

Doing Business 2010

Brazil

COMPARING REGULATION IN 183 ECONOMIES



© 2009 The International Bank for Reconstruction and Development / The World Bank
1818 H Street NW
Washington, D.C. 20433
Telephone 202-473-1000
Internet www.worldbank.org
E-mail feedback@worldbank.org

All rights reserved.
1 2 3 4 08 07 06 05

A copublication of The World Bank and the International Finance Corporation.

This volume is a product of the staff of the World Bank Group. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work.

Rights and Permissions

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; telephone 978-750-8400; fax 978-750-4470; Internet: www.copyright.com.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2422; e-mail: pubrights@worldbank.org.

Additional copies of *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at www.doingbusiness.org

ISBN: 978-0-8213-7961-5
E-ISBN: 978-0-8213-7965-3
DOI: 10.1596/978-0-8213-7961-5
ISSN: 1729-2638

Library of Congress Cataloging-in-Publishing Data has been applied for.

Printed in the United States.

Current features

News on the *Doing Business* project

www.doingbusiness.org

Rankings

How economies rank-from 1 to 183

www.doingbusiness.org/economyrankings

Reformers

Short summaries of DB2010 reforms, lists of reformers since DB2004 and a ranking simulation tool

www.doingbusiness.org/reformers

Historical data

Customized data sets since DB2004

www.doingbusiness.org/customquery

Methodology and research

The methodologies and research papers underlying *Doing Business*

www.doingbusiness.org/MethodologySurveys

Download reports

Access to *Doing Business* reports as well as subnational and regional reports, reform case studies and customized country and regional profiles

www.doingbusiness.org/downloads

Subnational and regional projects

Differences in business regulations at the subnational and regional level

www.doingbusiness.org/subnational

Law Library

Online collection of business laws and regulations relating to business and gender issues

www.doingbusiness.org/lawlibrary

www.doingbusiness.org/genderlawlibrary

Local partners

More than 8,000 specialists in 183 economies who participate in *Doing Business*

www.doingbusiness.org/LocalPartners

Reformers' Club

Celebrating the top 10 *Doing Business* reformers

www.doingbusiness.org/Reformers/ReformersClub.aspx

Business Planet

Interactive map on the ease of doing business

<http://www.doingbusiness.org/map>

Contents

Introduction and Aggregate Rankings	1
Starting a Business	5
Dealing with Construction Permits	10
Employing Workers	15
Registering Property	19
Getting Credit	24
Protecting Investors	28
Paying Taxes	32
Trading Across Borders	36
Enforcing Contracts	40
Closing a Business	44
Doing Business 2010 Reforms	48

Introduction

Doing Business 2010: Reforming Through Difficult Times is the seventh 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 10 stages of a business's life are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2010: Reforming Through Difficult Times* are current as of June 1, 2009*. 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, 27 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for Brazil. The data used for this country 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 2010: Reforming Through Difficult Times* 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).

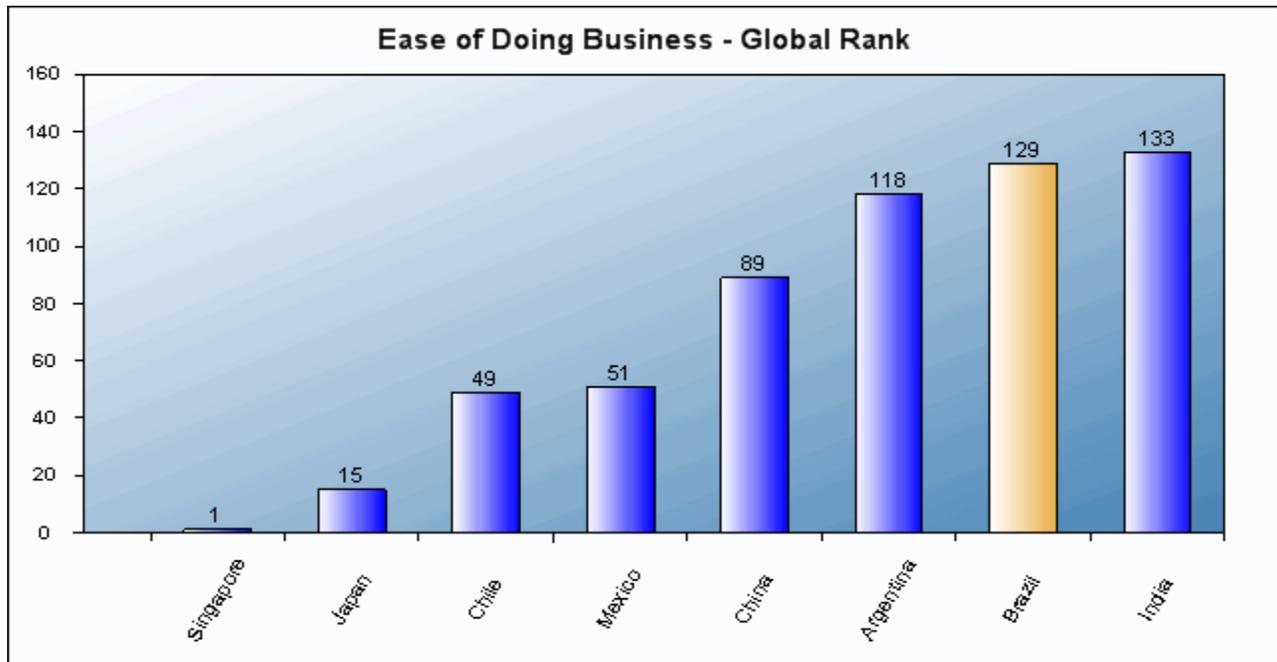
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

Note: Doing Business 2008 and Doing Business 2009 data and rankings have been recalculated to reflect changes to the methodology and the addition of new countries (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Brazil is ranked 129 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 2010

Rank	Doing Business 2010
Ease of Doing Business	129
Starting a Business	126
Dealing with Construction Permits	113
Employing Workers	138
Registering Property	120
Getting Credit	87
Protecting Investors	73
Paying Taxes	150
Trading Across Borders	100
Enforcing Contracts	100
Closing a Business	131

Summary of Indicators - Brazil

Starting a Business	Procedures (number)	16
	Time (days)	120
	Cost (% of income per capita)	6.9
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	18
	Time (days)	411
	Cost (% of income per capita)	50.6
Employing Workers	Difficulty of hiring index (0-100)	78
	Rigidity of hours index (0-100)	60
	Difficulty of redundancy index (0-10)	0
	Rigidity of employment index (0-100)	46
	Redundancy costs (weeks of salary)	46
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)	23.7
	Private bureau coverage (% of adults)	59.2
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 (%)	15.7
	Labor tax and contributions (%)	46.9
	Other taxes (%)	6.6
	Total tax rate (% profit)	69.2

Trading Across Borders	Documents to export (number)	8
	Time to export (days)	12
	Cost to export (US\$ per container)	1540
	Documents to import (number)	7
	Time to import (days)	16
	Cost to import (US\$ per container)	1440
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

Starting a Business

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed up the process or may decide to run their businesses informally.

Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

Methodology

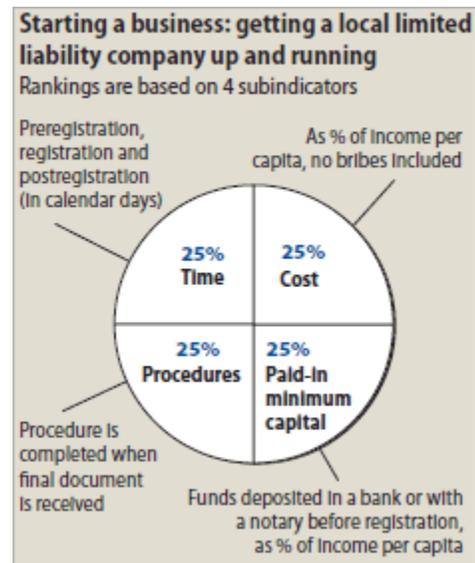
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

Survey Case Study

The business:

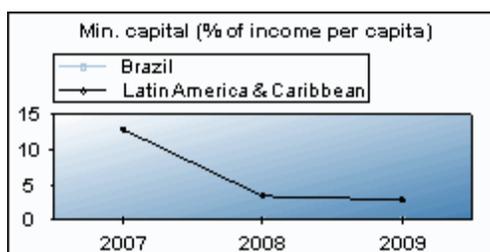
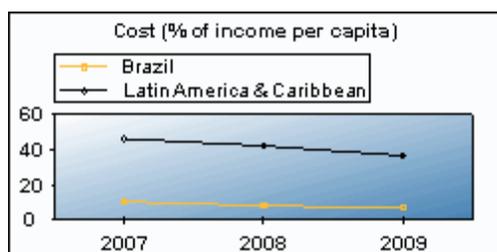
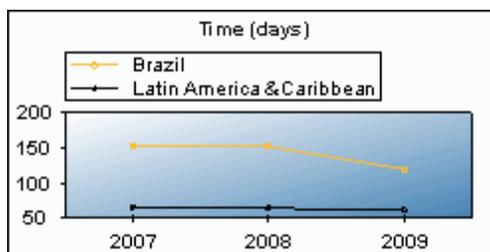
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not qualify for any special benefits
- does not own real estate



