



# PERÚ MINING INVESTMENT HANDBOOK

The present updating of the Mining Investment Handbook is intended to serve as an orientation guide to investors with regard to the more relevant legal obligations to be taken into account when analyzing and deciding to invest in mining in Peru.

The seven (7) chapters that form part of this Handbook describe the principal legal aspects that rule the development of a mining project, from the moment at which it is decided to begin it, its development through other subsequent stages (prospecting, sampling, exploration, development, exploitation and processing of minerals) to finalizing the operation after completing removal of the mineral resources contained therein, finally concluding with the activities mandated for mine closure.

This Handbook has been designed to include a variety of topics, addressing them independently in each one of the following chapters:

- (i) The Mining Concession: Mineral Exploration and Exploitation
- (ii) Other Concessions: Processing, General Work and Mining Transport
- (iii) Guarantees on Foreign Investment and Legal Stability
- (iv) Principal Tax Aspects and Other Economic Charges
- (v) Principal Environmental Aspects Applicable to Mining Activities
- (vi) Labor Aspects and Principal Contracting Modes
- (vii) Regulations for community relationships

It is worth mentioning that the information provided herein is based on the law and official regulations effective as of this date.

The Handbook also includes an appendix containing a glossary of the Terms and Abbreviations that are used throughout the chapters, along with a list of the more important legal provisions that has been used in preparing the present Handbook; their in-depth review will allow investors to form a better overall concept of the legal regime applicable to the mining activities that are developed in our country.

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The present document is strictly orientational in nature and refers to the most relevant aspects of the legal framework for investments in the mining activity in effect as of February 28<sup>th</sup>, 2011.

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# 1

## THE MINING CONCESSION: MINERAL EXPLORATION AND EXPLOITATION



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## THE MINING CONCESSION: MINERAL EXPLORATION AND EXPLOITATION

Mining concessions grant their holders the right to explore and exploit mineral resources to an unlimited depth, bound by vertical planes corresponding to the sides of a square, a closed traverse rectangle or one whose vertices refer to Universal Transversal Mercator (UTM) coordinates. A mining concession constitutes a right that is distinct, separate and independent of the rights on the estate where it is located, that is to say, it does not grant rights on the surface.

The basic surface measurement unit for mining concessions is equivalent to a minimum expanse of 100 hectares and a maximum of 1,000 hectares, according to the Grid System authorized by the MINEM.

Concessions are irrevocable, as long as the holder meets the obligations that the mining law demands for maintaining them in force. Among these obligations is the payment of an annual Mining Good Standing Fee starting from the year in which the claim was filed and as long as concession remains in effect. The fee amounts to US\$3.00 per year per hectare, except for PPM (US\$1.00) and PPA (US\$0.50). This payment must be made before June 30th of every year.

The TUO of the General Mining Law also establishes an obligation to attain a Minimum Annual Production per year and per hectare before the end of the tenth year, counted as from the year immediately following the granting of the respective concession. If this obligation is not fulfilled, then an Annual Penalty per hectare must be paid from the eleventh year until the aforesaid Minimum Annual Production has been obtained. If the Minimum Annual Production is not obtained until the fifteenth year counted as from the granting of the mining concession, then said failure will result in the declaration of lapsing of the respective concession.

However, the concession will not lapse as aforesaid, for a non-postponable term of up to 5 years, if the holder of the mining concession fails to obtain the Minimum Annual Production due to acts of God or force majeure or due to any other event that is not attributable to the holder of the mining concession, which fact must be duly proved to and approved by the DGM.

Moreover, the concession will not lapse for a term of up to 5 years provided the concession holder pays the Annual Penalty and additionally proves that it has made investments for an amount equivalent to no less than 10 times the amount of the corresponding Annual Penalty. Investments in mining activities and/or public use infrastructure can be substantiated.

Accordingly, if the concession holder fails to obtain the Minimum Annual Production until the end of the twentieth year counted as from the year immediately following the granting of the concession, said failure will inevitably lead to the lapsing of the concession.

Considering the foregoing, it is suggested that a query be made to the INGEMMET prior to requesting the granting of mining concessions. By doing that, it will be possible to obtain real-time information on the free areas that can be requested (open for claims), and on any another aspect related to the granting of concessions, the national mining register, the register of areas restricted to mining activity and the payment of Mining Good Standing Fees and Penalties.

### **1. MINING CONCESSION APPLICATION (KNOWN AS PETITORIO IN PERU)**

An applicant subject to the general regime must present its application for a mining concession in Reception Desk of the INGEMMET or the competent Regional Government in the case of PPM or PMA, attaching the receipt for payment of the Mining Good Standing Fee corresponding to the first year and the receipt for payment of the Proceedings Fees, equal to 10% of one UIT. The application must

also meet the requirements that are set forth in Arts. 14–B and 17 of the Regulations for Mining Procedures.

## **2. GEOLOGICAL, MINING AND METALLURGICAL INSTITUTE - INGEMMET**

The INGEMMET and Regional Governments will maintain a Registry of Incoming Applications for Mining Concessions in the SIDEMCAT in order to determine priority in the presentation of the applications.

When receiving the applications, those responsible for the Reception Desk must create an Exclusive Mining Application Code, even in those cases in which a reading of the request or review of the documentation indicates that there has been an omission of some of the requirements called for in Arts.14-B and 17 of the Regulations for Mining Procedures; except when the requirements that have not been met are those set forth in Art. 14-A of the Regulations for Mining Procedures , in which case the request will be rejected ab initio.

## **3. NOTIFICATION FOR THE RECEIPT OF LEGAL NOTICES**

If the application meets the requirements called for by Art. 17 of the Regulations for Mining Procedures, within the seven business days following presentation of the application, INGEMMET or the Regional Government, as applicable, will notify the applicant, enclosing the legal notices for publication.

## **4. PUBLICATION**

Publication must be made within the 30 business days following the date of publication of the corresponding legal notice in the official newspaper El Peruano and in the newspaper charged with the publication of legal notices in the capital of the department where the concession is located. If there is no local newspaper, the legal notices will be posted for seven business days in the respective INGEMMET or Regional Government offices, as applicable. The publications must contain a summary of the information contained in the Application for the Mining Concession, according to Art. 19 of the Regulations for Mining Procedures.

## **5. DELIVERY OF PROOF OF PUBLICATION**

Within the 60 calendar days following the date of publication, the applicant must deliver to the Office of the INGEMMET or the Regional Government, as applicable, all the pages to prove publication of the legal notices.

## **6. FAVORABLE TECHNICAL AND LEGAL OPINION**

This is the step prior to obtaining the concession title. An opinion is issued by the Director of the Mining Concessions Bureau of the INGEMMET or by the Regional Government's Energy and Mines Bureau (DREM for its Acronym in Spanish), as applicable, after having verified and assessed the application for a mining concession and not tendering any opposition. The Technical and Legal Opinion must be issued within a term no greater than 30 business days following receipt of publication of the legal notices.

## **7. GRANTING OF TITLE TO THE CONCESSION**

Within the five business days following issue of the opinions, under pain of penalty of being held liable therefor, the Director of the Mining Concessions Bureau of the INGEMMET or the Regional Government's DREM, as applicable, must submit the application docket to the President of the Executive Council of INGEMMET or the Director of the Regional Government's DREM, respectively, for issuance of the corresponding Resolution. By this concession title the State recognizes unto the concessionaire the right to exclusively exercise the rights inherent to the concession that are set forth in Art. 37 of the TUO of the General Mining Law.

Title to the mining concession will not be granted before 30 calendar days following the last publication indicated in section 4 above.

## **8. MINING CONCESSIONS APPROVED**

Within the first 15 days of every month, the INGEMMET or the Regional Government, as corresponds, will publish a list of the mining concessions whose titles had been approved in the previous month in the official newspaper El Peruano.

## **9. APPEAL FOR REVIEW**

An appeal for review against a Resolution issued by the President of the Executive Council of INGEMMET resolving in favor of the granting of a mining concession can be filed in the Mining Council of the MINEM, within the 15 business days following the date of publication referred to in the above section.

Articles 9 to 11, 38 to 41 of the TUO of the General Mining Law  
Articles 12 to 14-B, 17, 19 to 21, 24 and 25 of the Regulation for Mining Procedures  
TUPA INGEMMET

# 2

## OTHER CONCESSIONS: PROCESSING, GENERAL WORK AND MINING TRANSPORT



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# OTHER CONCESSIONS: PROCESSING, GENERAL WORK AND MINING TRANSPORT

## I. PROCESSING CONCESSIONS

Processing is a combination of physical, chemical or physical-chemical processes that are carried out to extract or to concentrate the valuable ore from an aggregate of mineral, and to purify, smelt or refine metals, including the following stages: (i) mechanical preparation, (ii) metallurgy and, (iii) refining. A processing concession grants its holder the right to undertake the activities indicated.

### 1. APPLICATION

One applying for a processing concession must present a request to the DGM of the MINEM, with basic information on the company and the project, enclosing proof of having presented the DGAAM<sup>1</sup> with a copy of the Environmental Impact Assessment (EIA), a Water Use Authorization<sup>2</sup>, a Sworn Statement of Prior Commitment, agreements evidencing having the surface rights for the project area and proofs of payment of the Mining Good Standing Fee corresponding to the first year and the Proceedings Fee, which is equivalent to 20% of one UIT.

The applicant will pay an amount for Mining Good Standing Fee computed according to the following scale:

RANGE	Amount of the Mining Good Standing Fee
Up to 350 MT/ day	0.0014 of one UIT for each MT
350 to 1,000 MT/ day	1 UIT
1,000 to 5,000 MT/ day	1.5 UIT
Each additional 5,000 MT/ day	2 UIT

### 2. TECHNICAL INFORMATION

The technical information on the project required under Art. 35 of the Regulations for Mining Procedures shall be attached to the application for a processing concession.

