

Doing Business 2011

Italy

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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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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Doing Business 2011
Business Reforms

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

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

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

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

The following pages present the summary Doing Business indicators for Italy. 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).

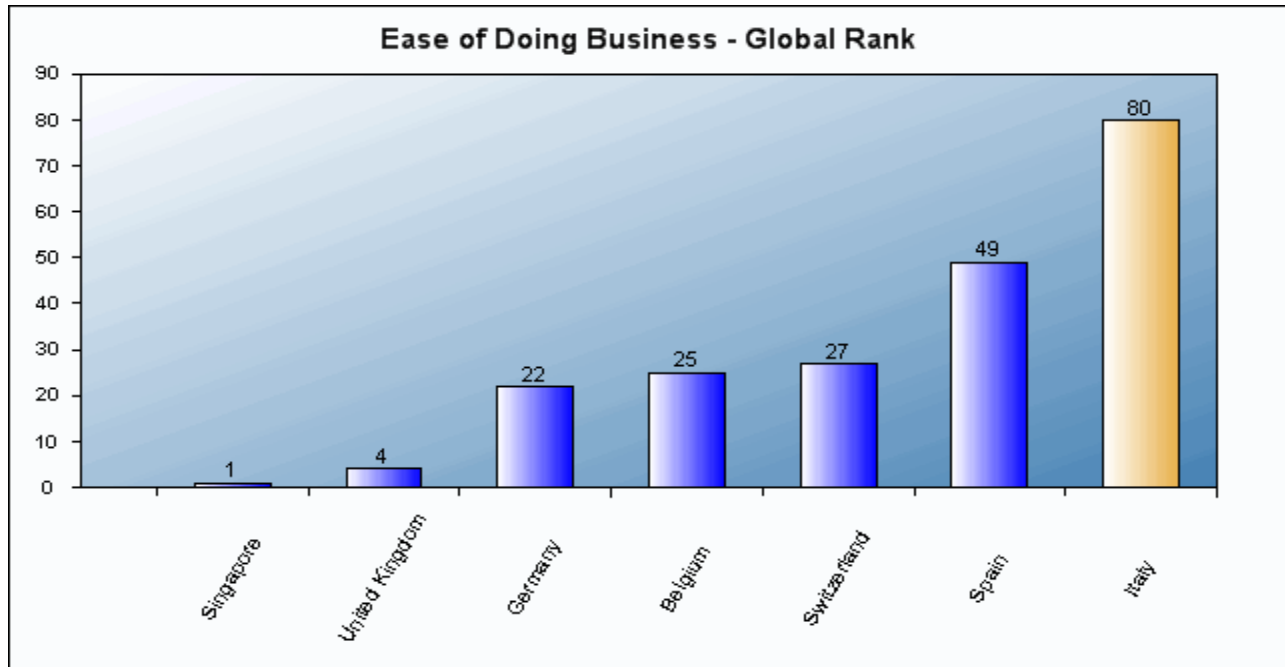
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Italy is ranked 80 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Italy's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	80
Starting a Business	68
Dealing with Construction Permits	92
Registering Property	95
Getting Credit	89
Protecting Investors	59
Paying Taxes	128
Trading Across Borders	59
Enforcing Contracts	157
Closing a Business	30

Summary of Indicators - Italy

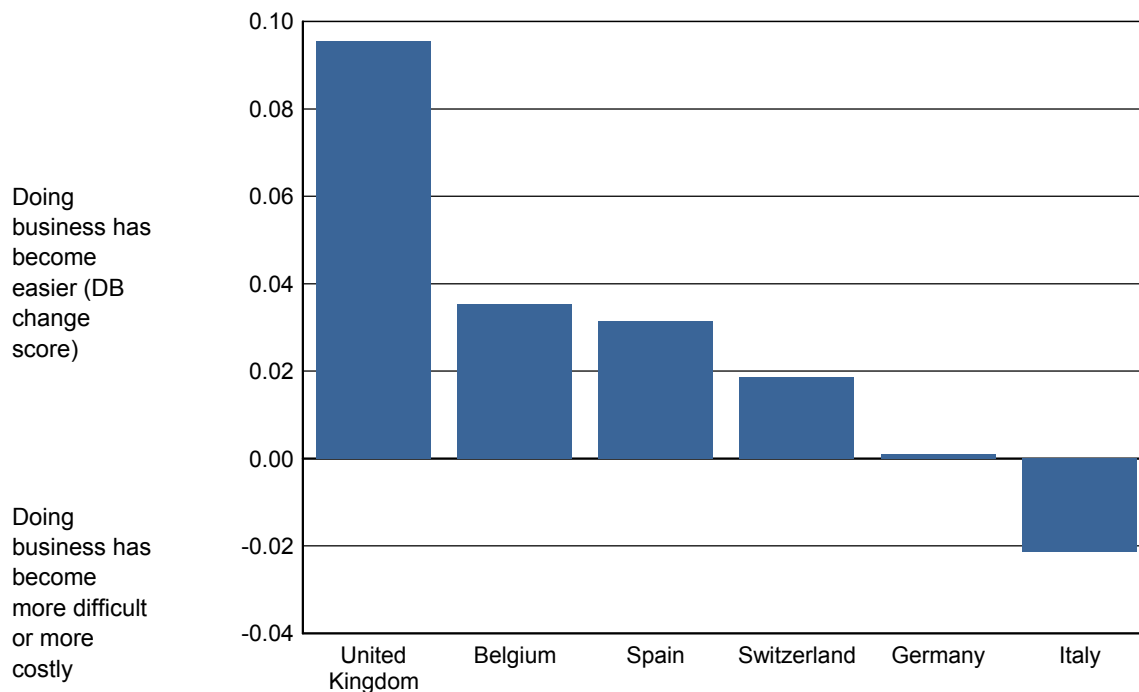
Starting a Business	Procedures (number)	6
	Time (days)	6
	Cost (% of income per capita)	18.5
	Min. capital (% of income per capita)	10.1
Dealing with Construction Permits	Procedures (number)	14
	Time (days)	257
	Cost (% of income per capita)	142.3
Registering Property	Procedures (number)	8
	Time (days)	27
	Cost (% of property value)	4.5
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	16.6
	Private bureau coverage (% of adults)	80.5
Protecting Investors	Extent of disclosure index (0-10)	7
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	5.7
Paying Taxes	Payments (number per year)	15
	Time (hours per year)	285
	Profit tax (%)	22.8
	Labor tax and contributions (%)	43.4
	Other taxes (%)	2.4
	Total tax rate (% profit)	68.6
Trading Across Borders	Documents to export (number)	4
	Time to export (days)	20
	Cost to export (US\$ per container)	1245
	Documents to import (number)	4
	Time to import (days)	18
	Cost to import (US\$ per container)	1245

Enforcing Contracts	Procedures (number)	41
	Time (days)	1210
	Cost (% of claim)	29.9
Closing a Business	Recovery rate (cents on the dollar)	58.0
	Time (years)	1.8
	Cost (% of estate)	22

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.

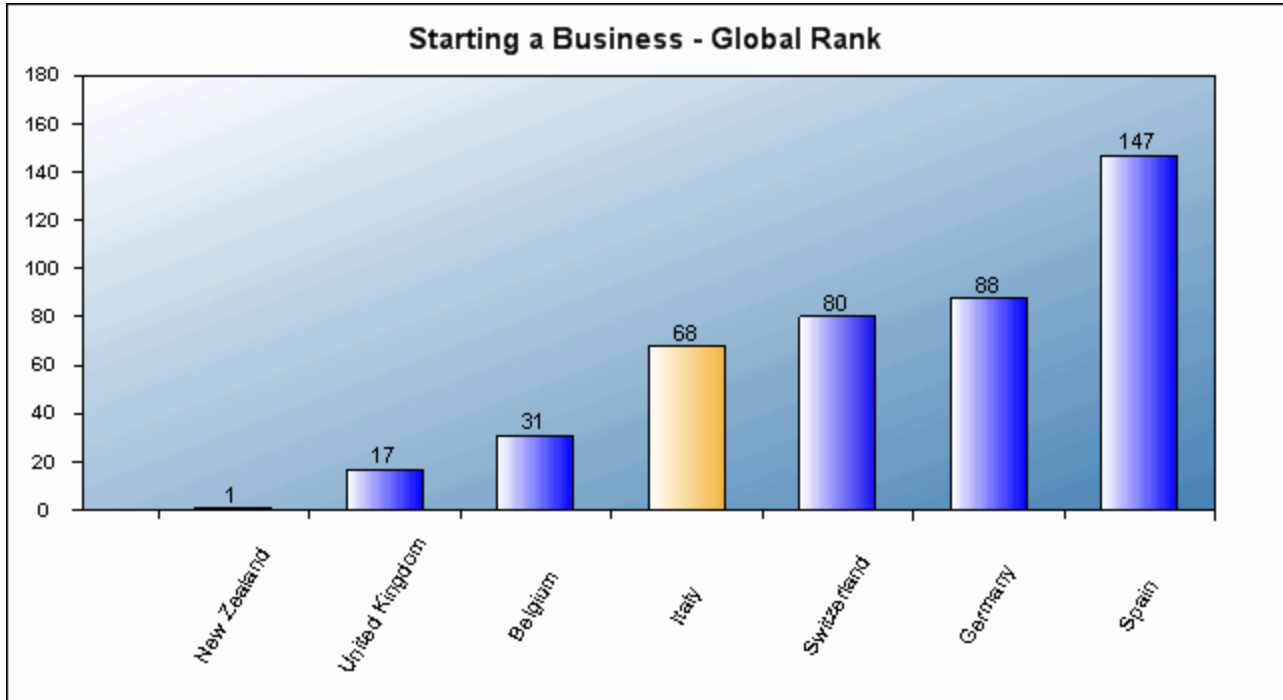
The business:

- 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:

Italy is ranked 68 overall for Starting a Business.

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



The following table shows Starting a Business data for Italy 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>				
Italy	6	6	18.5	10.1

<i>Comparator Economies</i>				
Belgium	3	4	5.4	19.6
Germany	9	15	4.8	0.0
Spain	10	47	15.1	13.5
Switzerland	6	20	2.1	27.2
United Kingdom	6	13	0.7	0.0

* The following economies are also good practice economies for :

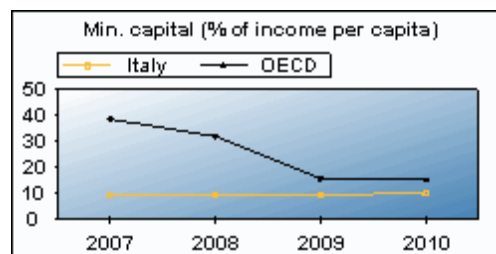
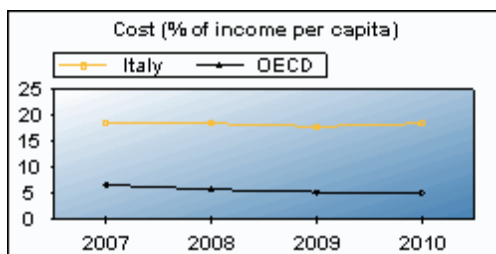
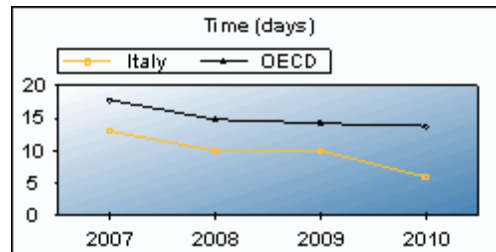
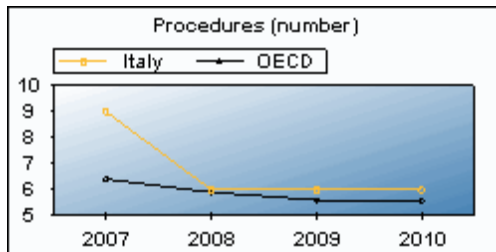
Procedures (number): **Canada**

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

2. Historical data: Starting a Business in Italy

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	74	68
Procedures (number)	9	6	6	6
Time (days)	13	10	10	6
Cost (% of income per capita)	18.7	18.5	17.9	18.5
Min. capital (% of income per capita)	9.8	9.7	9.7	10.1

3. The following graphs illustrate the Starting a Business sub indicators in Italy 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 Italy.

