

# Doing Business 2011

Japan

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



© 2010 The International Bank for Reconstruction and Development / The World Bank  
1818 H Street NW  
Washington, DC 20433  
Telephone 202-473-1000  
Internet [www.worldbank.org](http://www.worldbank.org)

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

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

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

### **Rights and Permissions**

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

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

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

Additional copies of *Doing Business 2011: Making a Difference for Entrepreneurs*, *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at [www.doingbusiness.org](http://www.doingbusiness.org).

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

### **Current features**

**News on the *Doing Business* project**

<http://www.doingbusiness.org>

### **Rankings**

**How economies rank-from 1 to 183**

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

### **Reformers**

**Short summaries of DB2011 reforms, lists of reformers since DB2004 and a ranking simulation tool**

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

### **Historical data**

**Customized data sets since DB2004**

<http://www.doingbusiness.org/custom-query/>

### **Methodology and research**

**The methodologies and research papers underlying *Doing Business***

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

### **Download reports**

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

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

### **Subnational and regional projects**

**Differences in business regulations at the subnational and regional level**

<http://www.doingbusiness.org/subnational-reports/>

### **Law Library**

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

<http://www.doingbusiness.org/law-library/>

<http://wbl.worldbank.org/>

### **Local partners**

**More than 8,200 specialists in 183 economies who participate in *Doing Business***

<http://www.doingbusiness.org/Local-Partners/Doing-Business/>

### **Business Planet**

**Interactive map on the ease of doing business**

<http://rru.worldbank.org/businessplanet>

# Contents

Introduction  
and Aggregate Rankings

5 - Year Measure of  
Cumulative Change

Starting a Business

Dealing with  
Construction Permits

Registering Property

Getting Credit

Protecting Investors

Paying Taxes

Trading Across Borders

Enforcing Contracts

Closing a Business

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 Japan. 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](http://www.doingbusiness.org)).

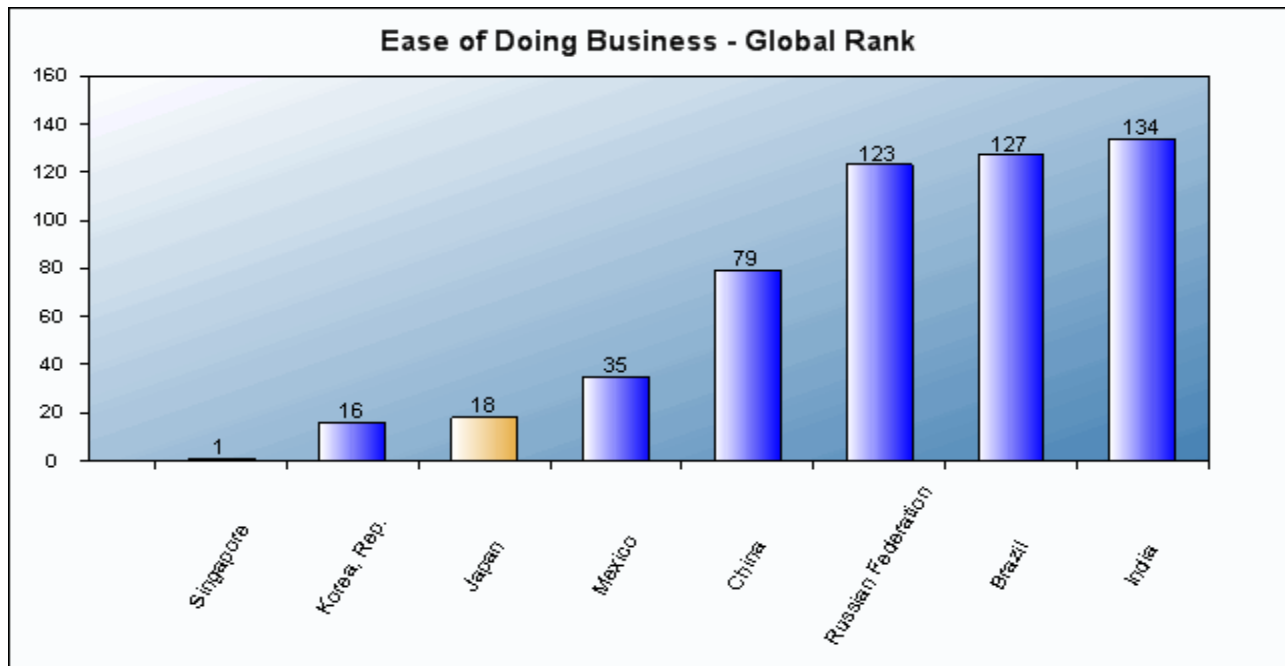
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Japan is ranked 18 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Japan's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	18
Starting a Business	98
Dealing with Construction Permits	44
Registering Property	59
Getting Credit	15
Protecting Investors	16
Paying Taxes	112
Trading Across Borders	24
Enforcing Contracts	19
Closing a Business	1

## Summary of Indicators - Japan

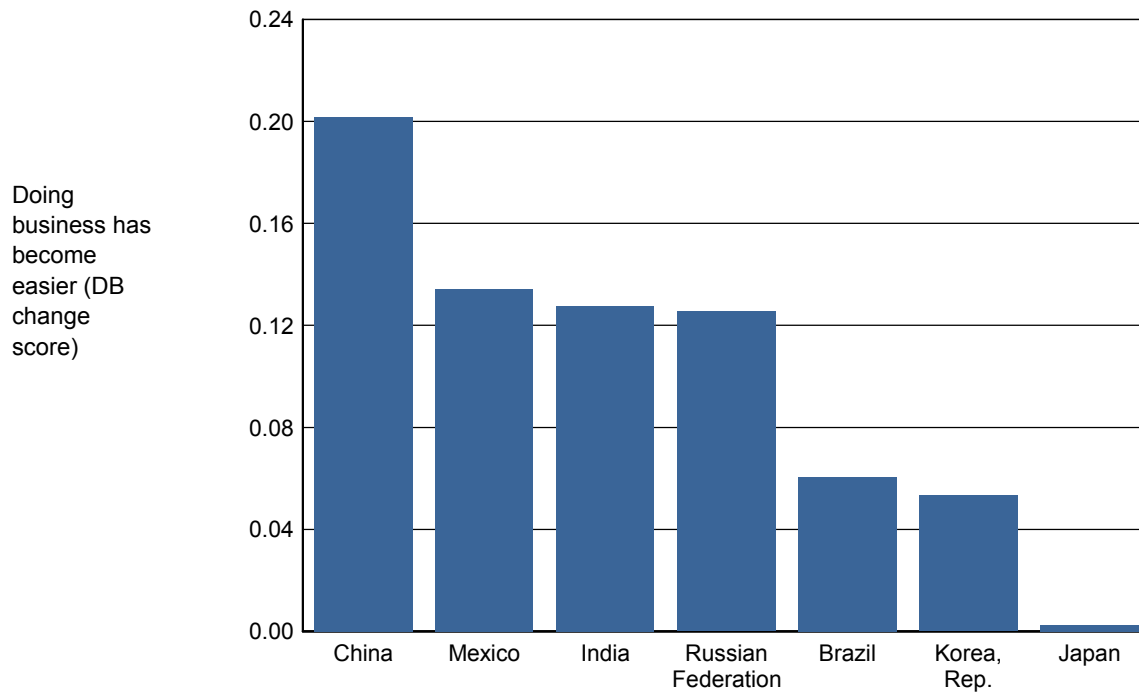
<b>Starting a Business</b>	Procedures (number)	8
	Time (days)	23
	Cost (% of income per capita)	7.5
	Min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b>	Procedures (number)	15
	Time (days)	187
	Cost (% of income per capita)	20.8
<b>Registering Property</b>	Procedures (number)	6
	Time (days)	14
	Cost (% of property value)	5.5
<b>Getting Credit</b>	Strength of legal rights index (0-10)	7
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	76.1
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	7
	Extent of director liability index (0-10)	6
	Ease of shareholder suits index (0-10)	8
	Strength of investor protection index (0-10)	7.0
<b>Paying Taxes</b>	Payments (number per year)	14
	Time (hours per year)	355
	Profit tax (%)	27.9
	Labor tax and contributions (%)	14.7
	Other taxes (%)	6.0
	Total tax rate (% profit)	48.6
<b>Trading Across Borders</b>	Documents to export (number)	4
	Time to export (days)	10
	Cost to export (US\$ per container)	1010
	Documents to import (number)	5
	Time to import (days)	11
	Cost to import (US\$ per container)	1060

<b>Enforcing Contracts</b>	Procedures (number)	30
	Time (days)	360
	Cost (% of claim)	22.7
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	92.7
	Time (years)	0.6
	Cost (% of estate)	4

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.

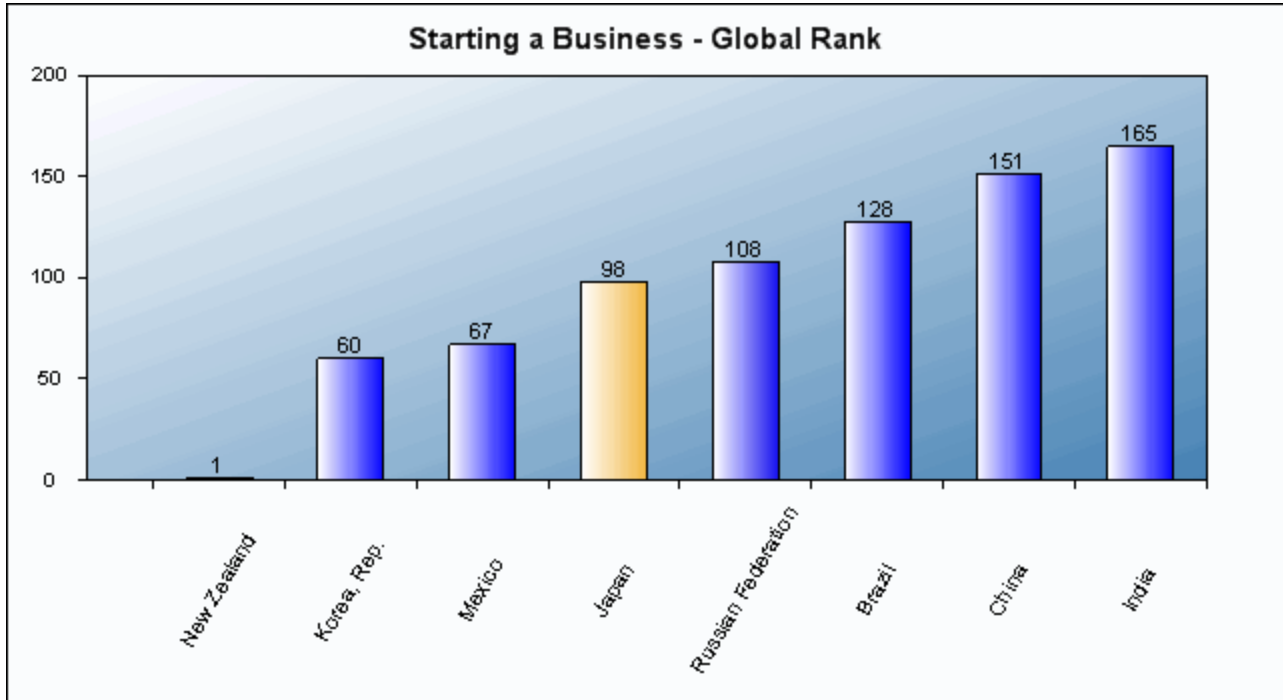
#### The business:

- 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:

Japan is ranked 98 overall for Starting a Business.

