

Doing Business 2011

Brazil

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by *Doing Business*. To make the data comparable across economies, the indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary *Doing Business* indicators for Brazil. The data used for this economy profile come from the *Doing Business* database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website (www.doingbusiness.org).

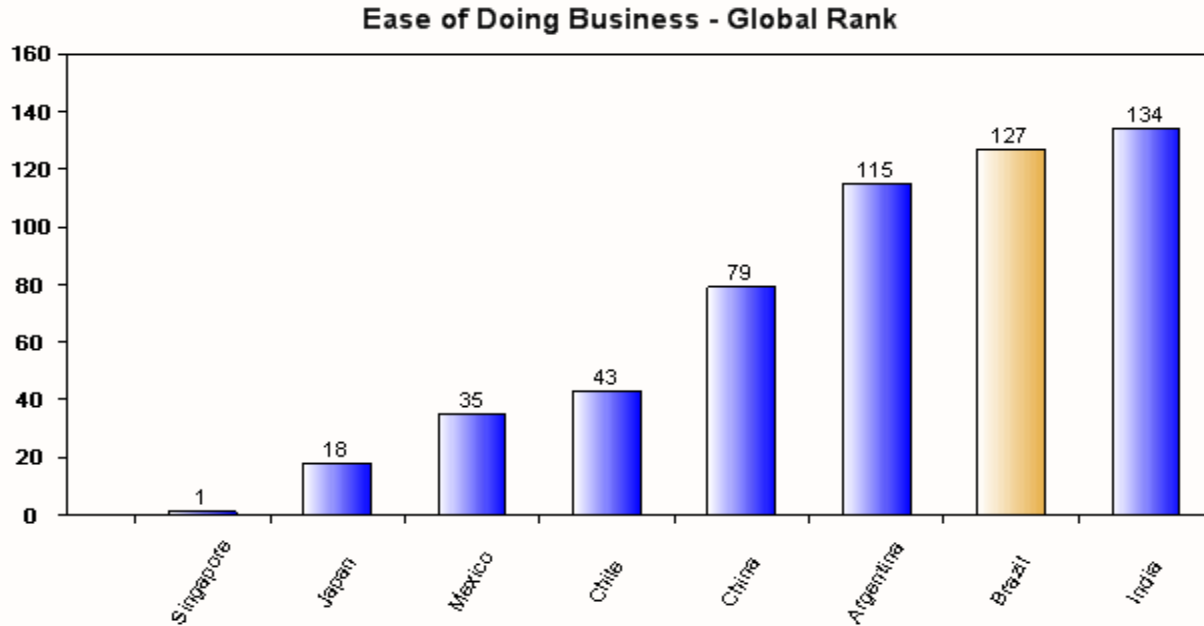
* Except for the Paying Taxes indicator, which covers the period January to December of 2009.

Note: *Doing Business 2010* data and rankings have been recalculated to reflect changes to the methodology.

Economy Rankings - Ease of Doing Business

Brazil is ranked 127 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Brazil - Compared to global good practice economy as well as selected economies:



Brazil's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	127
Starting a Business	128
Dealing with Construction Permits	112
Registering Property	122
Getting Credit	89
Protecting Investors	74
Paying Taxes	152
Trading Across Borders	114
Enforcing Contracts	98
Closing a Business	132

Summary of Indicators - Brazil

Starting a Business	Procedures (number)	15
	Time (days)	120
	Cost (% of income per capita)	7.3
	Paid-in Min. Capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	18
	Time (days)	411
	Cost (% of income per capita)	46.6
Registering Property	Procedures (number)	14
	Time (days)	42
	Cost (% of property value)	2.7
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	26.9
	Private bureau coverage (% of adults)	53.5
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	7
	Ease of shareholder suits index (0-10)	3
	Strength of investor protection index (0-10)	5.3
Paying Taxes	Payments (number per year)	10
	Time (hours per year)	2600
	Profit tax (%)	21.4
	Labor tax and contributions (%)	40.9
	Other taxes (%)	6.7
	Total tax rate (% profit)	69.0
Trading Across Borders	Documents to export (number)	8
	Time to export (days)	13
	Cost to export (US\$ per container)	1790
	Documents to import (number)	7
	Time to import (days)	17
	Cost to import (US\$ per container)	1730 ₃

Enforcing Contracts	Procedures (number)	45
	Time (days)	616
	Cost (% of claim)	16.5
Closing a Business	Recovery rate (cents on the dollar)	17.1
	Time (years)	4.0
	Cost (% of estate)	12

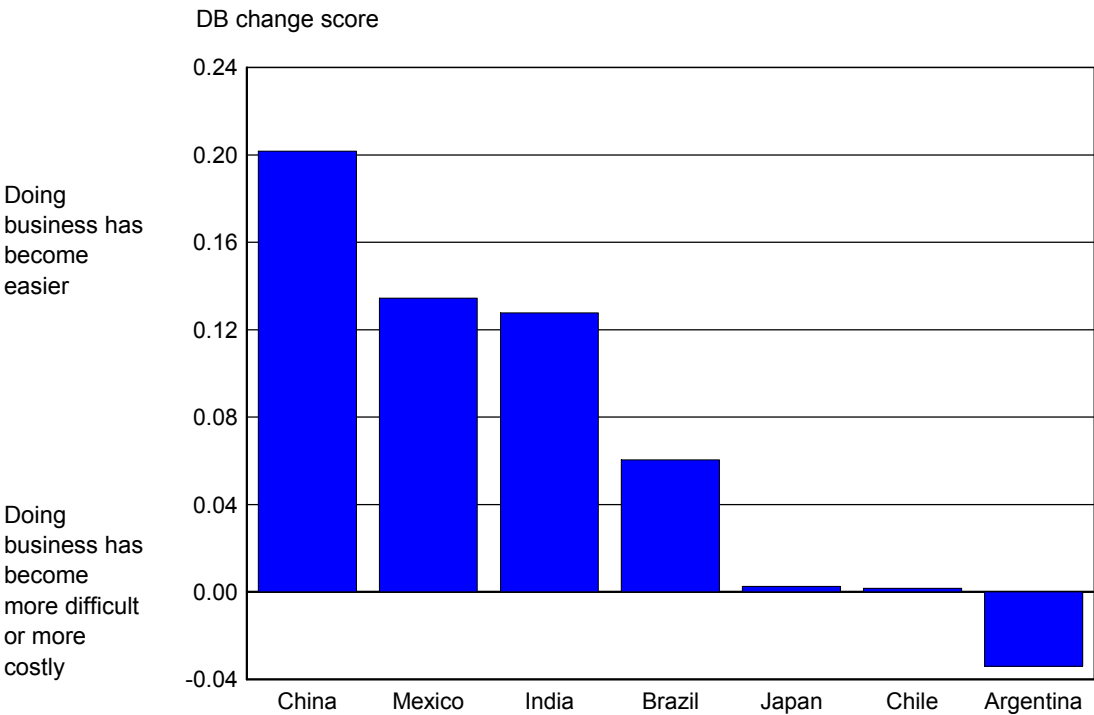


5 - Year Measure of Cumulative Change

The 5-year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies* from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which economies currently have the most business friendly environment, this new approach shows the extent to which an economy’s regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy’s business regulation as measured by the *Doing Business* indicators -- such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*.



Note: This year's DB change score ranges from -0.1 to 0.54. More details on how the DB change score is constructed can be found in the methodology section of the website.

* Bahrain, The Bahamas, Brunei, Cyprus, Kosovo, Liberia, Luxembourg, Montenegro and Qatar do not feature in the new metric because they were included in the *Doing Business* report in years subsequent to the *Doing Business 2005* report and hence, 5 years of data are not yet available.

Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

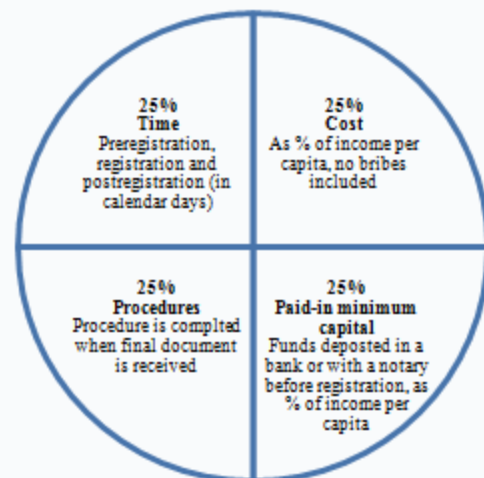
Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

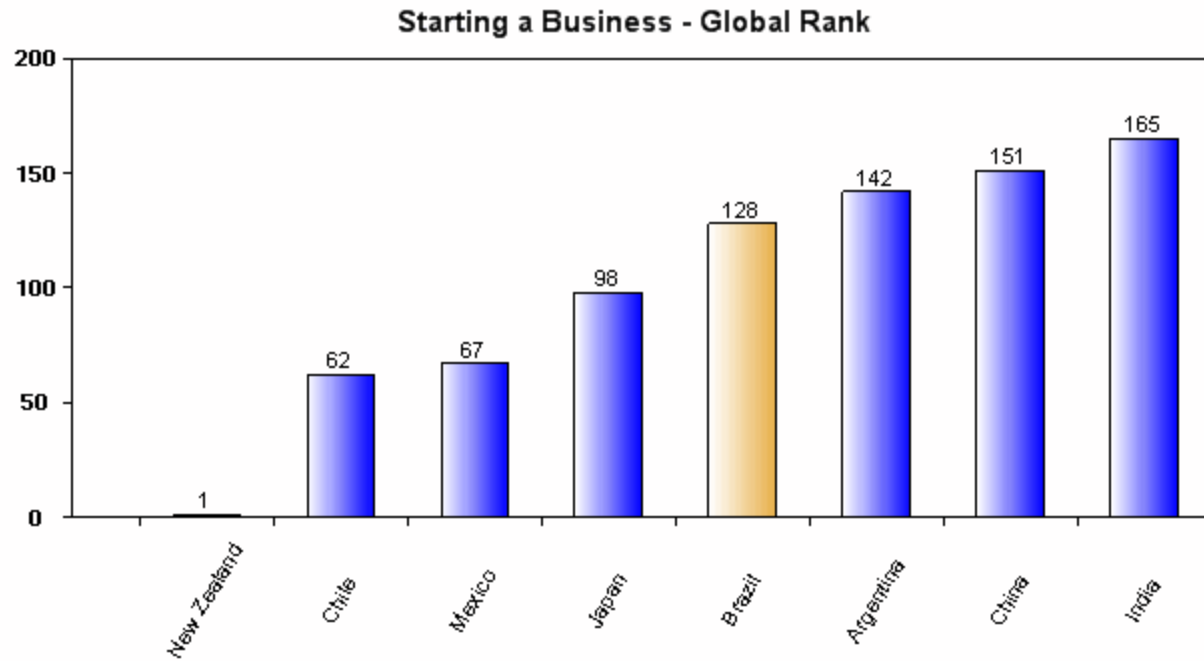
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations

Brazil is ranked 128 overall for Starting a Business.

Ranking of Brazil in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in Min. Capital (% of income per capita)
Denmark			0.0	
New Zealand	1	1		0.0

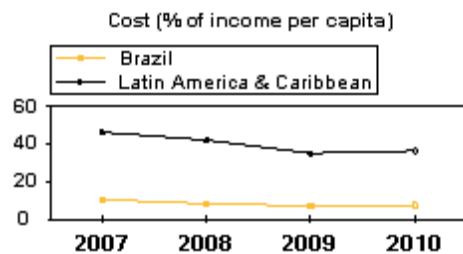
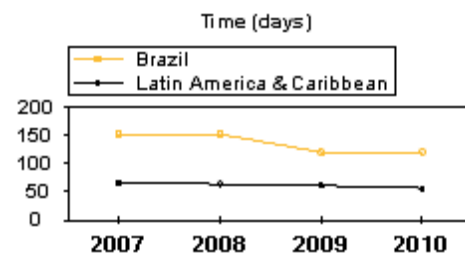
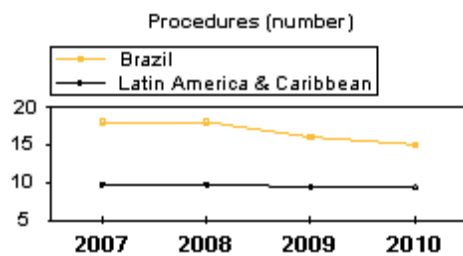
<i>Selected Economy</i>				
Brazil	15	120	7.3	0.0

<i>Comparator Economies</i>				
Argentina	14	26	14.2	2.7
Chile	8	22	6.8	0.0
China	14	38	4.5	118.3
India	12	29	56.5	188.8
Japan	8	23	7.5	0.0
Mexico	6	9	12.3	9.2

2. Historical data: Starting a Business in Brazil

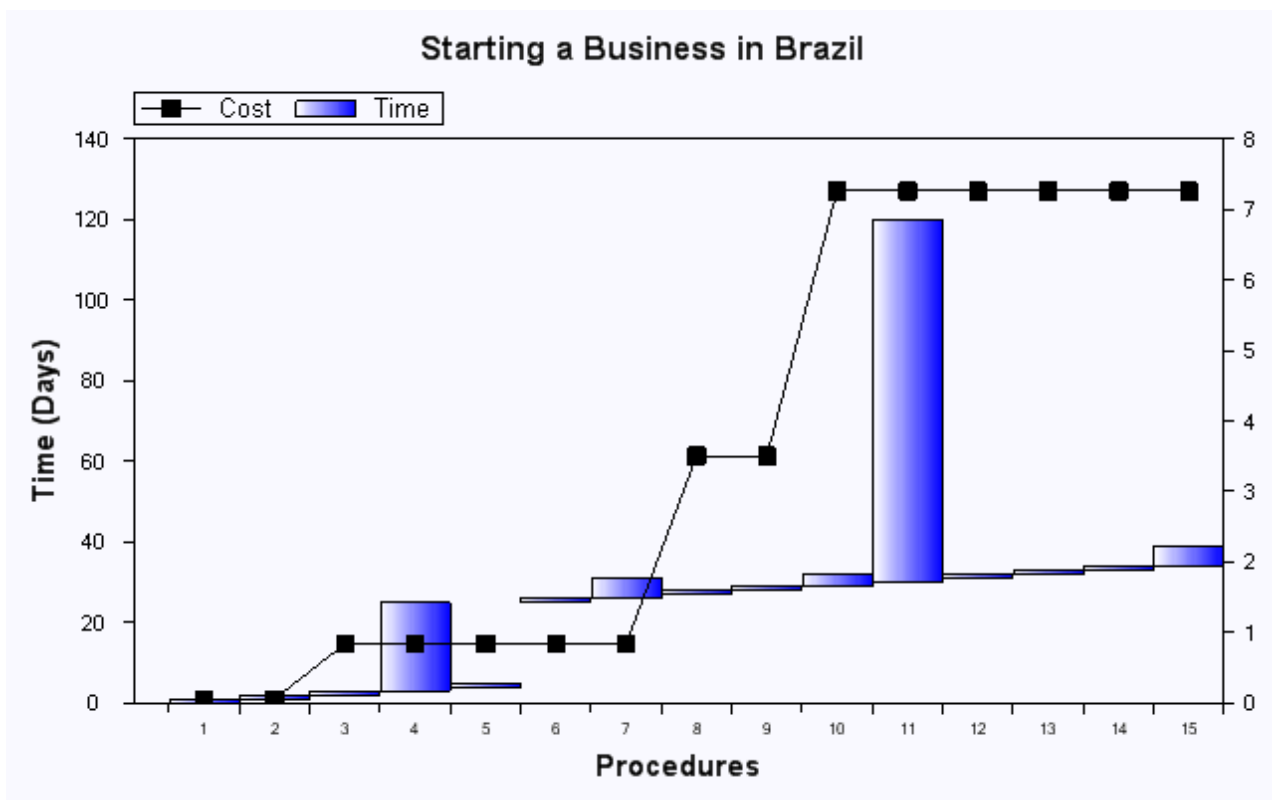
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	128	128
Procedures (number)	18	18	16	15
Time (days)	152	152	120	120
Cost (% of income per capita)	10.4	8.2	6.9	7.3
Paid-in Min. Capital (% of income per capita)	0.0	0.0	0.0	0.0

3. Starting a Business sub indicators in Brazil over the past 4 years



4. Overview of the steps to Starting a Business in Brazil

It requires 15 procedures, takes 120 days, and costs 7.26 % GNI per capita to start a business in Brazil.

