

DOING BUSINESS



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MARYLAND
VIRGINIA
PERU





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INTRODUCTION

Many people don't know that starting a business in Washington D.C. and the surrounding metropolitan area (Maryland and Virginia) is relatively simple and easily achievable. This guide provides information to entrepreneurs on the requirements and steps necessary to open their own businesses. It includes information on regulations, taxes, types of businesses, financing means, agencies that provide assistance, and other topics related to establishing a business.

The purpose of this guide is to support and encourage the Hispanic community in starting their own businesses, in order for them to become prosperous citizens of the United States of America.

Furthermore, this guide is also meant to assist both Peruvians and foreigners who wish to begin a business in Peru. In the second part of this guide you will find tools and directions to begin a small or medium size business in Peru.

This guide is available electronically at the following link: www.guianegocios.tk. The electronic version will be permanently updated with the new initiatives implemented by the Peruvian Government or the Governments of Virginia, Maryland and the District of Columbia.



PART 1

DOING BUSINESS IN THE DMV



ADVANTAGES AND BENEFITS

OF HAVING AN SME IN WASHINGTON D.C., MARYLAND OR VIRGINIA

The DMV area (Washington D.C., Maryland and Virginia) has the ideal work environment and business climate for new businesses to be successful in both the medium and long term.

This region of the United States has a large amount of commercial movement due to the high diversity of the population, a high technological competitiveness, and an education level considered to be one of the best in the world. These factors, added to the excellent infrastructure and support offered by the federal government, make the DMV area an ideal place for entrepreneurs.

Starting your business in the DMV area will not only give you great economic benefits, but also a competitive advantage that will foster rapid business growth both locally and internationally.



The following table lays out the benefits of founding and owning a business in the DC metro area.

BENEFITS

Washington, D.C.

- Enterprising environment
- Among highest education levels in the country.
- Multicultural city.

Maryland

- Number one state in high quality public education in health, science and technology.
- Topographic diversity makes Maryland a perfect state for sustainable development.
- The state with the best salaries for its workforce.

Virginia

- Leaders are committed to teamwork and to the creation of a comfortable and friendly work environment.
- The state with the smallest number of unions.
- The state with the second most railroad tracks in the country.

ADVANTAGES

- Headquarters of the federal government.
- Extremely stable economy.
- Tendency for growth.
- The local government offers support and resources to small and medium businesses.
- State purchases from SMEs are encouraged.

- Local government provides support and resources to small and medium businesses.
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- Lowest unemployment rate in the country.
- Biggest concentration of work related to technology.
- State with the highest efficiency rate.
- The local government provides support and resources to small and medium businesses..
- State purchases from SMEs are encouraged.



HOW TO START A BUSINESS

10 STEPS TO START A BUSINESS

Starting a business requires planning, making financial decisions, and completing a legal process. These 10 simple steps can help you plan and start your business.

STEP 1 **WRITE A BUSINESS PLAN**

Create a business plan considering the strengths, opportunities, weaknesses and possible threats to your new business.

STEP 2 **OBTAIN HELP AND TRAINING FOR YOUR BUSINESS**

Take advantage of free training and counseling services, from preparing your business plan and securing funding to growing or moving your business.

STEP 3 **CHOOSE A LOCATION FOR YOUR BUSINESS**

Research and seek assistance to select a location that reaches target clients and complies with local laws.

STEP 4 **FINANCING YOUR BUSINESS**

To start your business, search for loans available from the government or go to banks and institutions that support small and medium businesses.

STEP 5 **DEFINE THE LEGAL STRUCTURE OF YOUR BUSINESS**

Decide what type of ownership best suits your needs: sole proprietorship, partnership, limited liability company (LLC), corporation (type c), type S corporation, nonprofit or cooperative, among others.



STEP 6

REGISTER A COMMERCIAL NAME

Register the name of your business with your state government.

STEP 7

REGISTER TO COMPLY WITH STATE AND LOCAL TAXES

Register with your state to obtain a tax identification number, and setup worker's compensation, employment and disability insurance.

STEP 8

OBTAIN LICENSES AND PERMITS FOR YOUR BUSINESS

Obtain the licenses and permits required for your business at the federal, state and local levels.

STEP 9

KNOW THE RESPONSIBILITIES OF THE EMPLOYER

Become familiar with the legal steps that you need to follow to hire employees.

STEP 10

FIND LOCAL ASSISTANCE

Contact the local office of the SBA (Small Business Administration of the U.S.) to learn more about the advantages and facilities that the government offers for your business. Also, contact other agencies that offer help to small and medium businesses.

Continue for more detailed information on each step towards starting your business:

CREATE A BUSINESS PLAN

A well-thought-out business plan is essential to the success of any company. This plan is required to obtain certain loans, and also enables entrepreneurs to develop and stay focused on their strategic objectives to create a profitable enterprise.

There are many nonprofit organizations in Washington D.C. and the entire region that offer free services to those who lack experience in creating a business plan. These services include, among others, assistance in writing and implementing a business plan effectively.



One organization that offers these services is “SCORE”- Counselors to America’s Small Businesses (www.score.org). Local banks can also provide guidance on what information to include when you present your business plan. Also, an accountant can provide assistance in preparing the necessary financial documents.

When you are ready to create your business plan:

- First, estimate the costs and profits for your business in the medium and long term.
- Use an informal plan between three and six pages long to convince relatives and friends to support the idea by investing.
- To approach bankers, investors, and venture capitalists, prepare a more formal written plan. It should not be longer than 40 pages and should be organized in the following way:

1. *Executive Summary.* A two page summary explaining your business and activities, with an overview of your key objectives and business goals
2. *Description of the Business.* Describe the company. How will you grow your business, and what will your profits be?
3. *Market and Competition.* The longest section. Identify the market you wish to enter, the competition, and how your business differs from other providers of similar goods or services.
4. *The Product or Service.* Describe the essence of your business and what it provides.
5. *Marketing/Sales.* Explain how you will enter the market. Will you advertise? Will you participate in trade shows? Will you have a website?
6. *Administration and Staff.* Explain how you will lead and manage your business. Include a paragraph for your



biography, for your partners, and for other members of the team.

- 7. Financial Information. Include a balance sheet, profit and loss statement, break-even chart and cash flow analysis.*
- 8. Investment. Based on your cash flow analysis, show what the investor will receive as a return on their investment.*
- 9. Appendices. Include testimonies from potential consumers, clips of research, and graphics and tables relevant to your business.*

TYPE OF BUSINESS

There are many different types of businesses, each with its respective advantages and disadvantages.

Sole Proprietorship

As a Sole Proprietorship, the business that is owned by a single person.

ADVANTAGES:

- Easier and less expensive to start.
- Total control over business decisions.
- No legal restrictions or minimum requirements.
- Not required to pay unemployment taxes.

DISADVANTAGES:

- Owner has personal responsibility for all commercial transactions.
- Possible difficulty obtaining financing in the long term.
- Lack of unemployment benefits if the business fails.
- Limited fiscal savings.



Partnership

In a partnership, owners are two or more persons who agree, verbally or with a formal written document, to operate a business.

ADVANTAGES:

- Easy to establish.
- The partners share th workload and responsibilities.
- Financing is easier to obtain than for a business with sole proprietorship.
- Partners share all of the earnings and get all the benefits of ownership.

DISADVANTAGES:

- Starting up can be more expensive.
- Each partner is liable for the actions of the other partners.
- The loss of one partner could dissolve the business.
- Partnerships are difficult to dissolve in the event of changes.

Limited Partnership

ADVANTAGES:

- Easy to establish.
- Partners share the costs of running the company.
- Financing is easier to obtain than for a business with sole proprietorship.
- Partners share all the earnings and get all the benefits of ownership.
- The assets of the partners do not run risks with respect to creditors.

DISADVANTAGES:

- More expensive to start initially.
- Requires a written agreement that involves lawyers.
- The loss of a partner could dissolve the business.
- It is difficult to dissolve the partnership in the event of changes.



Limited Liability Partnership (LLP)

In a Limited Liability Partnership, all partners are protected from liability just as a professional corporation would be.

ADVANTAGES:

- Tax advantage – tax rebates for partners.
- It is simple for an existing partnership to become a limited liability partnership.

DISADVANTAGES:

- A sole owner cannot constitute a Limited Liability Partnership. There must be at least two owners.

C Corporation (General):

A C, or General, Corporation is a business constituted by law as a separate entity from its owners (shareholders).

ADVANTAGES:

- It has a lifespan independent from its owners (shareholders).
- Personal assets are protected from liability.
- Ownership can be transferred through the sale of shares.
- It is easy to increase working capital through the sale of shares.

DISADVANTAGES:

- The corporation involves considerable startup expenses.
- Must comply with a greater number of federal and local laws.
- Corporate revenue is subject to pay double the taxes.
- There are different legal formalities when the corporate situation is registered.
- Activities are limited.



S Corporation

An S Corporation is a business similar to a C Corporation but with different tax requirements if it qualifies for specific requirements from the IRS (Internal Revenue Service).

ADVANTAGES:

- Already exists as a corporation.
- Avoids paying double the taxes on corporate revenue.

DISADVANTAGES:

- According to the requisites from the IRS, it is difficult to qualify for.

Limited Liability Company (LLC)

A Limited Liability Company is a hybrid business that uses advantageous characteristics from both corporations and partnerships.

ADVANTAGES:

- Earnings and losses are transferred from the company to its owners for tax reasons.
- Personal assets are protected from corporate liability.
- There are no limits on the number or nature of owners.
- Easier to operate than a corporation.
- Not subject to corporate formalities.
- Owners can participate in the administration of the business.

DISADVANTAGES:

- Legal assistance is necessary to appropriately establish and structure the business.
- Professionals such as lawyers, accountants and doctors cannot legally register Limited Liability Company.



