

# Doing Business 2011

Kosovo

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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*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 Kosovo. 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)).

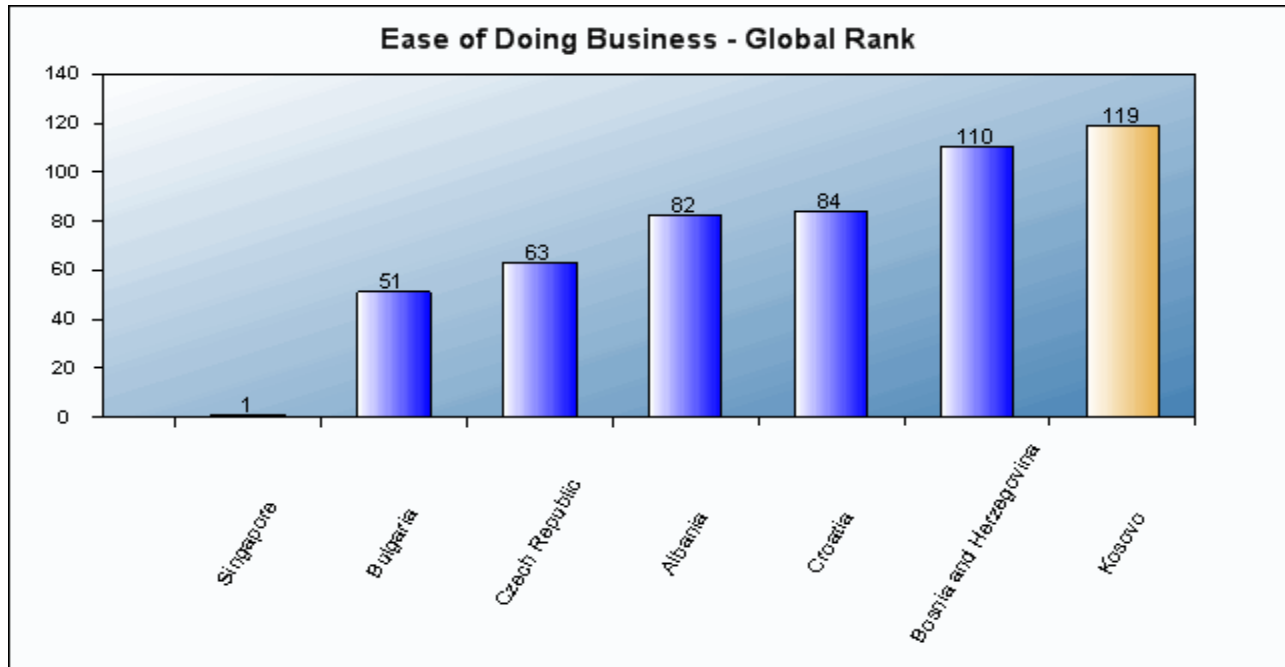
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Kosovo is ranked 119 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Kosovo's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	119
Starting a Business	163
Dealing with Construction Permits	173
Registering Property	65
Getting Credit	32
Protecting Investors	173
Paying Taxes	41
Trading Across Borders	130
Enforcing Contracts	155
Closing a Business	31

## Summary of Indicators - Kosovo

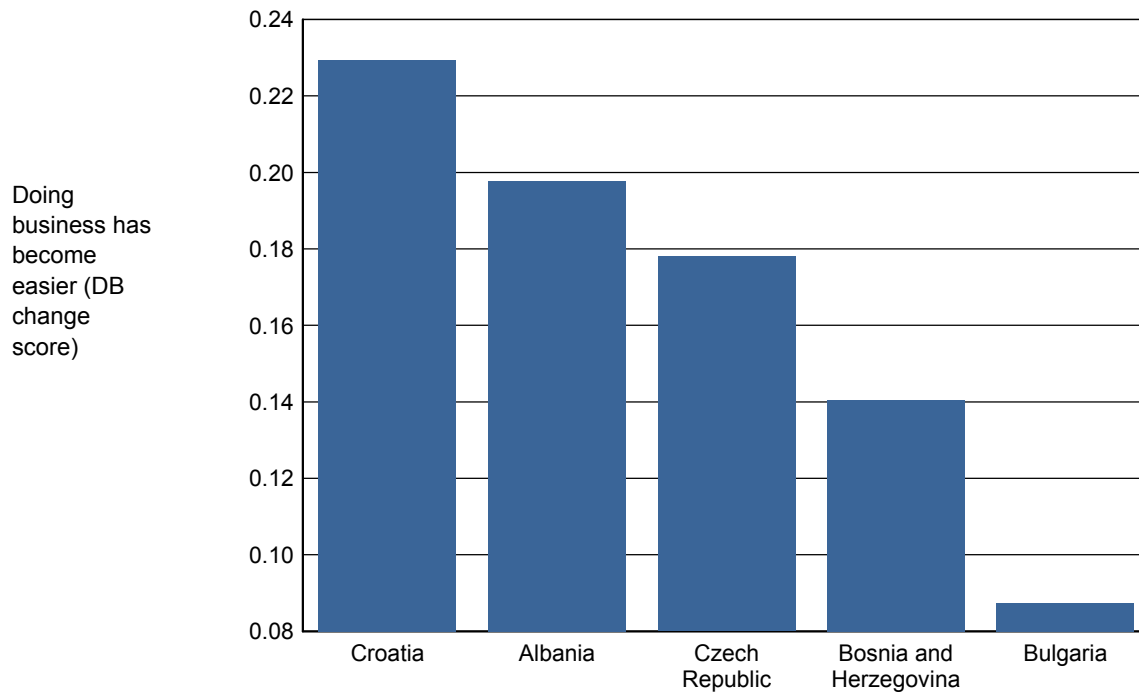
<b>Starting a Business</b>	Procedures (number)	10
	Time (days)	58
	Cost (% of income per capita)	28.7
	Min. capital (% of income per capita)	112.4
<b>Dealing with Construction Permits</b>	Procedures (number)	21
	Time (days)	320
	Cost (% of income per capita)	856.5
<b>Registering Property</b>	Procedures (number)	8
	Time (days)	33
	Cost (% of property value)	0.6
<b>Getting Credit</b>	Strength of legal rights index (0-10)	8
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	16.9
	Private bureau coverage (% of adults)	0.0
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	3
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	3
	Strength of investor protection index (0-10)	2.7
<b>Paying Taxes</b>	Payments (number per year)	33
	Time (hours per year)	163
	Profit tax (%)	10.2
	Labor tax and contributions (%)	5.6
	Other taxes (%)	0.6
	Total tax rate (% profit)	16.5
<b>Trading Across Borders</b>	Documents to export (number)	8
	Time to export (days)	17
	Cost to export (US\$ per container)	2230
	Documents to import (number)	8
	Time to import (days)	16
	Cost to import (US\$ per container)	2280