### 3. VERIFICATION AND NOTIFICATION

If the application meets the requirements indicated, the DGM will notify the applicant to come in to pick up the legal notices for publication.

### 4. RECEIPT OF LEGAL NOTICES

Once notified, the applicant must pick up the legal notices within the following 15 working days.

### 5. PUBLICATION

Publication must be made in the official newspaper El Peruano and in the newspaper responsible for publication of legal notices in the capital of the province where the concession is located, within the 30 working days following receipt of the legal notices. If there is no local newspaper, the legal notices will

1 See Chapter 5: "Principal Environmental Aspects Applicable to Mining Activities".

2 See Chapter 5: "Principal Environmental Aspects Applicable to Mining Activities".

be posted for seven working days in the respective INGEMMET offices. The publication must contain a summary of the information demanded in Article 35 of the Regulations for Mining Procedures.

## **6. PROOF OF PUBLICATION**

Within the 30 business days following the date of publication, the applicant must deliver to the DGM all the pages to prove publication of the legal notices.

## **7. ASSESSMENT AND RESOLUTION**

Having delivered the legal notices, and there not being any opposition, the DGM shall assess whether or not the application meets the safety, housing, health, mining welfare and environmental-impact standards, and will issue a resolution within a term that cannot not exceed 30 working days.

## **8. NOTICE OF CONCLUSION OF CONSTRUCTION**

Upon conclusion of the construction and installation of the processing plant, the applicant shall so advise the DGM so that the latter can order an inspection in order to verify that the same have taken place in accordance with the original project in terms of mining health and safety and environmental impact. This must be accompanied by the corresponding authorization for the disposal of industrial waste.

## **9. INSPECTION**

The inspection must be carried out within the 60 calendar days following the date on which it was requested. If the inspection is favorable, the DGM will grant title to the concession.

## **10. TITLE TO THE CONCESSION**

The Resolution granting title to the processing concession authorizes the operation of the plant, as well as the water use requested and the industrial and domestic effluents disposal system. The Resolution must be submitted to INGEMMET for its inscription in the filing card/entry corresponding to the concession.

Arts. 17, 18 and 46 of the TUO of the General Mining Law  
Arts. 17 and 35 to 37 of the Regulations for Mining Procedures  
Procedure # CM01 of the TUPA of the MINEM

# **II. GENERAL WORK AND MINING TRANSPORT CONCESSIONS**

“General Work” is any mining activity that provides ancillary services such as ventilation, sewage, hoisting or extraction, to two or more concessions granted to different concessionaires. The general work concession is granted to provide the ancillary services indicated above.

“Mining Transport” refers to all systems used for the continuous bulk transport of mineral products by unconventional methods. The systems to be used could be conveyor belts, ducts or track cables. A mining transport concession confers upon its holder the right to install and operate a system for continuous bulk transport of mineral product indicated above.

The procedure for obtaining a general work concession and one for mining transport is detailed below:

## **1. APPLICATION**

One applying for a General Work or Transport concession, must present a request to the DGM with basic information on the company, accompanied by a Sworn Statement of Prior Commitment and a copy of the proofs of payment for the Mining Good Standing Fee corresponding to the first year and the Proceedings Fee, which is equivalent to 15% of one UIT. The requirements set forth in Art. 40 of the Regulations for Mining Procedures must also be met. The application is presented to the DGM, with as many copies as there are holders to be benefited by the concession.



## **2. PAYMENT OF MINING GOOD STANDING FEE**

Upon applying for the concession, the applicant will pay a Mining Good Standing Fee equivalent to 0.003% of one UIT per linear meter of work projected.

## **3. NOTIFICATION**

Within the 10 working days following the date of the application's presentation, the DGM will notify the holders of the mining concessions in whose favor the general work or mining transport concession is being requested to attend a Meeting of Concessionaires.

## **4. CITATIONS**

The first citation will be made within a term no to exceed 15 days from notification and the second within a term no greater than 30 working days. The meeting will be presided over by the General Mining Director of the DGM and will deal with the adoption of agreements concerning execution of the work and the use of the services.

## **5. TITLE TO THE CONCESSION**

Upon the Meeting's approval of the execution of the work, the DGM will grant title to the concession and will submit the Resolution to INGEMMET so that the latter proceeds to record the General Work or Mining Transport concession.

Arts. 19, 20, 22, 23 and 47 of the TUO of the General Mining Law  
Arts. 40 to 42 of the Regulations for Mining Procedures  
Procedure # CM02 of the TUPA of MINEM

# 3

## GUARANTEES ON FOREIGN INVESTMENT AND LEGAL STABILITY



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# GUARANTEES ON FOREIGN INVESTMENT AND LEGAL STABILITY

## I. GUARANTEES ON FOREIGN INVESTMENT

Foreign investors, and the companies in which they participate, have the same rights and obligations as local investors and companies. The national legal system makes no distinction between local or foreign investors or companies.

Local and foreign investors enjoy the same rights with respect to the properties that they acquire within the national territory; however the Political Constitution of Peru stipulates that foreign investors may not, under any title, directly or indirectly acquire or hold mines, terrain, forests, waters, fuel or power plants within 50 km. of the borders, excluding those particular cases specifically authorized by means of a Supreme Decree approved by the Cabinet.

In the case of foreign investments, the national legal framework provides that they are automatically authorized and, once they are made, must be registered with PROINVERSION (basically for statistical purposes),

In addition, foreign investors are guaranteed the right to makes transfers abroad (after paying the taxes) in freely convertible currencies, using the exchange rate most favorable at the time of carrying out the exchange operation, and without any prior authorization from any public authority or agency, of the following: (i) the whole of any capital originating from the investments made; and, (ii) the whole of the dividends or earnings originating from their investments.

Arts. 2 to 5 and 7 of Legislative Decree No. 662  
Art. 71 of the Political Constitution of Peru

## II. LEGAL AND TAX STABILITY OF INVESTMENTS

In Peru there are two kinds of contracts that can be subscribed by mining investors in order to obtain a regime of legal stability for their investments. The first are Legal Stability Agreements (broadly applicable to all private investors, including those investing in mining activities); the other we will refer to as Stability Contracts under the protection of the General Mining Law (applicable exclusively to those investing in mining activities). The Law allows the parallel subscription of both types of contracts and enjoyment of the combined benefits granted by both, as long as the requirements established for their application are met.

### 1. LEGAL STABILITY AGREEMENTS

Legal Stability Agreements grant certain guarantees in order to provide a stable regime to those local and foreign investors that seek to pursue economic activities in any sector. This type of agreement is arranged with PROINVERSION, which also subscribes them in representation of the Peruvian State.

A Legal Stability Agreement can be signed prior to or within a term of twelve (12) months immediately following the issuance of the authorizing legal rule. Once signed, the Legal Stability Agreement guarantees that the legal rules listed below will remain unchanged for a term of 10 years counted as from its date of signing.

As regards mining matters, foreign investors or the Peruvian companies receiving this foreign investment may seek the protection of the legal stability regime, provided that they commit to make, at a minimum and within a term no greater than two years counted starting from the date of the

Agreement's execution: (i) cash contributions channeled through the local financial system to the capital of an established company or one to be established; or, (ii) to make risk investments formalized with third parties for an amount that is not less than US\$10 million.

The Agreements at issue grant the following guarantees:

#### **A) To foreign investors**

- a) Stability of the Income Tax regime that was in effect at the time of the Agreement's subscription, so that the amounts that would correspond to the investors will not be subjected to a greater tax burden (stability of the investments, dividends, earnings and movement of funds).
- b) Free disposition of currency.
- c) Free remittance of earnings, dividends, capital and other income.
- d) Use of the most favorable exchange rate in the market.
- e) No discrimination in treatment of foreign and local investors.

#### **B) To Peruvian companies receiving investment**

- a) (i) Stability of the Income Tax regime that was in effect at the time of the Agreement's subscription, so that they will not be affected by any modifications that are approved subsequently, (ii) stability of the export regimes, (iii) stability of the Value Added Tax (IGV) Early Recovery regime; and, (IV) stability of the taxes that burden net assets.
- b) Stability of the regimes for hiring employees under any of their modes.
- c) Stability of the Export Regimes.

Arts. 10 and 12 of Legislative Decree No. 662

Art. 2 of Law No. 27342

Arts. 14, 15, 19, 23 and 25 of the Regulations for Private Investment Guarantee Regimes

## **2. STABILITY CONTRACTS UNDER PROTECTION OF THE MINING GENERAL LAW**

Article 72 of the TUO of the General Mining Law provides promotion measures applicable to those persons that undertake mining activity, including tax, exchange and administrative stability. In order for investors to exercise this benefit, they must execute a Stability Contract to be arranged and subscribed with the MINEM, which signs it in representation of the State and is obliged to maintain the Contracts executed effective, not being able to modify them unilaterally.

#### **A) 10-year Stability Contracts**

In the case of the holders of mining activities beginning or conducting operations greater than 350 MT/ day up to 5,000 MT/ day, or presenting investment programs equivalent to US\$2 million, they will be guaranteed tax and administrative stability for a term of 10 years counted starting from the period in which they accredit execution of the investment. They will be guaranteed the following aspects:

- a) Tax stability (this only covers taxes): (i) Income Tax regime applicable (the rate in force plus two additional percentage points will be stabilized), (ii) Export regimes, (iii) Consumption taxes with regard to their transferable nature (IGV<sup>1</sup>, ISC<sup>2</sup>, etc.), (iv) Special regimes for the return of taxes, temporary admission and similar; and, (v) Tax exemptions, incentives and benefits with reference to the taxes stabilized (according to the terms and conditions established by the legal rules in effect on the date of signing the Contract).
- b) Free disposition of currency generated by their exports.
- c) Non-discrimination with regard to the exchange rate.

