

Items	Regulations in force on 1 January 2019
<p>1: Notification procedures in the case of individual dismissal of a worker with a regular contract</p>	<p>In case of dismissal for justified cause related to the employee's conduct or capacity, a prior written notification procedure is required (articles 31 and 32 Law on Productivity and Labour Competitiveness - hereinafter LPCL). The notification letter has to specify the reason for dismissal and the date of the effective termination. The employee has the right to present a written defense of the charges alleged by the employer. Once the letter is delivered, the employer may not invoke a different reason than the one referred to in the notification letter. Dismissal can also be without justification (despido arbitrario), article 34 LPCL. However, despite the letter of the law, the Constitutional Tribunal has construed that dismissal without just cause (article 34 LPCL) entitles the employee to claim reinstatement (see Item 5). Value (for EPL indicators): average between dismissal for personal reasons (3) and dismissal for economic reasons (2)</p> <p>As of a certain number of dismissals (see Item 18): see item 19.</p>
<p>2: Delay involved before notice can start</p>	<p>The written notification letter must be sent directly to the employee. If the employee refuses to receive said letter, it can be handled by a notary public or by a Judge (Article 32 LPCL). The employee has a minimum of: a) 6 days in case of misconduct to present a written defense of the charges alleged by the employer (not considered for EPL indicators as it is a case of fault); b) 30 days if the reason is related to the employee's capacity, so that the worker can demonstrate its capacity. Calculation (for EPL indicators): average between personal reasons (30 days + 1 day for written notification), and economic reasons (1 day).</p> <p>As of a certain number of dismissals (see Item 18): see item 20.</p>
<p>3: Length of notice period at different tenure durations (a)</p>	<p>Warning procedures prior to dismissal due to employee's conduct or capacity were mentioned in Item 2. Values (for EPL indicators): 0</p>
<p>4: Severance pay at different tenure durations (a)</p>	<p>No severance payment in case of dismissal for justified reason related to the employee's conduct or capacity (article 34 LPCL) or for economic reason (article 52 LPCL). Severance pay for arbitrary dismissal is equivalent to <u>1.5 monthly salaries per each full year of service up to a maximum of 12 monthly wages</u>. Fractions of years are paid in proportion to the months (1/12) and days (1/30) worked for the employer (articles 34 and 38 LPCL). A special regime applies to dismissals in Peru. Given the system described in Item 5, for EPL purposes severance payment is reflected under Item 7 and Item 8. Therefore, values corresponding to severance payment were set to 0, despite that dismissals may end by paying severance indemnity.</p> <p><u>Additional compensation:</u> According to article 21 of the Compensation for the Length of Service Law (hereinafter CTSL), a special compensation is paid to the employee, upon termination of the employment contract, irrespective of the reason or cause of termination. This payment -called "<u>Compensación por Tiempo de Servicio</u>"- is equivalent to one monthly average salary per year of service. This amount is deposited to a bank chosen by the employee each semester. As it can be assimilated to an additional social security contribution and do not represent a specific burden to employers at the time of dismissal, this additional compensation is not considered for EPL purposes.</p> <p>Values (for EPL indicators): 0 (as severance payment is reflected in Items 7 and 8).</p>

5: Definition of unfair dismissal (b)

Fair dismissal: Justified reasons for dismissal are defined in articles 22 to 28 LPCL. These reasons are related to employee's conduct and capacity. In those cases, no severance indemnity is due.

Reasons connected to employee's capacity (art. 23 LPCL): a) deterioration of the physical or mental faculties or an acquired incapacity having a major effect on his or her performance on the job; b) poor performance in relation to the worker's capacity or in comparison to the average output for similar work under similar conditions; c) unreasonable refusal to undergo a previously agreed or legally required medical examination in the context of the employment relationship, or to follow medical treatment or preventive measures prescribed by a doctor in order to avoid illness or accident.

