 14M in 1Q of 2021.</p> <ul style="list-style-type: none"> • It does not have national carbon pricing policies. However, it has established a social cost of USD 7.17 per ton for its evaluations of public investment projects. 	<p>Organization of Funds </p> <p>Conservation of biomass and financing of community-based productive projects.</p>	<p>Carbon Bond Prices </p> <ul style="list-style-type: none"> • 2012: USD 3-5 • 2013-217: USD 7 • 2018-2020: USAD 8-9 • 2021-2022: USD +9
<p>Carbon Bonds Sold (2008-2020) </p> <ul style="list-style-type: none"> • 6M in Tambopata • 30M in Cordillera Azul • 4M in the Alto Mayo protection zone 		

How to buy carbon bonds from Protected Areas in Peru?

Contact NGO allied to National Service for Natural Areas under State Protection – SERNARP (NGO CIMA, AIDER or Conservation International).

Submit a request for the purchase of carbon credits (deadline: 15 days).

The funds collected are destined to the biomass conservation and financing of the community productive project.

Renewable Energy Projects in Peru

Peru is taking significant steps toward promoting renewable energy development as part of its broader strategy to combat climate change and achieve sustainability goals. The proposed initiative, on Ecological Transition (Bill No. 04748-2022), approved by Congress on December 20024 and currently under review of the Executive, is a landmark initiative aimed at fostering the deployment of renewable energy projects across the country. The law seeks to provide a robust framework that incentivizes green investments, streamlines administrative processes, and ensures the integration of renewable energy into Peru’s power grid. By creating favorable conditions for the development of clean energy technologies, this legislative measure underscores Peru’s commitment to achieving carbon neutrality and diversifying its energy matrix to reduce dependence on fossil fuels.

Complementing this initiative are existing regulatory frameworks such as Legislative Decrees No. 1002 and 1058 (enforced since May and July 2008), which specifically target small-scale renewable energy projects with a capacity of up to 20 MW. These decrees establish mechanisms to promote investment in renewable energy

through competitive auctions, long-term power purchase agreements (PPAs), and economic incentives. They also prioritize projects that contribute to rural electrification, ensuring access to clean energy in underserved areas. Together, these legal provisions create a multi-tiered approach to renewable energy development in Peru, balancing large-scale investments with the promotion of smaller, decentralized projects.

By integrating these legal measures, the government aims to position Peru as a regional leader in clean energy innovation, aligning with global sustainability trends while addressing local energy demands. The enactment of the Ecological Transition Law would further enhance the legal certainty and economic attractiveness of renewable energy projects, driving the country closer to a sustainable energy future.

Peru has great potential for wind energy, especially in regions such as Piura, Ica, Puno, and the southern parts of the country. These regions are characterized by high wind speeds and favorable geographical conditions for wind energy generation, making them ideal locations for the development of wind farms.

Puno Eolic Park



Located in the southern highlands, this Eolic Park is another key project contributing to Peru’s renewable energy landscape. The Puno region, known for its strong winds, is an ideal location for the development of wind energy. The Puno Eolic Park is expected to have a substantial impact on local energy production and economic development in the area.

Marcona Eolic Park (Ica)



One of the largest wind energy projects in the country, the Marcona Eolic Park is in Ica region. It is expected to generate a significant amount of electricity to supply the national grid. This project not only contributes to diversifying the energy matrix but also provides employment opportunities in an area with limited economic alternatives.

Piura and Other Regions



Other regions, such as Piura, have also seen the development of smaller but significant eolic projects. These projects are typically part of Peru’s strategy to harness renewable energy in regions with natural resources that can be effectively utilized for wind energy generation.



Green Hydrogen

Peru is taking the initiative in participating and regulating environmental issues. In this context, in March 2024 it was published the Law No. 31992 – Green Hydrogen Promotion, aiming to promote the use of green hydrogen by encouraging its research, development, and production to integrate it into the national energy matrix and reduce greenhouse gas emissions (GHG). A key aspect of the law is the tax incentives, including tax exemptions for companies involved in the production, transformation, and commercialization of green hydrogen. These incentives are designed to foster investment in clean technologies and the development of sustainable infrastructures.

The Law significantly impacts the oil and gas and power and utilities sectors, as it promotes the use of green hydrogen as an alternative to fossil fuels. It encourages the generation of green hydrogen from renewable energy, utilizing surplus electricity from renewable sources such as solar and wind. This contributes to the decarbonization of the power and utilities sector and enhances energy efficiency. Additionally, green hydrogen is presented as an industrial input that could replace fossil fuels in sectors such as fertilizer production and methanol, accelerating the transition to a more sustainable economy.

The issuance of the regulations of this standard is pending.

Key Points to consider

H2 Perú, in collaboration with the UK Embassy in Lima, presented a draft regulation for the Hydrogen Promotion Law on January 20, 2025. The proposal, developed by the Hydrogen Technologies Unit of the Pontificia Universidad Católica de Chile, involved 4,500 hours of work and consultations with over 40 key stakeholders. The regulation covers the entire hydrogen value chain, aligning with Peru's existing legal framework in energy, industry, safety, and infrastructure. It includes provisions for hydrogen certification and export, structured into 12 regulatory titles. UK Ambassador Gavin Cook emphasized Peru's potential in the hydrogen sector and the importance of this initiative for decarbonization and economic growth. Daniel Cámac, President of H2 Perú, highlighted the goal of creating a regulatory framework that positions Peru as a key player in the global energy transition. This initiative aims to support Peruvian authorities in establishing clear regulations for a sustainable hydrogen industry, fostering job creation and economic competitiveness.

According to the Peruvian Hydrogen Association (H2 Perú), developing a green hydrogen industry in Peru could inject up to USD 5.6 billion into the economy within the first ten years, while also leveraging approximately 55,000 MW of renewable energy.

Currently, although the development of this energy sector is still at a very early stage in the country—partly due to the high cost of the technology—some initial applications are already visible. One example is Peru's first green hydrogen plant, inaugurated in January 2023 in the city of Chilca by Fénix, a company engaged in the generation and commercialization of electrical energy. The new plant will produce 8,000 m³ of green hydrogen annually and will allow the replacement of 100% of the gray hydrogen consumed by the power plant.



Electromobility

Although some tax benefits have been approved and that represent progress on the road to electromobility, to date Peru does not have comprehensive regulatory framework that encourages the transition from the use of polluting vehicles to more efficient vehicles.

Notwithstanding the foregoing, to date, Congress is reviewing bills that promotes the use eco-friendly vehicles.

For example, Bill No. 03039/2022 is currently under commission, which proposes a law promoting the commercialization and use of hybrid and electric vehicles in the country. This law proposes the following benefits: (1) exemption from the payment of the Vehicle Property Tax for a period of 5 years for hybrid and electric vehicles acquired until December 31, 2031, and (2) exemption from the payment of VAT (IGV) for the acquisition of hybrid and electric vehicles until December 31, 2032.

Likewise, Bill No. 01973/2021 is under commission, which proposes a law declaring the promotion of the use of electric and hybrid-electric vehicles, as well as the equipment for their supply, a matter of public necessity and national interest. The benefits of this law include promoting investments in electric vehicle infrastructure, fostering research and development of green technologies, and encouraging fiscal incentives to make electric vehicles more accessible.

As developed, some of the proposals for the use of this type of vehicle are the temporary reduction of taxes that have an impact on the acquisition of these vehicles (i.e., ad-valorem, VAT, Municipal Promotion Tax, Vehicle Wealth Tax, reduction of the current income tax rate, early recovery of VAT), among others of a regulatory nature.

Tax benefits for Research, Development and Innovation (R+D+I) projects

Law No. 30309 published in March 2015 granted a tax benefit of additional deduction for expenses incurred in Research, Development and Innovation projects (I+D+i, its acronym in Spanish), which establishes that taxpayers who incur in such expenses, whether related to the company's line of business or not and who comply with the requirements established in said law, may access the following deductions:

If their net income does not exceed 2300 Tax Units (PEN 11.8 MM or USD 3.1 MM approximately):

240%

If the project is carried out directly by the taxpayer or through R+D+I centers domiciled in the country.

190%

If the project is carried out through R+D+I centers not domiciled in the country.

Those whose net income exceeds 2300 Tax Units

190%

If the project is carried out directly by the taxpayer or through R+D+I centers domiciled in the country.

160%

If the project is carried out through R+D+I centers not domiciled in the country.

In this respect, paragraph a) of article 3 of the Law establishes as one of the requirements for the deduction that the projects in question must be qualified as such by the National Council of Science, Technology and Technological Innovation (CONCYTEC). Furthermore, CONCYTEC’s authorization for such projects remains valid for a period of four years.

Pursuant to article 37 of the Income Tax Law, in determining net income, taxpayers may deduct from gross income the necessary expenses incurred to produce and maintain the source of income, as well as those related to the generating capital gains, provided such deductions are not expressly prohibited by law.

Additionally, paragraph a.3) of article 37 of the Income Tax Law specifies that expenses incurred in scientific research, technological development and innovation projects, whether or not related to the company’s line of business, are deductible for Corporate Income Tax purposes.

About technological innovation projects, paragraph iii) of subsection a.3) of Article 37 of the Income Tax Law defines technological innovation as the technological innovation is the interaction between market opportunities and the company’s knowledge base and capabilities. It involves the creation, development, use, and dissemination of technological changes. Products or processes whose characteristics or applications, from a

technological standpoint, differ substantially from those previously existing are considered new. Both product and process innovations are included.

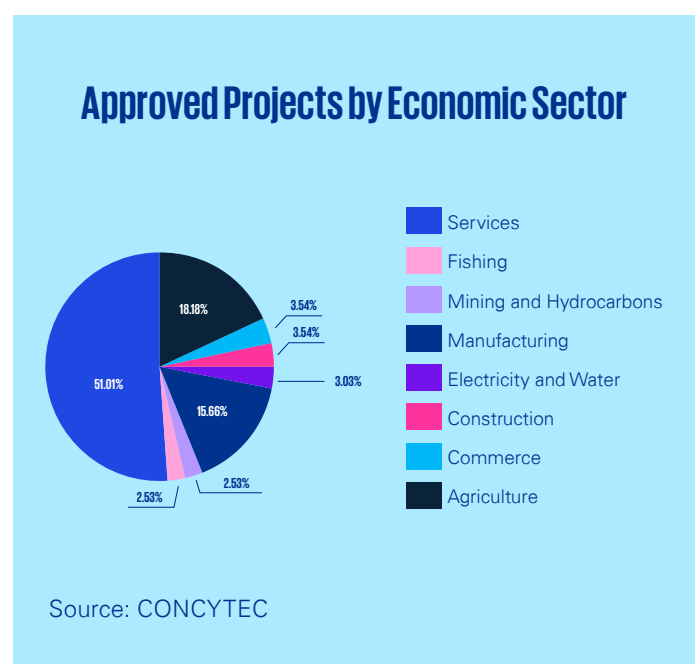
Deductions for R+D+I expenses are applied starting in the year the project is qualified, as the expenses are incurred. However, expenses incurred before the project qualification will be deductible in the year the qualification is obtained.

Expenses are considered incurred in the year they are accrued unless they form part of the cost of a project involving the recognition of an intangible asset. In such cases, they are deemed incurred in the year they are disbursed.

Alongside the development of the Law No. 30309 and its impacts discussed, we must point out that this Law, which promotes scientific research, technological development, and innovation, remains in effect until December 31, 2025. However, taxpayers who incur expenses on projects of scientific research, technological development, and innovation, duly qualified by this deadline, may apply the corresponding deduction under this law until December 31, 2027. As of the drafting of this energy guide, there are no current initiatives or bills proposing an extension of this law. Nonetheless, the possibility of such an extension being proposed cannot be ruled out.

Key Points to consider

- According to official information from CONCYTEC, between 2016 and 2022, more than 351 projects were submitted for evaluation, of which 136 were approved (39%). Among these approved projects, only 3.03% and 2.53% correspond to projects submitted by companies in Power and Utilities and Oil and Gas sectors, respectively.
- Most of the approved projects fell under the category of technological innovation (49%), while scientific research projects accounted for 21%, and technological development projects made up 30%.
- The total approved amounts for projects from Micro and Small Enterprises exceeded PEN 8 million (resulting in a Total Annual Maximum Deductible Amount of over PEN 184 million). Meanwhile, for medium and large enterprises, these figures rose to PEN 215 million and PEN 1 billion, respectively.



Biofuels

Biofuels are defined as chemical products derived from raw materials of agricultural, agro-industrial, or other biomass origins, which meet the quality standards established by the relevant authorities. These fuels are considered an essential component in the transition to cleaner energy sources, as they help reduce greenhouse gas emissions and dependence on fossil fuels.

In Peru, the promotion of biofuels gained significant attention with the enactment of Law No. 28054 in 2003, which aims to foster the development and growth of the biofuels market. This legislation serves as the cornerstone for regulatory frameworks and initiatives that encourage the production, commercialization, and use of biofuels within the country.

In addition, Petroperu, the state-owned energy company, has played a pivotal role in the biofuels industry by conducting supplier selection processes for biodiesel procurement. These processes are open to both national and international companies, reflecting the country's commitment to fostering competitive and sustainable practices in this sector.

One of the most prominent biofuels in Peru is Diesel B5 biodiesel, a blend containing 5% biodiesel. Its commercialization is primarily concentrated in the regions of Loreto and Ucayali, which are significant markets due to their geographic and economic characteristics. These areas highlight the potential of biofuels to support regional energy needs while contributing to environmental sustainability.