Non-Profit Organization

A Non-Profit is an organization that does not have owners, does not generate revenue for its members, directors or employees (except to cover salaries and costs), and is overseen by a Board of Directors.

ADVANTAGES:

- ETax exempt.
- Flexibility in operation of the business.

DISADVANTAGES:

- Limitations for mergers.



ESTABLISHING YOUR BUSINESS

Establishing a business in each respective state (Washington D.C., Maryland and Virginia) requires the following steps.

REGISTER YOUR BUSINESS AND BRAND

■ DISTRICT OF COLUMBIA (DC)

To register your business and trade name in Washington DC, you should go to the Corporations Division of the Department of Consumer and Regulatory Affairs (DCRA), which acts as the Office of Corporate Registration of the District of Columbia. To contact this Department:

Department of Consumer and Regulatory Affairs (DCRA)

Address: 1100 4th, St. Washington, D.C. 20024

Telephone: +1 (202) 442.4400

E-mail: dcra@dc.gov

Facebook: DCRA

Twitter: @DCRA

Website: <http://dcra.dc.gov>

■ MARYLAND (MD)

To register your business and trade name in Maryland, you should go to the Department of Assessments and Taxation of the State of Maryland. To contact this Department:

State Department of Assessments and Taxation (SDAT)

Address: 301 W. Preston St., Baltimore, MD

Telephone: +1 (410) 767.1184

+1 (888) 246.5941 (Outside the metropolitan area)

E-mail: sdatt.charterhelp@maryland.gov



Facebook: Maryland State Department of Assessments and Taxation
Twitter: @MD_SDAT
Website: <http://dat.maryland.gov/businesses/Pages/Maryland-Checklist-for-New-Businesses.aspx>

To register your trademark in Maryland, you should go to the Secretary of State of Maryland. To contact this Department:

Maryland Office of the Secretary of State

Address: 16 Francis St. Annapolis, MD 21401
Telephone: +1 (410) 974.5521
Fax: (410)-974-5190
E-mail: d1Trademarks_sos@Maryland.gov
Facebook: Maryland Office of the Secretary of State
Twitter: @mdsecretaryofstate
Website: <http://sos.maryland.gov/Pages/Trademarks/Trademarks.aspx>

■ VIRGINIA (VA)

To register your business, tradename and trademark in Virginia, you should go to the Virginia State Corporation Commission (SCC). To contact this Department:

State Corporation Commission (SCC)

Address: Tyler Building 1300 E. Main St.,
Richmond, Virginia, 23219
Telephone: +1 (804) 371 9967
E-mail: sccinfo@scc.virginia.gov
Twitter: @VAStateCorpComm
Facebook: Virginia State Corporation Commission
Website: <http://www.scc.virginia.gov/clk/begin.aspx>

To protect your brand as your intellectual property, you need to obtain and register a patent and trademark with the federal government. To register your brand, contact the U.S. Patent and Trademark Office (USPTO). To contact this office:



■ UNITED STATES PATENT AND TRADEMARK OFFICE (USPTO)

Telephone: +1 (800) 786-9199 (general)

+1 (571) 272-1000 (local)

E-mail: HelpAAU@uspto.gov

Twitter: @uspto

Facebook: @uspto.gov

Website: <https://www.uspto.gov/>

OBTAIN AN EMPLOYER IDENTIFICATION NUMBER

In order to operate your business, you must obtain state as well as federal government identification numbers for the payment of taxes. The Employer Identification Number (EIN) is a nine digit number assigned by the Internal Revenue Service (IRS) or state taxing agencies. This number is used to declare and identify the taxes a business must pay to the IRS or the state. Below is information about the offices where you can begin the process to acquire an EIN:

■ DISTRICT OF COLUMBIA (DC)

Department of Consumer and Regulatory Affairs (DCRA)

Address: 1100 4th, St. Washington, DC 20024

Telephone: +1 (202) 442.4400

E-mail: dcra@dc.gov

Facebook: DCRA

Twitter: @DCRA

Website: <http://dcra.dc.gov/book/just-starting-your-business/tax-identification-numbers>

■ MARYLAND (MD)

Maryland State Department of Assessments and Taxation (SDAT)

Address: 301 W. Preston St., Baltimore, MD



Telephone: +1 (410) 767.1184
+1 (888) 246.5941 (Outside the metropolitan area)

E-mail: sdat.charterhelp@maryland.gov

Facebook: Maryland State Department of Assessments
and Taxation

Twitter: @MD_SDAT

Website: <http://dat.maryland.gov/businesses/Pages/TaxID-Numbers-or-fein.aspx>

■ VIRGINIA (VA)

Virginia Department of Taxation

Address: 1957 Westmoreland St., Richmond, VA

Telephone: +1 (804) 367 8031 (For individuals)

Fax: +1 (804) 254 6111 (For businesses)

+1 (804) 254 6113 (For individuals)

Website: <http://www.tax.virginia.gov/>

■ INTERNAL REVENUE SERVICE (IRS)

Address: You can find a local office using your area code at:
<https://www.irs.gov/help-resources/contact-your-local-irs-office>

Telephone: +1 (800) 829 1040 (For individuals)

+1 (800) 829 4933 (For businesses)

Twitter: @IRSnews

Website: <https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers-eins>

OBTAIN A CERTIFICATE OF OCCUPANCY

A certificate of occupancy or a permit for the use of a property is necessary to prove that your business is operating within a zone or building with the necessary requirements for it to function properly. You do not need to obtain a permit if you decide to rent a space



within a building or zone that already has a certificate of occupancy. For example, a law firm can operate under the consent of an office building that has a certificate of occupancy, as long as it follows the operating guidelines of the office.

To obtain this certificate, you can contact the following offices

■ DISTRICT OF COLUMBIA (DC)

Address: 1100 4th, St. Washington, D.C. 20024

Telephone: +1 (202) 442.4400

E-mail: dcra@dc.gov

Facebook: DCRA Small Business Resource Center

Twitter: @DCRA

Website: <http://dcra.dc.gov/service/zoning-certificates-occupancy>

In the States of Maryland and Virginia, you can apply for a certificate of occupancy through the local government of the city, municipality or county where your business is located. It is recommended that you contact your local government to obtain more information about certificates of occupancy in that jurisdiction. Below is information for the most requested counties:

■ MARYLAND (MD)

Montgomery County:

Department of Permitting Services

Address: 255 Rockville Pike, 2nd Floor,
Rockville, MD 20850

Telephone: +1 (240) 777.0311

Website: <http://permittingervices.montgomerycountymd.gov/DPS/general/Home.aspxx>



■ VIRGINIA (VA)

City of Richmond-Planning and Development Review

Address: 900 E. Broad St., Room 511,
Richmond, VA, 23219
Telephone: +1 (804) 646-4169
Fax: +1 (804) 646-5789
E-mail: AskCommunityDevelopment@richmondgov.com
Website: [http://www.richmondgov.org/
PlanningAndDevelopmentReview/services.aspx](http://www.richmondgov.org/PlanningAndDevelopmentReview/services.aspx)

OBTAIN A CERTIFICATE OF NO DEBT

This document is used to verify that as a taxpayer you do not have any type of debt, either in the registration or payment of taxes, with the state in which you decide to start your business. The following is a list of places and entities in which you can apply for the certificate:

■ DISTRITO OF COLUMBIA (DC)

Office of tax and Revenue (OTR)

Address: 1100 4th, St. Washington, D.C. 20024
Telephone: +1 (202) 727.4829
Fax: +1 (202) 442.6890
E-mail: dcra@dc.gov
CleanHands.Cert@dc.gov
Website: <https://otr.cfo.dc.gov/>
Document: Citywide Clean Hands
(CCH)

■ MARYLAND (MD)

Maryland Department of Assessments and Taxation (SDAT)

Address: 301 W. Preston St., Baltimore, MD



Telephone: +1 (888) 246.5941 (Outside the metropolitan area)

E-mail: sdatt.charterhelp@maryland.gov

Facebook: Maryland State Department of Assessments
and Taxation

Twitter: @MD_SDAT

Website: <https://certificate.dat.maryland.gov/Pages/default.aspx>
<http://dat.maryland.gov/>

Document: Certificate of Status

■ VIRGINIA (VA)

The State of Virginia provides similar documents for corporations already registered (Good Standing Certificate) as well as certificates of existence, of status or of authority for type LLC or LP businesses. All of these documents can be obtained at the Virginia State Corporation Commission.

Virginia State Corporation Commission (SCC)

Address: Tyler Building 1300 E. Main St. 23219

Telephone: +1 (804) 371.9967
+1 (800) 552.7945

E-mail: sccinfo@scc.virginia.gov
webmaster@scc.virginia.gov

Website: <https://www.scc.virginia.gov/contact.aspx>

OBTAIN THE NECESSARY PROFESSIONAL LICENSES AND PERMITS

Professional licenses and permits are essential for the operations of a business to be valid. The type of license or permit a busi-



ness needs depends on the profession, specialty, occupation or location of the business. Due to the large variety of licenses and permits, it is recommended that you communicate with your local government to obtain specific information on which type to apply for. The following list shows where to obtain licenses in each state and where you can find more information.:

■ **DISTRITO OF COLUMBIA (DC)**

Department of Consumer and Regulatory Affairs (DCRA)

Address: 1100 4th, St. Washington, D.C. 20024

Telephone: +1 (202) 442.4400

e-mail: dcra@dc.gov

Facebook: DCRA

Twitter: @DCRA

Website: <http://dcra.dc.gov/node/514522>

<http://dcra.dc.gov/page/business-licensing-corporate-registration>

■ **MARYLAND (MD)**

Maryland Department of Labor, Licensing and Regulation (DLLR)

Address: 500 North Calvert Street, Baltimore, MD, 21202

Telephone: +1 (410) 230 6220

E-mail: dlopl-dllr@maryland.gov

Facebook: @DLLR.Maryland

Twitter: @MD_SDAT

Website: <https://www.dllr.state.md.us/license/>

<https://jportal.mdcourts.gov/license>

■ **VIRGINIA (VA)**

Department of Professional and Occupational Regulation (DPOR)

Address: Perimeter Center, Suite 102 (First floor),
9960 Mayland Drive., Richmond, VA, 23233



Telephone: +1 (804) 367 8500
E-mail: director@dpor.virginia.gov
Facebook: Virginia Department of Professional
and Occupational Regulation
Website: www.dpor.virginia.gov/
<http://www.dpor.virginia.gov/LicenseLookup>
[http://www.dpor.virginia.gov/
ProfessionsAndOccupations/](http://www.dpor.virginia.gov/ProfessionsAndOccupations/)

RESOURCES FOR HELP WITH REGISTERING A NEW BUSINESS IN YOUR STATE

The following are interactive web pages ran by each state, providing information and assistance in the process of establishing your business. They offer information and services related to registering your business, obtaining licenses, obtaining an employer identification number, and other requirements for starting a business

■ MARYLAND (MD)

Maryland Business Express

Website: <https://egov.maryland.gov/businessexpress>
Telephone: +1 (410) 767 1184

■ VIRGINIA (VA)

Business One Stop

Website: <http://bos.virginia.gov/starting.shtml>
E-mail: VBIC@sbsd.virginia.gov



FINANCING YOUR BUSINESS

Many businesses and ventures need initial financial support from another entity (bank, investor or lender) to cover start-up costs and become operational.