<b>Enforcing Contracts</b>	Procedures (number)	53
	Time (days)	420
	Cost (% of claim)	61.2
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	57.4
	Time (years)	2.0
	Cost (% of estate)	15

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.

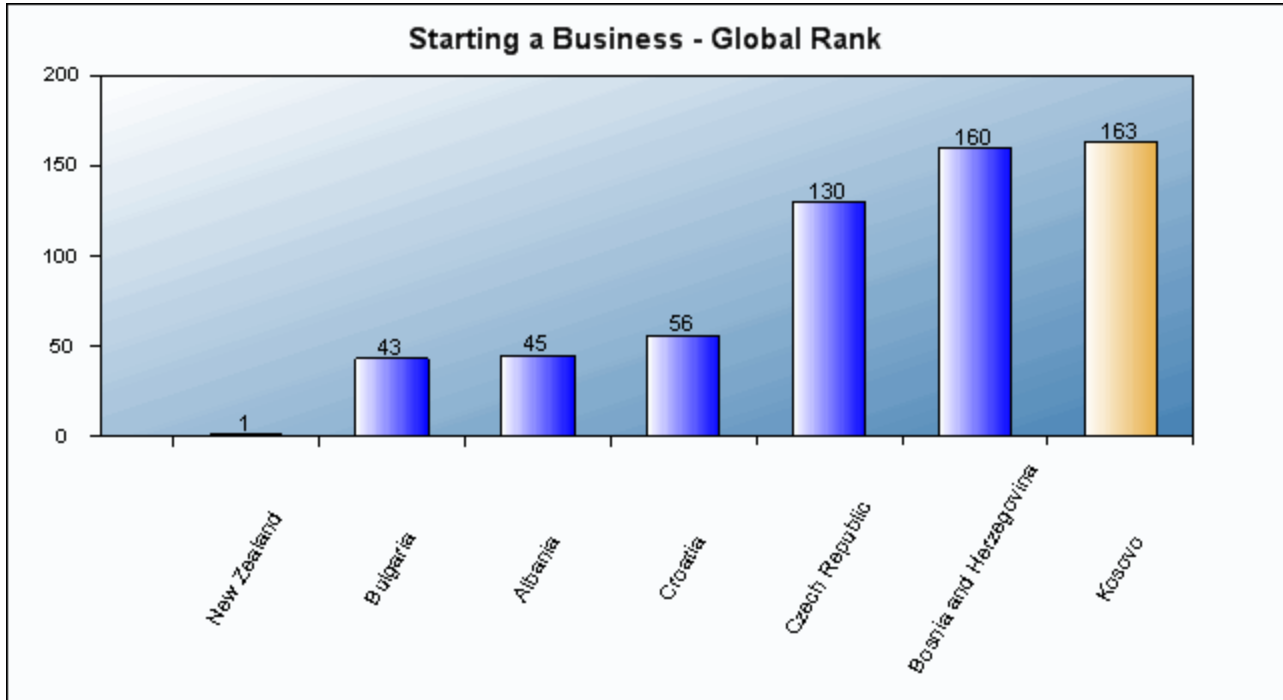
#### The business:

- 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:

Kosovo is ranked 163 overall for Starting a Business.

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



The following table shows Starting a Business data for Kosovo 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>Kosovo</b>	<b>10</b>	<b>58</b>	<b>28.7</b>	<b>112.4</b>

<i>Comparator Economies</i>				
<b>Albania</b>	5	5	16.8	0.0
<b>Bosnia and Herzegovina</b>	12	55	17.7	30.5
<b>Bulgaria</b>	4	18	1.6	0.0
<b>Croatia</b>	6	7	8.6	13.7
<b>Czech Republic</b>	9	20	9.3	30.9

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

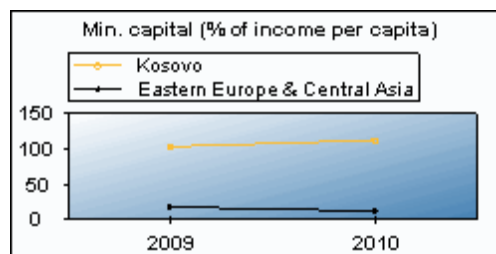
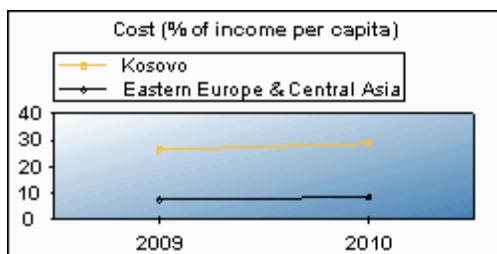
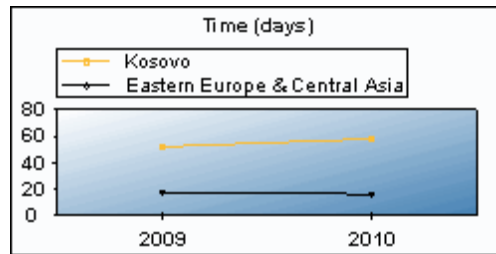
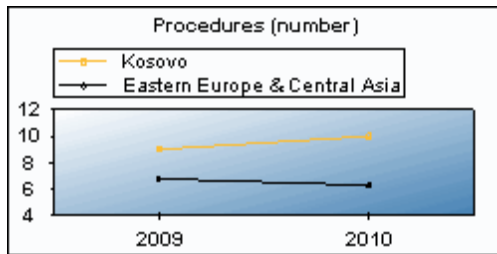
**Procedures (number):** **Canada**