Energetic Efficiency

Law No. 27345 - Law for the Promotion of Efficient Energy Use published in September 2000 holds significant importance as it addresses critical objectives that align with both national and global priorities. By declaring the efficient use of energy, a matter of national interest, this law underscores the necessity of ensuring a reliable and sustainable energy supply. In a world where energy demand is rising, the efficient consumption of resources reduces dependency on finite energy sources, thereby enhancing energy security. Furthermore, this promotes the protection of consumers by mitigating the risks of energy scarcity and volatility in energy prices, creating a stable framework that benefits both consumers and businesses,

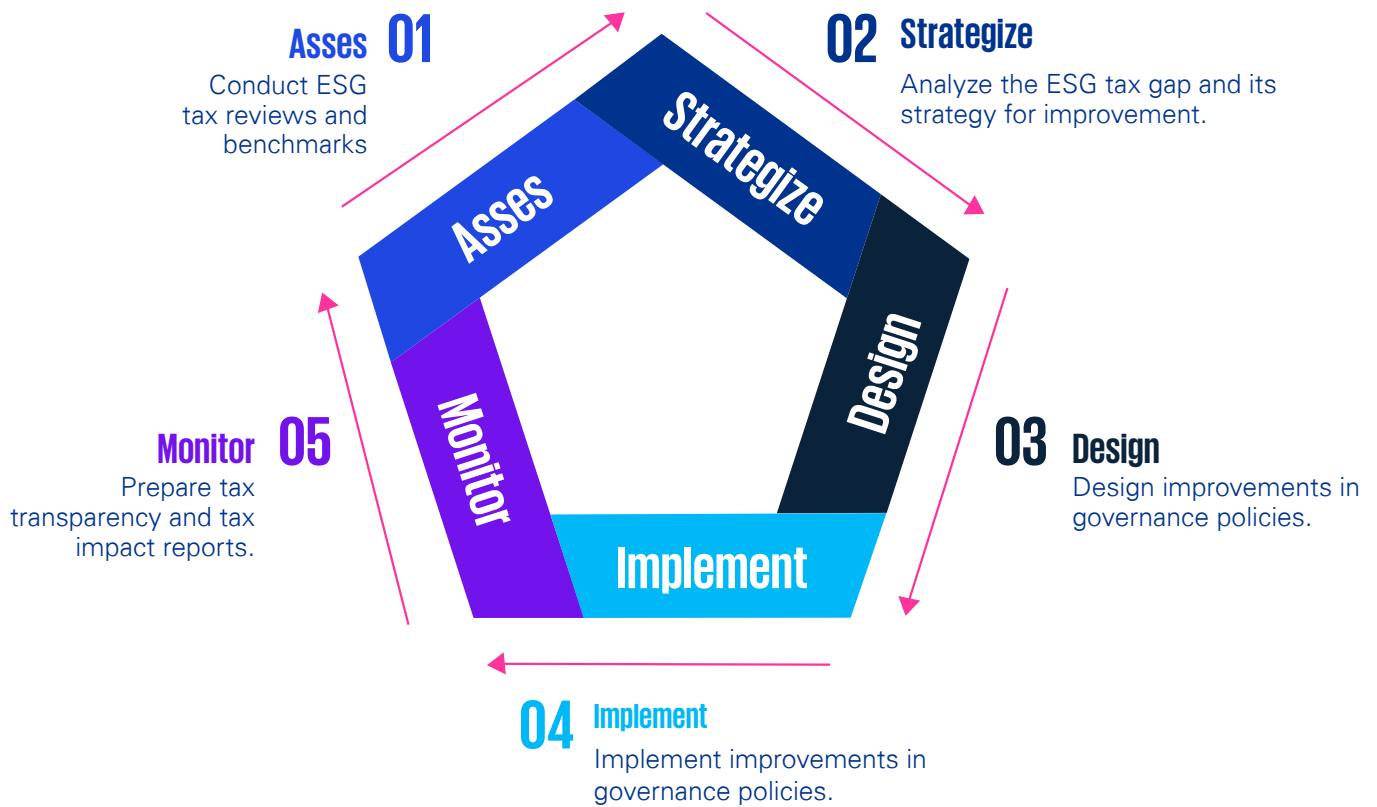
Additionally, this law contributes to fostering the competitiveness of the national economy while addressing environmental challenges. Energy efficiency is not only a cost-saving measure but also a pathway to innovation and modernization, enabling industries to adopt technologies that reduce energy consumption and operational costs. From an environmental perspective, efficient energy use minimizes greenhouse gas emissions and other pollutants associated with energy production and consumption, supporting global efforts to combat climate change. Thus, the law acts as a pivotal tool to balance economic development with environmental administration, ensuring sustainable growth for present and future generations.



ESG Matters

As global concerns regarding environmental, social, and governance (ESG) issues continue to rise, companies are increasingly expected to align their practices with sustainable and ethical standards. In Peru, as elsewhere, organizations are integrating ESG factors into their core operations to not only meet regulatory requirements but also to enhance their reputation, manage risks, and create long-term value. As developed, the term “ESG” refers to three critical factors: Environmental, Social and Governance.

Having explained that, this section outlines the critical steps companies must follow to effectively navigate and adopt ESG policies, ensuring they contribute to a more sustainable future while remaining compliant with local and international standards.



Sustainability Reporting

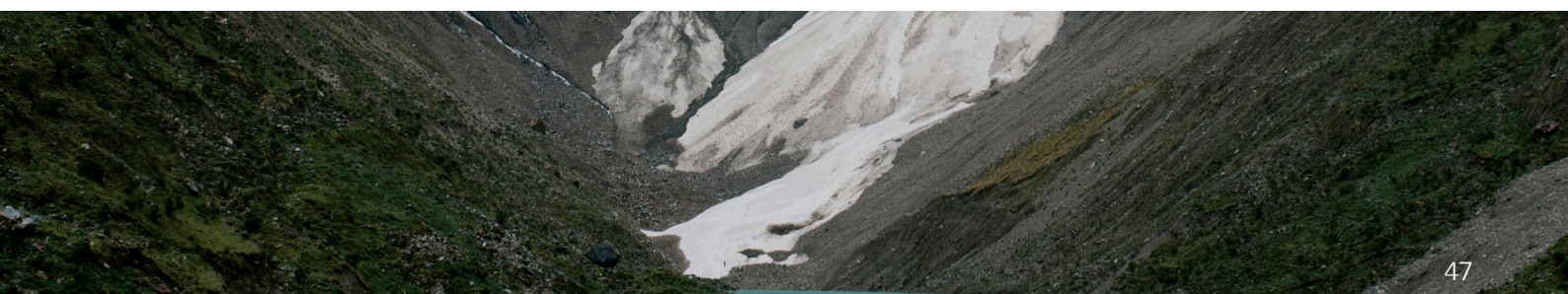
According to the KPMG Survey of Sustainability Reporting (December 2024), the sustainability reporting has become part of business as usual for almost all the world's largest 250 companies and a large majority of the top 100 companies in each country, territory, or jurisdiction. The last two years have also seen significant increases in the proportion of companies publishing carbon reduction targets. To review the KPMG Survey, please access the following link: [The move to mandatory reporting](#). Through this link, you will be able to view the detailed data and statistics related to sustainability reporting by companies up to 2024.

In Peru, through Superintendent Resolution No. 018-2020-SMV-02, effective as of February 7, 2020, the new version of the Corporate Sustainability Report was implemented. This report must be submitted by all the companies registered in the Public Securities Market Registry, except for those whose securities are exclusively listed in the Alternative Securities Market (MAV).

Additionally, in December 2021, the Lima Stock Exchange (BVL) launched the S&P/BLV Peru General ESG Index, designed to highlight companies that meet environmental, social, and governance (ESG) criteria. This index applies to companies within the S&P/BLV Peru General Index that follow best practices in these areas, excluding those that fail to comply with key principles such as those set out in the United Nations Global Compact (UNGC). This encourages Peruvian companies to operate under international sustainability and social responsibility standards.

This index can have a positive impact on Peru's economic and social development by attracting investments aligned with responsible principles, fostering an economic model that prioritizes sustainability and equity. For the country, adopting these criteria is key to strengthening companies committed to social well-being and environmental protection, in line with international standards and in response to climate change challenges.

Furthermore, this index strengthens corporate governance in the country by providing a clear and transparent tool for investors. In this context, national legislation, such as the General Corporations Law and the principles of the UN Global Compact, complements these efforts by encouraging the integration of sustainable practices in businesses, which will contribute to Peru's long-term sustainable economic growth.



04

Peruvian Tax System



Upstream

Contracts in the Oil and Gas Sector: License and Service Contracts

According to the Hydrocarbons Organic Law, hydrocarbon exploration and exploitation activities may be carried out under the contractual forms outlined in Chapter 1 of this Guide: License Contracts and Service Contracts, both entered into with PERUPETRO S.A.

These contracts may include two phases: exploration and exploitation. The maximum terms for these contracts are as follows: (i) for the exploration phase, up to seven (7) years from the effective date established in the contract, extendable in exceptional cases for up to an additional three (3) years; and (ii) for the exploitation phase, up to thirty (30) years for crude oil and forty (40) years for natural gas.

These contracts may be executed, either through direct negotiation or by public tender. They must also be approved by Supreme Decree, countersigned by the Ministers of Economy and Finance and Energy and Mines, within a maximum period of 60 (sixty) days from the initiation of the approval process before the Ministry of Energy and Mines by the contracting entity.

Once the license or service contracts are approved and executed, they may only be modified through a written agreement between the parties. Any such modifications must also be approved by the Supreme Decree, countersigned by the competent ministries, within a maximum period of 60 (sixty) days.

Contracts in the Power and Utilities Sector: Concession Contracts

In the Power and Utilities sector, activities related to electricity generation, regular energy supply, transmission, and distribution are carried out through public tenders that result in the signing of concession contracts. These processes are conducted in accordance with the guidelines approved by OSINERGMIN and under its supervision.

Electricity generation contracts have a maximum supply term of up to twenty (20) years, while electricity transmission contracts have a maximum concession term of thirty (30) years of commercial operation, plus the time required for the construction of facilities included in the Guaranteed Transmission System.

Once concession contracts are registered in the Public Registries, they become legally binding agreements between the parties.

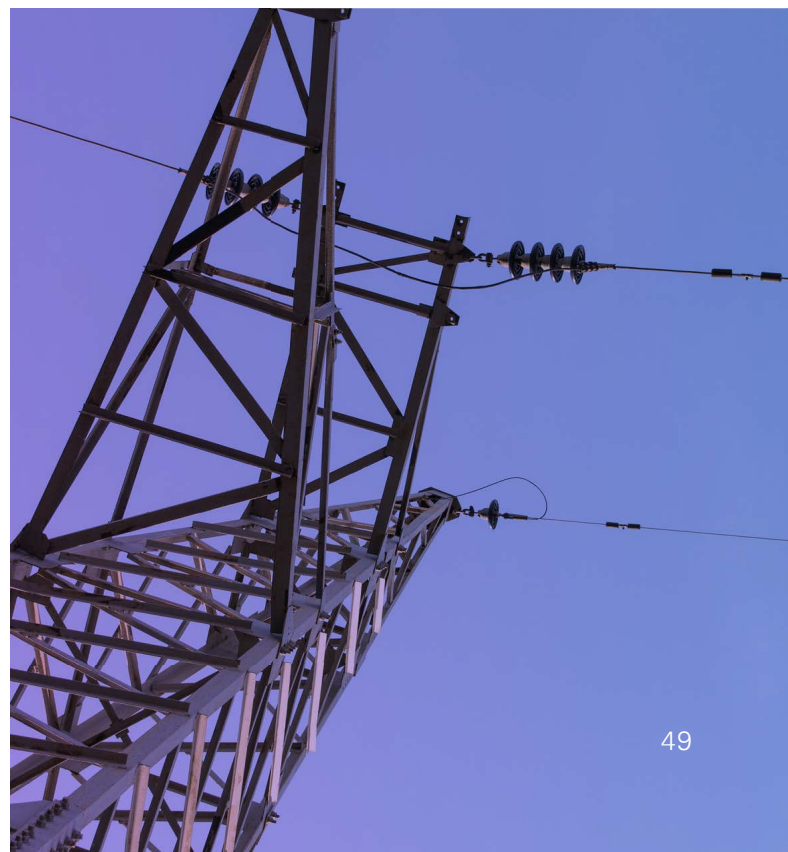
Foreign Currency Accounting in the Oil and Gas and Power and Utilities Sectors

In the Oil and Gas sector, the Hydrocarbons Organic Law and its Regulations establish that investors entering into License and/or Service Contracts are required to maintain separate accounts for each contract for accounting and tax purposes. They may also keep their accounting records in a foreign currency (i.e., US Dollars) in accordance with accounting practices accepted in Peru.

For the Power and Utilities sector, only under certain requirements (Supreme Decree No. 151-2002-EF). Indeed, taxpayers who have entered into contracts with the Peruvian Government and received and/or made direct foreign investments may be entitled to maintain accounting records in US Dollars.

To meet these requirements, companies must obtain a Certificate issued by the Ministry of Energy and Mines and notify the Peruvian Tax Authority of their decision to maintain their accounting records in US Dollars. This notification will take effect in the same fiscal year it is submitted, for companies beginning operations in that year, or from the following fiscal year for companies that started operations in previous years.

Foreign exchange results will be included in the determination of the taxable income for Income Tax purposes.



Bases of Taxation

Taxation in Peru is governed by the principles of reserve of the law, equality and respect for the fundamental rights of the person, as well as the non-confiscation of taxes.

In Peru, the term “tribute” encompasses three primary categories:

Taxes

These are non-voluntary contributions imposed by the government without direct consideration, such as income tax, value-added tax (VAT), and excise taxes.

Contributions

These are payments made by individuals or entities to fund specific public services or benefits, such as social security or public infrastructure.

Fees

These are charges levied in exchange for the direct provision of a public service, such as notarial or licensing fees.

Tax Unit

The Tax Unit is a reference value used to determine tax bases, deductions, limits, fines, and other tax obligations. For the year 2025, the Tax Unit has been established at PEN 5,350 (USD 1,407 approximately).

Taxpayer’s Registry

Any individual or legal person or other collective entity that acquires the status of taxpayer must register in the Taxpayer’s Registry (RUC by its acronym in Spanish).

General Anti-Avoidance Rule (GAAR)

The Tax Unit is a reference value used to determine tax bases, deductions, limits, fines, and other tax obligations. For the year 2025, the Tax Unit has been established at PEN 5,350 (USD 1,407 approximately).

Tax Return and Payment of Taxes

Taxpayers determine the amount of their taxes and file the tax return electronically. The tax return can be monthly, as in the case of the Value Added Tax and payment in advance of the Income Tax, or annual, as in the case of Income Tax.

Interest Rate

Failure to pay taxes generates the application of default interest (TIM) with the current rate of 0.9% per month

Tax Authority

The administration and collection of taxes from the Central Government is the responsibility of the National Superintendence of Customs and Tax Administration (hereinafter, SUNAT by its acronym in Spanish), as well as taxes related to foreign trade. The taxes that the law creates in favor of the municipalities and those they are empowered to create (municipal rates and contributions), are administered, and collected by them.

In this context, the SUNAT has various faculties, including supervisory powers to verify compliance with tax obligations: the power to determine the tax obligation based on available information, the power to resolve administrative procedures related to tax inspections, and collection powers to ensure payment of taxes, including coercive collection procedures. Additionally, it has sanctioning powers to impose penalties for non-compliance with tax regulations.

The determinations and sanctions established by the Tax Administration (SUNAT or other entities) can be claimed before it in the first instance and, in a second instance, before the Tax Court, with the possibility of further appeal before judicial headquarters.

Statute of Limitations period

The action of the SUNAT to determinate the tax debt, demand its payment, and apply sanctions prescribes after for (4) years as a general term, six (6) years when the tax returns ordered by law were not filed, and ten (10) years in the case of withholdings that were not delivered. Therefore, taxpayers must ensure the safekeeping of all relevant information and documentation for at least the corresponding statutory period.

Corporate Income Tax

Companies' resident in Peru are subject to Income Tax for their worldwide source income (obtained from their activities in Peru and abroad) at a rate of 29.5%. Branches of companies incorporated abroad are only taxed on their earned income that qualifies as Peruvian source income.

