

**REGULATION TO ESTABLISH A BRANCH IN PERU**

The General Law of companies regulated the incorporation of several types of companies, with different features depending on issues of the type of the business to develop.

The most common companies to establish in Perú are: The Joint Stock Company (a limited liability company which requires a minimum of two shareholders and their shares are represented by certificates or book entries and could be listed on Lima Stock Exchange); Closely Held Corporation (resemble limited liability companies and must have a minimum of two and a maximum of 20 shareholders, but the shares can't be listed on the Lima Stock Exchange); Publicity Held Corporation (need more than 750 of shareholders or when more than 35% of the capital stock belongs to 175 or more shareholders or has the possibility to convert debts into shares, but in all the cases the shares of stock must be listed on the Lima Stock Exchange); Limited Liability Company (establish with a minimum of two and maximum of 20 partners, and the capital is divided into ownership interests, which are accumulative and indivisible).

For foreign investors there is another option to consider among to incorporate a subsidiary and consist in the possibility to establish a branch.

The establishment of a branch by a company not domiciled in the country requires a parent company resolution to approve to incorporate a Branch in Perú. According with our Corporate Law the branches share the same legal personality with their parent company.

The agreement to establish the branch in Perú, which must be adopted by the competent corporate body of the parent company. This agreement must establish: The amount of capital allocated to the branch for the rotation of its activities in the country; the statement that the turn of its activities are included within the corporate purpose of the non-domiciled company, which must be described expressly and in detail; the place of domicile that the branch will have; the appointment of at least one permanent legal representative in the country; the powers conferred on the legal representative; and finally the statement made by the non-domiciled company to submit to the laws of Perú to respond for the obligations contracted by the branch that will establish in the country.

Is required for setting up a branch that the indicated public deed must contain the following documents:

- a) Certificate of good standing from the parent company

b) Copy of the articles of incorporation and of the statute or of the equivalent instruments of the country of origin of the parent company.

These documents must be certified by a Peruvian consulate and authenticated by the Ministry of Foreign Affairs in Perú, or otherwise be apostilled in accordance with the Hague Convention in the country of origin, before it becomes a notarised instrument and is registered in the Public Registries.

A Branch in Perú is only subject to corporate tax on revenue obtained from a peruvian source, or generated by business activities in Peruvian territory. The tax rate is 29.5% and the tax on dividends is 5% is due when the profits are deemed to be distributed, after the application of income tax solely with the anual income tax return, which is filed each year to the National Superintendency of Tax Administration.

In accordance with the General Corporate Law, branches of foreing companies may be rechaacterised into a legally incorporated company in Perú under any of the Corporate entity types stipulated by said law.

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