1. Historical data: Starting a Business in Brazil

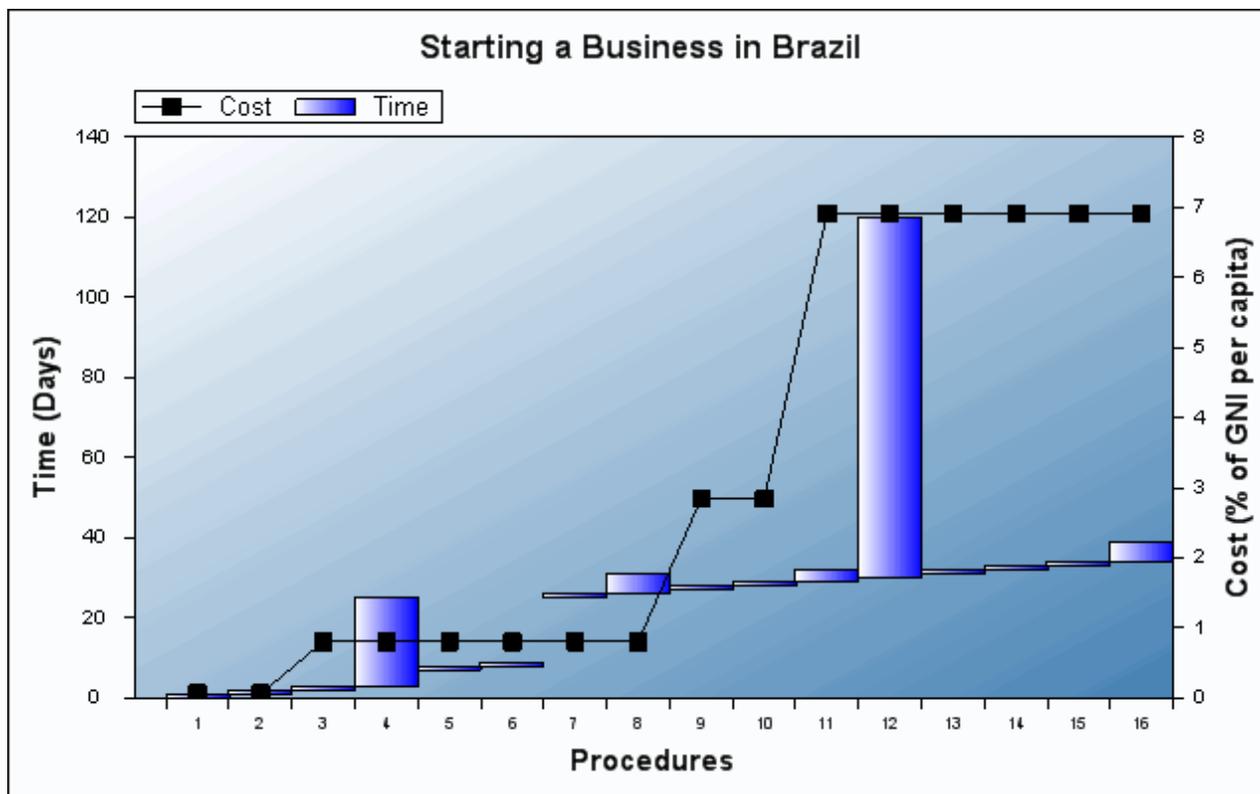
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	127	126
Procedures (number)	18	18	16
Time (days)	152	152	120
Cost (% of income per capita)	10.4	8.2	6.9
Min. capital (% of income per capita)	0.0	0.0	0.0

2. The following graphs illustrates the Starting a Business indicators in Brazil over the past 3 years:



3. Steps to Starting a Business in Brazil

It requires 16 procedures, takes 120 days, and costs 6.92 % GNI per capita to start a business in Brazil.



List of Procedures:

1. Check company name with State Commercial Registry Office
2. Pay registration fees
3. Register with the commercial board of the state where the main office is located and obtain identification number (NIRE)
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)
5. Confirm Taxpayer Enrollment
6. Receive state tax inspection
7. Get the authorization to print receipts/invoices from the Secretaria da Fazenda Estadual
8. Register with the Municipal Taxpayers' Registry (Secretaria Municipal de Finanças) of the City of São Paulo
9. Pay TFE to the Municipal Taxpayers' Registry
10. Get the authorization to print receipts/invoices from the Secretaria Municipal de Finanças
11. Order receipts/invoices (notas fiscais) with CNPJ numbers from authorized printing companies
12. Apply to the municipality for an operations permit (auto de licença de funcionamento)
13. Register the employees in the social integration program (Programa de Integração Social, PIS)
14. Open a special fund for unemployment (FGTS) account in bank
15. Notify the Ministry of Labor (Cadastro Geral de empregados e desempregados, CAGED)

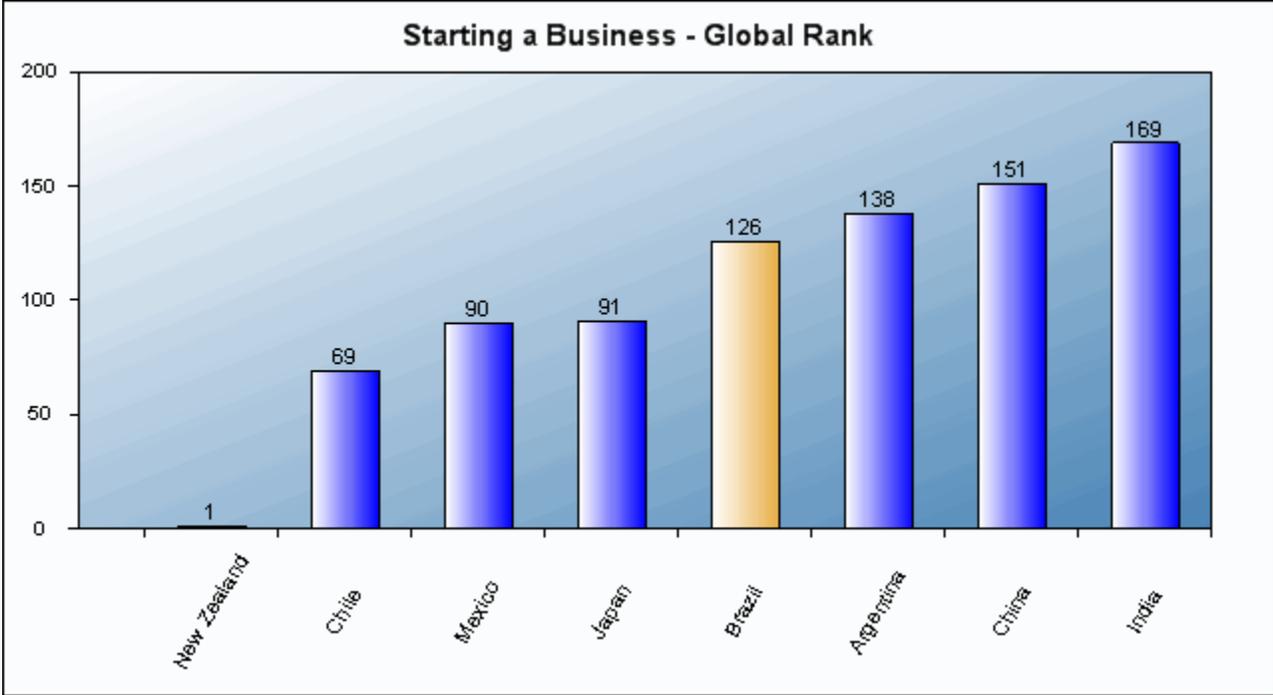
- 16. Registration with the Patronal Union and with the Employees Union.

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Brazil is ranked 126 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)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Brazil	16	120	6.9	0.0

<i>Comparator Economies</i>				
Argentina	15	27	11.0	2.9
Chile	9	27	6.9	0.0
China	14	37	4.9	130.9
India	13	30	66.1	210.9
Japan	8	23	7.5	0.0
Mexico	8	13	11.7	8.9

* The following economies are also good practice economies for :

Procedures (number): Canada

Cost (% of income per capita): Slovenia

Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure from government to comply with inspections, with licensing and safety regulations, from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many economies, especially poor 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.

Methodology

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

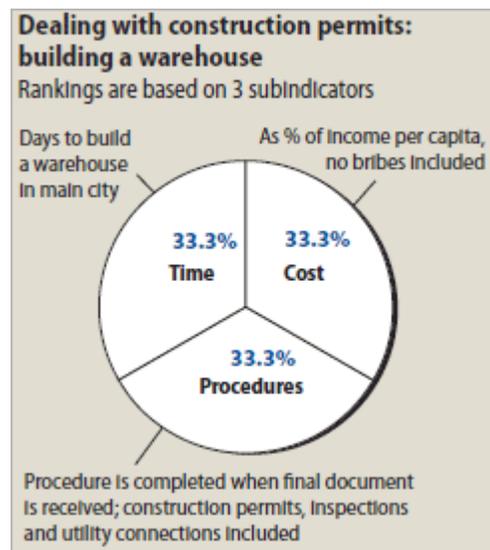
Survey Case Study

The business:

- is a small to medium-size limited liability company
- is located in the largest business city
- is domestically owned and operated, in the construction business
- has 20 qualified employees

The warehouse to be built:

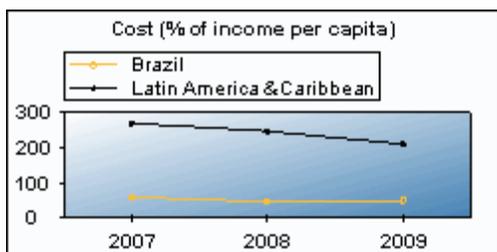
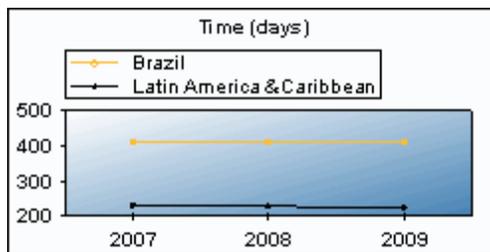
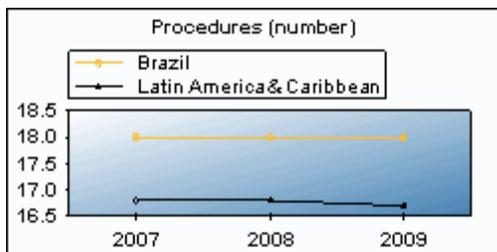
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).