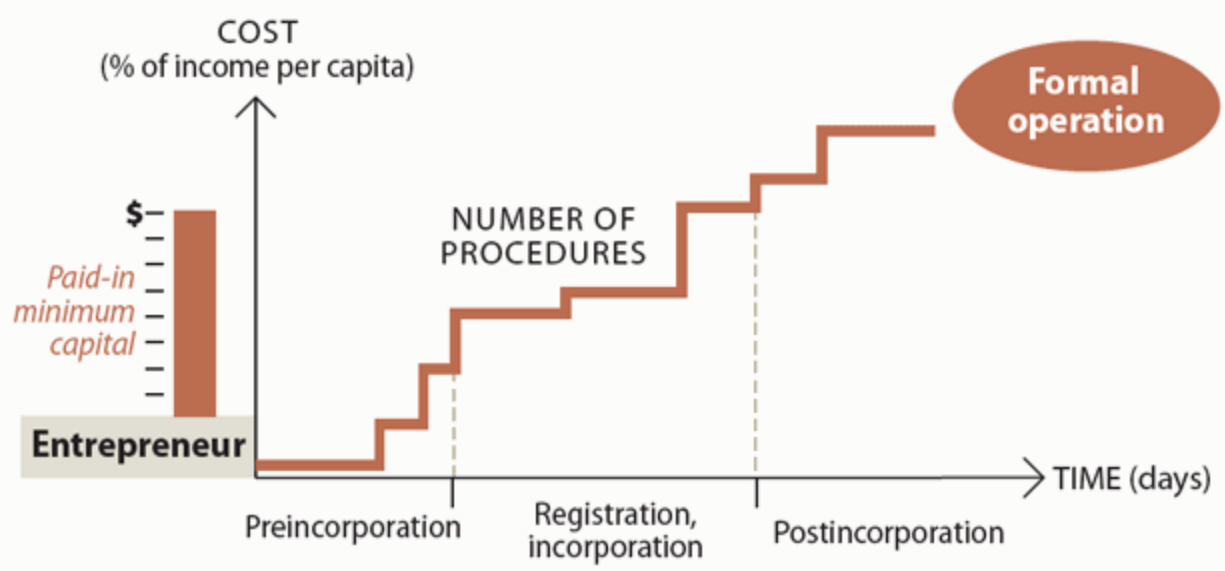


No:	Procedure	Time to complete (days)	Cost to complete
1	Check company name with State Commercial Registry Office	1	R\$ 9
2	Pay registration fees	1	see following procedures
3	Register with the commercial board of the state where the main office is located and obtain identification number (NIRE)	1	R\$75 registration + R\$50 (expediting fee)
4	Register for federal and state tax (Secretaria da Receita Federal do Ministério da Fazenda, SRF/MF), obtain the CNPJ number, which also registers employees with the National Institute of Social Security (Instituto Nacional da Seguridade Social, INSS)	22	no charge
5	* Receive state tax inspection	1	no charge
6	Get the authorization to print receipts/invoices from the Secretaria da Fazenda Estadual	1	no charge
7	* Register with the Municipal Taxpayers' Registry (Secretaria Municipal de Finanças) of the City of São Paulo	5	no charge

8	* Pay TFE to the Municipal Taxpayers' Registry	1	R\$ 425.46 (for retailing business), may vary in accordance with the company's activities
9	Get the authorization to print receipts/invoices from the Secretaria Municipal de Finanças	1	no charge
10	Order receipts/invoices (notas fiscais) with CNPJ numbers from authorized printing companies	3	R\$ 600 (R\$0.6 per page, assume printing 1000)
11	* Apply to the municipality for an operations permit (auto de licença de funcionamento)	90	no charge
12	* Register the employees in the social integration program (Programa de Integração Social, PIS)	1	no charge
13	* Open a special fund for unemployment (FGTS) account in bank	1	no charge
14	* Notify the Ministry of Labor (Cadastro Geral de empregados e desempregados, CAGED)	1	no charge
15	* Registration with the Patronal Union and with the Employees Union.	5	Annual fee to be paid depending on the Union.

* Takes place simultaneously with another procedure.

What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



5. Details on Starting a Business in Brazil

This table summarizes the procedures and costs associated with setting up a business in Brazil.

STANDARDIZED COMPANY

Legal Form: Sociedade Limitada

Paid-in Minimum Capital: 0.0 (% of income per capita)

City: São Paulo

Procedure 1 Check company name with State Commercial Registry Office

Time to complete(days): 1

Cost to complete: R\$ 9

Comment: The entrepreneur checks whether the company name exists in the state of São Paulo, a process that takes an hour to complete on average. For a federal check, a request for extension must be submitted to the Board of Trade (Junta Commercial). Resolution No. 2, issued by the Board of Trade of the State of São Paulo on June 5, 2008 (effective as of November 1, 2008), approved the maximum fee of R\$10.00 for company's name checking services. Accordingly, the Board of Trade of the State of São Paulo is currently charging a R\$9.00 fee for the company's name to be checked in the state of São Paulo.

Procedure 2 Pay registration fees

Time to complete(days): 1

Cost to complete: see following procedures

Comment: A receipt of payment must be obtained for use in the Procedure 3.

Procedure 3 Register with the commercial board of the state where the main office is located and obtain identification number (NIRE)

Time to complete(days): 1

Cost to complete: R\$75 registration + R\$50 (expediting fee)

Comment: Depending on the company activities (business or simple companies), its corporate acts (articles of association and amendments) should be registered either with the Board of Trade (Junta Comercial) or with the Registry of Civil Companies. The registration cost for limited liability companies before (i) the Board of Trade of the state of São Paulo is about BRL 75 (according to Administrative Rule No. 178, issued on September 23, 2009 by the Ministry of Development, Industry and Foreign Trade) (ii) Registry of Civil Companies fees depend on the amount of the company's corporate capital. The articles of association and amendments that are to be registered with the Registry of Civil Companies must be notarized before a Notary Public. Currently, certain State of São Paulo Board of Trade offices (e.g., Rua Cel. Xavier de Toledo, 99 - 1º andar – Centro - 01048-100 - São Paulo - SP), also provide for expedited registration of corporate documents. The website of the State of São Paulo Board of Trade is www.jucesp.fazenda.gov.br.

To take advantage of expedited registration of the company's articles of association and amendments with the Board of Trade of the State of São Paulo, most entrepreneurs choose to register either with Sindicato da Micro e Pequena Indústria de São Paulo (SIMPI) at www.simpi.com.br or with Associação Comercial de São Paulo (ACSP) at www.jucesp.com.br. An additional fee of BRL50 applies for expedited service. In this case, the registration will be completed within 24 hours.

On April 4th 2008, the Board of Trade of the State of São Paulo implemented the electronic system in accordance with Administrative rule (Portaria) N. 021. As a result, the entrepreneur completes the forms online (at www.jucesp.fazenda.sp.gov.br) and file such forms with the articles of association to be registered directly with the Board of Trade.

Procedure 4 Register for federal and state tax (Secretaria da Receita Federal do Ministério da Fazenda, SRF/MF), obtain the CNPJ number, which also registers employees with the National Institute of Social Security (Instituto Nacional da Seguridade Social, INSS)

Time to complete(days): 22

Cost to complete: no charge

Comment: For the register of the company before the Institute of Social Security (INSS), it is necessary to present to the INSS the company's Articles of Association registered before the Register of Commerce of State of São Paulo and the CNPJ Certificate.

The Normative Rule (IN) No. 748, dated June 28, 2007, issued by the Federal Revenue Services requires that the relevant company obtain licenses from Companhia de Tecnologia de Saneamento Ambiental (CETESB) and/or from the Sanitary Surveillance Department (depending on its main activities). Licenses must be issued before registration in the CNPJ is granted (enrollment for the taxpayer's tax). For example, industrial and pharmaceutical companies are required to obtain a previous license from the CETESB before applying with the CNPJ. The process at the CETESB, however, will be completed only by obtaining the installation permit and operating license from the CNPJ. The licenses from CETESB and/or the Sanitary Surveillance Department are necessary to complete the state regular process. Normative Rule IN 748 regulates only the CNPJ registration process and not the licenses from CETESB and Sanitary Surveillance Department.

The Normative Rule (IN) No. 632 dated March 17, 2006, issued by the Federal Revenue Services has been amended several times and the last amendment was done by the Normative Rule No. 1,006 dated February 8, 2010 issued by the Federal Revenue Services, which updates the Programa Gerador de Documentos do Cadastro Nacional da Pessoa Jurídica (PGD CNPJ). Indeed, the registration process is synchronized only across the Brazilian Federal Revenue Services and the State Tax Authorities. The Municipality of São Paulo has not been included in this process

yet.

The registration process was synchronized across the federal revenue and tax authorities of both the state and the city of São Paulo, which allows the sharing of company registry data. When the company requests the CNPJ number, the SRF/MF, via an internal system, informs the tax authorities of São Paulo of that request. Once the company obtains registration in the CNPJ registration, its legal representative visits the Office of Federal Revenue to confirm the information contained in the forms presented to Secretaria da Receita Federal do Ministério da Fazenda (SRF/MF1).

State tax authorities schedule an official inspection of the company's head office before approving its registration. Registration of businesses before the SRF/MF (to obtain the CNPJ number) and before the tax authorities of the state of São Paulo is done simultaneously

Procedure 5 Receive state tax inspection

Time to complete(days): 1

Cost to complete: no charge

Comment:

Procedure 6 Get the authorization to print receipts/invoices from the Secretaria da Fazenda Estadual

Time to complete(days): 1

Cost to complete: no charge

Comment: Once the company is registered with the Secretaria da Fazenda Estadual, a specific form (known as the AIDF) must be presented to that authority.

Procedure 7 Register with the Municipal Taxpayers' Registry (Secretaria Municipal de Finanças) of the City of São Paulo

Time to complete(days): 5

Cost to complete: no charge

Comment: An enrollment form CCM named the Cadastro de Contribuintes Mobiliários must be delivered to the municipality. One of the documents you have to present to obtain it is the IPTU. The municipal taxpayer enrollment is made through an electronic form that filled online on the website of the City Hall (www.prefeitura.sp.gov.br.)

Procedure 8 Pay TFE to the Municipal Taxpayers' Registry

Time to complete(days): 1

Cost to complete: R\$ 425.46 (for retailing business), may vary in accordance with the company's activities

Comment: The proof of payment of the location, installation, and operation tax (TLIF) has been replaced by a new tax, the taxa de fiscalização de estabelecimento (TFE). The main difference between the TLIF tax and the TFE tax is the basis for the annual rate: The TLIF is based on the company's number of employees, and the TFE is based on the company's corporate purpose.

Pursuant to the Ordinances issued by the Municipality of São Paulo, no. 05, dated January 01, 2003, no. 75, dated September 18, 2003, and no. 09, dated January 01, 2006, as well as per the Normative Rule no. 04, dated March 2, 2007, issued by the State Treasury Affairs, the costs were updated (values related to the fiscal year 2009). As a consequence, depending on the company's corporate purpose, the annual rate of TFE varies from R\$ 141,82 to R\$ 17.018,51.

Once the company has been registered with the Secretaria Municipal de Finanças, it shall pay an annual fee for the control and fiscalization of the compliance with municipal laws. This payment is

due on the tenth day of the second month following commencement of company operations. The TFE tax is related to the operations permit (alvará de funcionamento).

Procedure 9 Get the authorization to print receipts/invoices from the Secretaria Municipal de Finanças

Time to complete(days): 1

Cost to complete: no charge

Comment: Upon registering the company at the Secretaria Municipal de Finanças, the company must file a specific form (known as the AIDF) and present it to that authority, along with Book No. 51 and Book No. 57.

Procedure 10 Order receipts/invoices (notas fiscais) with CNPJ numbers from authorized printing companies

Time to complete(days): 3

Cost to complete: R\$ 600 (R\$0.6 per page, assume printing 1000)

Comment:

Procedure 11 Apply to the municipality for an operations permit (auto de licença de funcionamento)

Time to complete(days): 90

Cost to complete: no charge

Comment: After registration with the Secretaria Municipal de Finanças, the company has 30 days to apply for the operations permit by filling out the proper forms and submitting the required documents. The operational license is a prerequisite for the company to begin operations. However, because of practicalities and the long processing time to obtain the license, municipalities have permitted companies to operate provided that they pay the TFE. The municipality conducts ex-post inspections to certain companies, using a random sample.

As of May 2009, 8 out of the 31 districts in Sao Paulo are operating under the new electronic operational permit system. It is expected that within the next year, all districts will be using the system. Under this system, applicants can apply and receive the approval for an operational license online instantaneously.

Procedure 12 Register the employees in the social integration program (Programa de Integração Social, PIS)

Time to complete(days): 1

Cost to complete: no charge

Comment: After duly registering the new hire in the employee registry book (livro de registro de empregados), the employer must proceed to register the employees in the social integration program (Programa de Integração Social, PIS/PASEP). The PIS/PASEP registry is intended to identify the worker in order to establish an unemployment guarantee fund (FGTS) account, to request unemployment insurance, and to be entered in the National Registry of Social Information (Cadastro Nacional de Informações Sociais).