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



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

<b>Good Practice Economies</b>	<b>Procedures (number)</b>	<b>Time (days)</b>	<b>Cost (% of income per capita)</b>	<b>Min. capital (% of income per capita)</b>
<b>Denmark*</b>			0.0	
<b>New Zealand*</b>	1	1		0.0

<i>Selected Economy</i>				
<b>Japan</b>	<b>8</b>	<b>23</b>	<b>7.5</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Brazil</b>	15	120	7.3	0.0
<b>China</b>	14	38	4.5	118.3
<b>India</b>	12	29	56.5	188.8
<b>Korea, Rep.</b>	8	14	14.7	0.0
<b>Mexico</b>	6	9	12.3	9.2
<b>Russian Federation</b>	9	30	3.6	1.9

\* The following economies are also good practice economies for :

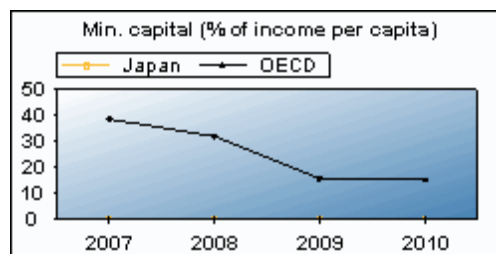
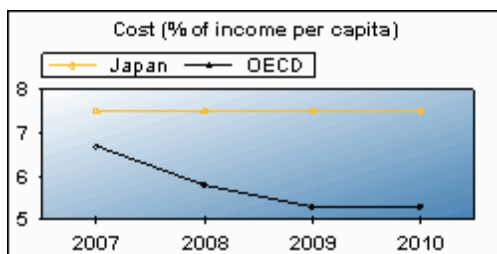
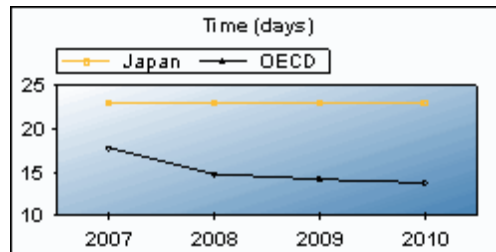
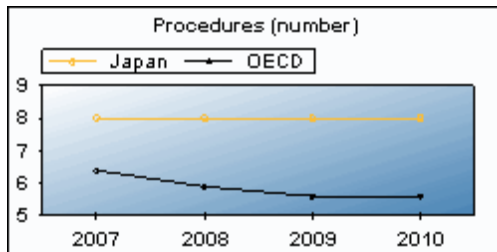
**Procedures (number): Canada**

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

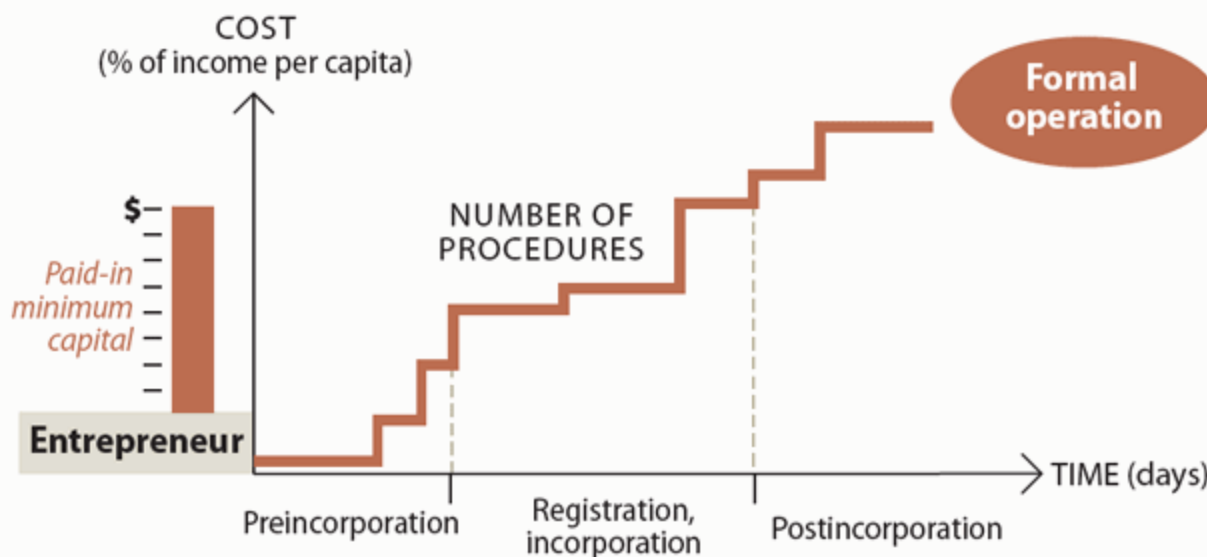
## 2. Historical data: Starting a Business in Japan

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	90	98
Procedures (number)	8	8	8	8
Time (days)	23	23	23	23
Cost (% of income per capita)	7.5	7.5	7.5	7.5
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

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

### STANDARDIZED COMPANYY

Legal Form: Godo Kaisha

City: Tokyo

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Make a company seal	3	JPY 20,000
2	Acquire certificate of seal registration of representative managing member at the Ward office	1	JPY 400
3	Register at the head office or a branch of the Legal Affairs Bureau of the Ministry of Justice	14	JPY 266,971
4	File notification of the incorporation of a company, the opening of a payroll office, and application for the approval of blue tax returns with District Tax Office.	1	no charge
5	File notification of the commencement of business with the local tax office (the office of local or prefectural government)	1	no charge
6	File notifications of commencement the applied business and labor insurance, and the rules of employment with the Labor Standards Inspection Office.	1	no charge

7	File applications for health insurance and public welfare pension with the Social Insurance Office	1	no charge
8	File application for business establishment of employment insurance with the Public Employment Security Office	1	no charge

## Starting a Business Details - Japan

<b>Procedure</b>	<b>1</b>	<b>Make a company seal</b>
<b>Time to complete:</b>	3	
<b>Cost to complete:</b>	JPY 20,000	
<b>Comment:</b>	Have a representative member's or executive officer's seal made by the seal carver	
<b>Procedure</b>	<b>2</b>	<b>Acquire certificate of seal registration of representative managing member at the Ward office</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	JPY 400	
<b>Comment:</b>	To register the company, the representative managing member must provide the certificate of seal registration with the Legal Affairs Bureau.	
<b>Procedure</b>	<b>3</b>	<b>Register at the head office or a branch of the Legal Affairs Bureau of the Ministry of Justice</b>
<b>Time to complete:</b>	14	
<b>Cost to complete:</b>	JPY 266,971	
<b>Comment:</b>	<p>An application for company registration together with supporting documents is required to be filed with competent branch of the legal affairs bureau. Supporting documents include Articles of Incorporation. Filed documents can be returned for revisions. When the documents are accepted, the company applies for an issuance of the company registration and the certificate of seal registration at the same location of the Legal Affairs Bureau of the Ministry of Justice. Generally, a judicial scrivener would be asked to complete the registration procedure. The cost generally ranges from JPY 50,000 to JPY 200,000, depending on the services required. By virtue of the amended Commercial Registration Regulations, which took effect in June 2004, online application for commercial corporation registration is available. In order to use this system, the user must obtain a digital certification of the user's digital signature. There are two types of digital certifications, data file and IC card. The user must purchase an IC card reading device to use IC card.</p> <p>As of 1st February, 2008, there are 454 registry offices (including branch offices) designated in major cities (for example, Tokyo, Yokohama, Osaka, Nagoya, Kobe, and Fukuoka).</p>	
<b>Procedure</b>	<b>4</b>	<b>File notification of the incorporation of a company, the opening of a payroll office, and application for the approval of blue tax returns with District Tax Office.</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	no charge	
<b>Comment:</b>	The notification of the incorporation of a company must be filed within 2 months of the date of incorporation. The notification of the opening of a payroll office must be filed within a month of the opening of a payroll office. The application for the approval of blue tax returns must be filed within 3 months of the date of incorporation or after the ending day of the first fiscal year, whichever comes first.	

**Procedure 5 File notification of the commencement of business with the local tax office (the office of local or prefectural government)**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The company promoters must file the notification of the commencement of business within 15 days of the commencement of business or after the opening of a business office.

**Procedure 6 File notifications of commencement the applied business and labor insurance, and the rules of employment with the Labor Standards Inspection Office.**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** Companies with 10 or more employees must submit employment regulations and notifications of start of business and of labor insurance. Employment regulations stipulate work hours, paid vacation, severance, benefits, bonuses, retirement payments, wage payment method, and so forth. The employment regulations must be submitted to the Labor Standards Supervisory Office, without delay, upon employment of 10 or more employees. In addition, the company must file the following documents irrespective of the number of employees:

- Notification of applied business must be filed without delay after the start of business operations.
- Report of start of labor insurance must be filed within 10 days from the day of start of labor insurance.
- Agreement on overtime or holiday work ( 36 agreement) must be filed when the company anticipates its employees will work overtime work or on some official holidays.

**Procedure 7 File applications for health insurance and public welfare pension with the Social Insurance Office**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** Notification of New Coverage under Health Insurance/Employees' Pension Insurance" and "Notification of Acquisition of Insured Status under Health Insurance/Employees' Pension Insurance" must be filed with the Social Insurance Office within 5 days from the day of becoming a covered business establishment.

**Procedure 8 File application for business establishment of employment insurance with the Public Employment Security Office**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The application should be filed by the 10th day of the month immediately following the month in which the employment commences. When a newly employed worker is covered under employment insurance, a "Notification of Acquisition of Insured Status under Employment Insurance," must be filed with the Public Employment Security Office by the 10th day of the month immediately following the month of his/her employment.



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

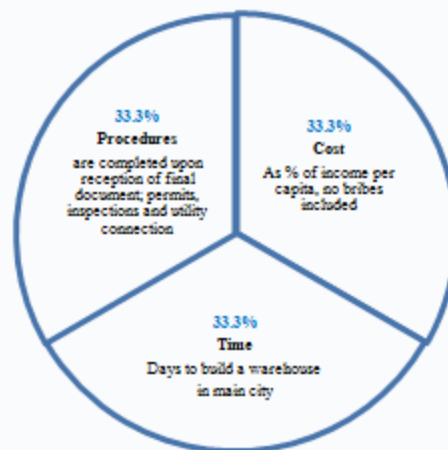
#### The warehouse:

- 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

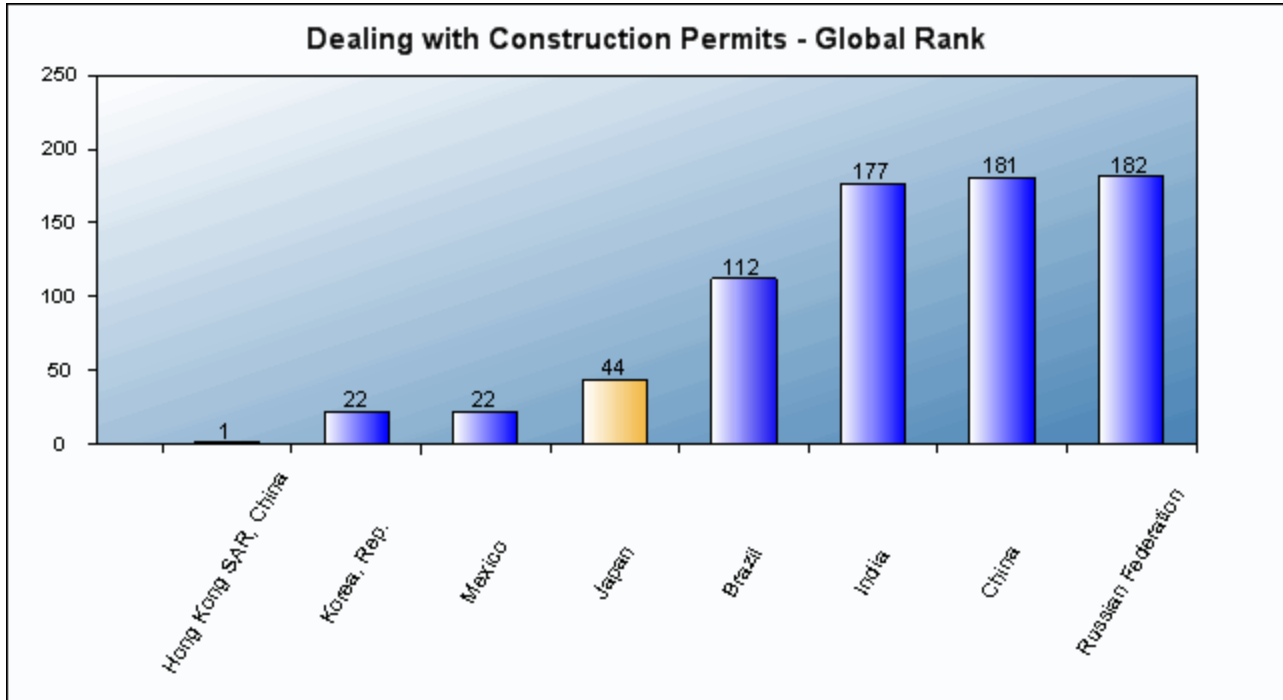
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Japan is ranked 44 overall for Dealing with Construction Permits.