If you are thinking of seeking funding from one of these sources, you should consider the financial situation of yourself and your business, including:

- Personal savings
- Credit card for the business
- Line of credit for the business
- Debit card for the business
- The second mortgage on your home
- Liquidation of your previous job
- Friends and relatives
- Loans from a bank
- Limited partnership
- Private offer

HOW TO OBTAIN FUNDING

To establish your business, it is important to select a funding source and a credit or financing institution that covers all your needs.

■ FINANCING FOR SMALL BUSINESSES

The U.S. Small Business Administration offers a variety of programs that provide loans to small businesses, often in order to solve a specific problem or meet a certain need.



U.S. Small Business Administration (SBA)

Address: 409 3rd St, SW, Washington, D.C. 20416

Telephone: +1 (800) 827 5722

E-mail: answerdesk@sba.gov

Facebook: <https://www.facebook.com/SBAgov>

Website: <https://es.sba.gov/>

The US Small Business Administration (contact information above) provides the following programs

■ MICRO LOANS

- LOAN PROGRAM 7(A)

The Loan Program 7(a) is the most popular program of the SBA, and offers financial aid to businesses with special needs.

- REAL ESTATE AND MACHINERY LOANS CDC/504

The loan program CDC/504 provides funding for purchase and maintenance of real estate or equipment.

- SBA LOANS FOR DISASTERS

The SBA offers loans with low interest to home owners, renters, businesses of all sizes and the majority of nonprofit organizations. The SBA loan for disasters can be used to repair or replace the following items after they are damaged or destroyed in a disaster: real estate, personal property, machinery, equipment and inventory of a company's assets.

■ LOCAL MICROFINANCE

Local SBA Certified Microlenders

■ Washington Area Community Fund (WACIF)

The Washington Area Community Fund is a nonprofit microlender dedicated to supporting marginalized communities in the Washington D.C. metropolitan area through flexible loans, counseling and training workshops for businesses committed to strengthening the community.

For access to capital through WACIF, begin the process at <http://>



wacifi.org/ (use the option “borrow”), and a representative from the company will contact you to determine your credit capacity and the most appropriate source of funding.

Address: 2012 Rhode Island Avenue,
NE, Washington, D.C. 20018
Telephone: +1 (202) 529 5505
E-mail: info@wacif.org
Facebook: Washington Area Community Investment Fund,
Inc. (Wacif)
Twitter: @Wacif
Website: <http://wacif.org/>

■ **Latino Economic Development Center (LEDC)**

The Latino Economic Development Center is a financing institution certified for community development (CDFI). LEDC’s micro-credit programs offer loans between \$5,000 and \$50,000 USD for qualifying start-ups and existing businesses that have difficulty obtaining credit from traditional institutions. These programs have supported a large number of small businesses, including restaurants, boutiques, cleaning companies and firms. To apply for a loan, begin by filling out the application found at <http://ledcmetro.org/our-programs/> under the micro lending option “Apply for a Loan”.

Furthermore, local and state governments provide guidance and financial assistance to entrepreneurs. In order to obtain financing, you may reach the following organizations, depending on your location:

■ WASHINGTON (DC)

Department of Small and Local Business Development (DSLBD)

Address: 441 4th Street, NW, Suite 850 North,
Washington, DC 20001
Telephone: +1 (202) 727.3900



E-mail: dslbd@dc.gov
Facebook: DC Department of Small and Local Business
Development
Twitter: @SmallBizDC
Website: <http://dslbd.dc.gov/>

■ MARYLAND (MD)

Maryland Small Business Development Financing Authority (MSBDF)

Address: 401 E.Pratt Street. Baltimore, MD 21202
Telephone: +1 (410) 767.6300
e-mail: randycroxtan@mmggroup.com
Facebook: Maryland Department of Commerce
Twitter: @MDBiz
Website: <https://www.sbsd.virginia.gov/virginia-small-business-financing-authority/>

■ VIRGINIA (VA)

Virginia Small Business Finance Authority (VSBFA)

Address: 101 N. 14th Street, 11th Floor Richmond, VA 23219
Telephone: +1 (804) 786.6585
e-mail: sbsd@sbsd.virginia.gov
Website: <http://www.vabankers.org/VSBFA>



AUXILIARY ORGANIZATIONS

There are a variety of organizations that provide advice and assistance to entrepreneurs and business owners in the DMV area. These organizations offer services to help with the implementation of a business idea, and with the starting or growing of a small business.

SCORE (Counselors to America's Small Business)

SCORE is a nonprofit organization dedicated to helping small businesses start, grow and achieve their goals through counseling and mentoring. SCORE's offices work with staff who offer consultations in Spanish as well as English.

■ WASHINGTON (DC)

Address: 409 3rd Street, SW Suite 100A,
Washington, D.C. 20024

Telephone: +1 (202) 619 1000

E-mail: washingtondc@score.org

Facebook: SCORE DC

Twitter: @SCOREDC

Website: <https://washingtondc.score.org/>



■ MARYLAND (MD)

Address: 9250 Bendix Road, Columbia, MD 21045

Telephone: +1 (410) 962.2233

Fax: +1 (410) 962.1805

E-mail: baltimorescore@verizon.net

Facebook: Greater Baltimore SCORE

Website: <https://greaterbaltimore.score.org/>

■ VIRGINIA (VA)

Address: 209 5th St NE, Charlottesville, VA 22902

Telephone: +1 (434) 295.6712

Fax: +1 (434) 295.3144

E-mail: help@score.org

Facebook: SCORE Centra Virginia

Website: <https://centralvirginia.score.org/>

CHAMBERS OF COMMERCE

Chambers of commerce work to build connections in communities in order to promote opportunities for businesses.

■ WASHINGTON (DC)

The Washington DC Chamber of Commerce provides services to start and grow your business, including counseling, training, marketing assistance, funding and export services.

Address: 506 9th Street, NW, Washington, D.C. 20004

Telephone: +1 (202) 347 7201

E-mail: info@dcchamber.org

Facebook: DCCofCommerce

Twitter: [dcchamber](https://twitter.com/dcchamber)

Website : <https://www.dcchamber.org/>



■ MARYLAND (MD)

The Maryland Chamber of Commerce provides services to promote and assist with the development of small businesses in Maryland. The chamber also provides connections with auxiliary organizations to assist business owners in growing their businesses.

Address: 102 West Pennsylvania Avenue, Suite 101.
Towson, MD 21204

Telephone: +1 (410) 825 6200

Facebook: Baltimore County Chamber Of Commerce

Twitter: @baltcochamber

Website: <http://www.baltcountychamber.com/chamber-information.html>

■ VIRGINIA (VA)

The Virginia Chamber of Commerce is an organization that defends the interests of business owners and entrepreneurs and offers information and services to promote good business administration.

Address: 919 East Main Street, Suite 900,
Richmond, VA 23219

Telephone: +1 (804) 644.1607

E-mail: info@vachamber.com

Facebook: @TheGWHCC

Twitter: @VACHamber

Website: <http://www.vachamber.com/>

HISPANIC CHAMBERS OF COMMERCE

■ WASHINGTON (DC)

**Greater Washington Hispanic Chamber of Commerce
(GWHCC)**



The Hispanic Chamber of Commerce provides services to start and grow a business, including counseling, training, marketing assistance, funding and exportation services.

Address: 910 17th St NW #1150, Washington, D.C. 20006

Telephone: +1 (202) 728 0352

E-mail: info@gwhcc.org

Facebook: GWHCC - Greater Washington Hispanic Chamber of Commerce @TheGWHCC

Twitter: @GWHCC

Website: <http://www.gwhcc.org>

■ MARYLAND (MD)

Maryland Hispanic Chamber of Commerce (MDHCC)

The Maryland Hispanic Chamber of Commerce promotes the establishment, growth, prosperity and continuity of Hispanic businesses and commercial entities in Maryland.

Address: 1122 Kenilworth Drive, Suite 307
Baltimore, MD 21204

Telephone: +1 (410) 825 0994

E-mail: info@mdhcc.org

Facebook: @MDHCC10

Website: <http://www.mdhcc.org>

■ VIRGINIA (VA)

Virginia Hispanic Chamber of Commerce (VAHCC)

The Virginia Hispanic Chamber of Commerce promotes networking among Hispanic business owners and provides them with information and training to achieve entrepreneurial success. The chamber also carries out commercial, social and cultural activities to promote the Hispanic community.