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1 See Chapter 4: "Principal Tax Aspects and other Economic Charges".

2 See Chapter 4: "Principal Tax Aspects and other Economic Charges".

- d) Free commercialization of mineral products.
- e) Stability of the special regimes, when granted, for return of taxes, temporary admission, and others similar.
- f) Administrative stability (right and obligations of the holders of mining activities).

## **B) 15-year Stability Contracts**

The holders of mining activities that will undertake mining projects or expansions with an initial capacity no less than 5,000 MT/ day, or that present investment programs of no less than US\$20 million for beginning any mining activity or that present investment programs of no less than US\$50 million for investments in already-existing mining companies, may execute a Contract with the State that will guarantee them stability for a term of 15 years, counted starting from the period in which they accredit execution of the investment or the expansion, as applicable.

This Contract guarantees the benefits indicated in the preceding section (Ten-year Stability Contracts) and, in addition, the following:

- a) Accelerated annual depreciation for machinery, industrial equipment, other fixed assets and buildings and construction.
- b) Opportunity of maintaining their accounting in foreign currency.

Arts. 72, 78 to 80, and 82 to 84 of the TUO of the General Mining Law

# 4

## PRINCIPAL TAX ASPECTS AND OTHER ECONOMIC CHARGES



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# PRINCIPAL TAX ASPECTS AND OTHER ECONOMIC CHARGES

## I. PRINCIPAL TAX ASPECTS

Mining in Peru is subject to the same taxes that burden the economic activities of all other sectors; in other words it is not subject to any special tax or one that is exclusively applicable to this type of activity. However, these kinds of activities are obliged to pay to the State a particular economic charge (different from taxes) called mining royalties.

Nevertheless the above-mentioned, with regard to some taxes, Peruvian law provides for some special rules for these activities that are different from the general tax system. These special rules only seek to adapt the Peruvian tax system to the distinctive characteristics of mining.

The principal taxes covering mining activity are: (i) the Income Tax (IR); and, (ii) the Value Added Tax (IGV).

### 1. INCOME TAX (IR)

Peruvian IR is a tax covering the income (earnings or profits) obtained by taxpayers considered as domiciled in this country,<sup>1</sup> without regard to the nationality of individuals, the place of the legal entity's incorporation or the location of the source producing the income. This tax is also applicable to those subjects considered as non-resident taxpayers in this country, but solely with regard to the income that they generate that qualifies as Peruvian sourced. This tax is calculated and paid annually, although in some cases, there is an obligation to make monthly prepayments.

For purposes of this tax, taxable income is classified into the following categories:

- Capital Income: -First Category: Income produced from rental, subleasing and assignment of real estate.  
-Second Category: Other capital income.
- Business Income: -Third Category: Income from trade, industry and other income specifically indicated by the Law. It is deemed that all income generated by businesses belongs to this category.
- Labor Income: -Fourth: Income from services provided by individuals.  
-Fifth: Income from work as an employee and other independent activities specifically indicated by the Law.

### A) DETERMINATION OF THIRD-CATEGORY INCOME TAX

#### a) Domiciled entities

In the case of the Third Category (business), the tax on domiciled entities is applied on the Net Income that the company has earned in the period. Net Income is calculated by deducting the following from Gross Income (all the taxable income that has been earned in the period): (i) the

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<sup>1</sup> The following are considered as domiciled in this country:

- A) Individuals: (i) Those of Peruvian nationality that maintain a domicile in the country, (ii) foreigners that have resided or remained in the country for more than one hundred and eighty-three (183) calendar days during any twelve-(12) month period; and, (iii) those who perform representation duties or official positions abroad.
- B) Legal entities: (i) Those incorporated in this country, (ii) the branches, agencies or other permanent establishments in Peru of non-resident individuals or corporate entities, (iii) estates, when the decedent, at the date of his death, was deemed domiciled here, (IV) multinational banks, with respect to the income from their operations in the domestic market; and, (v) sole proprietorships, de facto corporations and other entities organized and existing in this country.

expenses necessary to produce it and to maintain this income-generating source, provided that the deduction is not specifically disallowed by the Law; and, (ii) the total net losses originating from prior periods<sup>2</sup>.

The tax on domiciled entities will be determined by applying a 30%-rate to Net Income.

It should be pointed out that according to the Law that promotes Regional and Local Public Investment with the Participation of the Private Sector, the Ministry of Economy and Finance can issue "Regional and Local Public Investment Certificates – Public Treasury" (CIPRL for its acronym in Spanish), to substantiate the amount invested by private companies in the implementation of certain public infrastructure projects (roads, bridges, schools, etc.). The term of the CIPRL is ten (10) years counted as from its date of issuance, and the amount of each certificate can be applied against the Third category Income Tax payments to be made by the corresponding investor, up to an amount equivalent to 50% of the Income Tax determined in the previous year.

It is worth highlighting that domiciled or non-domiciled individuals and non-domiciled legal entities that receive dividends or any other form of distribution of earnings originating from domiciled businesses must pay a 4.1% tax, which is withheld by the payer.

In addition, both the mining law and the Income Tax law establish certain variations with respect to the general treatment under this tax. In effect, they provide for: (i) amortization of the acquisition value of mining concessions (including the price paid for them or expenses for applying for and obtaining the claim and prospecting and exploration expenses) within a term that the concessionaire will determine according to the probable life of the deposit (proved and probable reserves), (ii) deduction of the exploration expenses incurred in a single year once the mine has begun production, or their amortization over several years, at the concessionaire's option, (iii) deduction of the development and mine-preparation expenses in a single year or their amortization over a maximum of three years, at the concessionaire's option, (iv) the possibility of deducting from Net Income the infrastructure investments that constitute public services made by the holders of mining activities, (v) the possibility of applying an accelerated depreciation rate for machinery and equipment used for mining compared to other uses; and, (vi) other provisions.

#### b) Non-domiciled

In this case, the IR is determined by means of applying various rates (depending on the type of operation or activity that has generated the income: interest originating from foreign loans, royalties, technical assistance and other payments, among others) on the total income paid or accredited, except for the exceptions mentioned in Art. 48 and section g) of Art. 76 of the TUO of the Income Tax Law.

TUO of the Income Tax Law

Regulations for the Income Tax Law

Law which promotes Regional and Local Public Investment with the participation of the Private Sector

## **B) AGREEMENTS TO PREVENT DOUBLE TAXATION**

In order to determine the Income Tax to be paid and the economic impact of Income Tax upon foreign investments, it is absolutely necessary to bear in mind the Agreements to avoid double taxation that

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<sup>2</sup> Taxpayers domiciled in this country may offset their Peruvian-sourced third category losses corresponding to one period in accordance with any of the following systems:

a) Offsetting the total net loss posted in a period, by carrying it forward from year to year until fully exhausting it, against the net income earned in the four (4) immediately subsequent periods, with the balance that is not offset within that period being lost.

b) Offsetting the total net loss posted in a period, by carrying it forward from year to year, until fully exhausting it, against fifty (50%) percent of the net income earned in the immediately subsequent period.



Peru has signed with several countries. The agreements that are currently in effect are those signed with: (i) The Andean Community (Peru, Ecuador, Colombia, and Venezuela), (ii) Chile; (iii) Canada and (iv) Brazil. The Kingdom of Spain has signed the agreement as well but it is in the process of ratification by the Peruvian Congress; therefore, it is not yet applicable.

In addition, there is a new agreement in progress with Sweden, France, Italy, United Kingdom, Switzerland, and Thailand.

## 2. VALUE ADDED TAX (IGV)

The IGV is a tax on consumption declared monthly, which burdens the value added in each transaction carried out during the different stages of the economic cycle, using a debit and credit system. This tax functions as follows: the Tax Payable is determined monthly by deducting the Tax Credit (IGV paid on all acquisitions of goods and services made) from the Gross Tax (amount resulting from applying the tax rates to the Taxable Base<sup>3</sup>), so that only the difference between these two amounts is what is actually paid into the State Treasury.

### A) DETERMINATION OF THE IGV

This tax specifically burdens the following operations: (i) the sale of personal property in Peru, (ii) the rendering or use of services within the country, (iii) construction contracts, (iv) the first sale of real estate that is built by constructors, and (v) the import of goods.

From March 1<sup>st</sup> 2011, the rate applicable is 16%, to which must be added the rate as and for Municipal Promotion Tax (2%), making 18% altogether.

The structure of the Tax provides for some exemptions (cases in which it is not to be applied) such as: (i) the export of goods, (ii) the export of some services as provided by law, and (iii) the transfer of goods carried out as a result of a business reorganization, (iv) among others.

Arts. 1, 2, 17 and 33 of the TUO of the IGV Law  
Regulations for the IGV Law

### B) REFUND OF THE IGV

- a) General Regime
- Balance in Favor of an Exporter  
An exporter has the right to request the return of the IGV assessed upon the acquisition of goods or services used as supplies to be used in the production of goods that are exported outside the country, there remaining after deducting it from the exporter's Gross Tax, if any, and any other tax debt he may have to pay.

Art. 33 of the TUO of the IGV Law  
Art. 9 of the Regulations for the IGV Law

- Refund of the IGV  
Refund of the IGV paid on the import and/or local acquisition of capital assets made by taxpayers in this country, engaged in producing goods and services destined for export or whose sale is taxed with IGV, and that have not yet initiated their commercial activities.