To determine the amount to which the tax rate is applicable (Net Income), the costs necessary to generate the taxable income and the expenses necessary to maintain the productive source must be deducted from the total income subject to the tax (Gross Income).

General Corporate Income Tax Regime

Distribution of profits

The distribution of profits to shareholders is taxed with an additional rate of 5%, which must be withheld and paid by the entity making the distribution, unless the shareholder is another legal entity resident in Peru, in which case it is not subject to tax the distribution of dividends (0%). This withholding obligation arises at the time of the distribution; however, in the case of branches, agencies, or permanent establishments of foreign entities in Peru, the tax is only triggered upon the filing of the corresponding sworn declaration.

Advanced Payments of Income Tax

In Peru, companies are required to make monthly advanced payments of Income Tax. There are two primary systems for calculating these payments: the Coefficient System and the Percentage System.

System	Description	When it applies
Coefficient System	This system applies to established taxpayers with a history of operations. The coefficient is determined based on the ratio of the company's previous year's Income Tax to its net income of the same period. This coefficient is then applied to the current month's net income to determine the advanced payment	Typically, this system is used by companies with a full fiscal year of operations, allowing them to leverage historical data for more accurate tax forecasting.
Percentage System	New taxpayers, or those without sufficient historical data, are required to use the Percentage System. Under this system, companies pay 1.5% of their monthly net income as an advanced payment.	This system is mandatory for new companies or those that do not have a complete fiscal year of operations, ensuring that they contribute to tax obligations from the onset of their business activities

Foreign Income Tax Credit

Companies can apply as a credit against their Income Tax, the tax paid abroad for income from a foreign source, within the limit established by law.

Pre-operated expenses

The pre-operating stage refers to the period before a company begins its commercial operations. During this phase, businesses often incur various expenses necessary to establish and prepare for future operations. These pre-operating expenses can include costs related to research and development, market analysis, legal and consulting fees, and the acquisition of permits and licenses.

Understanding the nature and scope of pre-operating expenses is crucial for businesses as they lay the groundwork for successful operations. Proper classification and documentation of these expenses are essential for future financial and tax reporting.

Deductibility of pre-operating expenses

Pre-operating expenses and in general the necessary business expenses are deductible for net income determination. Expenses incurred abroad are deductible as long as they are duly supported.

Thin capitalization rules

The thin capitalization rule establishes that net interest that exceeds 30% of the taxable EBITDA of the previous year will not be deductible for Income Tax purposes.

The taxable EBITDA is net income after compensation for losses plus net interest, depreciation, and amortization.

The net interest that could not have been deducted in the fiscal year due to exceeding the indicated limit, may be added to those corresponding to the four (4) immediately following fiscal years.

The limitation on the deduction of financial expenses (i.e., undercapitalization or percentage of EBITDA) will not apply, among others, to companies in the Financial and Insurance System and taxpayers whose net income in the taxable year is less than or equal to 2,500 Tax Units (USD 3,547,745 approximately).

Temporary Tax on Net Assets (ITAN)

Tax applied to the value of net assets recorded in the balance sheet as of December 31 of the previous taxable year, applying a rate of 0.4% to the excess of PEN 1,000,000 (approximately USD 265,251).

Ultimate Beneficial Owner (UBO)

Legal entities resident in Peru, those that have a branch, agency or permanent establishment in the country, as well as legal entities (autonomous estates without legal personality and associative contracts), are obliged to provide information about those individuals that effectively and ultimately own or control legal entities (such as, the person who owns at least 10% of the company's capital, the person who holds powers other than ownership to exercise forms of control over the company, or as a last resort, the person who holds the highest administrative position) and/or those who ultimately own or control a client on whose behalf a transaction is conducted.

Non – resident entities

Non-resident companies, branches, agencies or other permanent establishments, among other cases of non-resident taxpayers, must pay taxes on their gross income that qualify as Peruvian source income and must apply the following withholding rates:

Taxed Activity	Rate
Interest in external credits (subject to certain requirements).	4.99%
Interest paid abroad by companies with multiple operations established in Peru, such as banking companies and financial companies established in Peru.	4.99%
Interest from bonds and other debt instruments, deposits made in accordance with Law 26702, General Law of the Financial System.	4.99%
Other interests.	30%
Income derived from the rental of ships and aircraft.	10%
Royalties.	30%
Dividends and other forms of profit distribution.	5%
Technical Assistance (prior compliance with requirements) when it is used economically in the country.	15%
Digital services (automated services) are used economically in the country.	30%
Income from the sale of securities carried out within the country.	5%
Income from the sale of securities carried out within the country.	30%
Other income (sale of goods, rights or provision of services in the country)	30%

In this regard, it is important to note that technical assistance is one of the main services used in the oil and gas, as well as power and utilities sectors.

The regulation defines technical assistance as any independent service, provided either from abroad or within the country, whereby the service provider undertakes to apply their skills, through the use of certain procedures, methods, or techniques, to deliver specialized, non-patentable knowledge necessary for the user's production, marketing, service provision, or any other activities.

In any case, technical assistance includes engineering services, research and development for projects, and financial advisory and consultancy services.

When the service is provided by a non-resident, the income earned by the service provider is subject to a 15% withholding tax, provided that the user obtains and submits to the SUNAT a report issued by an auditing firm certifying that the technical assistance was effectively rendered, and as long as the total compensation for the services exceeds 140 Tax Units in force at the time of the agreement. (For 2025, this amount would be USD 197,000, approximately).

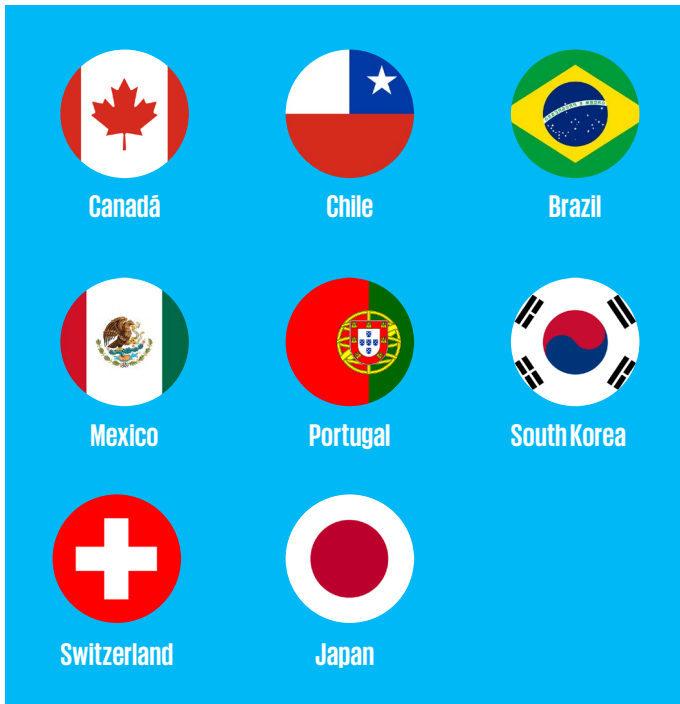
Presumption of Net Income of Non-Residents from international activities

The Income Tax Law presumes, among other assumptions, that non-resident companies that carry out part of their operations in the country, obtain income from Peruvian sources equivalent to the following percentages of their gross income:

Taxed Activity	Rate
Insurance activity	7%
Aircraft rental	60%
Ship rental	80%
Telecommunications services	5%
Air Transport	1%
Chartering or maritime transport	2%
Provision of news or informative material	10%
Distribution of films or the like	20%
Container supply	15%
Demurrage of containers for transport	80%
Assignment of television broadcasting rights	20%

Double Taxation Treaty (DTT)

Peru has signed 8 treaties to avoid double taxation on income and wealth with the following countries:



Said agreements follow the guidelines of the OECD model, so, in principle, the country where the profits will be taxed is the country of residence of the company (residence criteria), except for different express provisions.

Likewise, Peru, by being part of the Andean Community, is part of the agreement (Decision 578) to avoid double taxation with the following Andean Countries:



Decision 578, as a general rule, states that the benefits resulting from business activities are only taxed in the country where they were carried out (source criteria), that is, in the country of source, with the exception of technical services, technical advice.

Countries with low or null taxation

Peruvian legislation has provided for the regulation of tax havens under the name of countries or territories of low or null taxation, when they do not have an Exchange of Tax Information Agreement or a Double Tax Treaty (DTT) in force with Peru that includes an information exchange clause or lack of transparency at the level: legal, regulatory, or administrative.

Likewise, it will be considered as such when the applicable rate of Corporate Income Tax is 0% or less than 60% of that which would correspond in Peru.

The aforementioned criteria will not apply in the case of a country that is a member of the OECD.

On the other hand, the regime of a country will be considered under the category of "preferential tax regime", when it is under any of the criteria provided for countries with low zero taxation or when the regime excludes the residents of the country from said regime or that the benefited subjects are prevented from operating in the market. The classification of pernicious or potentially pernicious regimes, carried out by the OECD, will also be considered.

The Ministry of Economy and Finance will publish the list of countries or territories that have complied or not with the exchange of information, according to the information sent by SUNAT.

Controlled Foreign Corporation Rules (CFC Rules)

In application of the International Fiscal Transparency Regime ("CFC Rules"), passive income from individual or legal entities resident in Peru through foreign controlled entities, can be attributed to taxpayer's residency in the year in which they are generated.

The Income Tax paid by foreign controlled entities for their passive income may be offset by the resident taxpayer as a credit against the tax in Peru with respect to the passive income attributed. The subsequent distribution of dividends by controlled entities not resident in favor of the resident taxpayer (for the aforementioned passive income) will not be subject to Income Tax in Peru.

Transfer Pricing rules in Peru

Transfer Pricing in Peru, an OECD based Regime

Peru was one of the first countries in the region to adopt Transfer Pricing Rules, which are in place since 2002.

The Peruvian Transfer Pricing regime is based on OECD Guidelines and relies on the arm's length principle as its fundamental pillar.

All intercompany transactions, either local or international, and all tax haven transactions must be priced at "arm's length" for tax purposes.

The methodologies to carry out transfer pricing analyses are similar to the ones proposed by the OECD, including the Comparable Uncontrolled Price Method, the Resale Price Method, the Cost-Plus Method, the Profit Split Method, the Residual Profit Split Method, and the Transactional Net Margin Method.

The Tax Authorities can adjust the valuation for Income Tax purposes when they consider the rules have not been applied correctly and this has generated a lower income tax in Peru.

Intragroup Services Rules

The country has specific intragroup services rules in place, which require to comply with the following conditions, among others, for the service costs or expenses to be considered deductible for tax purposes:

Pass a Benefit Test.

Have detailed documentation on the costs and expenses incurred by the service provider

Have detailed documentation to prove the reality of the service (including deliverables, emails, communications, contracts, invoices, etc.)

Low Value-added services are subject to a deduction cap of costs +5%.

Pillar 2

No regulations are implemented yet in Peru.

Transfer Pricing Formal Obligations

Peru has a 3 Level documentation:

Local File (Due every June)



Applicable for companies with revenues higher than US\$ 3MM (aprox.) and an aggregated value of intercompany and tax haven transactions higher than US\$ 567,639 (aprox.).

Master File (Due every October)



Applicable for companies with revenues higher than US\$ 28MM (aprox.).

CbC Report (Due every October)



Applicable for companies that belong to a Multinational Group with consolidated revenues higher than US\$716 MM (aprox.).

Commodity exports / imports rules - "Sixth Method"

There are special rules in place for the export and import of commodities, which include the need to file a separate TP Informative Return for each import / export contemporaneously with each transaction. In case this return is incomplete or not filed, the commodity price must be reevaluated for tax purposes using the international quotation of the commodity at the date of departure (exports) or arrival (imports) of the merchandise.

Other peculiarities

While the regime is OECD based, it has several peculiarities, including the following:

- Local Transactions and Tax haven transactions with non-related parties must be documented.
- Even small transactions must be documented (< USD 3k per transaction)
- Use of interquartile range is mandatory.
- Comparable companies can only use 1 year of financial information.

Special tax rules applicable to the Oil & Gas Sector

Oil & Gas industry is subject to the general corporate tax regime. However, some special fiscal rules are applicable, which mainly consist of royalties, levies, and tax benefits.

Income Tax rate

Oil & Gas companies with licenses or service agreements are subject to Corporate Income Tax Rate (29.5%) plus 2% premium.

Ring Fence rules

The LOH establishes that Contractors that carry out exploration and exploitation activities or exploitation of Hydrocarbons in more than one Contract area, as well as related activities or other activities, shall be determinate the results of each fiscal year independently for each Contract area and for each activity for income tax calculation purposes.

The total income tax amount to be paid by the Contractor will be the sum of the amounts calculated for each contract, for related activities and for other activities.

If one or more of the Contractors or related activities generate tax losses that can be carried forward, these may offset against the profit generated by other Contracts or related activities.

Tax losses from one or more contracts or related activities may not be offset against profits generated by other activities. Nor may tax losses generated by other activities be offset against profits generated by one or more contracts or related activities.

Special incentive for hydrocarbon investors: Stability regime

The Organic Hydrocarbon Law, Law No. 26221 (LOH by its acronym in Spanish), and its regulations establishes that the State guarantees Contractors that the exchange and tax regimes in force on the date of execution of the Contract will remain unchanged during the validity of the same, for the purposes of each Contract.

Tax stability is granted for the contract activities and not directly for the entities that signed the contract. Changes in the contractor's ownership will not affect the tax stability.

Tax stability covers the contract activities such the exploration and exploitation of hydrocarbons, and no other related or distinct activities that may be performed by the legal entity.

Exploration and development expenditures

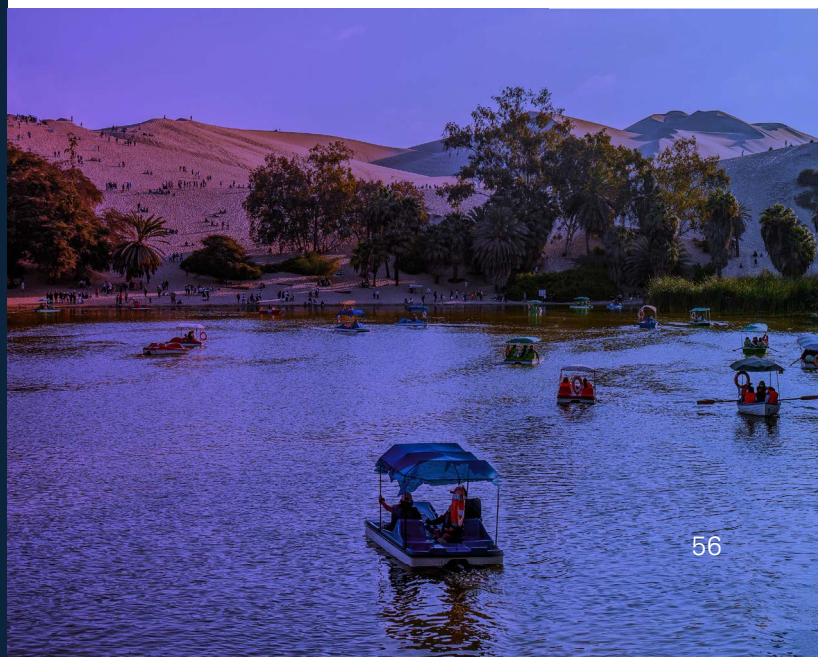
The LOH states the exploration and development expenditures, as well as the investments made by the Contractors until the date on which the commercial extraction of Hydrocarbon starts can be accumulated in an account. At the option of the Contractor and with respect to each contract, the amount shall be amortized in accordance with either of the following two methods:

- 1) On a unit of production basis; or,
- 2) By means of straight-line amortization, deducting the expenditures in equal portions, over a period of not less than five (5) annual periods.