Address: 10700 Midlothian Turnpike Suite 200
Richmond, VA 23235

Telephone: +1 (804) 378 4099

E-mail: info@vahcc.com



MBDA

(Minority Business Development Agency)

The Minority Business Development Agency is a small business development agency which offers support to entrepreneurs who belong to a minority in the United States. The MBDA is part of the Department of Commerce of the United States, and aims to help minorities create and maintain successful businesses. This agency offers funding services and business training, and facilitates business contacts in and outside of the United States.

■ WASHINGTON (DC)

Address: 1401 Constitution Ave., N.W.,
Washington, D.C.

Telephone: +1 (202) 482-2332

E-mail: public_affairs@mbda.gov

Facebook: @USMBDA

Twitter: @USMBDA

Website: www.mbda.gov/businesscenters/washington

■ MARYLAND (MD)

E-mail: Canjor.Reed@gmail.com

Facebook: @USMBDA

Twitter: @USMBDA

Website: <http://www.mbda.gov/businesscenters/baltimore>

SBA

(Small Business Administration)

The Small Business Administration is a federal agency which promotes and assists with the development of small businesses. The SBA provides financial support to entrepreneurs and small businesses through a variety of programs.

■ WASHINGTON (DC)



Address: 409 3rd Street SW, 2nd floor. Washington, D.C.
Telephone: +1 (202) 205 8800
E-mail: answerdesk@sba.gov
Facebook: @SBAGov
Twitter: @SBAGov
Website: www.sba.gov/offices/district/dc/washington

■ MARYLAND (MD)

Address: City Crescent Building-6th Floor,
10 South Howard Street, Baltimore, MD
Telephone: +1 (410) 962-6195
E-mail: stephen.umberger@sba.gov
answerdesk@sba.gov
Facebook: @SBAGov
Twitter: @SBAGov
Website: <https://www.sba.gov/offices/district/md/baltimore>

■ VIRGINIA (VA)

Address: The Federal Building 400 North 8th Street,
Suite 1150 .Richmond, VA
Telephone: +1 (804) 771 2400
E-mail: richmond.va@sba.gov
Facebook: @SBAGov
Twitter: @SBAGov
Website: <https://www.sba.gov/offices/district/va/richmond>



AGENCIES THAT SUPPORT SMALL AND MEDIUM SIZED BUSINESSES

■ WASHINGTON (DC)

Department of Small and Local Business Development (DSLBD)

The Department of Small and Local Business Development of the District of Columbia provides support to citizens who wish to open a business in the city of Washington D.C. Services include trainings, workshops, business seminars, financial assistance, preference in government purchases, and support in entering foreign markets, among others..

Address: 441 4th Street, NW, Suite 850 North,
Washington, D.C. 20001

Telephone: (202) 727 3900

Email: dslbd@dc.gov

Website: <http://dslbd.dc.gov/>

■ MARYLAND (MD)

Maryland Department of Commerce

The Maryland Department of Commerce promotes private investments in new businesses, especially small and medium businesses, with the purpose of stimulating the economy and



employment in Maryland.

The following are some programs provided by the Maryland Department of Commerce to benefit SMEs:

■ **State Small Business Credit Initiative (SSBCI)**

This program provides flexible funding to small businesses in the State of Maryland which are located or wish to expand to designated areas that the state is looking to boost economically.

Telephone: +1 (301) 429 7523

Website: <http://commerce.maryland.gov/fund>

■ **Video Lottery Terminal Fund (VLT)**

The office of Video Lottery Terminal designates 1.5% of its profits to help small businesses, as well as businesses whose owner is a minority or a woman, in certain selected areas in the State of Maryland. The funds are divided in the following way: the first 50% will provide support to businesses located near Casinos in the State of Maryland, while the remaining 50% will be assigned to help other designated areas in the state.

For more information and to determine eligibility, use the following links:

Website: <http://commerce.maryland.gov/>
<http://commerce.maryland.gov/fund/programs-for-businesses/vlt>

■ **Maryland Small Business Development Financing Authority (MSBDFA)**

The MSBDFA is an institution which promotes the start and expansion of businesses whose owners are economically and socially disadvantaged.

This institution provides financial support to small businesses for the purposes of acquiring materials, merchandise, and equipment, renewing franchises, or improving real estate properties. It is worth noting that the MSBDFA focuses on small businesses



that lack the ability to obtain credit in traditional financial institutions.

Email: randycroxtton@mmggroup.com

Telephone: +1 (410) 333 4270

Website: <http://commerce.maryland.gov/fund/programs-for-businesses/msbdfa>

■ VIRGINIA (VA)

Virginia Department of Small Business and Supplier Diversity (SBSD)

The Virginia Department of Small Business and Supplier Diversity provides assistance to small business owners in Virginia by offering a variety of business development services and organizing business outreach events. The department also provides entrepreneurs with access to capital and information about the special support Virginia offers to small businesses whose owners are minorities or women (Small, Women and Minority Owned (SWaM) businesses).

SWaM: The Small, Women-owned, and Minority-owned Business certification program is a certification program for businesses whose owners are women or belong to a minority in the U.S. Once a business completes the program and obtains this certificate, it is eligible to receive various advantages and special business opportunities.

Address: 101 N. 14th Street, 11th Floor Richmond, VA 23219

Telephone: +1 (804) 786 6585

Website: <http://sbsd.virginia.gov/>



OPPORTUNITIES FOR CONTRACTS WITH GOVERNMENT AND STATE AGENCIES

The States of Maryland and Virginia, as well as the District of Columbia, have special programs that encourage states to make purchases from small and medium businesses. Below are the details for each region.

- WASHINGTON (DC)

- Office of Contracting and Procurement (OCP)**

- The government of the District of Columbia aims for 50% of its contracts and purchases to be made with small and medium businesses in Washington, D.C. Special preference is given to businesses that have obtained the CBE (Certified Business Enterprise) certificate. Use the following link to take advantage of the opportunities available for your business..

- Telephone: +1 (202) 724 4477

- Website: <http://ocp.dc.gov/page/how-do-business-district>
<http://dslbd.dc.gov/page/new-applicants>
<http://dslbd.dc.gov/page/certification-faqs>

- MARYLAND (MD)

- Department of General Services (DGS)**
eMaryland Marketplace)

- The State of Maryland has a web page called eMaryland Marketplace, which lists the requirements and purchases by Maryland



state agencies. In this page, agencies publish business opportunities, requests for bids, orders for goods and services, and other state purchases.

Offers can be sent electronically through the website, and responses can be received the same way. It is worth noting that the Government of Maryland designates a percentage of its purchases exclusively for small and medium businesses, especially those with the SBR (Small Business Reserve) certificate. This certificate can be obtained through the eMaryland Marketplace website. Register using the following link to find business opportunities in the State of Maryland.

Telephone: +1 (410) 767-1492

Website: <http://dgs.maryland.gov/Documents/procurement/eMMLinks/BusinessGuides/SmallBusinessReserveCertificationandRenewal.pdf>

■ VIRGINIA (VA)

eVA Virginia Procurement Portal

The State of Virginia has a web page called eVA where all the requirements for purchases of state agencies, universities and centers of higher education of Virginia are published. This page also publishes requests for bids, orders for goods and services, and other purchases. Preference for bids is given to small and medium businesses owned by minorities, especially those with the SWaM certificate. Register using the following link to find business opportunities in the State of Virginia.

Telephone: +1 866-289-7367

E-mail: eVACustomerCare@DGS.Virginia.gov

Website: <https://eva.virginia.gov/pages/eva-overview.htm>



PART 2

Doing business in Peru



ADVANTAGES AND BENEFITS

FOR MICRO AND SMALL ENTERPRISES IN PERU (MSE)

At present, there is a conducive business environment in Peru, especially for micro and small enterprises (MSE) which represent more than 95% of the companies in the country nowadays, thus becoming the main engines of the Peruvian economy.

Peru is a privileged country by its geographical location and its richness in natural resources which, added to an open trade policy and fair and qualified labor, favors businesses conducted through the MSEs entailing the production of large economic benefits with an important competitive advantage in the international arena.

WHAT IS THE CURRENT ECONOMIC CONTEXT OF PERU?

According to the World Bank, in the last decade Peru has stood out as one of the fastest growing economies in Latin America and the Caribbean. From 2005 to 2014, the average GDP growth rate was 6.1%.

The World Bank estimates that by 2017, Peru will grow 4.2%, a higher growth than the projected world growth for this year. Also, the World Bank estimates that the Peruvian economy will grow 3.8% and 3.6% in 2018 and 2019, respectively.

FOREIGN INVESTMENT

a) WHAT IS THE TREATMENT GIVEN TO THE FOREIGN INVESTOR AND WHAT CURRENCY CAN BE USED IN PERU?

The political Constitution of Peru provides equal treatment and rights both to foreign and domestic investors, by ensuring free possession, use and disposal of domestic and foreign currency in the country, without exchange controls, records, authorizations, or other similar restrictions with regard to remittance of money to or from Peru.

Also, transactions may be carried out in any foreign currencies by mutual agreement of the parties without the need for approval from any authority.

Another important characteristic that makes Peru a very attractive destination for foreign investment is the fact that investors have the right to open bank accounts of any type, either in US Dollars and/or Euros. Likewise, it is important to mention that financial entities are authorized to grant loans both in Soles (the Peruvian currency) and in U.S. Dollars. Also, foreign investors have the right to transfer abroad (after tax) any capital obtained from their investments or their economic benefits in a freely convertible currency, at the most favorable exchange rate in effect at the time of the transaction and without the need for prior authorization from the Central Bank or from any governmental authority.

Non-domiciled companies or persons doing business in the

country are taxed in Peru over their Peruvian source income without any expense deduction. In comparison, companies established in Peru, considered as domiciled even when their shareholders or partners are foreign entities or persons, are taxed over their net income (after expenses related to the business are deducted) at the rate of 29.5%, starting with the fiscal year 2017. Domiciled companies are taxed over their worldwide income.

