

Doing Business 2011

United Kingdom

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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1 2 3 4 08 07 06 05

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ISBN: 978-0-8213-7960-8
E-ISBN: 978-0-8213-8630-9
DOI: 10.1596/978-0-8213-7960-8
ISSN: 1729-2638

Library of Congress Cataloging-in-Publication data has been applied for.
Printed in the United States

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Business Reforms

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

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

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

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

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

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

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

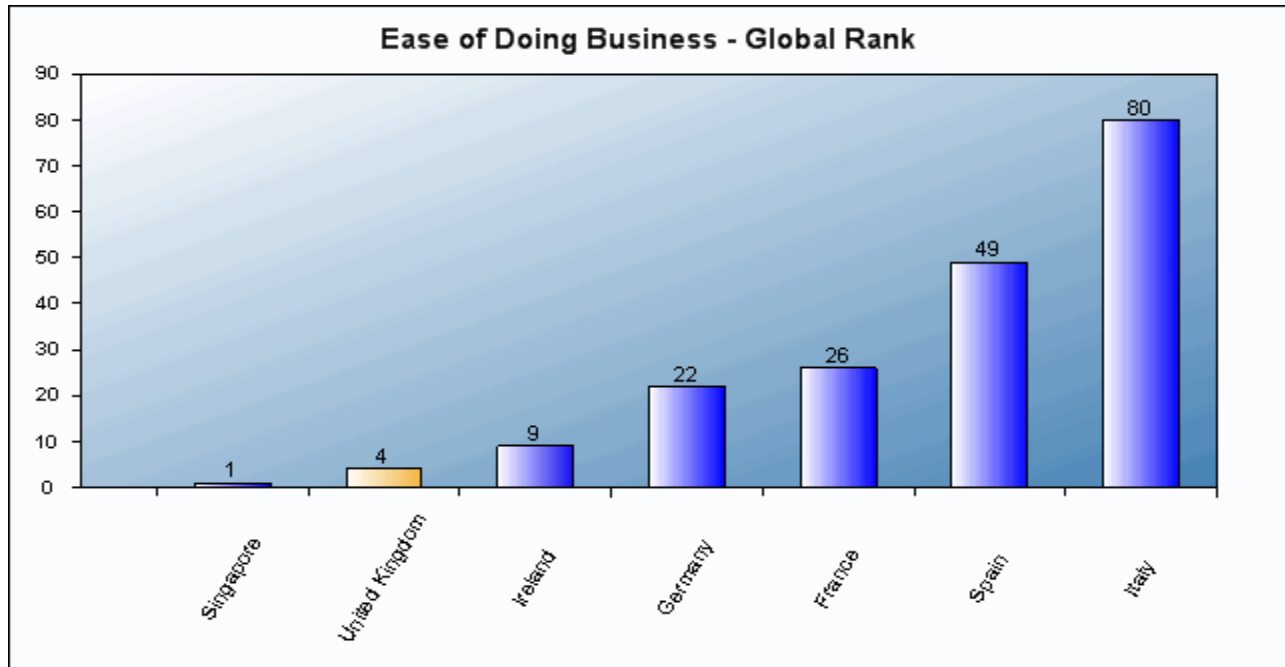
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

United Kingdom is ranked 4 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



United Kingdom's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	4
Starting a Business	17
Dealing with Construction Permits	16
Registering Property	22
Getting Credit	2
Protecting Investors	10
Paying Taxes	16
Trading Across Borders	15
Enforcing Contracts	23
Closing a Business	7

Summary of Indicators - United Kingdom

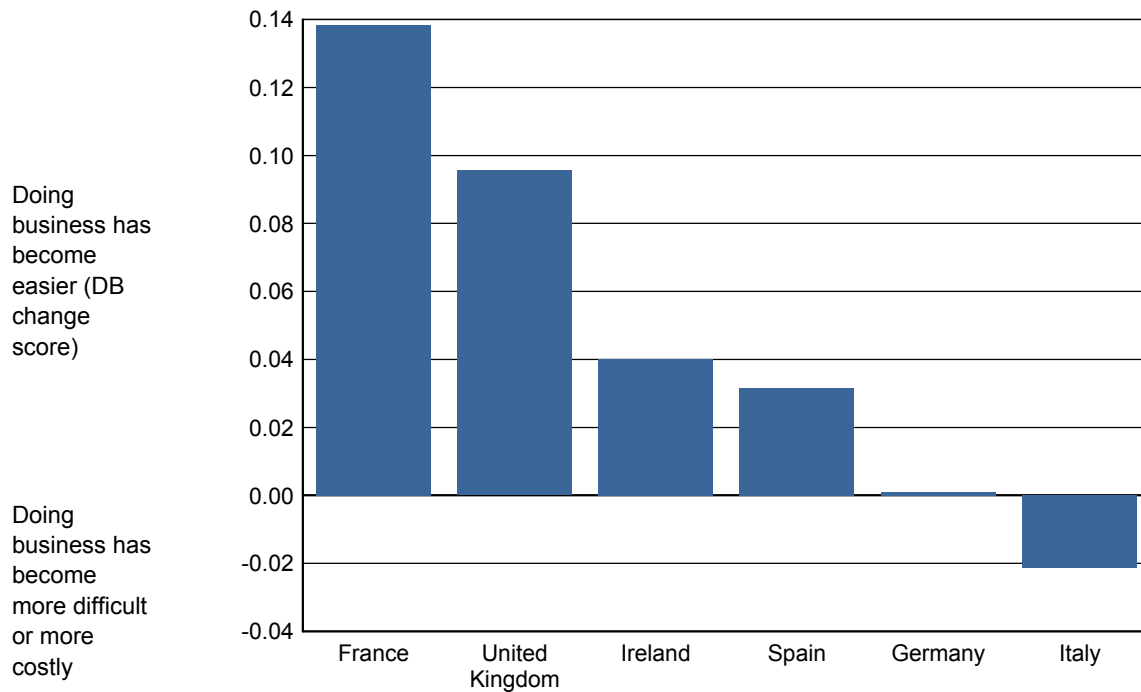
Starting a Business	Procedures (number)	6
	Time (days)	13
	Cost (% of income per capita)	0.7
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	11
	Time (days)	95
	Cost (% of income per capita)	70.9
Registering Property	Procedures (number)	2
	Time (days)	8
	Cost (% of property value)	4.1
Getting Credit	Strength of legal rights index (0-10)	9
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	100.0
Protecting Investors	Extent of disclosure index (0-10)	10
	Extent of director liability index (0-10)	7
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	8.0
Paying Taxes	Payments (number per year)	8
	Time (hours per year)	110
	Profit tax (%)	23.1
	Labor tax and contributions (%)	10.8
	Other taxes (%)	3.3
	Total tax rate (% profit)	37.3
Trading Across Borders	Documents to export (number)	4
	Time to export (days)	7
	Cost to export (US\$ per container)	950
	Documents to import (number)	4
	Time to import (days)	6
	Cost to import (US\$ per container)	1045

Enforcing Contracts	Procedures (number)	28
	Time (days)	399
	Cost (% of claim)	23.4
Closing a Business	Recovery rate (cents on the dollar)	88.6
	Time (years)	1.0
	Cost (% of estate)	6

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

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

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



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

Some reform outcomes

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

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

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

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

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

Time required to complete each procedure (calendar days)

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

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

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

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

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

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



Case Study Assumptions

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

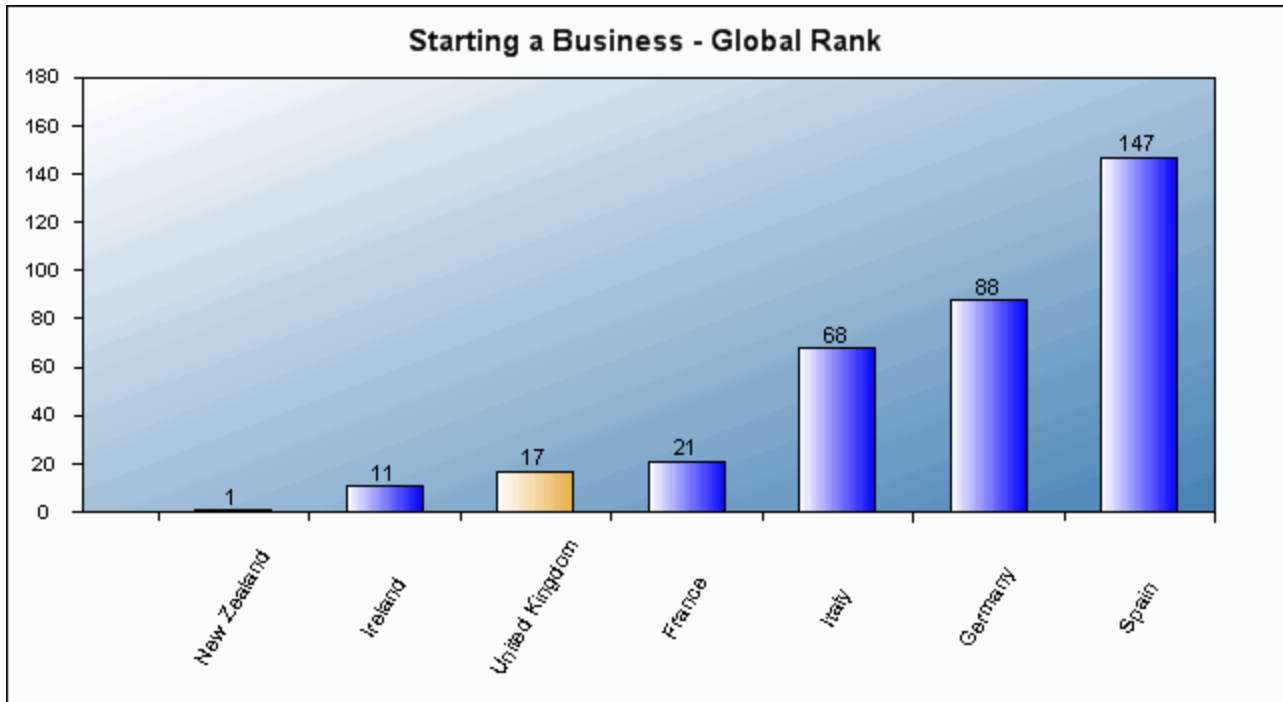
The business:

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

1. Benchmarking Starting a Business Regulations:

United Kingdom is ranked 17 overall for Starting a Business.

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



The following table shows Starting a Business data for United Kingdom 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>				
United Kingdom	6	13	0.7	0.0

<i>Comparator Economies</i>				
France	5	7	0.9	0.0
Germany	9	15	4.8	0.0
Ireland	4	13	0.4	0.0
Italy	6	6	18.5	10.1
Spain	10	47	15.1	13.5

* The following economies are also good practice economies for :

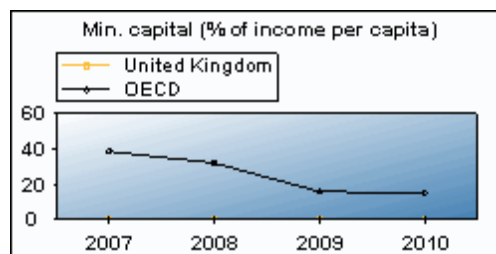
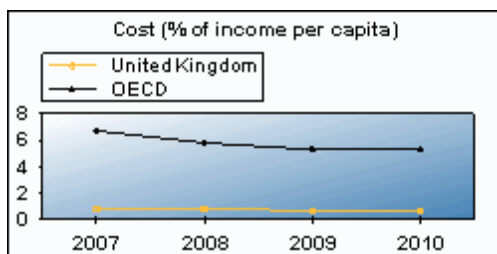
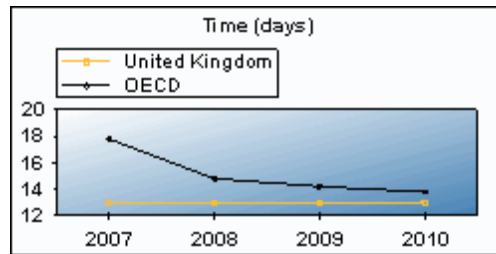
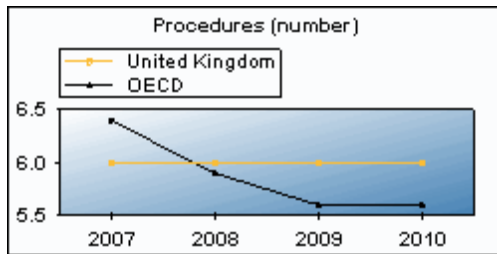
Procedures (number): **Canada**

Cost (% of income per capita): **Slovenia**

2. Historical data: Starting a Business in United Kingdom

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	16	17
Procedures (number)	6	6	6	6
Time (days)	13	13	13	13
Cost (% of income per capita)	0.8	0.8	0.7	0.7
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Starting a Business sub indicators in United Kingdom over the past 4 years:



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



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

STANDARDIZED COMPANY

Legal Form: Private Limited Company (Ltd)

City: London

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check name for uniqueness at the company names index database on the web	1	no charge
2	Prepare memorandum and articles of association; fill out and sign Form IN01 (application for registration).	1	GBP 135
3	File incorporation documents with the Registrar of Companies at Companies House	1	GBP 30
4	Contact HMRC and register for VAT	1	no charge
5	* Contact HMRC and register for PAYE	8	no charge
6	Sign up for employer's liability insurance	1	no charge

* Takes place simultaneously with another procedure.