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

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

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	158	163
Procedures (number)	..	..	9	10
Time (days)	..	..	52	58
Cost (% of income per capita)	..	..	26.4	28.7
Min. capital (% of income per capita)	..	..	103.4	112.4

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

### STANDARDIZED COMPANY

Legal Form: Limited Liability Company (LLC)

City: Pristina

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Open a bank account and deposit the minimum chartered capital	1	EUR 5
2	Request and obtain the Business Certificate and the 'Business Information' document at the Kosovo Business Registration Agency (KBRA)	10	no charge
3	Pay business registration fee at a bank	1	EUR 24
4	Make a company seal	1	EUR 35
5	Request and obtain a Municipality license	30	no charge
6 *	Request and obtain inspection from the Municipality Technical Committee	5	EUR 575
7	Request and obtain the fiscal number from the Tax Administration at the Ministry of Economy and Finance	7	no charge

8	* Obtain inspection of the business premise from the Tax Administration	1	no charge
9	Register the company for Value Added Tax (VAT) with the Tax Administration at the Ministry of Economy and Finance	7	no charge
10	Register employees for the pension scheme with the Tax Administration at the Ministry of Economy and Finance	1	no charge

\* Takes place simultaneously with another procedure.

## Starting a Business Details - Kosovo

<b>Procedure</b>	<b>1</b>	<b>Open a bank account and deposit the minimum chartered capital</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	EUR 5	
<b>Comment:</b>	Within 14 days from the day of incorporation, the company needs to submit a certificate of proof of depositing the minimum capital to the Business Registration Agency. The following documents should be submitted to the bank: <ol style="list-style-type: none"><li>1. Business Certificate</li><li>2. 'Business Information' document</li><li>3. Company statute</li><li>4. Resolution on the managers, the employees etc.</li></ol>	
<b>Procedure</b>	<b>2</b>	<b>Request and obtain the Business Certificate and the 'Business Information' document at the Kosovo Business Registration Agency (KBRA)</b>
<b>Time to complete:</b>	10	
<b>Cost to complete:</b>	no charge	
<b>Comment:</b>	In order to complete the registration process, the following documents should be submitted to the Registry: <ol style="list-style-type: none"><li>1. Business registration form – can be downloaded from the website at <a href="http://www.arbk.org">www.arbk.org</a>. But the website does not function properly.</li><li>2. Statue of the company</li><li>3. Title certificate or lease contract</li><li>4. Copies of ID cards of all shareholders</li><li>5. A resolution showing the decision to establish a business in Kosovo</li></ol> There is no requirement to reserve the company name prior to registration. Business names can duplicate. It is enough to include the name of the business in the registration form.	
<b>Procedure</b>	<b>3</b>	<b>Pay business registration fee at a bank</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	EUR 24	
<b>Comment:</b>		
<b>Procedure</b>	<b>4</b>	<b>Make a company seal</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	EUR 35	
<b>Comment:</b>	The seal is not legally required. However, the majority of businesses make a seal and use it in their interaction with the authority. Cost is between 20 and 50 Euros.	
<b>Procedure</b>	<b>5</b>	<b>Request and obtain a Municipality license</b>

**Time to complete:** 30

**Cost to complete:** no charge

**Comment:** The municipality license fee is paid annually and depends on the commercial activity and ranges between Euros 50-1000.

**Procedure 6 Request and obtain inspection from the Municipality Technical Committee**

**Time to complete:** 5

**Cost to complete:** EUR 575

**Comment:** After obtaining the Business Registration Certificate from the Kosovo Business Registration Agency, the party must make a request to the Municipal Inspection commission (in Prishtina municipality) to inspect sanitary conditions, safety of the premise etc.

**Procedure 7 Request and obtain the fiscal number from the Tax Administration at the Ministry of Economy and Finance**

**Time to complete:** 7

**Cost to complete:** no charge

**Comment:** Within 15 days all business organizations registered with the KBRA (Kosovo Business Registration Agency), must apply for fiscal number at TAK (Kosovo Tax Administration) before beginning any economic activity.  
In order to apply at the TAK, the following documents should be submitted:

1. Business Certificate,
2. Business Information document,
3. Copy of ID card of the owner or authorized person of the company,
4. The bank account circulation in last 6 months,
5. The application form for fiscal number which it can be obtained at the TAK office or it can be downloaded from internet at: <http://atk-ks.org/english/NFiskal/>.

According to the article 5, paragraph 3 of Administrative Instruction No.07/2009 on Registration, Deregistration and Issuance of Fiscal Number, Tax Administration of Kosovo must make a decision on whether to issue a number, or not, within 10 working days after receiving the application. In practice, it takes around 7 calendar days to issue the fiscal number.

**Procedure 8 Obtain inspection of the business premise from the Tax Administration**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** TAK may conduct a visit to the business premise to inspect the site prior to issuing a fiscal number. The entrepreneur must be present at the site when the inspection is conducted.

**Procedure 9 Register the company for Value Added Tax (VAT) with the Tax Administration at the Ministry of Economy and Finance**

**Time to complete:** 7

**Cost to complete:** no charge

**Comment:** The Value Added Tax application is required only for companies with a yearly turnover of more than 50,000 Euros. The VAT registration form can be downloaded from <http://www.atk-ks.org/english/Tatimet/fajllat/tvsh/FRTVSH.pdf>. A VAT Registration Certificate will be issued showing the business name, the Business registration Number (BRN) and the principal address of the business.

**Procedure 10 Register employees for the pension scheme with the Tax Administration at the Ministry of Economy and Finance**



**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** Business certificate, copy of identification cards and a completed registration form are required to register workers for pension.