The Contract must specify the method of depreciation that will use the Contractor, which may not be varied. If the straight-line depreciation method is chosen, it must be agreed in the same contract the period in which the amortization will be made. The depreciation made by the Contractor must be communicated before to SUNAT.

Once commercial extraction has begun, all amounts corresponding to expenses that have no recovery value will be deducted as an expense for the year.

Investments in one contract area that have not reached the commercial extraction stage will be cumulated to the same type of investments in another contract area in which the commercial extraction stage has been reached, and the total investments will be amortized using the chosen method.



Expenses Without Recovery Value

Once commercial extraction begins, all amounts corresponding to expenses without recovery value will be deducted as expenses for the fiscal year (article 53 of the LOH).

Expenses without recovery value occur at the beginning of commercial extraction for the purposes established in Article 11 of the LOH Regulations. Specifically, this article states that expenses without recovery value are those incurred from the start of commercial extraction for the following purposes:

- Investments in drilling, completion, or bringing wells of any type into production, including stratigraphic wells, except for the acquisition costs of surface equipment.
- Exploration investments, including geophysical, geochemical, field geology, gravimetry, aerial photography surveys, and seismic data acquisition, processing, and interpretation.
- In this regard, Article 53 of the LOH stipulates that, once commercial extraction begins, all expenses without recovery value will be deducted as expenses for the fiscal year. It should be noted that the LOH does not define criteria for classifying investments as expenses without recovery value. However, the Tax Court, in various rulings, has established that investments without recovery value must be analyzed by the Tax Authority based on their nature and specific use.

Depreciation

In accordance with the LOH, the wear and tear of depreciable assets will be offset through the deduction of allowances, computed annually in accordance with the general Income Tax regime in effect at the time of signing each contract.

Similarly, under the authority provided by the LOH, the Ministry of Energy and Mines may establish the depreciation period for the main pipeline, which must not be less than five (5) years. Contractors must communicate the depreciation applied to SUNAT.

Depreciation rates, as per the general depreciation regime in force, are applied to the acquisition cost of fixed assets. The rates shown in the table below represent the maximum annual depreciation rates permitted under the Peruvian Income Tax Law:

Type of Asset	Maximum Annual Depreciation Rate
Land transportation vehicles (except railways); ovens in general	20%
Machinery and equipment used in mining, petroleum, and construction activities, excluding furniture, fixtures, and office equipment	20%
Data processing equipment	25%
Machinery and equipment acquired from 01-01-91 onwards	10%
Other fixed assets	10%

Taxpayers may apply any depreciation method for their fixed assets, excluding buildings and constructions, provided that the resulting depreciation rate does not exceed the maximum rates indicated above.



Special tax rules applicable to the Power & Utility Sector

Power & Utilities companies are subject to the general corporate tax regime. However, there are some special tax provisions for electricity generation with water resources and other renewable resources. Also, some special fiscal rules are applicable for the holders of geothermal resources concession.

Stability regime

As mentioned in chapter 1, investors may choose to enter into tax stability agreements with the Peruvian Government, under which the Government could grant specific guarantees (usually of a tax nature) that cannot be unilaterally modified or annulled. The investor may choose one of the following regimes: Legislative Decrees No. 662 and No. 757. Both regimes allow investors to enter into legal stability agreements with the Peruvian State for a period of 10 years, provided they make a minimum investment of USD 10 million within 2 years of the contract signing. Some of the benefits include stability of the Corporate Income Tax regime in effect at the time of agreement signing, stability of the Peruvian government's monetary policy, and the right to non-discrimination between foreign and local investors, among others.

In the geothermically subsector, the Peruvian government guarantees to the holders of geothermal rights that the tax regime enforced at the time the authorizations are granted, or the concession contracts are signed for geothermal resources will remain unchanged. However, this guarantee applies only to income tax benefits granted for investments, and it is limited to a period of 10 years or the duration of the concession, whichever is shorter, in accordance with infrastructure regulations.

Accelerated depreciation

The activity of generating electricity based on water resources or based on other resources renewable energy systems, such a wind, solar, geothermal, biomass or tidal will benefit from the accelerated depreciation for income tax purposes.

Legislative Decree No. 1058 states that accelerated depreciation shall be applicable to machinery, equipment, and civil works necessary for the installation and operation of the plant, which are acquired and/or constructed. For these purposes, the annual rate of depreciation shall be no higher than 20% as the overall annual rate. The rate may be varied annually by the holder of generation prior to communication to SUNAT.

The benefit will be valid until December 31, 2030.

Guarantees of investment promotion in geothermal resources

The Organic Geothermal Resources Law, Law No. 26848, and its Regulation states special rules for the holders of the geothermal resources' concessions.

When the holders are branches of companies incorporated abroad, the income tax will only be collected on their taxable income from a Peruvian source.

Regarding the ring fence rules, holders of geothermal authorizations or concession contracts must calculate income tax independently for each contract and activity. Carry-forward losses from one contract or activity can be offset against profits from others, at the concessionaire's discretion. Investments in commercial exploitation stages are combined and amortized collectively as chosen by the concessionaire.

On the other hand, exploration expenditures specified in the Organic Geothermal Resources Law allows concession holders to accumulate exploration and pre-commercial exploitation expenses in an account. These can be amortized either on a unit-of-production basis or through straight-line amortization over at least five years, as specified in the contract. The chosen method cannot be changed and must be communicated to SUNAT. Expenses with no recovery value are deductible in the year of commercial exploitation. Depreciable assets follow standard income tax depreciation rules. Payments to non-domiciled service providers are deductible, subject to regulatory compliance.

Special Contributions

Osinergrim Contribution

Supreme Decree No. 154-2022-PCM states that the companies under the scope of competence of the Supervisory Agency for Investment in Energy and Mining (OSINERGMIN) are those that import or produce fuels, including liquefied petroleum gases and natural gas, or carry out transportation and distribution activities. These oil and gas companies should pay the Contribution to the OSINERGMIN. The rate of these contributions is 0.34% for 2024 and 2025 (for import or production activities), and 0.52% for 2024 and 2025 (for transport and distribution activities), applied on their monthly billing after deducting VAT.

Likewise, Power & Utilities companies that are holders of generation, transmission and distribution concessions of electric power, well as of the entities that exclusively develop generation activities through authorization, should pay this contribution to OSINERGIM. The contribution rate is 0.43% for 2024, and 0.41% for 2025, applied on their monthly billing after deducting VAT.

FOSE Contribution

The Electricity Social Compensation Fund (FOSE by its acronym Spanish) is aimed at promoting access to and permanence of the electricity service to all residential users of the public electricity service whose monthly consumption is less than or equal to 140 kWh/month included within the low-voltage tariff options for residential use or those that subsequently replace them; those residential users of collective supplies for block sales with average unit consumption less than or equal to 140 kWh/month are also considered, including low-voltage electricity supplies, measured through a meter connected to medium voltage.

It is financed by means of a surcharge in the billing of the power, energy, and fixed monthly charge of the users of the public electricity service of the interconnected systems not included in the scope of FOSE beneficiaries, of the users excluded from the FOSE discount; and, of free users, including withdrawals made by free users in the wholesale electricity market. This surcharge is established based on a percentage that is determined by the OSINERGMIN based on the sales projection for the following period.

OSINERGMIN is the entity in charge of managing these contributions. The Power & Utilities companies shall submit to OSINERGMIN a detailed monthly settlement of the tariff compensation and the surcharge in the billing.

FISE Contribution

The Energetic Social Inclusion Fund (FISE by its acronym Spanish) is a system of energy compensation, which allows providing security to the system, as well as a scheme of social compensation and mechanisms of universal access to energy.

The FISE will be used for the following purposes:

To massify natural gas for housing and vehicular purposes.

Expand the energy frontier through the use of renewable energies.

Generate access to LPG for vulnerable sectors of the population.

To function as a compensation mechanism related to residential electricity.

It is financed through large electricity consumers (mainly mining and industrial companies), natural gas transportation services through pipelines (Camisea), and fuel production and imports. The hydrocarbon and electricity companies, which carry out these activities, are responsible for collecting these contributions and transferring them to the Supervisory Body for Private Investment in Energy and Mining (OSINERGMIN by its acronym Spanish).

OEFA Contribution

Regarding the Environmental Audit and Evaluation Agency (OEFA), Supreme Decree No. 157-2022-PCM establishes that the contribution by regulation by entities and companies in the hydrocarbons subsector that carry out activities of import and/or production of fuels, including liquefied petroleum gases and natural gas, is applicable the percentage of 0.09% for 2024 and 2025, and by concessionaires of hydrocarbon transportation activities by pipeline and distribution of natural gas by pipeline network applying the percentage of 0.10% for 2024 and 2025. The rate is applied on their monthly billing after deducting VAT.

Likewise, Electricity companies that are holders of generation, transmission and distribution concessions of electric power, well as of the entities that exclusively develop generation activities through authorization, should pay this contribution to OEFA. The contribution rate is 0.10% for 2024 and 2025, applied on their monthly billing after deducting VAT.

Indirect Taxes

Valued Added Tax

The sale of goods and the provision of services in the country are taxed with the Value Added Tax (VAT).

The VAT rate is 16% plus 2% of the Municipal Promotion Tax (IPM by its acronym in Spanish).

In addition to the sale of goods and the provision of services, the use of services in the country provided by non-residents, construction contracts, the first sale of real estate made by their builders and imports of goods are taxed with VAT.

Until December 31, 2025, the goods and services indicated in Appendices I and II contained in the VAT Law, such as fresh fish, vegetables, legumes, seeds, fruits, books, among others, are exonerated. On the other hand, among the exempted services is public passenger transport within the country, international cargo transport, among others.

For the tourism sector, a special reduced VAT rate of 8% is applicable for the fiscal years 2025 and 2026. This rate aims to support and stimulate the tourism industry by reducing the tax burden on related services. For fiscal year 2027, the rate will increase to 12%.

Additionally, through Legislative Decree No. 1623, published on August 4, 2024, the VAT Law was amended to include – among others – individuals who do not engage in business activities as taxpayers when they use digital services provided by non-resident suppliers in Peru. Consequently, the use of these services will be subject to an 18% VAT, calculated on the remuneration paid to the non-resident provider. According to the Law, the non-resident subjects will declare and pay the tax monthly in PEN or USD starting from the tax period of December 2024.

Financial Transaction Tax (ITF by its acronym in Spanish)

The sale of goods and the provision of services in the country are taxed with the Value Added Tax (VAT).

The VAT rate is 16% plus 2% of the Municipal Promotion Tax (IPM by its acronym in Spanish).

In addition to the sale of goods and the provision of services, the use of services in the country provided by non-residents, construction contracts, the first sale of real estate made by their builders and imports of goods are taxed with VAT.

Until December 31, 2025, the goods and services indicated in Appendices I and II contained in the VAT Law, such as fresh fish, vegetables, legumes, seeds, fruits, books, among others, are exonerated. On the other hand, among the exempted services is public passenger transport within the country, international cargo transport, among others.

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Excise Tax

The Excise Tax is levied on the sale within the country at the producer level and the importation of fuels specified in Appendix 3 of the VAT Law (see following table). This tax aims to impose a levy on polluting fuels to disincentivize their consumption and encourage their substitution with less polluting alternatives, as well as to promote the transition towards more sustainable technologies, such as electric and hybrid vehicles.

Excise Tax on Fuels

Excise Tax on Fuels			
Tariff heading	Product	PEN (per gallon)	USD
2701.11.00.00	Anthracites for energy uses	51.72	13.72
2701.12.00.00 2701.19.00.00	Bituminous coal for energy use and other types of coal	55.19	14.64
2710.12.13.10 2710.12.19.00 2710.12.20.00 2710.20.00.90	Motor gasoline with a Research Octane Number (RON) below 84	1.27	0.34
2710.12.13.41 2710.12.19.00 2710.11.20.00 2710.20.00.90	Motor gasoline with 7.8% by volume of fuel alcohol, with a Research Octane Number (RON) greater than or equal to 95 but less than 97	1.13	0.30
2710.12.13.49 2710.12.19.00 2710.12.20.00 2710.20.00.90	Other motor gasoline, with a Research Octane Number (RON) greater than or equal to 95 but less than 97	1.17	0.31
2710.12.13.51 2710.12.19.00 2710.12.20.00 2710.20.00.90	Motor gasoline with 7.8% by volume of fuel alcohol, with a Research Octane Number (RON) greater than or equal to 97	1.13	0.30
2710.12.13.59 2710.12.19.00 2710.12.20.00 2710.20.00.90	Other motor gasoline, with a Research Octane Number (RON) greater or equal to 97	1.17	0.31
2710.19.14.00 2710.19.15.90	Kerosene and kerosene-type jet fuel for reactors and turbines (Turbo A1), except for domestic sales or importation for specific aircraft	1.93	0.51
2710.19.21.11 2710.19.21.99	Other gas oils-except for Diesel B2 and B5	1.26	0.33
2710.19.21.29	Other Diesel B2	1.24	0.33
2710.19.21.31	Diesel B5, with a sulfur content of less than or equal to 50 ppm	1.01	0.27
2710.19.21.39	Other Diesel B5	1.20	0.32
2710.19.22.10	Residual 6, except for domestic sales or importation for fuel marketers for specific vessels	0.92	0.24
2710.19.22.90	Other fuel oils	1.00	0.27

Additionally, note that the Excise Tax applies to individuals who carry out remote games and sports betting, developed on technological platforms operated by legal entities incorporated abroad. Remote games and sports betting are taxed to 0.3%. As of July 1, 2025, the rate would be 1%.

Tax Benefits

Amazon Regime

Under the Amazon Regime, the sale of goods, the provision of services, and construction contracts carried out in the Amazon Region are exempt from VAT, provided that taxpayers engage in specific activities and meet certain requirements. These requirements include having their tax domicile, administration, and production based in the Amazon region, among others.