1. Historical data: Dealing with Construction Permits in Brazil

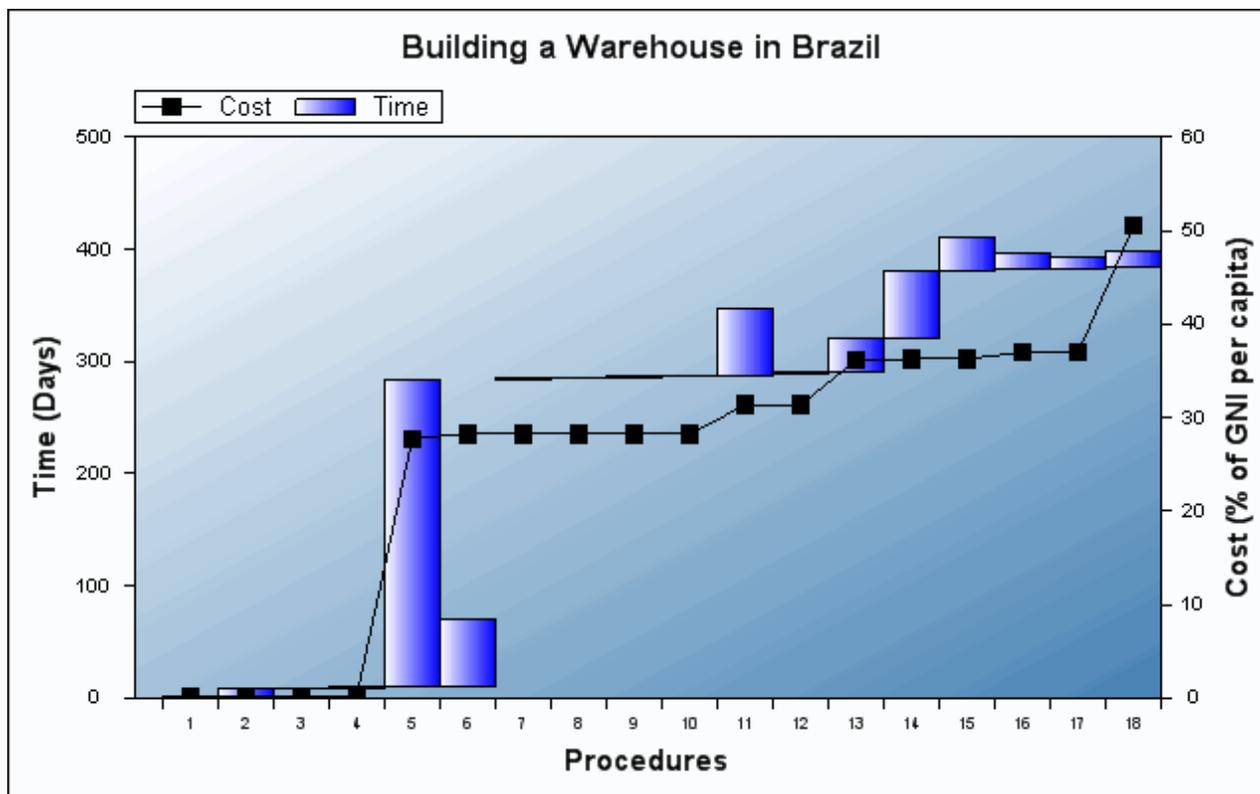
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	107	113
Procedures (number)	18	18	18
Time (days)	411	411	411
Cost (% of income per capita)	59.4	46.7	50.6

2. The following graphs illustrates the Dealing with Construction Permits indicators in Brazil over the past 3 years:



3. Steps to Building a Warehouse in Brazil

It requires 18 procedures, takes 411 days, and costs 50.57 % GNI per capita to build a warehouse in Brazil.



List of Procedures:

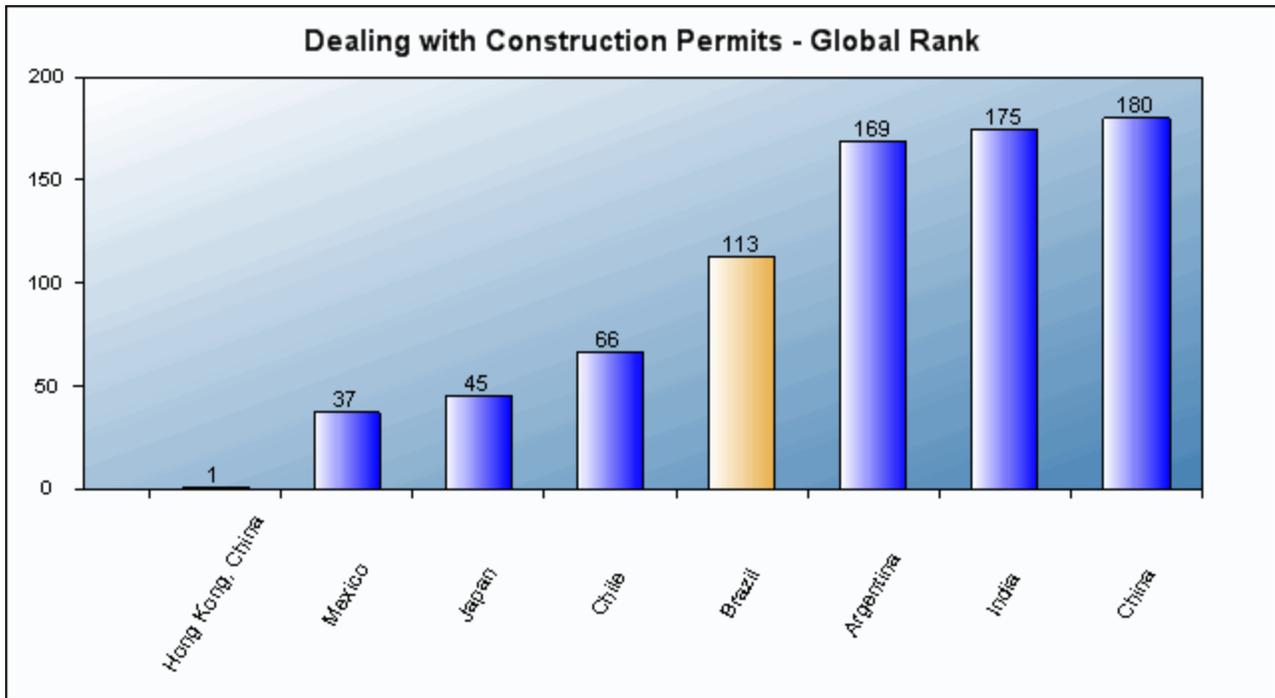
- | | |
|--|---|
| 1. Request and obtain proof of land ownership from Real Estate Registry Office | 10. Request and receive sanitary inspection from Municipality |
| 2. Request and obtain proof of land tax payment from Treasury of the Municipality | 11. Request and obtain conclusion approval |
| 3. Register employees with the Social security Office | 12. Receive final inspection from Municipality |
| 4. Submit proof of payment to Social security | 13. Request and receive Fire Department Inspection |
| 5. Request and obtain Construction Approval Permit and Construction Execution Permit | 14. Request and obtain operation License |
| 6. Request and obtain Equipment Operating Permit | 15. Request and connect to water and sewage |
| 7. Request and receive frame inspection from Municipality | 16. Request and connect to telephone |
| 8. Request and receive inspection of the structures from Municipality | 17. Request and connect to electricity |
| 9. Request and receive labor inspection from Labor Public Attorneys' Office | 18. Register with the Real Estate Registry Office |

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Brazil is ranked 113 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			0.6
Singapore		25	

<i>Selected Economy</i>			
Brazil	18	411	50.6

<i>Comparator Economies</i>			
Argentina	28	338	145.1
Chile	18	155	97.8
China	37	336	579.2
India	37	195	2394.9
Japan	15	187	19.3
Mexico	12	138	113.1

Employing Workers

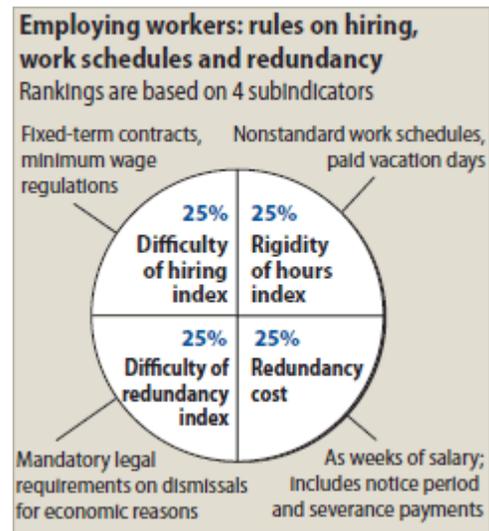
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws.

Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. Doing Business measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the conventions of the International Labour Organization (ILO). An economy can have the most flexible labor regulations as measured by Doing Business while ratifying and complying with all conventions directly relevant to the factors measured by Doing Business and with the ILO core labor standards. No economy can achieve a better score by failing to comply with these conventions.

Governments all over the world face the challenge of finding the right balance between worker protection and labor market flexibility. But in developing countries especially, regulators often err to one extreme, pushing employers and workers into the informal sector. Analysis across economies shows that while employment regulation generally increases the tenure and wages of incumbent workers, overly rigid regulations may have undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills, all of which may reduce productivity growth.

Methodology

Two measures are presented: a rigidity of employment index and a redundancy cost measure. The rigidity of employment index is the average of three sub-indices: difficulty of hiring, rigidity of hours and difficulty of redundancy. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek taking into account legal provisions that refer specifically to small to medium-size companies in the manufacturing industry in which continuous operation is economically necessary, as well as mandated days of annual leave with pay. The difficulty of redundancy index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.



The Redundancy cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

Survey Case Study

The business:

- is a limited liability company operating in the manufacturing sector
- is located in the largest business city
- is 100% domestically owned
- has 60 employees
- The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

1. Historical data: Employing Workers in Brazil

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	141	138
Redundancy costs (weeks of salary)	46	46	46
Rigidity of employment index (0-100)	46	46	46

2. The following graphs illustrates the Employing Workers indicators in Brazil over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Brazil is ranked 138 overall for Employing Workers.