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

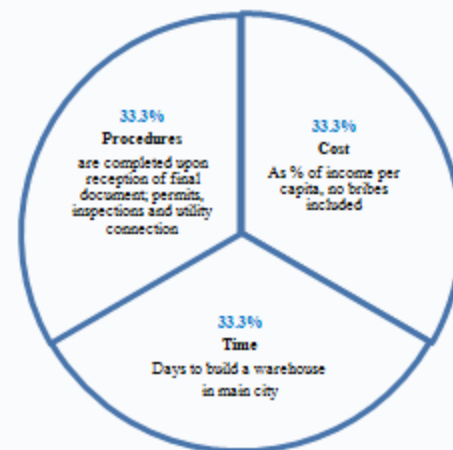
#### The warehouse:

- 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

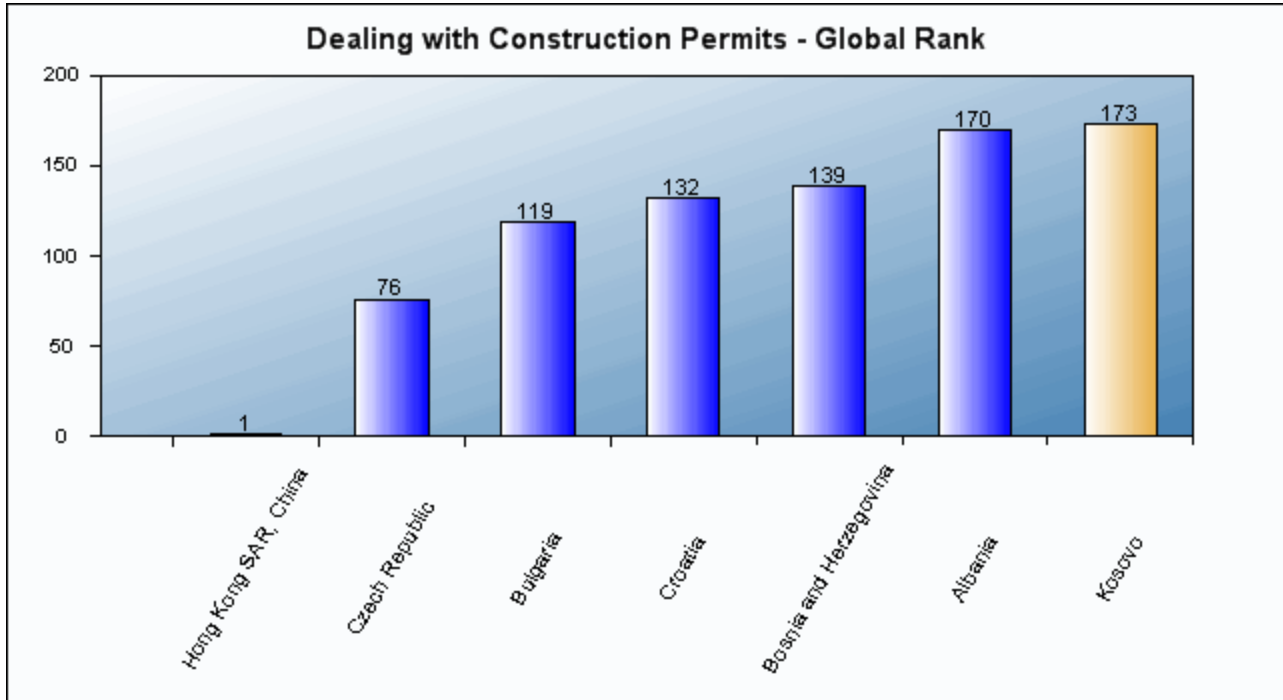
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Kosovo is ranked 173 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Kosovo 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	

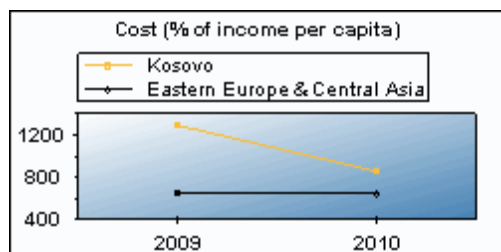
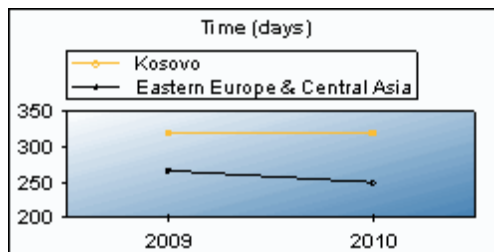
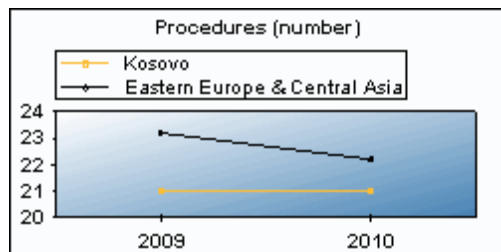
<i>Selected Economy</i>			
<b>Kosovo</b>	<b>21</b>	<b>320</b>	<b>856.5</b>

<i>Comparator Economies</i>			
<b>Albania</b>	24	331	381.3
<b>Bosnia and Herzegovina</b>	16	255	578.1
<b>Bulgaria</b>	24	139	442.3
<b>Croatia</b>	13	315	850.9
<b>Czech Republic</b>	36	150	16.4