In addition to the VAT exemption, businesses operating under the Amazon Regime may also benefit from a more favorable Corporate Income Tax rate. Depending on the type of economic activity and location, eligible companies can be subject to a reduced Corporate Income Tax rate of 10% or even 5%. Specifically, a 10% tax rate applies to taxpayers engaged in agricultural, aquaculture, fishing, tourism, and manufacturing activities related to the transformation and commercialization of primary products from these sectors, as well as forest extraction and processing. A 5% tax rate is granted to those located in the regions of Loreto, Madre de Dios, and certain areas of Ucayali, provided they engage in the same activities.

Furthermore, certain businesses may qualify for a full exemption from corporate income tax, particularly those involved in agricultural production and the processing of native and alternative crops such as cassava, soybeans, heart of palm, aguaje, and pijuayo. For oil palm, coffee, and cocoa, the exemption is limited to agricultural production activities.

To access these tax benefits, businesses must meet several criteria, including having their tax domicile in the Amazon region, maintaining their primary administration and production within the region, registering their legal entity with the local public registry, and ensuring that at least 70% of their fixed assets (such as property, machinery, and equipment) are in the Amazon. Compliance with these conditions is essential to maintain eligibility for the preferential tax treatment.

By meeting these requirements, eligible taxpayers can take advantage of reduced tax burdens, thereby enhancing their competitiveness and supporting economic growth and investment in the Amazon region.

Definitive Recovery VAT Regime

Definitive Recovery VAT Regime allows the recovery of VAT paid on the acquisition of goods and services used directly within the Oil & Gas sector and exclusively during the exploration phase, without having to wait until a commercial discovery is made or production begins.

The VAT Regime will be applicable from the contract signing until the end of the term of the exploration phase. The validity of the Definitive Recovery VAT Regime has been extended until December 31, 2027.

Specific Early Recovery VAT Regime

VAT Law allows the refund through Negotiable Credit Notes of the tax credit generated by the imports, acquisitions of capital goods which had not been exhausted during the three months following the date on which said goods were recorded in the Purchase Registry.

Natural or legal persons who have not started their productive activity may apply. Natural or legal person has begun its productive activity when it makes the first export of a good or service, or the first transfer of a good or provision of services.

Specific Early Recovery VAT Regime

The Specific Early Recovery VAT Regime, Supreme Decree No. 973, and its regulation, allows obtaining the early of the tax paid or transfer for the acquisition of goods and services, as well as for construction contracts, carried out throughout the pre-operational stage of an investment project.

The essential requirements to benefit from this tax benefit, regardless of the economic sector to which the project belongs, are the following: i) have a pre-operational project that will generate third-category income; ii) have a pre-operational stage equal to or greater than two years; and iii) have an investment commitment of no less than USD5 million.

Corporate Reorganizations

In the context of local corporate reorganizations, such as mergers or spin-offs, these transactions are not subject to VAT when they are carried out at book value. This exemption is designed to facilitate the restructuring of companies without immediate tax implications, thereby promoting business continuity and efficiency. By ensuring that these reorganizations do not trigger VAT liabilities, the law supports the strategic realignment of business entities within Peru.

Additionally, from an Income Tax perspective, these reorganizations are considered tax-neutral when conducted at book value, meaning they do not generate immediate taxable income or deductible losses. Instead, the tax effects are deferred until future transactions involving the transferred assets occur. The recipient entity maintains the original tax basis of the transferred assets and liabilities, ensuring continuity in tax obligations. In certain cases, tax loss carryforwards may also be transferred, subject to compliance with legal conditions. Furthermore, shareholders are not immediately taxed on the exchange of shares during a reorganization, although future disposals may trigger capital gains taxation. However, transfer pricing rules and tax authorities may scrutinize valuations, particularly in transactions involving related parties, to prevent potential tax avoidance.

By maintaining this framework, Peruvian tax law ensures that corporate reorganizations remain efficient and free of immediate tax burdens while safeguarding the integrity of the tax system.

Other important taxes and contributions

Property Transfer Tax (Alcabala)

The alcabala tax is levied on transfers of urban or rural real estate for consideration or free of charge, including sales with reservation of title, its tax base is the transfer value (from which the value of 10 Tax Units is deducted, approximately USD 14,190) applying a fee of 3%, being paid by the buyer.

Property Tax

It is an annual tax that is levied on the value of urban and rural properties, charged to the owner as of January 1 of the year to which the tax obligation corresponds.

The taxable base of the tax is constituted by the value of the property and the following cumulative progressive scale is applied:

<p>Up to 15 Tax Units (US\$ 21,286 approx.): 0.2%</p>	<p>More than 15 and up to 60 Tax Units (US\$ 21,286 – US\$ 85,145 approx.): 0.6%</p>	<p>More than 60 Tax Units (more than USD 85,145 approx.): 1.0%</p>
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Vehicle Property Tax

The tax is levied on the ownership of automobiles, trucks, etc., manufactured in the country or imported, less than three years old from the first registration in the vehicle ownership registry. The tax base is made up of the original value (with an adjustment for the age of the vehicle) and a rate of 1% applied to the value of the asset.

Establishment Opening License

Rates that every taxpayer must pay one time to operate an industrial, commercial or service establishment. The amount must respond to the cost of the administrative service provided, which may not exceed 1 Tax Unit (approximately USD 1,419).



Road Tax on Gasoline

This tax is levied on sales in the country of gasoline at the producer level, the import and sale in the country by the importer of gasoline.

The Road Tax is calculated by applying the rate of 8% on the taxable base, which is constituted by:

<p>The ex-plant price, which does not include the Excise Tax or any other tax levied on the production or sale, in the case of sales in the country at the producer level.</p> 	<p>The CIF Customs value, in the case of imports. The value does not include taxes paid in the operation.</p> 
<p>The sales value, in the case of sales in the country of imported goods.</p> 	

The entity in charge of collecting the Road Tax is SUNAT, the amounts collected will be destined to the Municipal Compensation Fund (FONCOMUN by its acronym in Spanish).

Contribution to the Apprenticeship Service (SENATI)

Companies that carry out industrial activities and have more than 20 workers on average in the previous year are obliged to pay a contribution to the National Industrial Work Training Service (SENATI).

The contribution rate is 0.75% applicable to the remuneration received by workers engaged in industrial activity.

Miscellaneous

Legal Stability Agreements

Foreign investors can enter into Legal Stability Agreements with the Government through the Private Investment Promotion Agency (Proinversión), which will guarantee stability in the tax regime in force at the time of subscription, among other benefits.

Under the stability of Legislative Decree No. 662, the following stability benefits are established for the investor:

Fiscal stability for the investor, provided that he makes a contribution for an amount of not less than USD 2 million, within a maximum period of two (2) years from the signing of the agreement..

The regime protects the investor from variations in the taxable base or from the creation of new taxes that affect the taxable base of the company.

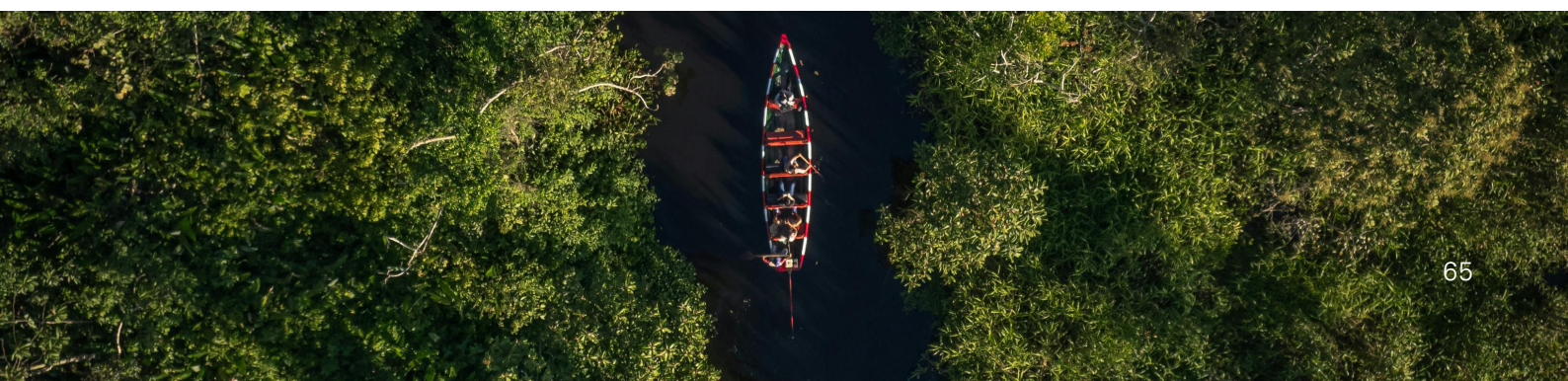
If the profit or dividend for the investor decreases in percentage with respect to what would have been determined according to the stabilized regime, the dividend tax rate will be reduced so that the available profits are not affected.

Likewise, the recipient entity of the investment enjoys the following benefits, under Legislative Decree No. 757:

To sign an agreement that grants fiscal stability to the recipient of investment, the investor must have its own stability agreement.

The total amount of new investments received by the company must be greater than 50% of its capital and reserves and will be used to expand production capacity or technological improvement.

Fiscal stability includes the Income Tax Regime (additions, deductions, rates) for 10 years.



Taxpayer control initiative of SUNAT

Compliance Profile

The Compliance Profile is a new initiative introduced by SUNAT to enhance tax compliance and promote a collaborative relationship with taxpayers. This tool evaluates and categorizes taxpayers based on their compliance behavior, providing a different approach to SUNAT.

By analyzing factors such as timely filling of tax returns, accuracy in reported income and payment of tax obligations, the Compliance Profile allows SUNAT to identify patterns of behavior and assess potential risks. Taxpayers with a high rating (A or B) benefit from reduced scrutiny and faster processes, while those with a low rating (D or E) are targeted to guidance or audits to address potential issues.

This initiative aligns with global trends in Collaborative Compliance and Tax Transparency, aiming to build trust between tax authorities and taxpayers.

Non-Operational Capacity Subject

The Non-Operational Capacity Subject (SSCO for its acronym in Spanish) regime, established under Legislative Decree 1532, identifies taxpayers—either individuals or legal entities—who issue payment receipts, such as invoices, or complementary documents, like credit and debit notes, without possessing the necessary economic, financial, material, human, or other resources to conduct the operations for which these documents are issued. The purpose of this regime is to ensure that issuers of payment receipts have the actual operational capacity to execute the transactions they document, requiring them to demonstrate adequate and sufficient means to carry out their economic activities.

Being declared as an SSCO has significant implications. The validity of payment receipts issued by an SSCO may be suspended for tax purposes, affecting their clients' ability to claim tax credits. Additionally, the taxpayer will be subject to increased scrutiny and potential audits by SUNAT to verify their operational capacity. Restrictions may also be imposed on issuing new payment receipts until adequate operational capacity is demonstrated. As of now, three companies have been declared as SSCO, highlighting the selective and rigorous approach of this regime to ensure the integrity of the tax system.

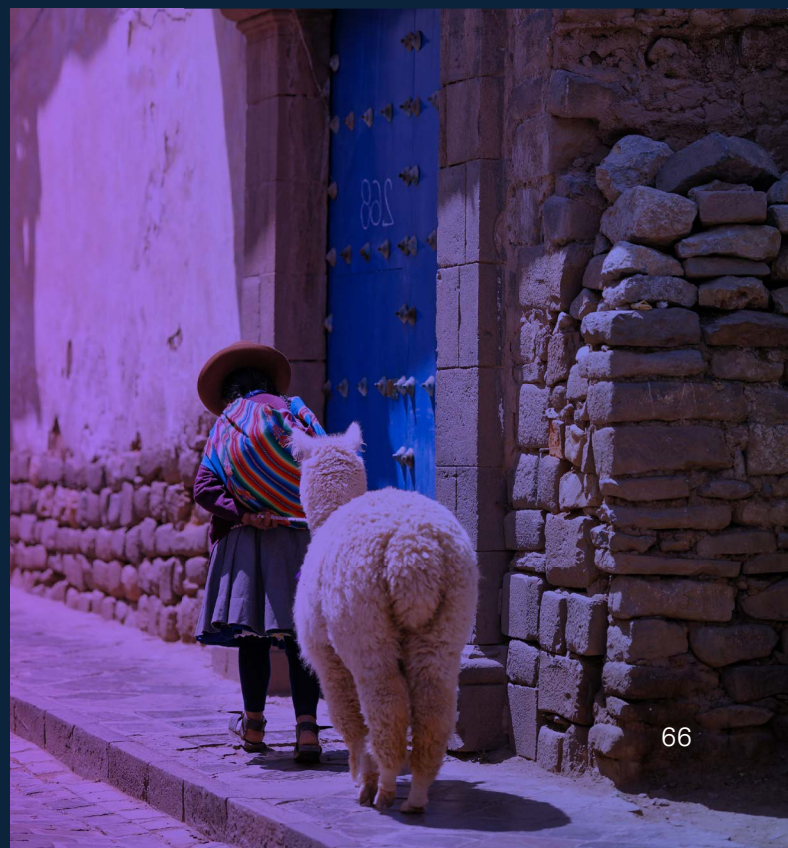
The Integrated System of Electronic Records

Integrated System of Electronic Records (SIRE for its acronym in Spanish) is a new IT tool created by SUNAT to facilitate the generation of the Electronic Purchase Registry and the Electronic Sales and Income Registry based on information from the electronic payment receipts.

Resolution No. 000293-20204/SUNAT states new deadlines for the implementation of the SIRE. The affected taxpayers are classified into two groups, according to their status as of December 31, 2024:

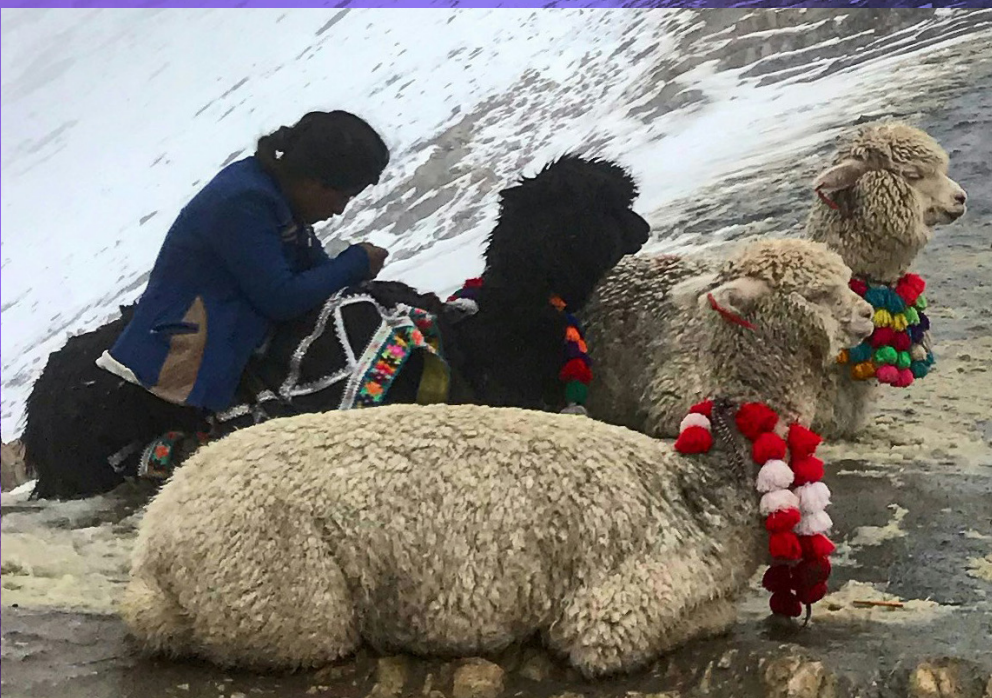
Taxpayers not designated as Major contributors: Those persons or entities that, on that date, are required to keep the Sales and Income Register and the Purchase Register but are not considered main taxpayers must use the SIRE as of the period corresponding to January 2025.