Art. 78 of the TUO of the IGV Law  
Arts. 2 to 5 of Supreme Decree 046-96-EF

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- 3 The Taxable Base is established by:
- a) Sale of goods: Sales value.
  - b) Rendering or use of services: Total compensation.
  - c) Construction contracts: Value of the construction.
  - d) Sale of buildings: Income received.
  - e) Imports: Customs value plus the respective Customs duties and taxes.

b) Special Regimes

• Early Recovery of the IGV

This consists of the refund of the IGV on imports and/or local acquisitions of new capital assets, new intermediate goods, services and construction contracts made in the pre-productive stage to be used directly in the execution of projects provided for in the Investment Contracts that could be subscribed with the State, provided that they are destined to carrying out operations taxed with IGV or to exports.

This early IGV recovery regime can be adopted by individuals or corporate entities that make investments in any sector of economic activity that generate third-category (businesses) income, that have committed themselves to making investments greater than US\$5 million for a project that requires a pre-productive stage equal to or greater than two years.

Arts. 2 and 3 of the Regime of Special Early IGV Recovery  
Arts. 2 to 4 Regulations for the Special Early IGV Recovery Regime

Final Refund of the IGV

The holders of mining concessions are granted the right to request the final refund of the IGV that they pay on import operations or acquisition of goods, for services rendering or use contracts and construction contracts, provided that they are undertaken for the execution of activities during the exploration phase, meaning when productive operations have not yet begun. In order to take advantage of the foregoing, it is essential to have subscribed an Exploration Investment Contract with the MINEM. This regime is in force until December 31, 2012.

Arts. 1 and 2 of the Law for Final Refund of the IGV  
Arts. 2 to 6 of the Regulations for the Law for Final Refund of the IGV

## II. MINING ROYALTIES

Mining royalties are the economic consideration that the holders of mining concessions pay to the State for the exploitation of metal and non-metal mineral resources.

These royalties are determined monthly by applying rates of 1%, 2% or 3% (according to the scales established in the Regulations for the Mining Royalty Law) on the value of the concentrate or its equivalent, according to the price quotes on international markets<sup>4</sup>.

It should be indicated that the amount actually paid as and for mining royalties can be deducted as a cost for purposes of computing the Income Tax.

Arts. 1, 2, 4 and 5 of the Law of Mining Royalty  
Arts. 4, 6 and 10 of the Regulations for the Mining Royalty Law

## III. EMPLOYEE PROFIT-SHARING IN THE EARNINGS OF MINING COMPANIES

Employees have the right to participate in the earnings of all the companies that undertake income-generating activities. Consequently, mining companies are required to distribute 8% of their annual taxable income before taxes to all their employees, with a maximum limit per-employee equal to 18 monthly remunerations.

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4 The reference base for payment of the mining royalty for the mineral extracted from mining concessions in operation will be the difference between the gross value of the sales of concentrate or the mining component, less the amounts of indirect costs, taxes, insurance, transport costs, warehousing, shipping and ship loading, as well as any other costs or expenses assumed by the exporter and agreed according to an INCOTERM, and will include adjustments originating from final settlements, as well as those originating from discounts, returns and other concepts of a similar nature according to customary market practice.

If there is a surplus between the amount obtained by applying the 8% to the net taxable income earned by the company and the maximum limit per employee, this will be given to the Fondo Nacional de Capacitación Laboral y Promoción del Empleo which is presided by a representative of the MTPE, with a maximum limit of 2,200 UIT for the development of employee-training activities and employment promotion. If there is still a surplus, this will be given to the Regional Governments for public-investment projects.

Arts. 1 to 3 of Legislative Decree No. 892

# 5

## PRINCIPAL ENVIRONMENTAL ASPECTS APPLICABLE TO MINING ACTIVITIES



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# PRINCIPAL ENVIRONMENTAL ASPECTS APPLICABLE TO MINING ACTIVITIES

## 1. ENVIRONMENTAL REGULATIONS FOR MINING EXPLORATION

The environmental legislation, particularly the Environmental Regulations for Mining Exploration Activities, regulates mining exploration. The Environmental Regulations for Mining Exploration Activities have divided exploration into two different categories (Category I and Category II), according to the magnitude and impact that the activities intended to be carried out could have on the environment.

No environmental assessment needs to be approved prior to carrying out exploration and prospecting activities that do not impact or slightly impact the surface (geological, geophysical and geochemical studies, topographic surveys, gathering of small rock and surface ore samples, etc.), provided hand-carried instruments or equipment are used and further provided that no impact other than the one caused by the regular transit of people is caused.

This is not the case of Category I<sup>1</sup> activities, which require the filing of an Environmental Impact Statement (DIA for its Acronym in Spanish), which is automatically approved upon its filing with the competent authority, except for some exceptional cases itemized in the aforesaid regulations, which will be subject to the evaluation and prior approval of the DIA. This exception will apply to those cases where exploration activities are carried out in environmentally sensitive or vulnerable areas (a short distance away from water bodies, glaciers, forests located within protected territories or primary forests, and areas containing environmental liabilities).

The DIA contains, among other things, information related to the mining activities to be performed, a description of the environmental and social aspects of the area where mining activities will be carried out, and the mitigation and recovery plans designed to address the environmental impacts caused. The information to be included in the DIA is itemized in the Ministerial Resolution that approved the common Terms of Reference for mining exploration activities.

The concession holder may request, in the DIA form itself, that a DIA Automatic Approval Certificate be issued in its favor.

Concerning Category II<sup>2</sup> activities, a Semi-Detailed Environmental Impact Assessment (sdEIA) must be filed. It must be approved by the DGAAM prior to the start of any activity. The sdEIA contains detailed environmental and social information on the area where exploration activities will be carried out, information on the project and the work to be performed, and the measures to be taken to control and mitigate the environmental impacts caused, among other information, as established in the Ministerial Resolution that approved the common Terms of Reference for mining exploration activities.

Art. 8 of the TUO of the General Mining Law  
Regulations for Mineral Exploration Activities Environmental Matters  
Ministerial Resolution approving common terms of reference for mining exploration activities

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1 Category I: Includes projects that imply any of the following aspects:

- a) A maximum of 20 drilling platforms;
- b) An actually disturbed area of less than 10 hectares, considering all platforms, ditches, ancillary facilities and access ways taken as a whole;
- c) Construction of tunnels of up to 50 meters long, taken as a whole.

2 Category II: Includes projects that imply any of the following aspects:

- a) More than 20 drilling platforms;
- b) An actually disturbed area of over 10 hectares, considering all platforms, ditches, ancillary facilities and access ways taken as a whole;
- c) Construction of tunnels of over 50 meters long.

## 2. ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

The holders of concessions that have completed the exploration and / or project to initiate the mining exploitation stage and those that seek the expansion of their ongoing operations must present the corresponding EIA to the MINEM.

EIAs are studies that must be prepared for undertaking activities in mining, processing, general work and mining transport concessions; they must assess and describe the physical-natural, biological, socio-economic and cultural aspects corresponding to the project's area of influence. In this manner the existing conditions and capacities of the environment will be determined; and the nature, scope and effects and consequences of carrying out the project will be analyzed, indicating prevention and control measures in order to achieve a harmonic balance between the mining industry's operations and the environment.

The entities authorized to prepare the EIAs for mining activities are those qualified and registered in the "Registry of Entities Authorized to Conduct Environmental Impact Assessments in the Energy and Mining Sector" maintained by the DGAAM. Such entities must prepare the EIAs in accordance with the parameters set forth in Appendix No. 2 of the Regulations for Title Fifteen of the General Mining Law as regards the Environment, also considering the Guidelines for the Preparation of EIAs approved by the MINEM.

The evaluation process of EIA-sd and EIA-d must be presented to the DGAAM, which will review it within 90 and 120 days respectively, counting from the day following the filing of the Application of Environmental Certification

The above deadlines shall be extended by the authorities only once, without exceeding 30 days, along with Technical Opinion presented by the responsible in function to the needs of each case.

Arts. 2, 7 and 21 of the Regulations for Title Fifteen of the General Mining Law as regards the environment  
Norms for the Registry of Entities Authorized to Conduct EIAs in the Energy and Mining Sector  
Guidelines for the preparation of Environmental Impact Assessments  
Art. 52 EIA Regulation

## 3. MAXIMUM PERMISSIBLE LIMITS (MPLS)

The holders of mining-metallurgical activities are responsible for the emission; discharge and disposal of waste into the environment that take place as a result of the processes carried out in their facilities. Consequently, they are required to avoid and prevent those elements and/or substances which, due to their concentrations or prolonged permanence, could have adverse effects on the environment if they exceed the MPLs.

The MPLs are the physical, chemical and biological measurements of the concentration or degree of elements, substances or parameters that characterize an effluent or an emission which, if exceeded, cause or could cause injury to human health, human well-being and the environment.

The MINAM is responsible for elaborating and modifying the MPLs. After that, MINAM sends its proposal to the PCM in order that it be approved by Supreme Decree.

In the case of the mining sector, compliance with MPLs is compulsory -mainly by MINEM- in the qualifying and approval procedures of studies and applications submitted to said Ministry, and by OEFA, the authority in charge of environmental oversight, audit and sanctions in mining activities.

Art. 32 and 33 of the Law of the Environment  
Art. 5 of the Regulations for Title Fifteen of the General Mining Law as regards the environment  
Board Resolution N° 003-2010-OEFA/CD

#### 4. MINE CLOSURE

The legislation on Mine Closure has the objective of preventing, minimizing and controlling the risks to and effects on health, personal safety, the environment and property that could derive from the closing of a mining unit's operations.