However, in the latter case, the tax rate varies depending on the type of income, which ranges from 4.99%, in the case of interests from external credits, 15% for technical assistance services, and up to 30% for other income. In these cases, non-domiciled individuals do not have the chance to deduct business related expenses and must pay the tax through withholdings to be made by the income payer.

It should be noted that, when a company is incorporated in Peru, regardless of the nationality of its partners or members, it will be considered as a company domiciled in Peru.

b) INTERNATIONAL TREATIES FOR THE PROMOTION OF FOREIGN INVESTMENT

For purposes of integrating the legal framework to promote private investment and create the right climate to promote a greater flow of foreign investment, the Peruvian government has facilitated investors access to the multilateral, bilateral and international mechanisms, by signing various treaties with different countries, such as, for example:

- The Free Trade Agreement with the United States of America, which seeks to remove barriers and promote trade between the two countries. Its main objectives are:

- Elimination and reduction of custom tariffs
- Increase exports, through the elimination of distortions caused by tariffs, import quotas, subsidies and non-tariff barriers.
- Legal security to the investor.
- Attraction of private domestic and foreign investment flow, promoting the development of economies of scale.
- Creation of Employment
- Greater competitiveness.
- Peru's integration into the world economy.
- Participation in public procurement and purchases.

LEGAL ENTITIES IN PERU

There are different types of legal entities in Peru. The most common and/or used by foreign investors are companies and branches of foreign companies. The process of incorporation of a company or the establishment of a branch may be carried out directly by the foreign investor and/or through a representative.

- **Incorporation:**

Companies are governed by the provisions of their articles of incorporation and their by-laws, which must be officially recorded in a public deed for their formalization and registration in the Register of the National Superintendence of Public Records.

- **Duration of the company:**

Unless otherwise specified at the time of their incorporation, companies are incorporated for an indefinite time.

- **Accounting Requirements:**

Companies must keep accounting books and accounts in accordance with the Law. Accounting books must be kept in Spanish and in domestic currency, unless the company has signed a special contract with the Peruvian Government allowing it to keep its accounting books in a currency other than the domestic currency. These books must be certified by a Notary Public and must comply with the legal requirements set forth in each case. Companies' accounting must be conducted in accordance with the Generally Accepted Accounting Principles in Peru (IFRS - International Financial Reporting Standards).

- **Appointment of Representative:**

Peru's Law allows foreign firms to be legally represented in

Peru. The company does not need to be incorporated in Peru in order to appoint its representative and the corresponding granting of powers of attorney. These powers of attorney are recorded in a specific item in the Register of Legal Entities and allow the representative to act on behalf of the foreign company in Peru.

■ Expenses

The main expenses incurred to incorporate a company in Peru are:

- Notary and Registry fees, these charges are calculated based on the capital stock contributed to incorporate the company.
- Cost of translating documents and to obtain official certifications of documents issued abroad.
- Expenses incurred in opening corporate and accounting books for the company.

a) COMPANIES

■ **PUBLIC CORPORATION**

A Public Corporation is a legal entity formed by shareholders' contributions to carry out economic activities, being its main distinguishing features: It is a capitalized company, its capital is divided in negotiable securities, limited liability and must have at least two shareholders; there is no limit to the quantity of shareholders.

There is no minimum amount of capital stock, except for cases governed by special Laws, such as banking, financial, insurance, among others. The capital stock is represented by shares and the rule demands that each share be paid by at least 25%, having to cover the balance in the conditions and opportunities provided for in the articles of incorporation.

There may be different classes of shares; the difference lies in the rights exercised by their owners, in their obligations, or, in both at the same time. All shares of a minimum class exercise the same rights and have the same obligations, however, there is the possibility of creating shares with and without voting rights.

In principle, profit sharing in a company is carried out in proportion to the shares that make up its capital, even if the shares are not paid in, but other criteria or forms of distribution can be set by the by-laws. Notwithstanding, profit sharing may be carried out only in accordance with the financial statements prepared at the end of a given period or as of cutoff date, in certain circumstances, as agreed by the management body.

Any transfer of shares must be communicated in writing to the company to be recorded in the share Ledger. If shares are represented by certificates, transfer thereof may be demonstrated to the company by presenting the certificate endorsed in the name of the purchaser or by any other written means.

The Board of Directors and the general management are in charge of the administration of this type of companies, and the general meeting of shareholders is the supreme body of the company.

■ CLOSELY HELD CORPORATION

A Closely Held Corporation is an ordinary type of corporation, designed for small businesses, and its administrative bodies are rather simple. As it is, the company may choose to operate without a board of directors as a corporate body, delegating in such cases all the administration in management.

ADVANTAGES:

- Created for a small number of shareholders who are

known to one another, where the *affectio societatis* prevails, hence, it is limited to a maximum of 20 shareholders, which does not preclude that its chance to handle large amounts of capital be limited.

- Such shareholder who possesses more shares will have greater participation in the incorporation of the corporate will.
- Shareholders have preferential right to acquire shares.
- Shareholders are only liable up to the amount of their contributions.
- Board meetings may be held non-face-to-face.

DISADVANTAGES:

- Can only have a maximum of 20 shareholders.
- Registration and transfer is carried out through annotation in the share Ledger kept by the company.
- Access of other shareholders is restricted, due to the preferential right to acquire shares and the preferential right of suspension in the cases of capital increase set forth by Law; they are generally structured for family businesses and must have certain qualities.

■ PUBLICLY HELD CORPORATION

Publicly Held Corporations are primarily designed for large companies, with many shareholders and a significant capital.

ADVANTAGES:

- The articles of incorporation and the by-laws may not contain limitations on free transfer of shares or any other form of restrictions on the negotiation of shares, including the shareholders' preemptive right or that prevent the company from acquiring shares in case of transfer thereof.
- For financing, they must resort to the capital market

and seek to register their shares in the public registry of securities, to go public.

- Partners are not personally liable for the company's debts.
- Does not demand a minimum amount of capital stock.
- The minimum number of shareholders required is 750 and may be unlimited.

DISADVANTAGES:

- To be incorporated there should be a primary public share offering convertible into shares.
- The Publicly Held Corporation, resorts to public savings to build working capital.
- To incorporate this type of business at least 25% of its capital must be registered and paid in.

■ LIMITED LIABILITY COMPANY

Legal entity very similar to Closely Held Corporations, with capital stock attached to its purpose divided into aliquots called share interest.

ADVANTAGES:

- The capital is composed of the contributions of all partners, and none of these partners are personally liable for the obligations of the company.
- With regard to partners' liability, it is limited to the contributions made by each partner.

DISADVANTAGES:

- May not resort to the public for the placement of equity interests or obligations.
- The minimum number of partners is 2 and the maximum 20, since this type of business is adopted for the survival of the family business or a small business, without having

to meet the forms of organization of public corporations.

- The capacity as partner may not be transferred as fast as in the case of a public corporation; it requires amending the by-laws and registration with Public Records.
- There is a preferential right to acquire shares.

■ LIMITED PARTNERSHIP

It is a person-centered company with limited liability for some partners and unlimited for others. Thus, in this type of companies there are two types of partners: Collective and General Partners. Collective Partners are those who unlimitedly, jointly and severally commit their personal property for the corporate obligations; and, General Partners are liable only up to their contribution to the company's capital.

ADVANTAGES

- Contribution of General Partners must be in goods, in kind, or in money, since their situation is equivalent to that of a Funding Partner, whose liability is limited to the amount of the promised contribution.
- Corporate agreements are adopted by a majority of partners, each partner has the right to one vote.
- The articles of incorporation may not be amended unless by unanimous consent of all partners: Collective and General.
- The capital stock is composed of partners' contributions both, Collective and General, and is divided into equity interest.
- There is no minimum or maximum amount of capital.
- Administration/management is in charge of Collective Partners.

DISADVANTAGES

- Contributions from Collective Partners may be in cash, non-cash, in-kind goods, rights, or work. That is, Collective

Partners may be capitalist or industrial, and are unlimitedly liable for the company's debts.

- The partners' liability is subsidiary for they enjoy the benefit of discussion.
- Even though corporate agreements are adopted by a majority of partners -having one vote each, it may be agreed that majority be computed based on ownership with respect of the capital stock, in which case any partner that has more than half of the votes will require the support of at least one other partner.
- Must have a fixed term of duration.
- Equity interest may not be represented by shares or any other negotiable title.
- Unless otherwise agreed, General Partners will not participate in the company's management.

■ **PARTNERSHIP LIMITED BY SHARES**

A Partnership Limited by Shares also has two categories of partners: Collective and General, is a combined type of business between Public Corporation and a Limited Partnership. It differs from the Limited Partnership in that General Partners have their equity investment incorporated in the share capital, that is, the partners' contributions, either Collective or General, are represented by shares. For clarity, we can point out that Collective Partners are in charge of directing and managing the company and are unlimitedly liable for the limited company's debts, and even if they are not in charge of managing the company, they are liable to third parties for said obligations, unlimitedly, up to a prefixed amount, which usually correlates with the figure of their corporate contribution.

ADVANTAGES

- It is a capitalist company where contributing partners have a greater participation in the life of the company.

- Being a partner is not mandatory to be a company's manager.
- The company's by-laws may include the mechanism to control and monitor the performance of the company's manager.
- Such Collective Partner who exercises the company's management and ceases in the position will not be liable for the obligations entered into by the company after registration of its separation in the Registry.

ADVANTAGES

- Any manager, whether a partner or a third person, can be removed from the position without cause.
- General Partners, upon taking charge of the company's management, undertake unlimited, joint and several liability for the company's debts.
- Collective Partners are subsidiary, unlimited, and jointly and severally liable for all the company's obligations.

■ PARTNERSHIP

It is a people-centered company where all partners, under a corporate name, are jointly and severally liable for the company's obligations. The figure of the partner and the company is totally identified and related, hence the unlimited, joint and several liability of the partners for the company's obligations.