Taxpayers designated as PRICOS: Those who are required to keep such records and, in addition, are classified as PRICOS must comply with the implementation of the SIRE from the period corresponding to July 2025.



05

Labor and Immigration Legislation



Labor contracting modalities

Indefinite term employment contracts

Peruvian labor law establishes that hiring workers for an indefinite term is the general rule. Consequently, all paid and subordinated personal services are presumed to be an employment contract for an indefinite term unless proven otherwise. These employment contracts may be entered into orally or in writing.

The first three (3) months of the employment relationship are considered a probationary period. However, for trust and management personnel, longer probationary periods may be agreed upon on the work contract.

During this probationary period, if the worker is deemed unqualified to perform the services, the employment relationship may be terminated without the need to pay severance.

Fixed-term employment contracts

Fixed-term contracts are exceptional and must be used under the specific circumstances established in labor laws as well as documented in writing. Employers must provide an objective, real, and verifiable cause for the temporary hiring. Failure to substantiate the cause may result in the contract being deemed an indefinite-term employment relationship.

Part-time work contracts

The key characteristic is that the work schedule must average less than four (4) hours per day during the week. These contracts must be registered with the Administrative Labor Authority.

Due to the reduced working hours, workers under this modality are not entitled to the following labor benefits:

Compensation for Time of Service (CTS).

Lack of job stability, allowing the employer to unilaterally end the contract without just cause (at will contracts).

Thirty of paid vacation, although they are entitled to six business days of vacation for each year of service.



Fixed-term Employment Modalities

Peruvian law regulates three categories which include three modalities each, for a total of nine fixed term contract modalities, each applicable to different situations and subject to specific terms:

Temporary	Accidental	By Work Service
Start or increase of activities	Emergency	Seasonal
Business reconversion	Substitution	Intermittent
Market needs.	Occasional	Work or service

Remote Work

Remote work regulation in Peru requires a written agreement signed by the employee. The agreement must include the obligations of the employer, rights and obligations of the remote worker, protective measure against sexual harassment, health and safety measures, digital security measures, adjustments applicable to individuals with disabilities, among others.

Employment intermediation and outsourcing contracts

Outsourcing Services

Outsourcing is regulated under specific provisions that establish a contractual relationship between companies without creating a labor relationship between the principal company and the service provider’s personnel.

Key Aspects

General rule:

According to current regulations, outsourcing of services includes, among others, arrangements, management contracts as per the General Corporations Law, construction contracts, external outsourcing processes, and contracts where a third party is responsible for an integral part of the production process.

On the other hand, the regulations specify that outsourcing is considered invalid, among other cases, when the operation’s primary purpose is the mere provision of personnel.

Requirements for Outsourcing with Personnel Displacement:

<p>The outsourcing company must assume the risks and expenses of the service.</p>	<p>Possess financial, technical, and material resources, capital to support operations, and multiple clients (exceptions apply).</p>	<p>Be responsible for the results of activities.</p>	<p>Maintain exclusive subordination of workers to the outsourcing company, ensuring direction, supervision, and sanctions are solely within their control.</p>
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Job intermediation

Job intermediation allows the secondment of personnel and is limited to temporary, complementary, and/or specialized activities within the user company. The main requirements are as follows:

Activities	Definition
Temporary	Covers occasional or replacement services. Personnel provided by service companies may not exceed 20% of the user company’s total workforce.
Complementary (Permanent)	Involves auxiliary activities unrelated to the main operations, such as security, cleaning, or maintenance. Their absence does not disrupt business continuity.
Specialized (Permanent)	Refers to secondary activities requiring specific technical or highly specialized knowledge, such as sanitation or advanced equipment repairs.

Main Labor Regulation

Working time

The maximum standard working day is eight (8) hours per day or forty-eight (48) hours per week. Variations are permitted if weekly limits are adhered to.

Overtime hours:

First two hours:
Surcharge of at least 25% of the hourly rate.

Beyond the second hour:
Surcharge of at least 35%, or as per contractual agreements.

Night Shift

Covers work performed between 10:00 p.m. and 6:00 a.m.
 Workers on night shifts cannot receive a salary lower than the minimum wage plus a 35% surcharge.

Working Condition

Allowances granted for mobility, travel, representation, or work-specific clothing are not considered as remuneration. Housing can be considered as a work condition only when granted in remote locations where the employee cannot access by its own means.

Labor Benefits

The labor benefits established by law that workers receive are the following:

Concept	Detail	Amount
Remuneration	Payment for effective working hours. The basis for calculating social benefits.	Cannot be less than the Minimum Wage (PEN 1,130 approximately USD 299).
Household Allowance	Granted to workers with children under 18 years or older children pursuing higher education.	Equivalent to 10% of the minimum wage (PEN 113 or approximately USD 30).
Legal Bonuses	Paid in July and December (National Holidays and Christmas).	Equivalent to one month's ordinary remuneration. Basic salary plus other remuneration items that are regularly paid to the worker (e.g., family allowance, housing allowance, etc.)
Compensation for Time of Services (CTS)	Protection fund deposited biannually (May and November) in the worker's chosen bank.	Equivalent to one month's remuneration per year, plus one-sixth of the amount for bonuses.
Life Insurance	Mandatory from the start of the employment relationship. Covers worker's family (spouse/partner/children).	Based on insurable remunerations detailed in payroll.
Vacation	30 calendar days of paid leave for each year of service, provided the service record is fulfilled.	Equivalent to one month's ordinary remuneration.

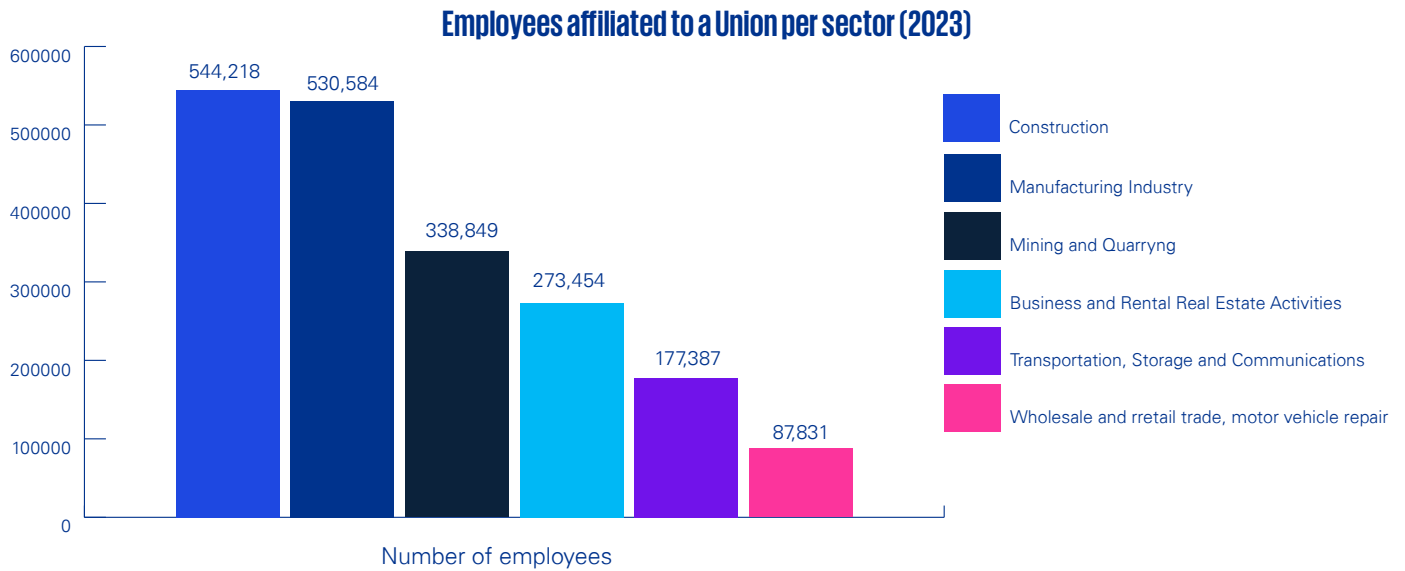


Concept	Detail	Amount
Participation in Company Profits	<p>The company that has more than 20 workers (on average 20.5 per year) and that generates profits (net income before taxes, not accounting profit), is liable to distribute to its workers a share in the profits according to the percentage that corresponds according to the activity carried out:</p> <ul style="list-style-type: none"> • Fishing Companies : 10% • Telecommunications companies 10%. • Industrial business: 10% • Mining Companies: 8% • Wholesale and retail trade companies and restaurants: 8% • Agricultural companies (during 2024 to 2026): 7.5% • Companies that carry out other activities (such as Oil & Gas and Power & Utilities): 5% 	<p>For example, if a mining company has generated net profit before taxes of PEN 1000 and meets the requirements required by law for profit sharing, it must carry out the following exercise:</p> <p>Net profit before taxes PEN , 1,000 Percentage to distribute: 8% So: $PEN\ 1000 \times 8\% = PEN\ 80$ (total to distribute). Thus, the company will distribute PEN 80 among all its workers according to the following detail:</p> <p>50% of the amount calculated based on the days worked during the year.</p> <p>50% of the remaining sum based on the remuneration received at the time of payment.</p>
Social Health Insurance (ESSALUD)	The employer is required to contribute to the EsSalud Insurance for each employee.	Equivalent to 9% of the employee's monthly ordinary remuneration, covering family allowances and other remunerative components, excluding the CTS. Since March 2015, legal bonuses are exempt from this contribution, and employers must instead pay a 9% extraordinary bonus directly to employees as per Law 29351.
Complementary Insurance for Hazardous Work (SCTR)	Employers must provide additional insurance coverage for workers engaged in high-risk activities beyond the standard EsSalud coverage.	Varies from 0.63% to 1.84% of the worker's monthly ordinary remuneration, depending on the activity's risk level. It covers family allowances and legal bonuses but excludes the CTS.
Compensation for Arbitrary Dismissal	If an employee is dismissed without just cause, the employer must pay compensation.	Amount: <ul style="list-style-type: none"> • Indefinite-term contracts: 1.5 times the worker's monthly salary for each year of service, capped at 12 salaries. • Fixed-term contracts: 1.5 times the worker's monthly salary for each remaining month of the contract, with a maximum of 12 salaries.

* Based on labor court rulings, under certain circumstances, the employee has the possibility to opt for a reinstatement in the position instead of the severance indemnity. Also note that, current labor court interpretation of law considers that employees qualified as direction and trust personnel are not entitled to a severance indemnity; however, there are certain cases in which a different interpretation has been applied by the court.

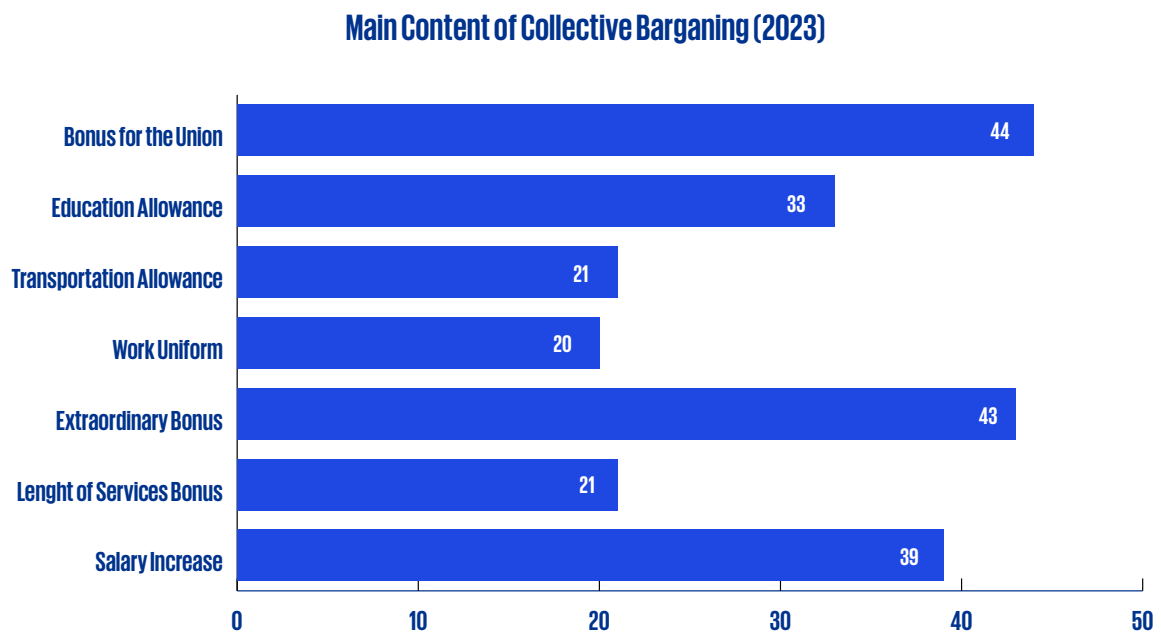
Collective bargaining

The number of employees affiliated to unions has been growing at a rate of approximately 3% annually. Following please find a chart of the top 5 activities based on the number of unionized employees in 2023:



Source: The Ministry of Labor and Promotion of Employment of Peru
 Elaborated by KPMG.
 *Up to December 2023

Likewise, the main topics discussed and agreed upon on the collective bargaining in 2023 are the following:



Source: The Ministry of Labor and Promotion of Employment of Peru
 Elaborated by KPMG.
 *Up to December 2023

Immigration Regime - Types of migratory qualities

In Peru, immigration permits are granted by the National Migration Superintendence (Migraciones) and are categorized into Temporary and Resident statuses.

Temporary Migration Status

Allows foreigners to stay in Peru without the intention of establishing permanent residence, typically for up to 183 days within a 365-day period. Extensions may apply depending on the specific migratory quality.