STANDARDIZED COMPANY

Legal Form: Società a responsabilità limitata (Srl)

City: Rome

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit at least 25% of the amounts contributed in cash with a bank	1	no charge
2	Execute a public deed of incorporation and company bylaws before a public notary; pay registration tax	1	EUR 3,638
3	Buy corporate books and accounting books	1	EUR 119
4	Pay government grant tax to the post office current account	1	EUR 310
5	Register online with the Register of Enterprises (Registro delle Imprese) at the local chamber of commerce.	1	EUR 525
6	Notify the competent Labor Office (DPLMO) the employment of workers	1	no charge

Starting a Business Details - Italy

Procedure 1 Deposit at least 25% of the amounts contributed in cash with a bank

Time to complete: 1

Cost to complete: no charge

Comment: At incorporation, 25% of the company's capital contributed in cash must be paid in and deposited in a bank account. The payment of the capital may be replaced by an insurance policy or by a bank guarantee for at least the same amount, though it is possible for the quota holders to pay in the due amount at any time. If the company capital is not wholly paid in at incorporation, the company has a credit against the founding shareholders for payment of the outstanding portion of the capital. The directors have power to claim the payment at any time.

Procedure 2 Execute a public deed of incorporation and company bylaws before a public notary; pay registration tax

Time to complete: 1

Cost to complete: EUR 3,638

Comment: A public deed of incorporation (atto costitutivo), including the company's bylaws (statuto) must be drafted and executed before a public notary by the quota holders or their authorized representatives. The notary drafts company bylaws on standard forms, which the notary provides. The cost of the forms and stamp duties are included in the notary fees.

Registration tax, due within 20 days of incorporation, is paid to the notary public, who will also provide the registered public deed of incorporation.

Registration fee schedule:
- Electronic registration: EUR 90 or EUR 120
- Stamp duty: EUR 65

Procedure 3 Buy corporate books and accounting books

Time to complete: 1

Cost to complete: EUR 119

Comment: According to Article 2478 of the Italian Civil Code, a company denominated as a limited liability company (società a responsabilità limitata, or SRL) must keep the following corporate books: minute book of board of directors' meetings and minute book of board of Statutory Auditors (Collegio Sindacale), which are subject to authentication.

According to Article 2214 of the Italian Civil Code, any business must keep two accounting books: the journal book and the inventory book. Authentication of accounting books is no longer required (according to Law No. 383/2001). All books are available in standard format at stationary stores or through a notary public. However, entrepreneurs can also use a loose-leaf book at no additional cost.

Law Decree 185/2008 which became effective as of March 2009, abolished the shareholders book for S.R.L. and introduced Art. 2215-bis of the Civil Code which provides for the possibility to keep all corporate books and accounting books on electronic format; in this case, a digital time

stamp (and electronic signature) must be put on a three months basis and the cost to register electronic books depends on D.M. 23 gennaio 2004.

Procedure 4 Pay government grant tax to the post office current account

Time to complete: 1

Cost to complete: EUR 310

Comment: The tax is due to the Office of Revenue every year. The amount is i) EUR 309.87 to pay the grant tax if the company's social capital exceeds EUR 516,456.90 and ii) EUR 516.46 if the company's social capital exceeds Eur 516,456.90.

Procedure 5 Register online with the Register of Enterprises (Registro delle Imprese) at the local chamber of commerce.

Time to complete: 1

Cost to complete: EUR 525

Comment: Since 1st of April 2010, it is mandatory that the applicant electronically file a single notice (Comunicazione Unica) with the Register of Enterprises. This includes issuance of the tax identification number, VAT number, and registration with Social Security Administration (INPS) and Accident Insurance Office (INAIL). The applicant must attach the forms requested by (i) the Register of Enterprises for the registration (ii) the Italian Tax Authorities for immediate starting of business, and (iii) by INPS and INAIL for the registration with these Administrations.

Under Decree Law no. 185/2008, converted into Law no. 2/2009 dated January 28th 2009, companies are now required to provide a certified e-mail address on the registry of companies registration form. Furthermore, all businesses incorporated as a company must communicate their certified electronic mail address to the Registry of Companies within 29th Novembre 2011.

After the single notice is filed, the firm receives all the documents within 7 days. All notices, communications and receipts of filing are sent to the Company's certified email address. In detail,

- the Company receives immediately a reference number for the registration procedure as well as the receipt of the filing of the Single Notice with the Register of Enterprises
- immediately the tax identification number and the VAT number;
- within 5 business days, the Registration with the Register of Enterprises
- within 7 days INAIL documentation;
- within 7 days INPS documentation.

Total : EUR 168 for registration tax with Revenue Agency + EUR 155 or EUR 185 for registration with Chamber of Commerce (EUR 65 for stamp fee and EUR 90 or EUR 120 for electronic registration or registration with floppy disk) + EUR 200 (membership fees).

Procedure 6 Notify the competent Labor Office (DPLMO) the employment of workers

Time to complete: 1

Cost to complete: no charge

Comment: The Law no. 296/2006 provided that the Company shall have to notify the Provincial Labor office (direzione provinciale del lavoro e della massima occupazione, DPLMO) about the hiring of personnel one day before from the star of the labor relationship.

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

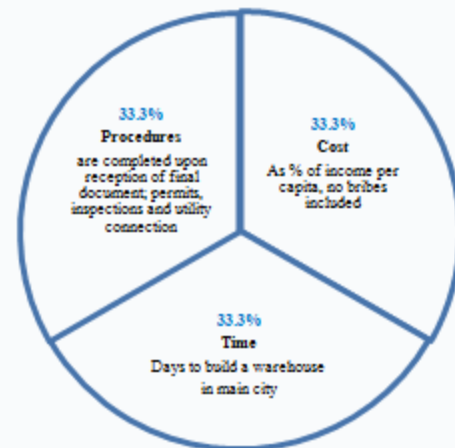
The warehouse:

- 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:

Italy is ranked 92 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Italy 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	

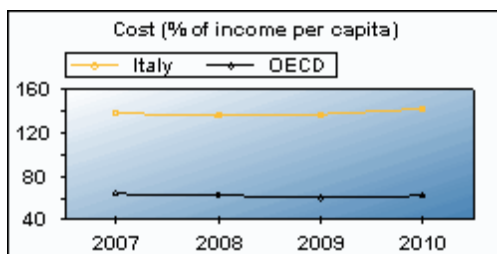
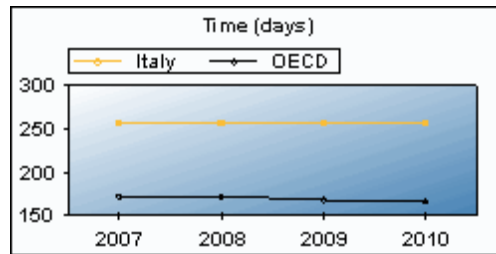
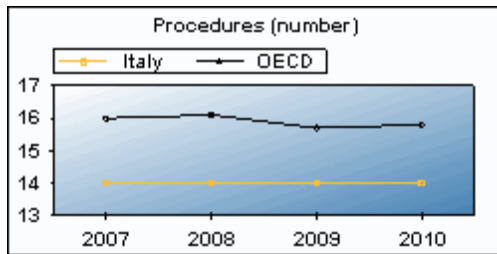
<i>Selected Economy</i>			
Italy	14	257	142.3

<i>Comparator Economies</i>			
Belgium	14	169	64.1
Germany	12	100	61.8
Spain	11	233	47.4
Switzerland	14	154	51.3
United Kingdom	11	95	70.9

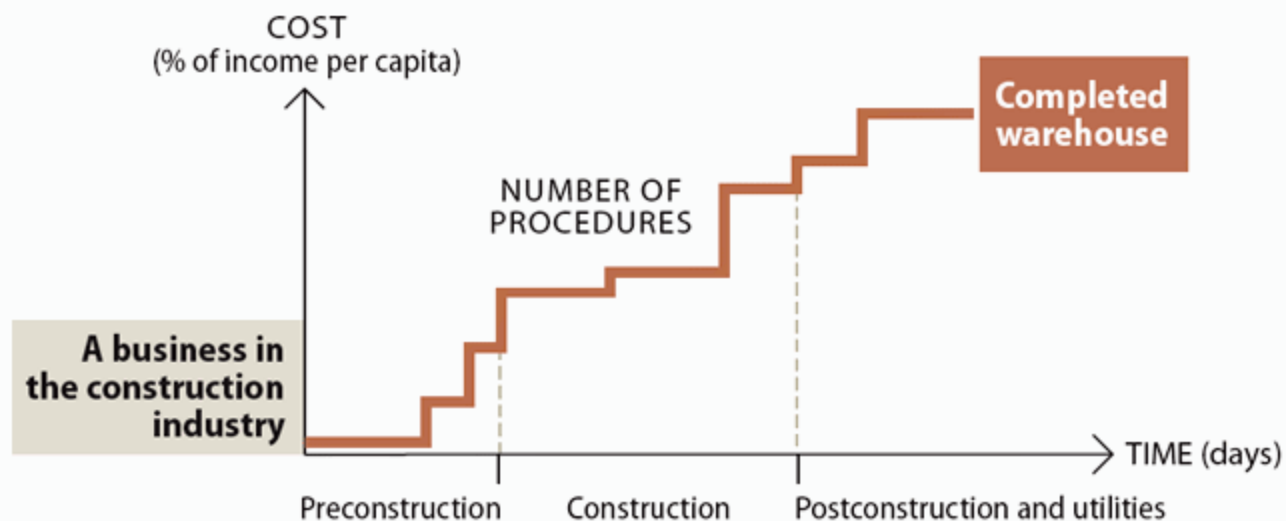
2. Historical data: Dealing with Construction Permits in Italy

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	85	92
Procedures (number)	14	14	14	14
Time (days)	257	257	257	257
Cost (% of income per capita)	138.2	136.4	137.2	142.3

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Italy 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 Italy.

BUILDING A WAREHOUSE

City: Rome

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain technical clearance from the Regional Technical Office (Genio Civile)	30 days	no charge
2	Obtain a building permit	135 days	no charge
3	Pay the building permit fees at the post office	1 day	EUR 27,814
4	Hire an independent engineer to test the structure and utilities	1 day	EUR 6,000
5	Receive an on-site inspection by the Fire Department	1 day	no charge
6	Obtain an occupancy certificate	30 days	EUR 20
7	Register the building	60 days	EUR 200
8 *	Apply for water and sewerage connection	1 day	no charge

9 *	Receive an on-site inspection and an estimate of water and sewerage installation costs	1 day	no charge
10 *	Obtain water and sewerage installation	29 days	EUR 600
11 *	Apply for electricity connection	1 day	no charge
12 *	Receive an on-site inspection and obtain an estimate of electricity connection costs by local electricity provider	1 day	no charge
13 *	Obtain power connection installation	14 days	EUR 450
14 *	Obtain telephone connection	15 days	EUR 200

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Italy

Procedure 1 Obtain technical clearance from the Regional Technical Office (Genio Civile)

Time to complete:	30 days
Cost to complete:	no charge
Agency:	Regional Technical Office (Genio Civile)
Comment:	BuildCo must obtain a technical clearance (nulla osta) from the Regional Technical Office (genio civile) prior to obtaining a building permit. Effective October 23, 2005, and pursuant to the Ministerial Decree of September 14, 2005, the project design drawings related to the warehouse's construction must be consistent with certain specific technical provisions. The regulations do not affect the procedures for the issuance of the building permit, although they increase the construction costs to be sustained by the owner by 15–20%.