Starting a Business Details - United Kingdom

Procedure 1 Check name for uniqueness at the company names index database on the web

Time to complete: 1

Cost to complete: no charge

Comment: This can be done at <http://wck2.companieshouse.gov.uk/b2366611298171d46dc7fbf07eee4e08/wcframe?name=accessCompanyInfo>

Procedure 2 Prepare memorandum and articles of association; fill out and sign Form IN01 (application for registration).

Time to complete: 1

Cost to complete: GBP 135

Comment: The required wording for the memorandum is set out in the Companies (Registration) Regulations 2008 (SI No. 2008/3014), and model articles are set out in the Companies (Model Articles) Regulations 2008 (SI No. 3229) which may be purchased from legal stationers, accountants, solicitors, or company formation agents. Forms are also available free of charge from the Companies House website: www.companieshouse.gov.uk. The company limited by shares that has adopted model articles without modification does not need to deliver a copy for registration. Form IN01 must be signed by all the subscribers. In addition to the memorandum and articles of association an application to register a company must contain the following information included on the form IN01 which should be lodged with the relevant Registrar of Companies (i.e. for England and Wales (or Wales), Scotland or Northern Ireland):

- (i) statement of compliance with all requirements of the Companies Act 2006;
- (ii) application for registration of the company covering:
 - proposed name (see section 3.6 for more detailed information on choosing a company name);
 - country of registration office (e.g. England and Wales (or Wales), Scotland or Northern Ireland);
 - whether the liability of the members is to be limited and if so whether by shares or guarantee; and
 - whether public or private;
- (iii) if the application is delivered by agents acting on behalf of the subscribers, the agent's name and address, as was the case under the Companies Act 1985. In addition, in the event that the application is delivered by an agent for the subscribers, they must also confirm that the requirements of the Companies Act 2006 relating to the registration have been complied with;
- (iv) in the case of a company with a share capital the application must also include a statement of the capital and initial shareholdings, including the name and address of the subscriber. A service address may be used by the subscriber. This is a new requirement introduced by the Companies Act 2006;
- (v) a statement of the proposed officers, being the first director and company secretary (unless in the case of a private company there is no company secretary); and
- (vi) a statement of the intended registered office address.

Procedure 3 File incorporation documents with the Registrar of Companies at Companies House

Time to complete: 1

Cost to complete: GBP 30

Comment: Fees for filing incorporation documents vary. The standard registration fees is GBP 20 and GBP 50 for same day incorporation. The online registration fee is GBP 15 and GBP 30 for same day incorporation.

Procedure 4 Contact HMRC and register for VAT

Time to complete: 1

Cost to complete: no charge

Comment: HMRC will contact the company to register it for corporate tax (tax on company profits).

Procedure 5 Contact HMRC and register for PAYE

Time to complete: 8

Cost to complete: no charge

Comment: The company must separately contact the Inland Revenue to set up a contribution scheme for national insurance and pay-as-you-earn (PAYE) tax, which deducts income tax from employee wages or salary). The company will be issued with an activation PIN within around a week and will need to activate this within 28 days (or else request a new PIN).

Procedure 6 Sign up for employer's liability insurance

Time to complete: 1

Cost to complete: no charge

Comment: The Employers' Liability (Compulsory Insurance) Act 1969 requires that proof of insurance be posted at the workplace. Since 1 October 2008 it is possible to display this information electronically, although a company that wishes to do this will need to ensure that its employees know how and where to find the certificate and have reasonable access to it.

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

Some reform outcomes

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

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

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

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

Time required to complete each procedure (calendar days)

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

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

- Official costs only, no bribes

Case Study Assumptions

The business:

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

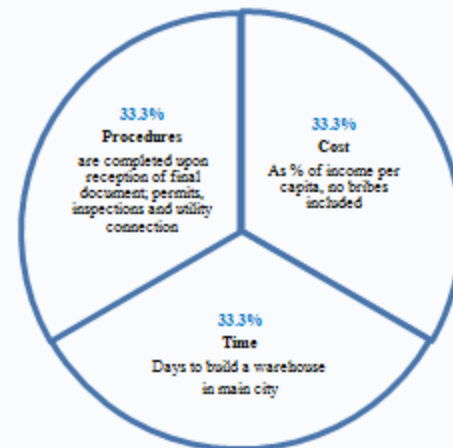
The warehouse:

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

Dealing with Construction Permits:

Building a warehouse

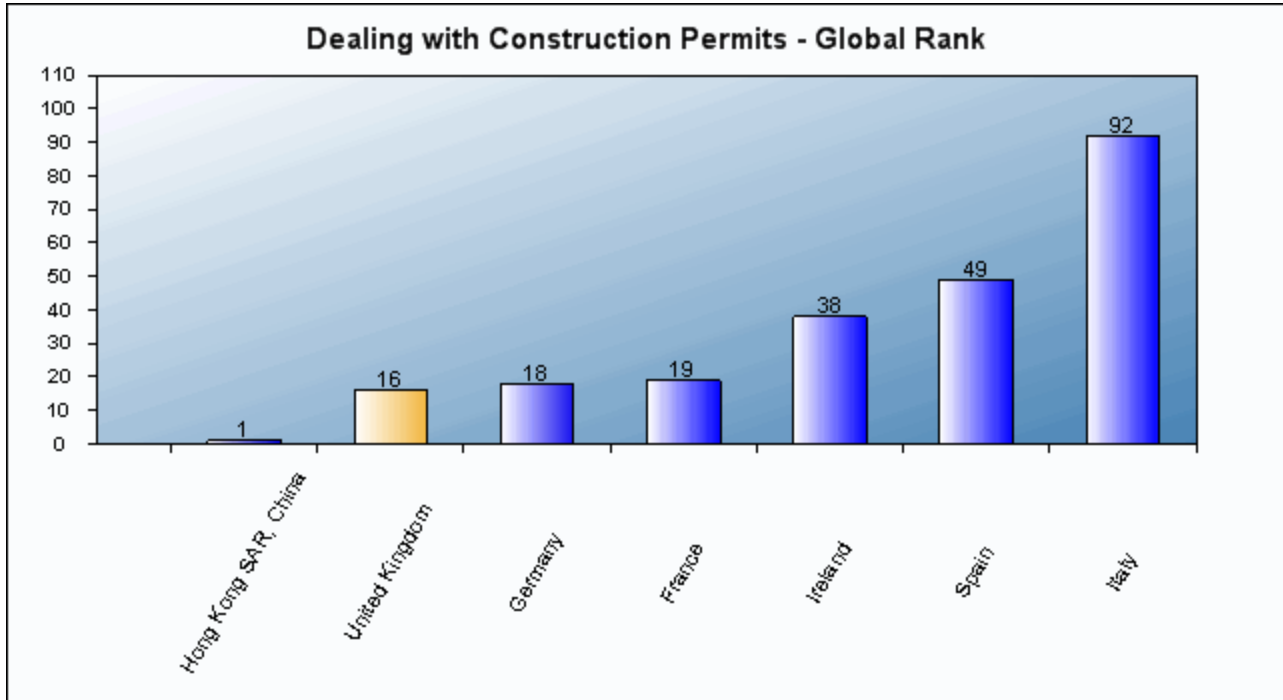
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

United Kingdom is ranked 16 overall for Dealing with Construction Permits.

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



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

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

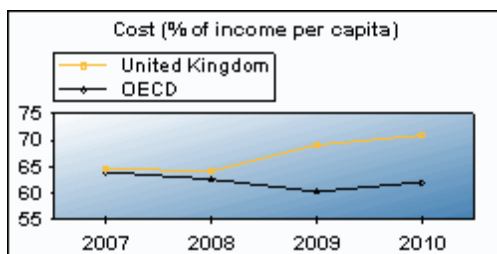
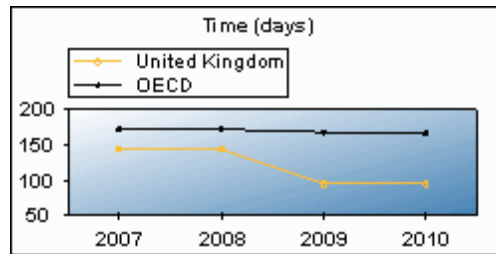
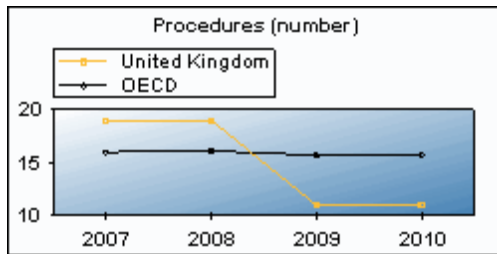
<i>Selected Economy</i>			
United Kingdom	11	95	70.9

<i>Comparator Economies</i>			
France	13	137	23.6
Germany	12	100	61.8
Ireland	11	192	57.8
Italy	14	257	142.3
Spain	11	233	47.4

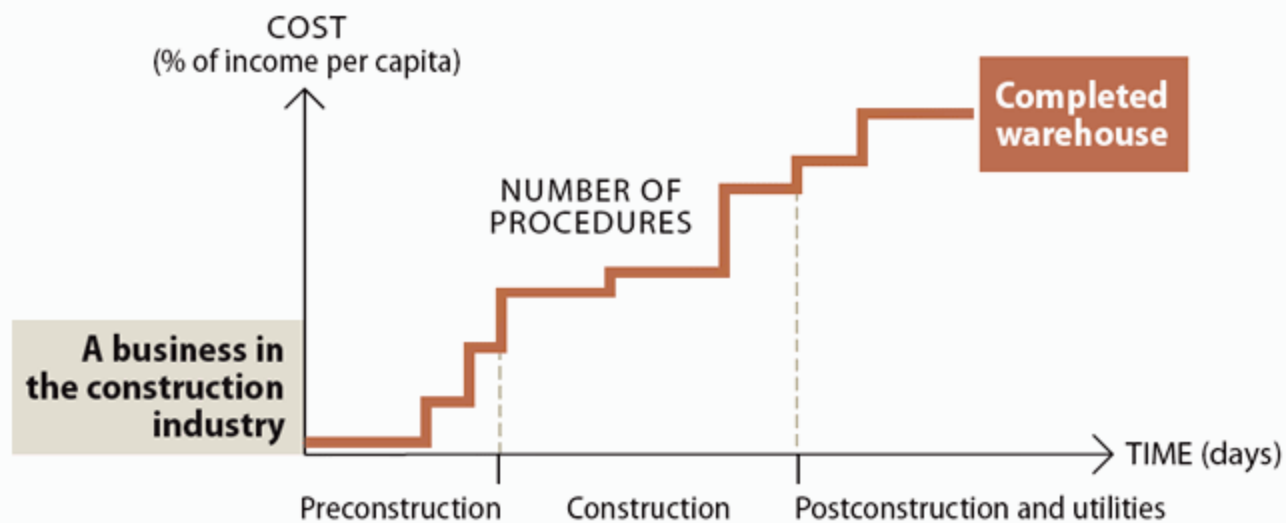
2. Historical data: Dealing with Construction Permits in United Kingdom