Type	Description	Duration
Business	Allows non-resident foreigners to engage in business, legal, contractual, or technical activities.	Non-extendable
Temporary Worker/Designee	For foreign workers performing specialized tasks without residency intention. Allows multiple entries.	Extendable
Tourist	For foreign workers performing specialized tasks without residency intention. Allows multiple entries.	Non-extendable

Resident Migration Status

Authorizes entry and residency in Peru with multiple entries and renewals allowed.

Type	Description	Duration
Designated	For foreign professionals sent by their employer to perform specialized tasks.	365 days, extendable
Worker	For subordinated or independent lucrative activities through approved employment contracts.	365 days, extendable
Investor	To establish or manage legal investments under Peruvian legislation.	365 days, extendable
Relative of resident	For family members of Peruvian citizens or legal residents.	365 days, extendable
Permanent	Granted after 3 years of continuous legal residency.	Indefinite
International Agreement	For nationals from countries with treaties allowing residency in Peru.	Varies by treaty
Special Resident	For foreigners regularizing their immigration status.	365 days, extendable

Work Permit

Foreign nationals assigned to work in Peru must obtain a work permit. Employers may hire foreign workers up to 20% of their workforce, with salaries not exceeding 30% of total payroll costs.

However, exceptions apply to specialized personnel, senior executives, or companies with public-private agreements.

Currently, employment contracts with foreign workers are automatically approved upon submission, with subsequent review by the administrative authority.

Taxation of Individuals

Domicile Status

Under Peruvian tax law, an individual is considered domiciled if they remain in Peru for more than 183 calendar days within any 12-month period. This change in tax residency status becomes effective on January 1st of the following year and directly impacts the individual's obligation to pay Income Tax on their worldwide income.

Rates

Capital Income

The 6.25% tax rate applies to income from the 1st category (leasing, subleasing, and assignment of assets and the 2nd category (i.e., interest, royalties, and capital gains from). (Disposal of assets and/or rights deducting their computable cost duly accredited).

In the case of dividends and other forms of profit distribution are taxed at 5%.

Work Income

Income derived from self-employment (4th category) and employment (5th category) by domiciled individuals, as well as foreign-source income, is subject to progressive Income Tax rates:

Net Work Income and Foreign Source Income	Rate
Up to 5 Tax Units (up to USD 7,040, approximately)	8%
More than 5 and up to 20 Tax Units (from USD 7,040 to USD 28,157, approximately)	14%
More than 20 and up to 35 Tax Units (from USD 28,157 to USD 49,276, approximately)	17%
More than 35 and up to 45 Tax Units (from USD 49,276 to USD 63,355, approximately)	20%
More than 45 Tax Units (more than USD 63,355, approximately)	30%

Non-resident individuals are subject to a flat 30% Income Tax rate on income from both independent and dependent work. Employers are required to withhold and remit this tax to the Tax Administration (SUNAT).

Deductions

Domiciled natural persons may make the following deductions:

Concept to deduct	Amount of deduct
Of the total gross income of the 1st and 2nd category.	20%
Of the total gross income of the 4th category with a limit of 24 Tax Units. It does not apply in the case of income received by the functions of company director, trustee, agent, business manager and other similar.	20%
Of the total fourth category income	7 Tax Units per year
Rental expenses for real estate located in the country, services of doctors, dentists and independent professional services and contributions to the Social Security of Health (Essalud) made by domestic workers, among others.	Up to 3 Tax Units per year

Non-taxable Items

The indemnities provided by current labor provisions, as well as life annuities and pensions originating from personal work, are unaffected from Income Tax.

Captain gain

Income that comes from the sale of capital goods are those that are not intended to be marketed within the scope of a business or company.

To determine the income obtained from the capital gain, the computable cost corresponding to the alienated asset must be deducted.

Disposal or redemption of Transfer of Securities:

Non residents

- 5% tax on capital gains from shares sold through the Peruvian Stock Exchange via centralized trading mechanisms.
- 30% tax if the transaction occurs outside of Peru.

Residents

- 6.25% tax on net capital gains (gross income minus 20% deduction).
- Capital losses from securities sales can only offset capital gains from similar transactions.

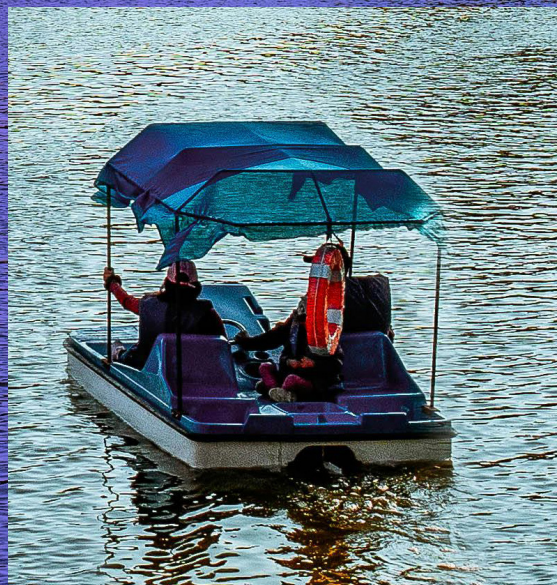
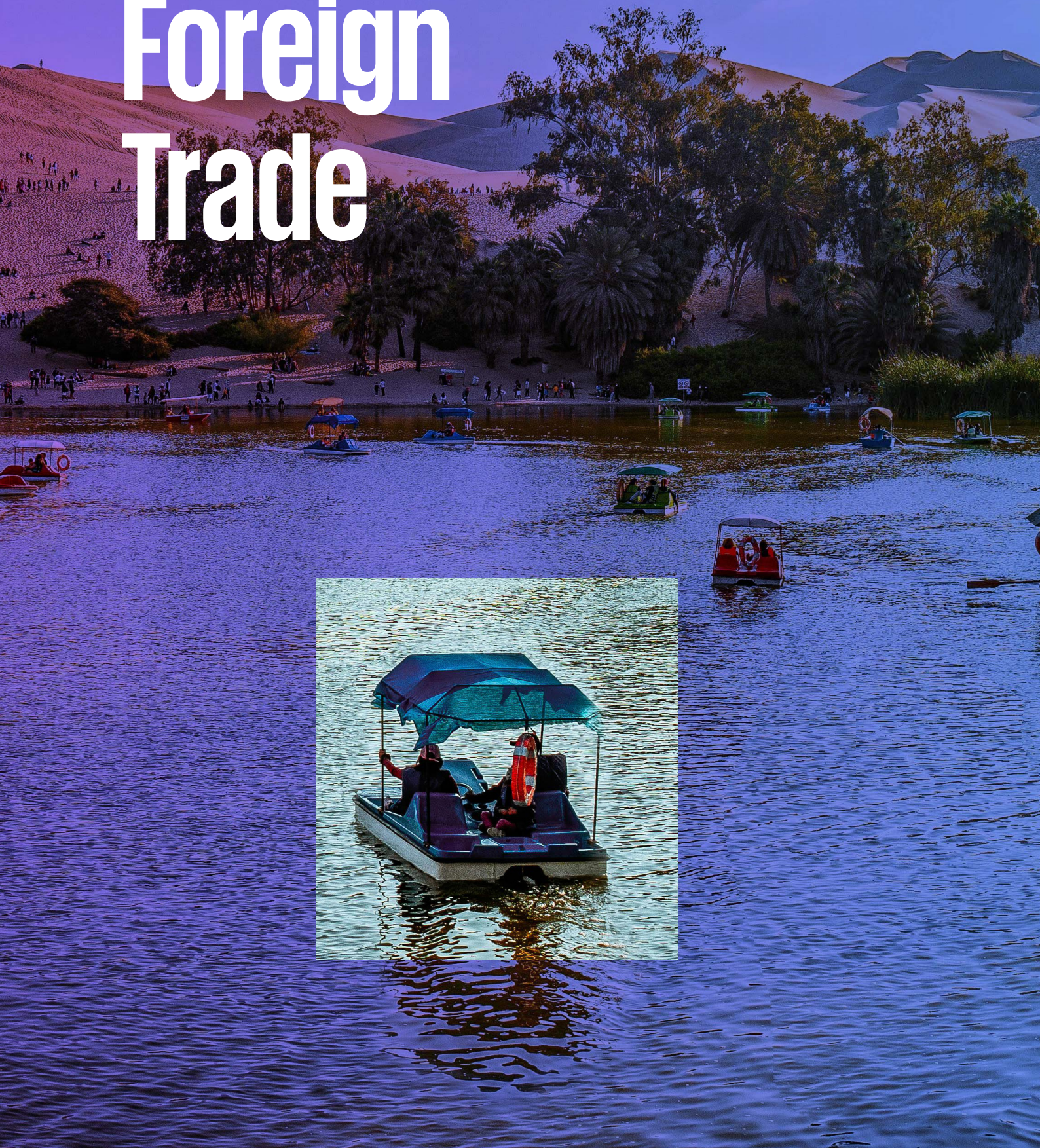
Real Estate Transactions

- Non-residents: Net capital gains taxed at 5%.
- Residents: Net capital gains taxed at 6.5%, with a 20% deduction on gross income.



06

Foreign Trade



Import

The Customs Tariff of Peru is based on the Common Tariff Nomenclature of the Member Countries of the Andean Community - NANDINA, structured according to the Harmonized System of Designation and Coding of Merchandise (HS Code).

In order to determine the tax base for customs duties and taxes levied on imports into Peruvian territory, the Customs Valuation Agreement of the World Trade Organization (WTO) is applicable. This Agreement provides for six valuation methods to be applicable successively (Transaction value, Value of identical goods, Value of similar goods, Deductive method, Calculated method and Method of last resort).

In the Oil and Gas sector, the Hydrocarbon Organic Law establishes that import of goods and inputs required in the exploration phase of each Contract, for exploration activities, is exempt from all taxes, including those that require express mention, for the period that the phase lasts. By means of a Supreme Decree will be established the list of goods subject to the benefit.

The goods imported by the Contractor exempted from all taxes may be used in activities other than those of exploration of the Contract or be sold to third parties. In such cases, the Contractor shall be obliged to pay the taxes to the importation, except in the following cases:

a) If the goods are sold or delivered for use by the acquirer or user in exploration activities, during the exploration phase, of another Contract subject to such exemption.



b) If the goods are re-exported, with authorization from PERUPETRO.



c) If the goods are used in exploration activities, during the exploration phase, of another Contract subject to such exemption, of the same Contractor.



d) If the goods are sold or delivered for use to another company authorized to import such goods free of any tax.



On the other hand, in the Geothermal subsector, the Geothermal Resources Organic Law stated that import of goods and inputs required by the holder of an authorization for geothermal resources for exploration activities is exempt from all taxes, including those that require express mention, for the period of the authorization. By means of a Supreme Decree will be established the list of goods subject to the benefit.

The holders of geothermal rights may not export the goods entered under the exemption regime, nor use them for other purposes; except as provided for in the General Customs Law and its regulatory rules.

Temporary Import Regime

In the case of temporary import regimes, we have the following: (1) temporary admission for re-importation in the same state, and (2) temporary admission for inward re-exportation.

The temporary admission for re-importation in the same state regime allows goods exported definitively to re-enter Peru without paying import duties, taxes, or surcharges, as long as they have not been altered, repaired, or processed abroad. It applies to goods returned due to defects, errors, or other commercial reasons. The maximum period for re-importation under this regime is 12 months from the export date.

The temporary admission for re-importation in the same state regime allows goods exported definitively to re-enter Peru without paying import duties, taxes, or surcharges, as long as they have not been altered, repaired, or processed abroad. It applies to goods returned due to defects, errors, or other commercial reasons. The maximum period for re-importation under this regime is 12 months from the export date.

The temporary admission for inward re-exportation regime allows certain goods (approved through a Ministerial Resolution) to enter Peru with the suspension of import duties, taxes, and surcharges, provided they are identifiable and intended for re-exportation within a set period, without modifications except for normal depreciation. The maximum term for this regime is 18 months, with extensions if the guarantee is renewed. An additional 6 months can be requested for export product packaging.

It should be noted that, in the oil and gas sector, Contractors may temporarily import goods intended for their activities for a period of four (4) years, with suspension of import duties, including those requiring express mentions.

Restricted or prohibited products

Restricted goods are those that require a special authorization, license, permit, etc.; from the relevant authority, depending on the type of imported good.

On the other hand, goods considered prohibited (used clothing, used footwear, archaeological remains and objects, among others) are prevented from entering as well as leaving the national territory.

Customs warehouse

The Customs Warehouse regime allows imported goods to be stored without immediate payment of duties or taxes, offering flexibility to international trade operations. In Peru, this system is regulated under the General Customs Law, facilitating inventory management and cost optimization for businesses.

Key features of this regime include the suspension of taxes during the storage period, which is generally up to 12 months, extendable under specific conditions. Goods remain under customs supervision and can undergo minor operations such as labeling or packaging, provided their nature remains unchanged. This regime benefits companies by deferring tax payments until goods are sold or distributed, reducing financial strain and enabling strategic stock management.

Customs Warehouses are particularly valuable for businesses operating near ports or logistical hubs, as they serve as vital nodes for consolidating or redistributing goods in international markets.

Main Ports in Peru

Peru's extensive coastline is home to several key ports that play a crucial role in facilitating international trade, particularly the export of minerals, agricultural products, and fishery goods.

Port of Callao



Located in Lima, it is Peru's largest and most significant port, handling over 80% of the country's maritime trade. Managed by APM Terminals and DP World, it specializes in containerized cargo, bulk solids, and liquids. The port is a critical gateway for trade with Asia and North America, primarily exporting minerals and agricultural products.

Port of Paita



Situated in Piura, this northern port is vital for refrigerated containers, supporting exports of agricultural products like mangoes and grapes. It is operated by Terminales Portuarios Euroandinos and serves as a key connection to North America and Asia.

Port of Matarani



Located in Arequipa, it is the main hub for southern Peru, supporting mining and agricultural exports. Its strategic position enhances trade opportunities with Pacific markets.

Port of Ilo



This Moquegua-based port is increasingly relevant for mining exports and Bolivian trade. Although its infrastructure is developing, its potential as an alternative trade route is significant.

Port of Chancay



Located in Lima – Peru, with modern infrastructure, this port aims to boost Peru's trade, enhance export and import capacity, and strengthen connections with Asian markets, while contributing to regional economic development and job creation.

These ports are pivotal to Peru's trade infrastructure, ensuring connectivity with global markets and reinforcing the country's position in international commerce.

Export

The export of goods, services and construction contracts executed abroad are not taxed with the VAT. Exports are considered: sales to establishments located in Duty Free and sales made in them, swap operations carried out by mining producers, as well as the provision of lodging services to non-residents.

In the case of services, in order to consider that an export has been made, the provider must previously be registered in the Registry of Service Exporters in charge of SUNAT.