ADVANTAGES

- This company empowers all partners to participate in the conduction and management of corporate affairs, power which can be limited in the by-laws, but by no means to the point of terminating the partner's involvement in the company's business.
- There is no maximum limit of partners.
- There is no minimum capital to start the activities, since these are small businesses; therefore, any capital

contributed by a few partners should be enough.

- Easier to get loans for the company, since these are implicitly endorsed by all partners.
- This is a person-centered company, that is, consideration of the personality of each partner, and its personal qualities or assets, is a determining factor for the consent of the others to incorporate the company.
- Any business conducted by the partners on their own behalf, at their own expense and risk and with their own funds, will not bind or take advantage of the company, unless otherwise provided in the articles of incorporation.
- A partner that is liable for corporate debts may raise the right of discussion with respect to its equity, that is, if a creditor directly addresses a partner, the partner would be bound to pay the debt unless this partner can prove the existence of company's assets that may be used to make the payment in question. Also, if the partner pays with its own assets a payable debt in charge of company, the partner has the right to claim the company total refund or to demand partners in proportion to their respective shareholdings.

DISADVANTAGES

- Partners in an unlimited liability company are jointly and unlimitedly liable for all corporate obligations. This means that, in facing any contingency, if the value of the company's assets is not enough to cover the debts to its creditors, partners will also add their private property (present and future) to the contributed capital until exhausting the same, since they guarantee compliance therewith, being responsible for the administration as a matter of course. Joint partners are fully liable for the corporate obligations, and that creditors can go against any of them for the total of the corporate debt.

- The status of partner is not freely transferable. That is, none of the partners may assign, upon retirement, participation in the company to a stranger without due consultation with other partners.
- The duration of the Partnership is fixed, this means that the extension thereof requires unanimous consent of the partners.
- A Partnership carries out its activities under a corporate name formed by the names of all partners, one of the partners, or some of the partners, adding the term “Partnership” or “S.C. (initials in Spanish)”. However, if a person without being a partner allows its name to be used, this person will be as liable as any partner. This is a disadvantage for the person that accepts that its name be used in the corporate name without being a party to it.

b) BRANCHES

Foreign companies may freely establish branches in Peru, which must be recorded with the Register of Legal Entities.

Branches do not have a legal status separate from its parent company since, according to Peruvian Law, they are understood to be the same company, and the parent company will be liable for any acts of the Branch.

Branches must be established by the competent corporate body within the parent company, which must appoint a legal representative in the country with sufficient powers of attorney to manage the Branch, as well as to allocate sufficient capital for the development of its economic activity in Peru.

c) SINGLE PARTNER LIMITED LIABILITY COMPANY (E.I.R.L.)

It is a Legal Person governed by Private Law incorporated by

the will of a single person, with its own equity distinct from the Holder. The company is incorporated by Public Deed issued personally by the person incorporating the same, and must be registered with the Register of Legal Persons.

The Deed in question must contain the name, nationality, marital status, name of spouse -if married, and the address of the maker; the will of the maker to incorporate the company and make contributions; the name and address; corporate purpose; the value of the assets contributed, the assets that compose the same and their appraisal; the company's capital; the regime of the company's bodies, the appointment of the first manager or managers.

Its bodies are owned by the Holder, which is the highest body of the company and is in charge of making decisions on the assets and the company's businesses; and Management is in charge of the administration and representation of the company.

ADVANTAGES

- It is incorporated by a single person, who is the Owner of the E.I.R.L.
- The Owner's equity is independent of the E.I.R.L's equity.
- The economic contribution to incorporate an E.I.R.L is set by the owner.
- Capital can be increased through new contributions, capitalization of profits and reserves, revaluation of the company's equity, if the value of the asset is not lower than the company's share capital.
- A name may be chosen that allows individualizing the company, followed by the initials E.I.R.L.
- Marital partnership's assets may be contributed to the company being considered as contributed by a natural

person, whose representation is exercised by the spouse, who is responsible for the administration of common assets. In case of termination of the marital partnership, the company will be awarded to either spouse with civil capacity or, if not possible, the right all together will be transferred to a natural person through purchase, sale, barter, donation, or award as payment, or the company may be transformed to a Limited Liability Company

- It is worth mentioning that each natural person may be the holder of one or more Individual Limited Liability Companies.
- The Owner's right may be transferred, either by inter vivos disposition (purchase and sale, barter, donation, award as payment) or by transfer due to death; if the successor were one capable natural person, this person will acquire the quality of owner of the company.
- Branches may be established in the territory of the country, which will allow for a better commercial traffic.
- The Law provides that a company may be transformed into an E.I.R.L., and an E.I.R.L. may be transformed into a company, for which it shall be governed by the rules governing that company.
- An E.I.R.L may merge with another company belonging to the same owner, whether by incorporation or by constitution.

DISADVANTAGES

- Only natural persons may incorporate or own an E.I.R.L.
- Capital reduction will be binding for the company when losses have reduced the capital by more than 50 %, unless legal or freely available reserves be capitalized or new contributions are made in an amount to compensate for the shrinkage.
- In the case of transfer by mortis causa, if there are several

successors, the owner's right will belong to all successors in joint ownership, in proportion to their respective shareholdings in succession, for a non-extendable period of four years from the date of death of the deceased. During this period the joint owners will be considered a single natural person, whose representation will be exercised by the person in charge of the administration of the goods of the succession. However, within the period above, the successors will award the ownership of the company to one of them, by division and partition; or, will transfer their rights altogether to a natural person; or, may also transform the company into a Limited Liability Company. If, within the period of 4 years none of the measures above has been chosen, the company will be automatically dissolved, and successors will be personally and unlimitedly liable for the operation of the company.

- Also, the company will be automatically terminated if the transfer of the owner's right of succession mortis causa is not registered with the Register of Legal Entities in a period of 30 days from the death of the originator, if the will was granted by Public Deed; or, of the notarization of the judicial records of opening the closed will or of the verification of the holographic will, as applicable; or, of having consented to the case record of declaration of heirs.
- While it is true that the company's liability is limited to its equity and, therefore, the owner of the company is not liable for the obligations of the company, the law provides for certain exceptions.

d) PARTNERSHIP AGREEMENTS (CONSORTIA & JOINT VENTURES)

Partnership Agreements create and regulate the relations of parties in a given business. This type of agreements does not

create a new company and are not subject to registration with Public Records.

The property contributed by each of the parties in the implementation of these contracts and for the development of the business will be construed as own property of each of the contributors. These assets are not regarded as capital contributions.

LABOR REGIME IN PERU

Employers in Peru can hire workers under a contract of indefinite duration or a fixed-term contract of limited duration, depending on the circumstances related to the completion of the work; or, part-time contracts for those cases of shorter working days than four hours a day on average weekly. Fixed-term contracts should be executed in writing and may only be executed for a period of up to five years, depending on the regulations for each of the nine (09) modalities of fixed-term contracts recognized by the Peruvian Law.

LABOR BENEFITS OF THE GENERAL BUSINESS REGIME:

- Holidays: 30 calendar days a year.
- Bonuses: 2 monthly remunerations a year.
- Compensation for length of service: 1 remuneration a year.
- Profit Sharing: Between 5% and 10% of income before tax, according to the activity and if there are more than 20 workers.
- Family Allowance: 10% of the minimum living remuneration; today S/. 85.00
- The living remuneration amounts to S/. 850.00 (since 5/01/2016).
- Compensation for Arbitrary Dismissal: Protection against arbitrary dismissal is acquired after passing the qualification/trial period.
 - a) Indefinite Term Contracts: 1 ½ monthly remunerations per year of service and proportional by months and days, up to a maximum of 12 remunerations.
 - b) Fixed-Term Contracts: 1 ½ monthly remunerations per

[1] UIT = 3,950.00 Soles

missing month of service until the end of the contract, up to a maximum of 12 remunerations.

TAXES AND CONTRIBUTIONS TO BE BORNE BY EMPLOYER:

- Social Health Insurance (EsSalud): 9% of the monthly remuneration.
- Life Insurance Law, for workers with more than 4 years of service in the company. This insurance is taken out with private insurance companies.
- Supplementary Risk Work Insurance (as required depending on the activity, pursuant to the legislation in force), which is contracted with private insurance companies.
- Pension System, to be borne by employee; however, employer withholds and pays the contribution calculated on the monthly remuneration (approx. 13%).
This amount is contributed to the National System or to the Private Pension System.
- Income tax borne by employee, notwithstanding, employer calculates this tax based on the projection of the worker's annual labor income and pays the tax for the worker in accordance with the progressive rate per income brackets from income tax, after deducting 7 Tax Units (UIT) from the projected annual income. Progressive Rates range from 8% up to 5 UIT, 14% for the 5 UIT bracket up to 20 UIT, 17% for the 20 UIT bracket up to 35 UIT, 20% for the 35 UIT bracket up to 45 UIT, and 30% for the bracket exceeding 45 UIT.

From the financial year 2017, taxpayers producing labor income will be able to deduct in addition to the 7 UIT, referred to by the Income Tax Law, an amount equivalent to 3 UIT for expenses incurred in the payment of services provided by professionals and/or other concepts as set forth by Law.

Finally, employers are subject to inspection by the supervisor entity SUNAFIL- National Labor Inspection Superintendence, in respect of compliance with labor standards and occupational safety and health at work.

IMMIGRATION REGIME IN PERU

Foreigners interested in carrying out activities other than tourism in Peru must obtain a business visa from Peruvian Consulates abroad or process the appropriate permits with the National Superintendence of Migration in Peru; these permits will enable them to carry out certain activities, either temporarily or permanently.