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



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

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

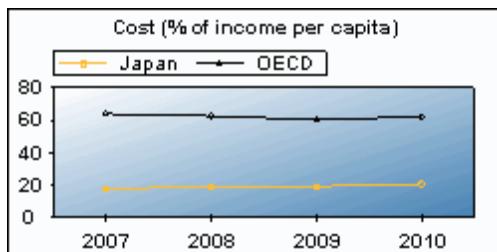
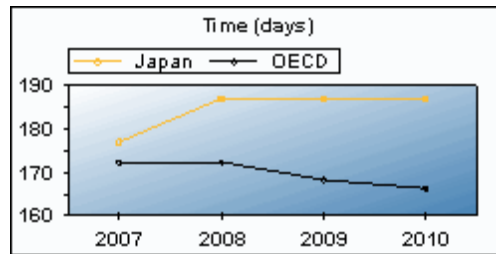
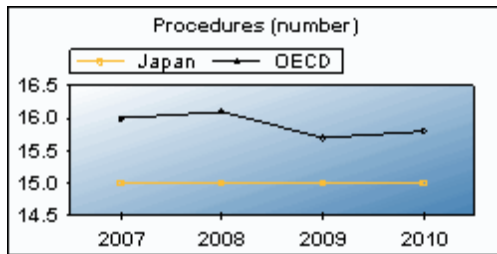
<i>Selected Economy</i>			
<b>Japan</b>	<b>15</b>	<b>187</b>	<b>20.8</b>

<i>Comparator Economies</i>			
<b>Brazil</b>	18	411	46.6
<b>China</b>	37	336	523.4
<b>India</b>	37	195	2143.7
<b>Korea, Rep.</b>	13	34	131.2
<b>Mexico</b>	11	105	117.0
<b>Russian Federation</b>	53	540	4141.0

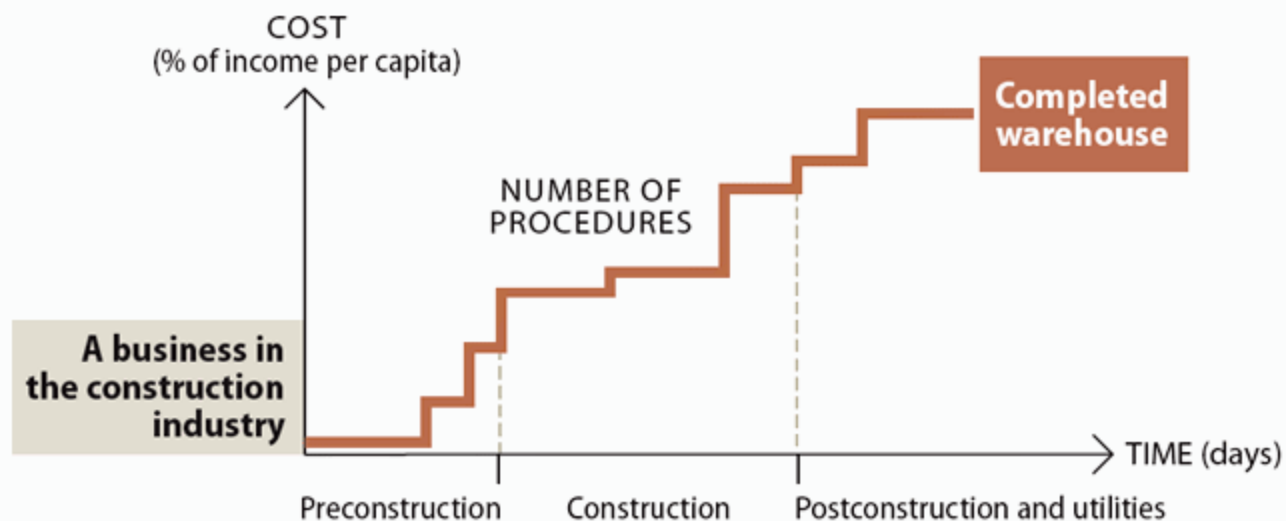
## 2. Historical data: Dealing with Construction Permits in Japan

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	43	44
Procedures (number)	15	15	15	15
Time (days)	177	187	187	187
Cost (% of income per capita)	17.8	19.1	19.3	20.8

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

### BUILDING A WAREHOUSE

City: Tokyo

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain an initial consultation with the local authority	24 days	no charge
2 *	Obtain consent of neighborhood	30 days	no charge
3	Obtain a building permit from the Building Department of the Government of Tokyo	70 days	JPY 144,000
4 *	Request and obtain Proof of Workmen's Compensation Insurance from the Labor Control Office	60 days	no charge
5	Erect statutory construction notice signboard on site	1 day	JPY 50,000
6	Submit the construction method plan to the local authority and obtain approval	7 days	no charge
7	Submit project safety and health, and resources recycling plan to the local authority, and obtain approval	7 days	no charge

8	Receive an interim inspection by the Japan Building Center and obtain a permit	24 days	JPY 135,000
9	Request and receive connection to electricity	21 days	no charge
10 *	Request and receive connection to water and sewerage services	21 days	no charge
11 *	Request and receive connection to fixed telephone line	14 days	no charge
12	Request final inspection by local authority	1 day	JPY 9,900
13	Receive final inspection by local authority	1 day	no charge
14	Obtain a completion certificate	18 days	no charge
15	Register the building with the Land and Building Registry	12 days	JPY 455,210

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Japan

### Procedure 1 Obtain an initial consultation with the local authority

**Time to complete:** 24 days

**Cost to complete:** no charge

**Agency:** Local Authority

**Comment:** BuildCo must have clearance at the initial consultation phase with at least 14 different departments at the prefecture level. The process due to stricter requirements of compliance with construction regulations takes now around 24 days. The purpose of this consultation is to avoid the risk of resubmitting the application for the actual building permit which if submitted wrongly, or some parts require alteration, will take another 2-3 months. Closer scrutiny is paid to the structural component of the drawings and plans. The rules require an engineer to resubmit an entire construction plan even to change a peg or location of windows.

### Procedure 2 Obtain consent of neighborhood

**Time to complete:** 30 days

**Cost to complete:** no charge

**Comment:** Obtaining neighborhood consent can be carried out simultaneously with the previous procedures. The initial step is to post a sign with specific information about the planned construction on the plot. Thereafter, BuildCo must obtain the endorsement of all neighbors (companies) stating that they do not object to the construction of the warehouse.

### Procedure 3 Obtain a building permit from the Building Department of the Government of Tokyo

**Time to complete:** 70 days

**Cost to complete:** JPY 144,000

**Agency:** Building Department of Government of Tokyo

**Comment:** After the initial consultation with the local authority, the company must submit a building permit application. The local authority examines the application and issues the building permit.

Normally, architects submit the application on behalf of their clients. The Fire Office is also involved in the permit examination process. The application must be amended when any changes are made after the building permit is obtained. In addition, a change permit must be obtained prior to final inspection by local authorities.

After the falsification of structural calculation of buildings by former Architect Aneha became public knowledge in November 2005, many Japanese local authorities and private inspection companies have had to spend extra time checking structural design documents in new applications. This situation is still very much true in many parts of Japan. There is also a spill-over effect on site inspections by privatized control institutions, and it is likely that the Japanese government will introduce more frequent and thorough inspection procedures in building construction in the near future. Building building permit review and approval procedure became very stringent since the new Building regulation as of June 20, 2007. As of June 2007 any projects exceeding 1,000 sq.m. will require a peer review process by independent authorized structural engineers/agency. The engineers are

generally hired by the Building Department to undertake this review. However, the amount of work and backlog on one hand and the number of available professionals on the other hand willing to work extra hours on the weekends has caused delays. The peer review may take about 30 days in addition to 50 days of building permit review period. In simpler case the case may take on average 70 days.

**Procedure 4 Request and obtain Proof of Workmen’s Compensation Insurance from the Labor Control Office**

**Time to complete:** 60 days

**Cost to complete:** no charge

**Agency:** Labor Control Office

**Comment:** The Labor Control Office verifies worker compensation insurance for all companies annually. No cost is incurred for obtaining confirmation. Once a contractor obtains confirmation and insurance, it is valid for a year for any project of the contractor’s company. Application for worker compensation insurance is made with the local labor control office. The applicant must comply with the registration criteria. A worker compensation insurance fee must be paid within 50 days after the application is filed. Worker compensation insurance is valid for a year, and it must be extended every year between April 1 and May 20. The insurance cost is 2.05% of the company’s total personnel costs (1.25% paid by employer, 0.8% paid by employee).

**Procedure 5 Erect statutory construction notice signboard on site**

**Time to complete:** 1 day

**Cost to complete:** JPY 50,000

**Comment:** The construction notice signboard should include the following information: (a) construction company registry certificate number; (b) proof of worker compensation insurance; (c) building permit number; (d) name of client, designer, contractor, project name, address, the person in charge, and the like.

**Procedure 6 Submit the construction method plan to the local authority and obtain approval**

**Time to complete:** 7 days

**Cost to complete:** no charge

**Agency:** Local Authority

**Comment:** The construction method plan is submitted to the local authority for a crosscheck with the project drawings and to fill out the necessary application form.

**Procedure 7 Submit project safety and health, and resources recycling plan to the local authority, and obtain approval**

**Time to complete:** 7 days

**Cost to complete:** no charge

**Agency:** Local Authority

**Comment:** Design drawings, construction schedule, method statement, and building permit are required for this application. The application must be submitted 7 days before construction work starts.



**Procedure 8 Receive an interim inspection by the Japan Building Center and obtain a permit**

**Time to complete:** 24 days

**Cost to complete:** JPY 135,000

**Agency:** Japan Building Center

**Comment:** The Japan Building Center (a privatized building control institution) and the Fire Office inspect structural conditions and conduct new building position surveys when the construction is half-completed. Inspection usually takes a day, and construction work can continue if there are no serious irregularities. However, if there are any mistakes, the construction work is suspended until proper measures are taken. An intermediate building permit is issued within 2 to 3 weeks.

**Procedure 9 Request and receive connection to electricity**

**Time to complete:** 21 days

**Cost to complete:** no charge

**Agency:** Tokyo Electric Power Co. (TEPCO)

**Comment:** The installation cost is included in the electricity charges.

**Procedure 10 Request and receive connection to water and sewerage services**

**Time to complete:** 21 days

**Cost to complete:** no charge

**Agency:** Tokyo Water Company

**Comment:** The installation cost is included in water and sewerage charges.

**Procedure 11 Request and receive connection to fixed telephone line**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Agency:** Nippon Telegraph and Telephone Corp. (NTT)

**Comment:** The installation cost is included in telephone charges.

**Procedure 12 Request final inspection by local authority**

**Time to complete:** 1 day

**Cost to complete:** JPY 9,900

**Agency:** Local Authority

**Comment:** BuildCo requests the inspection. After the completion of the inspection, the certificate is issued within 3 business days. If there are any outstanding issues pointed out by inspectors, remedial work must be completed and the building re-inspected before the completion certificate is issued.  
The completion certificate is required to start occupying and using the building. This certificate is distinct from the land and building registration with the local authorities.

**Procedure 13 Receive final inspection by local authority**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Local Authority

**Comment:** BuildCo receives an inspection (after requesting one), and this inspection takes no more than a day.

**Procedure 14 Obtain a completion certificate**

**Time to complete:** 18 days

**Cost to complete:** no charge

**Comment:** The overall time it takes in practice to obtain the completion certificate is around 2.5 weeks.

**Procedure 15 Register the building with the Land and Building Registry**

**Time to complete:** 12 days

**Cost to complete:** JPY 455,210

**Agency:** Land and Building Registry

**Comment:** The building registration has two parts. First, the description of the building should be registered (usually through a notary public). This part cannot be done by BuildCo or its lawyer. No formal registration cost is required. Second, proof of building ownership should be registered. It takes about 10 to 14 days for the registration to be completed. The cost of proof of building ownership registration varies depending on the value of the building (0.2% of the building's taxable value).

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)

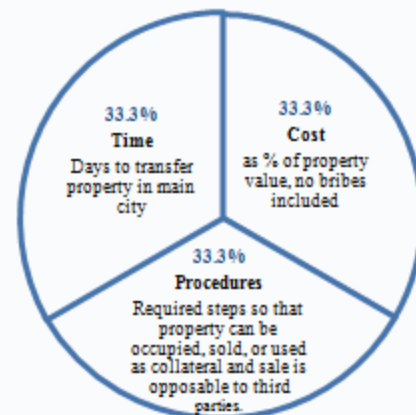
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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.