Procedure 2 Obtain a building permit

Time to complete:	135 days
Cost to complete:	no charge
Agency:	Municipal Agency
Comment:	<p>The application for a building permit is filed with the Municipal Agency. The company must file proof of title of ownership to the property for which the building permit is requested, as well as the project design drawings signed by an engineer or an architect, including the drawings relating to electric utilities, air conditioning systems, and fire protection devices. The Municipal Agency then requests project clearance from the Fire Department and from the Public Health Agency, which take 45 and 30 days, respectively. These requests can be made simultaneously. The municipality takes 135 days to issue the building permit.</p> <p>The fees for the issuance of the building permit are calculated based on the building value and on the urbanization costs sustained by the municipality. The fee based on building value must be paid no later than 60 days after the completion of the building; the fee based on urbanization costs must be paid upon issuance of the building permit.</p>

Procedure 3 Pay the building permit fees at the post office

Time to complete:	1 day
Cost to complete:	EUR 27,814
Agency:	Post Office
Comment:	

Procedure 4 Hire an independent engineer to test the structure and utilities

Time to complete:	1 day
Cost to complete:	EUR 6,000

Agency: Authorized independent engineer

Comment: The structure and utilities tests must be performed by an engineer or an architect who was not directly involved in the project. In addition to the final test on completed structures, the work site director must provide test results for the structural material used to build the structure. In the case of reinforced concrete, the testing must be done on three samples taken on each day that concrete is poured and on one sample for each steel per file used in the structure. The testing is based on per files traction and compression resistance and must be done by an authorized testing lab. The cost of each test is EUR 200. For the warehouse in this case, BuildCo can expect to pay EUR 4,000 for the structural tests (about 20 in total) and EUR 2,000 for testing the utility systems.

Procedure 5 Receive an on-site inspection by the Fire Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Fire Department

Comment: In order to obtain the occupancy permit, the warehouse must first be inspected by the Fire Department.

Procedure 6 Obtain an occupancy certificate

Time to complete: 30 days

Cost to complete: EUR 20

Agency: Municipal Agency

Comment: Within 15 days of the building's completion, the builder should file with the Municipal Agency an application for an occupancy certificate and (a) the request for cadastral registration, (b) the builder's statement attesting the compliance of the building with the project specifications and the favorable outcome of the Fire Department's inspection, (c) statements of the independent experts involved in Procedures 4 and 5, and (d) the conformity certificate issued by the Regional Technical Office. The Municipal Agency issues the occupancy certificate within 30 days after the application is filed.

Procedure 7 Register the building

Time to complete: 60 days

Cost to complete: EUR 200

Comment:

Procedure 8 Apply for water and sewerage connection

Time to complete: 1 day

Cost to complete: no charge

Agency: Rome Water Company (ACEA SpA)

Comment: The company should contact the water authority to obtain the water and sewerage connection.

Procedure 9 Receive an on-site inspection and an estimate of water and sewerage installation costs

Time to complete: 1 day

Cost to complete: no charge

Agency: Rome Water Company (ACEA SpA)

Comment:

Procedure 10 Obtain water and sewerage installation

Time to complete: 29 days

Cost to complete: EUR 600

Agency: Rome Water Company (ACEA SpA)

Comment:

Procedure 11 Apply for electricity connection

Time to complete: 1 day

Cost to complete: no charge

Agency: Enel SpA

Comment: The company should apply for power connection with the local electricity provider.

Procedure 12 Receive an on-site inspection and obtain an estimate of electricity connection costs by local electricity provider

Time to complete: 1 day

Cost to complete: no charge

Agency: Enel SpA

Comment:

Procedure 13 Obtain power connection installation

Time to complete: 14 days

Cost to complete: EUR 450

Agency: Enel SpA

Comment:

Procedure 14 Obtain telephone connection

Time to complete: 15 days

Cost to complete: EUR 200

Agency: Stet SpA

Comment: The company should contact the telecommunication provider to obtain a telephone connection.

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)

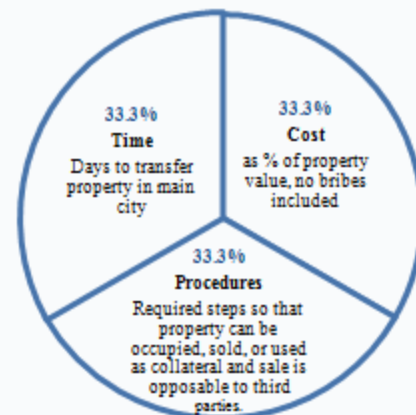
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

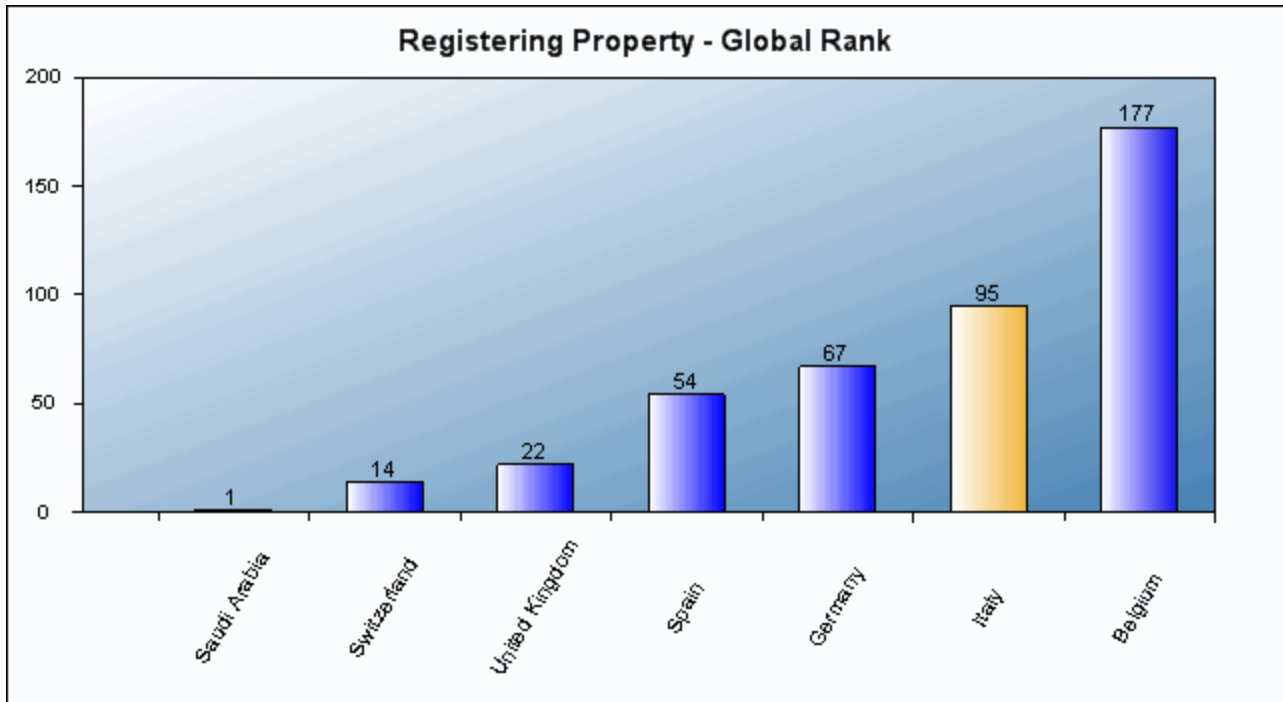
The property (fully owned by the seller):

- 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:

Italy is ranked 95 overall for Registering Property.

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



The following table shows Registering Property data for Italy 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>			
Italy	8	27	4.5

<i>Comparator Economies</i>			
Belgium	8	79	12.7
Germany	5	40	5.1
Spain	4	18	7.1
Switzerland	4	16	0.4
United Kingdom	2	8	4.1

* The following economies are also good practice economies for :

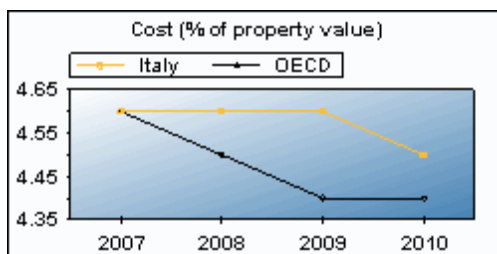
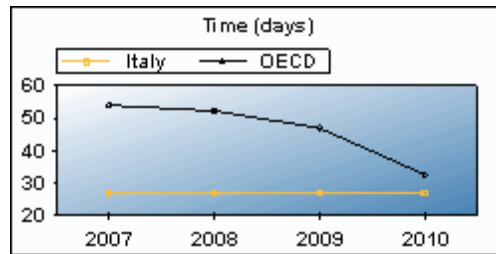
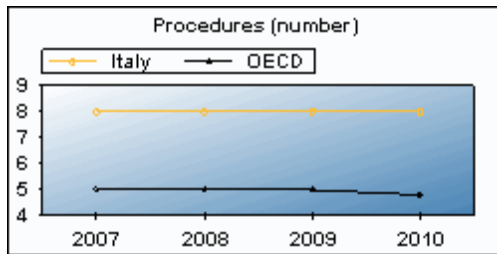
Procedures (number): United Arab Emirates

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

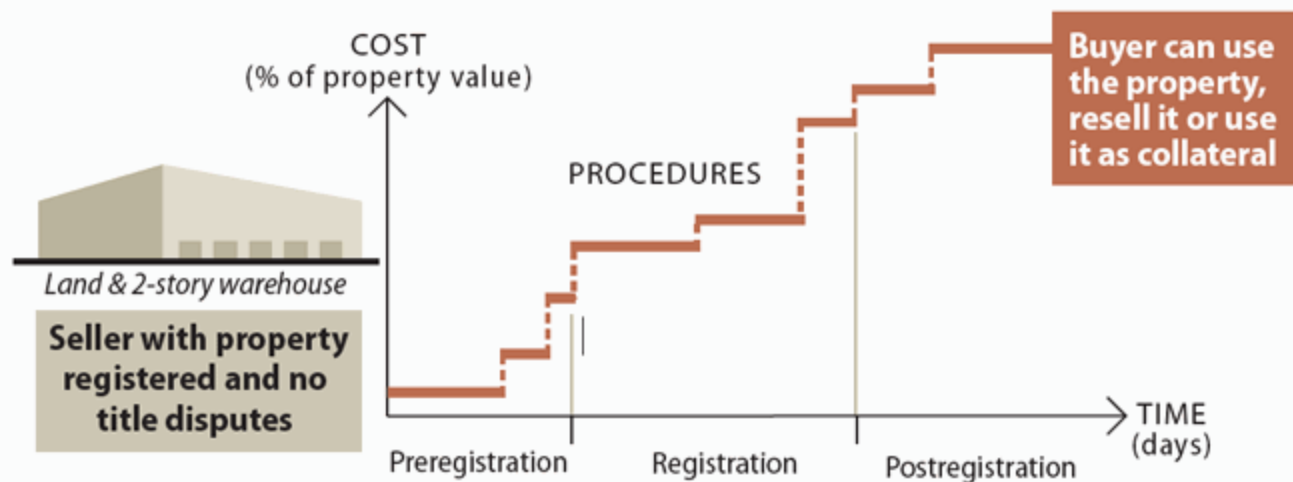
2. Historical data: Registering Property in Italy

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	97	95
Procedures (number)	8	8	8	8
Time (days)	27	27	27	27
Cost (% of property value)	4.6	4.6	4.6	4.5

3. The following graphs illustrate the Registering Property sub indicators in Italy 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 Italy.