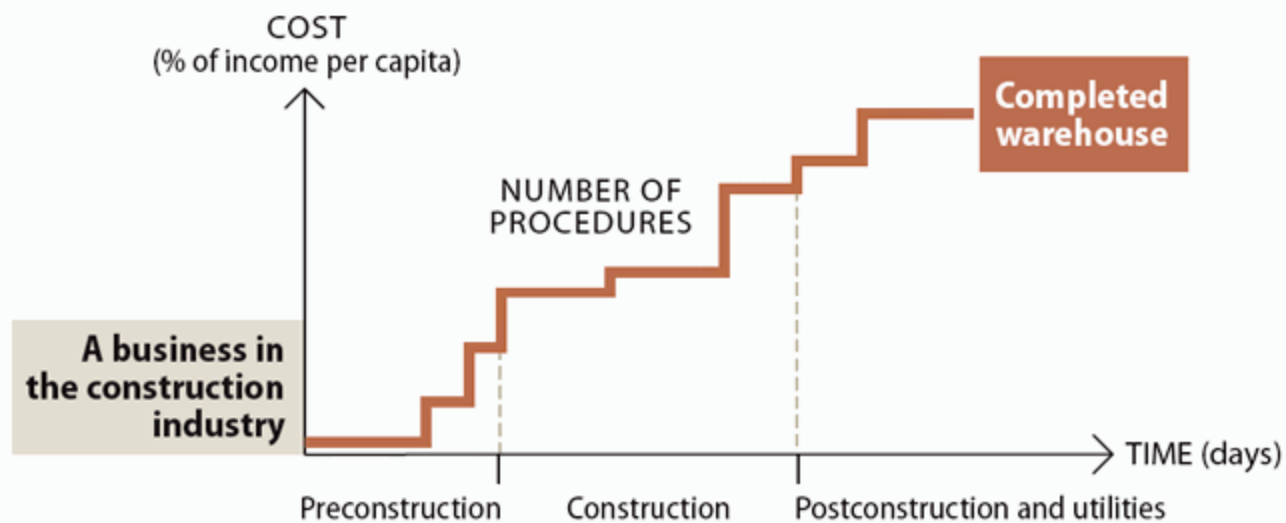
## 2. Historical data: Dealing with Construction Permits in Kosovo

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	177	173
Procedures (number)	..	..	21	21
Time (days)	..	..	320	320
Cost (% of income per capita)	..	..	1291.0	856.5

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

### BUILDING A WAREHOUSE

City: Pristina

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain the property certificate and a copy of land plot plan from the municipal Geodesy and Cadastral Directorate	2 days	EUR 8
2	Request and obtain approval of compliance with technical and urbanistic requirements	30 days	EUR 10
3	Request and obtain validation of the main project	5 days	no charge
4	Request and obtain initial clearance from the electricity authority (KEK)	2 days	EUR 10
5	Request and obtain fire protection clearance	15 days	EUR 50
6	Request and obtain initial clearance from water authority (Ujështetësi Rajonal e Kosovës)	2 days	no charge
7	Pay Municipal fees for the building permit at a commercial bank	1 day	EUR 13,007

8	Request and obtain the building permit from the Planning, Urbanism and Construction Directorate of the Municipality	30 days	no charge
9	Notify to the Planning, Urbanism and Construction Directorate of the Municipality about the start of construction work	1 day	no charge
10	Receive on-site inspection by the Municipal Technical Commission	1 day	no charge
11	Request and connect to water and sewage services	7 days	EUR 181
12 *	Request and connect to telecommunications services	5 days	EUR 31
13 *	Apply for electricity at KEK (Korporata Energjetike e Kosovës)	1 day	no charge
14 *	Receive an inspection from KEK	1 day	no charge
15 *	Sign energy agreement and pay associated fees	1 day	EUR 501
16 *	Inspection by KEK of purchased equipment and connection works, external connection and installation of the meter	21 days	no charge
17	Request technical approval of the building by the Municipal Technical Commission	1 day	EUR 30
18	Receive technical approval of the building by the Municipal Technical Commission and obtain usage permit	39 days	EUR 10
19	Register property at the Geodesy and Cadastral Directorate of the Municipality	165 days	no charge
20 *	Pay registration fee at a commercial bank	1 day	EUR 5,203
21 *	Receive inspection from the Geodesy and Cadastral Directorate of the Municipality	1 day	no charge

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Kosovo

### Procedure 1 Request and obtain the property certificate and a copy of land plot plan from the municipal Geodesy and Cadastral Directorate

**Time to complete:** 2 days

**Cost to complete:** EUR 8

**Agency:** Municipality: Geodesy and Cadastral Directorate

**Comment:** Copies are valid for 180 days and will be required for the building permit application.

### Procedure 2 Request and obtain approval of compliance with technical and urbanistic requirements

**Time to complete:** 30 days

**Cost to complete:** EUR 10

**Agency:** Municipality: Urban and Technical Commission

**Comment:** Authorities verify if the building can be constructed in the specific area and compliance of the building's design with the urban plan. In addition, the authorities will analyze the building plans to assess the compliance with security and technical construction norms.

### Procedure 3 Request and obtain validation of the main project

**Time to complete:** 5 days

**Cost to complete:** no charge

**Agency:** Municipality: Technical Audit Directorate

**Comment:** Directorate verifies the main project plan and assess the amount of fees that need to be paid in order to obtain the building permit.

### Procedure 4 Request and obtain initial clearance from the electricity authority (KEK)

**Time to complete:** 2 days

**Cost to complete:** EUR 10

**Agency:** KEK (Korporata Energjetike e Kosovës)

**Comment:** Present electrical plans for assessment of compliance with safety norms.

### Procedure 5 Request and obtain fire protection clearance

**Time to complete:** 15 days

**Cost to complete:** EUR 50

**Agency:** Ministry of Internal Affairs, Emergency Department



**Comment:** Present emergency plans in case of fire for assessment of compliance with safety norms.

**Procedure 6 Request and obtain initial clearance from water authority (Ujësjetllësi Rajonal e Kosovës)**

**Time to complete:** 2 days

**Cost to complete:** no charge

**Agency:** Ujësjetllësi Rajonal e Kosovës

**Comment:** Present water plans for assessment of compliance with safety norms.

**Procedure 7 Pay Municipal fees for the building permit at a commercial bank**

**Time to complete:** 1 day

**Cost to complete:** EUR 13,007

**Agency:** Commercial bank

**Comment:**

**Procedure 8 Request and obtain the building permit from the Planning, Urbanism and Construction Directorate of the Municipality**

**Time to complete:** 30 days

**Cost to complete:** no charge

**Agency:** Municipality: Planning, Urbanism and Construction Directorate

**Comment:** Applicant presents the receipt and requests the building permit. Usually, applicants will have to wait between 20 to 35 days in order to receive the building permit.

