

If you would like to establish a business presence in South America, Peru is a fantastic place to do so. The country is home to the Andes Mountains and Machu Picchu. With a large workforce and growing GDP, a variety of businesses enjoy plenty of opportunities, especially those in manufacturing, fishing, mining, and tourism.

When you decide to expand to Peru, you'll need to set up your Peru payroll. Although this task sounds relatively simple, a complicated tax structure and a high chance of being audited means you'll need to pay extra attention to matters of compliance or choose Peru payroll outsourcing. Globalization Partners can help you stay compliant and set up your Peru payroll quickly.

Taxation Rules for Payroll

Employers must make multiple contributions, which include giving 9% of their payroll to the National Health System (RPS). If you offer an additional health plan, you can get a credit for part of that expense. Employers also contribute an average of 11.5% of their gross salary to ASPs, which are private entities that manage pension funds for retirement, disability pensions, and funeral costs. If you operate in an industry with risky work, you are required to have supplementary insurance for employees.

Peru operates under a progressive personal income tax scale with rates ranging from 15% to 30%. However, tax rates typically change every year. Non-residents in the country only have to pay taxes on income earned in Peru at a rate of 30%. Other tax rates include:

- 18% of gross earnings for VAT
- 29.5% for corporate income tax
- 13% for social security

Peru Payroll Options

You can choose from four main Peru payroll options when setting up your payroll:

- Remote: Remote payroll is an excellent option for companies that only want to operate

one payroll among multiple countries. However, your employees in Peru will have different compliance standards than employees at the parent company.

- Peru payroll processing company: You can work with a local payroll processing company to set up your Peru payroll on your behalf. However, you will still be held liable for any of the company's mistakes.
- Internal: Larger companies may have more resources to operate an internal payroll at the office of their Peru subsidiary. However, this option can be more expensive because you would have to hire the necessary staff.
- Globalization Partners: You can also work with a global PEO such as Globalization Partners. Our Peru payroll outsourcing services take the stress out of determining how to set up your Peru payroll and stay compliant.

What Is Required to Set up Peru Payroll?

You will need to establish a subsidiary or choose a subsidiary alternative before you can pick a Peru payroll option. Start by registering the name of your business with the Peruvian Public Registry. You'll then need to get a deed, minutes, and accounting books notarized by the Portal Servicios Ciudadano y Empresas. Employers must also receive a Certificate of Registration and a tax ID number to pay employees.

Necessary Entitlement and Termination Terms

Peru allows probationary periods from three months to one year. If you terminate an employee, you'll need objective grounds or cause to do so with documentation. Try to give employees at least six calendar days of written notice. An employee who is dismissed without cause typically receives up to 12 months of severance pay.

Peru Payroll Processing Company

Globalization Partners offers a Peru payroll outsourcing option that frees up your time and reduces stress. Contact us today to learn more about our services.