

# CTS OF MAY 2022: WHAT ELSE SHOULD I KNOW ABOUT THIS PAYMENT?

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The Compensation for Length of Services (Compensación por Tiempo de Servicios or CTS in Spanish) is an employment benefit whose main objective is to protect employees from unemployment. It consists of two deposits which are made in May and November and together add up to approximately one salary.

Regarding the CTS payment of May 2022, you should also know the following:

## 1. ARE ALL EMPLOYEES ENTITLED TO THE CTS?

This benefit is only granted to employees who are subject to the regular labor regime of private entities, and who work at least 4 hours per day.

## 2. HOW WAS MY CTS CALCULATED?

▶ In the case of companies subject to the labor regime of private entities:

The CTS amount is equivalent to the number of twelfths of the monthly salary that an employee has received in April or October, based on the number of full months which such employee has worked during the November-April semester (in the case of the deposit made in May).

▶ In the case of companies subject to the special labor Regime of MSEs (Micro and Small Enterprises):

In the case of micro enterprises (companies with annual sales up to 150 tax units and registered in the Registry of MSEs), employees will not be entitled to receive the CTS, while in the case of small enterprises (companies with annual sales between 150 and 1,700 tax units and registered in the Registry of MSEs), employees will be entitled to receive 15 daily salaries per each full year of services (i.e., employees will be entitled to 50% of the amount received by a regular labor regime employee).

## 3. WHEN SHOULD THE CTS HAVE BEEN DEPOSITED INTO MY ACCOUNT?

- ▶ The deadline to deposit the CTS was Monday, May 16, 2022.
- ▶ This payment corresponds to the November 2021 - April 2022 period

## 4. HOW CAN I KNOW IF MY EMPLOYER HAS ALREADY MADE THE DEPOSIT?

In person:

- ▶ Visit the bank or financial entity you chose to receive your CTS.
- ▶ Bring your ID and request the confirmation of the deposit and the date when it was made.

Remotely:

- ▶ Contact the bank or financial entity you chose to receive your CTS.
- ▶ You can verify this information by phone or online.
- ▶ You can also sign into your bank's application and verify the deposit in your CTS account.

## 5. DO I NEED A PROOF OF PAYMENT OF MY CTS FROM MY EMPLOYER?

Yes. In addition to the payment obligation, your employer is required to provide you with a calculation report of the CTS paid within 5 business days of making the deposit.

The failure to provide this document represents a minor employment-related infraction which may be sanctioned with an administrative penalty ranging between 0.26 tax units (PEN 1,196.00) and 15.52 tax units (PEN 71,392.00), according to the number of employees affected.

## 6. WHAT CAN I DO IF MY EMPLOYER HAS NOT MADE THE DEPOSIT?

If your employer has not made the deposit of your CTS, you can file a complaint against the company.

For such purpose, you must sign into the web application of SUNAFIL (National Superintendency of Labor Inspections). All complaints are confidential, but you must provide the following information:

### INFORMATION REQUIRED

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Tax ID of the company

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Address of the company to be reported in the complaint

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Documents supporting the complaint (such as payslips, employment contract, etc.) scanned and in PDF

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Your email address

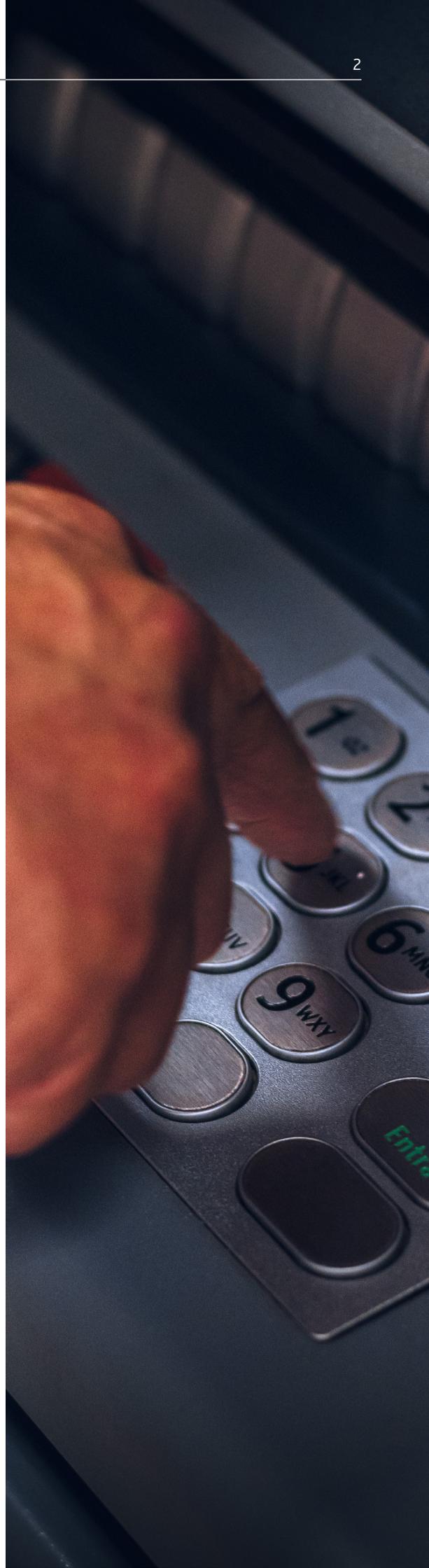
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Your telephone number

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## 7. HOW EMPLOYERS WHO DID NOT MAKE THE DEPOSIT ARE SANCTIONED?

The failure to comply with the obligations related to the full and timely payment of the CTS may represent infractions qualified as minor or serious employment-related infractions, which may be sanctioned with administrative penalties ranging between 0.26 and 26.12 tax units (the value of 1 tax unit is PEN 4,600.00), according to the number of employees affected.



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Thus, we distinguish ourselves by providing highly efficient and customized services, ensuring full compliance with local legislation by our clients, as well as by significantly reducing or eliminating any legal risk that may arise in the development of their businesses.

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