

LEX MUNDI
PUBLICATION



ISSUES RELATING TO FOREIGN INVESTMENT

PERU ESTUDIO OLAECHEA

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1) Is national governmental permission required for foreign investors to acquire real estate? If so, please identify.

According to Article 71° of the Constitution, foreigners (whether individuals or entities) do not need permission to acquire real estate. Moreover, the Peruvian Constitution indicates that foreigners and nationals are treated the same. However, this article contains an exception. Foreigners cannot acquire nor possess, within 50 kilometers of a national border, through any title, mines, lands, forests, water, fuels or any energy source, directly or indirectly, individually or through entities. Foreigners that do so may be subject to the penalty of losing the right acquired in benefit of the Government.

There is an exception stated in the same article. In case there is a matter of public interest or need, foreigners are permitted to acquire real estate within the above mentioned 50 kilometers' area. This can only be approved through a Supreme Decree, given by the Ministry's Council, in accordance to Law.

Article 4 of the Promotion for Investors Law states: "The right to property of foreign investors does not have more limitations than the ones established in the Peruvian Political Constitution".

In fact, these regulations intend to equalize foreigners' and nationals' rights to acquire and/or transfer real estate save for the 50 kilometer exception mentioned above.

2) Are there other national restrictions imposed on ownership of real estate by foreign investors? To acquire interests in entities which own real estate? If so, please identify.

There is no special restriction except for the one stated on the previous question. To acquire interests in entities which own real estate, there are no restrictions whatsoever.

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3) Are foreign investors required to invest with a local partner? If not, is investment with a local partner advisable?

Foreign investors are not required to invest with a local partner.

On the other hand, regarding whether it is advisable to invest with a local partner or not, it would mostly depend on the type of investment.

4) What national taxes are levied solely on foreign individuals or entities acquiring or transferring real estate or interests in entities which acquire real estate?

None, Peruvian taxes are the same for both, national and foreigners.

5) Describe reporting requirements for reporting the acquisition, ownership or disposition of real estate which relate solely to foreign direct or indirect owners of real estate.

There are no reporting requirements which relate solely to foreign direct or indirect owners of real estate.