Reasons related to the worker's conduct (art. 24-28 LPCL): conviction for a crime involving fraud (by a decision not subject to appeal); disqualification of the worker imposed by judicial or administrative authorities to carry out his or her job at the workplace for three months or more; and any serious misconduct as defined in 25 LPCL: a violation of the fundamental terms of the contract which makes the continuation of the employment relationship unreasonable, as follows: a) failure to comply with employment obligations in such a way that the breakdown of good faith in the employment relationship may be presumed; the repeated opposition to orders relating to the work; repeated and untimely stoppage of work when this has been found to be the case by the competent authority; or the failure to observe work regulations or occupational safety or health regulations; b) deliberate and repeated deterioration in output, or in the volume or quality of production; c) appropriation or attempted appropriation of goods or services belonging to the employer or for which the worker is responsible, or unjustified retention or utilization of the same; d) the use or transfer to a third party of information reserved for the employer; the unauthorized removal or use of documents belonging to the enterprise; providing false information to the employer with the intention of causing harm or obtaining an advantage; or unfair competition; e) repeated attendance at work in a state of drunkenness or under the influence of drugs or narcotics, and even if it is not repeated, where because of the nature of the work, such condition is exceptionally serious; f) acts of violence, serious breaches of discipline, insults and disrespect in oral or written statements addressed to the employer, his or her representatives, senior staff or other workers, whether they take place inside or outside the workplace; g) deliberate damage to buildings, plant, works, machinery, instruments, documents, raw materials and other goods belonging to the enterprise, or in its possession; h) failure to appear at the workplace for more than three consecutive days; unjustified absence for more than five days over a period of 30 calendar days, or more than 15 days over a period of 180 days, irrespective of whether any disciplinary action is taken in either case; repeated lateness where attention has been drawn to this by the employer, and where disciplinary sanctions such as written warnings and suspensions have already been applied.

Economic reasons: In addition, the LPCL provides for termination for economic, technological or similar reasons, or because of restructuring of the enterprise (Title I, Ch. VII, sec. 7).

Unfair dismissal

Two different regimes co-exist regarding unfair dismissals:

1) Dismissals ruled by the Law:

- a) **Arbitrary dismissal** (article 34 and 38 LPCL): occurs when: 1) no just cause is alleged: in this case the employer is obliged to pay severance indemnity within 48 hours of dismissal. 2) just cause alleged cannot be proved at court. In this case, the employee has to file a lawsuit before the Labour Court claiming the payment of severance indemnity. Although the law does not grant reinstatement option for employees arbitrarily dismissed, case law grants this possibility.
- b) **Null dismissal** (articles 29, 34, 40 to 42 LPCL, Law N° 26626 and Law N° 27050): when dismissal is based on prohibited grounds: a) affiliation to a union or participation of union activities, b) status or former status of employee's representative, c) filing a complaint against the employer, d) discrimination based on sex, race, religion, political opinion or language, e) Pregnancy or recent mother, f) dismissal due to worker suffering from HIV, g) dismissal due to worker suffering from an incapacity. In this case, the employee can claim reinstatement plus back pay before the Labour Court or opt for compensation instead (art. 34 LPCL)
- c) **Indirect or constructive dismissal** (articles 30, 35 and 38 LPCL): occurs when the employee terminates the employment agreement due to employer's misconduct. In this case the employee has to claim before the Labour Court either the cease of the employer's hostility or the payment of severance indemnity for arbitrary dismissal.