Ranking of Brazil in Employing Workers - Compared to good practice and selected economies:



The following table shows Employing Workers data for Brazil compared to good practice and comparator economies:

Good Practice Economies	Rigidity of employment index (0-100)	Redundancy costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

<i>Selected Economy</i>		
Brazil	46	46

<i>Comparator Economies</i>		
Argentina	21	95
Chile	18	52
China	31	91
India	30	56
Japan	16	4
Mexico	41	52

* The following economies are also good practice economies for :

Rigidity of employment index (0-100): Australia, Brunei Darussalam, Kuwait, Marshall Islands, Singapore, St. Lucia, Uganda, United States

Redundancy costs (weeks of salary): Denmark, Iraq, Marshall Islands, Micronesia, Fed. Sts., Palau, Puerto Rico, Tonga, United States

Registering Property

Formal property titles help promote the transfer of land, encourage investment and give entrepreneurs access to formal credit markets. But a large share of property in developing economies is not formally registered. Informal titles cannot be used as security in obtaining loans, which limits financing opportunities for businesses. Many governments have recognized this and started extensive property titling programs. But bringing assets into the formal sector is only part of the story. The more difficult and costly it is to formally transfer property, the greater the chances that formalized titles will quickly become informal again. Eliminating unnecessary obstacles to registering and transferring property is therefore important for economic development.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

Methodology

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name. The property of land and building will be transferred in its entirety. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most economies the data are based on responses from both. Based on the responses, three indicators are constructed:

- number of procedures to register property
- time to register property (in calendar days)
- official costs to register property (as a percentage of the property value)

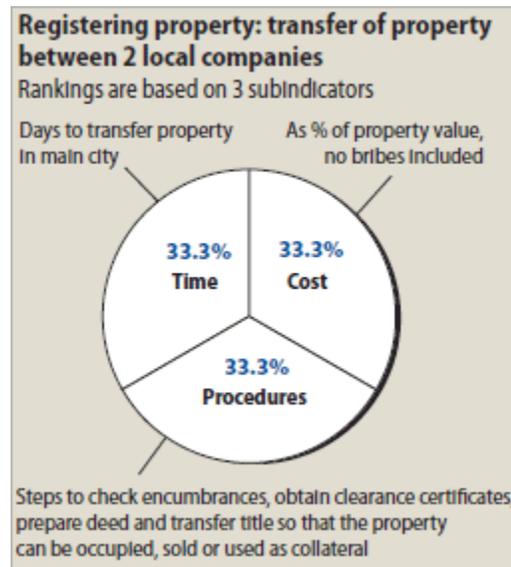
Survey Case Study

The buyer and seller:

- are limited liability companies
- are private nationals (no foreign ownership)
- are located in periurban area of the largest business city
- conduct general commercial activities

The property:

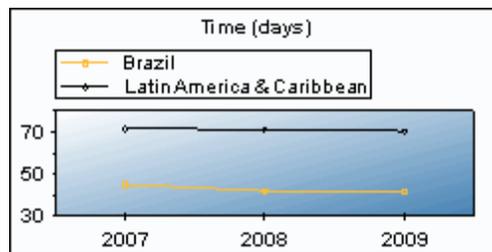
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller company owned the property for the last 10 years.
- is registered in the land registry and/or cadastre and is free of all disputes.



1. Historical data: Registering Property in Brazil

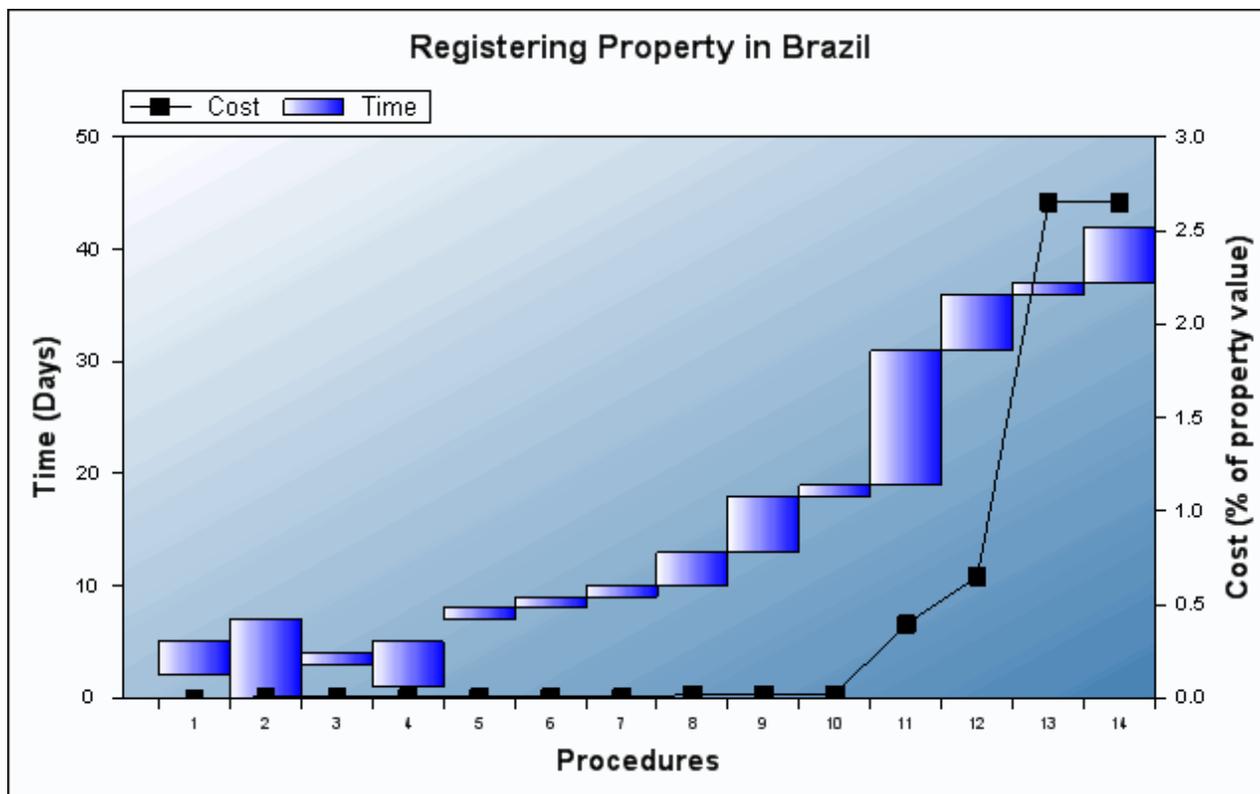
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	116	120
Procedures (number)	14	14	14
Time (days)	45	42	42
Cost (% of property value)	2.8	2.7	2.7

2. The following graphs illustrates the Registering Property indicators in Brazil over the past 3 years:



3. Steps to Registering Property in Brazil

It requires 14 procedures, takes 42 days, and costs 2.65 % of property value to register the property in Brazil.



List of Procedures:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Acquire a Labor Justice Certificate (Certidão da Justiça do Trabalho) from the Labor Justice Department 2. Request three documents on the property from the relevant jurisdictional Land Property Registry (cartório) 3. Request a Land-Tax Certificate from City Hall 4. Acquire the most recent Commercial Certificate (Certidão de Breve Relato) at the city's chamber of commerce (Junta Comercial) 5. Acquire a Clearance Certificate (Certidão Negativa de Débito) from the Tax agency (Receita Federal) 6. Acquire a Worker's Fund Certificate (Certidão de Regularidade de Situação do FGTS) at the federal bank- Caixa Economica Federal 7. Acquire a Federal Tax Clearance Certificate from the Ministério da Fazenda (Certidão Negativa de Tributos Federais) | <ol style="list-style-type: none"> 8. Acquire a Certificate of Registries and Disputes (Certidão dos Cartórios de Protestos) from the Distributor of Disputes Registry 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 10. Acquire a Federal Justice Certificate (Certidão da Justiça Federal) from the Receita Federal 11. Drafting of Public Deed of Purchase and Sale (Escritura Pública de Venda e Compra) by a Public Notary (Tabelião de Notas) 12. Register the escritura (transfer deed) at the appropriate Real Estate Registry with jurisdiction over the property to finalize registration and name change 13. Pay ITBI (transfer tax) at Banco do Brasil |
|---|---|

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

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Brazil is ranked 120 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	3.1
India	5	44	7.4
Japan	6	14	5.0
Mexico	5	74	5.2

* The following economies are also good practice economies for :

Procedures (number): United Arab Emirates

Time (days): Saudi Arabia, Thailand, United Arab Emirates

Getting Credit

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function: one on credit registries and the other on legal rights of borrowers and lenders. Credit registries, institutions that collect and distribute credit information on borrowers, can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. They also free entrepreneurs from having to rely on personal connections alone when trying to obtain credit.

Methodology

Credit information: three indicators are constructed

- depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information
- public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population
- private bureau coverage, which reports the number of individuals and firms, covered by a private credit bureau as a percentage of the adult population

Legal Rights: the strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. Ten points are analyzed:

- Can a business use movable assets as collateral while keeping possession of the assets, and can any financial institution accept such assets as collateral?
- Does the law allow a business to grant a non-possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets?
- Does the law allow a business to grant a non-possessory security right in substantially all of its assets, without requiring a specific description of the secured assets?
- Can a security right extend to future or after-acquired assets and extend automatically to the products, proceeds or replacements of the original assets?
- Is general description of debts and obligations permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum 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 being indexed by the name of the grantor of a security right?
- Are secured creditors paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated?
- Are secured creditors subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure?
- Are parties allowed to agree in a collateral agreement that the lender may enforce its security right out of court?

Legal Rights Survey Case Study

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 debtor and creditor are 100% domestically owned.