All those undertaking mining activity in a development or production stage, or otherwise included within the purview of Art. 2 of the Regulations for Mine Closure are required to prepare, present and implement a Mine Closure Plan, consisting of a study destined to establish and describe the measures that must be adopted in order to rehabilitate the area used or disrupted by the mining activity, as well as the cost, timing and methods for control and oversight of compliance therewith. Rehabilitation measures must be carried out before, during and after the permanent closure of operations, as applicable.

This Plan must be presented to the MINEM for its approval within a maximum term of one year starting from the approval of the EIA. These plans must be prepared for each mining unit by an entity that is enrolled in the "Registry of Entities Authorized to Conduct Environmental Impact Assessments in the Energy and Mining Sector" maintained by the MINEM.

There is also the obligation to establish environmental guarantees in favor of the MINEM to cover the estimated cost of the rehabilitation measures contained in the Mine Closure Plan.

Arts. 1 to 6 of the Law of Mine Closure  
Arts. 2, 3, 7 and 8 of the Regulations for Mine Closure  
Guidelines for the Preparation of Mine Closure Plans

#### 5. WATER USE WITH MINING PURPOSES

In Peru the use of water for every activity is regulated by Law No. 29338 and its Regulations approved by Supreme Decree N ° 001-2010-AG.

The highest technical authority of the National System of Water Resources is the National Water Authority. Within the organizational structure of this entity, among others, there is a Water Dispute Resolution Court, Water Administrative Authorities and the Local Water Authorities.

According to the new legal framework, the use of water resources is subject to its availability, being that the productive use of water, such as mining usage, is related to its use in production processes or prior to them, and is executed through use rights granted by the National Water Authority.

The water use rights contemplated under the Water Resources Law are: (i) Water use license: that gives the holder the right to use water for an indeterminate period of time, as long as the activity for which was granted subsists. It includes the block licenses and provisional licenses, (ii) Water use permission: it is a right of indeterminate period and eventual performance in superavit water times, and entitles the holder to use a certain quantity of water from a natural source (iii) Water use authorization: that gives its holder the right to use an annual quantity of water for a maximum period of two years renewable only once for a similar period of time, in order to cover the needs related to the execution of studies, works, or soil washing.

With the new law, holders of water use rights are under an obligation to pay economic compensation for the use of water and dumping of wastewater, as well as the payment of fees for services of water distribution, water infrastructure use, and monitoring and groundwater management. The National Water Authority must develop the method for determining the value of financial rewards.

Arts. 34th., 42nd., 47th., 58th., 62nd., 90th. & First Supplementary Transitional Disposition of Water Resources Law.

## 6. DUMPING AUTHORIZATION

Any discharge of wastewater treated in a natural source of water, continental or marine, requires a dumping authorization granted by the National Water Authority (ANA), upon favorable technical opinion of the corresponding sector or regional environmental authority, and Health Authority on the implementation of the Environmental Quality Standards for Water (ECA-Water) and maximum permissible limits (PML).

By Departmental Resolution No. 0291-2009-ANA it was established the procedure and requirements for the granting of permission of dumping and reuse of treated wastewater.

Arts. 79th. and 80th. of Water Resources Law.

## 7. MAIN ENVIRONMENTAL INSTITUTIONS THAT GOVERN MINING ACTIVITIES

The MINEM is responsible for issuing most of the nationwide environmental regulations applicable to mining, as well as for formulating and promoting policies for the development and promotion of mining activity, assuring and safeguarding the preservation of the environment and the sustainable use of mineral resources.

On the other hand, on May 2008 the Ministry of the Environment -MINAM- was created with the object of designing, establishing, implementing and supervising national and sector environmental policy, and being specifically responsible of enforcing compliance with said policy. Among other duties, MINAM must guarantee the fulfillment of the environmental legislation by directly exercising oversight, evaluation and control duties, as well as serving as sanctioning authority or, otherwise, by leading the exercise of these duties by sector authorities. In addition, MINAM is in charge of drafting and approving environmental quality standards – ECA (for its Spanish acronym), as well as approving MPLs for all productive activities, and may also randomly revise Environmental Impact Assessments – EIAs approved by the DGAAM.

Finally, in 2010 the transfer of environmental supervision, audit and sanction functions from OSINERGMIN to OEFA was approved in relation to mining activities.

Art. 6 of the Law of the Energy and Mines Sector

Art. 5 of the Law to Transfer Mining Activity Oversight and Control Competence to OSINERGMIN

MINEM Organization and Functions Regulations.

Legislative Decree N° 1013

Modifications to Legislative Decree N° 1013



# 6

## LABOR ASPECTS AND PRINCIPAL CONTRACTING MODES



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# LABOR ASPECTS AND PRINCIPAL CONTRACTING MODES

## I. DIRECT HIRING OF EMPLOYEES

The hiring of employees engaged in mining activities must be done in accordance with the general application legislation; no special or differentiated hiring regime is applicable to them.

Peruvian labor law on hiring contains a general rule for executing work contracts for an indefinite period for which, in principle, any remunerated services rendered as a subordinate is presumed to be for an indefinite period. Despite the foregoing, given that in some cases the market requires more flexible modes, the law allows fixed-term contracts, for which certain premises and formalities provided for in the law must be met.

Below is a detail of the different modes of contracting employees:

### 1. WORK CONTRACT FOR AN INDEFINITE PERIOD

A work contract for an indefinite period can be executed in writing or verbally. This type of contract implies that the services provided are personal, and there is compensation and a bond of subordination between the employee and the employer (rendering services under the direction of his employer through orders, directives, etc.).

The employer may discharge the employee, provided that there is just cause related to the capability or conduct of the employee which, if not duly proven, would result in an obligation to pay compensation in favor of the employee for arbitrary dismissal.

On the other hand, the law considers economic, technological, structural or similar reasons as objective grounds for the collective termination of employment contracts, provided that the corresponding procedure is followed.

Arts. 4, 5, 9, 22, 46 and 48 of the TUO of the Productivity and Labor Competitiveness Law

## 2. PRINCIPAL WORK CONTRACTS SUBJECT TO MODE

### A) Contracts of a Temporary Nature:

- Due to beginning or increasing an activity: When a productive activity is begun, or during the subsequent installation or opening of new establishments or markets, as well as when beginning new activities or increasing those already existing within the same company. Maximum duration of 3 years.
- Due to market needs: This is intended to deal with those temporary increases of production caused by substantial changes of demand in the market, even when dealing with ordinary tasks that form part of the company's regular activity that cannot be satisfied with permanent personnel, excluding variations of a cyclical or seasonal nature that occur in some productive activities of seasonal nature. Maximum duration of 5 years.
- Due to business restructuring: Executed by virtue of the replacement, expansion or modification of the activities carried out in the company and, in general, all productive and administrative changes of a technological nature in machinery, equipment, facilities, systems, methods and procedures. Maximum duration of 2 years.

## **B) Contracts of a Casual Nature:**

- **Casual:** These are executed to deal with temporary needs different from the work center's regular needs. Maximum duration of 6 months per year.
- **Replacement:** These are executed for the purpose of replacing a permanent employee whose employment is suspended for some just cause. The duration will be whatever is necessary, depending on the circumstances.
- **Emergency:** These have the purpose of covering the needs resulting from an Act of God or and event of Force Majeure (unforeseeable, inevitable and irresistible). The duration will be the same as the term of the emergency.

## **C) Work or Service Contracts:**

- **Specific:** This is a contract executed between an employer and an individual to carry out a task or provide a service that is specific and temporary, demanding a result. The duration will be the same as the term necessary for fulfilling the object of the contract.
- **Intermittent:** These have the purpose of covering those of the company's activity needs that, by their nature, are discontinuous but constant. The duration of activities is related to the work carried out, which is performed in short and discontinuous terms.
- **Seasonal:** The object is to deal with specific business needs of the company or establishment that arise only at certain times of the year, and that are subject to recurrence in similar periods in each cycle, based on the nature of the productive activity. Their duration will be the same as the duration of the seasonal or specific need.

Arts. 54 to 71 and 77 of the TUO of the Productivity and Labor Competitiveness Law

## **II. LABOR INTERMEDIATION AND OUTSOURCING:**

- Labor intermediation can only be provided by companies or employee cooperatives enrolled in a special registry maintained by the MTPE ("intermediary company") that assign personnel belonging to an "intermediary company" to the work center of a "user company". This type of contract can only be used when dealing with services that are: (i) temporary (casual or replacement), (ii) supplementary (activities of an ancillary or accessory nature that are not related to the user company's principal activity; or, (iii) specialized (highly specialized, requiring a high level of technical or scientific knowledge).

In the case of intermediation contracts for temporary services, the number of employees assigned may not exceed 20% of all of the user company's employees. In the case of contracts for specialized or supplementary services, there are no limits with respect to the number of employees to be assigned, to the extent that the "intermediary company" assumes total technical autonomy and responsibility for the performance of their activities. In the event that these requirements are not met, Judiciary authorities (courts) may deem that there is a direct employment relationship (Work Contract for an Indefinite Period) between the employee assigned and the user company.

- **Outsourcing:** According to the provisions set forth in the Outsourcing Law and in the Legislative Decree that clarified the scope of the Outsourcing Law, outsourcing shall be understood to mean entering into a contract with a company (the "outsourcer") for the latter to carry out any specialized activity, provided the outsourcee performs the respective activity at its own risk and account, uses its own financial, technical or material resources,

takes responsibility for the outcome of its activities, and has its workers work under its exclusive subordination.