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	16	16
Procedures (number)	19	19	11	11
Time (days)	144	144	95	95
Cost (% of income per capita)	64.6	64.2	69.1	70.9

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in United Kingdom over the past 4 years:



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



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

BUILDING A WAREHOUSE

City: London

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Hire an Approved Inspector	1 day	GBP 3,896
2	Obtain planning permission	70 days	GBP 4,100
3	Submit application to local Fire Safety Office and obtain approval	21 days	no charge
4	Apply for electric power connection	20 days	GBP 3,100
5 *	Receive inspection from the electric power provider	1 day	no charge
6 *	Obtaining water and sewerage connection	20 days	GBP 5,100
7 *	Receive inspection from the water provider	1 day	no charge
8 *	Obtaining phone connection	7 days	GBP 106

9 *	Receive inspection from the telecom provider	1 day	no charge
10	File completion certificate to Building Control Department of Local Authority	1 day	no charge
11 *	Request and receive Energy Performance Certificate from Accredited Energy Assessor	1 day	GBP 78

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - United Kingdom

Procedure ¹ Hire an Approved Inspector

Time to complete: 1 day

Cost to complete: GBP 3,896

Agency: Approved Inspector

Comment: BuildCo enters into contract with an Approved Inspector. Approved Inspectors (AI) are companies or individuals authorized under the Building Act 1984 to carry out building control work in England and Wales. AI will take on responsibility for plan checking and inspection of the building work. Once the contract is signed and terms of reference are outlined, the builder and the approved inspector jointly notify the local authority of their intention to build, what is also called an initial notice. Once this notice has been accepted by the local authority the responsibility for plan checking and site inspection will be formally placed on the AI.

An Approved Inspector will:

- advise BuildCo on how the Building Regulations apply to its work (to a degree)
- check plans for compliance with building regulations
- issue a plans certificate (if requested)
- inspect the work as it progresses
- issue a final completion certificate (if requested).

A list of approved inspectors can be viewed at the Association of Corporate Approved Inspectors. The AIs are licensed by this independent board for every 5 years. They are also backed by insurance while the public building control authorities do not have that. AIs have become an important player in the market in the past few years. According to the study conducted by the Department for Communities and Local Government in February 2008, AIs have 64% of commercial market.

By hiring AIs companies eliminate need of dealing with different external companies. It also eliminates need for companies deal with Building Control Department of Local Authority. However, the Local Authority is still responsible for the enforcement of the Regulations. If the AI discovers contraventions of the Building Regulations, the project must revert to the Local Authority for the purposes of prosecuting any offence. Unsurprisingly, the number of contraventions notified to LABC by AI's is extremely low. Additionally, Local Authorities still have the power to cancel Initial Notices under certain circumstances e.g. the works have not commenced with the prescribed period (currently 3 years from the date of deposit).

The building control process was deregulated under the Building Act 1984, and became an alternative to formal process of building control. Currently, there are 60 AIs that are recognized in England and Wales, accounting for about 20% of all building control work. The other decisive factor for a company is time. AIs would provide for more expeditious time-limits as a whole. Plan approval could be done by them in 2-3 weeks, whereas the Local Authority would take 6 to 8 weeks, according to statutory time-limits.

BuildCo would most likely choose the AI given that it is not a one time project and would be commercially viable. In addition to that AI ensures timely advice upon the request of client. Approved Inspectors usually operate nationally and bring consistency of interpretation of the Building Regulations.

AI can provide input on the design aspects of Building Regulations to BuildCo when it applies for the planning permission.

Once the planning permission (consent) is obtained from Planning Department in Local

Authority, the AI sends a notice to the Building Control Department of Local Authority that it would take the responsibility over the building control process. In return within 5 days it will receive a notice of acknowledgement that is not conditional to beginning the works.

Construction works may begin as soon as the notice has been filed to the Local Authority. AI, for BuildCo's case, would conduct at least 8-9 inspections at various stages of construction and risk based factors.

The cost for the services of AI is comprised of the several elements and is mostly charge on hourly basis. The below estimate is a sample of what an average cost breakdown by an AI looks like:

Plan checking GBP 1280; Inspections (9 sessions x 2h x GBP 80) GBP 1440; Structural checking GBP 160; Consultations GBP 40; Electronic/Internet drawings GBP 75; Meetings GBP 300; Administrative GBP 40; Inspections petrol fee (40 miles x GBP 3.6) GBP 144; Contingency GBP 417. Total: GBP 3,896.

Procedure 2 Obtain planning permission

Time to complete:

70 days

Cost to complete:

GBP 4,100

Agency:

Planning Department of Local Authority

Comment:

First step would be obtaining planning permission from the local planning department. The application must be accompanied by a plan of the site, details of any proposed works (architectural drawings) and the fee. If BuildCo is submitting a paper application form, at least three copies of the form and plans are required, although some councils may ask for more. BuildCo must also complete a certificate to confirm that it owns the land. It can be handed in person, or posted. Alternatively, BuildCo may wish to obtain an application form from the internet, and submit the completed application electronically. Beginning April 6, 2006 a new standard application form was introduced that significantly facilitated the process of submission. It provided for unity of all requirements for planning permission nationwide.

In many cases a decision will be made within eight weeks. Large or complex proposals may take longer. There is an electronic tracking system of the progress of application through the Planning Portal. In the past few years the Local Authorities made somewhat improvements in expediting the planning permission. More staff was recruited in the past few years. Presumption of consent for small scale residential projects was introduced, which relieved much pressure from local authorities and made them concentrate on larger and more important projects. Simplified some requirements for planning process.

Both the LA and the applicant are interested in getting a successful result, therefore the LA will tell the applicant that is extending the timeline, but that planning consent is underway. Otherwise, they can simply sent it for rejection. In practice it takes on average 70 days (10 weeks).

Procedure 3 Submit application to local Fire Safety Office and obtain approval

Time to complete:

21 days

Cost to complete:

no charge

Agency:

Fire Safety Office

Comment:

Approved Inspector submits respective elements of the drawing and plans pertinent to fire safety to a local Fire Safety Office, as part of the formal plan vetting process in order that they can assure themselves that the building is compliant with the latest fire safety

Legislation and that the appropriate fire and life safety systems are in place. That can be sent in an envelope. The Fire Office responds by law within 15 business days (21 calendar days) and sends its comments and approval. This is done in the process of building regulation plan approval, and recorded as independent procedure since AI interacts with Fire Officer.

Upon the completion of the building BuildCo before used to obtain a Fire Certificate from Fire Safety Office. The Fire Certificate is no longer required following the reforms in the Regulatory Reform (Fire Safety) Order 2005 (FSO 2005) which came into effect in October 2006, and replaced over 70 pieces of fire safety laws.

The FSO applies to all non-domestic premises in England and Wales, including the common parts of blocks of flats and houses in multiple occupation (HMOs). The FSO 2005 is a tool for self-regulation of businesses for the fire risk of the premises.

Under the FSO, the responsible person must carry out a fire safety risk assessment and implement and maintain a fire management plan. The companies have to carry out a risk assessment by completing a 5-step fire risk assessment survey online:

(<http://www.fire.gov.uk/Workplace+safety/WhatTheLawRequires/>)

According to this survey- FSO 2005 the warehouse of BuildCo would be classified as medium risk object. Since there will be more than 5 people occupying/working in the building, BuildCo would need to file the copy of completed FSO 2005 to the local Fire Safety Office. BuildCo does not need to wait for the approval or any other consent before using the premises. This risk is with the building operators they are deemed liable for any problems.

Fire Safety Office may conduct an inspection under risk based scheme: whether there was a similar track record of companies with fire, or neighbours complain, etc. Small scale and standard objects would be seldom inspected. Also, given that this would be a new building it would be assumed by the Fire Safety Office that the latest techniques of fire safety prevention would have been considered during the planning process.

Procedure 4 Apply for electric power connection

Time to complete:	20 days
Cost to complete:	GBP 3,100
Comment:	BuildCo must file a letter of intent and must buy all materials for the connection itself.

Procedure 5 Receive inspection from the electric power provider

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

Procedure 6 Obtaining water and sewerage connection

Time to complete:	20 days
Cost to complete:	GBP 5,100
Comment:	BuildCo must file a letter of intent and must buy all materials for the connection itself.

Procedure 7 Receive inspection from the water provider

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 8 Obtaining phone connection

Time to complete: 7 days

Cost to complete: GBP 106

Agency: British Telecom

Comment: BuildCo must file a letter of intent and must buy all materials for the connection itself. According to British Telecom the largest service provider in the UK, a new line is normally installed within four working days if the object is in a digital exchange area. If it is in one of the few exchange areas which have not yet been fully upgraded, this may extend to six working days. In practice, however the connection may take up to 2 months even for areas with existing telecom communications.

The updated fee schedule for obtaining a new fixed telephone line for businesses from British Telecom costs GBP 106.37.

Procedure 9 Receive inspection from the telecom provider

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 File completion certificate to Building Control Department of Local Authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Local Building Control Department

Comment: Once the building is completed BuildCo would notify AI about the completion. AI completes the final inspection within 24 hours and prepares the certificate of completion. AI will file copy of completion certificate to Building Control Department of Local Authority within 5 days after completion of final inspection. LABC then files the documents and sends an acknowledgement of receipt to BuildCo/AI. Although, legally not required, Building Control Department, in practice may conduct an inspection. LABC is not required to issue an approval of a Completion Certificate issued by an AI, however, failure by BuildCo to obtain one may prove to be problematic.

Procedure 11 Request and receive Energy Performance Certificate from Accredite Energy Assessor

Time to complete: 1 day

Cost to complete: GBP 78

Agency: Accredited Energy Assessor

Comment: Following the nationwide implementation of the "Energy Performance of Buildings Directive" adopted, on 16th December 2002, as of 4 January 2009 all commercial buildings whenever built, rented or sold require an Energy Performance Certificate. The certificate records how energy efficient a property is as a building and provides A_G ratings. It is the responsibility of the builder/constructor to give the Energy Performance Certificate and Recommendations Report to the Purchaser on physical completion of the building and notify the local authority Building Control officers or approved inspectors, who will not issue a Certificate of Completion until the EPC is provided.

They are produced using standard methods and assumptions about energy usage so that the energy efficiency of one building can easily be compared with another building of the same type. This allows prospective buyers, tenants, owners, occupiers and purchasers to see information on the energy efficiency and carbon emissions from their building so they can consider energy efficiency and fuel costs as part of their investment.

An EPC is always accompanied by a recommendation report that lists cost effective and other measures (such as low and zero carbon generating systems) to improve the energy rating. A rating is also given showing what could be achieved if all the recommendations were implemented.

The fee for the EPC may vary between GBP 55 to GBP 100.