The employee must thus be registered into the PIS/PASEP to not only set up an FGTS account but also to be eligible for unemployment insurance, if necessary. To register the employee, the employer must complete a PIS/PASEP registry form (documento de cadastramento do trabalhador, DCT), to be delivered to the federal savings bank responsible for the FGTS account. The enrollment is completed in about 5 to 10 business days from application if all enrollment requirements are met. The employee is enrolled with the Social Integration Program (Programa de Integração Social, PIS) upon entry, and if the employee has already a PIS/PASEP registry, the employer must only inform the Federal Savings Bank of the new employment relationship. The employer will obtain the receipt of the application to PIS within 15 days.

Procedure 13**Open a special fund for unemployment (FGTS) account in bank****Time to complete(days):** 1**Cost to complete:** no charge

Comment: After duly registering the new employees in the social integration program (Programa de Integração Social, PIS/PASEP), the employer must open an Fundo de Garantia por Tempo de Serviço (FGTS account for each employee). To open the account, the company's representative or attorney-in-fact must go to any local branch of the federal savings bank (Caixa Economica Federal) with a copy of the company's taxpayer registry number (CNPJ/MF), the adhesion form issued by the Federal Saving Bank (Caixa Economica Federal), the list of employees, and the company's articles of association or bylaws. Upon opening the employee FGTS accounts, the company will make monthly deposits equal to 8% of the total payroll. The employees are entitled to withdraw those deposits for specific events provided by law (termination without cause and serious disease or disability, among others).

A new online procedure (Sistema Empresa de Recolhimento do FGTS e informações à Previdência Social, SEFIP) was developed to speed up FGTS payment and information exchange between the employer and the federal savings bank. SEFIP can be accessed through the Federal Savings Bank's Web site. This procedure permits the online transfer of data, creating a company file with all information required by the FGTS and Social Security. After the referred data transmission, the program issues a tax payment form (guia de recolhimento do FGTS) necessary for employer contribution payment.

Procedure 14**Notify the Ministry of Labor (Cadastro Geral de empregados e desempregados, CAGED)****Time to complete(days):** 1**Cost to complete:** no charge

Comment: Pursuant to Law No. 4.923, dated as of December 23th, 1965, the employer must inform the Ministry of Labor of any new hires or employees dismissals. Such information shall be given to the local department of the Ministry of Labor (Delegacia Regional do Trabalho) by the seventh day of the month subsequent to the month of the event, by a written notice sent by postal mail or the Internet. In case of delay in the delivery of that information, the company may suffer a fine calculated according to the number of employees in question and the duration of the delay. In addition, the company must submit annually to the Ministry of Labor the "annual report of social information" (relação annual de informações sociais, RAIS), which contains information on company employees (vg. name, salary and date of hiring).

Procedure 15**Registration with the Patronal Union and with the Employees Union.****Time to complete(days):** 5**Cost to complete:** Annual fee to be paid depending on the Union.

Comment: Pursuant to labor law, registration with the employees union is mandatory and ensures that the company is obeying employee labor rights. Each municipality and state must have unions that represent the activities performed by the company. Once a year, employees and employers must contribute to their representative employee unions and employer associations an amount equivalent to one day's salary (regardless of whether they are affiliated to the union or association). The employer must withhold this amount from the employee's pay and send it to the respective union by March of each contribution year or upon hiring the employee. As a result, the company must check each new employee's employment booklet to verify whether any union contributions have been recorded for the year of hire. If not, the company must discount the union contribution from the employee's pay at the end of the first month after hire and must forward the contribution to the employee's union.

The payment of the company's contribution to the employer's association shall be proportional to

the company's corporate capital. Payment is due every January, except for the first payment, which is due in the month of the company's registration. The time may vary for each employers union and employees union.

In many economies, especially developing ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

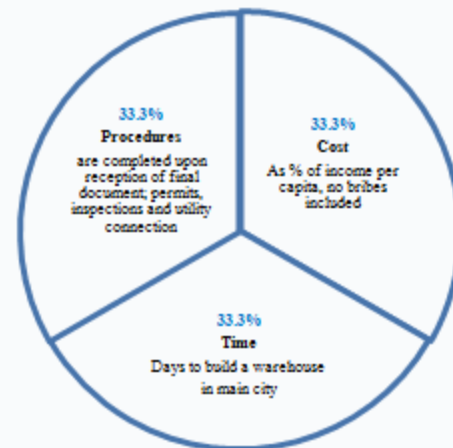
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

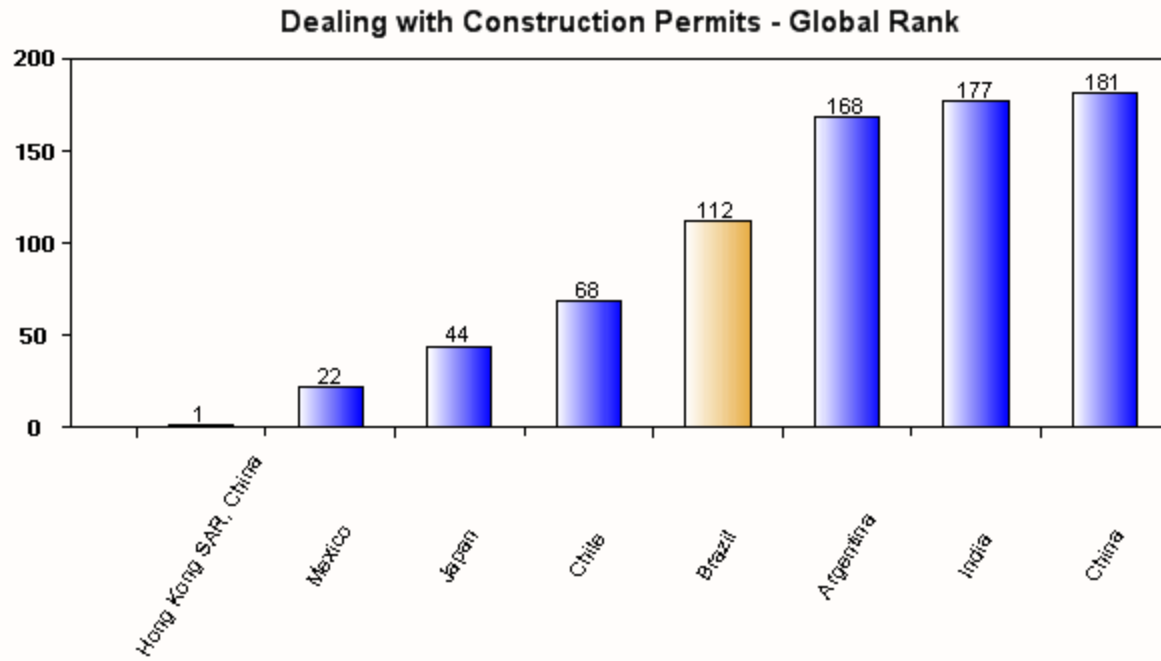
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations

Brazil is ranked 112 overall for Dealing with Construction Permits.

Ranking of Brazil in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.8
Singapore		25	

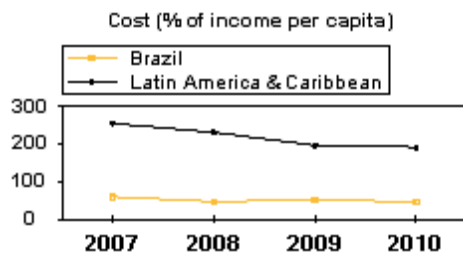
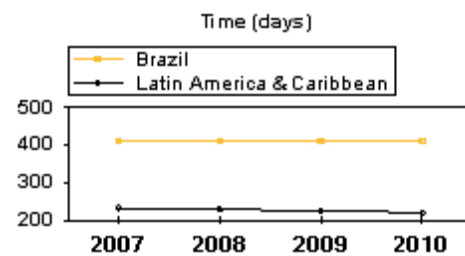
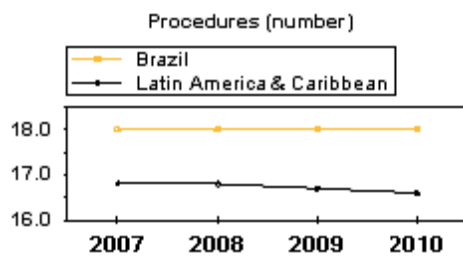
<i>Selected Economy</i>			
Brazil	18	411	46.6

<i>Comparator Economies</i>			
Argentina	28	338	133.9
Chile	18	155	93.8
China	37	336	523.4
India	37	195	2143.7
Japan	15	187	20.8
Mexico	11	105	117.0

2. Historical data: Dealing with Construction Permits in Brazil

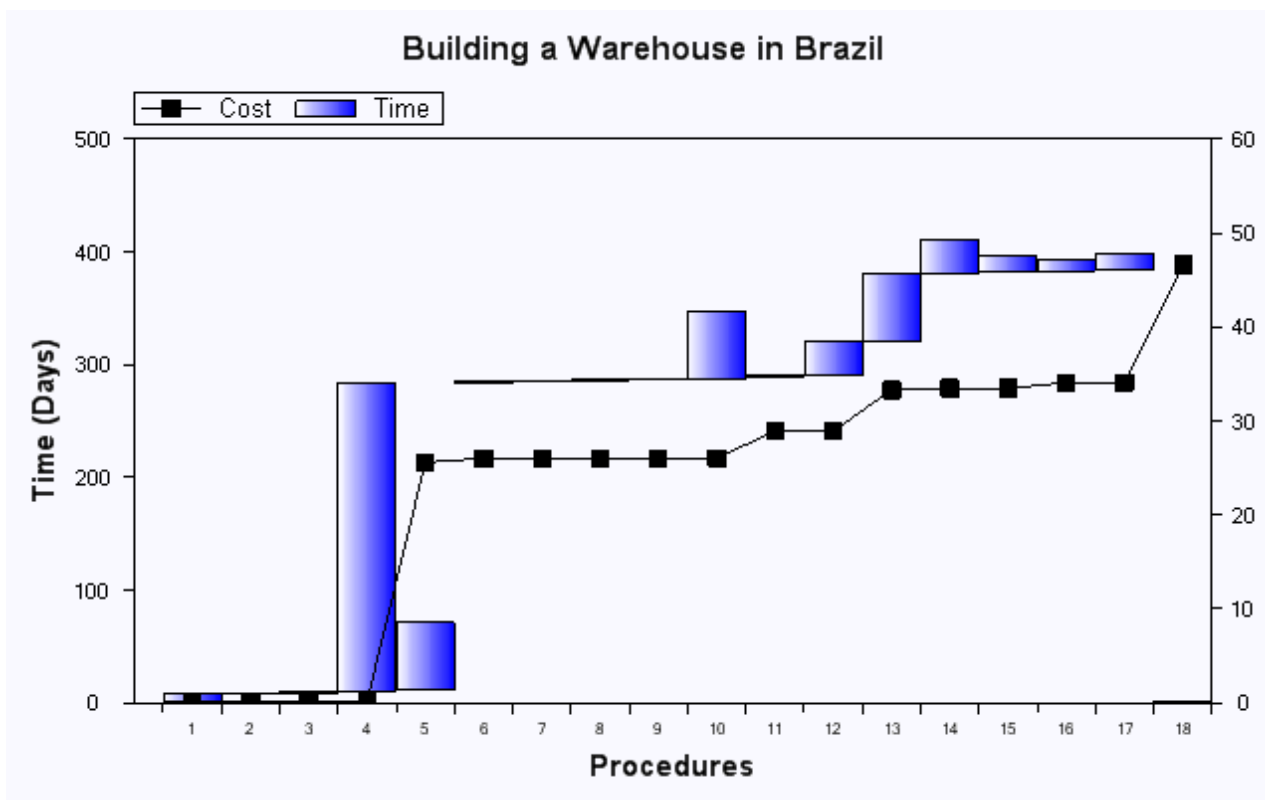
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	113	112
Procedures (number)	18	18	18	18
Time (days)	411	411	411	411
Cost (% of income per capita)	59.4	46.7	50.6	46.6

3. Dealing with Construction Permits sub indicators in Brazil over the past 4 years



4. Overview of the steps to Building a Warehouse in Brazil

It requires 18 procedures, takes 411 days, and costs 46.63 % GNI per capita to build a warehouse in Brazil.

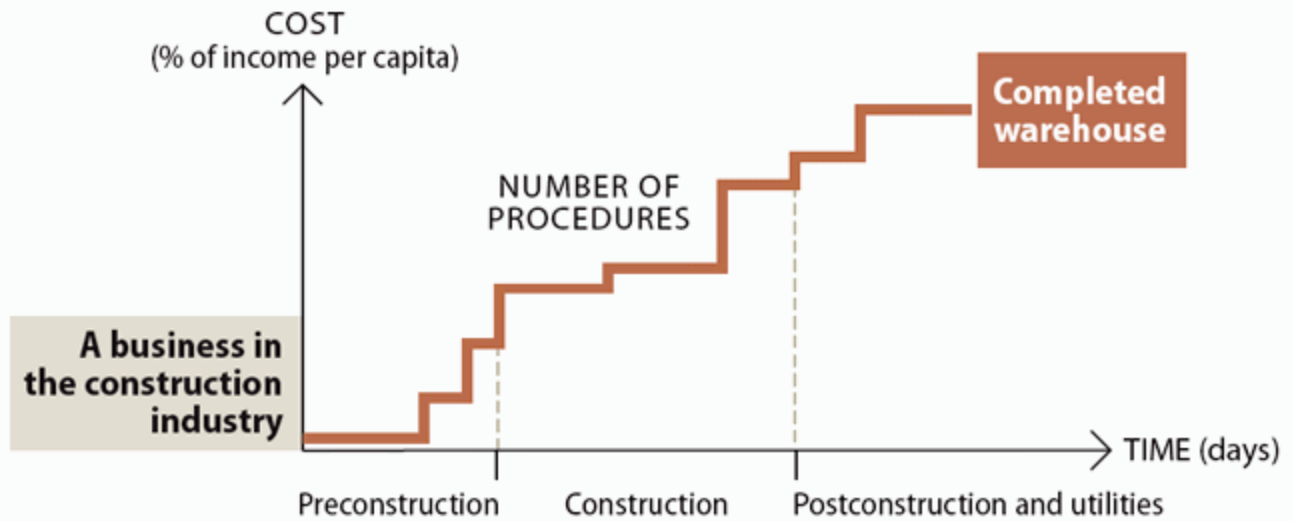


No:	Procedure	Time to complete (days)	Cost to complete
1	Request and obtain proof of land ownership from Real Estate Registry Office	2 days	BRL 30
2 *	Request and obtain proof of land tax payment from Treasury of the municipality	7 days	no charge
3	Register employees with the Social Security Office	1 day	no charge
4	Submit proof of payment to Social Security Office	1 day	no charge
5	Request and obtain construction approval permit and construction execution permit	274 days	BRL 4,053
6 *	Request and obtain equipment operating permit	60 days	BRL 75
7	Request and receive frame inspection from municipality	1 day	no charge
8	Request and receive inspection of the structures from municipality	1 day	no charge
9	Request and receive labor inspection from Labor Public Attorneys' Office	1 day	no charge

10	Request and receive sanitary inspection from municipality	1 day	no charge
11	Request and obtain conclusion approval	60 days	BRL 460
12 *	Receive final inspection from municipality	1 day	no charge
13	Request and receive Fire Department inspection	31 days	BRL 700
14	Request and obtain operation license	60 days	BRL 25
15	Request and connect to water and sewage	30 days	no charge
16 *	Request and connect to telephone	15 days	BRL 100
17 *	Request and connect to electricity	10 days	no charge
18 *	Register with the Real Estate Registry Office	15 days	BRL 2,000

* Takes place simultaneously with another procedure.