Moreover, the legislation provides that the typical elements of outsourcing are, inter alia, plurality of customers; use of the outsourcee's own equipment; capital investment; and compensation for the work performed or service provided. The secondment of employees alone is in no event accepted in order for the service to qualify as outsourcing. The outsourcing agreement must be made in writing.

Outsourcing agreements that fail to comply with all of the above requirements and exclusively consist of the secondment of employees will be deemed to have established a direct and indefinite employment relationship (Work Contract for an Indefinite Period) between the employee of the outsourcee and the outsourcer, provided the outsourcee secondments employees to the facilities of the outsourcer on a permanent basis.

An outsourcer that enters into an outsourcing agreement with an outsourcee for the latter to perform work or provide services involving the secondment of employees by the outsourcee to the outsourcer will be jointly and severally liable for the payment of the labor and social security obligations of the outsourcee, as established in the labor laws in force, and not for conventional or unilateral obligations, accrued during the period of secondment.

The statements above-mentioned (establishment of a direct and indefinite employment relationship and liability for the payment of the labor and social security obligations of the outsourcee) only apply to outsourcing cases that involve continuous secondment<sup>1</sup>, they do not apply to outsourcing cases that do not involve the secondment of employees or only involve an eventual or non-regular secondment of employees.

Finally, it should be pointed out that outsourcees must be registered on the National Register of Outsourcee Companies kept by MTPE.

Arts. 3, 5, 6, 9, 11 and 13 of the Law of Special Service Companies and Employee Cooperatives  
Art. 4 of the Regulations for Law of Special Service Companies and Employee Cooperative  
Art. 2, 5, 8 y 9 of the Outsourcing Law  
Arts. 2 y 3 of the Legislative Decree that clarified the scope of the Outsourcing Law

### III. SPECIALIZED MINING CONTRACTING COMPANIES:

The TUO of the General Mining Law expressly mandates that the holders of mining concessions have the power to contract the execution of exploration, development, operation and refining works with specialized companies, provided that the latter are enrolled in the "Mining Contracting Companies Registry" maintained by the DGM, besides being registered on the "National Register of Outsourcee Companies" kept by MTPE.

The contracting companies must have functional autonomy and hold their own assets, which will allow them to carry out the activities for which they have been contracted, related to exploration, development, exploitation and processing labor, and be certified as such by the General Mining Directorate.

Art. 37 of the TUO of the General Mining Law  
Art. 3 Business Specialist Mining Contractors Registration

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<sup>1</sup> It is understood that there is continuous secondment of a employee when it is realized in a regular way beneath the outsourcee and the outsourcer and the secondment occurs for no less of one third of the working days agreed in the outsourcing agreement or it exceeds 420 hours or 52 consecutive or not efective working days; into one semester.

# 7

## REGULATIONS FOR COMMUNITY RELATIONSHIPS



**PERÚ**  
**MINING**  
**INVESTMENT**  
HANDBOOK



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# REGULATIONS FOR COMMUNITY RELATIONSHIPS

## 1. CITIZEN PARTICIPATION

As stated in the Law of the Environment, every individual is entitled to take part in a responsible manner in the decision-making processes related to, and in the establishment and application of, environmental policies and measures, including those related to environmental components, adopted at each government level.

According to the provisions set forth in the Law of the Environment, the State must reach a consensus with civil society on environmental management decisions and actions. Citizen participation should be specifically sought for: (i) the preparation and disclosure of environmental information, (ii) the design and application of environmental management policies, rules and instruments, and environmental plans, programs and agendas, (iii) the evaluation and implementation of public and private investment projects, as well as projects involving the management of natural resources; and (iv) the follow-up, control and monitoring of environmental issues, including accusations related to the infringement of the environmental legislation or any attempted or actual infringement of environmental rights.

Accordingly, the Citizen Participation Regulations for the mining sector regulate the responsible participation of individuals in the definition and application of measures, actions and decisions by the competent authorities, related to the sustainable performance of mining activities in the country.

Through a series of citizen participation mechanisms, the Citizen Participation Regulations seek to make available to the population involved in the mining project timely and adequate information on the mining activities intended to be carried out or already being carried out; become aware of and channel opinions, positions, points of view, observations or inputs regarding mining activities; promote dialogue; prevent conflicts; and build consensus; in such a way that the interests of the populations living in the area of influence of a mining project will be considered in the design and, if applicable, in the implementation of the project, including the decision-making process followed by the competent authority in relation to administrative procedures that fall within its sphere of duty.

In keeping with the provisions set forth in the Citizen Participation Regulations for the mining sector, the holders of mining projects must propose citizen participation mechanisms<sup>1</sup> that they consider appropriate for the mining project, whereupon the competent authority must determine and select the most appropriate mechanisms proposed by the project holder.

However, minimum conditions have been established for the citizen participation processes that must be carried out during the different stages of the mining project:

- i) After the Mining Concession has been awarded: The MINEM will promote or perform the necessary information disclosure activities to inform local people of the activities to be carried out in connection with the mining concession awarded (through informative meetings, forums, conferences, workshops, etc.). Moreover, the concession holder must provide information about the project to communities located within the area of influence of the respective project.
- ii) During the Exploration Stage: the citizen participation process should start prior to the filing of the respective environmental assessments<sup>2</sup> and, once the environmental assessments have been prepared, they must be made available to the population so that they may

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1 The citizen participation mechanisms that may be used are expressly contemplated in the Citizen Participation Regulations for the mining sector and in the Ministerial Resolution on Citizen Participation in the mining sector.

2 See Section 5: "Main Environmental Aspects applicable to Mining Activities".

provide their input and make comments or observations. At least one Informative Workshop should be carried out; in addition, information should be provided through local newspapers and radio stations.

- iii) During the project Development Stage (before and during the preparation and evaluation of the EIA<sup>3</sup>): At least three Informative Workshops and one Public Hearing should be carried out; in addition, information should be provided through local newspapers and radio stations.

It has been established that the population will have access in a timely fashion to a simple Executive Summary of the EIA and then to the full contents thereof, so that they may provide their input. On the other hand, the holder of the mining concession will submit a Citizen Participation Plan to the competent authority, for approval. Said plan will describe and substantiate the citizen participation mechanisms to be used.

- iv) During the Exploitation and Processing Stages (implementation of the mining project): the holder of the mining concession will implement the Citizen Participation Plan, which will contain the participation mechanisms to be implemented while the project is being carried out. Said plan will be evaluated and approved by the competent authority, together with the environmental assessment and in keeping with the Community Relations Plan. Priority should be given to the establishment of a Permanent Information Office and/or Participatory Environmental Surveillance and Monitoring Committee.
- v) During the Mine Closure Stage: The environmental regulations specifically applicable to mine closure will describe the citizen participation mechanisms to be applied, although the competent authority may require the adoption of other mechanisms.

It should be pointed out that the Citizen Participation Regulations for the mining sector address the concept of Consultation<sup>4</sup> referred to in ILO Convention 169 on Indigenous and Tribal Peoples in Independent Countries, which has been ratified by Peru. In this regard, it provides that in the mining sub-sector the Prior Consultation right is exercised through the citizen participation process regulated by the Citizen Participation Regulations for the mining sector, to which we have referred above; it is further provided that the Prior Consultation process does not give local people the right to veto mining activities or the decisions made by the competent authority.

Furthermore, the Citizen Participation Regulations for the mining sector provide that, according to the Law of the Environment, when a project or activity is to be carried out on land owned by indigenous populations or agrarian or native communities, the citizen participation process will preferably focus on reaching agreements with the communities' representatives in order to protect their rights and traditional customs and establish the benefits and compensation measures that they may be entitled to receive under the relevant legislation.

Articles II, III and 41 to 51 of the Law of the Environment  
Citizen Participation regulations for the mining sector  
Ministerial Resolution on Citizen Participation in the Mining sector

## 2. PRIOR COMMITMENT

The beneficial use of natural resources on a sustainable basis implies protecting the environment and social milieu and establishing dialogue and participation mechanisms. Every mining project should come into contact with the local population since the very beginning, fostering an alliance with mining companies under guidelines that promote the hiring and training of local workers, the use of local goods and services, and the implementation of projects that benefit the local population.

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3 See Section 5: "Main Environmental Aspects applicable to Mining Activities".

4 See Section 7: "Appendix to the Mining Investment Handbook: Glossary of terms and acronyms and legal basis. "

For these reasons, the State has deemed it convenient to establish a reference legal framework to regulate mining activities, mining companies, and the State.

According to the provisions set forth in the Supreme Decree that created the Prior Commitment requirement, it is absolutely necessary to file a DJ (Sworn Statement) of Prior Commitment to apply for a mining concession or a processing concession<sup>6</sup>.

In the Sworn Statement of Prior Commitment, the applicant undertakes to:

- i) Carry out its productive activities within the framework of a policy that seeks environmental excellence.
- ii) Show respect for local institutions, authorities, culture and customs, maintaining a positive relationship with people living within the area of influence of the mining operation.
- iii) Hold talks on a permanent and timely basis with regional and local authorities and people living in the area of influence of the mining project and their representative institutions, providing information on the mining activities intended to be carried out by the applicant.
- iv) Promote the institutionality of local development among people living within the area of influence of the mining operation in the event exploitation begins, carrying out studies and fostering development opportunities beyond the life cycle of the mining project.
- v) Preferably promote local employment, providing the necessary training opportunities.
- vi) In carrying out mining activities and taking care of employees, preferably buy local goods and services under reasonable conditions as to quality, timeliness and price, creating appropriate consensus-building mechanisms.