2) Dismissals ruled by Constitutional Tribunal

(Leading Cases: Expediente N° 1124-2001-AA/TC, Telefónica del Perú, Expediente N° 976-2001-AA/TC Eusebio Llanos Huasco and Expediente N° 206-2005-PA/TC Cesar Antonio Baylón). The Constitutional Tribunal (hereinafter TC) has played an important role in incorporating new cases of unfair dismissals, in

	<p>addition to the ones defined by the law. The key issue of these types of dismissals is that its grants reinstatement to employees following a special procedure called "acción de amparo" before the TC.</p> <p>a) <u>Dismissal without cause</u>: no cause is alleged by the employer when dismissing an employee.</p> <p>b) <u>Fraudulent dismissal</u>: when the employer alleges a cause that is false or dismisses a worker in a disloyal, hostile or perverse manner.</p> <p>c) <u>Dismissal in breach of fundamental constitutional rights</u>: when the employer dismisses an employee breaching a fundamental constitutional right, different from the ones listed in article 29 LPCL, including generic breaches of the right to work. Redundancy is unlikely to be considered a breach to the right to work.</p> <p>However, as of May 2015: Labour Courts are competent to grant reinstatement (Case Law: Expediente N° 02383-2013- PA/TC Elgo Ríos Nuñez), Supreme Court of Justice (Ruling May 2012) and New Labour Procedure Law N° 29.497.</p>
<p>6: Length of trial period (c)</p>	<p>According to article 10 LPCL, on a general basis, probationary period is of three months, at the end of which the employee is entitled to the severance payment in case of unfair dismissal. However, the parties may agree in writing to extend the probationary period when the work to be undertaken requires a period of training and adaptation or when the nature of the work or responsibility entailing such extension may be justified. This extension may not exceed:</p> <ul style="list-style-type: none"> - six months in total in the case of skilled workers and employees in positions of trust, - one year in total for managerial personnel. <p>Calculation for EPL indicators (average between the first situation and the average of the last two situations): $(3 + (6+12)/2) / 2 = 6$ months.</p>
<p>7: Compensation following unfair dismissal (d)</p>	<p>Following unfair dismissal (arbitrary and others), the employee can choose severance payment as compensation. Severance payment amounts to 1.5 monthly salaries per each full year of service up to a maximum of 12 monthly wages. Fractions of years are paid in proportion to the months (1/12) and days (1/30) worked for the employer (articles 34 and 38 LPCL). See Items 4 and 5</p> <p>Calculation for EPL indicators (employee 20 years tenure): 12 months</p>
<p>8: Reinstatement option for the employee following unfair dismissal (b)</p>	<p>Reinstatement option is available for: 1) null dismissal, 2) arbitrary dismissal, and without cause 3) fraudulent dismissal and 4) dismissal in breach of constitutional rights. As from 2015, reinstatement can be claimed both before Labour Courts and Constitutional Court (Case Law Expediente N° 02383-2013- PA/TC Elgo Ríos Nuñez (2015) and Ruling of Supreme Court of Justice (2012))</p> <p>In case of null dismissal, reinstated employees are entitled to back pay (article 40 LPCL). As from 2016, Supreme Court of Justice issued a ruling whereby, employees can claim compensation for total damages in case of dismissal without cause and fraudulent dismissal (V Pleno Jurisdiccional Supremo en materia laboral y previsional – published August 4th, 2017).</p> <p>Calculation (for EPL indicators): 3 (or 2.5? check with Maria Noel).</p>
<p>9: Maximum time period after dismissal up to which an unfair dismissal claim can be made (e)</p>	<p>30 calendar days after its occurrence. This provision is applicable to claims for arbitrary, null and indirect dismissal (article 36 LPCL).</p>
<p>10: Valid cases for use of standard fixed term contracts</p>	<p>According to articles 53 and 57 LPCL, valid reasons for the use of standard FTC are: a) objective and material reasons, b) launch of a new activity. In effect, articles 53 to 71 LPCL contain a list of the valid reasons for the use of FTC, which fall within 3 categories:</p> <p>1) <u>Temporary reasons</u> (article 54 LPCL):</p> <ul style="list-style-type: none"> * commencement or launching of a new activity (maximum duration: 3 years) * increase in market demand (maximum duration: 5 years) * restructuring of the enterprise in response to the replacement, modification, extension or, in general, any technological change (maximum duration: 2 years) <p>2) <u>Incidental reasons</u> (article 55 LPCL):</p> <ul style="list-style-type: none"> * transitory needs different from the normal activity (maximum duration: 6 months in one year), * replacement of a worker (maximum 5 years) * emergency contract to cover needs arising from an unforeseen event or force majeure (duration of emergency and maximum: 5 years) <p>3) <u>Specific piece of work or service</u> (article 56 LPCL):</p> <ul style="list-style-type: none"> * performance of a specific piece of work or service (maximum 5 years) * intermittent service contract (maximum 5 years) * seasonal contracts (maximum 5 years)