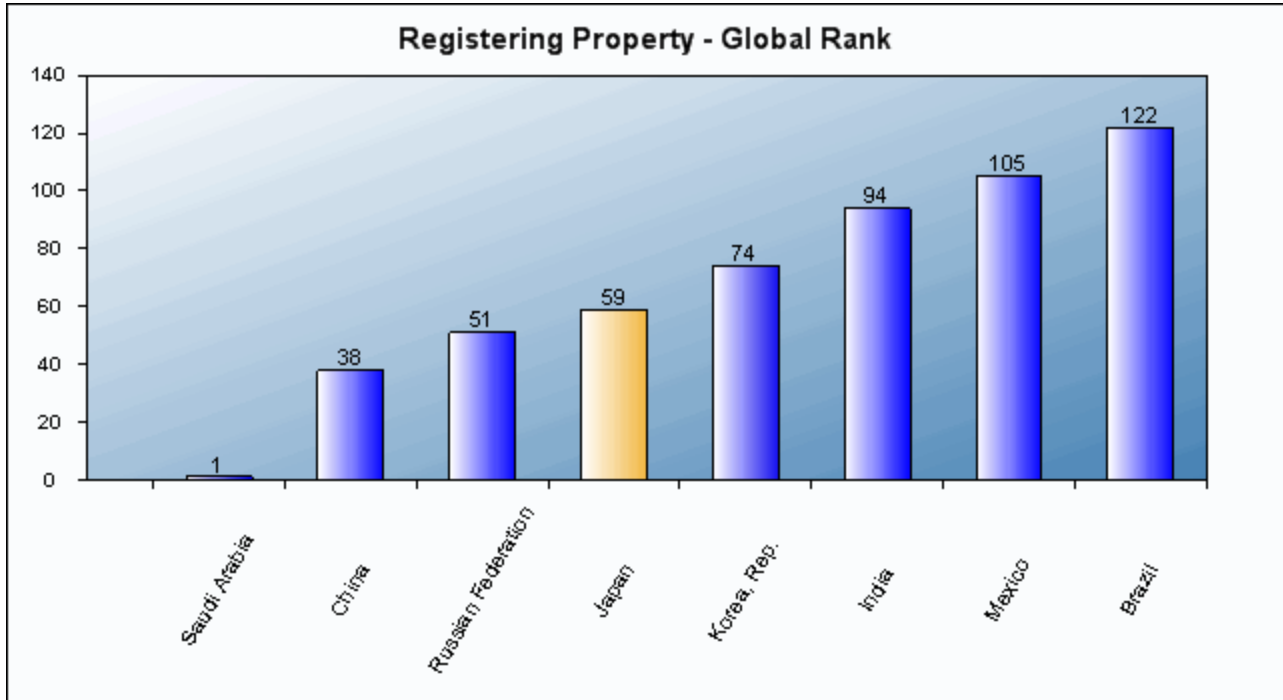
#### The property (fully owned by the seller):

- 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:

Japan is ranked 59 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
<b>Japan</b>	<b>6</b>	<b>14</b>	<b>5.5</b>

<i>Comparator Economies</i>			
<b>Brazil</b>	14	42	2.7
<b>China</b>	4	29	3.6
<b>India</b>	5	44	7.4
<b>Korea, Rep.</b>	7	11	5.1
<b>Mexico</b>	5	74	5.2
<b>Russian Federation</b>	6	43	0.1

\* The following economies are also good practice economies for :

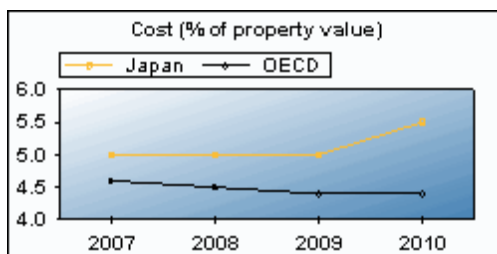
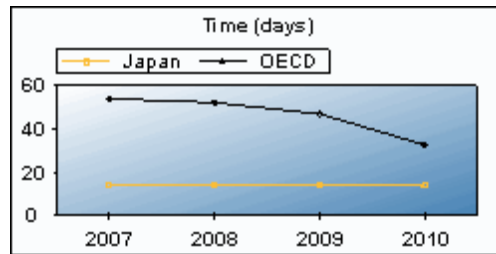
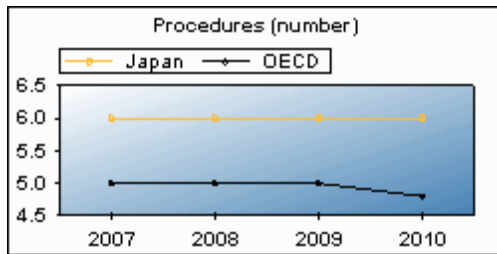
**Procedures (number): United Arab Emirates**

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

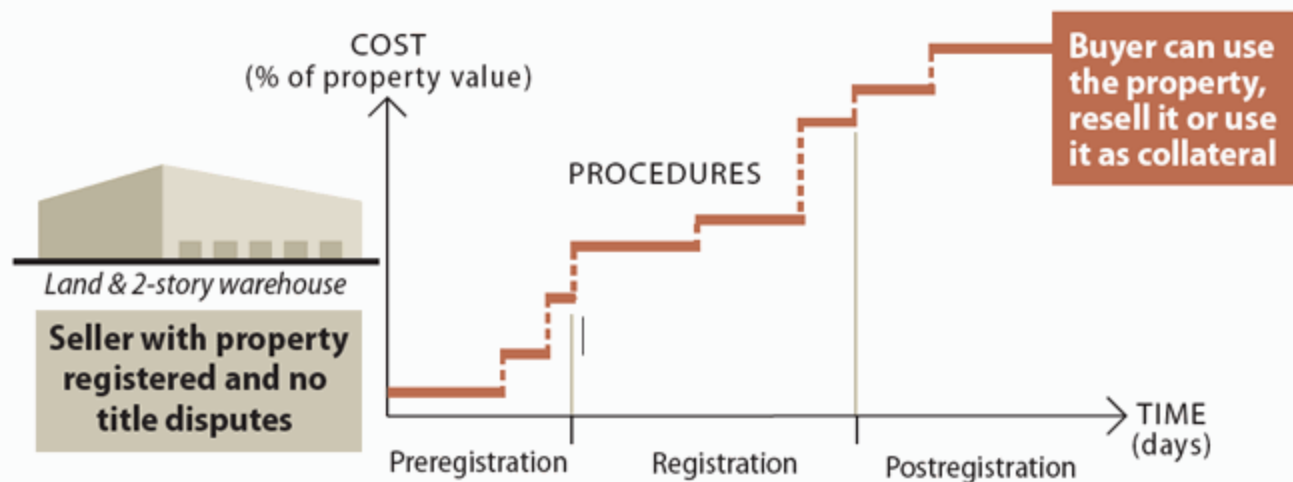
## 2. Historical data: Registering Property in Japan

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	53	59
Procedures (number)	6	6	6	6
Time (days)	14	14	14	14
Cost (% of property value)	5.0	5.0	5.0	5.5

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

#### STANDARDIZED PROPERTY

Property Value: 190,693,404.84

City: Tokyo

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a corporate registry certificate	1 day (simultaneous with procedures 2, 3, and 4)	JPY 1,000 each copy
2 *	Obtain a certificate of Seller's seal impression (inkan shomei)	1 day (simultaneous with procedures 1, 3, and 4)	JPY 500 each copy
3 *	The seller obtains a certificate of evaluation for fixed asset tax of the real property at a local tax office	1 day (simultaneous with procedures 1, 2, and 4)	JPY 400 for land + JPY 400 for building
4 *	Obtain stamps for stamp duty at a post office	1 day (simultaneous with procedures 1, 2, and 3)	JPY 80,000
5	File an application at the Legal Affairs Bureau	7-10 days	1.5% (or 2% of building value + 1% land value) of entire property value evaluated for fixed asset tax (registration and license tax)

6	Payment of the real property acquisition tax	1 day	4% of property price evaluated for fixed asset tax
---	--	-------	---

---

\* Takes place simultaneously with another procedure.



## Registering Property Details - Japan

<b>Procedure</b>	<b>1</b>	<b>Obtain a corporate registry certificate</b>
<b>Time to complete:</b>	1 day (simultaneous with procedures 2, 3, and 4)	
<b>Cost to complete:</b>	JPY 1,000 each copy	
<b>Agency:</b>	Registry Office of Corporate Registry	
<b>Comment:</b>	The parties (as companies) must obtain a corporate registry certificate that must be issued within 3 months before the registration application. It can be obtained from a relevant registry office of a corporate registry at which the party is registered. The cost is JPY 1,000 per copy.	
<b>Procedure</b>	<b>2</b>	<b>Obtain a certificate of Seller's seal impression (inkan shomei)</b>
<b>Time to complete:</b>	1 day (simultaneous with procedures 1, 3, and 4)	
<b>Cost to complete:</b>	JPY 500 each copy	
<b>Agency:</b>	Registry Office of Corporate Registry	
<b>Comment:</b>	Seller must obtain a certificate of its seal impression for the seal used for execution of the registration documents, which must be issued within 3 months before the registration application. It can be obtained from the Legal Affairs Bureau (homukyoku).	
<b>Procedure</b>	<b>3</b>	<b>The seller obtains a certificate of evaluation for fixed asset tax of the real property at a local tax office</b>
<b>Time to complete:</b>	1 day (simultaneous with procedures 1, 2, and 4)	
<b>Cost to complete:</b>	JPY 400 for land + JPY 400 for building	
<b>Agency:</b>	Local Tax Office	
<b>Comment:</b>	The seller must obtain a certificate of evaluation for fixed asset tax of the real property before the registration application. This should be obtained for the transaction because such certificate must show the most updated evaluation and will be used later to calculate taxes to be paid. It can be obtained from a relevant local tax office, which governs the relevant real estate. The cost of the issuance is JPY 400 for land and JPY 400 for building.	
<b>Procedure</b>	<b>4</b>	<b>Obtain stamps for stamp duty at a post office</b>
<b>Time to complete:</b>	1 day (simultaneous with procedures 1, 2, and 3)	
<b>Cost to complete:</b>	JPY 80,000	
<b>Agency:</b>	Post Office	
<b>Comment:</b>	Stamps for stamp duty can be purchased at various places, such as post offices. Stamp is the sole official cost for execution of the sale agreement, if a written agreement is prepared. The preparation and execution of a written sale agreement is not necessary. Even an oral	

agreement is acceptable for transferring the title to the real estate, although usually a written agreement is prepared.

## Procedure 5 File an application at the Legal Affairs Bureau

**Time to complete:** 7-10 days

**Cost to complete:** 1.5% (or 2% of building value + 1% land value) of entire property value evaluated for fixed asset tax (registration and license tax )

**Agency:** Legal Affairs Bureau

**Comment:** The parties file an application for registration at the Legal Affairs Bureau. The Legal Affairs Bureau will register the title under the name of the new owner. A registration and license tax must be paid at the Legal Affairs Bureau at the amount of 2% of building value plus 1% of land value (in our study, 1.5% of the entire property value). The normal tax rate for registering transfer of land is 2%, but reduced rate of 1.5% is applicable until March 31, 2011.

As registration is a requirement for perfection vis-à-vis third parties, reviewing the certified copy of the real property registry is generally sufficient for identifying any existing perfected encumbrances over the real property. The parties may apply for registration by themselves. However, because of the complexity of filing, usually they retain a judicial scribe for registration.

There is a 5% consumption tax in Japan. Sales or leases of land are exempted. However, if the transaction includes the sale or lease of buildings, consumption tax applies only to the price of the building.

The documentation shall include:

- Executed original copy of the purchase and sale agreement (alternately a copy of registration application signed by the seller and the buyer)
- "Certificate of registration of seller's title of the real property (toukizumi kenri sho) or registration identification code (touki shikibetsu johu) (Already in his possession)"
- Certificate of corporate registry of the parties (if any of them is a corporation) (obtained in Procedure 1)
- Certificate of the parties' seal impression (obtained in Procedure 2)
- Certificate of evaluation for fixed asset tax of the real property (obtained in Procedure 3)
- Power of attorney of the seller (if a judicial scribe applies for the registration on behalf of any of the parties)

## Procedure 6 Payment of the real property acquisition tax

**Time to complete:** 1 day

**Cost to complete:** 4% of property price evaluated for fixed asset tax

**Agency:** Local Tax Office

**Comment:** This is a post-closing matter, the purchaser will receive the notice of the real property acquisition tax from the local tax office a few months after the registration. The real property acquisition tax must be paid at the local tax office. Actually, 4% is the normal tax rate for land. The 3% reduced tax rate for personal use real property is applicable until March 31, 2012

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

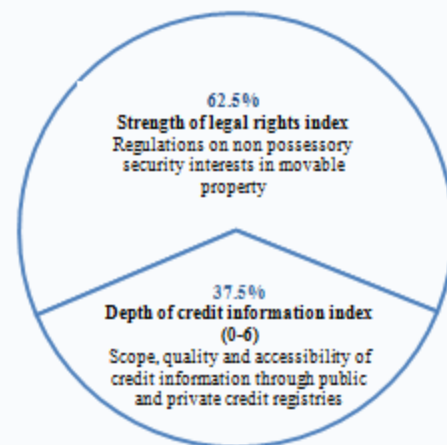
**Public credit registry coverage (% of adults)**