In addition, the Supreme Decree that established the Prior Commitment requirement provides that the holders of mining projects are obliged to file with DGAAM, on or before June 30<sup>th</sup> of each year, by e-mail, an Annual Affidavit on Sustainable Development Activities. In said Affidavit, the project holder will inform DGAAM of all sustainable development activities voluntarily performed (other than those resulting from legal rules) during the previous year, which fall within the different items reported in the DJ (Sworn Statement) of Prior Commitment.

OGGS will conduct a follow-up of the commitments itemized in the Annual Affidavit on Sustainable Development Activities. In order to conduct a follow-up of the information contained in said Affidavit, OGGS will bear in mind the productive phase of the project, the financial situation of the concession holder, and different strata of the mining project, irrespective of whether or not it is a PPM or PMA.

Supreme Decree that created the Prior Commitment Requirement  
Ministerial Resolution approving the Annual Affidavit form for Sustainable Development Activities

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5 See Section 1: "The Mining Concession: Mineral Exploration and Exploitation".

6 See Section 2: "Other Concessions: Processing, General Work, and Mining Transport Concessions".



# 8

## APPENDIX TO THE MINING INVESTMENT HANDBOOK: GLOSSARY OF TERMS AND ACRONYMS AND LEGAL BASIS



**PERÚ**  
**MINING**  
**INVESTMENT**  
HANDBOOK



PERÚ

Ministerio  
de Energía y Minas



**ProlInversión**

Agencia de Promoción de la Inversión Privada - Perú



Sociedad Nacional de  
**MINERÍA PETRÓLEO  
Y ENERGÍA**

## APPENDIX TO THE MINING INVESTMENT HANDBOOK

### I. GLOSSARY OF TERMS AND ACRONYMS

#### **ANA**

##### **National Water Authority**

A public entity that reports to the Ministry of Agriculture and is responsible for enacting rules and establishing procedures for the integrated and sustainable management of water resources. It is also in charge of preparing the National Water Policy and Strategy and the corresponding National Plan and applying sanctions dealing with issues that fall within its sphere of duty.

#### **CONSEJO DE MINERIA**

##### **Mining Council ([www.minem.gob.pe](http://www.minem.gob.pe))**

Highest-level administrative court of last resort over all mining matters that are subject to resolutions by agencies under the Ministry of Energy and Mines (DGM, DGAAM, INGEMMET, and others).

#### **DGAAM**

##### **General Bureau of Mining Environmental Matters ([www.minem.gob.pe](http://www.minem.gob.pe))**

This is the technical-regulatory body responsible for proposing and assessing the Mining Sector's environmental policy, proposing laws or issuing the rules necessary. It also focuses on promoting environmental protection activities in mining activities.

#### **DGM**

##### **General Mining Bureau ([www.minem.gob.pe](http://www.minem.gob.pe))**

This is the MINEM Mining Line Unit responsible for ruling and promoting activities to assure the rational use of mining resources in harmony with the environment.

#### **DIGESA**

##### **General Bureau of Environmental Health ([www.digesa.sld.pe](http://www.digesa.sld.pe))**

This is the technical-regulatory body in aspects related to basic sanitation, occupational health, hygienic food, zoonosis and environmental protection. It issues regulations and assesses environmental health processes in the sector. It is an entity under the Ministry of Health.

#### **DJ (SWORN STATEMENT) OF PRIOR COMMITMENT**

This obligation, regulated by Supreme Decree No. 042-2003-EM (December 13, 2003), is demanded of all those filing for concessions. See Chapter 7: Regulations for community relationships.

#### **INGEMMET**

##### **Geological, Mining and Metallurgical institute ([www.ingemmet.gob.pe](http://www.ingemmet.gob.pe))**

This is the public agency responsible for granting the titles to mining concessions, administering the national mining register and processing, administering and disseminating geo-scientific information on the national territory in order to promote investment in this country.

#### **MINAM**

##### **Ministry of the Environment ([www.minam.gob.pe](http://www.minam.gob.pe))**

An entity that reports to the Executive Branch of Government and is mainly responsible for designing, establishing, implementing and overseeing the national and sectorial environmental policy, being specifically in charge of enforcing compliance with said policy. It must preserve the environment, fostering and securing the sustainable, responsible, rational and ethical use of natural resources and the surrounding environment in order to contribute to the comprehensive social, economic and cultural development of the human being, in keeping with its surrounding environment, thereby guaranteeing current and future generations the right to live in a balanced environment suitable for the development of life.

#### **MINEM**

##### **Ministry of Energy and Mines ([www.minem.gob.pe](http://www.minem.gob.pe))**

This is the central and governing body for the Energy and Mining Sector, a part of the Executive Branch. Its purpose is to formulate and assess national policy in matters of sustainable development in mining-power activities. It is the governing authority in environmental matters in reference to mining-energy activities.

## **MTPE**

### **Ministry of Labor and Employment Promotion ([www.mintra.gob.pe](http://www.mintra.gob.pe))**

This is the body governing labor in Peru, with all powers necessary to lead the implementation of policies and programs for generating and improving employment, and also responsible for enforcement of legislation for labor matters.

## **OEFA**

### **The Agency for Environmental Assessment and Audit**

The OEFA is a public, technically specialized institution, under the Ministry of the Environment – MINAM. The OEFA is the head of the National Environmental Assessment and Audit System - SINEFA (according to Law N 29325).

It has the responsibility of verifying the compliance with environmental legislation. Likewise, it makes sure that environmental evaluation, supervision, control, sanctioning, and incentive functions conducted by various Government agencies are carried out independently, impartially, agile and efficiently, as legally established by the National Environmental Policy.

## **OGGS**

### **General Social Management Office ([www.minem.gob.pe](http://www.minem.gob.pe))**

The General Social Management Office of the Ministry of Energy and Mines is an advisory office in charge of promoting a harmonious relationship between mining-energy companies and civil society, including regional and local governments; fostering the establishment of dialogue-seeking and consensus-building mechanisms in the sector; and supporting the design of Sustainable Development Programs. It reports to the Minister's Office.

## **OSINERGMIN**

### **Supervisory Body of Private Investment in Energy and Mines ([www.osinergmin.gob.pe](http://www.osinergmin.gob.pe))**

This is the regulatory, enforcement and oversight body for the activities undertaken by internal public- or private-law legal entities and individuals in the electricity, hydrocarbons and mining sub-sectors.

## **PCM**

### **Presidency of the Cabinet ([www.pcm.gob.pe](http://www.pcm.gob.pe))**

This is the technical-administrative body covered by the Law of the Executive; its highest authority is the President of the Cabinet. It coordinates and conducts follow-up on the Executive's multi-sector policies and programs, coordinates actions with the Congress of the Republic and independent constitutional bodies, among others.

## **PPM**

### **Small-Scale Mining Producers**

Those producers who: (i) either individually or together with other individuals or legal entities formed by individuals or a mining cooperative or mining cooperative center, are usually engaged in the exploitation and/or direct processing of minerals (ii) own up to 2,000 hectares, including mining claims and mining concessions, and (iii) own an installed production and/or processing capacity not to exceed 350 MT per day, except for non-metal minerals and construction material, where the limit will be an installed production and/or processing capacity of up to 1,200 MT<sup>3</sup> per day.

## **PMA**

### **Artisan Mining Producers**

Those producers who: (i) either individually or together with other individuals or legal entities formed by individuals or a mining cooperative or mining cooperative center, are usually engaged, as a source of livelihood, in the exploitation and/or direct processing of minerals, using manual methods and/or basic equipment, (ii) own up to 1,000 hectares, including mining claims and mining concessions, or have signed agreements or contracts with the holders of mining concessions according to the pertinent legislation; and (iii) own an installed production and/or processing capacity not to exceed 25 MT per day, except for non-metal minerals and construction material, where the limit will be an installed production and/or processing capacity of up to 100 m<sup>3</sup> per day.

## **PRIOR CONSULTATION**

A right regulated by ILO Convention N° 169 on Indigenous and Tribal Peoples in Independent Countries, which was ratified and incorporated into Peru's legislation in 1994 through the approval of Legislative Decree N° 26253. This right is exercised and implemented in the mining sub – sector through the citizen participation process regulated by the Citizen Participation Regulations. Accordingly, the citizen participation mechanisms to be implemented should disclose information and gather opinions and suggestions in order to learn, prior to the commencement and performance of any mining activity, whether or not the interests of indigenous or peasant peoples or communities living within the area of influence of the project are protected, and to what an extent.

Consultation does not afford local people the right to decide whether or not a proposed mining project will be carried out, nor it is binding upon the State when it makes decisions or creates or modifies legal rules. In other words, the State's final decision may be or may be not be consistent with the outcome of the consultation process, in view that ILO Convention No. 169 does not give indigenous and tribal people the right to veto any project.

## **PROINVERSION**

Private investment Promotion Agency of Peru ([www.proinversion.gob.pe](http://www.proinversion.gob.pe))

Autonomous body responsible for promoting private investment to give impulse to Peru's competitiveness and secure its sustainable development, aimed at improving the well-being of the people on the whole.

## **SIDEMCAT**

### **Mining Rights and Registry System**

A system operated under the INGEMMET. It provides information on mining rights, the National Mining Cadastre, pre-cadastre, the cadastre of areas restricted to the mining activity and information related to fulfillment of the payment of mining good standing fees and penalties, among others. It allows accessing information in real-time.

## **SUNAT**

### **National Superintendency of Tax Administration ([www.sunat.gob.pe](http://www.sunat.gob.pe))**

A decentralized public entity in the Economy and Finance Sector that enjoys economic, administrative, functional, technical and financial autonomy. It is the main tax-collecting agency in the Peruvian economy.