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

Some reform outcomes

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

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

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

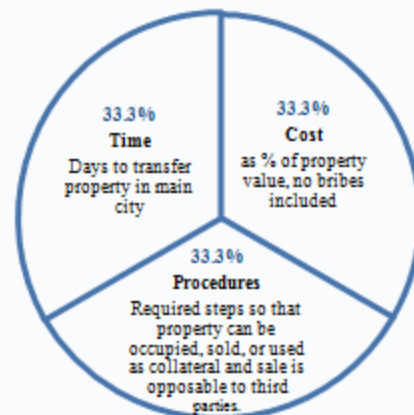
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

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

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

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



Case Study Assumptions

The parties (buyer and seller):

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

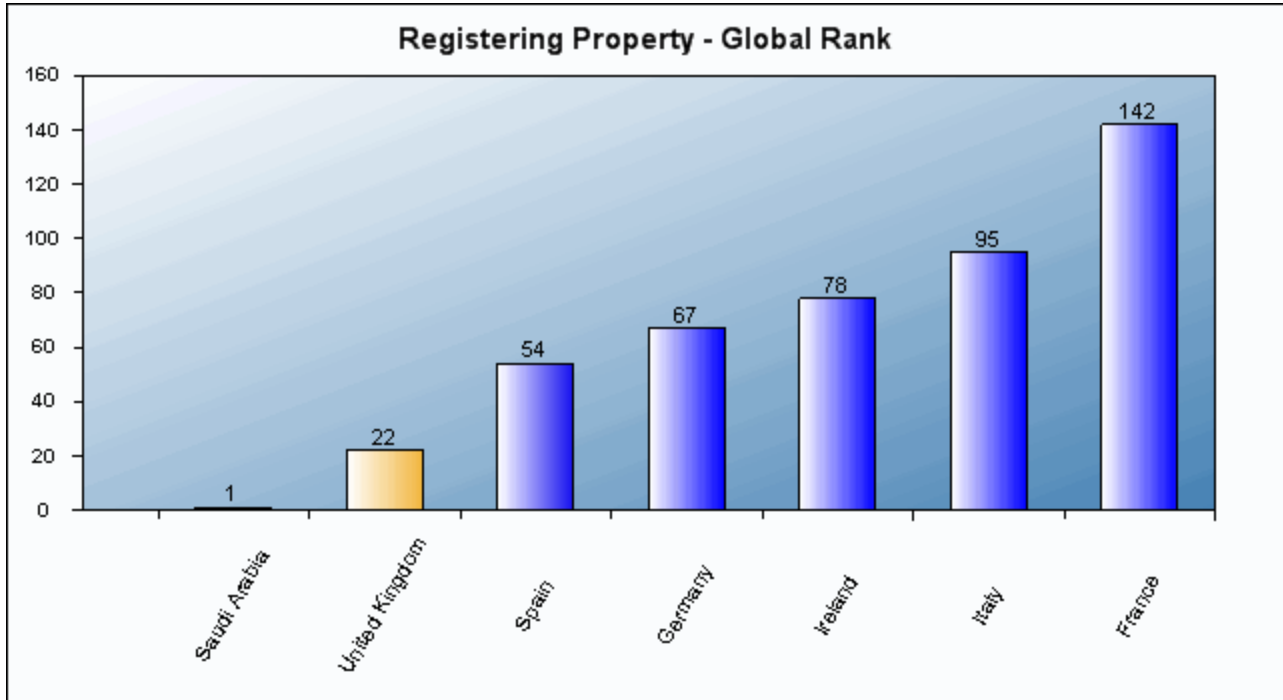
The property (fully owned by the seller):

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

1. Benchmarking Registering Property Regulations:

United Kingdom is ranked 22 overall for Registering Property.

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



The following table shows Registering Property data for United Kingdom 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>			
United Kingdom	2	8	4.1

<i>Comparator Economies</i>			
France	8	59	6.1
Germany	5	40	5.1
Ireland	5	38	6.3
Italy	8	27	4.5
Spain	4	18	7.1

* The following economies are also good practice economies for :

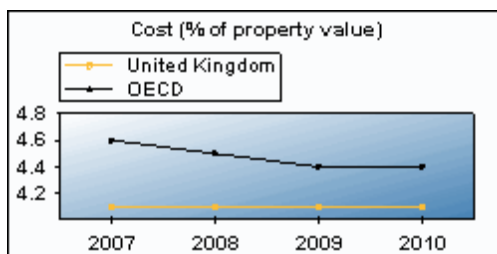
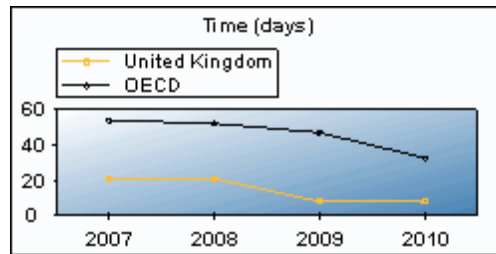
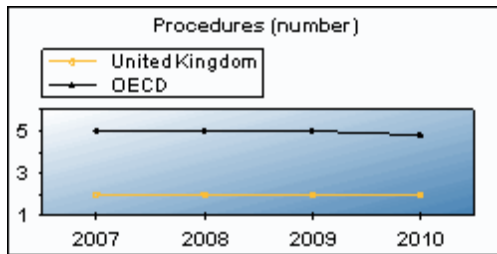
Procedures (number): United Arab Emirates

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

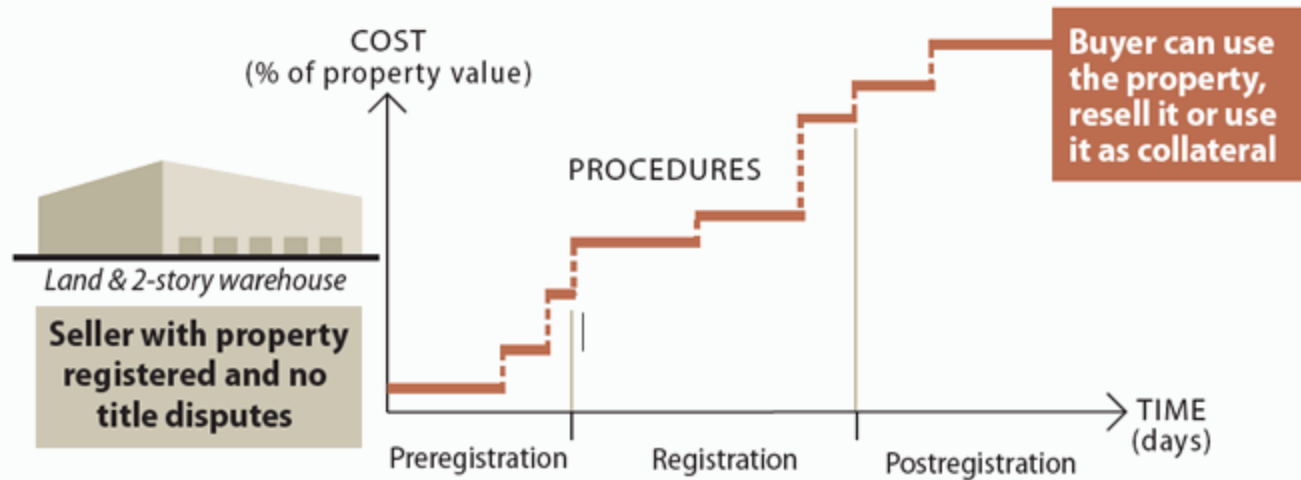
2. Historical data: Registering Property in United Kingdom

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	23	22
Procedures (number)	2	2	2	2
Time (days)	21	21	8	8
Cost (% of property value)	4.1	4.1	4.1	4.1

3. The following graphs illustrate the Registering Property sub indicators in United Kingdom over the past 4 years:



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



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

STANDARDIZED PROPERTY

Property Value: 1,155,502.83

City: London

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Lodge a Land Transaction Return and pay the Stamp Duty Land Tax (SDLT) (available on-line)	1 day	£13 + Legal fees + 4% SDLT according to the following schedule: Property valueSDLT Under £ 150,0000% Between £ 150,000 and £ 250,0001% Between £ 250,000 and £ 500,0003% Above £ 500,0004%

2 The transfer and any legal charges are registered at the Land Registry

7 days

The new Fee Order (the Land Registration Fee Order 2009) came into effect on 6 July 2009 and the fee thresholds are as follows:Property value: GBP0- GBP50,000 - fee: GBP50Property value: GBP50,001- GBP80,000 - fee: GBP80Property value: GBP80,001- GBP100,000 - fee: GBP130Property value: GBP100,001- GBP200,000 - fee: GBP200Property value: GBP200,001- GBP500,000 - fee: GBP280Property value: GBP500,001- GBP1,000,000 - fee: GBP550Property value: GBP1,000,000 + - fee: GBP920

Registering Property Details - United Kingdom

Procedure 1 Lodge a Land Transaction Return and pay the Stamp Duty Land Tax (SDLT) (available on-line)

Time to complete:	1 day
Cost to complete:	£13 + Legal fees + 4% SDLT according to the following schedule: Property valueSDLT Under £ 150,0000% Between £ 150,000 and £ 250,0001% Between £ 250,000 and £ 500,0003% Above £ 500,0004%
Agency:	HM Revenue & Customs
Comment:	<p>The buyer must complete, sign and lodge at the Revenue within 30 days of completion of the transaction a Land Transaction Return and pay any Stamp Duty Land Tax (SDLT) due. The completed Land Transaction Return must be sent by post to the Revenue's Rapid Data Capture center in Netherton (near Liverpool) or submitted electronically (functionality available since 2006).</p> <p>When the Return is submitted, the correct amount of SDLT must also be paid either by cheque, through the CHAPS automated payment system or via direct bank transfer. Once the Return has been processed by the Revenue the Revenue will issue a Land Transaction Return Certificate. If the Return has been submitted electronically, the Certificate is typically received within two hours (since 2009). If the Return has been submitted in the post, the Certificate is typically received within one month. The issue of a Land Transaction Return Certificate merely evidences that a Return has been filed at the Revenue; issuance of a Certificate does not necessarily mean that the information contained within the Return and/or amount of SDLT paid is correct. The Certificate must be sent to the Land Registry when an application for registration of the transfer is made. If the buyer acquires the property with financing, any legal charge created by it (if it is a company) must be registered at Companies House within 21 days of its creation, failing which the charge is void against a liquidator or another creditor of the company.</p>

Procedure 2 The transfer and any legal charges are registered at the Land Registry

Time to complete:	7 days
Cost to complete:	<p>The new Fee Order (the Land Registration Fee Order 2009) came into effect on 6 July 2009 and the fee thresholds are as follows:</p> <p>Property value: GBP0- GBP50,000 - fee: GBP50 Property value: GBP50,001- GBP80,000 - fee: GBP80 Property value: GBP80,001- GBP100,000 - fee: GBP130 Property value: GBP100,001- GBP200,000 - fee: GBP200 Property value: GBP200,001- GBP500,000 - fee: GBP280 Property value: GBP500,001- GBP1,000,000 - fee: GBP550 Property value: GBP1,000,000 + - fee: GBP920</p>
Agency:	Land Registry
Comment:	<p>Parties register the transfer (and any legal charge) at the Land Registry by submitting the appropriate documents and paying the Land Registry fees. A cheque made payable to "Land Registry" must accompany the application for registration to the correct office of the Land Registry (unless there was a prior authorized agreement with the Registry to pay by direct debit)</p> <p>On completion of the registration the Land Registry will send to the buyer's solicitor a title information document.</p>

The documentation shall include:
Completed Land Registry form AP1
Original and certified copy transfer
Land transaction certificate
Original and certified copy mortgage if the buyer acquires the property with financing

The law requires conveyancers, from 10 November 2008, when they submit an application to register the interest of their client in a property, to provide details of the conveyancers who acted for all other parties involved in the transaction.

If any involved person (including a company) is not represented by a conveyancer, the person lodging the application must either confirm that they are satisfied that sufficient steps have been taken to verify the identity of the unrepresented person or otherwise lodge evidence of the unrepresented person's identity. If confirmation of identity is required for an application, but is not provided, the Land Registry will reject the application. Identification requirements extend to buyers, sellers, landlords, tenants, borrowers and lenders.