<p>11: Maximum number of successive standard FTCs (initial contract plus renewals and/or prolongations)</p>	<p>No limitation. Renewals are allowed within the maximum duration specified in item 10 for each contract (Article 74 LPCL). A combination of different contracts subject to special conditions is possible provided however that the total cumulative duration does not exceed 5 years (article 74 LPCL)</p>
<p>12: Maximum cumulated duration of successive standard FTCs</p>	<p>5 years. As stated in item 10 FTC fall under 3 categories. For each category, a different maximum period is specified within each category. Calculation (for EPL indicators): average of within category averages of maximum periods: $((3+5+2)/3)+((0.5+5+5)/3)+5)/3 = 3.94$ years or 47.33 months</p>
<p>13: Types of work for which temporary work agency (TWA) employment is legal</p>	<p>TWA employment is only legal for services that are of temporal, complementary or of specialized nature (article 3 Law 27.626). The performance of permanent activities at the User firm is illegal. TWA contracts are not permitted to replace striking workers at the User firm or after a collective layoff. Law N° 29.245 and Decree N° 1038 "Outsourcing" (Tercerización) do not follow under the definition of TWA for EPL, therefore are not considered in the analysis.</p>
<p>14: Are there restrictions on the number of renewals and/or prolongations of TWA assignments? (f)</p>	<p>No statutory limitation. In effect, restrictions on renewals are not specifically ruled by the law. Notwithstanding, as TWA contracts are only permitted to perform temporal, complementary or highly specialized services, it can be construed that renewals are admitted on these extraordinary cases.</p>
<p>15: Maximum cumulated duration of TWA assignments (f)</p>	<p>The duration depends on the extraordinary cases where this TWA contracts are permitted. The maximum cumulated duration of seasonal, temporal and emergency contracts under LPCL is of 5 years. Assignments fall under these exceptional situations, thus the 5 year period is applicable.</p>
<p>16: Does the set-up of a TWA require authorisation or reporting obligations?</p>	<p>According to articles 14 and 18 Law 27.626 and Supreme Decree N° 003-2002-TR (articles 7 to 10); the set-up of a TWA requires authorization and registration. Reporting requirements, on a 3 months period, are required by the Ministry of Labour and Employment Promotion http://www.mintra.gob.pe/mostrarContenido.php?id=826&tip=9#</p>
<p>17: Do regulations ensure equal treatment of regular workers and agency workers at the user firm?</p>	<p>Equal treatment (Article 7 of Law 27.626).</p>
<p>18: Definition of collective dismissal (b)</p>	<p>Under LPCL, provisions of collective dismissal grounded on economic, technological and structural reasons apply when it involves at least 10% of the employees.</p>