In addition, the Drawback refund regime allows exporting companies of manufacturing, textiles, agriculture and other productive activities, the total or partial recovery of customs duties that affected the importation of raw materials and spare parts, provided that their CIF value does not exceed 50% of the FOB value of exports.

Balance in Favor of the Exporter

The Balance in favor of the Benefit Exporter (SFMB for its acronym in Spanish) is a mechanism to compensate and/or return to the exporter the VAT tax credit, generated by its export operations, being constituted by the amount of VAT (VAT and IPM) that occurred been consigned in the payment vouchers corresponding to the acquisition of goods, services, construction contracts and import policies.



Free Trade Zones

Free Trade Agreements (FTAs) are essential tools in boosting international trade by reducing tariffs, simplifying customs procedures, and fostering economic cooperation between signatory countries. As highlighted in Chapter 1, these agreements help open new markets for exports and create opportunities for smoother cross-border trade.

Therefore, the goods that enter these zones are exempt from taxes such as Income Tax, VAT, among others. To date, the Ilo, Paita and Matarani Zones are in operation, as well as the Tacna zone.

Likewise, the e-commerce of goods that is carried out in the Tacna Commercial Zone to the rest of the country, is not subject to VAT or other taxes (with the exception of Income Tax).

Through Bill of Law No. 9105/2024, it is proposed Special Economic Zone of Chancay (ZEE Chancay) aims to establish a designated area to boost industrial, commercial, and service activities in the region. A key component of this proposal is the provision of significant tax and customs incentives to attract investment and stimulate economic growth. Regarding tax exemptions, the Bill of Law establishes the following:

Income Tax: Businesses operating within ZEE Chancay would be exempt from Income Tax for the first ten years. Starting from the eleventh year, a progressive tax rate would apply, beginning at 5% and increasing over time.

VAT and Excise Tax: The proposal includes exemptions from VAT and ISC for goods and services related to activities within the zone. This measure is intended to reduce operational costs and enhance the competitiveness of businesses established in ZEE Chancay.

These incentives are designed to position Chancay as a strategic hub for economic development, leveraging its port infrastructure to attract both national and international investors. The goal is to create a favorable environment for business growth, job creation, and regional development.

However, the proposal has sparked debate among policymakers and experts. Concerns have been raised regarding the potential impact on tax revenues and the effectiveness of such broad exemptions in achieving sustainable economic growth. Discussions continue as stakeholders weigh the benefits of attracting investment against the need for fiscal responsibility.

In summary, the creation of ZEE Chancay with its proposed tax exemptions represents a significant policy initiative aimed at stimulating economic activity in the region. The ongoing debate highlights the complexities involved in balancing economic incentives with fiscal sustainability.

Authorized Economic Operator (AEO)

The Authorized Economic Operator (AEO) concept has become a crucial component in international trade, especially in the context of Free Trade Agreements (FTAs). The AEO program allows businesses that meet high security and customs compliance standards to be certified, granting them advantages such as reduced guarantees, expedited customs procedures, and preferential treatment in import and export processes. This system is designed to ensure security and traceability in the supply chain while facilitating global trade.

In Peru, the General Customs Law defines the AEO as an international trade operator or intervening operator certified by the Tax Administration (SUNAT) to benefit from customs control and simplification measures, which may include:

Submitting a single customs declaration for goods to cover shipments made within the timeframe determined by the Customs Administration.

Submitting an initial declaration with minimum information for the release of goods and a subsequent complementary declaration within the form and timeframe established by the Customs Administration. It should be noted that the initial declaration establishes the customs destination and the determination of the customs tax obligation, while the complementary declaration provides the details required by the Customs Administration for the application of the customs regime.

Providing reduced guarantees or being exempt from providing them.

Conducting customs clearances directly without requiring the services of a customs broker.

In general, to obtain certification, the company must demonstrate compliance with the following conditions:

Comply with current regulations, considering its tax compliance profile.

Maintain accurate accounting and logistics records.

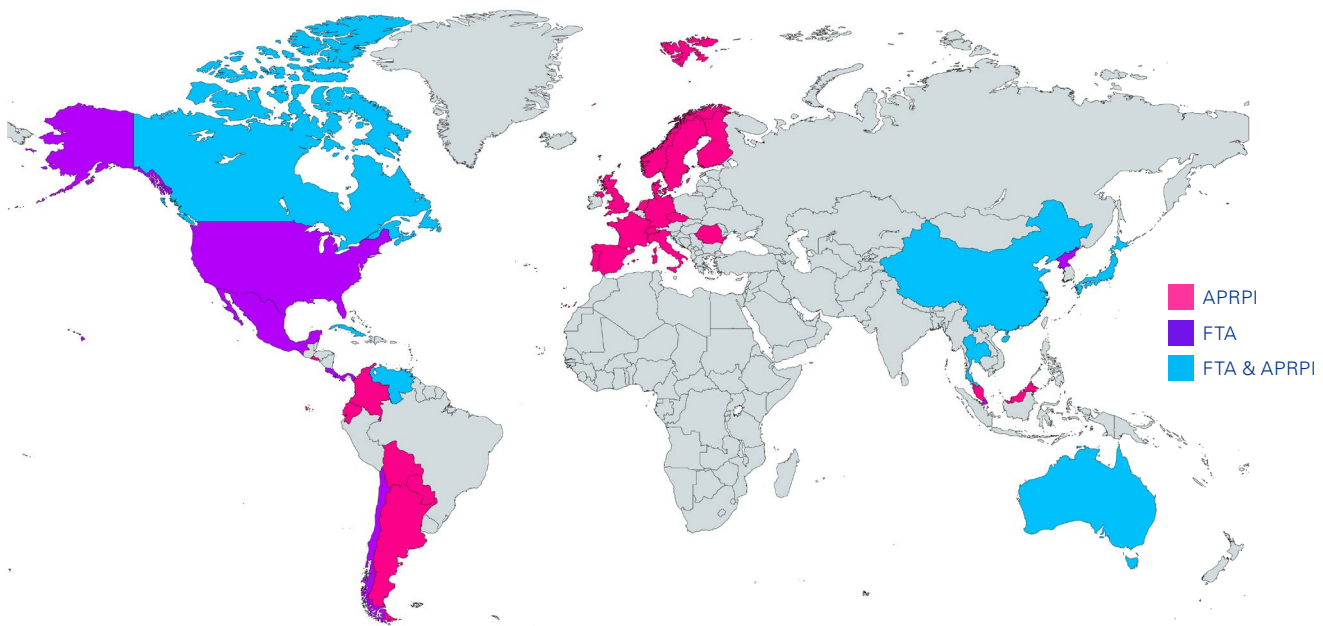
Have proven financial solvency.

Ensure an adequate level of security.

Currently, the procedure for AEO certification is regulated by Superintendence Resolution No. 000061-2022/SUNAT (DESPA-PG.29).

Annex A

International Investment Agreements signed by Peru



Peru has subscribed Agreements for the Promotion and Reciprocal Protection of Investments (APRPI) with Argentina, the Belgium-Luxembourg Economic Union, Bolivia, Colombia, Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Germany, Italy, Malaysia, Netherlands, Norway, Paraguay, Portugal, Romania, Spain, Sweden, Switzerland and the United Kingdom. Peru has subscribed Free Trade Agreements (FTA) with Chile, Costa Rica, Mexico, Panama, Republic of Korea, Singapore and the United States. Finally, Peru has subscribed both of these International Investment Agreements with Australia, Canada, China, Cuba, Japan, Thailand and Venezuela.

On the other hand, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is currently in force, involving Peru, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Singapore, and Vietnam.

Glossary

Terms	Description
AEO	The Authorized Economic Operator certifies companies that meet high security and customs compliance standards.
AIDER	Association for Research and Integral Development
ALADI	The Latin American Integration Association is an organization aimed at promoting economic integration and cooperation.
CAN	The Andean Community is the regional trade block formed by Bolivia, Colombia, Ecuador and Peru.
CFC	Controlled Foreign Corporation
CIMA	Center for Marine and Atmospheric Research
BCRP	Central Reserve Bank of Peru
BPD	Barrels per day
BVL	Lima Stock Exchange
Canon	The share that regional and local governments receive from the revenues generated by the exploitation of natural resources.
Carbon bond	Financial instrument designed to offset or reduce carbon emissions
Carbon footprint	The total amount of GHG emitted into the atmosphere as a result of human activities, usually measured in equivalent tons of CO ₂ .
CIT	Corporate Income Tax
CO ₂	Carbon dioxide
COES	Entity in charge of overseeing the economic operation of electricity system in Peru
CONCYTEC	National Council of Science Technology, and Technological Innovation
CTS	Compensation for Time of Service

Terms	Description
DIA	Environmental impact Declaration (its acronym in Spanish)
DTT	Double Tax treaty
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EIA	Environmental Impact Assessments
EIA-d	Detailed Environmental Impact Assessment
EIA-sd	Semi Detailed Environmental Impact Assessments
EIS	Environmental Impact Statement
EITI	Extractive Industries Transparency Initiative
ESG	Environmental, Social and Governance
EsSalud	Social Security of Health
FISE	The Energetic Social Inclusion Fund
FOSE	Electricity Social Compensation Fund
FEI	Energy and Inclusion Fund
FTAs	Free Trade Agreements
GDP	Gross Domestic Product
GHG	Greenhouse gas
GWh	Gigawatt-hour
HGD	Hydrocarbons General Directorate
HS Code	Harmonized System of Designation and Coding of Merchandise, used to classify products in international trade
Hydrocarbon Organic Law - LOH	Law that regulates the import of goods and inputs necessary for hydrocarbon exploration.
INDECOPI	Entity responsible for protecting and promoting competition, intellectual property rights, and consumer protection in Peru
IGAC	Corrective Environmental Management Instrument

Glossary

Terms	Description
IFRs	International Financial Reporting Standards
IPM	Municipal Promotion Tax
ISAs	International Auditing Standards
ISC	Selective Consumption Tax
Kilometer (Km)	Unit of length in the metric system, equal to 1,000 meters
KWh/month	Kilowatt-hours per month
LGS	General Companies Act – Law No. 26887
LNG	Liquefied Natural Gas
M&A	Mergers and acquisitions
MEF	The Ministry of Economy and Finance is the government body responsible for managing of the national budget
MINEM	The Ministry of Energy and Mines is the government body responsible for supervising policies in the energy and mining sectors.
MINAM	The Ministry of the Environment is the government body responsible for formulating policies related to the environment.
MMSCFD	Million standard cubic feet per day
MW	Megawatt
NAGADS	Generally Accepted Auditing Standards
NANDINA	Common Nomenclature of the Member Countries of the Andean Community, used for the classification of goods.
NDCs	Nationally Determined Contributions
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development

Terms	Description
FEPEH	Government fund set up to manage and stabilize the revenues from oil and gas resources.
OEFA	Environmental Evaluation and Oversight Agency.
OSH	Occupational Safety and Health
O SINERGMIN	The entity responsible for regulating and supervising activities in the energy and mining sectors.
PEN	Peru's official currency
PERUPETRO S.A.	A state-owned company responsible for negotiating the exploration and exploitation of hydrocarbons in Peru.
PPAs	Power purchase agreements
PPC	Citizen Participation Plan
PRICO	Major Taxpayers designated by the SUNAT.
PROINVERSION	Entity that promotes private investment in public infrastructure and services in Peru through public-private partnerships.
R+D+I	Research, Development and Innovation.
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RUC	Taxpayer's Registry
SBS	Superintendency of Banking, Insurance and Pension Fund Administrators
SENATI	National Service for Industrial Training
SFMB	Balance in favor of the exporter is the mechanism to compensate and/or return the VAT tax credit generated by export operations.
SIRE	Integrated System of Electronic Records
SMV	Securities Market Superintendency
SSCO	The Non-Operational Capacity Subject

Glossary

Terms	Description
SERNARP	The National Service of Natural Protected Areas is responsible for the management of Peru's protected natural areas.
Sobre canon	An additional percentage to the canon distributed to hydrocarbon-producing regions.
SUNAT	The entity responsible for tax and customs administration in Peru.
Supreme Decree	Executive order issued by the Executive Power - the President of the Republic.
Tax Unit	Fixed monetary amount (PEN5,350.00, approximately USD 1,440).
Temporary Admission Regime	Allows the temporary import of goods without paying import duties, as long as they are not altered, repaired, or processed abroad.
TIM	Late payment interest rate
UBO	Ultimate Beneficial Owner
UNGC	The United Nations Global Compact is a voluntary initiative for businesses and organizations to adopt sustainable policies.
VAT	Value Added Tax
WTO Valuation Agreement	Agreement of the World Trade Organization that establishes methods to determine the value of imported goods.
ZEE Chancay	Chancay Special Economic Zone

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Who are we?

KPMG in the world

We are a global network of professional services firms offering audit, tax, financial and business advisory services in more than 142 countries and with more than 275,000 professionals working in member firms around the world.

The firms in the KPMG network around the world share the same set of values, processes, methodologies, policies and control mechanisms that enable us to offer a consistent level of professionalism, integrity and technical competence in all the countries in which we are present.

KPMG One Americas

We operate as a single firm from the United States to Chile, in an integrated, consistent and strategic manner for the benefit of our clients, which gives us the governance to mobilize resources, specialized experience, good practices and efficient coordination.



One Americas Team:

17
countries

57,000
people

KPMG in Peru

Operating in Peru for more than 50 years, we are a multidisciplinary team of more than 600 professionals trained to provide our clients with quality service with international standards and policies.

In Peru **22%** of the companies that issue SMV securities are audited by us.
Source: Superintendencia del Mercado de Valores, 2023.

Extraordinary people

17 of our leaders were recognized in the **Leaders League Peru 2025 ranking**.

Innovation

We are the first Big 4 to obtain authorization as a **Centro de Innovación Tecnológica (CIT)** by CONCYTEC.

Diversity and Inclusion

49% of our leadership positions are held by women.

International Experiences

+20 leaders participated in global training at KPMG offices around the world.

Our Values

We have values by which we live. They guide our daily decisions and actions, define what we stand for, and create a sense of shared identity at the Global level.

Integrity We do the right thing.

Excellence We never stop learning and improving.

Courage We think and act boldly.

Together We respect each other and turn our differences into strengths.

For Better We do what really matters.

Our Services

AUDIT

- Audit of Financial Statements.
- International Financial Reporting Standards-IFRS and its tax implications in Peru.
- Execution of Agreed Financial Reporting Procedures.
- Accounting Consulting.



ADVISORY

- Consulting Services.
- Deal Advisory & Strategy.
- Risk Advisory Solutions.
- Powered Enterprise SAP.



TAX & LEGAL

- Tax Advisory.
- Tax Compliance.
- Transfer Pricing.
- Labor & Immigration.
- Legal Services.
- Global Mobility Services.
- Tax Innovation and Technology.



ESG

- Strategy and Transformation.
- Governance and Compliance.
- Measurement, Assurance & Reporting.
- Decarbonization.





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