## **UIT**

### **Tax Unit**

A reference value used in several legal rules and updated once a year. For 2011, one Tax Unit (UIT) is equivalent to Three Thousand Six Hundred nuevos Soles (S/.3,600), that is, approximately US\$ 1,277.00 (Exchange rate: S/. 2.82 nuevos soles).

## **II. LEGAL BASIS:**

### **B**

- BUSINESS SPECIALIZE MINING CONTRACTORS REGISTRATION: Supreme Decree N° 005-2008-EM (19/01/2008)

### **C**

- CITIZEN PARTICIPATION REGULATIONS FOR THE MINING SECTOR  
Citizen Participation Regulations for the Mining Sector: Supreme Decree N° 028-2008-EM (May 27, 2008)

### **G**

- GUIDELINE FOR THE PREPARATION OF ENVIRONMENTAL IMPACT ASSESSMENTS  
Guide prepared by the MINEM.
- GUIDELINE FOR THE PREPARATION OF MINE CLOSURE PLANS  
Guide prepared by the MINEM.

### **L**

- LAW FOR FINAL REFUND OF THE VALUE ADDED TAX (IGV)  
Law that provides for refund of the Value Added Tax (IGV) and the Municipal Promotion Tax paid by the holders of mining activities during the exploration phase: Law N°. 27623 (January 8, 2002) and its amendments.
- LAW GOVERNING THE ORGANIZATION AND FUNCTIONS OF THE MINISTRY OF AGRICULTURE  
Law governing the organization and functions of the Ministry of Agriculture: Legislative Decree N°. 997 (March 13, 2008).
- LAW OF WATER RESOURCES  
Law N° 29338 (February 31, 2009)
- LAW OF MINE CLOSURE  
Law No. 28090 (October 14, 2003) and its amendments.
- LAW OF MINING ROYALTY  
Law N°. 28258 (June 24, 2004) and its amendments.
- LAW OF SPECIAL SERVICE COMPANIES AND EMPLOYEE COOPERATIVES  
Law N°. 27626 (January 9, 2002) and its amendments.
- LAW OF THE ENERGY AND MINES SECTOR  
Decree Law N°. 25962 (December 18, 1992) and its amendments.
- LAW OF THE ENVIRONMENT  
General Environment Law N°. 28611 (October 15, 2005) and its amendments.
- LAW TO TRANSFER MINING ACTIVITY OVERSIGHT AND CONTROL COMPETENCE TO OSINERGMIN  
Law N° 28964 (January 24, 2007)

- LAW No. 27342  
Law that rules Legal Stability Agreements under the protection of Legislative Decrees Nros. 662 and 757: Law No. 27342 (September 6, 2000) and its amendments.
- LAW WHICH PROMOTES REGIONAL AND LOCAL PUBLIC INVESTMENT WITH THE PARTICIPATION OF THE PRIVATE SECTOR  
Law which promotes regional and local public investment with the participation of the private sector: Law N° 29230 (May 20, 2008).
- LEGISLATIVE DECREE N°. 662  
Regime for Legal Stability of Foreign Investment: Legislative Decree N°. 662 (September 2, 1991) and its amendments.
- LEGISLATIVE DECREE N°. 892  
This decree rules the rights of employees to participate in the earnings of businesses that pursue third-category income generating activities: Legislative Decree No 892 (November 11, 1996) and its amendments.
- LEGISLATIVE DECREE N°. 1013  
This decree creates, organizes and rules the Ministry of the Environment (May 14, 2008) and its amendments.
- LEGISLATIVE DECREE THAT CLARIFIED THE SCOPE OF THE OUTSOURCING LAW  
Legislative Decree that clarified the scope of Law N° 29245, Law which regulates outsourcing services: Legislative Decree N° 1038 (June 25, 2008).

## **M**

- MINISTERIAL RESOLUTION APPROVING COMMON TERMS OF REFERENCE FOR MINING EXPLORATION ACTIVITIES  
Approved the common Terms of Reference for mining exploration activities falling into Categories I and II, which require the holders of mining projects to file an Environmental Impact Statement and a semi-detailed Environmental Impact Assessment, as well as a Project Summary Card and the Rules for Opening and Handling Ditches and Test Pits: Ministerial Resolution N° 167-2008-MEM/DM (April 10, 2008).
- MINISTERIAL RESOLUTION APPROVING THE ANNUAL AFFIDAVIT FORM FOR SUSTAINABLE DEVELOPMENT ACTIVITIES  
Approved the Annual Affidavit Form for Sustainable Development Activities referred to in Supreme Decree N°. 042-2003-EM and its amendments. Ministerial Resolution N° 192-2008-MEM/DM (April 25, 2008).
- MINISTERIAL RESOLUTION ON CITIZEN PARTICIPATION IN THE MINING SECTOR  
Ministerial Resolutions regulating the Citizen Participation Process in the Mining Sub-Sector: Ministerial Resolution N° 304-2008-MEM/DM (June 26, 2008).
- MODIFICATIONS TO LEGISLATIVE DECREE N° 1013  
Legislative Decree that modified some provisions of Legislative Decree N° 1013: Legislative Decree N° 1039 (June 26, 2008).

## **N**

- NORMS FOR THE REGISTRY OF ENTITIES AUTHORIZED TO CONDUCT EIAs IN THE ENERGY AND MINING SECTOR  
Ministerial Resolution N°. 580-98-EM/VMM (November 27, 1998)

## **O**

- OUTSOURCING LAW  
Law regulating outsourcing services: Law N° 29245 (June 24, 2008).

## **P**

- POLITICAL CONSTITUTION OF PERU  
Promulgated on December 29, 1993 and ratified via referendum on December 31, 1993, and its amendments.

## **R**

- REGIME OF SPECIAL EARLY IGV RECOVERY  
Legislative Decree N°. 973 (March 10, 2007).
- REGULATIONS FOR LAW OF SPECIAL SERVICE COMPANIES AND EMPLOYEE COOPERATIVES  
Supreme Decree N°. 003-2002-TR (April 28, 2002)
- REGULATIONS FOR MINE CLOSURE  
Adjunct Supreme Decree No. 033-2005-EM (August 16, 2005) and its amendments.
- REGULATIONS FOR MINERAL EXPLORATION ACTIVITIES ENVIRONMENTAL MATTERS  
Supreme Decree N°. 020-2008-EM (April 2, 2008).
- REGULATIONS FOR MINING PROCEDURES  
Supreme Decree N°. 018-92-EM (September 8, 1992) and its amendments.
- REGULATIONS FOR PRIVATE INVESTMENT GUARANTEE REGIMES  
Supreme Decree N°. 162-92-EF (October 12, 1992) and its amendments.

- REGULATIONS FOR THE IGV LAW  
Regulations for the Law of the Value Added Tax (IGV) and Selective Consumption Tax (ISC): Supreme Decree N°. 29- 94-EF (March 29, 1994) and its amendments.
- REGULATIONS FOR THE INCOME TAX LAW  
Regulation of the Income Tax Law: Supreme Decree N°. 122- 94-EF (September 21, 1994) and its amendments.
- REGULATIONS FOR THE LAW FOR FINAL REFUND OF THE IGV  
Regulations for the Law that provides for refund of the Value Added Tax (IGV) and the Municipal Promotion Tax paid by the holders of mining activities during the exploration phase: Supreme Decree N°. 082-2002-EF (May 16, 2002).
- REGULATIONS FOR THE MINING ROYALTY LAW  
Supreme Decree N°. 157-2004-EF (November 15, 2004) and its amendments.
- REGULATIONS FOR THE SPECIAL EARLY IGV RECOVERY REGIME  
Supreme Decree N°. 084-2007-EF (June 29, 2007)

## S

- SUPREME DECREE N°. 046-96-EF  
Regulations for filing dates, amounts, goods and services covered procedures and term of the Early IGV Recovery Regime created by Legislative Decree N°. 775: Supreme Decree N°. 046-96-EF (April 13, 1996) and its amendments.
- SUPREME DECREE THAT CREATED THE PRIOR COMMITMENT REQUIREMENT  
Prior Commitment as a requirement to carry out mining activities, and complementary provisions: Supreme Decree N° 042-2003-EM (December, 13, 2003) and its amendments.
- SUPREME DECREE N°. 005-2008-EM (January 19, 2008) Business Specialize Mining Contractors Registration.

## T

- TUO (Unified Text) OF THE GENERAL MINING LAW (LGM)  
General Mining Law: Supreme Decree N°. 014-92-EM (June 4, 1992) and its amendments.
- TUO (Unified Text) OF THE IGV LAW  
Unified Text of the Value Added Tax and Selective Consumption Tax Law, Supreme Decree: N°. 055- 99-EF (April 15, 1999) and its amendments.
- TUO (Unified Text) OF THE INCOME TAX LAW (IRL)  
Unified Text of the Income Tax Law: Supreme Decree N°. 179-2004-EF (December 8, 2004) and its amendments.
- TUO (Unified Text) OF THE PRODUCTIVITY AND LABOR COMPETITIVENESS LAW  
Unified Text of the Productivity and Labor Competitiveness Law: Supreme Decree N° 003-97-TR (March 27, 1997) and its amendments.
- TUPA (Sole Text of Administrative Procedures ) OF INGEMMET  
Geological, Mining and Metallurgical Institute: Supreme Decree N°. 052-2006-EM (September 6, 2006) and its amendments
- TUPA (Sole Text of Administrative Procedures ) OF MINEM  
Sole Text of Administrative Procedures of the Ministry of Energy and Mines: Supreme Decree N°. 061-2006-EM (October 29, 2006) and its amendments.

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