Land registry information available at www.landregistry.gov.uk

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

Some reform outcomes

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

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

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

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

Depth of credit information index (0–6)

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

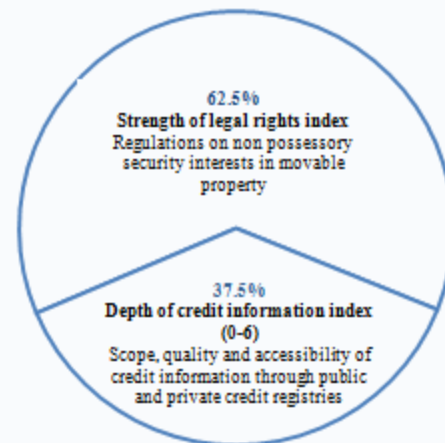
Public credit registry coverage (% of adults)

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

Private credit bureau coverage (% of adults)

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

Getting Credit: collateral rules and credit information



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

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

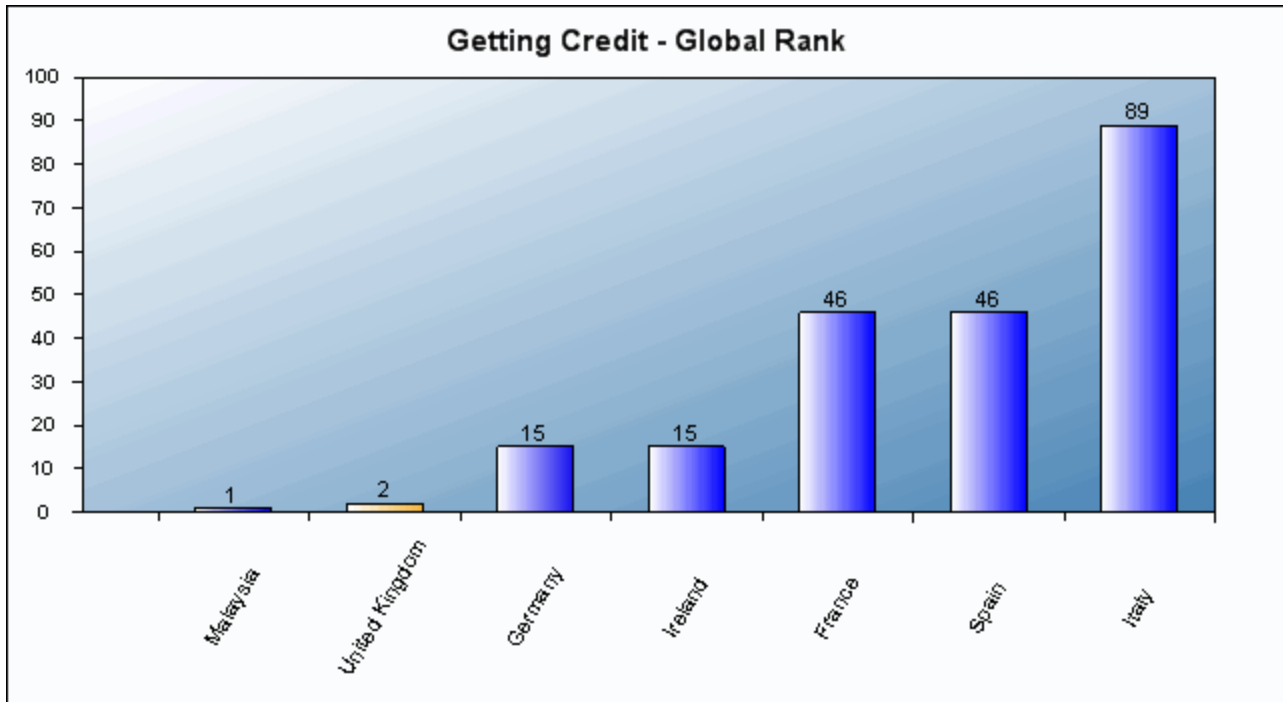
The Debtor

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

1. Benchmarking Getting Credit Regulations:

United Kingdom is ranked 2 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
United Kingdom	9	6	0.0	100.0

<i>Comparator Economies</i>				
France	7	4	33.3	0.0
Germany	7	6	1.0	98.4
Ireland	8	5	0.0	100.0
Italy	3	5	16.6	80.5
Spain	6	5	54.6	10.7

* The following economies are also good practice economies for :

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

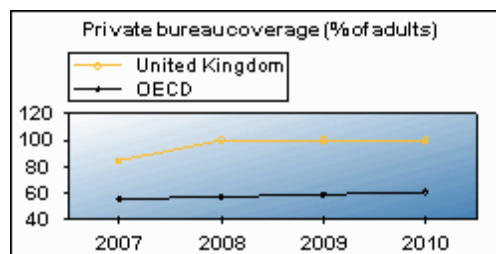
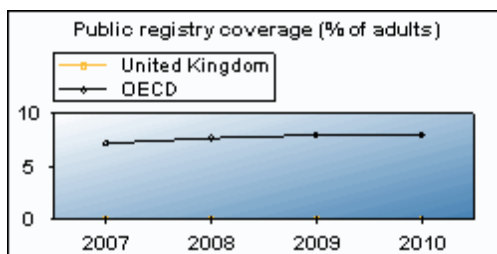
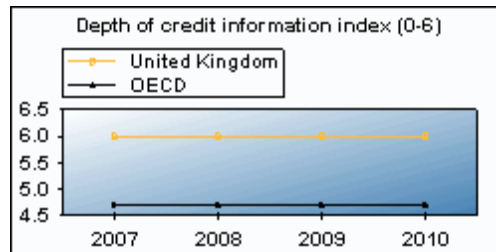
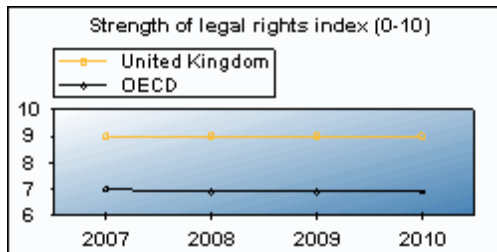
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

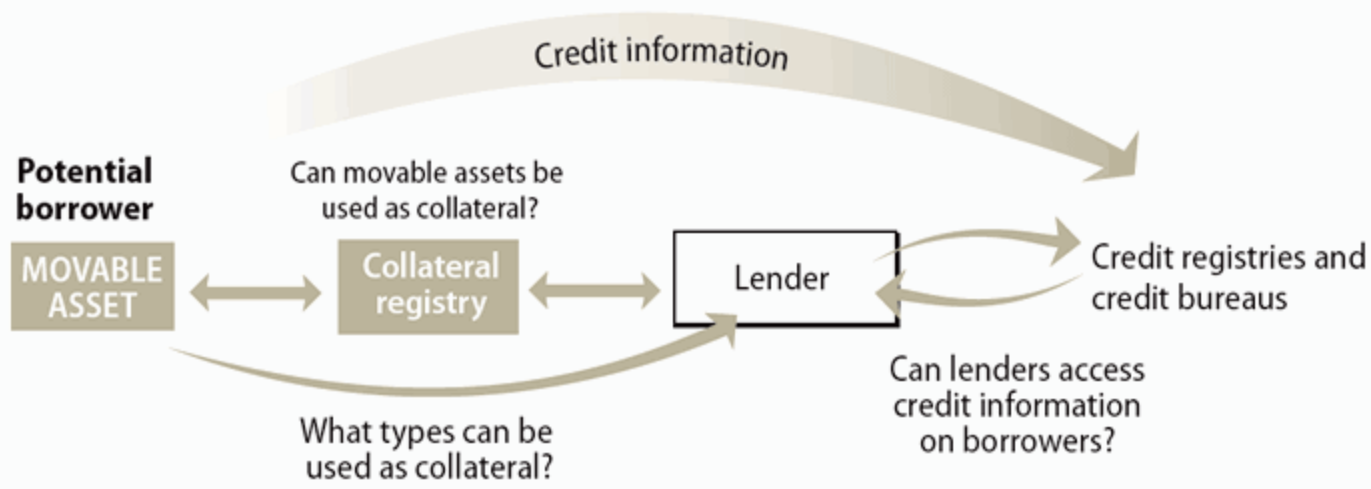
2. Historical data: Getting Credit in United Kingdom

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	2	2
Strength of legal rights index (0-10)	9	9	9	9
Depth of credit information index (0-6)	6	6	6	6
Private bureau coverage (% of adults)	84.6	100.0	100.0	100.0
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in United Kingdom over the past 4 years:



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



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	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?	Yes	No	1
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	No	1
Coverage	100.0	0.0	
Number of individuals	46,015,600		0
Number of firms	6,237,460		0

Strength of legal rights index (0-10)**9**

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

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

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

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

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

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

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

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

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

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

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

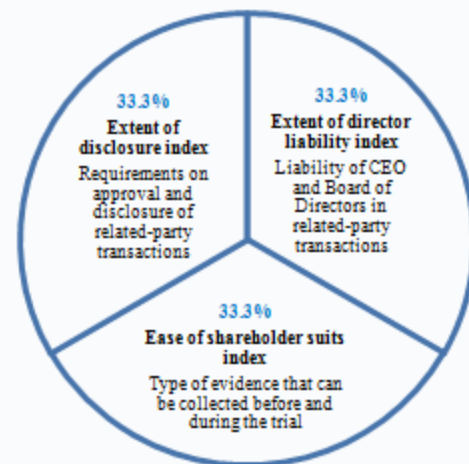
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

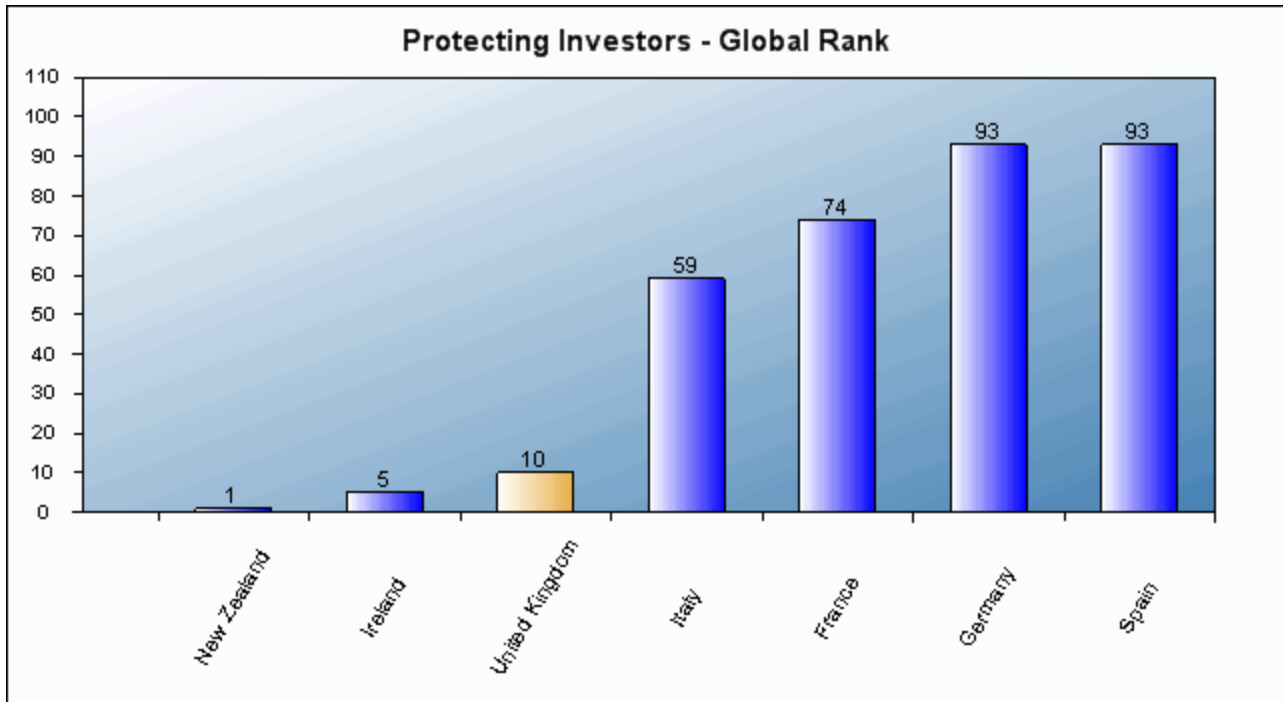
The transaction

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

1. Benchmarking Protecting Investors Regulations:

United Kingdom is ranked 10 overall for Protecting Investors.