**Procedure 9 Notify to the Planning, Urbanism and Construction Directorate of the Municipality about the start of construction work**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Planning, Urbanism and Construction Directorate of the Municipality

**Comment:** The notification needs to be submitted 8 days before the beginning of construction. The Technical Commission may visit the site on an unannounced basis to verify whether the construction is in accordance with the plan. Due to the volume of construction in Pristina, such visits are rare.

**Procedure 10 Receive on-site inspection by the Municipal Technical Commission**

**Time to complete:** 1 day

**Cost to complete:** no charge  
**Agency:** Planning, Urbanism and Construction Directorate of the Municipality  
**Comment:**

#### **Procedure 11 Request and connect to water and sewage services**

**Time to complete:** 7 days  
**Cost to complete:** EUR 181  
**Agency:** Ujështetësi Rajonal e Kosovës  
**Comment:**

#### **Procedure 12 Request and connect to telecommunications services**

**Time to complete:** 5 days  
**Cost to complete:** EUR 31  
**Agency:** Telecommunications Authority (Posta dhe Telekomunikacioni i Kosovës)  
**Comment:**

#### **Procedure 13 Apply for electricity at KEK (Korporata Energjetike e Kosovës)**

**Time to complete:** 1 day  
**Cost to complete:** no charge  
**Agency:** KEK (Korporata Energjetike e Kosovës)  
**Comment:** Applicants should apply in person. The forms are available on-line. The following documents should be attached to the application: electrical plan, construction permit and receipts stating the origin of materials. They will also need to explain the load requirements and justify the need for the requested load.

#### **Procedure 14 Receive an inspection from KEK**

**Time to complete:** 1 day  
**Cost to complete:** no charge  
**Agency:** KEK (Korporata Energjetike e Kosovës)  
**Comment:** Inspector visits the property and assesses connection costs. Applicants have to wait on average a week after they submit the application. After the visit, the staff from KEK will prepare the “energy agreement”. This document explains the required next steps and provides connection works’ guidelines for the electrical contractor. KEK is unable to provide materials or workers for the connection. Therefore, the electrical contractor will lead the works under KEK’s supervision. Applicants have to wait on average 1 week to

receive the energy agreement.

<b>Procedure 15</b>	<b>Sign energy agreement and pay associated fees</b>
<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	EUR 501
<b>Agency:</b>	KEK (Korporata Energjetike e Kosovës)/Commercial Bank
<b>Comment:</b>	Applicant pays the EUR 500 fee (fees for “processing technical documentation”) at any commercial bank. Applicants have 4 days to request any amendment to the energy agreement.
<b>Procedure 16</b>	<b>Inspection by KEK of purchased equipment and connection works, external connection and installation of the meter</b>
<b>Time to complete:</b>	21 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	KEK (Korporata Energjetike e Kosovës)/Commercial Bank
<b>Comment:</b>	Electricity starts to flow upon installation of the meter. All the connection related works will be performed by the electrical contractor under the supervision of KEK. The meter will be provided by KEK (usually applicants have to buy the meter (and register it at KEK); however, for big customer KEK provides the meter).
<b>Procedure 17</b>	<b>Request technical approval of the building by the Municipal Technical Commission</b>
<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	EUR 30
<b>Agency:</b>	Municipality: Technical Commission
<b>Comment:</b>	
<b>Procedure 18</b>	<b>Receive technical approval of the building by the Municipal Technical Commission and obtain usage permit</b>
<b>Time to complete:</b>	39 days
<b>Cost to complete:</b>	EUR 10
<b>Agency:</b>	Municipality: Technical Commission
<b>Comment:</b>	
<b>Procedure 19</b>	<b>Register property at the Geodesy and Cadastral Directorate of the Municipality</b>
<b>Time to complete:</b>	165 days
<b>Cost to complete:</b>	no charge

**Agency:** Geodesy and Cadastral Directorate of the Municipality

**Comment:**

**Procedure 20 Pay registration fee at a commercial bank**

**Time to complete:** 1 day

**Cost to complete:** EUR 5,203

**Agency:** Commercial Bank

**Comment:**

**Procedure 21 Receive inspection from the Geodesy and Cadastral Directorate of the Municipality**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Geodesy and Cadastral Directorate of the Municipality

**Comment:**

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)

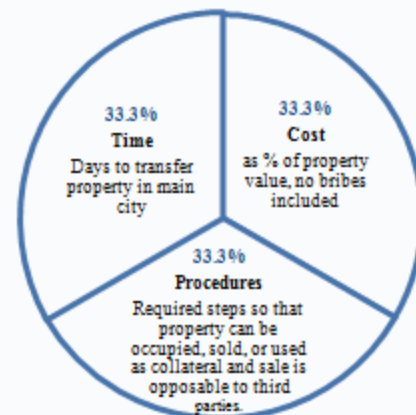
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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.