What are the time, cost and number of procedures to comply with formalities to build a warehouse?



5. Details on Building a Warehouse in Brazil

The table below summarizes the procedures, time, and costs to build a warehouse in Brazil.

BUILDING A WAREHOUSE

Estimated warehouse value: BRL 1,203,055

City: São Paulo

Procedure	1	Request and obtain proof of land ownership from Real Estate Registry Office
Time to complete:	2 days	
Cost to complete:	BRL 30	
Agency:	Real Estate Registry	
Comment:	Attesting to proof of land ownership, this certificate is valid for only 30 days. Procedures 1 and 2 can run in parallel.	

Procedure	2	Request and obtain proof of land tax payment from Treasury of the municipality
Time to complete:	7 days	
Cost to complete:	no charge	
Agency:	Treasury (Municipality)	
Comment:	Attesting to payment of land taxes, this certificate is valid for only 30 days. Procedures 1 and 2 can run in parallel.	

Procedure	3	Register employees with the Social Security Office
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Time to complete:	1 day
Cost to complete:	no charge
Agency:	Social Security Office
Comment:	For each construction site, BuildCo must register employees separately with social security (Instituto Nacional de la Seguridad Social, INSS).

Procedure 4 Submit proof of payment to Social Security Office

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Social Security Office
Comment:	At the end of construction, BuildCo must submit proof of payment to its construction workers and file a request with the Social Security Office to obtain a clearance certificate.

Procedure 5 Request and obtain construction approval permit and construction execution permit

Time to complete:	274 days
Cost to complete:	BRL 4,053
Agency:	Municipality
Comment:	<p>To obtain the construction approval permit and the construction execution permit on the warehouse project, BuildCo must apply for them with the municipality. If the project conforms to municipal legislation, zoning law, and the municipal building code, the municipality would issue a document approving construction. To apply for these permits, BuildCo must submit the architectural drawings and real estate documentation (real estate title or real estate tax).</p> <p>After examining the project's architecture and engineering and issuing the permit, the municipality examines the practical and installation aspects and begins the process of issuing an execution permit.</p> <p>BuildCo can request both permits simultaneously, but the municipality grants the permits in a specific order.</p> <p>The permit fee can vary drastically, depending on the project size and location. However, the basic fee for this size of project is BRL 3,252 plus BRL 354.</p> <p>Valid for a year, the construction approval permit is a prerequisite for subsequent procedures. The construction execution permit is valid for 3 years. Due to backlog of projects, the time required for this procedure is at least 9 to 10 months.</p>

Procedure 6 Request and obtain equipment operating permit

Time to complete:	60 days
Cost to complete:	BRL 75
Agency:	Municipality

Comment: The permit allows the use of construction equipment.

Procedure 7 Request and receive frame inspection from municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment: The inspection is carried out 2 weeks after it is requested.

Procedure 8 Request and receive inspection of the structures from municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment:

Procedure 9 Request and receive labor inspection from Labor Public Attorneys' Office

Time to complete: 1 day

Cost to complete: no charge

Agency: Labor Public Attorney

Comment:

Procedure 10 Request and receive sanitary inspection from municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment:

Procedure 11 Request and obtain conclusion approval

Time to complete: 60 days

Cost to complete: BRL 460

Agency: Municipality

Comment: After construction is completed, BuildCo must request this approval from the municipality to attest that the construction is finished and work performed according to the construction approval permit and the construction execution permit. The approval is valid until the first amendment of the construction project. To request and obtain conclusion approval, BuildCo must submit the following documents:

- Application form, addressed to the São Paulo Municipal Secretariat of Housing and Urban Development (SEHAB).
- First page of construction and territorial booklet.
- Construction permit.
- Engineering and CREA card.
- Receipt evidencing payment of construction work tax.
- Sets of approved plans (two).
- Administrative tax.
- ART of chief engineer.

Procedure 12 Receive final inspection from municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment: The final inspection applies to larger scale projects. However, small-scale projects may receive random inspections.

Procedure 13 Request and receive Fire Department inspection

Time to complete: 31 days

Cost to complete: BRL 700

Agency: Fire Department

Comment: The fire department must approve the warehouse safety equipment. This inspection is valid for 3 years.

Procedure 14 Request and obtain operation license

Time to complete: 60 days

Cost to complete: BRL 25

Agency: Municipality

Comment: Upon completing the construction procedure and the fire department inspection, BuildCo must apply for the relevant operation license before the municipality and show evidence that the company can develop the specific business at the site. To obtain this license, the company must present all warehouse project documentation.

If the warehouse is to be sold after completion, this procedure might be done by the buyer and not BuildCo.

Procedure 15 Request and connect to water and sewage

Time to complete: 30 days

Cost to complete: no charge

Agency: Water and Sewerage Agencies

Comment: This procedure can begin after Procedure 14 has been completed. The connection request is filed with the Water Agency and Sewerage Agency.

Procedure 16 Request and connect to telephone

Time to complete: 15 days

Cost to complete: BRL 100

Agency: Local Concessionary of Telecommunications

Comment: The company must file a request with the Local Concessionary of Telecommunications to obtain the telecommunications connection.

Procedure 17 Request and connect to electricity

Time to complete: 10 days

Cost to complete: no charge

Agency: Concessionary of Electric Energy

Comment: The company must file a request before the Concessionary of Electric Energy to connect the warehouse to the distribution lines of electric energy by submitting the warehouse address and the General Taxpayers' Registry.

Procedure 18 Register with the Real Estate Registry Office

Time to complete: 15 days

Cost to complete: BRL 2,000

Agency: Real Estate Registry

Comment: At the end of construction, BuildCo must register the facility at the Real Estate Registry. BuildCo must present the title of the land and certificate from the Social Security Office.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

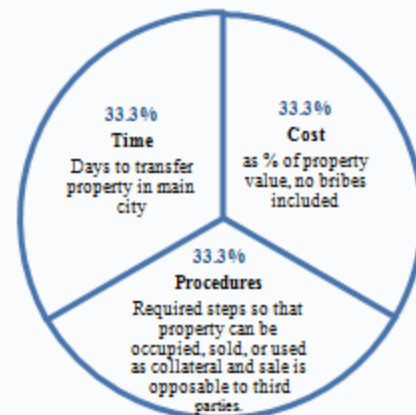
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

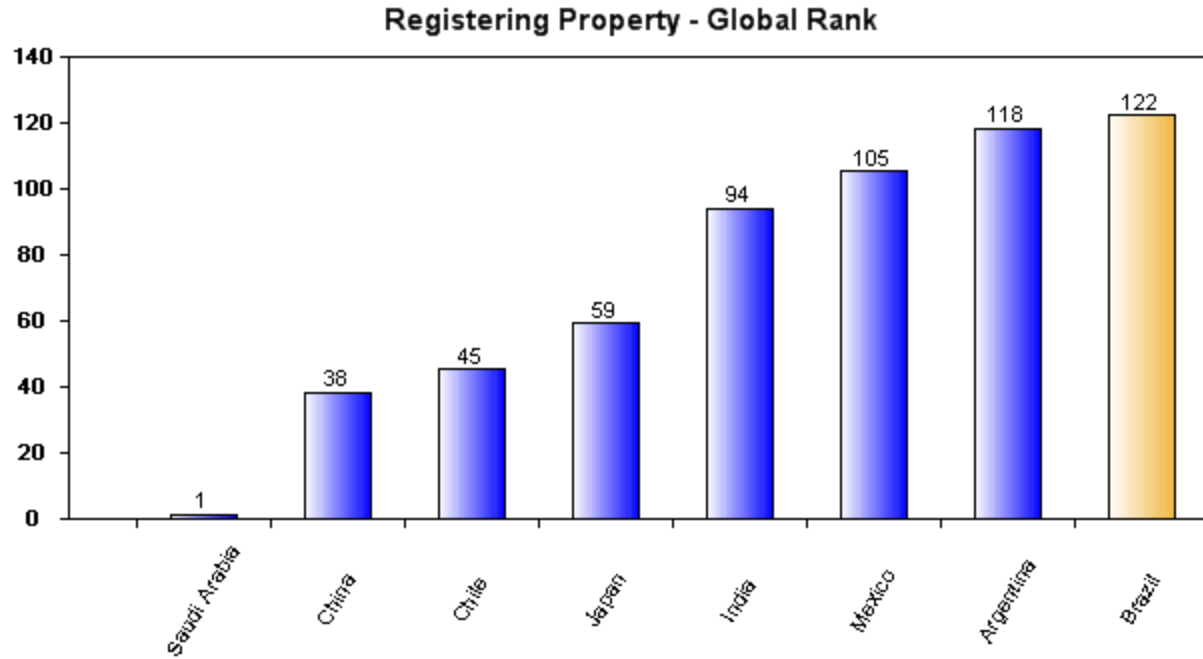
The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations

Brazil is ranked 122 overall for Registering Property.

Ranking of Brazil in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of property value)
New Zealand		2	
Norway	1		
Saudi Arabia			0.0

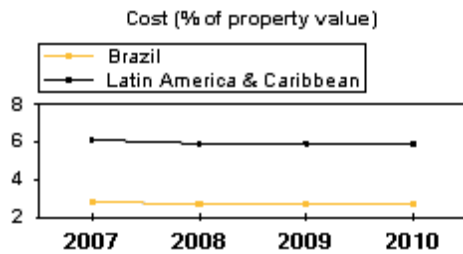
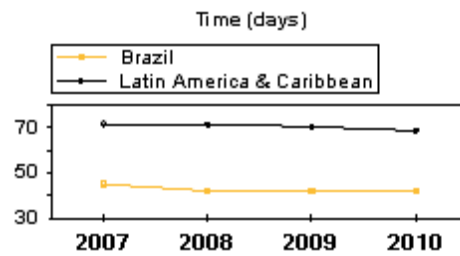
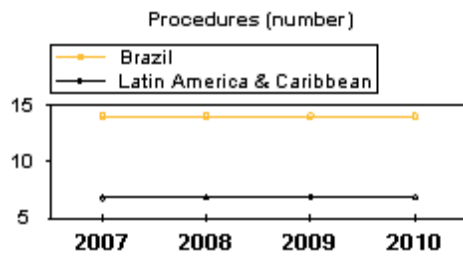
<i>Selected Economy</i>			
Brazil	14	42	2.7

<i>Comparator Economies</i>			
Argentina	6	52	7.0
Chile	6	31	1.3
China	4	29	3.6
India	5	44	7.4
Japan	6	14	5.5
Mexico	5	74	5.2

2. Historical data: Registering Property in Brazil

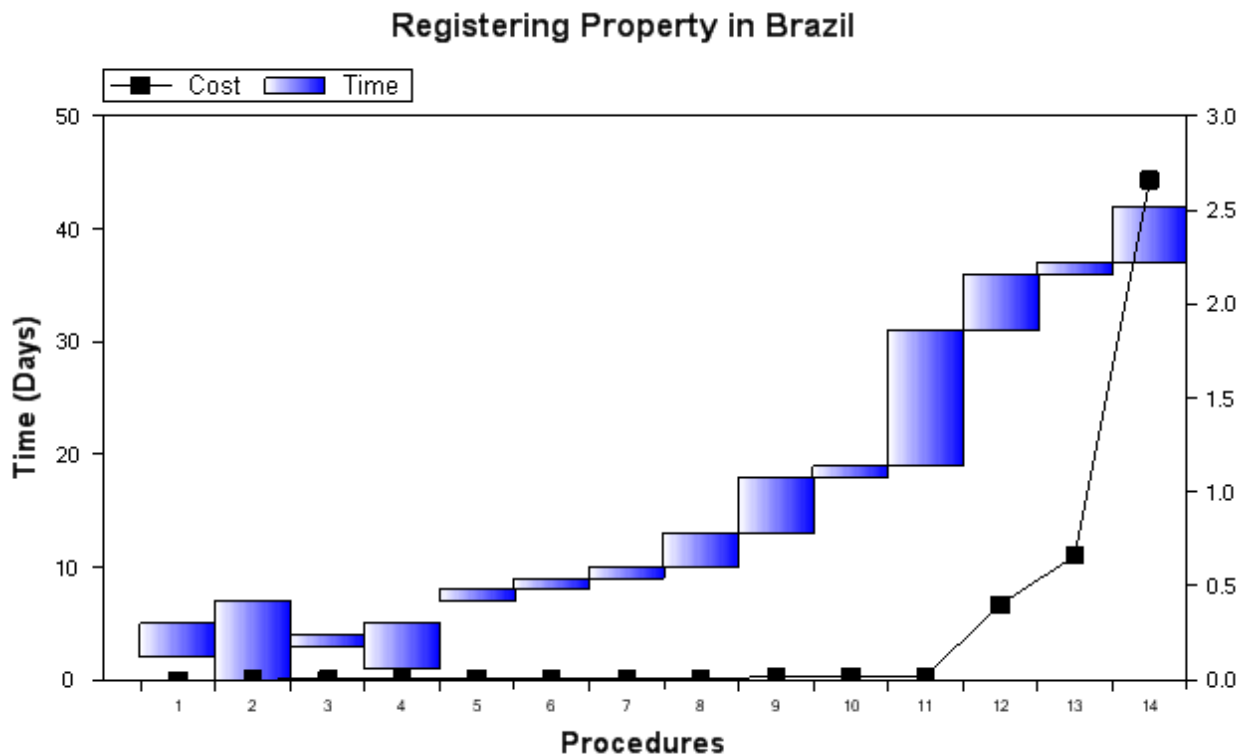
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	121	122
Procedures (number)	14	14	14	14
Time (days)	45	42	42	42
Cost (% of property value)	2.8	2.7	2.7	2.7

3. Registering Property sub indicators in Brazil over the past 4 years



4. Overview of the steps to Registering Property in Brazil

It requires 14 procedures, takes 42 days, and costs 2.66 % of property value to register the property in Brazil.