<p>19: Additional notification requirements in cases of collective dismissal (g)</p>	<p>Under LPCL, in case of collective dismissal grounded on economic, technological and structural reasons, when it involves at least 10% of the employees, the employer is obliged to file the following proceedings:</p> <p>Prior Notification to trade unions or workers' representatives</p> <p>Employer must provide relevant information regarding the reasons of the retrenchment and the names of the affected workers.</p> <p>Communication to the Labour Administrative Authority: to open the corresponding file.</p> <p>Procedure</p> <ol style="list-style-type: none"> The parties must undertake a negotiation in order to determine the conditions in which the employment contracts will be terminated or on the possible <u>alternatives to avoid dismissals</u> (suspension, reduction of working hours). After consultations with the trade unions, the employer is obliged to file an application before the Labour Administrative Authority based on an expert <u>report justifying the need for the dismissal</u> grounded on economic, technological or structural reasons. Once the employees or their representatives have reviewed the report sent by the Labour Administrative Authority (within 48 hours), they have 15 days to present their own expert report. A meeting between the parties under the auspices of the Labour Administrative Authority must be held to find an agreement on the retrenchment's modalities. The parties must try to reach an agreement within 3 days. In the absence of agreement on the modalities of the retrenchment, the Labour Administrative Authority must issue a binding decision within 5 days. However, the parties can appeal the decision within 3 days. The Labour Administrative Authority must issue the final decision within 5 days. <p>Employment Promotion Law and Supreme Decree N° 001-96-TR, articles 62 to 74, rule the procedures regarding collective dismissals due to cause fortuity and force majeure. This procedure is very similar to the one required in case of collective dismissal grounded on economic, technological and structural reasons.</p>
<p>20: Additional delays involved in cases of collective dismissal (h)</p>	<p>The additional days of delay are those of the duration of the administrative procedure required to proceed to collective dismissals.</p> <p>Calculation (for EPL indicators): approximately 59 days (60 days minus 1 day for dismissal for economic reason—item 2)</p>
<p>21: Other special costs to employers in case of collective dismissals (i)</p>	<p>No special costs involved. According to article 52 LPCL, no severance payment applies for collective termination due to economic, technological and structural reasons, cause fortuity or force majeure. However, the workers have preferential rights to be reinstated if the employer decides to hire, directly or through third persons, new staff to fill similar posts, within a year of the collective dismissal. In the event of non-compliance, the worker is entitled to request, through legal channels, corresponding severance payment in accordance with the law.</p>
<p>22: The worker alone has the burden of proof when filing a complaint for unfair dismissal</p>	<p>No</p>
<p>23: Ex-ante validation of the dismissal limiting the scope of unfair dismissal complaints</p>	<p>No</p> <p>As of a certain number of dismissals (see Item 18): <u>Validation by the Labour Administrative Authority.</u></p>
<p>24: Pre-termination resolution mechanisms granting unemployment benefits</p>	<p>No unemployment benefits in Peru.</p>

Legend: d: days; w: weeks; m: months; y: years. For example, "1m < 3y" means "1 month of notice (or severance) pay is required when length of service is below 3 years".

- Notes:
- Three tenure durations (9 months, 4 years, 20 years). Case of a regular employee with tenure beyond any trial period, dismissed on personal grounds or economic redundancy, but without fault (where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment). Averages are taken where different situations apply – e.g. blue collar and white collar; dismissals for personal reasons and for redundancy.
 - Based also on case law, if court practice tends to be more (or less) restrictive than what specified in legislation.
 - Initial period within which regular contracts are not fully covered by employment protection provisions and unfair dismissal claims cannot usually be made.
 - Typical compensation at 20 years of tenure, including back pay and other compensation (e.g. for future lost earnings in lieu of reinstatement or psychological injury), but excluding ordinary severance pay and pay in lieu of notice. Where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment and that a court case takes 6 months on average. Description based also on case law.
 - Maximum time period after dismissal up to which an unfair dismissal claim can be made.
 - Description based on both regulations on number and duration of the contract(s) between the temporary work agency and the employee and regulations on the number and duration of the assignment(s) with the same user firm.
 - Notification requirements to works councils (or employee representatives), and to government authorities such as public employment offices. Only requirements on top of those requirements applying to individual redundancy dismissal count for the OECD EPL indicators Versions 1 to 3 (cf. Item 1).



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- h) Additional delays and notice periods in the case of collective dismissal (only delays on top of those required for individual dismissals – as reported in Items 2 and 3 – count for the OECD EPL indicators).
- i) This refers to whether there are additional severance pay requirements and whether social compensation plans (detailing measures of reemployment, retraining, outplacement, etc.) are obligatory or common practice.