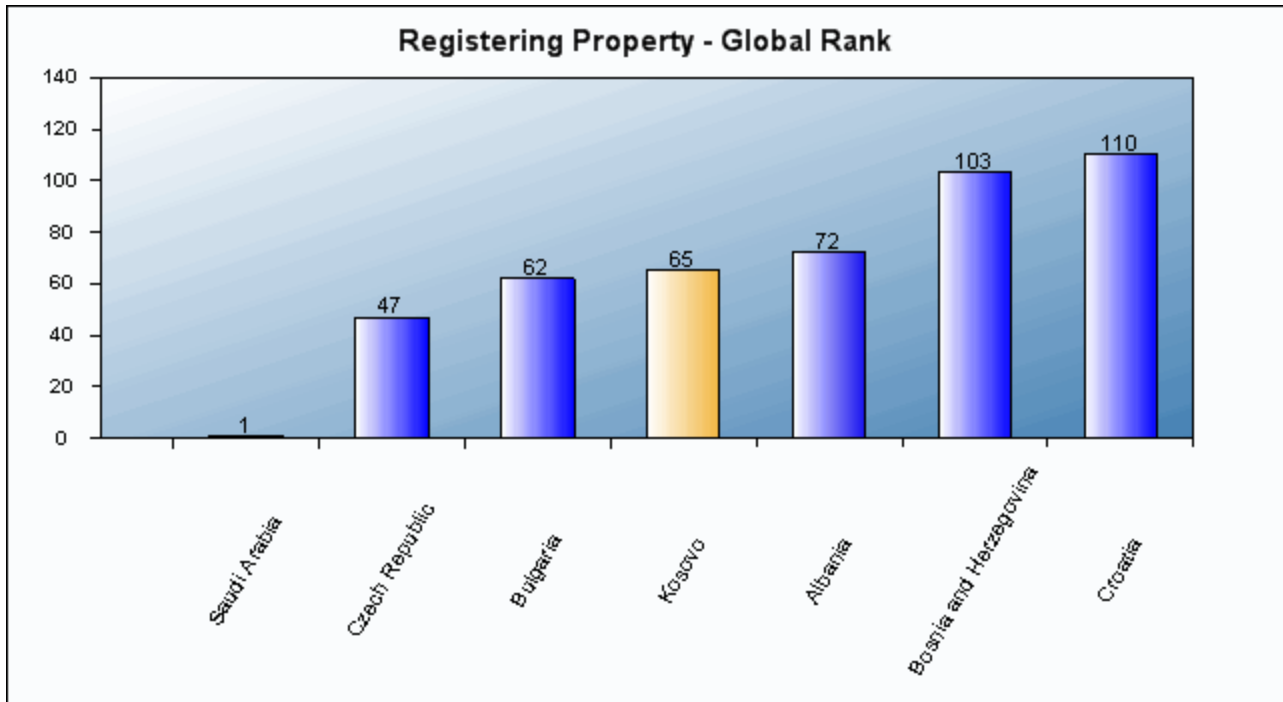
#### The property (fully owned by the seller):

- 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:

Kosovo is ranked 65 overall for Registering Property.

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



The following table shows Registering Property data for Kosovo 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>Kosovo</b>	<b>8</b>	<b>33</b>	<b>0.6</b>

<i>Comparator Economies</i>			
<b>Albania</b>	6	42	3.4
<b>Bosnia and Herzegovina</b>	7	33	5.3
<b>Bulgaria</b>	8	15	3.0
<b>Croatia</b>	5	104	5.0
<b>Czech Republic</b>	4	43	3.0

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

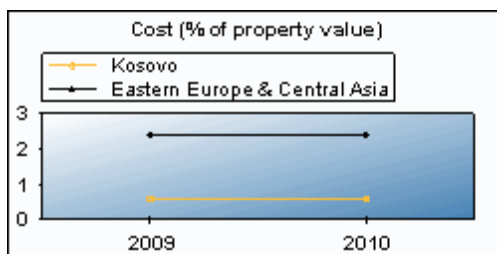
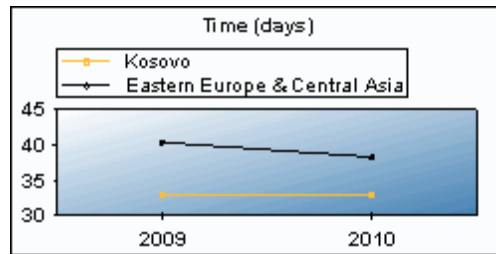
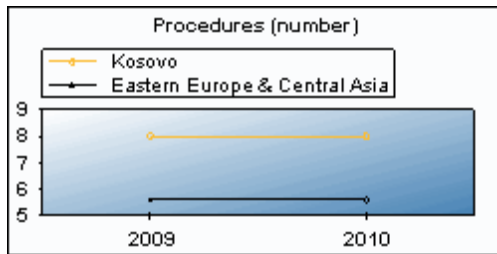
**Procedures (number): United Arab Emirates**

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

## 2. Historical data: Registering Property in Kosovo

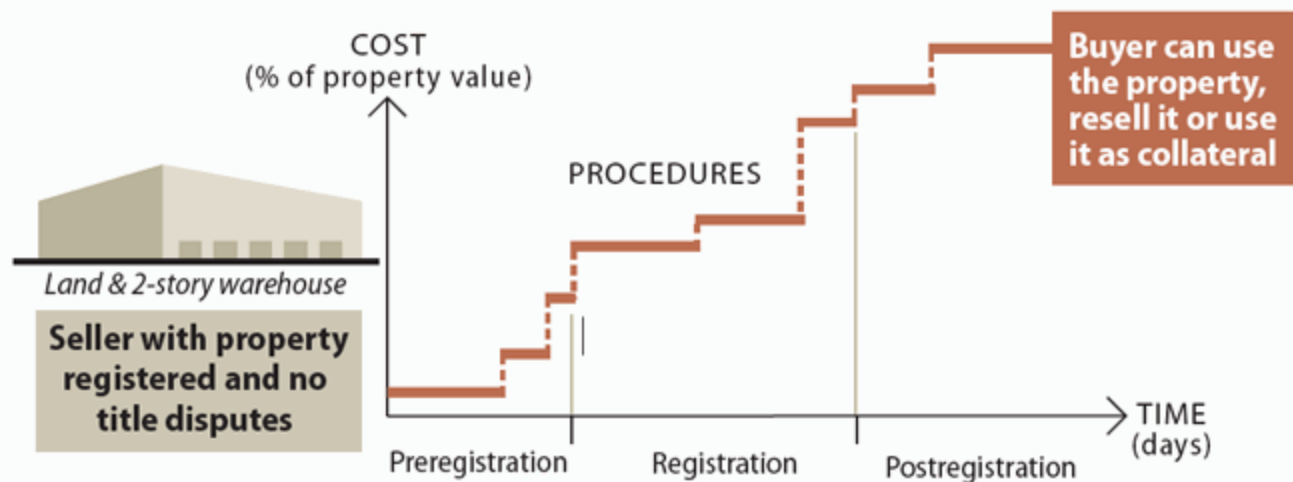
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	64	65
Procedures (number)	..	..	8	8
Time (days)	..	..	33	33
Cost (% of property value)	..	..	0.6	0.6