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

62.5%
Strength of legal rights index
(0-10)

37.5%
Depth of credit information index
(0-6)

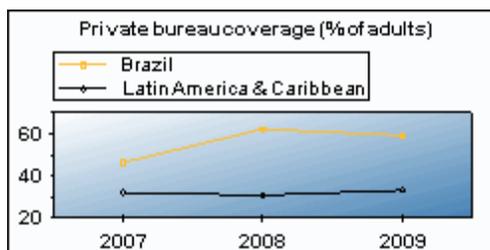
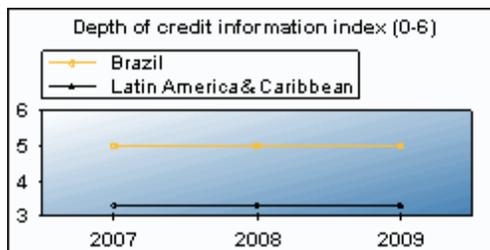
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in Brazil

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	84	87
Strength of legal rights index (0-10)	3	3	3
Depth of credit information index (0-6)	5	5	5
Private bureau coverage (% of adults)	46.4	62.2	59.2
Public registry coverage (% of adults)	17.1	20.2	23.7

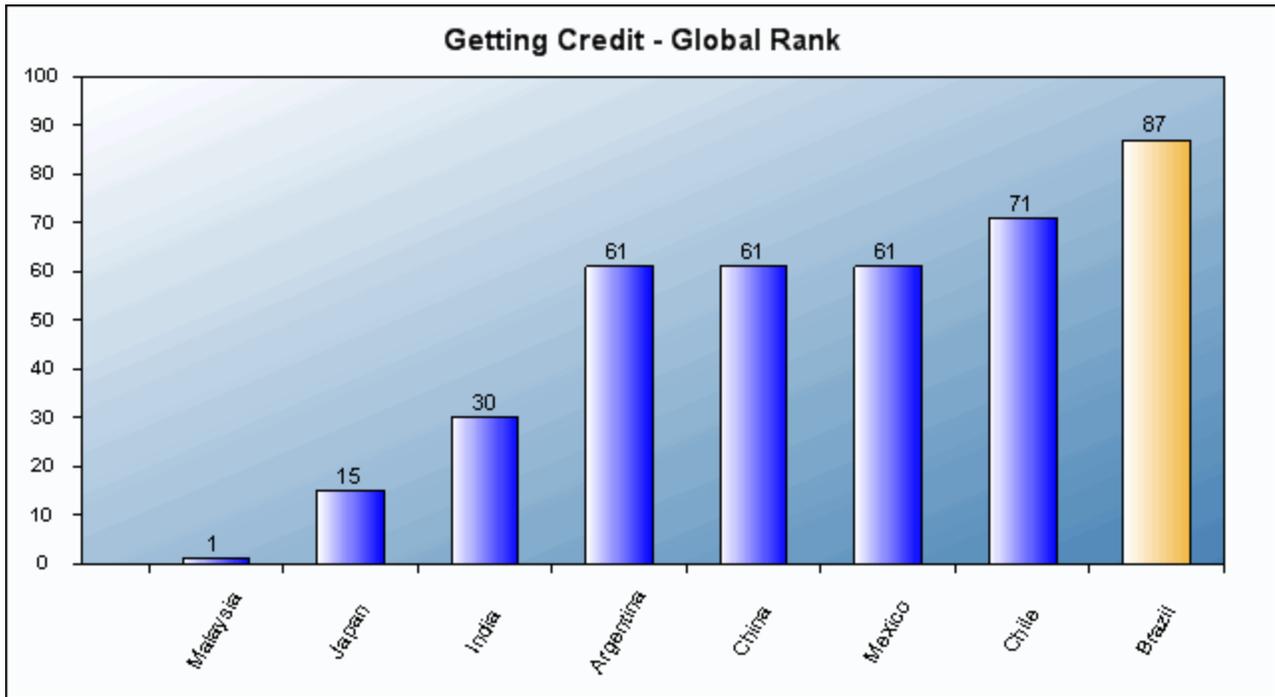
2. The following graphs illustrates the Getting Credit indicators in Brazil over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Brazil is ranked 87 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			81.3	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Brazil	3	5	23.7	59.2

<i>Comparator Economies</i>				
Argentina	4	6	34.3	100.0
Chile	4	5	32.9	33.9
China	6	4	62.1	0.0
India	8	4	0.0	10.2
Japan	7	6	0.0	76.2
Mexico	4	6	0.0	77.5

* The following economies are also good practice economies for :

Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia

Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

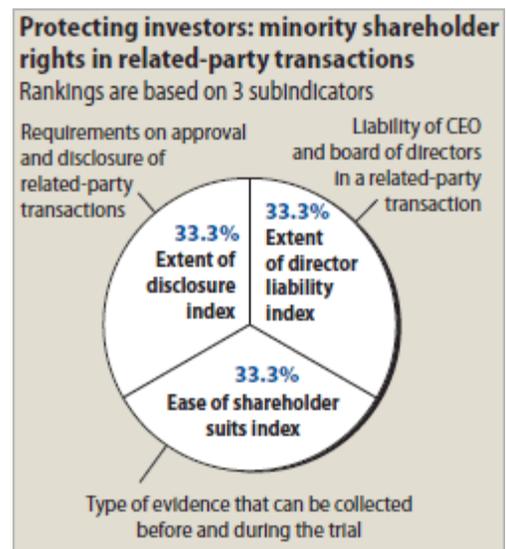
Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. However, investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections.

Methodology

To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain. Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure. The three indices are:

- The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.
- The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.
- The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.



These three indices are averaged to create the strength of investor protection index.

Survey case study

Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. 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.

Several questions arise:

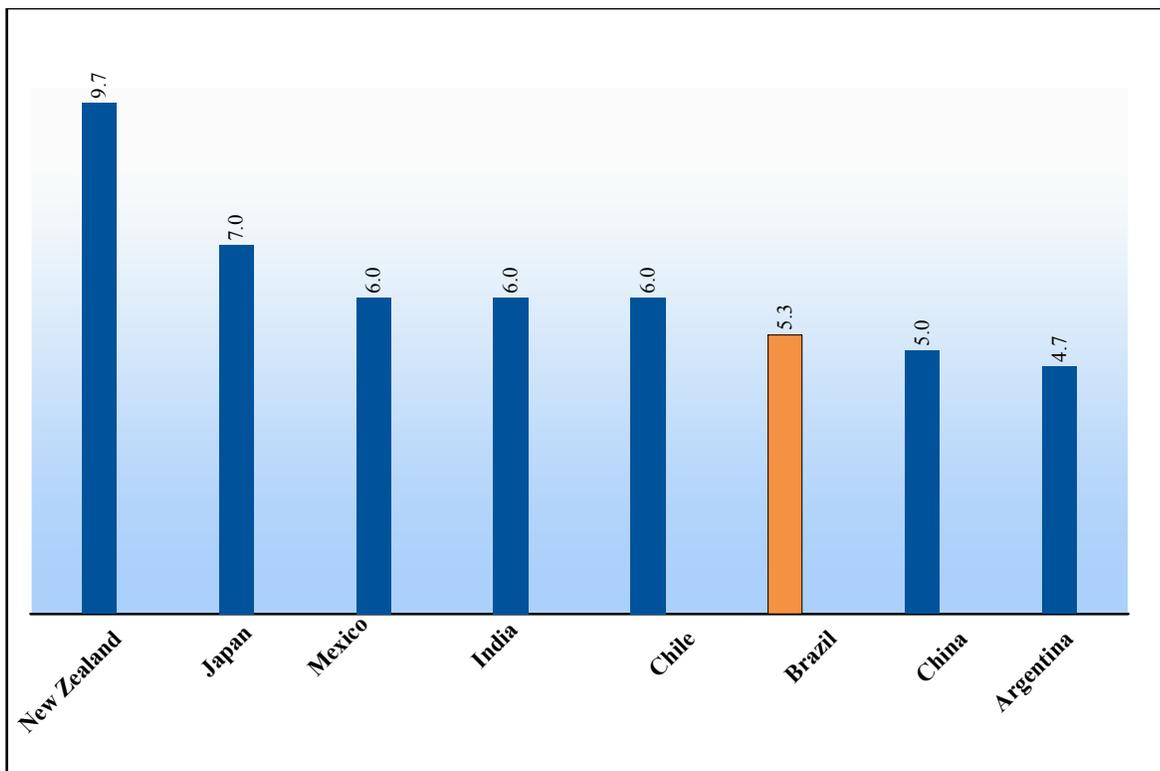
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Doidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in Brazil

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	70	73
Strength of investor protection index (0-10)	5.3	5.3	5.3

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

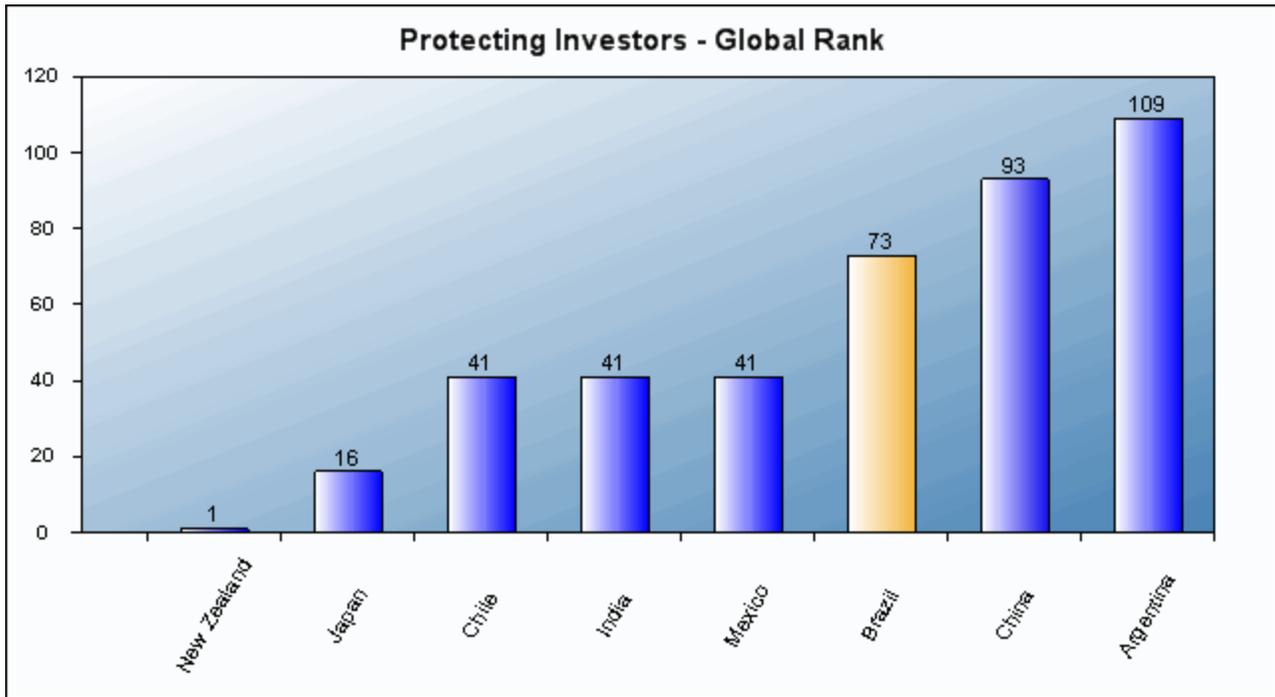


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Brazil is ranked 73 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	6.0
China	5.0
India	6.0
Japan	7.0
Mexico	6.0