TAX REGIME IN PERU

According to the foregoing, the Peruvian tax legislation provides three tax regimes that may be adopted by eligible companies starting activities for the first time or that are already developing the same, as follows:

- New Single Simplified Regime (NRUS acronym in Spanish)
- Special Income Regime (RER acronym in Spanish)
- MSEs Tax Regime - (RMT acronym in Spanish)
- General Income Tax Regime (REG acronym in Spanish)

Considering the conditions in which the business is established, and forecasting the future economic benefits expected, entrepreneurs are free to opt for any of the three regimes; however, each one of them has certain established requirements, conditions, and benefits that are determinant to ensure that one of them will uphold.

a) NEW SINGLE SIMPLIFIED SYSTEM (NRUS)

This system is characterized by enabling the small taxpayer to pay its taxes through a single monthly payment applied in accordance with the amount of its income and purchases..

- Tax Covered:
The NRUS comprises Income Tax (IR), Sales Tax (VAT) and Municipal Promotion Tax (IPM).

- Individuals that may choose this tax system:
Individuals that qualify for the NRUS are natural persons and undivided inheritance domiciled in the country, who exclusively receive income for developing business activities and Individual Limited Liability Companies (E.I.R.L.) duly registered with Public Records, which clients are final consumers. For example, convenience stores, bazaars, small restaurants, among others. Natural persons which develop a trade such as are electricians, gardeners, painters, among others may also benefit from the NRUS.
- Requirements to adopt the NRUS:
 - Gross income may not exceed S/ 96,000.00, soles in each taxable financial year or, the monthly income should not exceed S/ 8,000.00 soles.
 - To develop activities in a single establishment or productive headquarters.
 - The value of the fixed assets may not exceed S/. 70,000.00 soles. The value of the premises or vehicles that are required to develop the business is not considered.
 - The purchase value may not exceed S/ 96,000.00 soles, in the taxable year, or S/ 8,000.00 soles a month.
- NRUS Categorization:
Subjects which opt for the NRUS should fit in any of the 5 categories established for this regime in accordance with the level of income:

Category	Gross Revenue Monthly	Tax Payable Monthly
1	Up to S/. 5,000	S/. 20
2	More than S/. 5,000 up to S/. 8,000	S/. 50

- **Payment of Monthly Tax:**

Payment of tax for individuals covered by the NRUS, is on a monthly basis, considering the last digit of the RUC (taxpayer Registration) of the natural person, or undivided inheritance, or E.I.R.L., that has opted for the NRUS, according to the Schedule for compliance with monthly obligations.

- **Payment Receipts**

Individuals covered in this regime may only issue Sales Vouchers and tickets that do not generate credit, expenditure, or costs for tax purposes.

It is important to mention that issuance of invoices, purchase settlements, tickets, or tapes issued by cash register machines that allow exercising the right to tax credit or, to support expenditures or costs, will imply immediate inclusion into the General Regime. Such inclusion will operate from the month of issuance of the first unauthorized voucher.

On the contrary, for purchases made, they will require invoices, cash register tickets, or authorized documents, as applicable.

- **Accounting Books and Records:**

Taxpayers covered by this regime are not obliged to keep books or records.

b) SPECIAL INCOME REGIME (RER)

- **Tax Covered:**

Income Tax (IR), Sales Tax (VAT) and Municipal Promotion Tax (IPM).

** RUC: Registro Único de Contribuyentes de uso obligatorio en toda declaración o trámite que se realice ante la Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT)*

[1] Factura te permite utilizar el IGV pagado en una operación de compra, mientras una boleta de venta no te lo permite. Para que te emitan una factura debes contar con tu número de RUC. La boleta de venta es un comprobante de pago dirigido a los consumidores finales.

■ Individuals that may opt for this tax system:

Natural persons, conjugal partnerships, undivided inheritance and legal entities domiciled in the country where they develop their trade and/or industry, may opt for the RER, understood as the sale of the assets that they acquire, produce or manufacture, as well the natural resources that they extract, including breeding and seed-sowing.

This system includes all the service activities that were not covered in the NRUS, except for the following:

- a) Activities that are classified as construction contracts according to the rules of Sales Tax, even if they are not levied with the tax in question.
 - b) Notaries, auctioneers, and/or commission agents; product brokers, stock exchange and/or special operators that carry out activities in the Commodities Exchange Market; customs agents and insurance brokers.
 - c) Owners of casinos, slot machines and/or others of similar nature.
 - d) Sale of real estate.
 - e) Activities of physicians and dentists, among others.
- Requirements to opt for the RER:
- That the amount of net annual income does not exceed S/. 525,000.00.
 - That the amount of annual purchases does not exceed S/. 525,000.00.
 - That the value of the affected fixed assets to the activity, except for premises and vehicles, do not exceed S/. 126,000.00.
 - That the maximum number of staff is 10. If there is more than one work shift, the number of people is understood per shift.

■ **Payment of Monthly Tax:**

Taxpayers covered by this regime are charged 1.5% Income Tax on their net monthly income, through the tax return and monthly payment in accordance with the schedule to comply with the monthly obligations as approved by the SUNAT.

In turn, in the case of Sales Tax, 18% is paid on the sales value of the goods or services covered.

■ **Payment Receipts:**

Taxpayers that have opted for this regime, may issue electronic or physical invoices, sales vouchers and any other payment vouchers allowed.

Unlike the NRUS, tickets that generate tax credit, expense, or cost may be issued for tax purposes.

It should be noted that in the case of invoice issuance, as from September 01, 2015, issuance of a third copy named “negotiable invoice³” is mandatory.

■ **Accounting Books and Records:**

Taxpayers that have opted for the RER must record their operations in the following books and records:

- Purchase Record.
- Sales and Incomes Record.

■ **Annual Tax Return:**

According to the provisions of the Income Tax Law, individuals subject to this regime must file a tax return statement on an annual basis, that will correspond to the inventory performed the last day of the prior financial year before filing

c) MSEs TAX REGIME

■ **Tax Covered:**

[2] La factura negociable es la tercera copia de la factura, que no tiene efectos tributarios, que contiene información relativa a la factura comercial y datos adicionales que permiten su endoso, negociación, protesto y ejecución.

Income Tax (IR), Sales Tax (VAT) and Municipal Promotion Tax (IPM).

■ Eligible Subjects:

This regime includes natural and legal persons, undivided inheritance and conjugal partnerships, de facto associations of professionals and similar that receive third category income, domiciled in the country and whose net income does not exceed the 1700 UIT in the taxable year.

However, such persons will not be considered MSEs which:

- (i) Are directly or indirectly related to, based on capital, other natural or legal persons and whose joint net annual income exceeds 1700 UIT.
- (ii) Are branches, agencies or other establishments in the country of companies incorporated abroad.
- (iii) In the previous year, have received a net annual income over 1700 UIT.

Also, the existence of a relationship will be understood if:

- (i) A natural or legal person owns directly or through a third party more than 30% of the capital of another legal person.
- (ii) More than 30% of the capital of two or more legal persons directly or through a third party belongs to the same natural or legal person.
- (iii) More than 30% of the capital of two or more legal persons belong to common partners thereof.
- (iv) A relationship is also considered to exist if, in any of the cases referred to in the first two verbatim, the proportion of the capital therein stated belongs to spouses.

■ Income Tax Determination:

The tax applicable to income received by a MSE from its business activity in the tax year is third category tax, which rate as from the financial year 2017, will be 10% for such companies whose income a below 15 UITs, and 29.5% for such compa-

nies whose income is over 15 UITs.

- Income Tax Pre-payments:

Income Tax Pre-payments will be 1% for such companies whose net annual income is less than 300 UITs.

■ Sales Tax (VAT)

A 16% rate Sales Tax is levied on operations. To this rate, 2% is added of Municipal Promotion Tax (IPM).

d) GENERAL INCOME TAX REGIME

■ Tax Covered:

Income Tax (IR), Sales Tax (VAT) and Municipal Promotion Tax (IPM).

■ Concept:

Third category Income Tax assesses income obtained through the execution of business activities developed by natural and legal persons.

■ Individuals which may opt for this regime:

Such Taxpayers who develop business or business activities, such as one-man business, legal entities, undivided inheritance, conjugal partnerships choosing to pay taxes as such, de facto associations of professionals and similar may opt for the general regime.

Natural persons and legal entities are Third Category Income Taxpayers. Undivided inheritance, conjugal partnerships, and de facto associations of professionals are also considered as Taxpayers.

■ Income Tax Rate

Tax on income received from a business activity is third category, whose rate starting the tax year 2017 will be 29.5%.

■ Income Tax Determination:

For the purposes of determining the tax base on which Income Tax will be determined, the tax legislation allows for the

deduction of all expenditures that are necessary to produce the Income or to maintain its source of production, provided that they comply with certain requirements, such as:

- That they are supported by payment receipts;
- That the expenditure has been made using means of payment (deposits into account, drafts or transfers, checks, etc.);
- That the reality or truthfulness of the transactions may be demonstrated.

Without prejudice to the provisions of the Income Tax Law, certain limitations on the deductibility of expenditures are set forth, such as employee recreational expenses, wages paid to directors, transportation costs, among others, which must be taken into account in doing business.

■ **Income Tax Pre-payments:**

While Income Tax is paid on an annual basis, during the taxable year Taxpayers are obliged to make monthly pre-payments, which are considered obligations independent of the payment of the annual Income Tax.

In consideration of the foregoing, during the first year of operations, companies must determine the tax payable by applying the 1.5% rate on the basis of the monthly income; however, for the following years, a tax will be paid resulting from multiplying the 0.9333 factor by the coefficient obtained based on the results of the previous year. Likewise, it should be taken into account that monthly pre-payments qualify as credit against the annual income tax payment which, if not exhausted, may be applied against future pre-payments or the annual income tax payment. Without prejudice to the foregoing, the Taxpayer is entitled to claim refund of the payments made in excess by filing a refund application.

Finally, it should be noted that there is a system to suspend income tax pre-payments, which may be applied for based on half-yearly balance sheets.