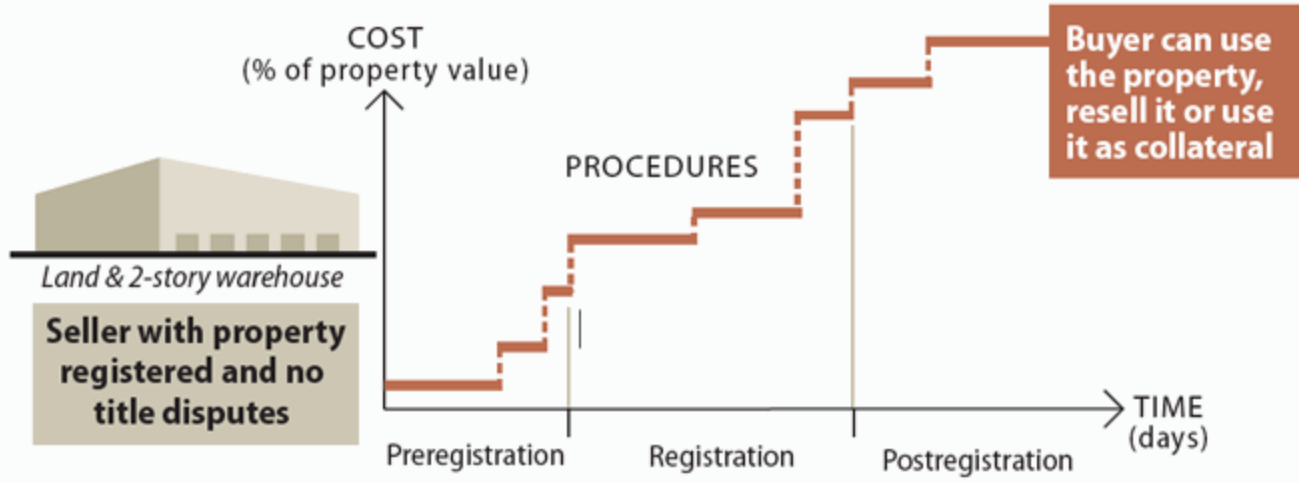


No:	Procedure	Time to complete (days)	Cost to complete
1 *	Acquire a Labor Justice Certificate (Certidão da Justiça do Trabalho) from the Labor Justice Department	3 days (simultaneous with procedures 2,3, and 4)	R\$ 5,53
2 *	Request three documents on the property from the relevant jurisdictional Land Property Registry (cartório)	7 days (simultaneous with procedures 1, 3, and 4)	R\$ 31.37
3 *	Request a Land-Tax Certificate from City Hall	1 day (simultaneous with procedures 1, 2, and 4)	no cost
4 *	Acquire the most recent Commercial Certificate (Certidão de Breve Relato) at the city's chamber of commerce (Junta Comercial)	4 days (simultaneous with procedures 1, 2, and 3)	R\$ 9,00
5	Acquire a Clearance Certificate (Certidão Negativa de Débito) from the Tax agency (Receita Federal)	1 day	no cost
6	Acquire a Worker's Fund Certificate (Certidão de Regularidade de Situação do FGTS) at the federal bank-Caixa Economica Federal	1 day	no cost

7	Acquire a Federal Tax Clearance Certificate from the Ministério da Fazenda (Certidão Negativa de Tributos Federais)	1 day	no cost
8	Acquire a Certificate of Registries and Disputes (Certidão dos Cartórios de Protestos) from the Distributor of Disputes Registry	2-3 days	R\$ 81,38
9	Acquire a Civil Distributor's Certificate (Certidão dos Distribuidores Cívies), a Fiscal Executive Certificate (Certidão de Executivos Fiscais) and a Bankruptcy Certificate (Certidão de Falencias e Concordatas) from the City Court Office	5 days	R\$ 14 (x 3 certificates)
10	Acquire a Federal Justice Certificate (Certidão da Justiça Federal) from the Receita Federal	1 day	no cost
11	Drafting of Public Deed of Purchase and Sale (Escritura Pública de Venda e Compra) by a Public Notary (Tabelião de Notas)	12 days	R\$ 3,025.50 (according to scale on www.anoregsp.org.br)
12	Register the escritura (transfer deed) at the appropriate Real Estate Registry with jurisdiction over the property to finalize registration and name change	5 days	R\$ 2,078.63 (according to scale on www.anoregsp.org.br)
13	Pay ITBI (transfer tax) at Banco do Brasil	1 day	2% of property value
14	Update the land taxation records (IPTU – Imposto Predial e Territorial Urbano) to the new owner's name at City Hall	5 days	No cost

* Takes place simultaneously with another procedure.

What are the time, cost and number of procedures required to transfer a property between 2 local companies?



5. Details on Registering Property in Brazil

This topic examines the steps, time, and cost involved in registering property in Brazil.

STANDARDIZED PROPERTY

Property Value: BRL 798,052.18

City: São Paulo

Procedure	1	Acquire a Labor Justice Certificate (Certidão da Justiça do Trabalho) from the Labor Justice Department
Time to complete:		3 days (simultaneous with procedures 2,3, and 4)
Cost to complete:		R\$ 5,53
Agency:		Labor Justice Department
Comment:		The Labor Justice Certificate assures that the company has no labor settlements pending. This procedure overlaps with other documents' issuance; therefore, it is placed at the top.
Procedure	2	Request three documents on the property from the relevant jurisdictional Land Property Registry (cartório)
Time to complete:		7 days (simultaneous with procedures 1, 3, and 4)
Cost to complete:		R\$ 31.37
Agency:		Land Property Registry (cartório)
Comment:		The documentation shall include: 1. 20-year certificate (Certidão Vintenária); 2. Up-to-date Certificate (Certidão Atualizada), which might be obtained on-line at www.arisp.org.br ; 3. Cadastral Certificate (Certidão de

Dados e Dimensões).

The three documents are needed in order to verify the status of the property. The first two certificates are used to verify past and present owners and past and present liens on the property. The third is used as a guarantee of the boundaries of the property. Official fees schedule at www.anoregsp.org.br

The certificates above can now be issued online on a digital format by Arisp at www.arisp.com.br and this new technology is now being followed by several Registries.

Procedure 3 Request a Land-Tax Certificate from City Hall

Time to complete: 1 day (simultaneous with procedures 1, 2, and 4)

Cost to complete: no cost

Agency: City Hall

Comment: In the cities of São Paulo and Brasília one may obtain this certificate on line at www.prefeitura.sp.gov.br. The certificate is free if obtained online, or R\$ 11.85 if obtained in person.
The documentation shall include the Land-Tax Certificate (Certidão Negativa de Imposto Municipal) which reflects if any pending tax debt remains on the property, issued by city hall.

Procedure 4 Acquire the most recent Commercial Certificate (Certidão de Breve Relato) at the city's chamber of commerce (Junta Comercial)

Time to complete: 4 days (simultaneous with procedures 1, 2, and 3)

Cost to complete: R\$ 9,00

Agency: Chamber of commerce (Junta Comercial)

Comment: The Commercial Certificate certifies that the company was duly incorporated and provides basic information on the company, such as address, capital, officers and previous filings.

Procedure 5 Acquire a Clearance Certificate (Certidão Negativa de Débito) from the Tax agency (Receita Federal)

Time to complete: 1 day

Cost to complete: no cost

Agency: Tax agency (Secretaria da Receita Federal do Brasil - RFB)

Comment: The Debt Certificate serves as a guarantee that the company has been up to date in its social security payments. If one is a certified representative of the company with a passcode, one can obtain this certificate online at www.receita.fazenda.gov.br/previdencia/CND free of charge. The certificate was formerly provided by the National Social Security Institute (INSS), but is now provided by the Internal Revenue Service, after both agencies were partially unified according to Law N° 11.457/07.

Procedure 6 Acquire a Worker's Fund Certificate (Certidão de Regularidade de Situação do FGTS) at the federal bank- Caixa Economica Federal

Time to complete: 1 day

Cost to complete: no cost

Agency: Federal bank (Caixa Economica Federal)

Comment: The Worker's Fund Certificate assures that the company has kept its pension fund plan up to date with payments. This certificate can be obtained online at the site Caixa Economica (<https://webp.caixa.gov.br/cidadao/Crf/FgeCfSCriteriosPesquisa.asp>) free of charge.

Procedure 7 Acquire a Federal Tax Clearance Certificate from the Ministério da Fazenda (Certidão Negativa de Tributos Federais)

Time to complete: 1 day

Cost to complete: no cost

Agency: Ministry of Finance (Ministério da Fazenda)

Comment: The Federal Tax Certificate assures that the company has been paying its taxes accordingly. This certificate can be obtained online at www.receita.fazenda.gov.br/aplicacoes/ATSPO/certidao, CertInter/NICertidao.asp at no cost.

Procedure 8 Acquire a Certificate of Registries and Disputes (Certidão dos Cartórios de Protestos) from the Distributor of Disputes Registry

Time to complete: 2-3 days

Cost to complete: R\$ 81,38

Agency: Disputes Registry (Cartórios de protestos)

Comment: The Certificate issued by the Cartórios de protesto show debts resulting from security bonds and contracts.

Procedure 9 Acquire a Civil Distributor's Certificate (Certidão dos Distribuidores Cívies), a Fiscal Executive Certificate (Certidão de Executivos Fiscais) and a Bankruptcy Certificate (Certidão de Falências e Concordatas) from the City Court Office

Time to complete: 5 days

Cost to complete: R\$ 14 (x 3 certificates)

Agency: City Court Office

Comment: These three certificates guarantee that all civil, fiscal, and commercial legal settlements have been finalized and no pending sentences or legal proceedings are linked to the seller.

Procedure 10 Acquire a Federal Justice Certificate (Certidão da Justiça Federal) from the Receita Federal

Time to complete: 1 day

Cost to complete: no cost

Agency: Receita Federal

Comment: The Federal Justice Certificate assures that the company has no pending federal settlements. It can now be obtained online, at no cost.

Procedure 11 Drafting of Public Deed of Purchase and Sale (Escritura Pública de Venda e Compra) by a Public Notary (Tabelião de Notas)

Time to complete: 12 days

Cost to complete: R\$ 3,025.50 (according to scale on www.anoregsp.org.br)

Agency: Public notary

Comment: Parties file all the previous acquired documents, property-specific and vendor-specific, at the relevant General Cartório and sign the public deed at the notary. Also, parties pay the DARF (registration tax) at Caixa Economica.

Procedure 12 Register the escritura (transfer deed) at the appropriate Real Estate Registry with jurisdiction over the property to finalize registration and name change

Time to complete: 5 days

Cost to complete: R\$ 2,078.63 (according to scale on www.anoregsp.org.br)

Agency: Real Estate Registry

Comment: The value is calculated either over the sale's price (market value) or over the price determined by the City Hall (official value) to the real state property, whichever is higher.

Procedure 13 Pay ITBI (transfer tax) at Banco do Brasil

Time to complete: 1 day

Cost to complete: 2% of property value

Agency: Banco do Brasil

Comment: This tax can also be paid online.

Procedure 14 Update the land taxation records (IPTU – Imposto Predial e Territorial Urbano) to the new owner's name at City Hall

Time to complete: 5 days

Cost to complete: No cost

Agency: City Hall

Comment: After the new owner has cleared all documentation and has possession of the property title, the same has to file for a name change on the relevant property at the City Hall in order to update the land taxation records (IPTU – Imposto Predial e Territorial Urbano) to the new owner's name. File on first day, then wait and go back on fifth day to collect the new documentation.

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

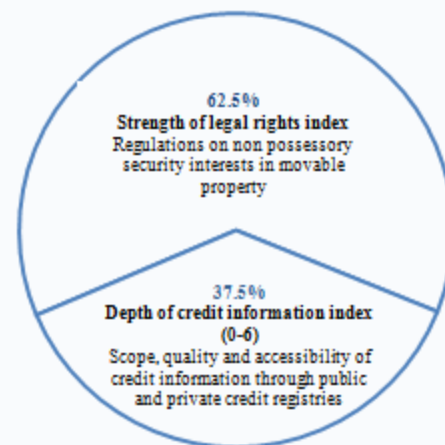
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

Getting Credit: collateral rules and credit information



Note: Private bureau coverage and public credit registry coverage are measured but do not count for the rankings.

Case Study Assumptions (applying to the Legal Rights Index only)

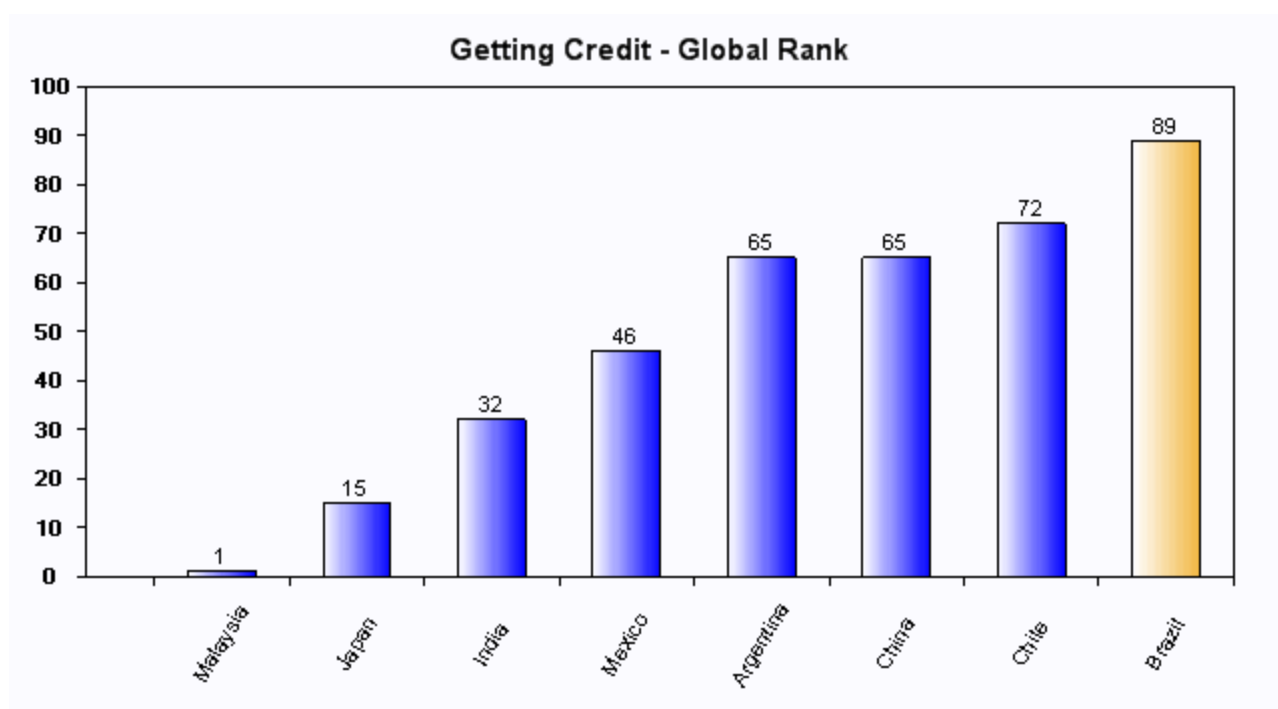
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations

Brazil is ranked 89 overall for Getting Credit.

