

September, 2010

FAQs PIO/PID

What's the nature of the PIO-PID?

This surcharge was created as a product of the additional variable costs incurred by the marine transport contract between the parties (Customer/Shipping Line).

The PIO/PID is not a direct charge of the additional costs generated by our Port Terminal, but rather, (as the name suggests) the coverage of variable costs which together make up such surcharge. The same logic applies for the THC.

It should be noted, however, that for administrative reasons and in order to ensure payments, the PIO/PID is recovered by means of an invoice issued by a non-resident company. Notwithstanding, such surcharge is and should be considered as an integral part of the Bill of Lading.

Will the overall operation be more expensive with this surcharge?

No, we have been able to negotiate with our Port Agent a reduction in their Container Delivery Order Fee in a similar amount so that our customers are not affected by this new surcharge.

Should I or should I not withhold the 30% Withholding Tax applicable to non-resident invoices?

Notwithstanding that Hapag-Lloyd is making use of a non-resident invoice, fact is that this surcharge can be included in the Bill of Lading. The latter as a mere formality.

Therefore, being part of the Bill of Lading makes it subject to the double tax agreement between Germany and Peru where Marine Freights are not subject to income taxes.

Should the amount be considered in the Customs Declaration Form?

Same as with the THC, which is not printed on the Bill of Lading but still forms integral part of the same and therefore is declared in the Customs Form, the PIO/PID should also follow such procedure.

If it's a non-resident invoice, why is the chosen currency in Peruvian Nuevos Soles?

Although HLAG is a non-resident company, there is no legal impediment for issuing its invoices in local currency, Peruvian Nuevos Soles. Such decision is based on the local financial obligations that HLAG has in the subject currency. A clear example of this is the fact that the official currency in Germany (place of residence of HLAG) is the Euro and part of the freights and surcharges (not necessarily all of them) are invoiced in US Dollars.

All of the abovementioned has been discussed and agreed with our legal counsel who represent HLAGs interests in Peru. In that sense, we would not risk implementing surcharges that do not comply with local legal requirements.

Kind Regards,

Hapag Lloyd Perú S.A.C