- 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)**

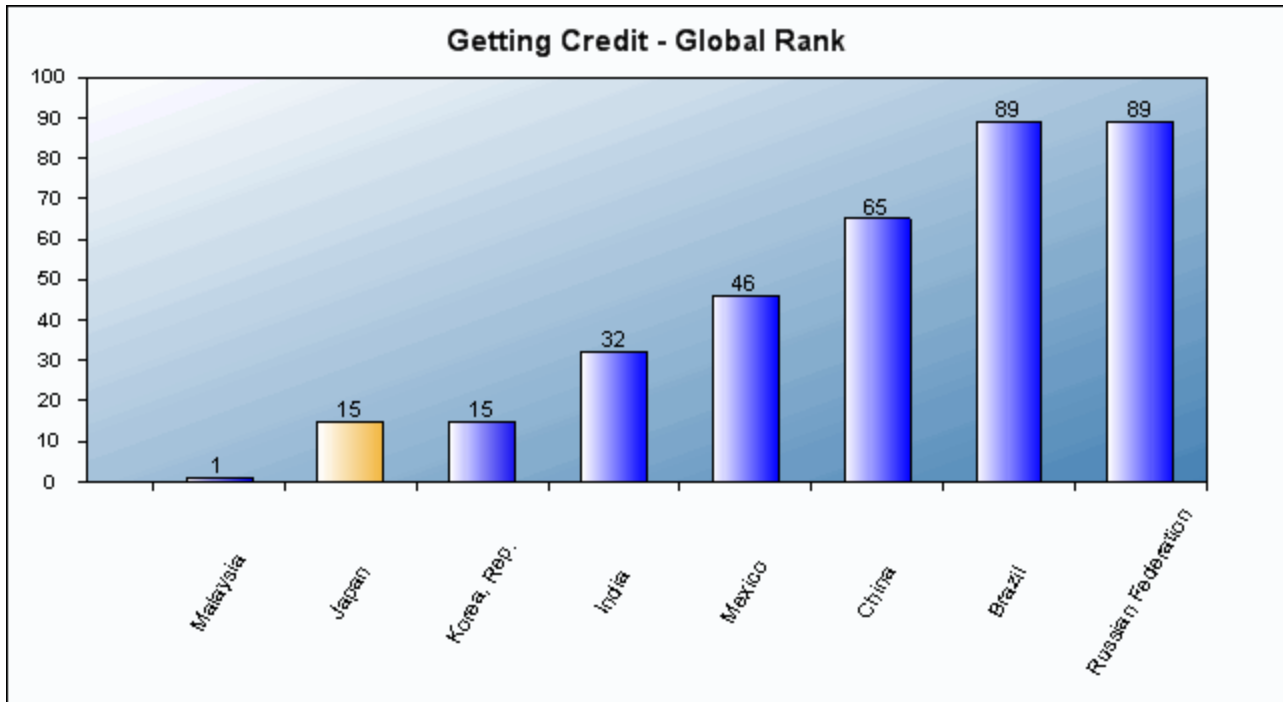
**The Debtor**

- 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:

Japan is ranked 15 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
<b>Japan</b>	<b>7</b>	<b>6</b>	<b>0.0</b>	<b>76.1</b>

<i>Comparator Economies</i>				
<b>Brazil</b>	3	5	26.9	53.5
<b>China</b>	6	4	63.9	0.0
<b>India</b>	8	4	0.0	10.0
<b>Korea, Rep.</b>	7	6	0.0	93.3
<b>Mexico</b>	5	6	0.0	71.6
<b>Russian Federation</b>	3	5	0.0	14.4

\* The following economies are also good practice economies for :

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

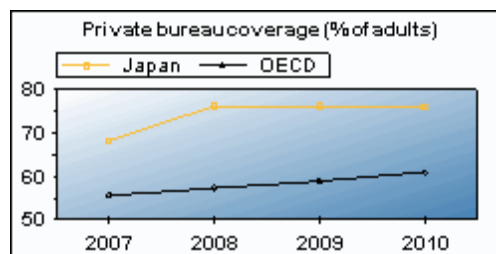
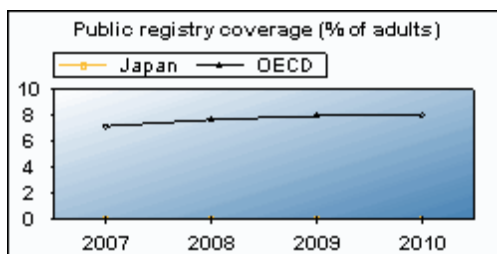
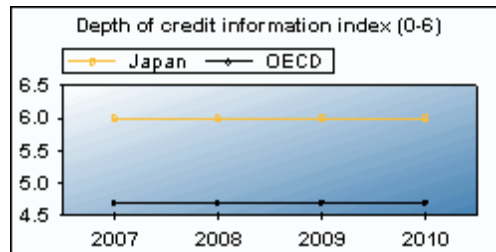
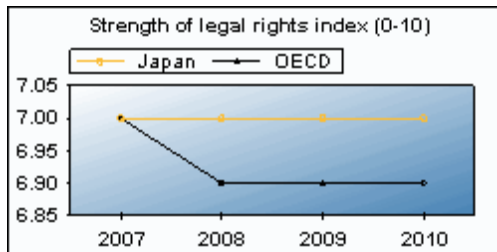
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

**27 countries have the highest credit information index.**

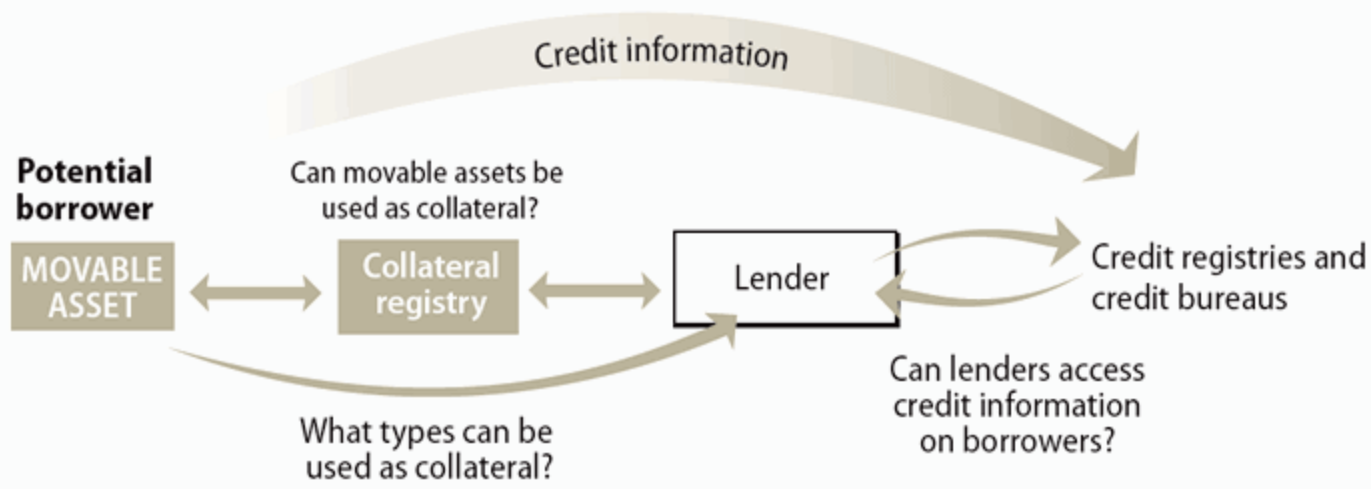
## 2. Historical data: Getting Credit in Japan

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	14	15
Strength of legal rights index (0-10)	7	7	7	7
Depth of credit information index (0-6)	6	6	6	6
Private bureau coverage (% of adults)	68.3	76.2	76.2	76.1
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>6</b>
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
<b>Coverage</b>	76.1	0.0	
Number of individuals	74,000,000		0
Number of firms	10,000,000		0

**Strength of legal rights index (0-10)****7**

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---



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

### Some reform outcomes

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

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

### What do the Protecting Investors indicators measure?

#### Extent of disclosure index (0–10)

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

#### Extent of director liability index (0–10)

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

#### Ease of shareholder suits index (0–10)

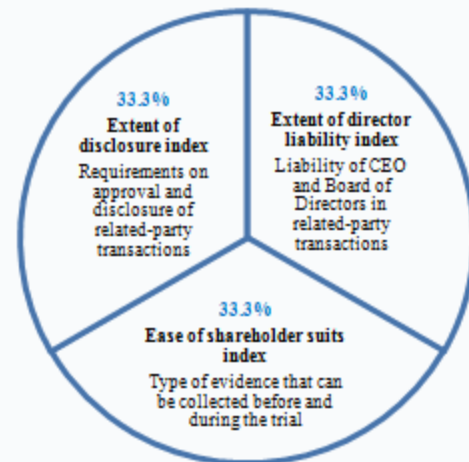
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### Strength of investor protection index (0–10)

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

**Protecting Investors:** minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



### Case Study Assumptions

#### The business (Buyer):

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

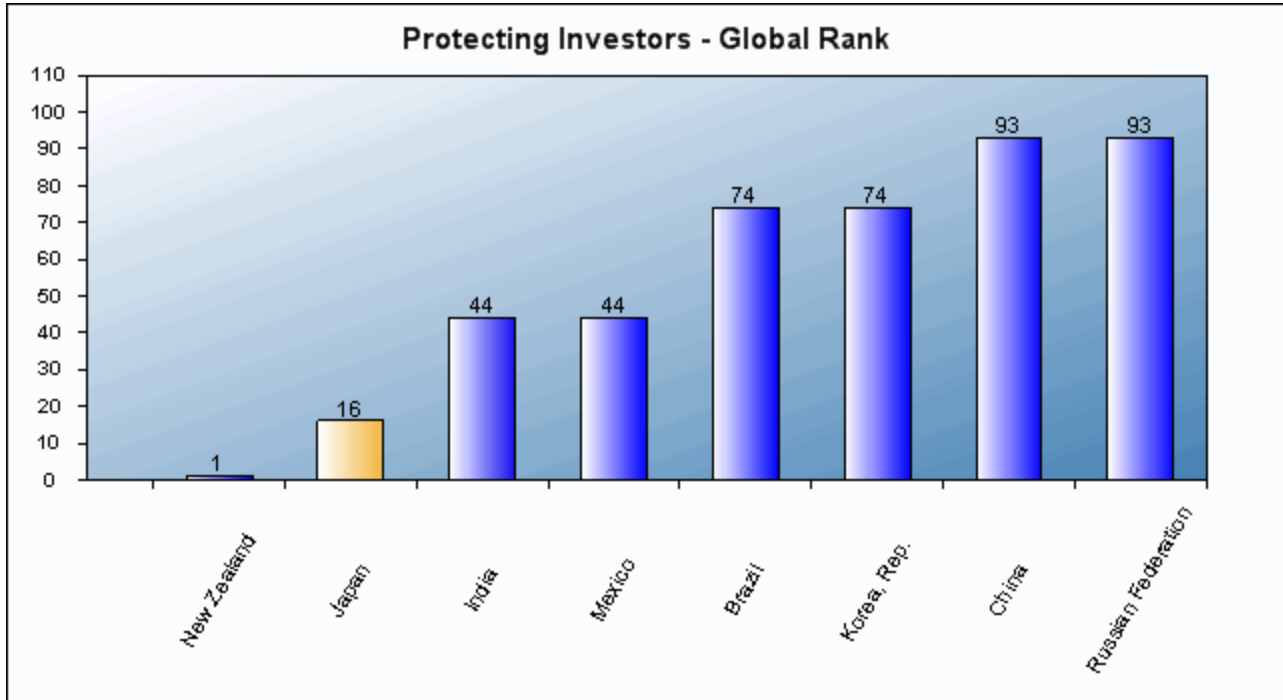
#### The transaction

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

## 1. Benchmarking Protecting Investors Regulations:

Japan is ranked 16 overall for Protecting Investors.