Ranking of Brazil in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand				100.0
Portugal			67.1	
Singapore	10			
United Kingdom		6		

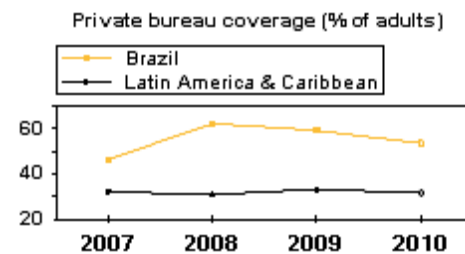
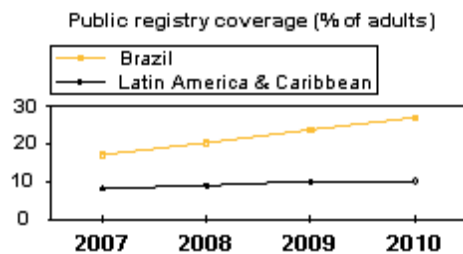
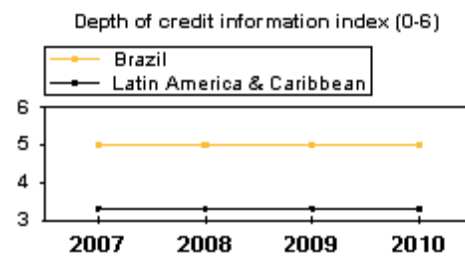
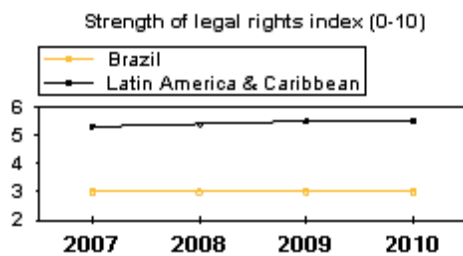
<i>Selected Economy</i>				
Brazil	3	5	26.9	53.5

<i>Comparator Economies</i>				
Argentina	4	6	30.8	100.0
Chile	4	5	30.9	22.9
China	6	4	63.9	0.0
India	8	4	0.0	10.0
Japan	7	6	0.0	76.1
Mexico	5	6	0.0	71.6

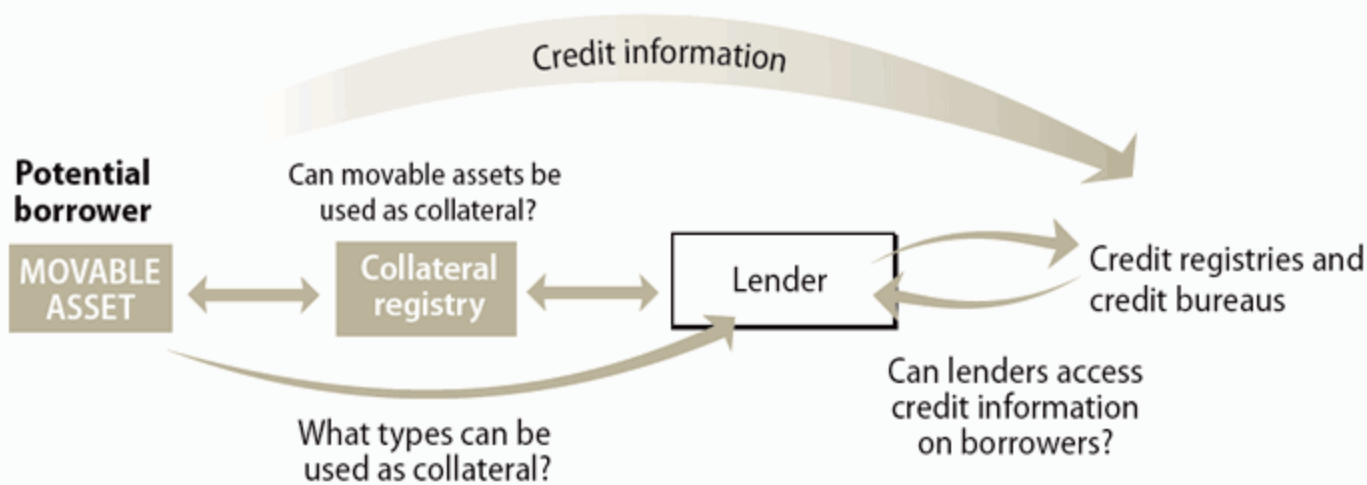
2. Historical data: Getting Credit in Brazil

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	87	89
Strength of legal rights index (0-10)	3	3	3	3
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	46.4	62.2	59.2	53.5
Public registry coverage (% of adults)	17.1	20.2	23.7	26.9

3. Getting Credit sub indicators in Brazil over the past 4 years



Do lenders have credit information on entrepreneurs seeking credit? Is the law favorable to borrowers and lenders using movable assets as collateral?



4. Details on Getting Credit in Brazil

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Brazil.

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage	53.5	26.9	
Number of individuals	71,558,900	35,007,000	
Number of firms	4,792,900	3,377,280	

Strength of legal rights index (0-10)**3**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?

May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?

Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?

Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?

Do secured creditors have absolute priority to their collateral in bankruptcy procedures?

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

Does the law authorize parties to agree on out of court enforcement?

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

Some reform outcomes

In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).

After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

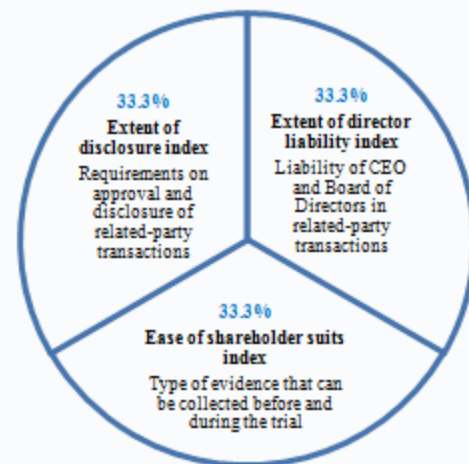
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

- Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders),
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

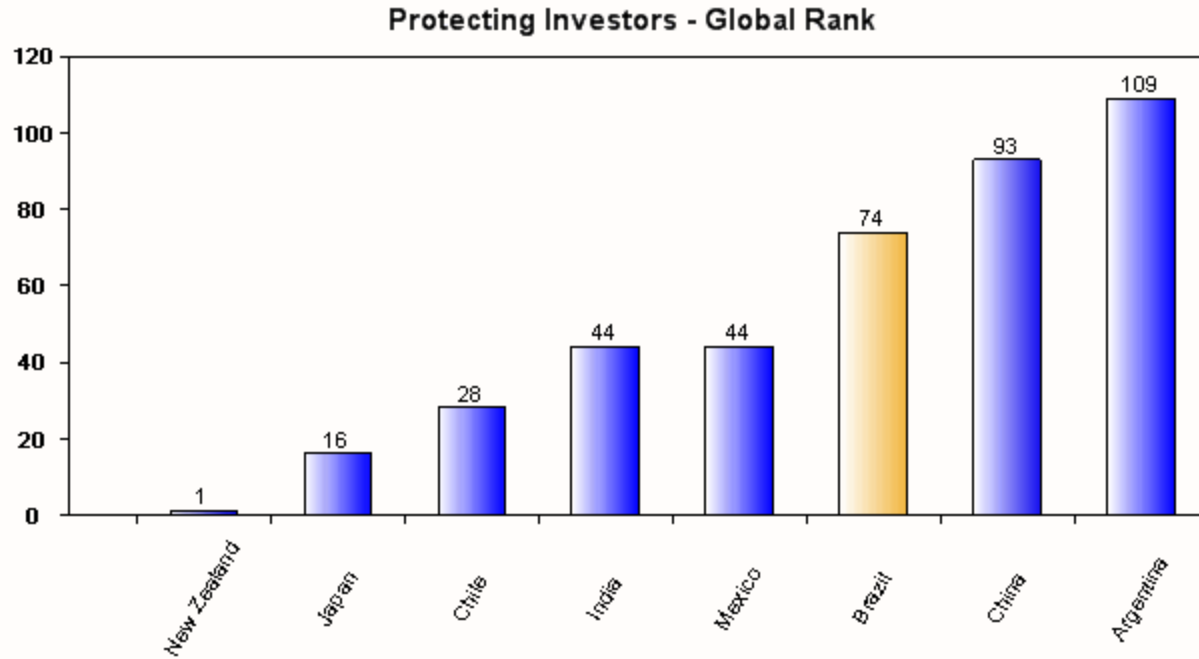
The transaction

- Mr. James, a director and the majority shareholder of the company, proposes that the company purchase used trucks from another company he owns.
- The price is higher than the going price for used trucks, but the transaction goes forward.
- All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company.
- Shareholders sue the interested parties and the members of the board of directors.

1. Benchmarking Protecting Investors Regulations

Brazil is ranked 74 overall for Protecting Investors.

Ranking of Brazil in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Strength of investor protection index (0-10)
New Zealand	9.7

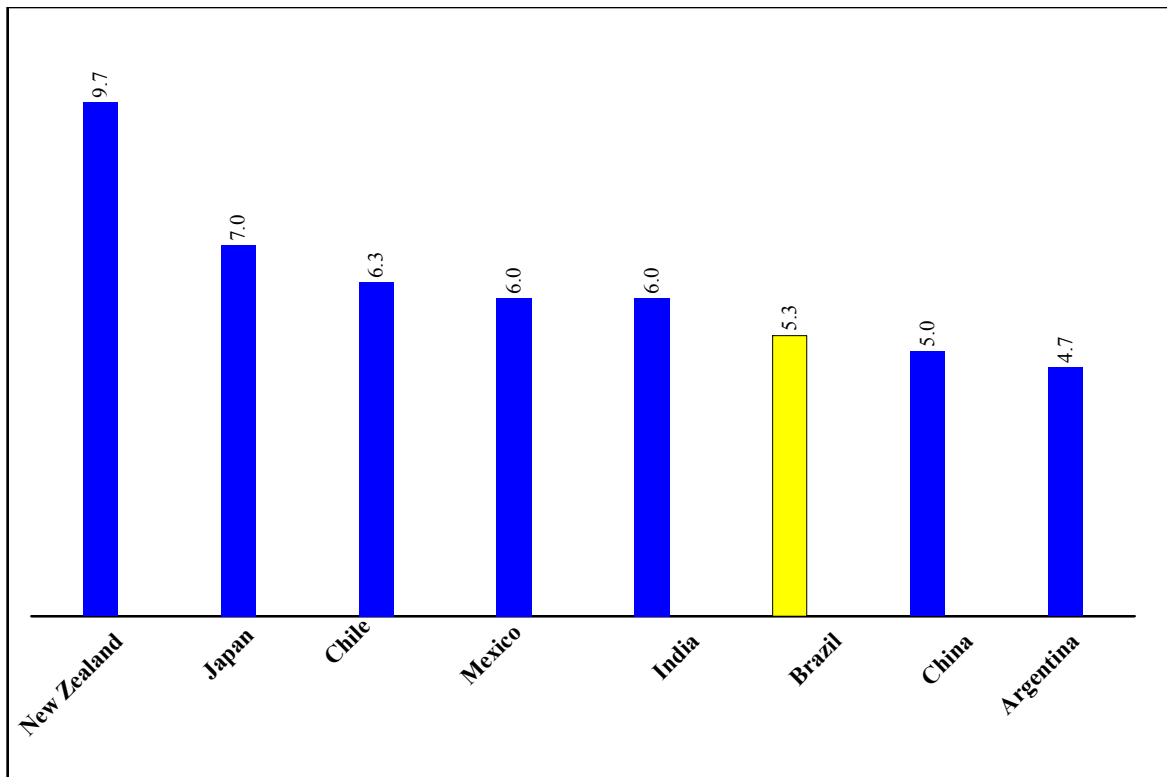
<i>Selected Economy</i>	
Brazil	5.3

<i>Comparator Economies</i>	
Argentina	4.7
Chile	6.3
China	5.0
India	6.0
Japan	7.0
Mexico	6.0

2. Historical data: Protecting Investors in Brazil

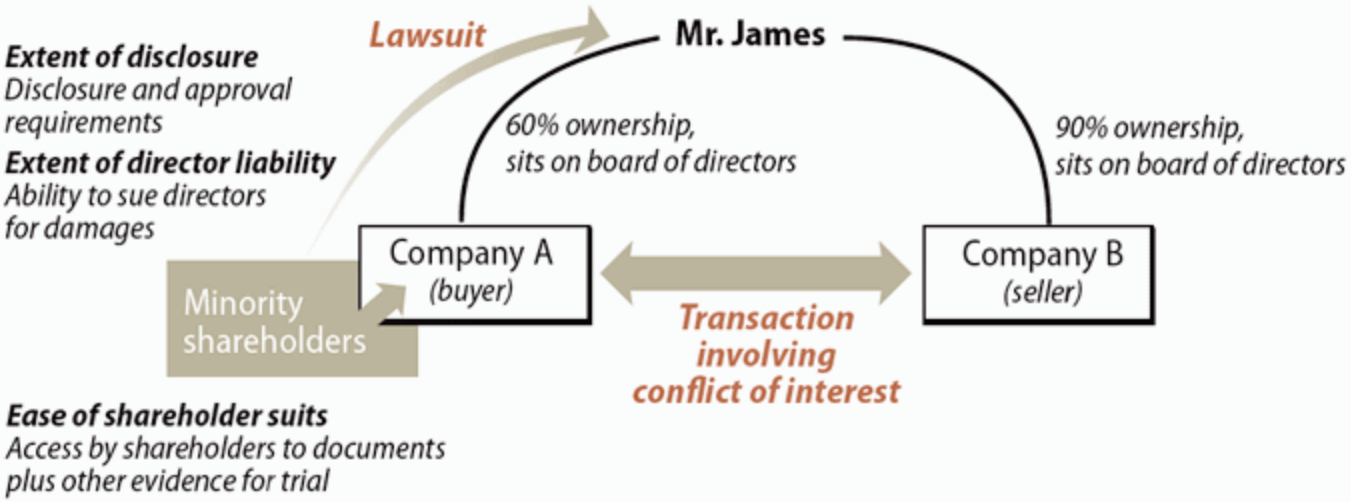
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	73	74
Strength of investor protection index (0-10)	5.3	5.3	5.3	5.3

3. The following graph illustrates the Protecting Investors index in Brazil compared to best practice and selected Economies:



Note: The higher the score, the greater the investor protection.

How well are minority shareholders protected against self-dealing in related-party transactions?



4. Details on Protecting Investors in Brazil

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Brazil.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	1
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	7
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	3
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	5.3

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

Some reform outcomes

Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.

Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.

What do the Paying taxes indicators measure?