Paying Taxes

Taxes are essential. Without them there would be no money to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. But particularly for small and medium size companies, they may opt out and choose to operate in the informal sector. One way to enhance tax compliance is to ease and simplify the process of paying taxes for such businesses.

Methodology

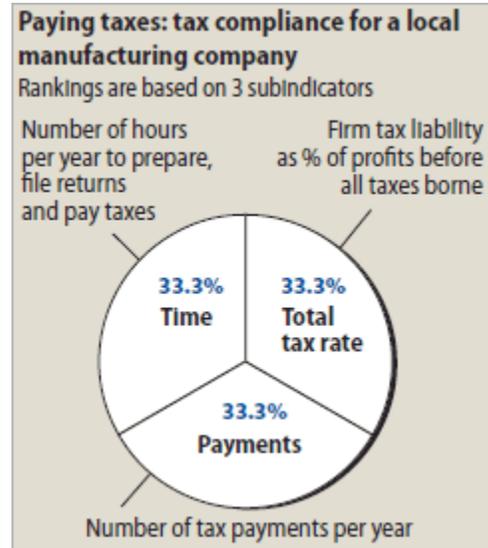
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

- number of tax payments, which takes in to account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value added tax, sales tax or goods and service tax and labor taxes and mandatory contributions.
- total tax rate, which measures the amount of taxes and mandatory contributions payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Survey case study

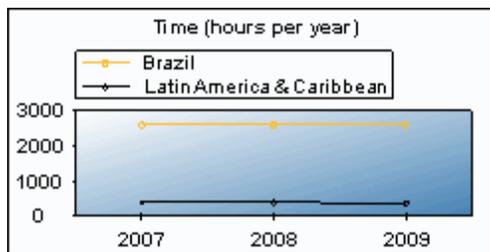
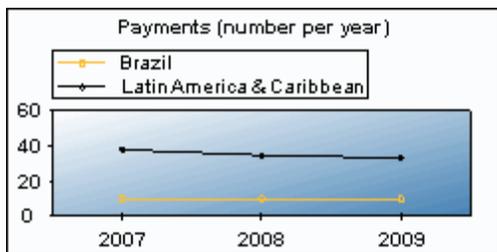
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory 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 and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.



1. Historical data: Paying Taxes in Brazil

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	146	150
Total tax rate (% profit)	68.8	69.2	69.2
Payments (number per year)	10	10	10
Time (hours per year)	2600	2600	2600

2. The following graphs illustrates the Paying Taxes indicators in Brazil over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Brazil is ranked 150 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*	1	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Brazil	10	2600	69.2

<i>Comparator Economies</i>			
Argentina	9	453	108.1
Chile	10	316	25.3
China	7	504	78.5
India	59	271	64.7
Japan	13	355	55.7
Mexico	6	517	51.0

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

The benefits of trade are well documented; as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

Methodology

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the importer's warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars.

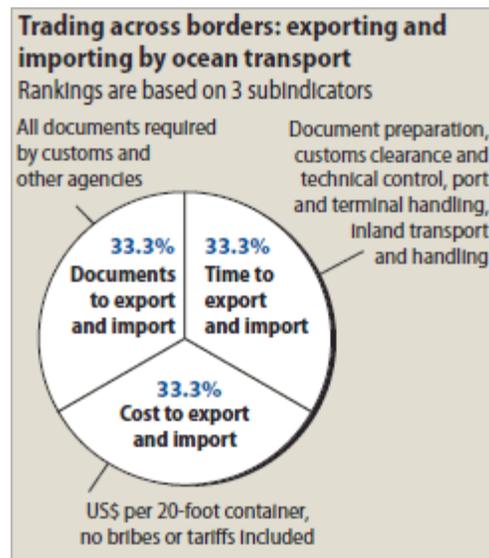
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose in having border control of trade to levy taxes and ensure high quality of goods.

Survey case study

To make the data comparable across countries, several assumptions about the business and the traded goods are used:

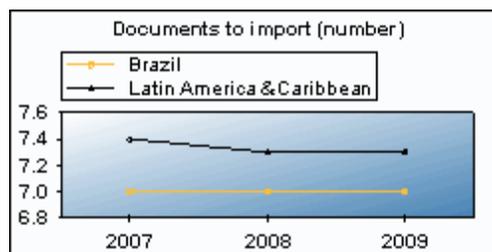
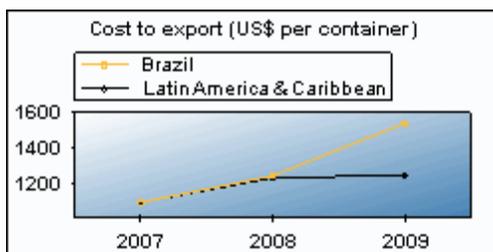
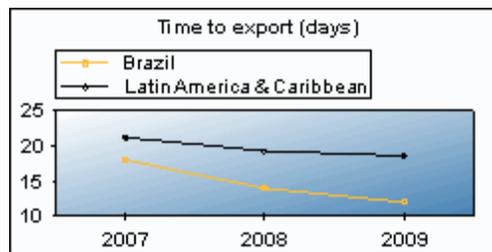
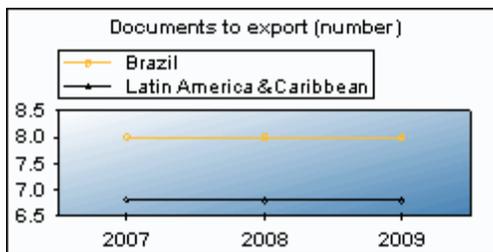
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy.
- The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

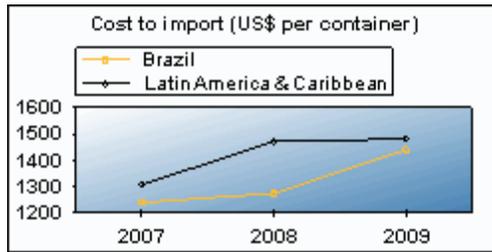
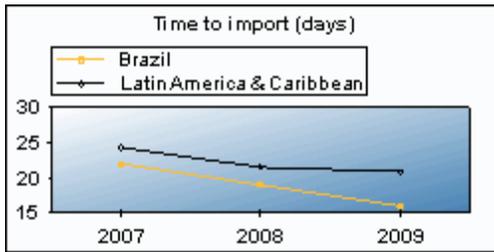


1. Historical data: Trading Across Borders in Brazil

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	94	100
Cost to export (US\$ per container)	1090	1240	1540
Cost to import (US\$ per container)	1240	1275	1440
Documents to export (number)	8	8	8
Documents to import (number)	7	7	7
Time to export (days)	18	14	12
Time to import (days)	22	19	16

2. The following graphs illustrates the Trading Across Borders indicators in Brazil over the past 3 years:

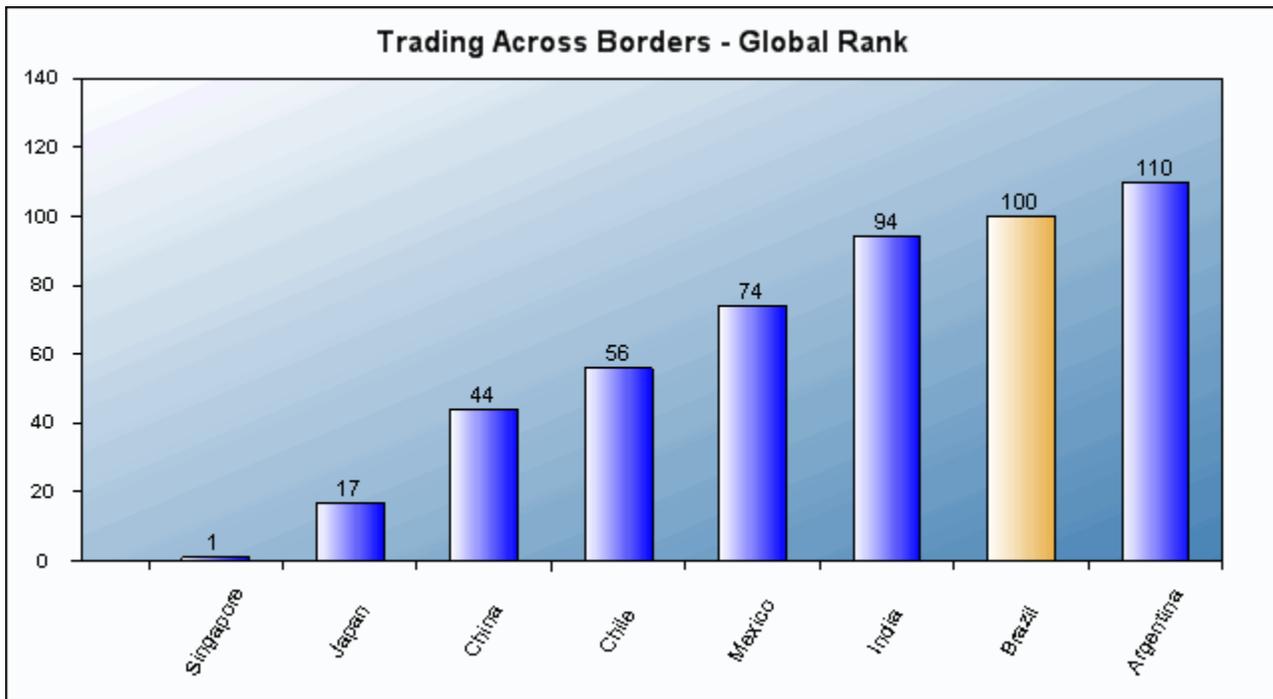




3. Benchmarking Trading Across Borders Regulations:

Brazil is ranked 100 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					3	439

<i>Selected Economy</i>						
Brazil	8	12	1540	7	16	1440

<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	945	9	20	960
Japan	4	10	989	5	11	1047
Mexico	5	14	1472	5	17	2050

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is 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).