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



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

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

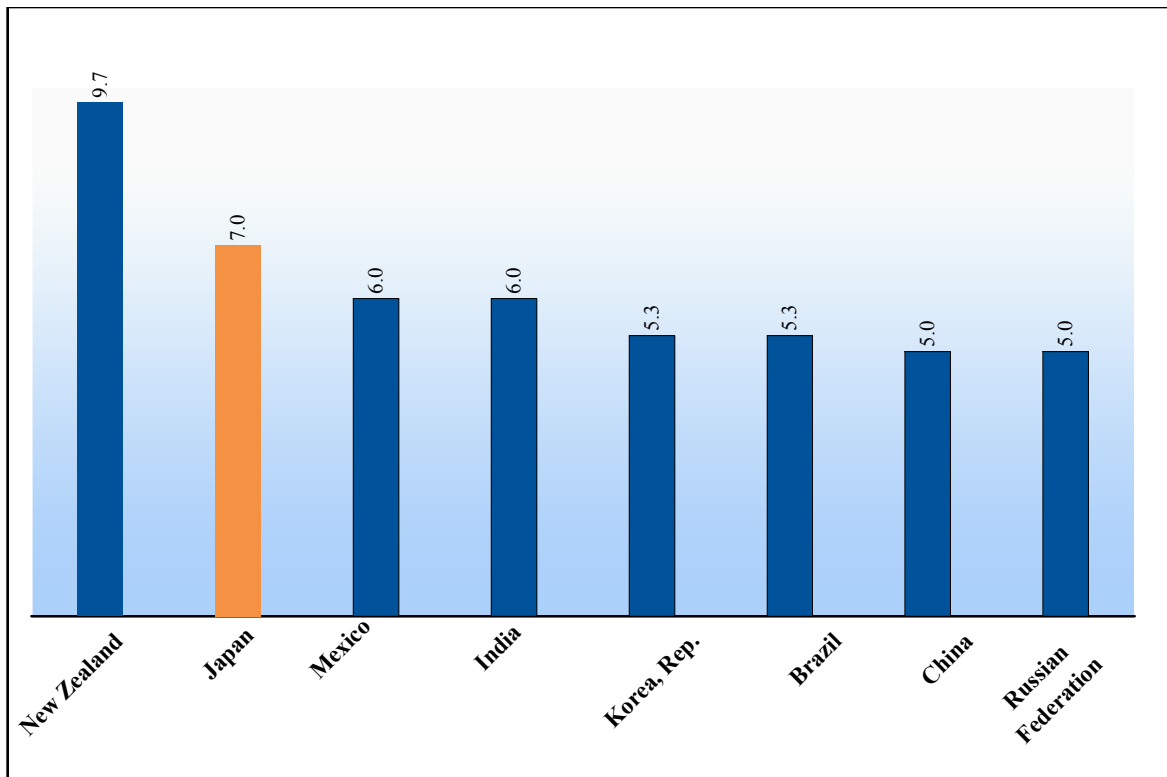
<i>Selected Economy</i>	
<b>Japan</b>	<b>7.0</b>

<i>Comparator Economies</i>	
<b>Brazil</b>	5.3
<b>China</b>	5.0
<b>India</b>	6.0
<b>Korea, Rep.</b>	5.3
<b>Mexico</b>	6.0
<b>Russian Federation</b>	5.0

**2. Historical data: Protecting Investors in Japan**

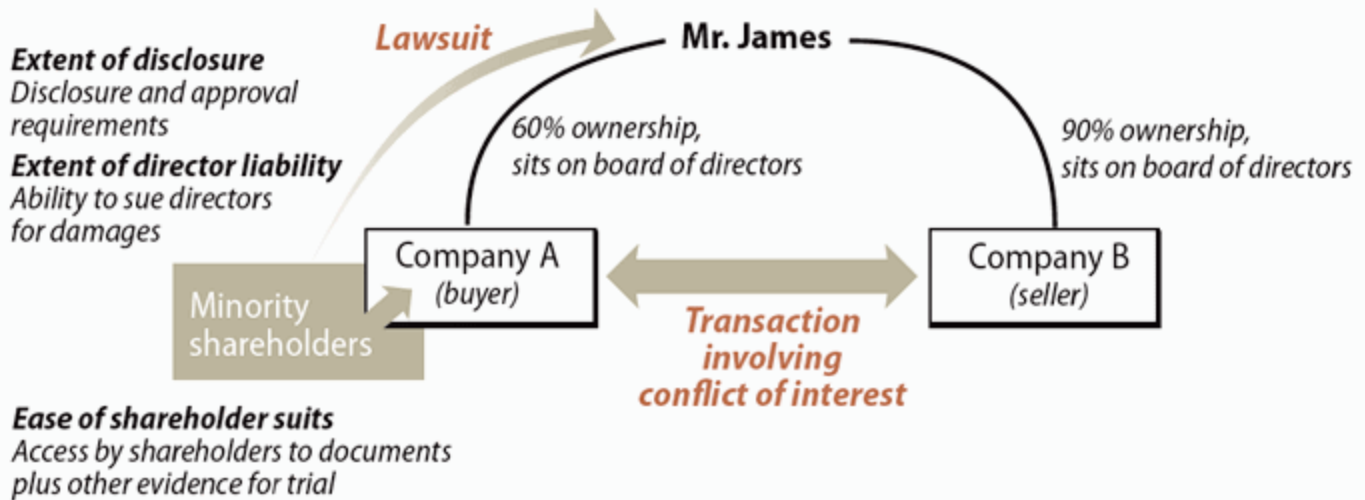
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	16	16
Strength of investor protection index (0-10)	7.0	7.0	7.0	7.0

**3. The following graph illustrates the Protecting Investors index in Japan 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 Japan.

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>7</b>
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	1
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	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
<b>Extent of director liability index (0-10)</b>	<b>6</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	2
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
<b>Ease of shareholder suits index (0-10)</b>	<b>8</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
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?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
<b>Strength of investor protection index (0-10)</b>	<b>7.0</b>

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)

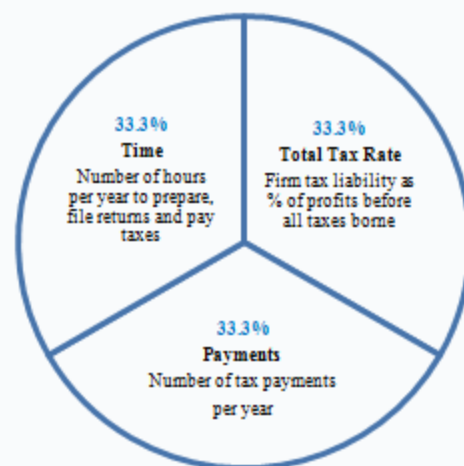
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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



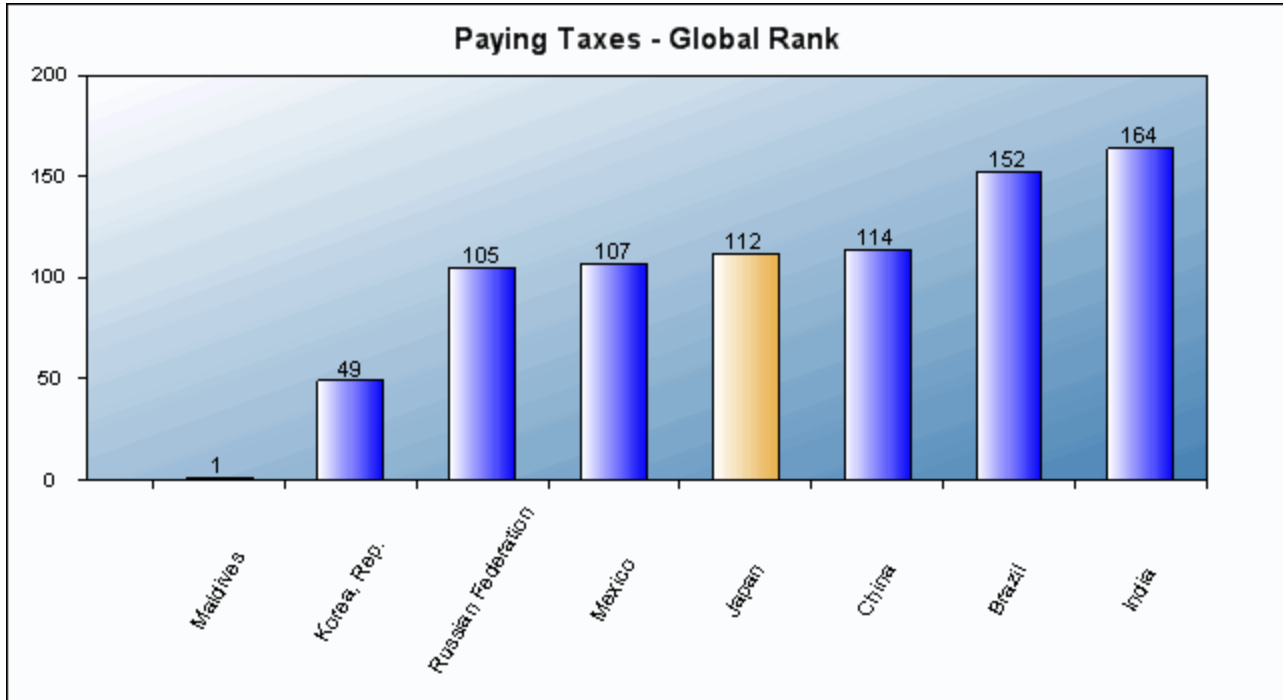
### Case Study Assumptions

- 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:

Japan is ranked 112 overall for Paying Taxes.

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





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

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

<i>Selected Economy</i>			
<b>Japan</b>	<b>14</b>	<b>355</b>	<b>48.6</b>

<i>Comparator Economies</i>			
<b>Brazil</b>	10	2600	69.0
<b>China</b>	7	398	63.5
<b>India</b>	56	258	63.3
<b>Korea, Rep.</b>	14	250	29.8
<b>Mexico</b>	6	404	50.5
<b>Russian Federation</b>	11	320	46.5

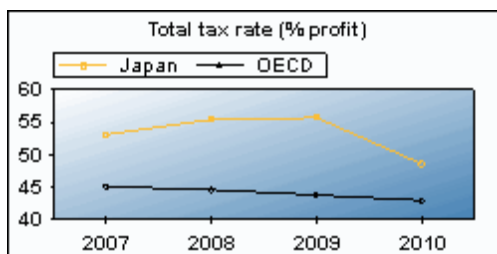
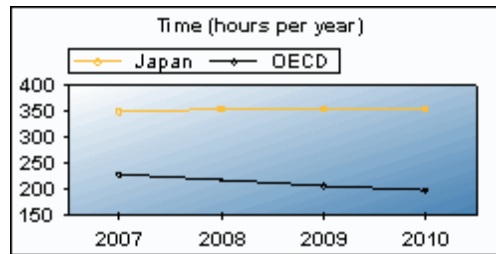
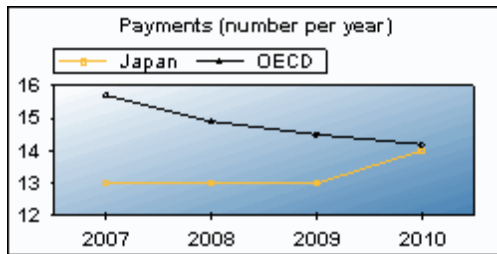
\* The following economies are also good practice economies for :

**Payments (number per year): Qatar**

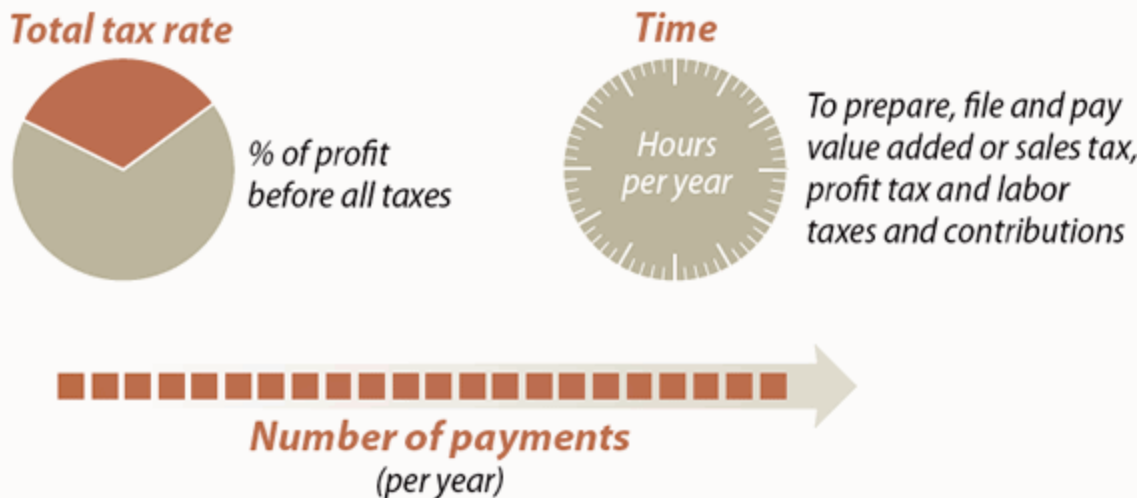
## 2. Historical data: Paying Taxes in Japan

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	119	112
Total tax rate (% profit)	53.1	55.4	55.7	48.6
Payments (number per year)	13	13	13	14
Time (hours per year)	350	355	355	355

## 3. The following graphs illustrate the Paying Taxes sub indicators in Japan 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 Japan, 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
Tax on interest	0	withheld		20.0%	interest income		
Value added tax (VAT)	1	online filing	35	5.0%	value added		
Tokyo Metropolitan - Automobile Tax	1			fixed fee (67,100 yen)		0.00	
National - Automobile Tonnage Tax	1			fixed fee (44,800 yen)		0.00	
Child allowance contribution	0	paid jointly		0.1%	gross salaries	0.10	
National - Stamp Tax (on contracts for land sale and building expansion)	1			fixed fee (125,000 yen)	per contract	0.10	
Registration and license tax	1			1.0%	70% of building expansion value	0.20	