STANDARDIZED PROPERTY

Property Value: 1,239,777.84

City: Rome

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain copies of building and occupancy permits from Municipality	10-15 days (simultaneous with procedures 2, 3, 4, and 5)	EUR 25 (permits) + EUR 150 (fees for the surveyor to check the files with the Municipality)
2 *	Obtain necessary surveys from Land Registry	1 day (simultaneous with procedures 1, 3, 4, and 5)	EUR 25 (Cost of for obtaining all relevant files from the Registries)
3 *	Obtain necessary surveys from Cadastral Registry	1 day (simultaneous with procedures 1, 2, 4, and 5)	EUR 25 (historical cadastral situation) + EUR 163 (cadastral maps)
4 *	Notary verifies the powers of relevant signatories	1 day (simultaneous with procedures 1, 2, 3, and 5)	EUR 25-50
5 *	Authentication of seller's documents	1 day (simultaneous with procedures 1, 2, 3, and 4)	EUR 100

6	A notary public drafts and executes the deed of sale	10 days	Notary's fees are EUR 5019 (without VAT)
7 *	Registration of the deed at the Registration Office	2-7 days (simultaneous with procedure 8)	EUR 168 registration tax (imposta di registro)
8 *	Registration of the deed at the Land Registry and the Cadastral Office	1 day (simultaneous with procedure 7)	3% of property value (imposta ipotecaria) + 1% of property value (imposta catastale)

* Takes place simultaneously with another procedure.

Registering Property Details - Italy

Procedure	1	Obtain copies of building and occupancy permits from Municipality
Time to complete:		10-15 days (simultaneous with procedures 2, 3, 4, and 5)
Cost to complete:		EUR 25 (permits) + EUR 150 (fees for the surveyor to check the files with the Municipality)
Agency:		Municipality
Comment:		<p>The notary obtains a copy of the Building Permit, Occupancy Permit and of application(s) for Building Amnesty, if any, from the Municipality. Otherwise, the seller might provide them. Should those documents not be available the seller requests copies from the Municipality. This can be done by an instructed surveyor normally appointed and paid by the seller.</p> <p>Note that it is not necessary to produce the Building Permit for buildings erected prior to the year 1967 and that should a copy of such a document not be available for buildings erected after that year it is sufficient that the Seller mentions in the deed of conveyance the data of the relevant Building Permit, after having been warned by the Notary of the criminal sanctions which apply in case of false and reticent statements.</p> <p>Note: On the basis of the Decree n. 192/05, for properties over 1000m², it is compulsory for the vendor to obtain an energetic certification since July 1st, 2009, for the all the immovable or part of the immovable property, newly built or old building and regardless of its surface area. Legislative Decree no 192/2005 ("Decree n. 192/05"), entered into force on October 5, 2005 and has been amended by Legislative Decree no. 311/2006. The Notary shall only inform the parties of the duty of the vendor to obtain and provide such Energetic Certification to the purchaser.</p> <p>The energetic certification contains the data concerning the energy efficiency and, if necessary, other specific standards of the immovable property. On June 26th, 2009, the Ministry of Economic Development issued the Decree no. 39540 (the "Decree no. 39540/09") implementing the national guidelines concerning the building energetic certification. The Decree no. 39540/09 published on July 10th, 2009, in the Official Gazette no. 158, entered into force on July 25th, 2009.</p> <p>Prior to the entry into force of the Decree no. 39540/09, the energetic certification (so called "ACE" - "attestato di certificazione energetica") was replaced by a declaration of energetic qualification (so called "AQE" - i.e.: "attestato di qualificazione energetica"). According to the provisions of the Decree no. 39540/09, all declarations of energetic qualification (AQE) issued as of June 26th, 2009 will remain valid for 12 months following the mentioned date. As of June 26th, 2010, the sole document that may be used for attesting the energetic efficiency of the real estate properties will be the energetic certification (ACE).</p> <p>Pursuant to Section 15 of the Legislative Decree no. 192/05, the energetic certification shall be issued by enrolled professionals (i.e.: architects, engineers, land-surveyors).</p>
Procedure	2	Obtain necessary surveys from Land Registry
Time to complete:		1 day (simultaneous with procedures 1, 3, 4, and 5)
Cost to complete:		EUR 25 (Cost of for obtaining all relevant files from the Registries)
Agency:		Land Registry (online)

Comment: The notary public obtains a report from the Land Registry stating:
 (i) the ownership situation of the property in the last twenty years, and
 (ii) that the property is free from any encumbrances.
 The notary needs to verify the Land Registrar files (usually by means of an instructed surveyor) and extract the relevant information, that are then included in the report and are certified as truthful by the notary, since the issuance of an actual certificate from the Land Registrar would require an extremely long time.

Since 1996, this information is in electronic format and since 1998, this information is available on-line for notaries. In most of the cases in Italy, the information online is enough and no visit to the physical land registry is necessary.

Procedure 3 Obtain necessary surveys from Cadastral Registry

Time to complete: 1 day (simultaneous with procedures 1, 2, 4, and 5)

Cost to complete: EUR 25 (historical cadastral situation) + EUR 163 (cadastral maps)

Agency: Cadastral Registry (online)

Comment: The notary public obtains from the Cadastral Office:
 (i) historical cadastral situation and Cadastral Certificate (EUR 25, normally requested online)
 (ii) Cadastral Maps of the premises (EUR 38 cost + EUR 50 fees for the plans of the premises) and of the land (EUR 25 cost plus EUR 50 fees for the general map including the land)
 Since January 2010, the cadastral data can be requested and obtained online immediately. The map is received as an attachment in the inbox of the notaries in the notarie's intranet.

Procedure 4 Notary verifies the powers of relevant signatories

Time to complete: 1 day (simultaneous with procedures 1, 2, 3, and 5)

Cost to complete: EUR 25-50

Agency: Company Registry ("Registro imprese" online)

Comment: The notary public checks the Company Registry online regarding the selling and purchasing companies and verifies the powers of the relevant signatories. Should it be required, according to the by-laws of the selling or purchasing company, that a resolution be adopted by the administrative body or by the shareholders' meeting to authorize the transaction, an extract of the minutes of said resolution, certified by a notary public, shall be provided. The Chamber of Commerce's certificate can be requested online.

Procedure 5 Authentication of seller's documents

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

Cost to complete: EUR 100

Comment: The seller must provide the buyer with:
 (i) an authenticated copy of the Seller's purchase documents and
 (ii) an authenticated copy of the Transcription Note
 The documents are authenticated by a notary public, at a cost of about EUR 100. As of July 2006, all payments must be made with cheques or bank transfer, and the notary must indicate these details (check number, bank account, etc.) in the deed; in the same way in the final deed parties have to indicate all amounts paid to real estate agents. This increases slightly the time

needed to complete this procedure.

Procedure 6 A notary public drafts and executes the deed of sale

Time to complete: 10 days

Cost to complete: Notary's fees are EUR 5019 (without VAT)

Comment: The notary public prepares and executes the deed of sale. The National Notary Publics' Order proposes a table of fees to the Ministry of Justice who has the power to approve them, which is sent to all the Notary Publics, in which there are certain thresholds. Notary fees (Law 248 of 2006) might vary and are adjusted according to local districts economic conditions and vary across the regions; they can be calculated on the website for Lecco and Como (not for Rome): <http://www.notaicomolecco.it/jumpCh.asp?idChannel=98&idUser=0&idLang=IT&tariffa=1>. The fees are subject to 20% VAT, as well as any other stamps, archive or registration taxes.

Procedure 7 Registration of the deed at the Registration Office

Time to complete: 2-7 days (simultaneous with procedure 8)

Cost to complete: EUR 168 registration tax (imposta di registro)

Agency: Registration Office

Comment: The notary public files on line the deed of sale and the transcription note (the file is called "Modello Unico"), with the Registration Office corresponding to the location of the property, within the 30th day after the signature of the contract. The Registration office will deliver immediately a receipt with the date of registration and number of registration. The notary then delivers a copy of the deed of sale and transcription note to the parties. The main function of the Registration Office is to grant the deeds a certified date ("data certa") and to collect the relevant taxes. The certified date of the deed of transfer is granted by the date resulting from the notary deed. If the notary does not file the deed of sale within 30 days after the signature of the contract, he has to pay a fine equal to the double of the due tax. The "VAT Alternative Principle" states that either a property deed is subject to VAT (therefore having to pay the fixed registration tax) or to proportional Deed Registration Tax. As the envisaged deed is subject to 20% VAT, upon registration in the Registration Office, only a fixed tax is due. Otherwise, a proportional Deed Registration Tax would be due (the ordinary rate is 7% of the consideration, which, in specific cases, can be reduced up to 1%).

Procedure 8 Registration of the deed at the Land Registry and the Cadastral Office

Time to complete: 1 day (simultaneous with procedure 7)

Cost to complete: 3% of property value (imposta ipotecaria) + 1% of property value (imposta catastale)

Agency: Land Registry and Cadastral Office

Comment: The notary public files the deed of sale and the transcription note with Land Registry. The copy of the deed with the registration date from the Registration Office (Procedure 7) is sufficient to deposit the deed in the Land Registry. The Land Registry delivers immediately a receipt with the date and registration numbers. The Land Registry has the purpose of rendering deeds enforceable towards all third parties. Until a deed has been registered in the Land Registry, it is only enforceable between the parties

thereto. The Italian Land Registry system is based on the principle of continuity of the registrations ("continuità delle trascrizioni"). This means that an individual or an entity may sell a property only if the relative deed of purchase has been registered beforehand in the Land Registry.

The transfer deed can be submitted online by notaries only. So that lawyers can also submit documents with the same conditions, notaries will also have to submit the transaction on paper after doing it online.

The Land registry and cadastre are 2 different databases, but managed by the same government agency since 2008-2009.

Registration at the cadastral office takes place automatically after registering the deed at the Land Registry, which the notary public does. The notary also collects all due taxes from the parties and pays them through a bank transfer to the various public administration offices. In the case of a warehouse used for commercial purposes, sold by a company that is not in the construction business the cadastral tax is equal to 1% of sale price, according to the law 248 of 2006, and the transcription tax is equal to 3% of sale price.

The notary then delivers a copy of the deed of sale and transcription note to the parties.

After July 4th 2006, property transfer taxes were changed to:

- 3% of property value, imposta ipotecaria, according to art. 1-bis Tariffa D.Lgs. 31 October 1990, no. 347, introduced by art. 35, paragraph 10-bis of the D.L. 4 July 2006, no. 226 converted in Law 4 August 2006, no. 248;
- 1% of property value, imposta catastale, according to art. 10 D.Lgs. 31 October 1990, no. 347 introduced by art. 35, paragraph 10-bis of the D.L. 4 July 2006, no. 226 converted in Law 4 August 2006, no. 248;
- VAT 20% rate.