- **Sales Tax:**

Levies transfer of goods and the provision of services in the country, among other activities, with a rate of 18% (including 2% of Municipal Promotion Tax), applied to the sale value of the good or service.

Taxpayers under this regime are obliged to declare and pay not only the monthly Income Tax, but also the Sales Tax.

- **Payment Receipts:**

Taxpayers subject to the general regime may issue electronic or physical invoices, sales vouchers, and any other payment vouchers allowed.

It should be noted that in the case of invoice issuance, as from September 01, 2015, issuance of a third copy named “negotiable invoice” is mandatory.

- **Accounting Books and Records:**

In this type of regime keeping accounting books and records is mandatory to support the records of all purchase and sale operations, as well as the expenditures and costs with tax consequences; that is, both, to exercise the right to sales tax credit, or to deduct the costs and expenditures for income tax purposes.

DIVIDENDS

Dividends are subject to the rate of 5%.

DISTINCTIVE SIGNS IN PERU

a) DISTINCTIVE SIGNS

As Distinctive Signs Peru recognizes trademarks, trade names and slogans, appellations of origin, labels, and certification brands. Registration of these Distinctive Signs is made with the National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOPI). The administrative fee for registration of a Distinctive Sign amounts to approximately 15% Tax Units (UIT)¹.

b) WHO CAN APPLY FOR REGISTRATION OF A DISTINCTIVE SIGN?

Any person or company can apply for Registration of a Distinctive Sign in Peru; for the purpose, it is important to know that it is not necessary that the owner of the Distinctive Sign being applied for be established in Peru, notwithstanding, a duly appointed legal representative must be in Peru to be able to act on behalf of the owner of the Sign being applied for.

c) WHEN DOES THE PROTECTION OF THE DISTINCTIVE SIGNS START?

In Peru, as a rule of thumb, Distinctive Signs, are protected as from registration, however, in the case of trade names, for example, the protection has retroactive effect back to the date of first use.

d) IN ORDER TO REGISTER A DISTINCTIVE SIGN, DOES IT HAVE TO HAVE BEEN PREVIOUSLY USED IN THE MARKET?

In the case of marks and slogans, they do not need to have

been used in the market to be registered to distinguish the products or services requested. On the contrary, in the case of registration of a trade name, proof of the date of first use of the sign and the continued use thereof is required, as its protection applies from the date of first use and not from the date of registration.

e) HOW LONG DOES THE REGISTRATION OF THE DISTINCTIVE SIGN LAST?

Registration of Distinctive Signs is granted for a period of 10 years, which may be renewed indefinitely by additional periods of 10 years.

f) CAN MARKS GRANTED BE CANCELED?

According to the Peruvian legislation, registration of a mark may be canceled at the request of any interested party if this has not been used without justification in the market by its owner, licensee or any other person authorized to do so for three consecutive years preceding the date on which cancellation is applied for.

REGIME OF THE MICRO AND SMALL BUSINESS

The Micro and Small Business (MSEs) is an economic unit incorporated by a natural or legal person under any form of organization or business management, aimed at developing extraction, transformation, and production activities, goods marketing or provision of services.

Qualifying a business as a MSE is based on the amount of annual sales and the total number of workers declared to the SUNAT, according to the Classification below:

- Micro Business: annual sales amounting up to 150 Tax Units (UIT).
- Small Business: annual sales over 150 Tax Units (UIT) and the top amount of 1700 Tax Units (UIT).

MSEs have been granted a series of benefits, including labor and tax; in order to access these benefits, these businesses must be previously and duly registered and must have the appropriate Certificate of Registration or Re-registration in force with the National Registry of the Micro and Small Business (REMYPE acronym in Spanish).

It should be noted that this registration is subject to cancellation if the MSE has topped the maximum amount of annual sales for two consecutive calendar years or, if it has topped the maximum number of workers hired and, as a consequence, the small business has passed to be classified as a medium-sized company.

Also, MSEs which are duly registered in the REMYPE and that are grouped in associative units or clusters or are part of subcontract-

ing processes or export productive chains will have priority access to the promotion programs and measures by the State.

Such MSEs which are only starting their economic activities or have not hired any workers may register with the Register on transitional basis, and will have from the day following registration a period of fifteen calendar days to hire and register their employees with the REMYPE under the appropriate labor regime; if this is done within the time limit they will obtain a definitive registration.

a) THE STATE AND THE MSE

The Peruvian State promotes and encourages:

- The growth of micro, small and medium-sized businesses through programs aimed at the adoption of quality systems, implementation and certification relating to product or service quality management to manage to meet both national and international standards.
- Support to innovative entrepreneurs in the development of their business projects, co-financing their activities to enable the creation, development and consolidation of dynamic and high impact entrepreneurship, oriented toward national development, international approach and innovation.
- Access of MSE to the financial market and the capital market through the National Council for the Development of the Micro and Small Business – CODEMYPE–, attached to the Ministry of Labor and Employment Promotion

- <http://www.financiero.com.pe/BanMicro/Prests.aspx?idmenu=13>

- <http://www.iadb.org/es/recursos-para-empresas/financiamiento-para-micro-y-pequenas-empresas-de-america-latina,%205787.html>

- <http://www.cofide.com.pe/COFIDE/productosyservicios/6/apoyo-a-la-mype>

- <http://www.foncodes.gob.pe/portal/index.php/proyectos/compras-myperu>

- <http://www.mep.pe/propem/>

- The State promotes services supply and demand and training efforts and technical assistance in the priority areas

set out in the Strategic Plan and Programs for the promotion and formalization of competitiveness and development of MSE, as well as the mechanisms to assist the same.

- Priority of participation in State contracting of MSEs with respect to other companies if they comply with the technical requirements, since it is mandatory to plan that least 40% of the contracting be taken care of by MSE, as far as they are able to supply the goods and services required.

- <http://portal.osce.gob.pe/osce/content/guia-de-como-venderle-al-estado>

b) LABOR REGIME OF THE MICRO AND SMALL BUSINESS

As stated above, businesses that qualify as MSE have certain benefits, among them labor benefits. To access these benefits, MSEs must be duly registered with the REMYPE. The benefits of this regime apply to workers, drivers, and employers.

The benefits of this regime apply to workers, drivers, and em-

Micro Business	Small Business
Minimum Living Wage (RMV)	Minimum Living Wage (RMV)
8 working hours/day	8 working hours/day
Weekly and holidays rest	Weekly and holidays rest
Overtime wage	Overtime wage
Minimum holiday rest 15 calendar days	Minimum holiday rest 15 calendar days
Social Security health coverage through the SIS (COMPREHENSIVE HEALTH INSURANCE) - FREE	Social Security health coverage through ESSALUD http://www.essalud.gob.pe/seguo-regularessalud-
Social Security Coverage	Social Security Coverage
Severance Payment, 10 days' remuneration per year of service (with a 90-day salary cap)	Severance Payment, 20 days' remuneration per year of service (with a 120-day salary cap)
	Life Insurance Law coverage and Supplementary Risk Work Insurance (SCTR)
	The right to receive 2 bonuses per year (National Holidays and Christmas). Equivalent to ½ remuneration each.
	Right to participate in company's profit sharing
	Right to compensation for Length of service (CTS) equivalent to 15 days' remuneration per year of service with a 90-day salary cap.
	Collective rights according to the rules of the General Scheme of the Private Activity.

ployers.

c) TAX TREATMENT FOR MSEs

The Peruvian tax regime aims to simplify and facilitate taxation of micro-and small businesses, promoting at the same time their formalization.

In this regard, in order to promote their formalization, in the case of Micro-businesses, it has been provided that during the first 3 years counted from the date of registration with the REMYPE -managed by the SUNAT-, the corresponding penalties will not be applied thereto for not filing statements containing the determination of the tax debt or for filing an incomplete statement, or for filing more than one rectifying statements or for filing statements in places other than those established by SUNAT. This benefit will only apply if the micro-business corrects the infraction within the time limits set by the SUNAT, in the notifications issued as a result of the commission of the infraction referred to. It is worth mentioning that although the qualification as micro-business depends on the level of annual sales, which should not exceed 150 UIT, this will not be a barrier for them to opt for any type of tax regime established in Peru, either the new Single Simplified Regime (RUS), the Special Income Regime (RER) or the General Scheme, which have been previously developed, taking into account certain limitations.

REGISTRATION GOODS AND SERVICES SUPPLIERS FOR THE STATE

Any person, company, branch or foreign business with legal representative in Peru must be registered with the Register of Goods and Services Suppliers, also called RNP, in charge of the Supervisory Body of State Contracting, if they wish to contract with the State or any of its entities.

In the case of foreign companies that have legal representative in Peru, they must register with the RNP, using a kit and the special code given by the Supervisory Body of State Contracting (OSCE).

FLOWCHART TO OPEN A BUSINESS

- 1. Searching and reserving name in Public Records**
<https://www.sunarp.gob.pe/seccion/servicios/detalles/0/d3.html>
- 2. Registration of Minutes of Incorporation**
<http://www.notarios.org.pe/>
- 3. Subscription of Public Deed**
If the company's Minutes of Incorporation is ready, preparation of its PUBLIC DEED may start being processed before a Notary and then it will be submitted to the registrar offices of the SUNARP (4,5) for registration in the Register of Legal Persons.
- 4. Registration with Public Records**
<https://www.sunarp.gob.pe/w-sid/index.html>
- 5. Obtaining the RUC***
<http://www.sunat.gob.pe/exportaFacil/ruc.htm>
- 6. Opening Company's Books and Accounting Books**
<https://www.indecopi.gob.pe/web/atencion-al-ciudadano/>
<http://portal.osce.gob.pe/rnp/>
<http://www.crecemype.pe/portal/index.php/aprovecha-la-ley-mype/paso-3-registrate-en-el-remype>
<http://www.mintra.gob.pe/mostrarTupa.php?codTupa=38>