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



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

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

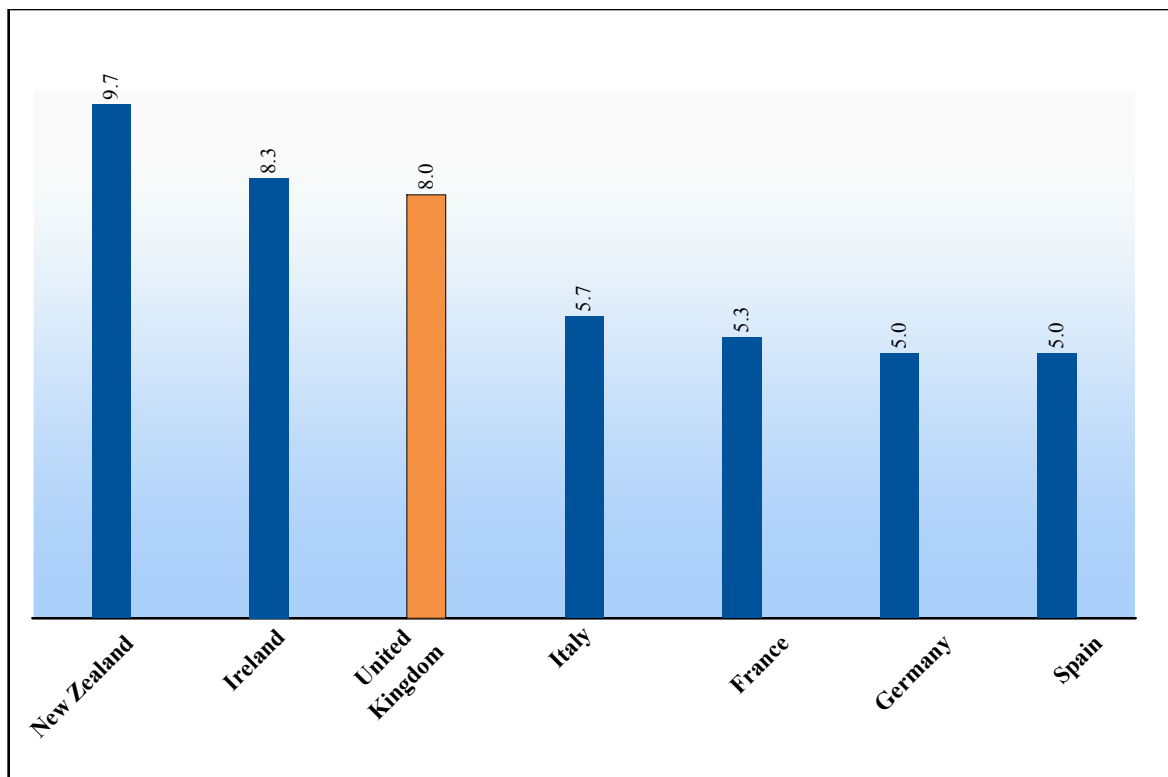
<i>Selected Economy</i>	
United Kingdom	8.0

<i>Comparator Economies</i>	
France	5.3
Germany	5.0
Ireland	8.3
Italy	5.7
Spain	5.0

2. Historical data: Protecting Investors in United Kingdom

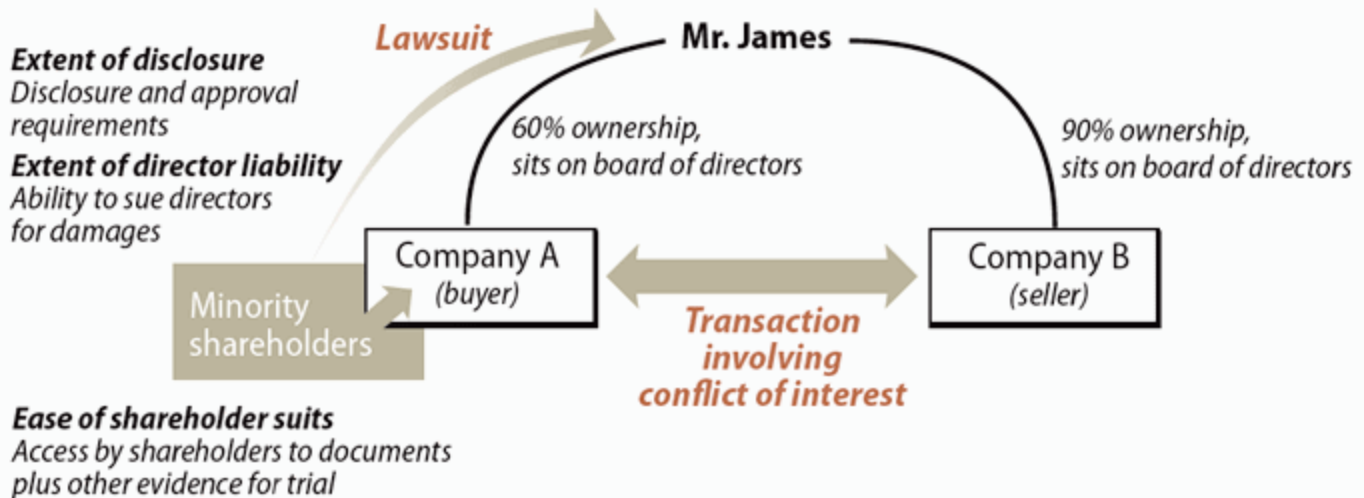
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	10	10
Strength of investor protection index (0-10)	8.0	8.0	8.0	8.0

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



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

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



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	10
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	1
Extent of director liability index (0-10)	7
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	7
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	2
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	8.0

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

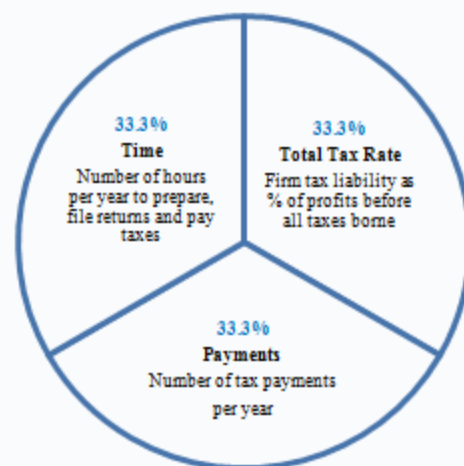
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



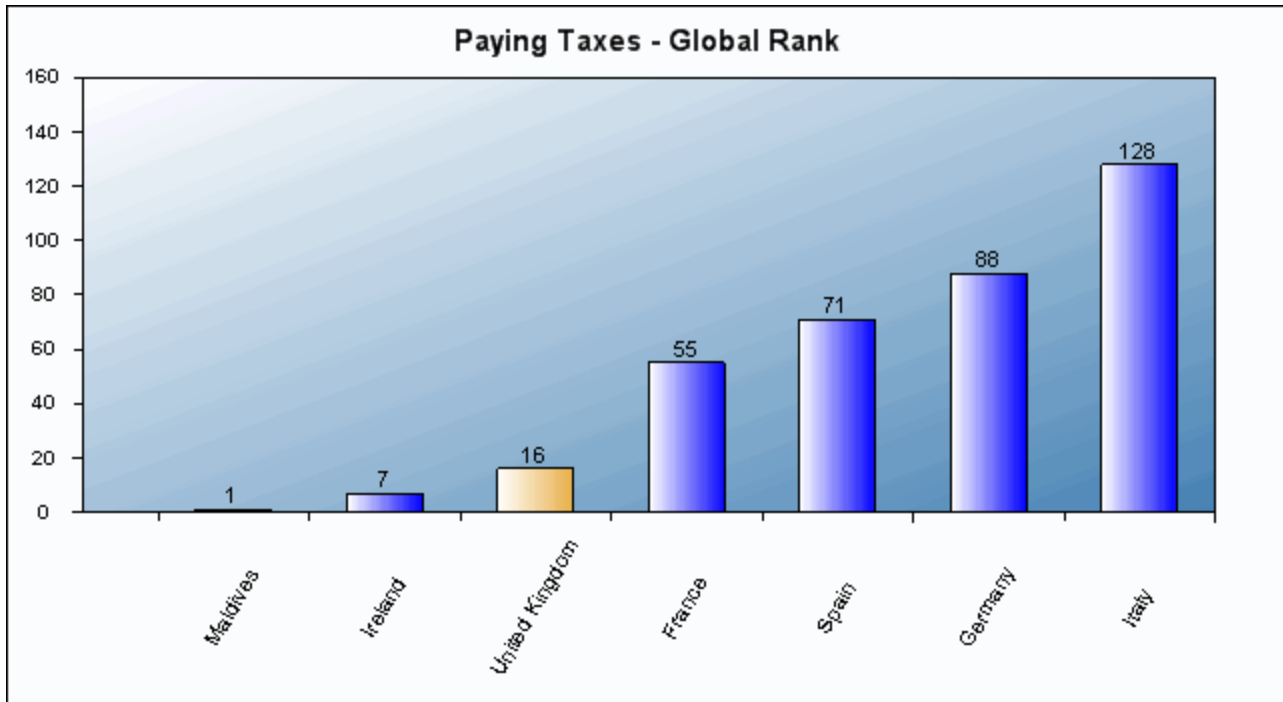
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

United Kingdom is ranked 16 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
United Kingdom	8	110	37.3

<i>Comparator Economies</i>			
France	7	132	65.8
Germany	16	215	48.2
Ireland	9	76	26.5
Italy	15	285	68.6
Spain	8	197	56.5

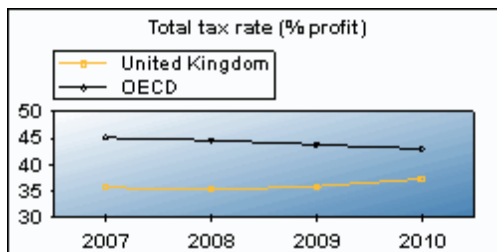
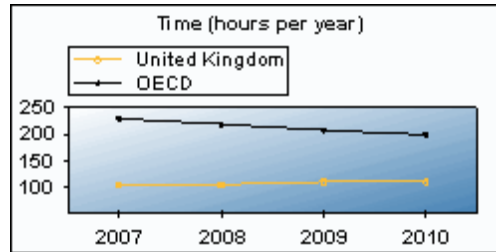
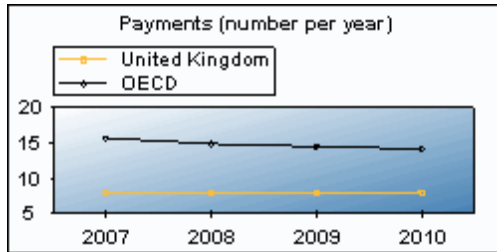
* The following economies are also good practice economies for :

Payments (number per year): Qatar

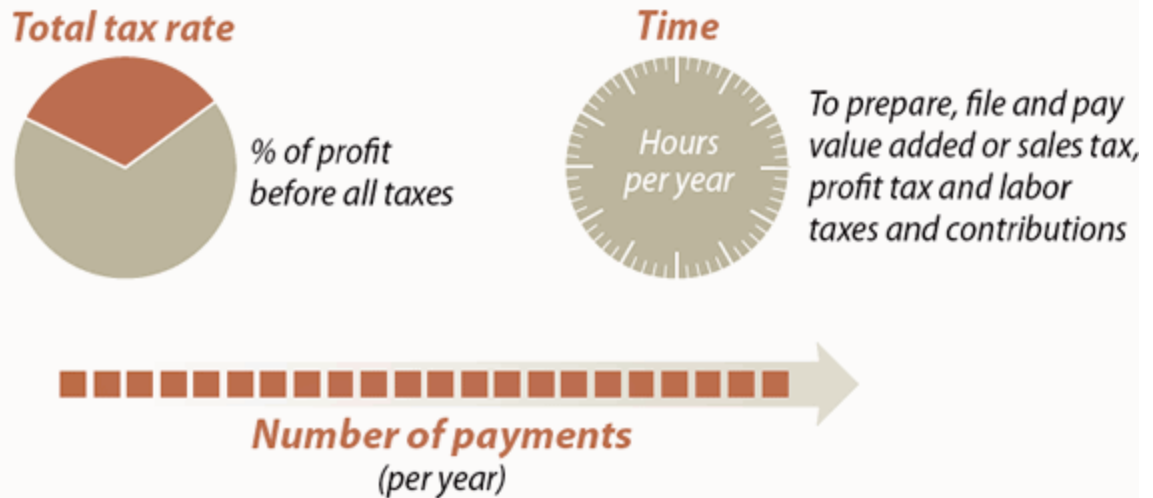
2. Historical data: Paying Taxes in United Kingdom