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

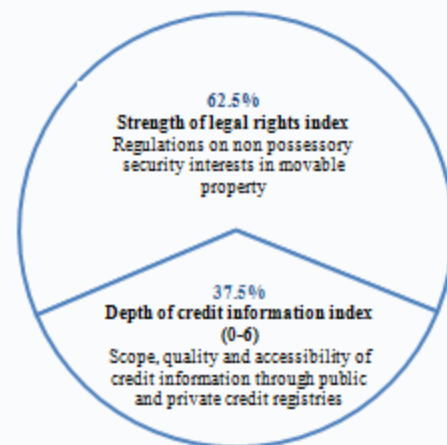
Public credit registry coverage (% of adults)

- 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)

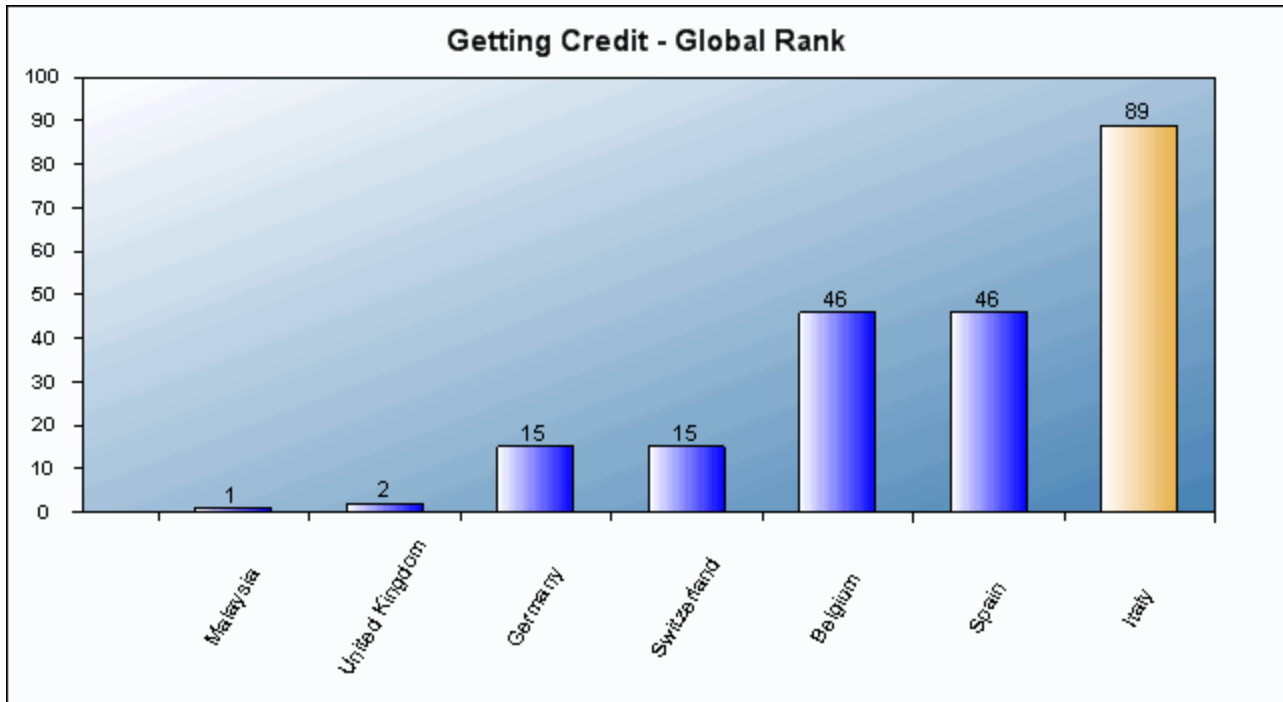
The Debtor

- 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:

Italy is ranked 89 overall for Getting Credit.

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



The following table shows Getting Credit data for Italy 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>				
Italy	3	5	16.6	80.5

<i>Comparator Economies</i>				
Belgium	7	4	57.2	0.0
Germany	7	6	1.0	98.4
Spain	6	5	54.6	10.7
Switzerland	8	5	0.0	22.3
United Kingdom	9	6	0.0	100.0

* The following economies are also good practice economies for :

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

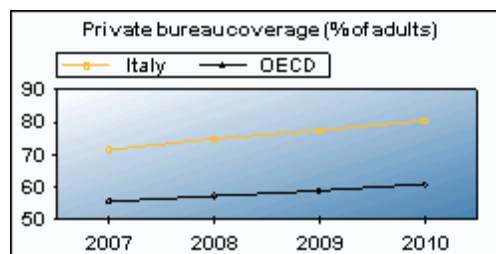
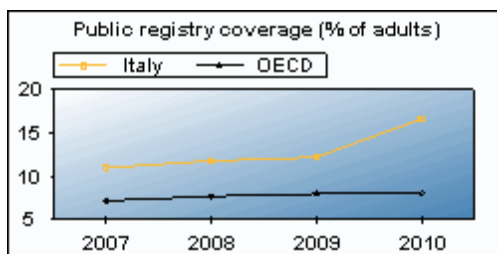
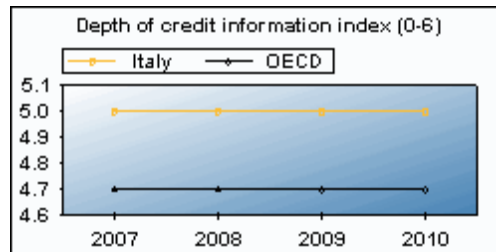
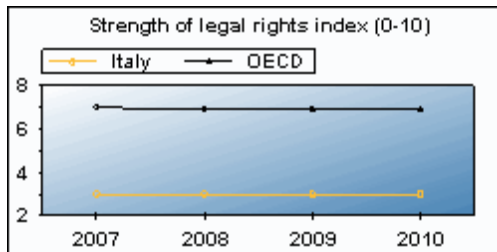
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

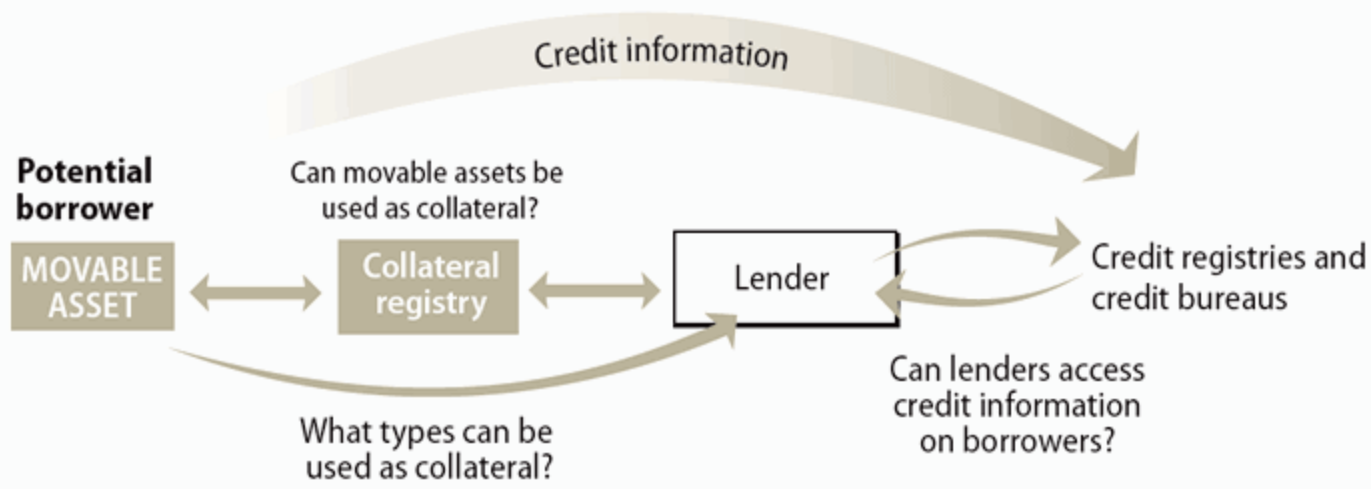
2. Historical data: Getting Credit in Italy

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	87	89
Strength of legal rights index (0-10)	3	3	3	3
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	71.5	74.9	77.5	80.5
Public registry coverage (% of adults)	11.0	11.8	12.2	16.6

3. The following graphs illustrate the Getting Credit sub indicators in Italy 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 Italy.

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	Yes	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage	80.5	16.6	
Number of individuals	36,893,000	7,017,620	
Number of firms	4,714,000	1,551,350	

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 movable assets, without requiring a specific description of collateral?	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 collateral?	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 ?	Yes
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?	No

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)

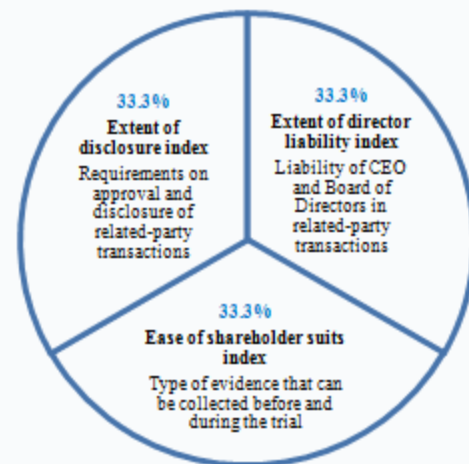
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

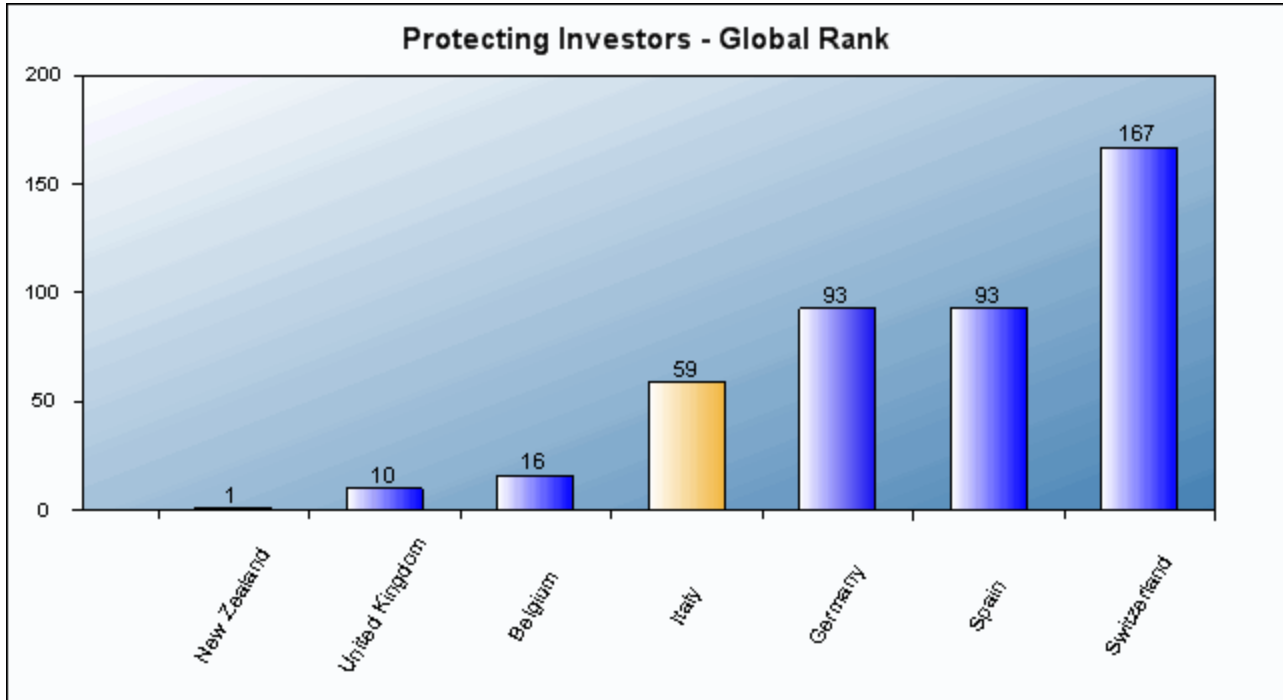
The transaction

- 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:

Italy is ranked 59 overall for Protecting Investors.