Tax payments for a manufacturing company in 2009
(number per year adjusted for electronic or joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

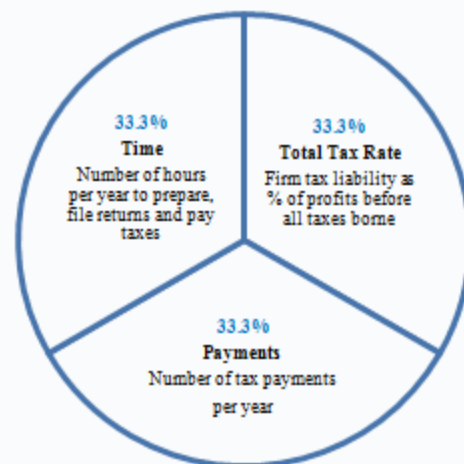
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations

Brazil is ranked 152 overall for Paying Taxes.

Ranking of Brazil in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives	3	0	
Timor-Leste			0.2

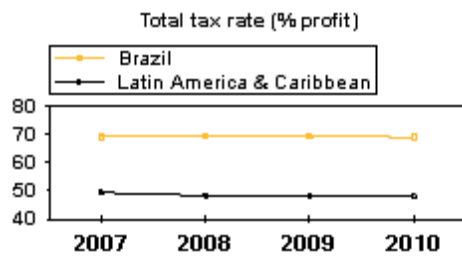
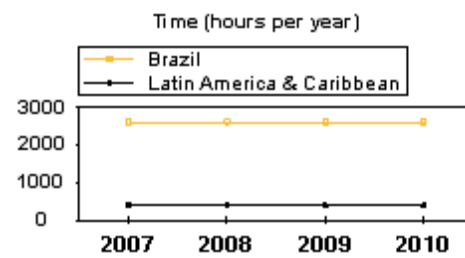
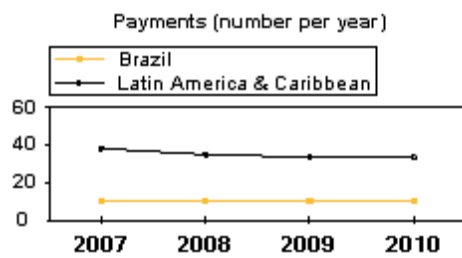
<i>Selected Economy</i>			
Brazil	10	2600	69.0

<i>Comparator Economies</i>			
Argentina	9	453	108.2
Chile	9	316	25.0
China	7	398	63.5
India	56	258	63.3
Japan	14	355	48.6
Mexico	6	404	50.5

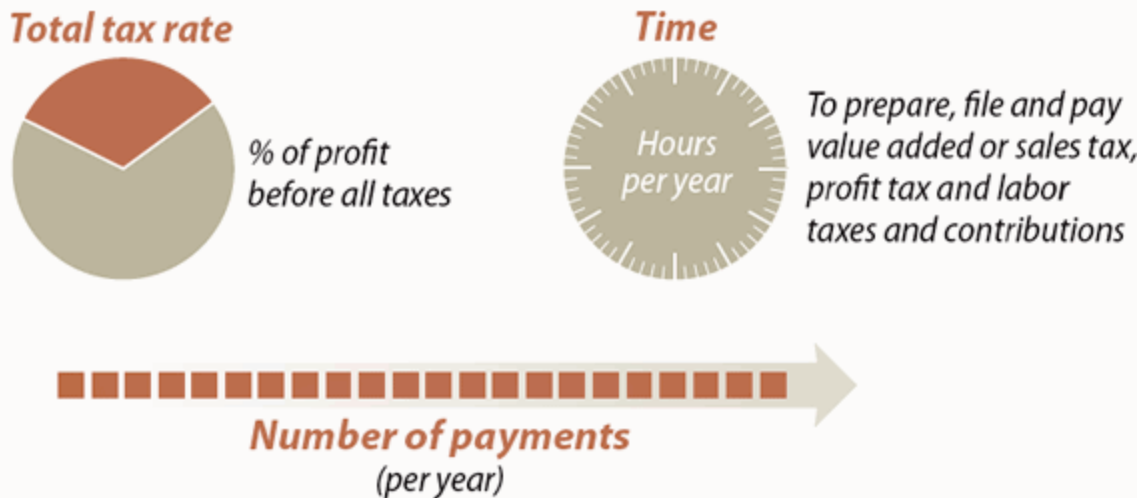
2. Historical data: Paying Taxes in Brazil

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	149	152
Total tax rate (% profit)	69.1	69.2	69.2	69.0
Payments (number per year)	10	10	10	10
Time (hours per year)	2600	2600	2600	2600

3. Paying Taxes sub indicators in Brazil over the past 4 years



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



4. Details on Paying Taxes in Brazil

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Brazil, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Vehicle tax	1			1.5%	market value of vehicle	0.10	
Tax on interest	0	withheld		20.0%	interest income	0.50	
Financial transactions tax (CPMF)	1			0.4%	bank transactions	2.80	
Property tax	1			2.5%	market value of property	3.70	
Social contribution (CSLL)	1	online filing		9.0%	taxable profits	5.70	
Severance contribution (FGTS)	0	paid jointly		8.5%	gross salaries	9.00	
Payroll tax	1	online filing		8.8%	gross salaries	9.30	

Corporate income tax (IRPJ)	1	online filing	736	15%+10% (surcharge applies on annual taxable income exceeding R\$ 240,000)	taxable profit	15.70
Social security contributions (INSS)	1	online filing	490	20.0%	gross salaries	22.60
PIS/COFINS (similar to VAT)	1	online filing		9.3%	value added	39.10
IPI (similar to VAT)	1	online filing		20.0%	value added (including taxes)	84.60
ICMS (similar to VAT)	1	online filing	1374	18.0%	value added (including taxes)	91.40
Totals	10		2600			69.0

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.

In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

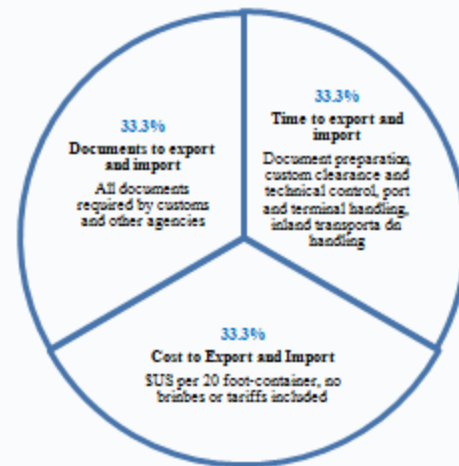
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



Case Study Assumptions

The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

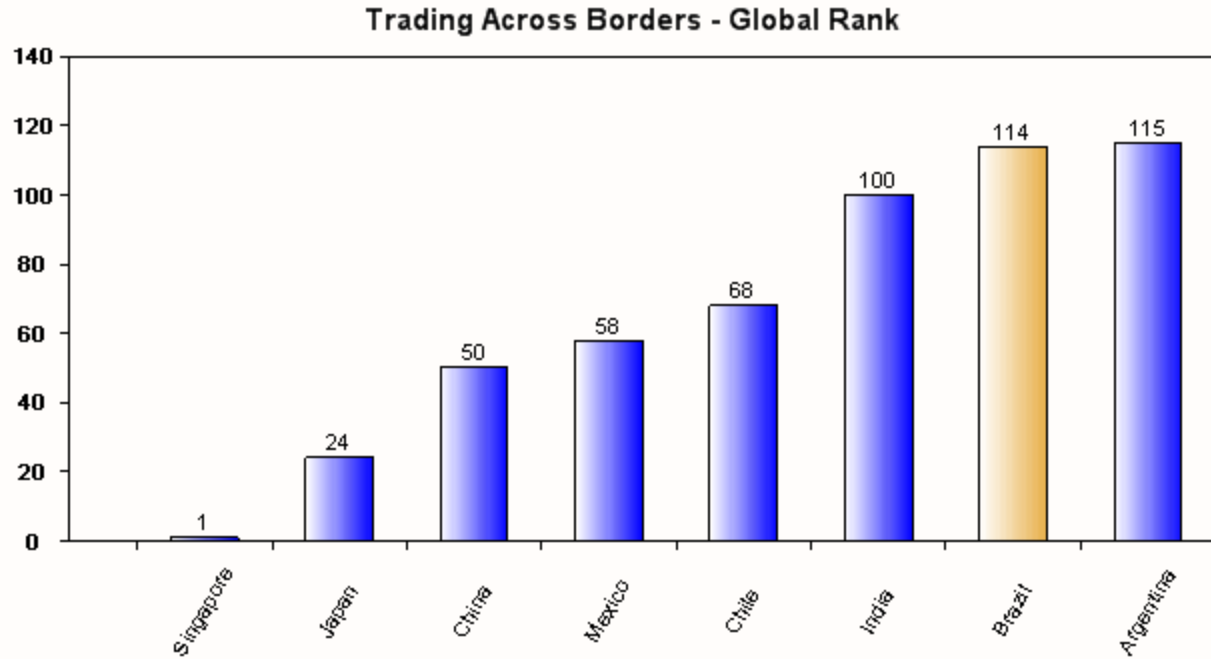
The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

1. Benchmarking Trading Across Borders Regulations

Brazil is ranked 114 overall for Trading Across Borders.

Ranking of Brazil in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark		5				
France	2			2		
Malaysia			450			
Singapore					4	439

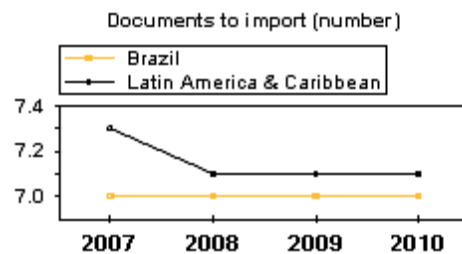
<i>Selected Economy</i>						
Brazil	8	13	1790	7	17	1730

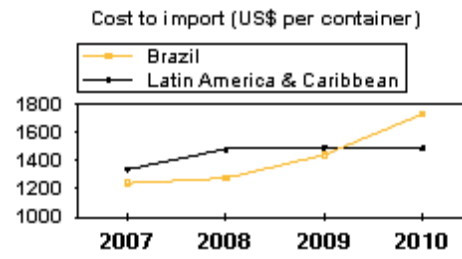
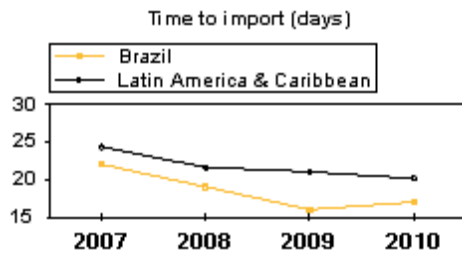
<i>Comparator Economies</i>						
Argentina	9	13	1480	7	16	1810
Chile	6	21	745	7	21	795
China	7	21	500	5	24	545
India	8	17	1055	9	20	1025
Japan	4	10	1010	5	11	1060
Mexico	5	12	1420	4	12	1880

2. Historical data: Trading Across Borders in Brazil

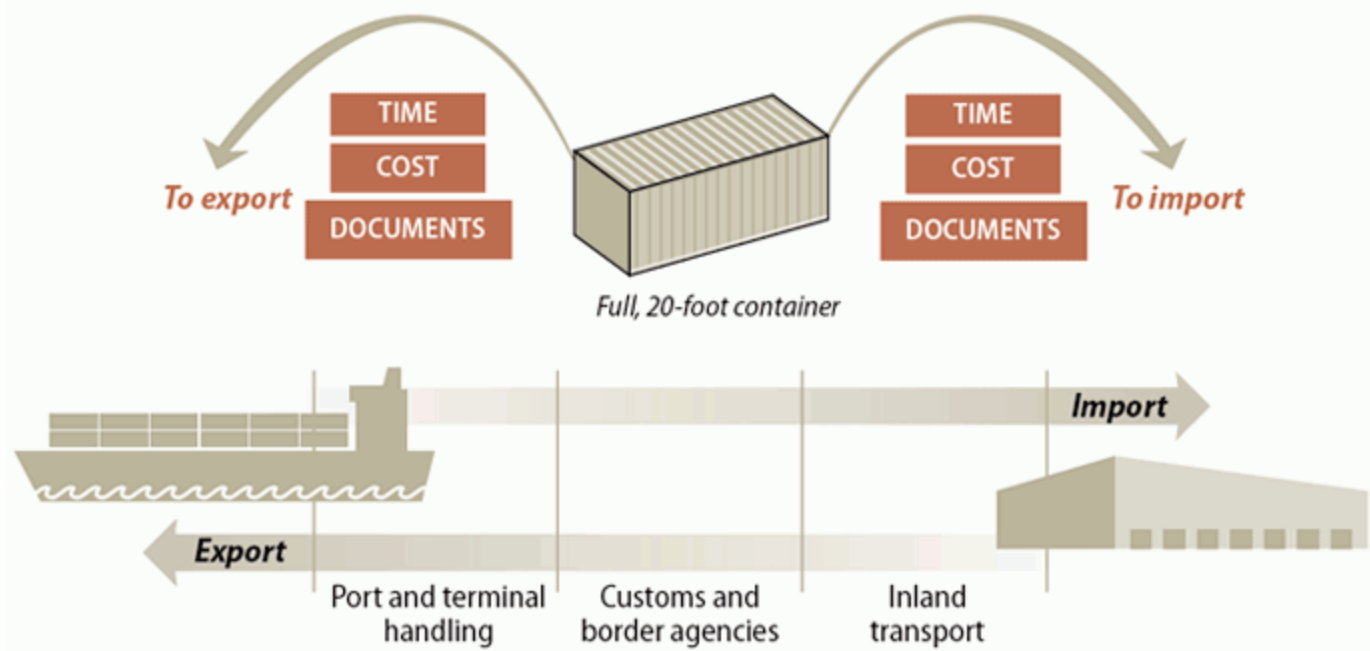
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	98	114
Cost to export (US\$ per container)	1090	1240	1540	1790
Cost to import (US\$ per container)	1240	1275	1440	1730
Documents to export (number)	8	8	8	8
Documents to import (number)	7	7	7	7
Time to export (days)	18	14	12	13
Time to import (days)	22	19	16	17

3. Trading Across Borders sub indicators in Brazil over the past 4 years





How much time, how many documents and what cost to export and import across borders by ocean transport?



4. Details on Trading Across Borders in Brazil

These tables list the procedures necessary to import and export a standardized cargo of goods in Brazil. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	6	490
Customs clearance and technical control	3	200
Ports and terminal handling	3	250
Inland transportation and handling	1	850
Totals	13	1790

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	330
Customs clearance and technical control	4	250
Ports and terminal handling	3	300
Inland transportation and handling	2	850
Totals	17	1730

Documents for Export and Import

Export

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Foreign exchange authorization
- Packing list
- Technical standard/health certificate

Import

- Bill of lading
- Cargo release order
- Commercial invoice
- Customs import declaration
- Foreign exchange authorization
- Packing list
- Technical standard/health certificate

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Some reform outcomes

In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.

In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.

What do the Enforcing Contracts indicators measure?