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	15	16
Total tax rate (% profit)	35.7	35.3	35.9	37.3
Payments (number per year)	8	8	8	8
Time (hours per year)	105	105	110	110

3. The following graphs illustrate the Paying Taxes sub indicators in United Kingdom over the past 4 years:



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



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in United Kingdom, 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
Sales tax	1	online filing	30	15.0%	value added		
Tax on insurance contracts	1			5.0%	insurance premium	0.10	
Environmental tax	1			GPB 40 per ton	weight of active waste	0.10	
Vehicle tax	1			various	depending on weight and size of vehicle	0.10	
Municipal business tax	1			various	property value	1.40	
Fuel Tax	1				included in fuel price	1.70	
Labor tax	1	online filing	45	12.8% (floor of GBP 110 per week)	gross salaries	10.80	
Corporate income tax	1		35	21-29.75%	taxable profit	23.10	

Totals

8

110

37.3

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

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

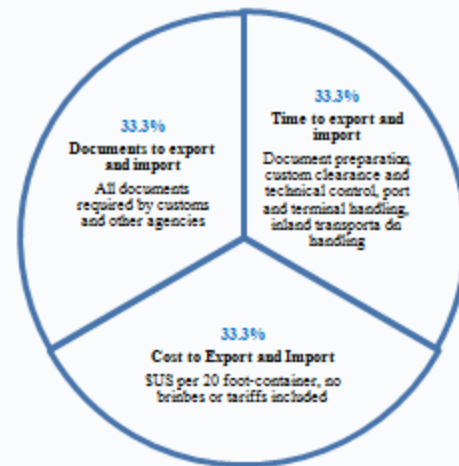
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

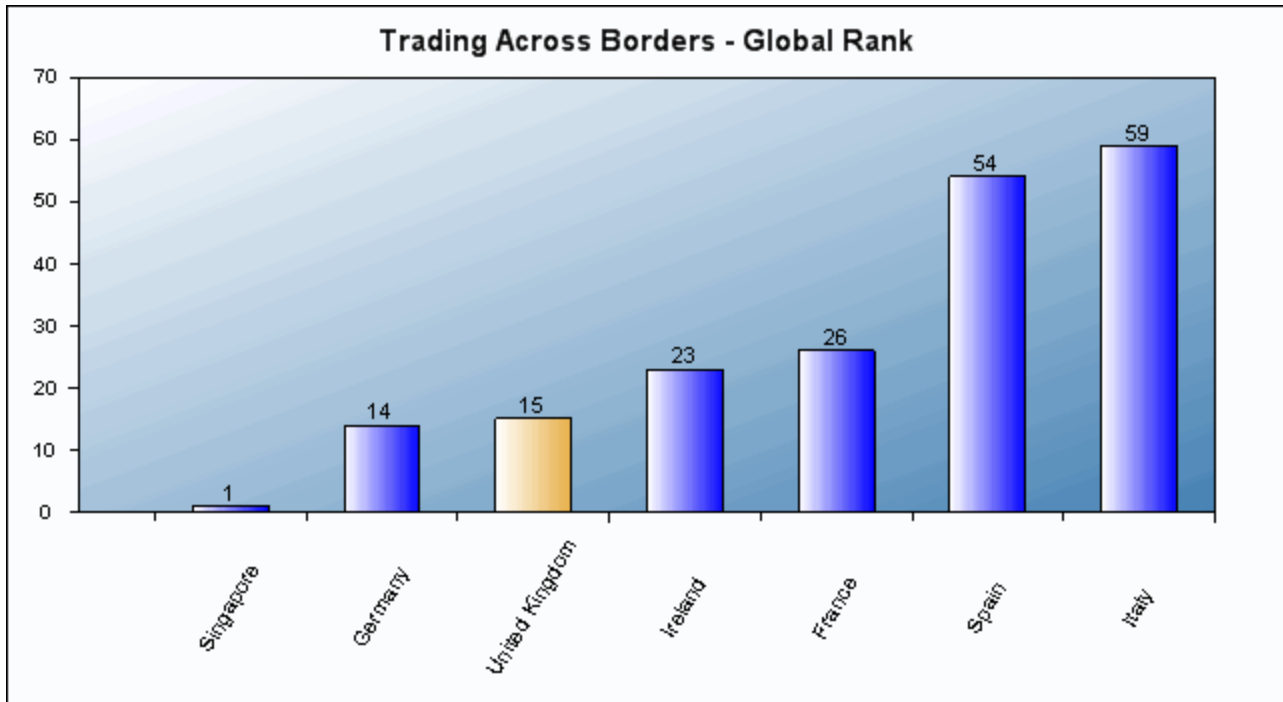
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

United Kingdom is ranked 15 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
United Kingdom	4	7	950	4	6	1045

<i>Comparator Economies</i>						
France	2	9	1078	2	11	1248
Germany	4	7	872	5	7	937
Ireland	4	7	1109	4	12	1121
Italy	4	20	1245	4	18	1245
Spain	6	9	1221	7	10	1221

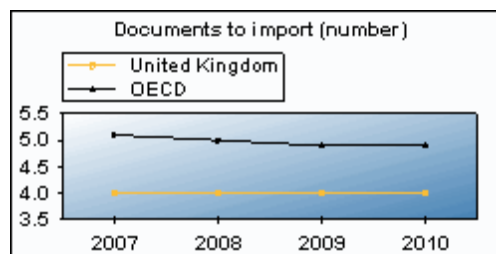
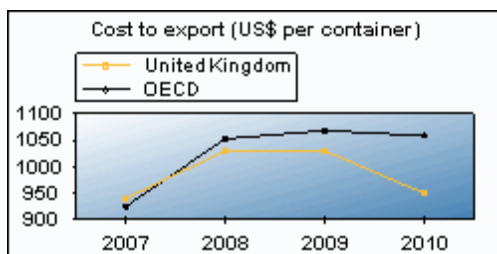
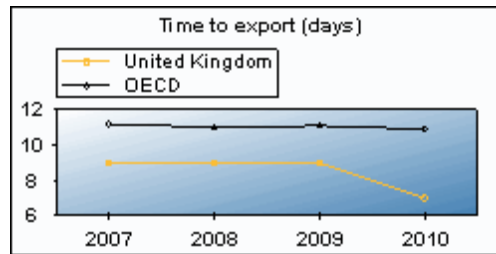
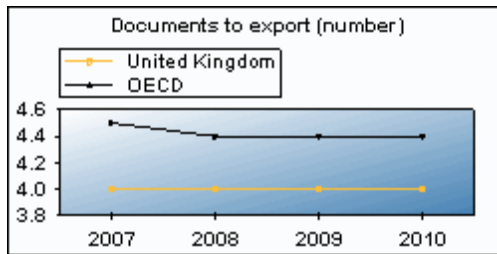
* The following economies are also good practice economies for :

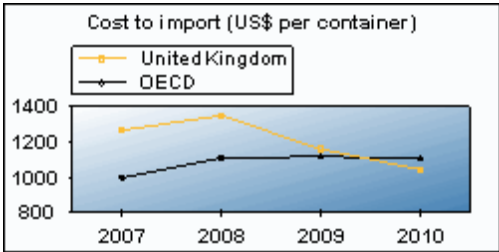
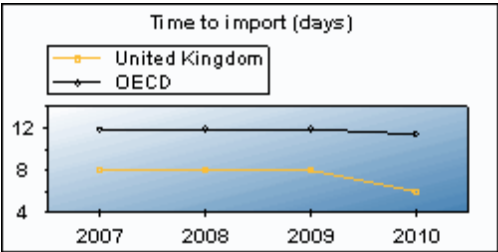
Time to export (days): Estonia

2. Historical data: Trading Across Borders in United Kingdom

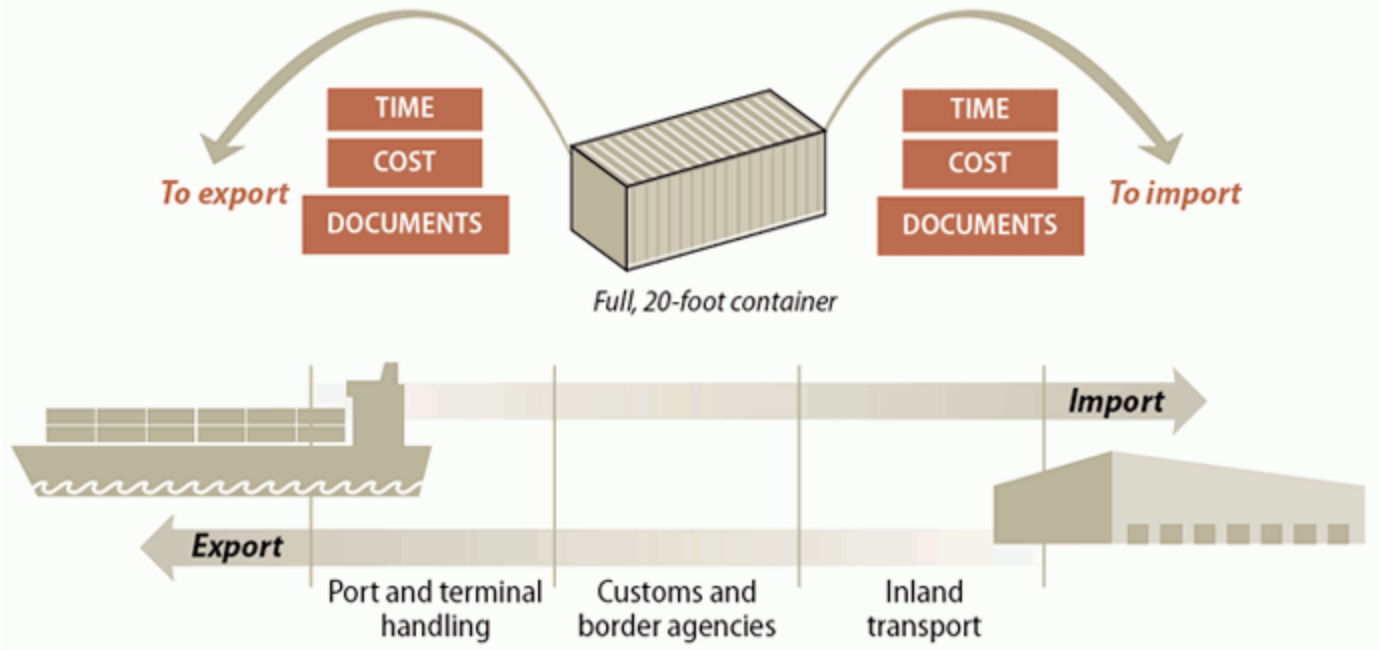
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	18	15
Cost to export (US\$ per container)	940	1030	1030	950
Cost to import (US\$ per container)	1267	1350	1160	1045
Documents to export (number)	4	4	4	4
Documents to import (number)	4	4	4	4
Time to export (days)	9	9	9	7
Time to import (days)	8	8	8	6

3. The following graphs illustrate the Trading Across Borders sub indicators in United Kingdom over the past 4 years:





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



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	2	125
Customs clearance and technical control	1	75
Ports and terminal handling	2	200
Inland transportation and handling	2	550
Totals	7	950

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	2	220
Customs clearance and technical control	1	75
Ports and terminal handling	1	200
Inland transportation and handling	2	550
Totals	6	1045