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



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

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

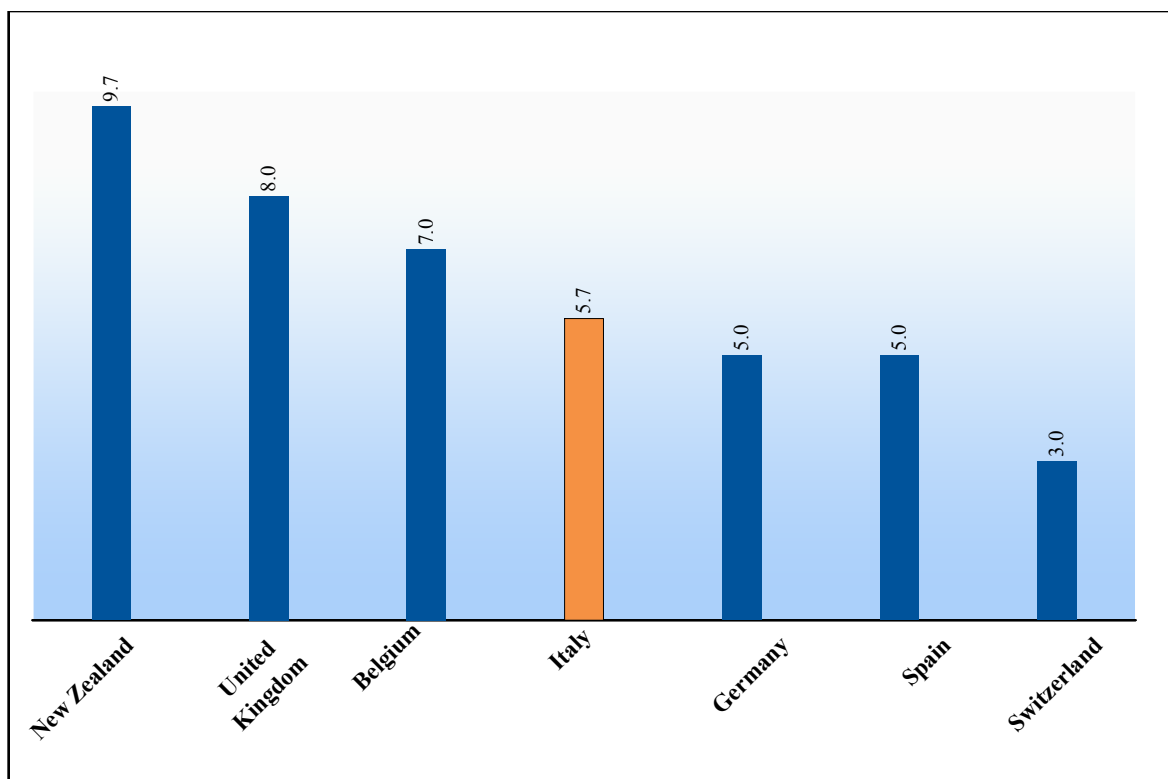
<i>Selected Economy</i>	
Italy	5.7

<i>Comparator Economies</i>	
Belgium	7.0
Germany	5.0
Spain	5.0
Switzerland	3.0
United Kingdom	8.0

2. Historical data: Protecting Investors in Italy

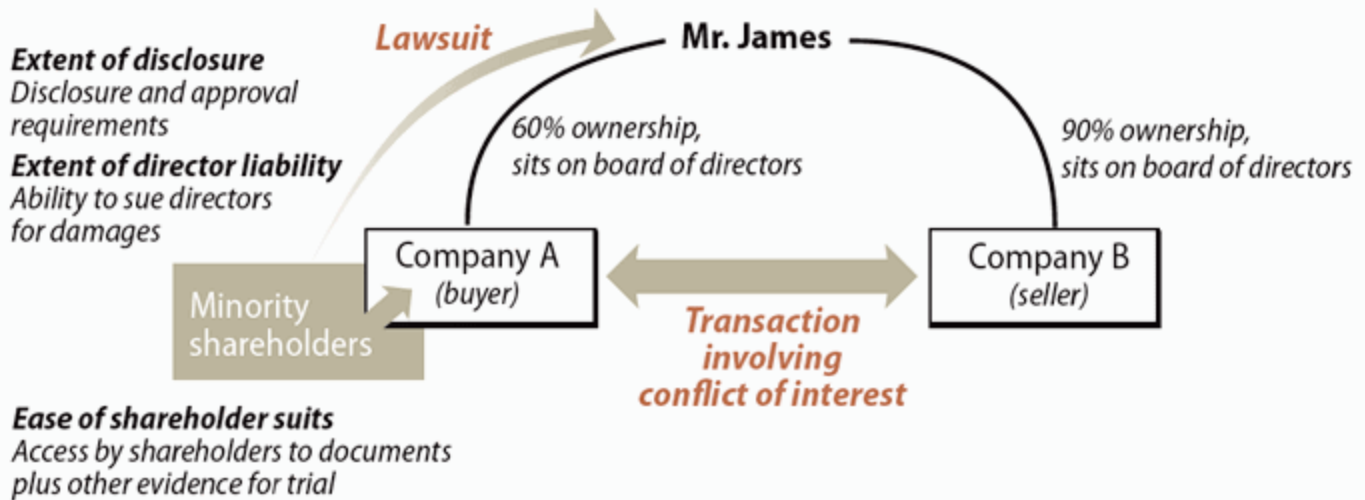
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	57	59
Strength of investor protection index (0-10)	5.7	5.7	5.7	5.7

3. The following graph illustrates the Protecting Investors index in Italy 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 Italy.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	7
What corporate body provides legally sufficient approval for the transaction?	1
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?	0
Extent of director liability index (0-10)	4
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
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?	0
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)	6
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	1
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	5.7

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)

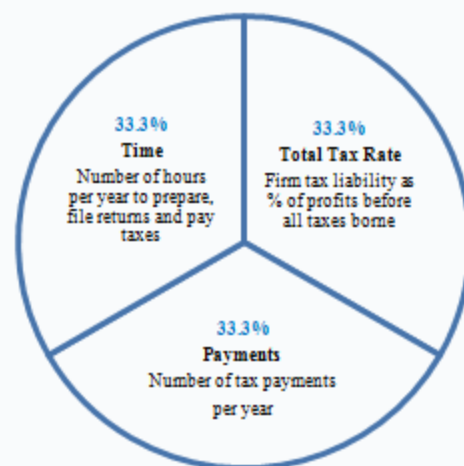
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



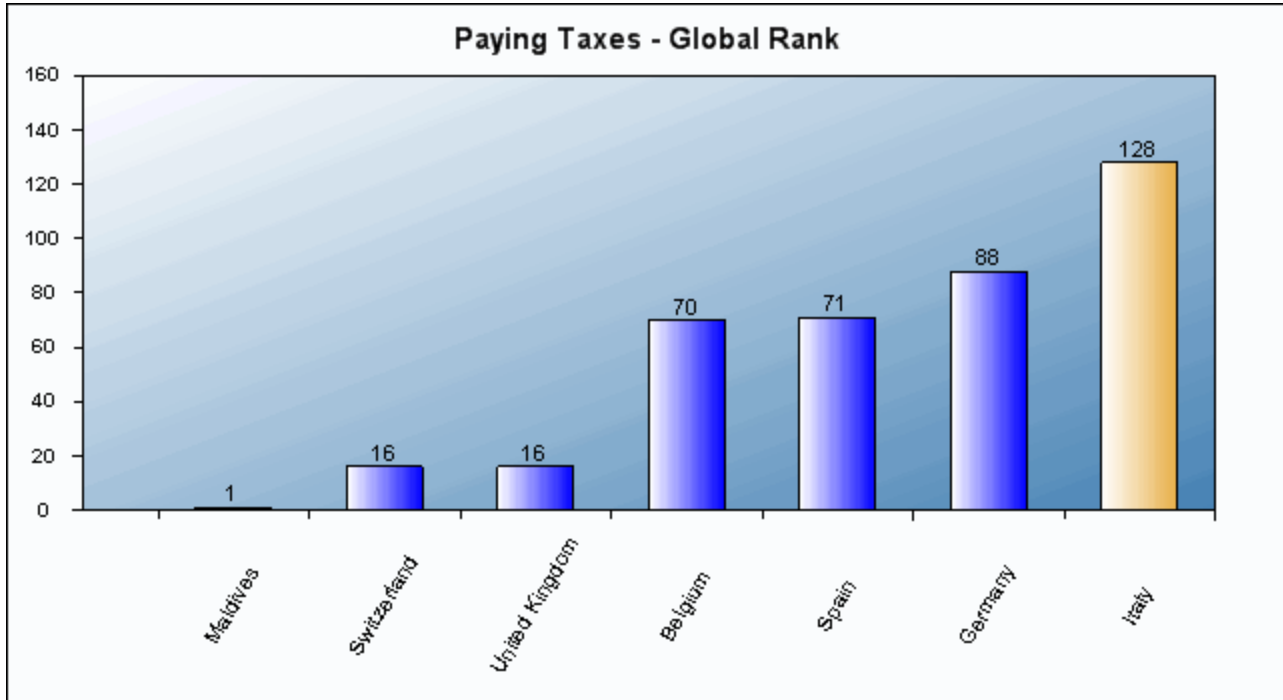
Case Study Assumptions

- 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:

Italy is ranked 128 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Italy 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>			
Italy	15	285	68.6

<i>Comparator Economies</i>			
Belgium	11	156	57.0
Germany	16	215	48.2
Spain	8	197	56.5
Switzerland	19	63	30.1
United Kingdom	8	110	37.3

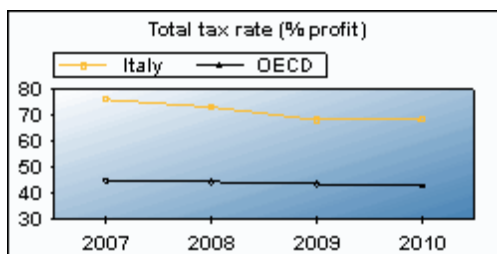
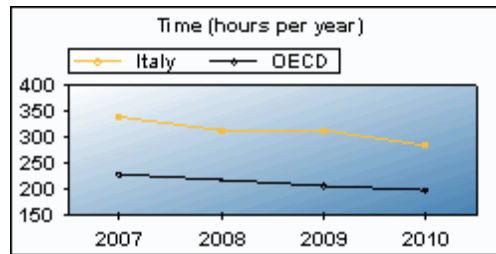
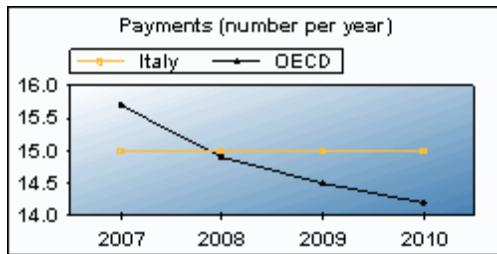
* The following economies are also good practice economies for :