Tokyo City - Business Premises Tax (on floor space)	1			600 yen/ per square meter	floor space	0.30
Tokyo City - City Planning Tax (on land and building)	0	paid jointly with Fixed Assets Tax		0.3%	property value	0.30
Workmen's accident compensation	0	paid jointly		0.5%	gross salaries	0.40
Employment insurance	1	online filing		0.9%	gross salaries	0.70
Tokyo Metropolitan - Real Property Acquisition Tax (for building expansion)	1			4.0%	70% of building expansion value	0.80
Tokyo City - Fixed Assets Tax (on land and building)	1			1.4%	property value	1.30
Fuel tax	1			34,140 yen per kiloliter	fuel consumption	1.40
Tokyo City - Depreciable Fixed Assets Tax	1			1.4%	net value of fixed assets	1.60
Inhabitants tax	1	online filing		6.2%	taxable profits (plus 530,000 yen)	4.00
Health insurance	1	online filing	140	4.1%	gross salaries	4.60
Tokyo Metropolitan - Enterprise Tax (on income)	0	paid jointly		9.2%	taxable profits	5.60
Welfare pension insurance	0	paid jointly		7.9%	gross salaries	8.90
Corporate income tax	1	online filing	180	30.0%	taxable profits	18.20
<b>Totals</b>	<b>14</b>		<b>355</b>			<b>48.6</b>

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)

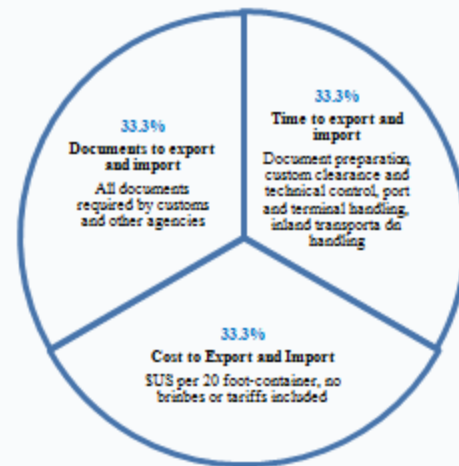
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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

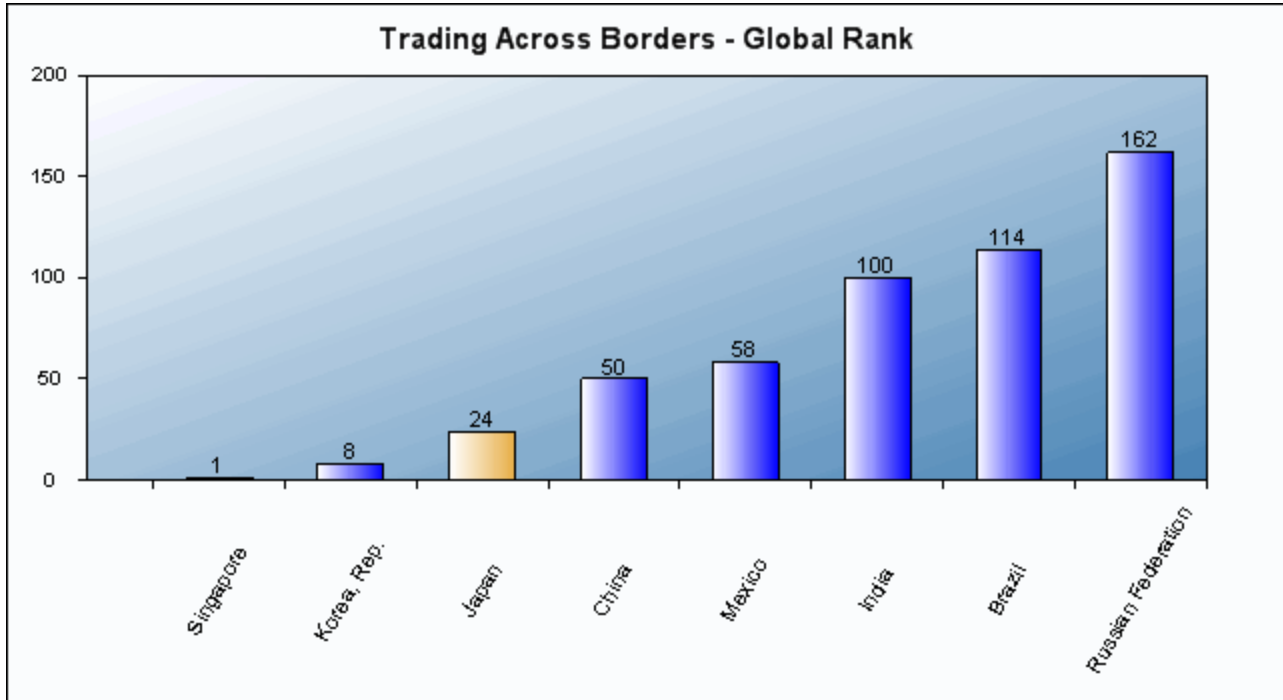
##### The traded product

- 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:

Japan is ranked 24 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
<b>Japan</b>	<b>4</b>	<b>10</b>	<b>1010</b>	<b>5</b>	<b>11</b>	<b>1060</b>

<i>Comparator Economies</i>						
<b>Brazil</b>	8	13	1790	7	17	1730
<b>China</b>	7	21	500	5	24	545
<b>India</b>	8	17	1055	9	20	1025
<b>Korea, Rep.</b>	3	8	790	3	7	790
<b>Mexico</b>	5	12	1420	4	12	1880
<b>Russian Federation</b>	8	36	1850	13	36	1850

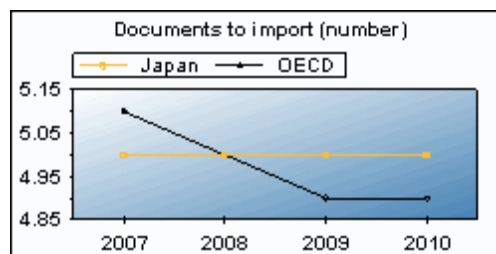
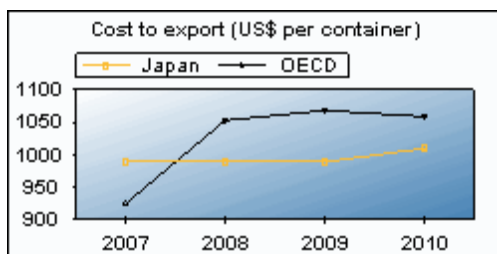
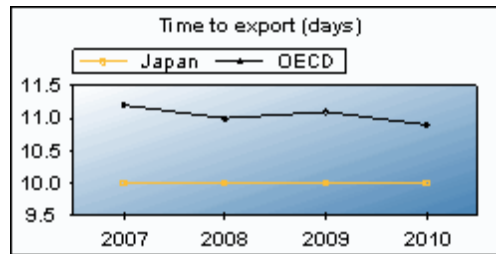
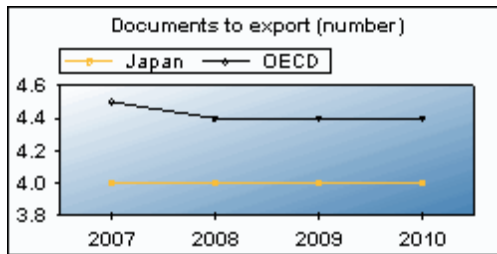
\* The following economies are also good practice economies for :

**Time to export (days): Estonia**

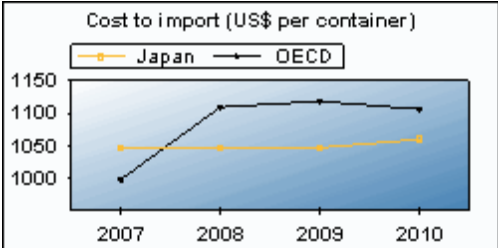
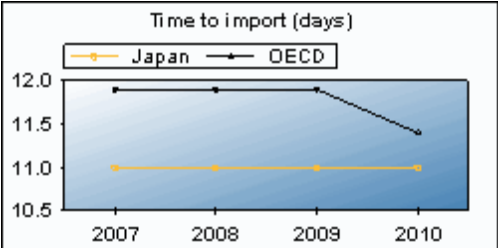
## 2. Historical data: Trading Across Borders in Japan

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	21	24
Cost to export (US\$ per container)	989	989	989	1010
Cost to import (US\$ per container)	1047	1047	1047	1060
Documents to export (number)	4	4	4	4
Documents to import (number)	5	5	5	5
Time to export (days)	10	10	10	10
Time to import (days)	11	11	11	11

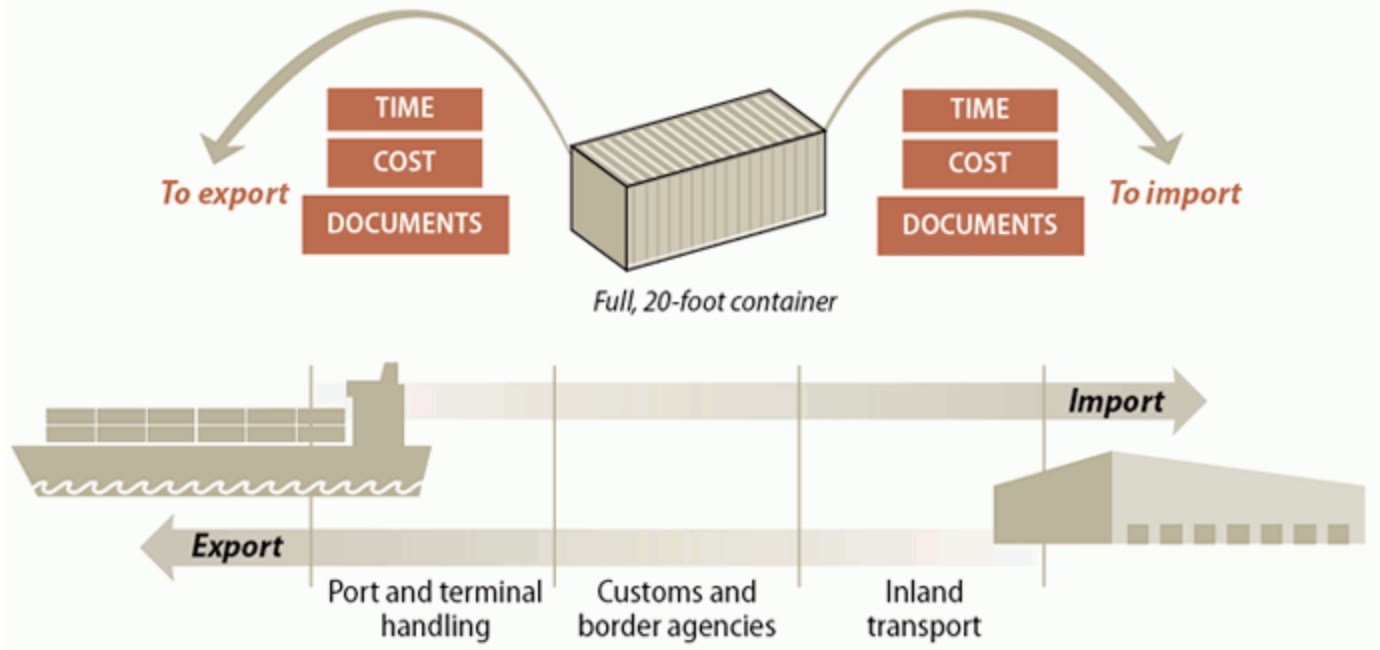
3. The following graphs illustrate the Trading Across Borders sub indicators in Japan over the past 4 years:







**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 Japan. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	110
Customs clearance and technical control	2	160
Ports and terminal handling	2	250
Inland transportation and handling	2	490
Totals	10	1010

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	5	200
Customs clearance and technical control	2	115
Ports and terminal handling	2	250
Inland transportation and handling	2	495
Totals	11	1060

**Documents for Export and Import**

**Export**

- Bill of lading
- Cargo release order
- Commercial invoice
- Customs export declaration

**Import**

- Bill of lading
- Cargo release order
- Commercial invoice
- Customs import declaration
- Packing list