Procedures to enforce a contract (number)

- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

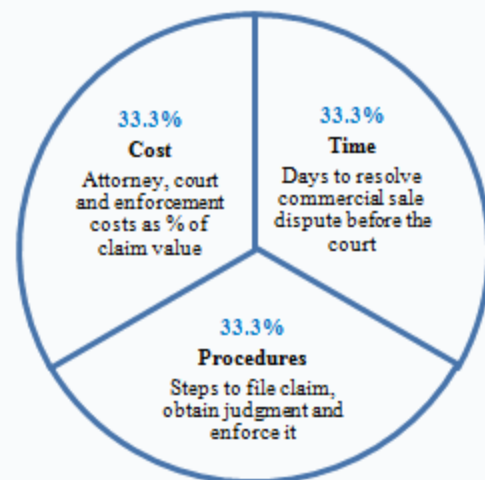
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators



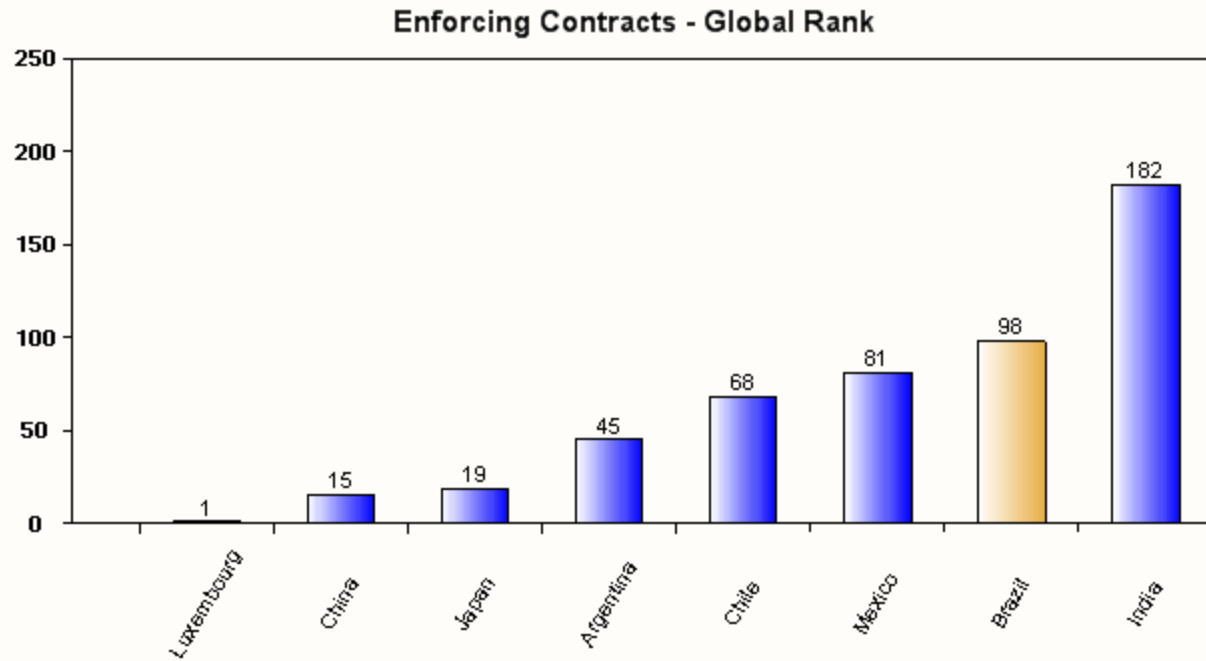
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations

Brazil is ranked 98 overall for Enforcing Contracts.

Ranking of Brazil in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		150	

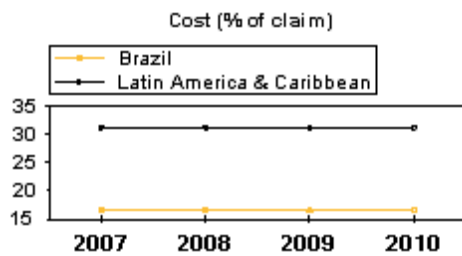
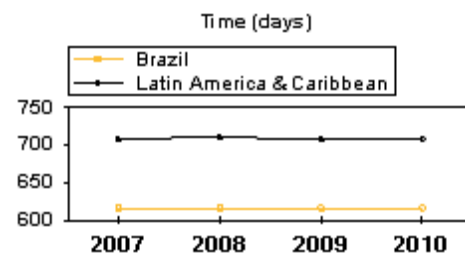
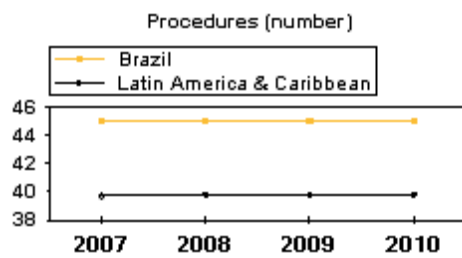
<i>Selected Economy</i>			
Brazil	45	616	16.5

<i>Comparator Economies</i>			
Argentina	36	590	16.5
Chile	36	480	28.6
China	34	406	11.1
India	46	1420	39.6
Japan	30	360	22.7
Mexico	38	415	32.0

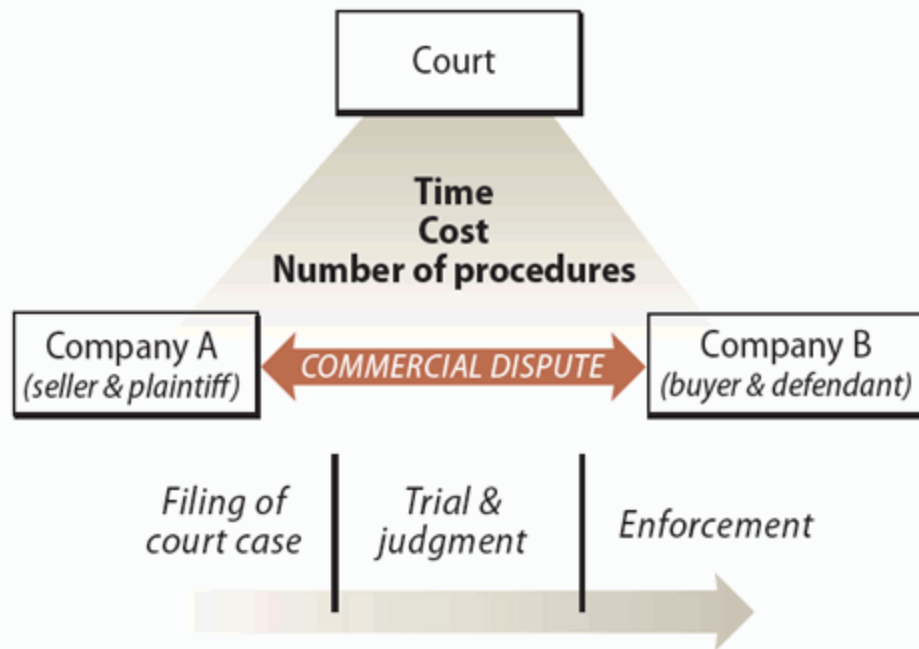
2. Historical data: Enforcing Contracts in Brazil

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	98	98
Procedures (number)	45	45	45	45
Time (days)	616	616	616	616
Cost (% of claim)	16.5	16.5	16.5	16.5

3. Enforcing Contracts sub indicators in Brazil over the past 4 years



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



4. Details on Contract Enforcement in Brazil

This topic looks at the efficiency of contract enforcement in Brazil.

Court information: São Paulo Civil District Court ("Vara Cível da Comarca de São Paulo")

Nature of Procedure (2010)	Indicator
Procedures (number)	45
Time (days)	616
Filing and service	41.0
Trial and judgment	365.0
Enforcement of judgment	210.0
Cost (% of claim)*	16.50
Attorney cost (% of claim)	12.6
Court cost (% of claim)	2.8
Enforcement Cost (% of claim)	1.1

* Claim assumed to be equivalent to 200% of income per capita.

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

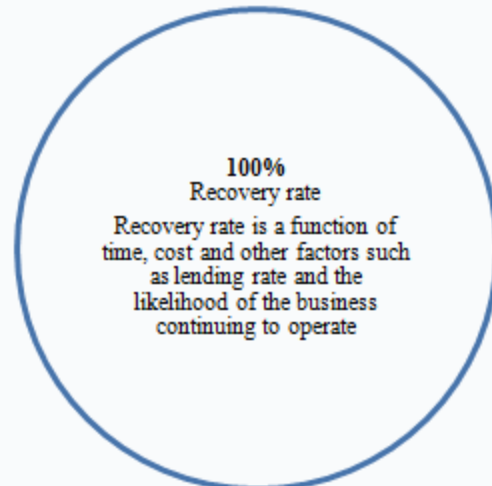
- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



Case Study Assumptions

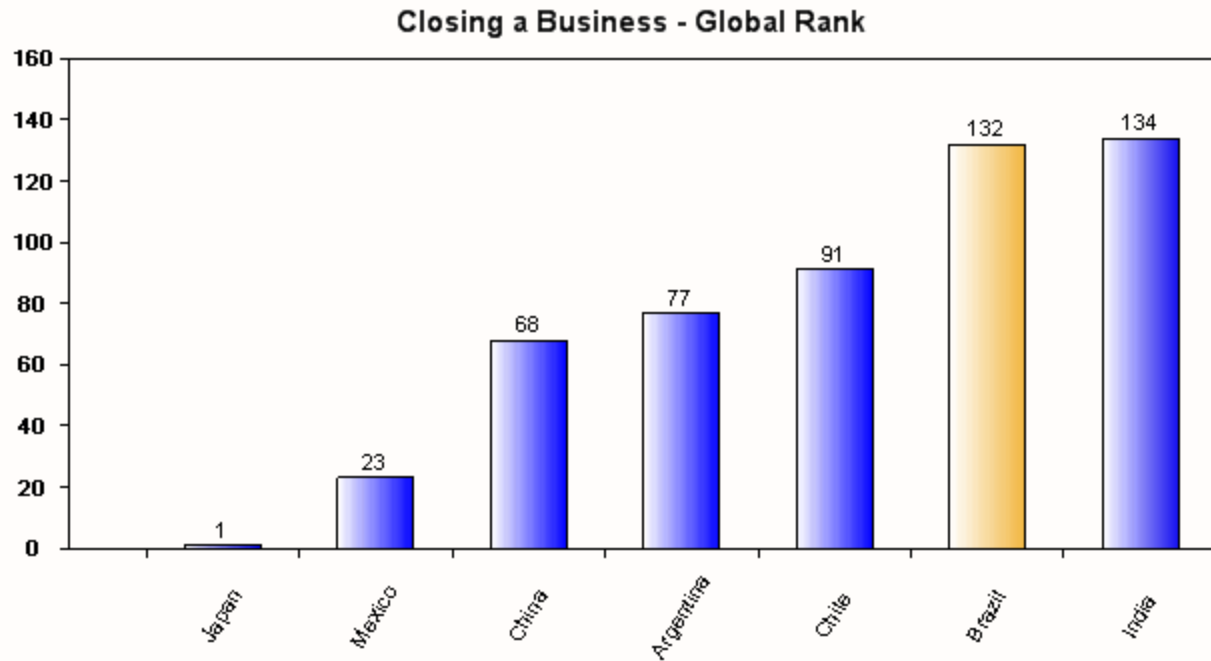
The Company:

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations

Brazil is ranked 132 overall for Closing a Business.

Ranking of Brazil in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.7		
Singapore			1

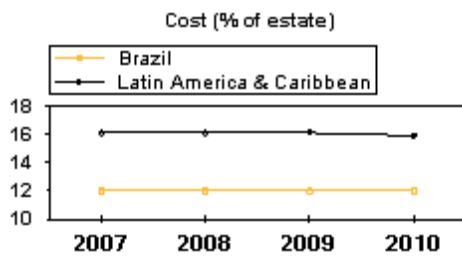
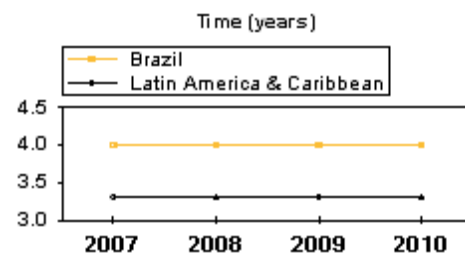
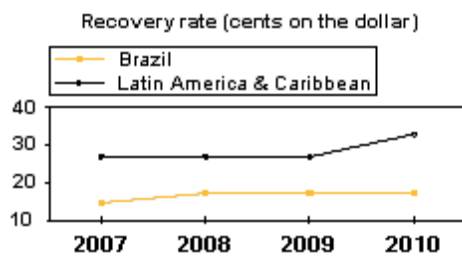
<i>Selected Economy</i>			
Brazil	17.1	4.0	12

<i>Comparator Economies</i>			
Argentina	32.8	2.8	12
Chile	28.2	4.5	15
China	36.4	1.7	22
India	16.3	7.0	9
Japan	92.7	0.6	4
Mexico	66.7	1.8	18

2. Historical data: Closing Business in Brazil

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	130	132
Time (years)	4.0	4.0	4.0	4.0
Cost (% of estate)	12	12	12	12
Recovery rate (cents on the dollar)	14.6	17.1	17.1	17.1

3. Closing Business sub indicators in Brazil over the past 4 years



Since 2004 *Doing Business* has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . * Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by *Doing Business* have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

The top 10 most-improved in *Doing Business 2011*

Economy	Indicator									
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Employing Workers
Kazakhstan	✓	✓				✓	✓			
Rwanda		✓		✓			✓			
Peru	✓	✓	✓				✓			
Vietnam	✓	✓		✓						
Cape Verde	✓		✓				✓			
Tajikistan	✓				✓		✓			
Zambia	✓						✓	✓		
Hungary		✓	✓				✓			✓
Grenada	✓		✓				✓			
Brunei Darussalam	✓						✓	✓		

✓ Positive Change
 ✗ Negative Change

* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

Brazil	Brazil eased business start-up by further enhancing the electronic synchronization between federal and state tax authorities.
Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Chile	Chile made business start-up easier by introducing an online system for registration and for filing the request for publication. An amendment to Chile's securities law strengthened investor protections by requiring greater corporate disclosure and regulating the approval of transactions between interested parties.
China	China's new corporate income tax law unified the tax regimes for domestic and foreign enterprises and clarified the calculation of taxable income for corporate income tax purposes.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
India	India eased business start-up by establishing an online VAT registration system and replacing the physical stamp previously required with an online version. India reduced the administrative burden of paying taxes by abolishing the fringe benefit tax and improving electronic payment.
Japan	Japan made it easier to deal with insolvency by establishing a new entity, the Enterprise Turnaround Initiative Corporation, to support the revitalization of companies suffering from excessive debt but professionally managed.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Mexico	Mexico launched an online one-stop shop for initiating business registration. Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities. Mexico increased taxes on companies by raising several tax rates, including the corporate income tax and the rate on cash deposits. At the same time, the administrative burden was reduced slightly with more options for online payment and increased use of accounting software.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.

Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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