Payments (number per year): Qatar

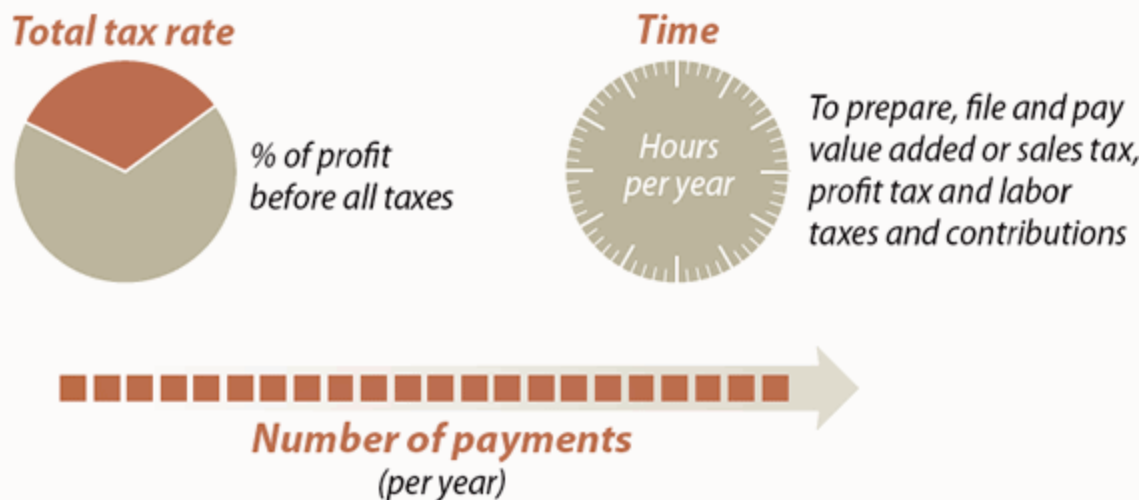
2. Historical data: Paying Taxes in Italy

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	128	128
Total tax rate (% profit)	76.2	73.3	68.4	68.6
Payments (number per year)	15	15	15	15
Time (hours per year)	340	314	314	285

3. The following graphs illustrate the Paying Taxes sub indicators in Italy 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 Italy, 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
Environmental tax	1			various rates	per packaging		
Insurance tax	1			various rates	insurance premium		
Value added tax (VAT)	1	online filing	32	20.0%	value added and land		
Vehicle tax	1	online filing		various rates	vehicle KW		
Stamp duty on contracts	1			various rates	pages of contracts		
Advertising tax	1			various rates	type of advertising		
Fixed tax on legal and fiscal registries	1			fixed fee (EUR 516)		0.00	
Stamp duty on property transfer	1			fixed amount		0.00	
Tax on check transactions	1			fixed amount (EUR 74)	Account held at an Italian Bank	0.00	

Chamber of commerce duties	1	online filing		fixed fee (EUR 373) +% of previous year turnover	previous year turnover	0.10
Tax on interest	0	withheld		27.0%	interest income	0.70
Tax on real estate (ICI)	1	online filing		0.4%	cadastral value of property	0.90
Fuel tax	1			various rates	per liter	1.30
Regional tax on productive activities (IRAP)	1	online filing		3.9%	Difference between taxable revenues and deductible costs	6.70
Mandatory contribution for work termination (TFR)	0	paid jointly		7.4%	gross salaries	8.60
Corporate income tax (IRES)	1	online filing	39	27.5%	taxable profit	16.10
Social security contributions	1	online filing	214	26.86% -31.88%	gross salaries	34.80
Totals	15		285			68.6

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)

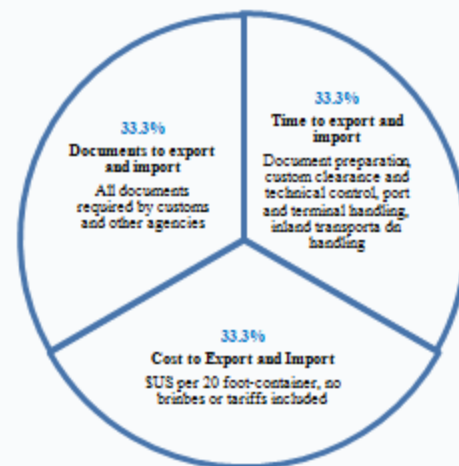
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

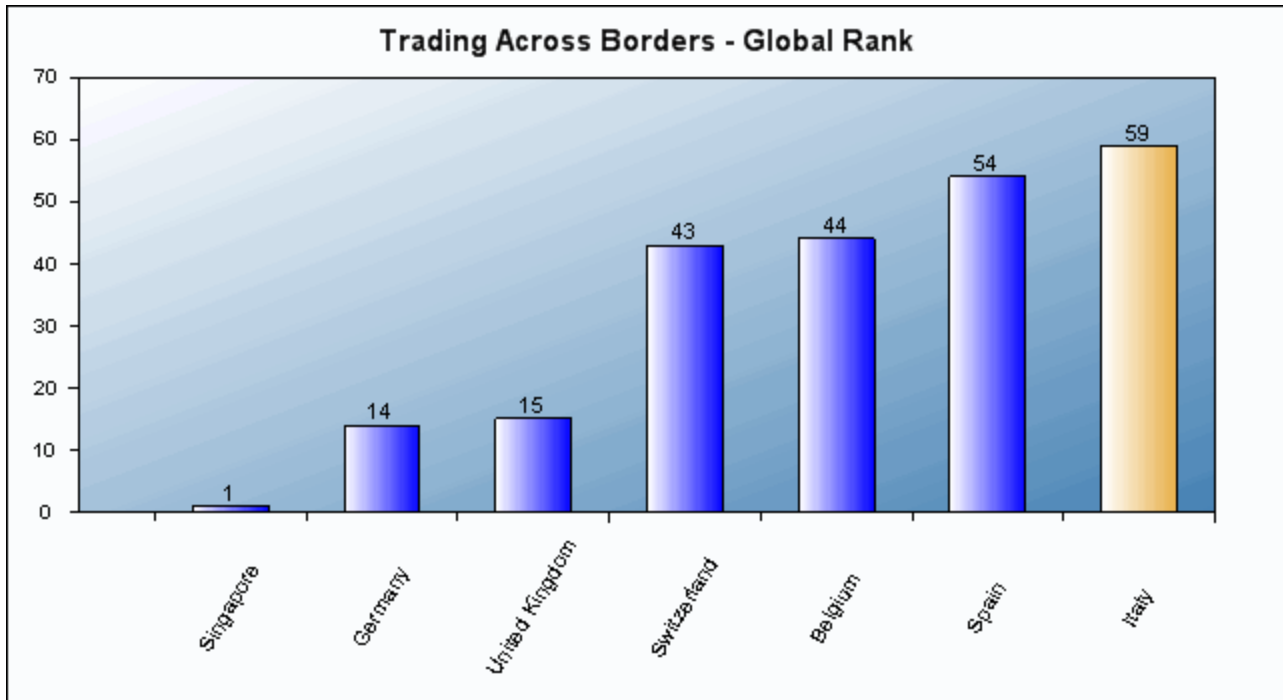
The traded product

- 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:

Italy is ranked 59 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Italy 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>						
Italy	4	20	1245	4	18	1245

<i>Comparator Economies</i>						
Belgium	4	8	1619	5	9	1600
Germany	4	7	872	5	7	937
Spain	6	9	1221	7	10	1221
Switzerland	4	8	1537	5	9	1540
United Kingdom	4	7	950	4	6	1045

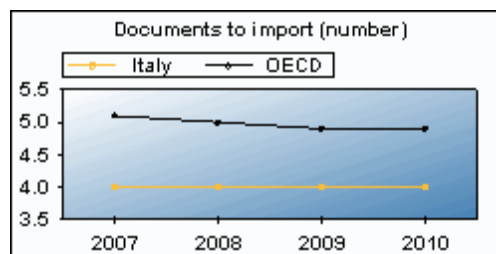
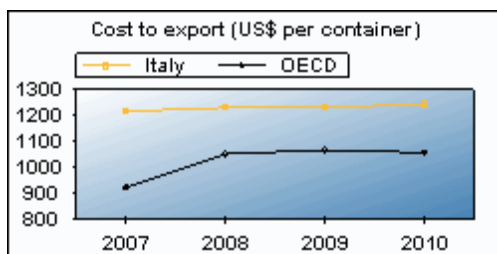
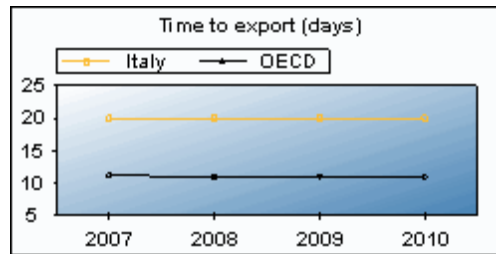
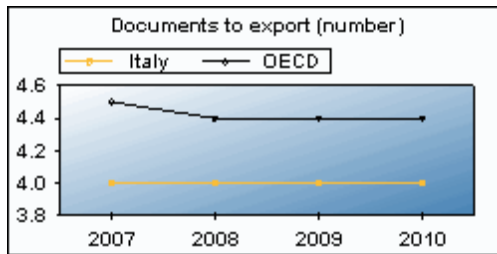
* The following economies are also good practice economies for :

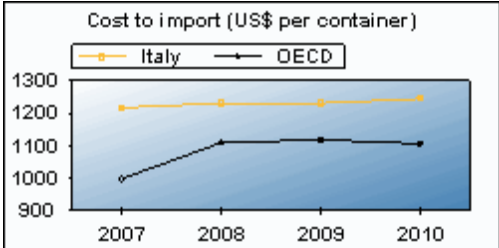
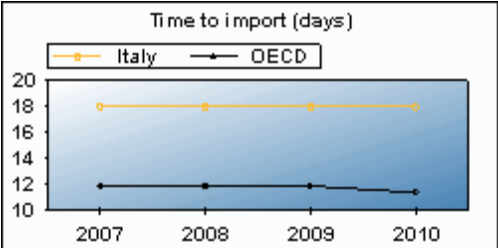
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Italy

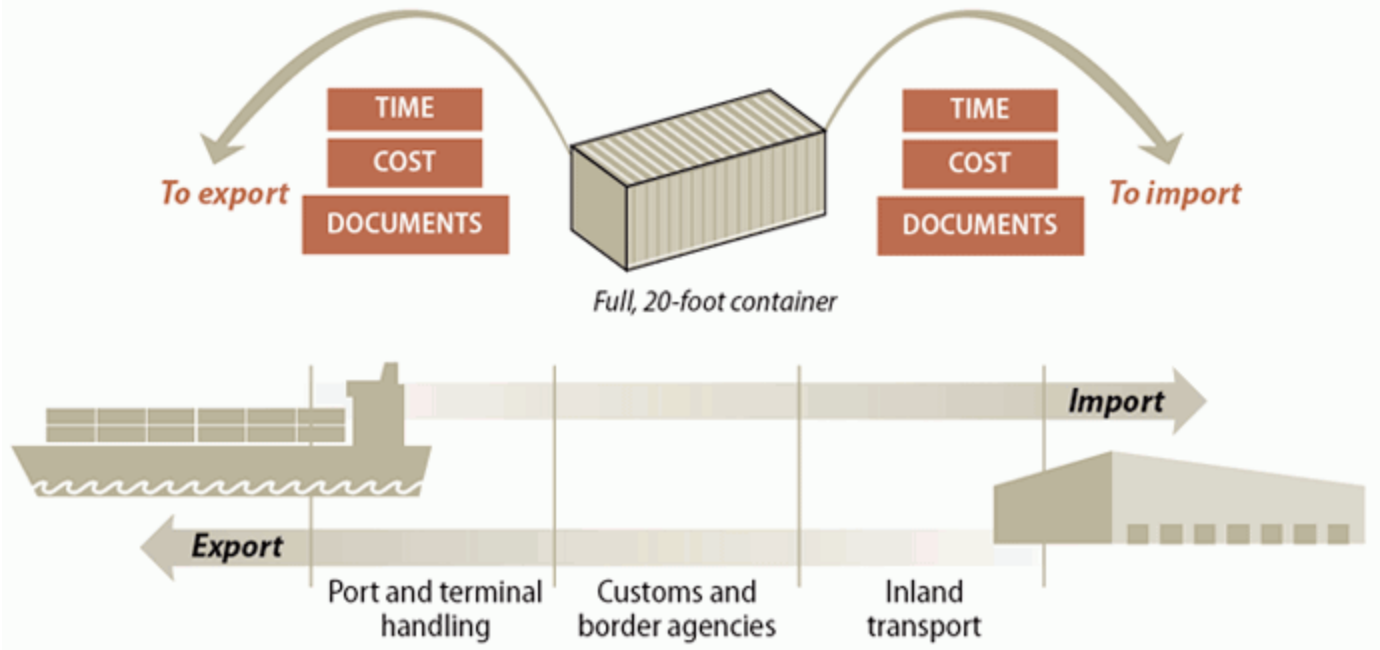
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	54	59
Cost to export (US\$ per container)	1217	1231	1231	1245
Cost to import (US\$ per container)	1217	1231	1231	1245
Documents to export (number)	4	4	4	4
Documents to import (number)	4	4	4	4
Time to export (days)	20	20	20	20
Time to import (days)	18	18	18	18