Documents for Export and Import

Export

- Bill of lading
- Commercial invoice
- Customs export declaration
- Packing list

Import

- Bill of lading
- Commercial invoice
- Customs import declaration
- Packing list

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

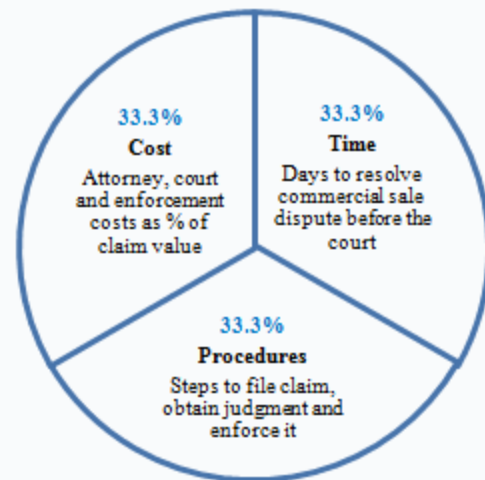
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



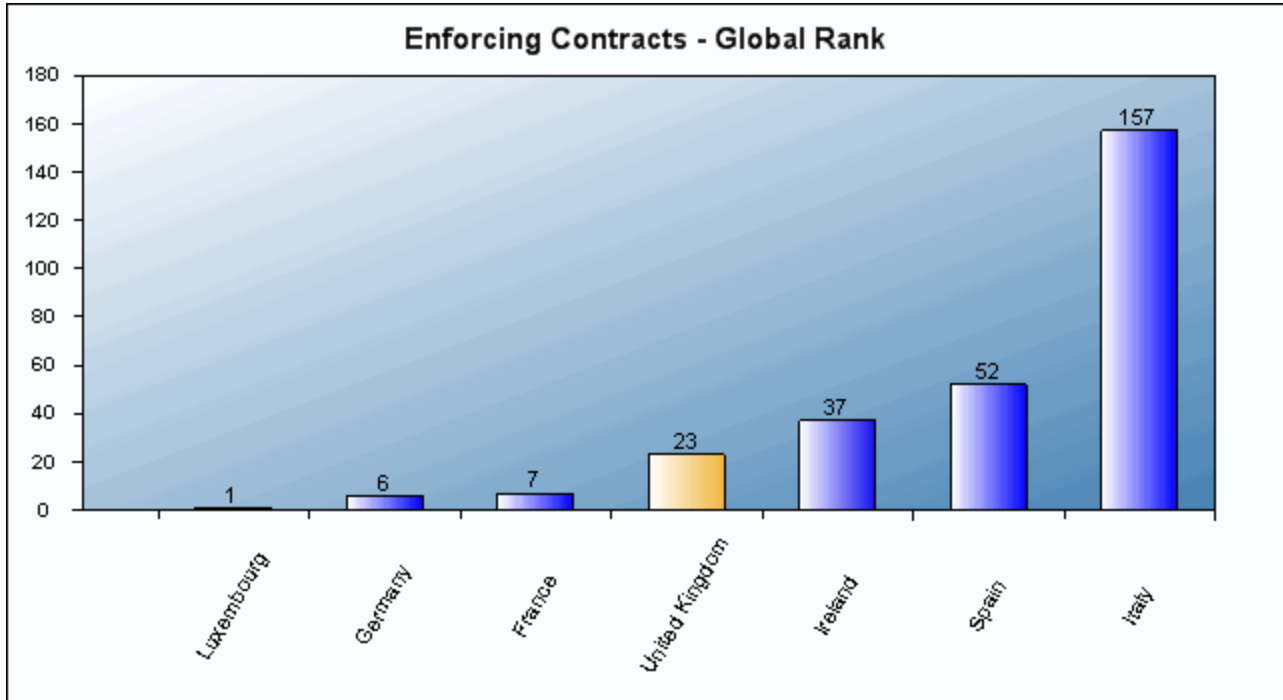
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

United Kingdom is ranked 23 overall for Enforcing Contracts.

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



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

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

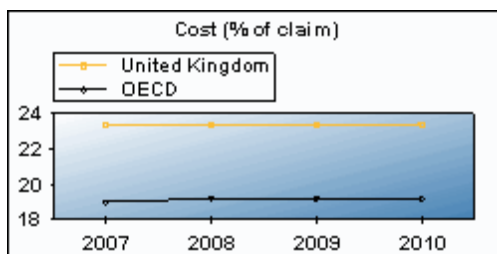
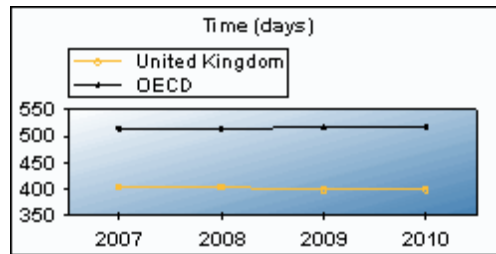
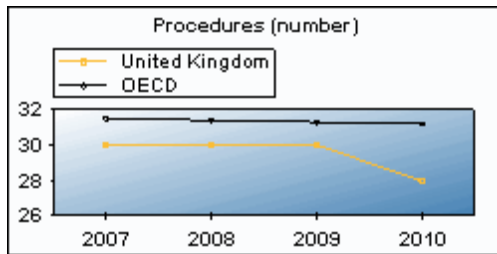
<i>Selected Economy</i>			
United Kingdom	28	399	23.4

<i>Comparator Economies</i>			
France	29	331	17.4
Germany	30	394	14.4
Ireland	20	515	26.9
Italy	41	1210	29.9
Spain	39	515	17.2

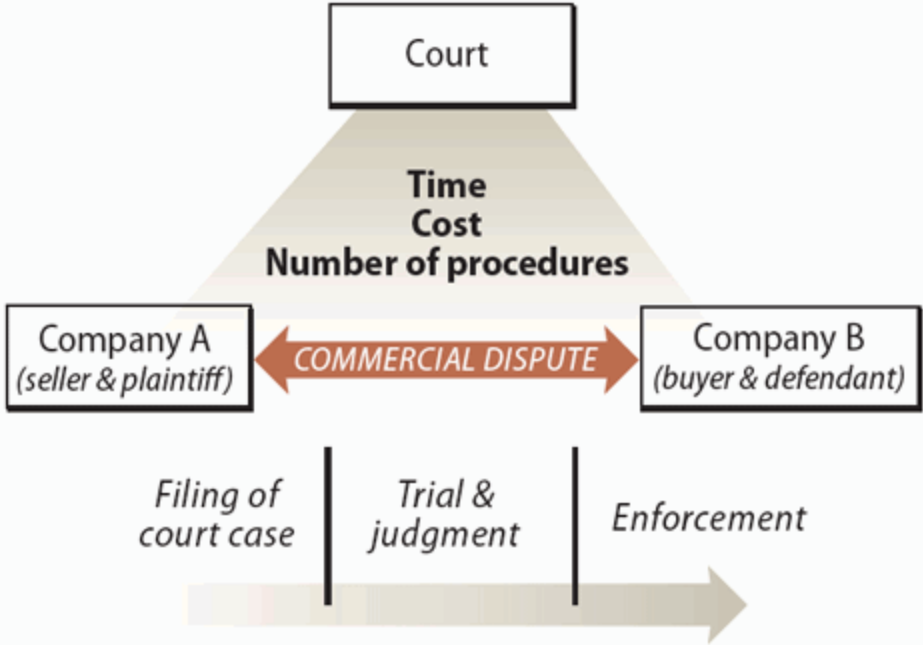
2. Historical data: Enforcing Contracts in United Kingdom

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	23	23
Procedures (number)	30	30	30	28
Time (days)	404	404	399	399
Cost (% of claim)	23.4	23.4	23.4	23.4

3. The following graphs illustrate the Enforcing Contracts sub indicators in United Kingdom over the past 4 years:



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



This topic looks at the efficiency of contract enforcement in United Kingdom.

Nature of Procedure (2010)	Indicator
Procedures (number)	28
Time (days)	399
Filing and service	30.0
Trial and judgment	313.0
Enforcement of judgment	56.0
Cost (% of claim)*	23.40
Attorney cost (% of claim)	19.6
Court cost (% of claim)	2.6
Enforcement Cost (% of claim)	1.2

Court information: Central London County Court

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

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

Some reform outcomes

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

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

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

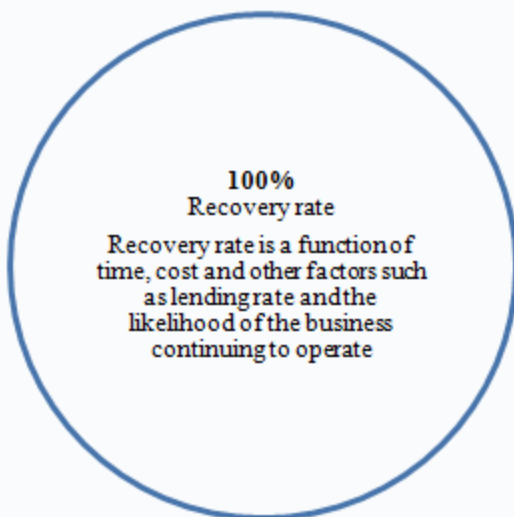
- Measured in calendar years
- Appeals and requests for extension are included

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

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

Recovery rate for creditors (cents on the dollar)

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



Case Study Assumptions

The Company

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

1. Benchmarking Closing Business Regulations:

United Kingdom is ranked 7 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
United Kingdom	88.6	1.0	6

<i>Comparator Economies</i>			
France	45.2	1.9	9
Germany	53.1	1.2	8
Ireland	87.4	0.4	9
Italy	58.0	1.8	22
Spain	76.3	1.0	11

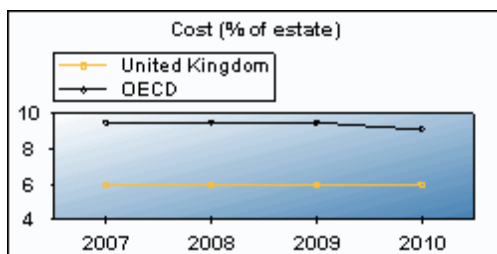
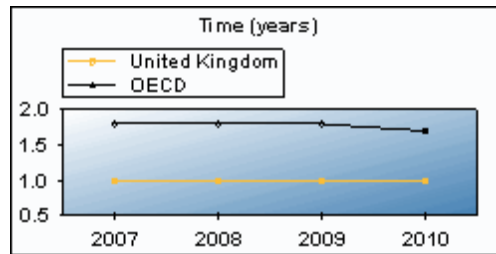
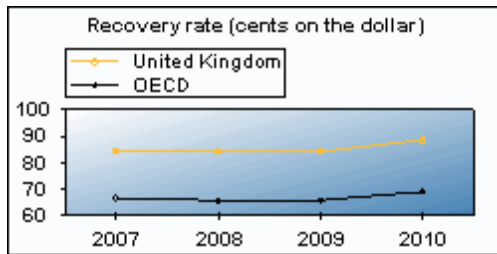
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in United Kingdom

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	9	7
Time (years)	1.0	1.0	1.0	1.0
Cost (% of estate)	6	6	6	6
Recovery rate (cents on the dollar)	84.6	84.2	84.2	88.6

3. The following graphs illustrate the Closing Business sub indicators in United Kingdom over the past 4 years:



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Germany	Germany eased business start-up by increasing the efficiency of communications between the notary and the commercial registry and eliminating the need to publish an announcement in a newspaper.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Italy	Italy made starting a business easier by enhancing an online registration system.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Spain	Spain streamlined the documentation for imports by including tax-related information on its single administrative document. Spain amended its regulations governing insolvency proceedings with the aim of reducing the cost and time. The new regulations also introduced out-of-court workouts.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
United Kingdom	The United Kingdom improved the process for enforcing contracts by modernizing civil procedures in the commercial court. Amendments to the United Kingdom's insolvency rules streamline bankruptcy procedures, favor the sale of the firm as a whole and improve the calculation of administrators' fees.

Vietnam

Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.

Zambia

Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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