Justice delayed is often justice denied. And in many economies only the rich can afford to go to court. For the rest, justice is out of reach. In the absence of efficient courts, firms undertake fewer investments or business transactions. And they prefer to involve only a small group of people who know each other from previous dealings.

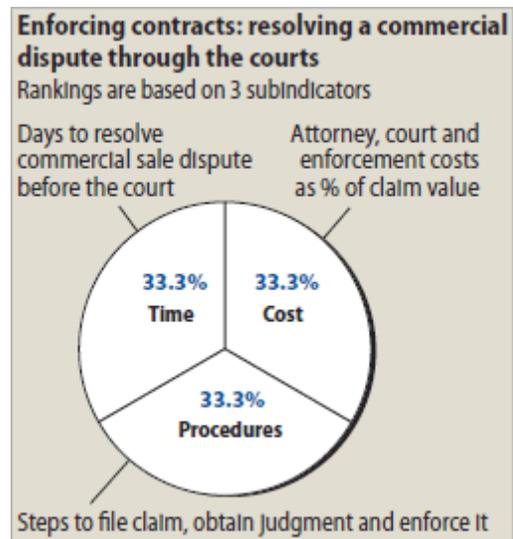
Methodology

Rankings on enforcing contracts are based on 3 sub-indicators:

- number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- time, which counts the number of calendar days from the moment the Seller files the lawsuit in court until payment is received. This includes both the days on which actions take place and the waiting periods in between.
- cost, which is recorded as a percentage of the claim (assumed to be equivalent to 200% of income per capita). Three types of costs are recorded: court costs (including expert fees), enforcement costs (including costs for a public sale of Buyer's assets) and attorney fees.

Survey case Study

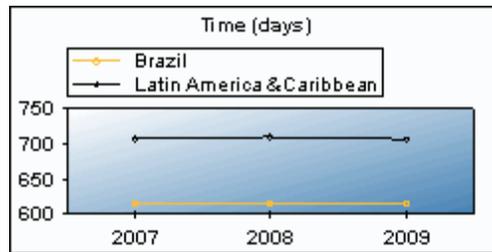
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.
- The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita).
- The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits.
- Judgment is 100% in favor of the Seller and is not appealed.
- The Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.



1. Historical data: Enforcing Contracts in Brazil

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	99	100
Procedures (number)	45	45	45
Time (days)	616	616	616
Cost (% of claim)	16.5	16.5	16.5

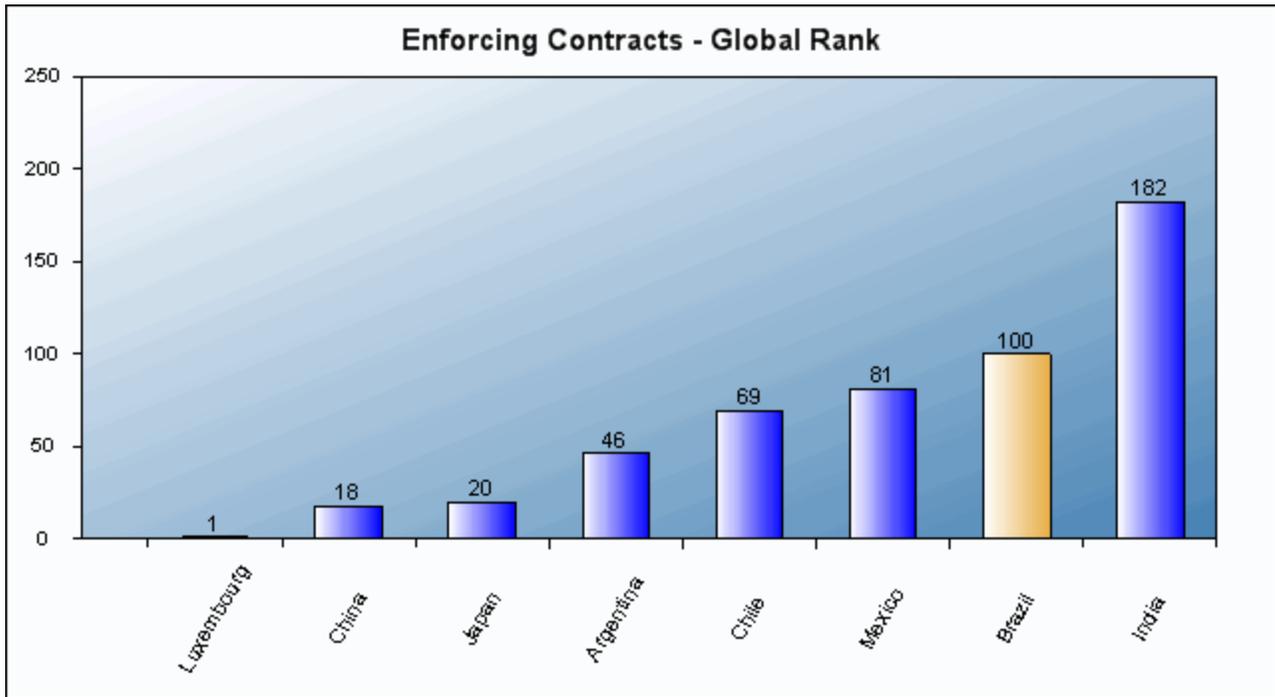
2. The following graphs illustrates the Enforcing Contracts indicators in Brazil over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Brazil is ranked 100 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

Closing a Business

The economic crises of the 1990s in emerging markets, from East Asia to Latin America, from Russia to Mexico, raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy laws are inefficient, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

Methodology

Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate, how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Survey case study

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that:

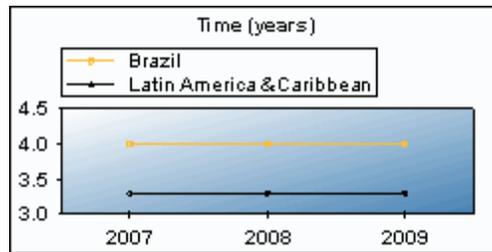
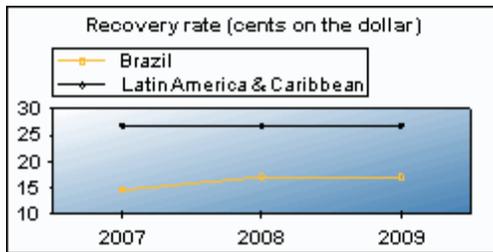
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed so that the company has a higher value as a going concern, that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation.
- The data are derived from questionnaires answered by attorneys at private law firms.



1. Historical data: Closing Business in Brazil

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	129	131
Time (years)	4.0	4.0	4.0
Cost (% of estate)	12	12	12
Recovery rate (cents on the dollar)	14.6	17.1	17.1

2. The following graphs illustrates the Closing Business indicators in Brazil over the past 3 years:



3. Benchmarking Closing Business Regulations:

Brazil is ranked 131 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	92.5		
Singapore*			1

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

<i>Comparator Economies</i>			
Argentina	29.8	2.8	12
Chile	21.3	4.5	15
China	35.3	1.7	22
India	15.1	7.0	9
Japan	92.5	0.6	4
Mexico	64.2	1.8	18

* The following economies are also good practice economies for :

Cost (% of estate): **Colombia, Kuwait, Norway**

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

Rank	Economy	Reforms									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Rwanda	✓		✓	✓	✓	✓		✓	✓	7
2	Kyrgyz Republic	✓	✓	✓	✓	✓		✓	✓		7
3	Macedonia, FYR	✓	✓	✓	✓	✓	✓	✓			7
4	Belarus	✓	✓	✓	✓			✓	✓		6
5	United Arab Emirates	✓	✓					✓	✓		3
6	Moldova	✓			✓			✓			3
7	Colombia	✓	✓		✓	✓	✓	✓	✓	✓	8
8	Tajikistan	✓	✓		✗	✓	✓			✓	5
9	Egypt, Arab Rep.	✓	✓			✓			✓		4
10	Liberia	✓	✓					✓			3
	Brazil	✓									1
	Chile										
	Japan										
	Argentina	✓			✗						1
	China							✓			1
	India									✓	1
	Mexico	✓						✓			2

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Argentina	Argentina made it more difficult to register property by requiring declarations for all transactions over AR\$300,000. Business start-up was eased with an expedited publication process.
Belarus	Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.
Brazil	Brazil eased the process of starting a business by removing the requirement to obtain a fire brigade license and inspection before obtaining an operational license from a municipality.
Chile	In Chile no major reform was recorded.
China	China's State Administration of Foreign Exchange relaxed trade credit restrictions in response to the economic and financial crisis. Foreign exchange authorization is no longer required.
Colombia	Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.
Egypt, Arab Rep.	The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.
India	In India procedures under the 2002 Securitization Act have become more effective, easing the process and reducing the time required to close a business.
Japan	In Japan no major reform was recorded.
Kyrgyz Republic	The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.