3. The following graphs illustrate the Trading Across Borders sub indicators in Italy 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 Italy. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	220
Customs clearance and technical control	3	155
Ports and terminal handling	3	345
Inland transportation and handling	4	525
Totals	20	1245

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	220
Customs clearance and technical control	2	155
Ports and terminal handling	3	345
Inland transportation and handling	3	525
Totals	18	1245

Documents for Export and Import

Export

- Bill of lading
- Commercial invoice
- Customs export declaration
- Technical standard/health certificate

Import

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs import declaration

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)

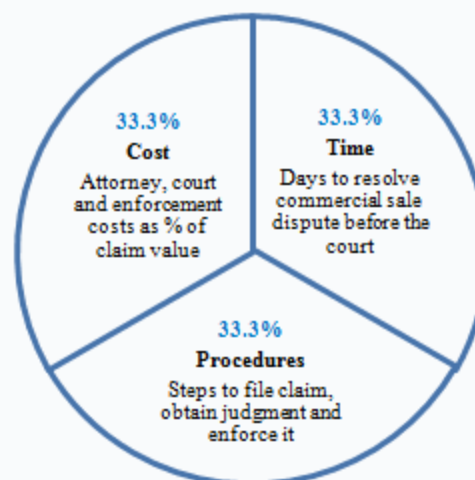
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

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



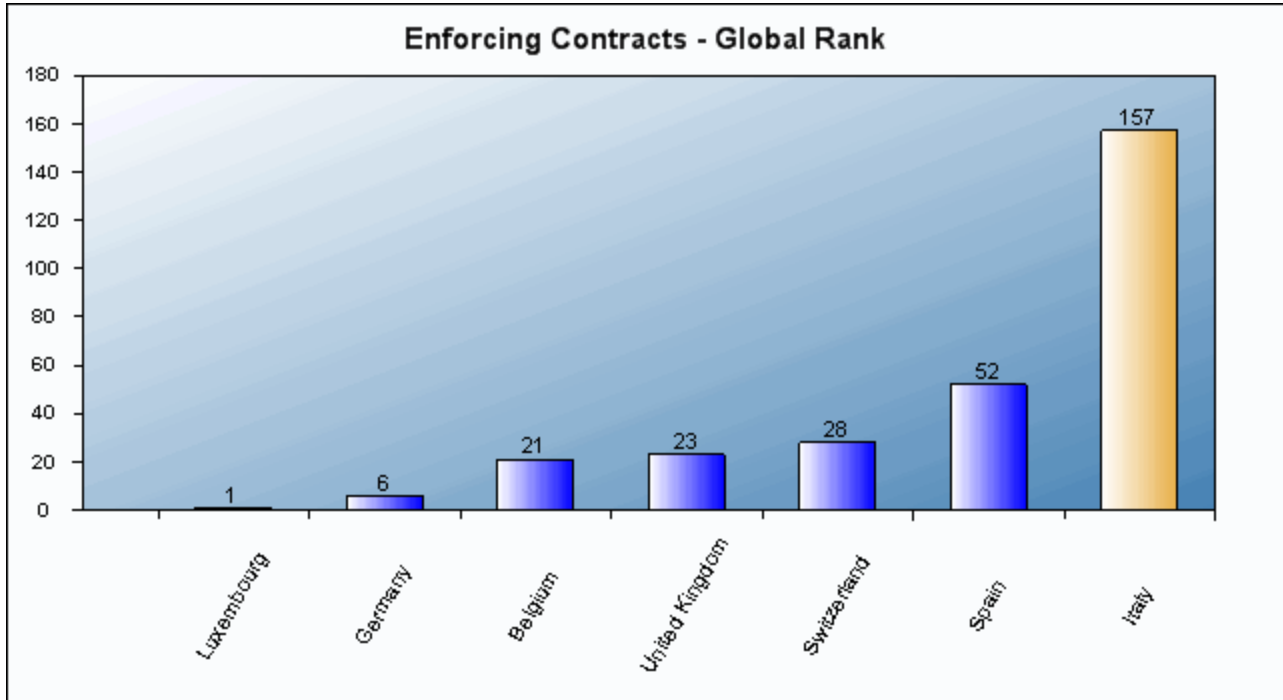
Case Study Assumptions

- 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:

Italy is ranked 157 overall for Enforcing Contracts.

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



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

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

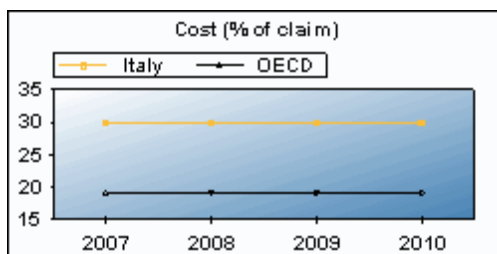
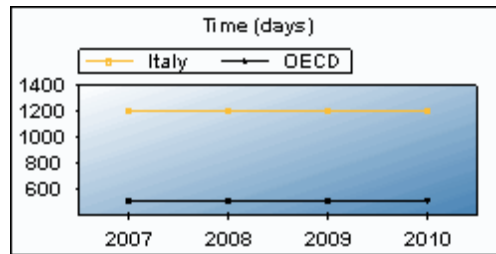
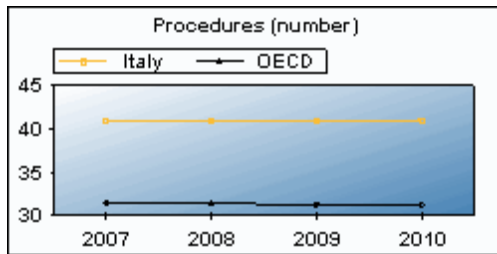
<i>Selected Economy</i>			
Italy	41	1210	29.9

<i>Comparator Economies</i>			
Belgium	26	505	16.6
Germany	30	394	14.4
Spain	39	515	17.2
Switzerland	31	417	24.0
United Kingdom	28	399	23.4

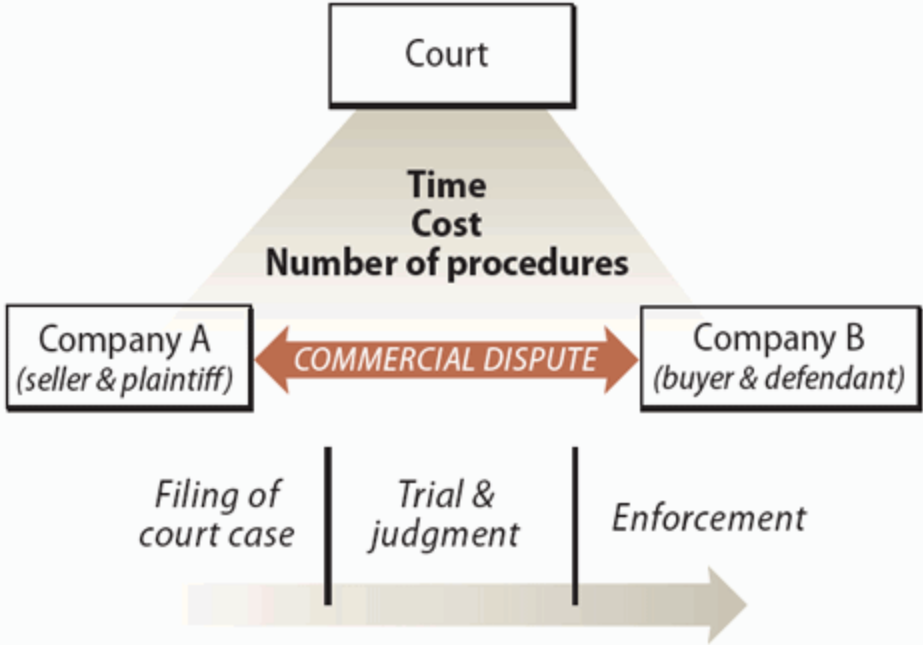
2. Historical data: Enforcing Contracts in Italy

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	157	157
Procedures (number)	41	41	41	41
Time (days)	1210	1210	1210	1210
Cost (% of claim)	29.9	29.9	29.9	29.9

3. The following graphs illustrate the Enforcing Contracts sub indicators in Italy 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 Italy.

Nature of Procedure (2010)	Indicator
Procedures (number)	41
Time (days)	1210
Filing and service	40.0
Trial and judgment	900.0
Enforcement of judgment	270.0
Cost (% of claim)*	29.90
Attorney cost (% of claim)	21.8
Court cost (% of claim)	2.9
Enforcement Cost (% of claim)	5.2

Court information: Rome District Court ("Tribunale Civile di Roma")

* 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:

Italy is ranked 30 overall for Closing a Business.

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



The following table shows Closing Business data for Italy 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>			
Italy	58.0	1.8	22

<i>Comparator Economies</i>			
Belgium	87.6	0.9	4
Germany	53.1	1.2	8
Spain	76.3	1.0	11
Switzerland	47.5	3.0	4
United Kingdom	88.6	1.0	6

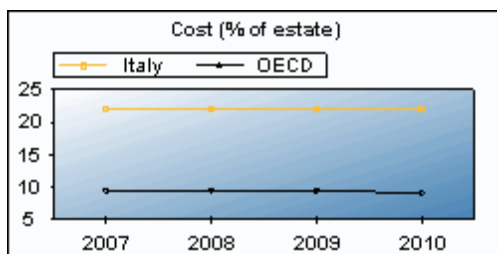
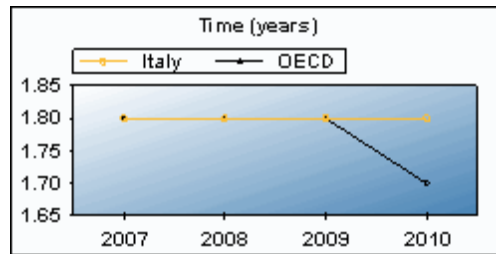
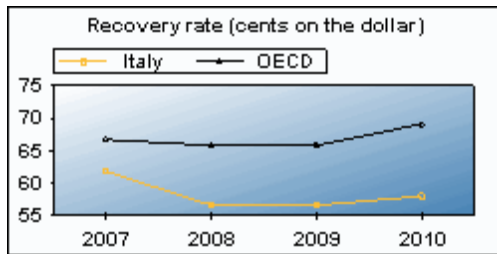
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Italy

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	29	30
Time (years)	1.8	1.8	1.8	1.8
Cost (% of estate)	22	22	22	22
Recovery rate (cents on the dollar)	61.8	56.6	56.6	58.0

3. The following graphs illustrate the Closing Business sub indicators in Italy 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.

Belgium	Belgium's capital city, Brussels, made it more difficult to transfer property by requiring a clean-soil certificate. Belgium introduced a new law that will promote and facilitate the survival of viable businesses experiencing financial difficulties.
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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