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

#### Some reform outcomes

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

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

#### What do the Enforcing Contracts indicators measure?

**Enforcing Contracts:** resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

#### Procedures to enforce a contract (number)

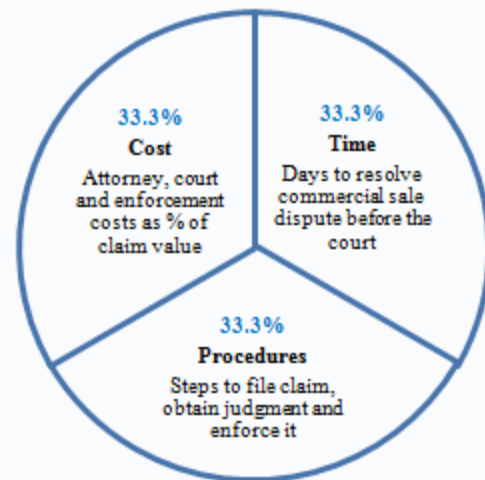
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### Time required to complete procedures (calendar days)

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

#### Cost required to complete procedures (% of claim)

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



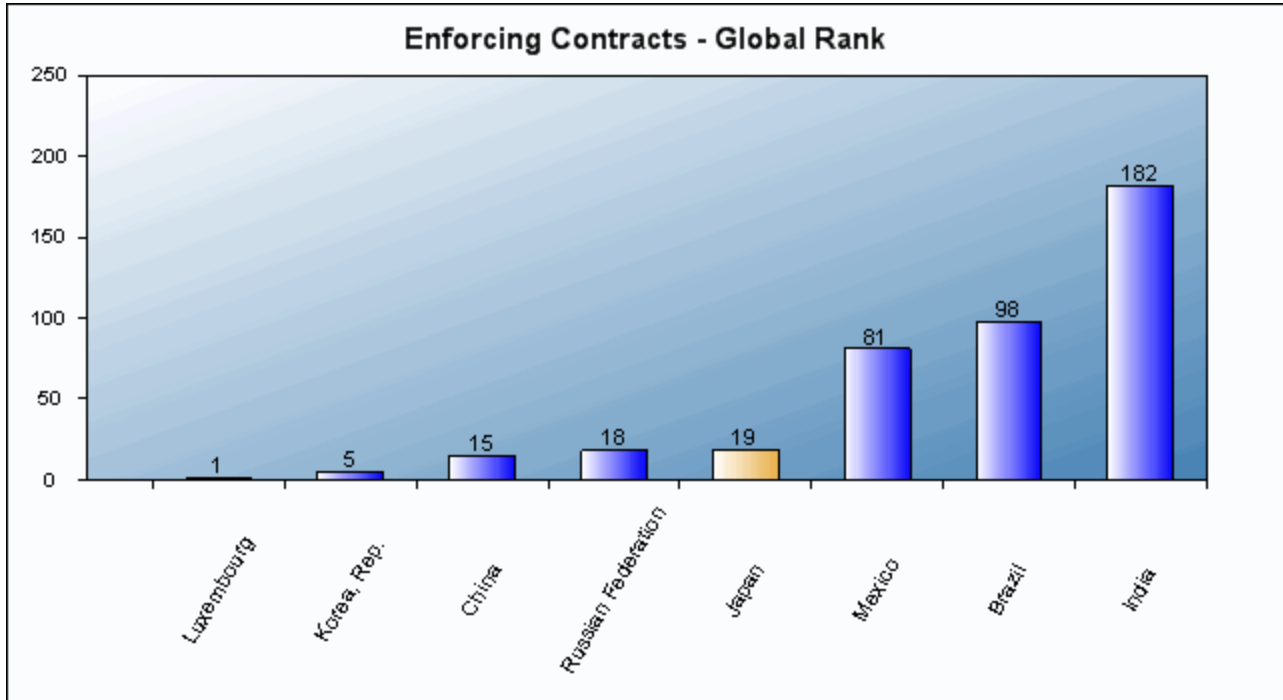
#### Case Study Assumptions

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

## 1. Benchmarking Enforcing Contracts Regulations:

Japan is ranked 19 overall for Enforcing Contracts.

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



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

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

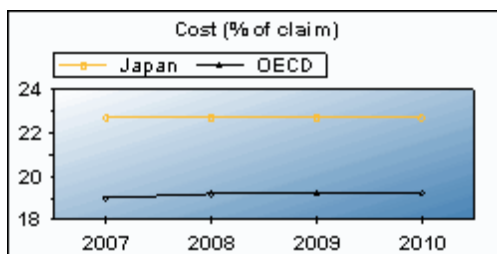
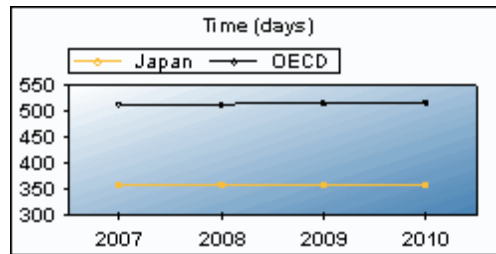
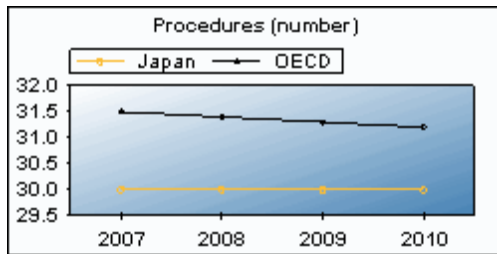
<i>Selected Economy</i>			
<b>Japan</b>	<b>30</b>	<b>360</b>	<b>22.7</b>

<i>Comparator Economies</i>			
<b>Brazil</b>	45	616	16.5
<b>China</b>	34	406	11.1
<b>India</b>	46	1420	39.6
<b>Korea, Rep.</b>	35	230	10.3
<b>Mexico</b>	38	415	32.0
<b>Russian Federation</b>	37	281	13.4

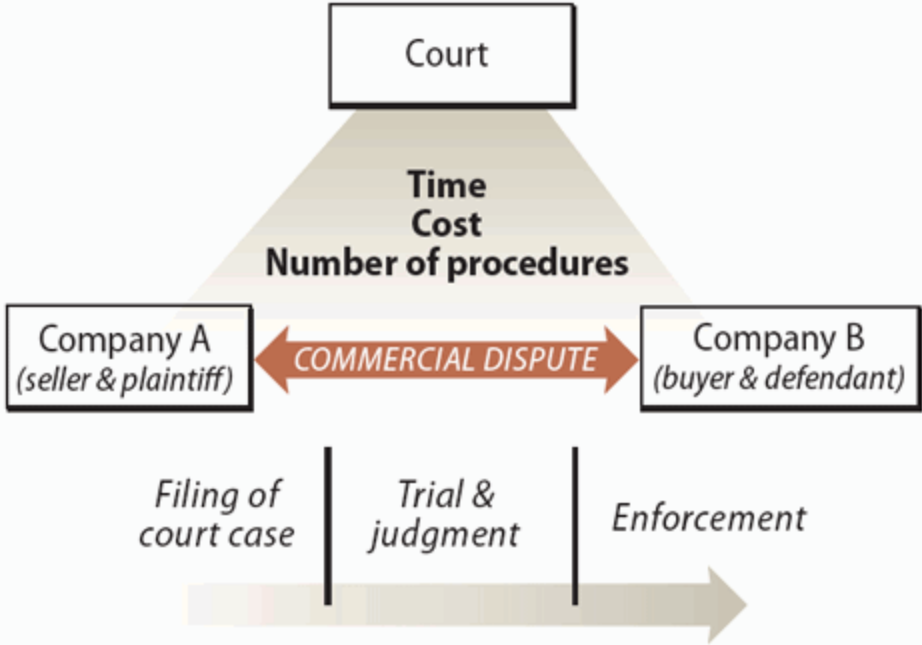
## 2. Historical data: Enforcing Contracts in Japan

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	19	19
Procedures (number)	30	30	30	30
Time (days)	360	360	360	360
Cost (% of claim)	22.7	22.7	22.7	22.7

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

Nature of Procedure (2010)	Indicator
Procedures (number)	30
Time (days)	360
Filing and service	20.0
Trial and judgment	280.0
Enforcement of judgment	60.0
<b>Cost (% of claim)*</b>	<b>22.70</b>
Attorney cost (% of claim)	9.0
Court cost (% of claim)	13.3
Enforcement Cost (% of claim)	0.4



**Court information:** Tokyo District Court ("Tokyo Chiho-saiban-sho")

\* 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)

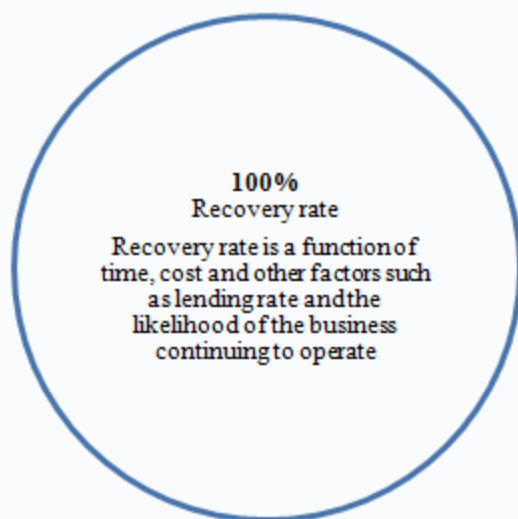
- Measured in calendar years
- Appeals and requests for extension are included

#### 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:

Japan is ranked 1 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
<b>Japan</b>	<b>92.7</b>	<b>0.6</b>	<b>4</b>

<i>Comparator Economies</i>			
<b>Brazil</b>	17.1	4.0	12
<b>China</b>	36.4	1.7	22
<b>India</b>	16.3	7.0	9
<b>Korea, Rep.</b>	81.7	1.5	4
<b>Mexico</b>	66.7	1.8	18
<b>Russian Federation</b>	25.3	3.8	9

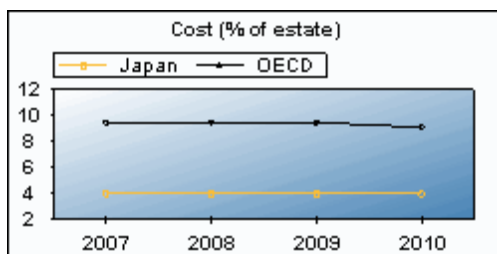
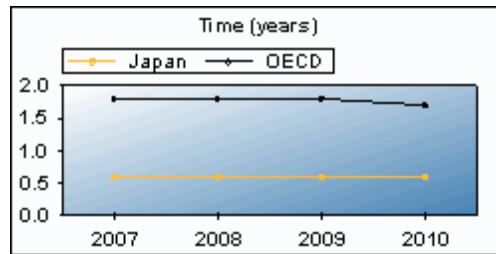
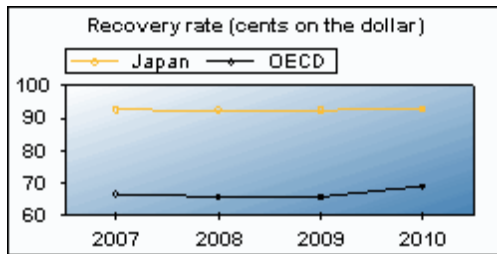
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Japan

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	1	1
Time (years)	0.6	0.6	0.6	0.6
Cost (% of estate)	4	4	4	4
Recovery rate (cents on the dollar)	92.6	92.5	92.5	92.7

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

<b>Brazil</b>	Brazil eased business start-up by further enhancing the electronic synchronization between federal and state tax authorities.
<b>Brunei Darussalam</b>	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.
<b>Cape Verde</b>	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.
<b>China</b>	China's new corporate income tax law unified the tax regimes for domestic and foreign enterprises and clarified the calculation of taxable income for corporate income tax purposes.
<b>Grenada</b>	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.
<b>Hungary</b>	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.
<b>India</b>	India eased business start-up by establishing an online VAT registration system and replacing the physical stamp previously required with an online version. India reduced the administrative burden of paying taxes by abolishing the fringe benefit tax and improving electronic payment.
<b>Japan</b>	Japan made it easier to deal with insolvency by establishing a new entity, the Enterprise Turnaround Initiative Corporation, to support the revitalization of companies suffering from excessive debt but professionally managed.
<b>Kazakhstan</b>	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.
<b>Korea, Rep.</b>	Korea made it easier to deal with insolvency by introducing postfiling financing, granting superpriority to the repayment of loans given to companies undergoing reorganization.
<b>Mexico</b>	Mexico launched an online one-stop shop for initiating business registration. Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities. Mexico increased taxes on companies by raising several tax rates, including the corporate income tax and the rate on cash deposits. At the same time, the administrative burden was reduced slightly with more options for online payment and increased use of accounting software.
<b>Peru</b>	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.

<b>Russian Federation</b>	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
<b>Rwanda</b>	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.
<b>Tajikistan</b>	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.
<b>Vietnam</b>	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.
<b>Zambia</b>	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.





[WWW.DOINGBUSINESS.ORG](http://WWW.DOINGBUSINESS.ORG)