Liberia	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
Macedonia, FYR	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
Mexico	Mexico eased taxpaying by introducing electronic payment systems for payroll, property, and social security taxes. Business start-up was eased by establishing an electronic platform for company registration, substantially reducing the number of days for registration, and eliminating the requirement to register with the statistical office.
Moldova	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.
Tajikistan	Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

United Arab Emirates

The United Arab Emirates shortened the time for delivering building permits by improving its online system for processing applications. Business start-up was eased by simplifying the documents needed for registration, abolishing the minimum capital requirement, and removing the requirement that proof of deposit of capital be shown for registration. Greater capacity at the container terminal, elimination of the terminal handling receipt as a required document, and an increase in trade finance products, have improved trade processes.

APPENDICES

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

Minimum Capital Requirement:

City: São Paulo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check company name with State Commercial Registry Office	1	9
2	Pay registration fees	1	0
3	Register with the commercial board of the state where the main office is located and obtain identification number (NIRE)	1	109
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	0
5 *	Confirm Taxpayer Enrollment	1	0
6 *	Receive state tax inspection	1	0
7	Get the authorization to print receipts/invoices from the Secretaria da Fazenda Estadual	1	0
8 *	Register with the Municipal Taxpayers' Registry (Secretaria Municipal de Finanças) of the City of São Paulo	5	0
9 *	Pay TFE to the Municipal Taxpayers' Registry	1	300
10	Get the authorization to print receipts/invoices from the Secretaria Municipal de Finanças	1	0
11	Order receipts/invoices (notas fiscais) with CNPJ numbers from authorized printing companies	3	600
12 *	Apply to the municipality for an operations permit (auto de licença de funcionamento)	90	0
13 *	Register the employees in the social integration program (Programa de Integração Social, PIS)	1	0

14 * Open a special fund for unemployment (FGTS) account in bank	1	0
15 * Notify the Ministry of Labor (Cadastro Geral de empregados e desempregados, CAGED)	1	0
16 * Registration with the Patronal Union and with the Employees Union.	5	0

* Takes place simultaneously with another procedure.

Procedure 1 Check company name with State Commercial Registry Office**Time to complete:** 1**Cost to complete:** 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:** 1**Cost to complete:** 0

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:** 1**Cost to complete:** 109

Comment: Depending on the company activities (business or civil), 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 a limited liability company before the Board of Trade of the state of São Paulo is about BRL 60,00. The cost for registration of a limited liability company before the Registry of Civil Companies depends on the amount of corporate capital of the company to be incorporated. Only for "civil companies" must signatures on articles of incorporation be authenticated before a notary public before registration and filling with a registry of civil companies.

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.jucespacsp.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 has already implemented the electronic system in accordance with Administrative rule (Portaria) N. 021. As a result, the entrepreneur completes and submits the forms online (at www.jucesp.sp.gov.br) to be registered with the Board of Trade (Junta Comercial). For a limited liability company, registering before the Board of Trade of the state of São Paulo costs about BRL 60,00.

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:** 22

Cost to complete: 0

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 licences 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 (IN) No. 837 dated April 2, 2008, issued by the Federal Revenue Services, which updates the Programa Gerador de Dados (PGD). 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 Confirm Taxpayer Enrollment

Time to complete: 1

Cost to complete: 0

Comment: The procedure applies for both Federal (including the INSS) and State enrollment. The company information must be entered on forms available on the Internet. After about 4 days, the company's legal representative will go to the Office of Federal Revenue to confirm the information in the forms. Only firms that purchase or sell goods must register with the state tax authority. The state registration is done before the Secretaria da Fazenda Estadual of the State of São Paulo, and the municipal registration, before the Municipality of São Paulo at the Secretaria Municipal de Finanças.

Procedure 6 Receive state tax inspection

Time to complete: 1

Cost to complete: 0

Comment:

Procedure 7 Get the authorization to print receipts/invoices from the Secretaria da Fazenda Estadual

Time to complete: 1

Cost to complete: 0

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

Time to complete: 5

Cost to complete: 0

Comment: An enrollment form CCM named the the Cadastro Contribuinte Municipal must be delivered to the municipality. One of the documents you have to present to obtain it is the IPTU. The enroll in the municipal taxpayer enrollment is made through an electronic form that is filled through the website of the City Hall.

Procedure 9 Pay TFE to the Municipal Taxpayers' Registry

Time to complete: 1

Cost to complete: 300

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 Law 13.477, dated December 30, 2002, the annual rate of TFE varies from R\$100.00 to R\$12,000.00, depending on the corporate purpose of the company. Once the company has been registered with the Secretaria de Finanças e Desenvolvimento Econômico, 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 10 Get the authorization to print receipts/invoices from the Secretaria Municipal de Finanças

Time to complete: 1

Cost to complete: 0

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

Time to complete: 3

Cost to complete: 600

Comment:

Procedure 12 Apply to the municipality for an operations permit (auto de licença de funcionamento)**Time to complete:** 90**Cost to complete:** 0

Comment: After registration with the Secretaria de Finanças e Desenvolvimento Econômico, 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 13 Register the employees in the social integration program (Programa de Integração Social, PIS)**Time to complete:** 1**Cost to complete:** 0

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 8.5% of the total payroll, of which 8% is allocated for the employees and 0.5% for the government. 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 Open a special fund for unemployment (FGTS) account in bank**Time to complete:** 1**Cost to complete:** 0

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 15 Notify the Ministry of Labor (Cadastro Geral de empregados e desempregados, CAGED)

Time to complete: 1

Cost to complete: 0

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 8.5% of the total payroll, of which 8% is allocated for the employees and 0.5% for the government. 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 16 Registration with the Patronal Union and with the Employees Union.

Time to complete: 5

Cost to complete: 0

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.

Dealing with Construction Permits in Brazil

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: São Paulo

Registration Requirements:

No:	Procedure	Time to complete	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	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.

Procedure 1 Request and obtain proof of land ownership from Real Estate Registry Office

Time to complete: 2 days

Cost to complete: BRL 30

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

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

Time to complete: 1 day

Cost to complete: no charge

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

Time to complete: 1 day

Cost to complete: no charge

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

Comment: 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).

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.

BuildCo can request both permits simultaneously, but the municipality grants the permits in a specific order.

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.

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.

Procedure 6 Request and obtain Equipment Operating Permit

Time to complete: 60 days
Cost to complete: BRL 75
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
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
Comment:

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

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 10 Request and receive sanitary inspection from Municipality

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 11 Request and obtain conclusion approval

Time to complete: 60 days

Cost to complete: BRL 460

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

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

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

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

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

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

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

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.

Employing Workers in Brazil

Employing workers indices are based on responses to survey questions. The table below shows these responses in Brazil.

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		77.8
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	24	1.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.27	0.33
Difficulty of redundancy index (0-10)		0.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 9 redundant workers?	No	0
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
Redundancy costs (weeks of salary)		45.9
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		4.3
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		33.3
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		8.3
Rigidity of employment index (0-100)		45.9
Rigidity of hours index (0-100)		60.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	No	1.00
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	Yes	1.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	26	1

Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Brazil

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

STANDARDIZED PROPERTY

Property Value: 735,993.59

City: São Paulo

Registration Requirements:

No:	Procedure	Time to complete	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\$ 30.28
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\$ 76,40
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\$2,741.76 (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\$1,883.67 (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.

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
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\$ 30.28
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
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
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
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

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 No. 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

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

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/ATSP0/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\$ 76,40

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 Falencias e Concordatas) from the City Court Office

Time to complete: 5 days

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

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

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\$2,741.76 (according to scale on www.anoregsp.org.br)

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\$1,883.67 (according to scale on www.anoregsp.org.br)

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

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

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.

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 (2009)			Indicator
			score
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		59.2	23.7
Number of individuals	78,128,600		30,131,700
Number of firms	4,461,320		2,942,060

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 ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		No
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 ?		No
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 ?		Yes
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 ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

No

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

Yes

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 (2009)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	1
Disclosures in published periodic filings (0-2; see notes)	1
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Extent of director liability index (0-10)	7
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Ease of shareholder suits index (0-10)	3
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	0
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	0

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Strength of investor protection index (0-10)

5.3

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

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			2%	market value of vehicle	0.13	
Tax on interest	0			20.0%	interest income	0.51	
Financial transactions tax (CPMF)	1			0.38%	bank transactions	2.80	
Property tax	1			2.50%	market value of property	3.70	
Social contribution (CSLL)	1	online filing		9.0000%	taxable profits	5.64	
Severance contribution (FGTS)	0	paid jointly		8.50%	gross salaries	9.19	
Payroll tax	1	online filing		8.80%	gross salaries	9.51	
Corporate income tax (IRPJ)	1	online filing	736	15%+10% (surcharge applies on annual taxable income exceeding R\$ 240 thousand)	taxable profits	15.66	
Social security contributions (INSS)	1	online filing	490	20.0%	gross salaries	22.56	
PIS/COFINS (similar to VAT)	1	online filing		9.25%	value added	39.12	
IPI (similar to VAT)	1	online filing		20.00%	value added (including taxes)	84.59	
ICMS (similar to VAT)	1	online filing	1374	18.00%	value added (including taxes)	91.36	
Totals	10		2600			69.2	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in Brazil

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	6	400
Customs clearance and technical control	2	100
Ports and terminal handling	3	190
Inland transportation and handling	1	850
Totals	12	1540

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	8	250
Customs clearance and technical control	3	150
Ports and terminal handling	3	190
Inland transportation and handling	2	850
Totals	16	1440

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

Enforcing Contracts in Brazil

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

Nature of Procedure (2009)	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

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

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



DOING BUSINESS
2010

WWW.DOINGBUSINESS.ORG



THE
WORLD
BANK



International
Finance
Corporation
World Bank Group

ISBN: 978-0-8213-7961-5



Printed in the
United States