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

### STANDARDIZED PROPERTY

Property Value: 111,162.53

City: Pristina

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain copies of the property certificate and lot plan at the Municipal Geodesic and Cadastral Directorate of the Municipality	2 days	EUR 4 for the property certificate and EUR 4 for the lot plan
2	Obtain tax confirmation letter from the Finance and Property Directorate of the Municipality	2 days	EUR 4
3	Obtain certified copies of business certificates at the Municipality	1 day	EUR 4 (EUR 1 per page, most the businesses certificates have 4 pages)
4	Lawyer drafts the sale agreement	2 days	EUR 200
5	Receive confirmation of the validity of the sale agreement by the Municipal Court	2 days	EUR 50 + EUR 1 application fee + EUR 5 authorization lawyer
6	Seller pays transfer tax at a commercial bank	1 day	EUR 150 + EUR 1 (bank services)

7	Register the transfer of property at the Geodesic and Cadastral Directorate of the Municipality	23 days	no cost
8	Pay Registration fees at the Commercial Bank	1 day	EUR 200 + EUR 1 (bank services) Registration fee is EURO 200,

## Registering Property Details - Kosovo

<b>Procedure</b>	<b>1</b>	<b>Obtain copies of the property certificate and lot plan at the Municipal Geodesic and Cadastral Directorate of the Municipality</b>
<b>Time to complete:</b>		2 days
<b>Cost to complete:</b>		EUR 4 for the property certificate and EUR 4 for the lot plan
<b>Agency:</b>		Municipal Geodesic and Cadastral Directorate of the Municipality
<b>Comment:</b>		Seller need to present these documents to the lawyer that will prepare the sale agreement. The lawyer checks for encumbrances - mortgages, liens or other charges, on the property before doing the transfer
<b>Procedure</b>	<b>2</b>	<b>Obtain tax confirmation letter from the Finance and Property Directorate of the Municipality</b>
<b>Time to complete:</b>		2 days
<b>Cost to complete:</b>		EUR 4
<b>Agency:</b>		Finance and Property Directorate of the Municipality
<b>Comment:</b>		Seller requests this confirmation letter to the Municipality in order to prove that all the taxes for the property have been paid and that the property can be sold. Seller needs to present these documents to the lawyer that will prepare the sale agreement
<b>Procedure</b>	<b>3</b>	<b>Obtain certified copies of business certificates at the Municipality</b>
<b>Time to complete:</b>		1 day
<b>Cost to complete:</b>		EUR 4 (EUR 1 per page, most the businesses certificates have 4 pages)
<b>Agency:</b>		Municipality of Pristina
<b>Comment:</b>		Both Buyer and Seller need to present copies of the business certificates that certify that the business is still existent (to be renewed annually) to the lawyer that will prepare the sale agreement.
<b>Procedure</b>	<b>4</b>	<b>Lawyer drafts the sale agreement</b>
<b>Time to complete:</b>		2 days
<b>Cost to complete:</b>		EUR 200
<b>Comment:</b>		Lawyers will charge for this type of transaction between EUR 100 to EUR 300. Regarding VAT some lawyers will charge it others not. According to Kosovo's Tax Law businesses collect VAT only if they earn more than EUR 50,000 per year. Anyone can draft a sale agreement. Laws do not mandate the intervention of lawyers during a real estate transaction.
<b>Procedure</b>	<b>5</b>	<b>Receive confirmation of the validity of the sale agreement by the Municipal Court</b>

**Time to complete:** 2 days

**Cost to complete:** EUR 50 + EUR 1 application fee + EUR 5 authorization lawyer

**Agency:** Municipal Court Pristina

**Comment:** After signature of the sale agreement, lawyers submit the contract to the court for approval and certification. The court clerk will verify the identity of both parties, check that they are legally mandated to sign this agreement, assessing that the transaction complies with the law. This can be done either by the parties (no cost) or by the lawyer (lawyer need an authorization by the parties. This authorization cost EUR 5). This is done to prevent any party to later deny or reject the fact that they were physically present at the confirmation of this sale agreement.

#### **Procedure 6 Seller pays transfer tax at a commercial bank**

**Time to complete:** 1 day

**Cost to complete:** EUR 150 + EUR 1 (bank services)

**Agency:** Commercial Bank

**Comment:** This transfer tax is a flat fee . In the past it was a percentage of the property value but it is now a fixed value per land plot transferred. After paying at the bank, it is necessary to bring back to the municipality the proof of payment.

#### **Procedure 7 Register the transfer of property at the Geodesic and Cadastral Directorate of the Municipality**

**Time to complete:** 23 days

**Cost to complete:** no cost

**Agency:** Municipal Geodesic and Cadastral Directorate of the Municipality

**Comment:** After submitting all documentation, the municipality provides the payment slip to pay the registration fees at a commercial bank.

#### **Procedure 8 Pay Registration fees at the Commercial Bank**

**Time to complete:** 1 day

**Cost to complete:** EUR 200 + EUR 1 (bank services) Registration fee is EURO 200,

**Agency:** Commercial Bank

**Comment:** Registration is a flat fee rate. In the past it was a percentage of the property value but it is now a fixed value per land plot transferred. After paying at the bank, it is necessary to bring back to the municipality the proof of payment.

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

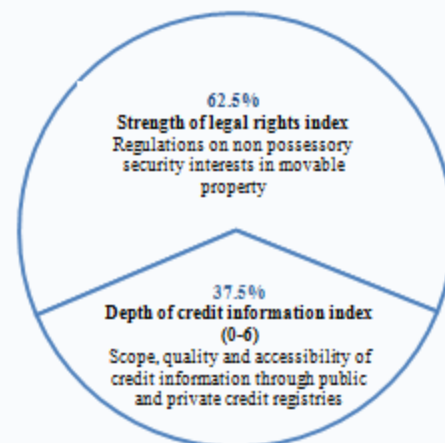
##### Public credit registry coverage (% of adults)

- 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)

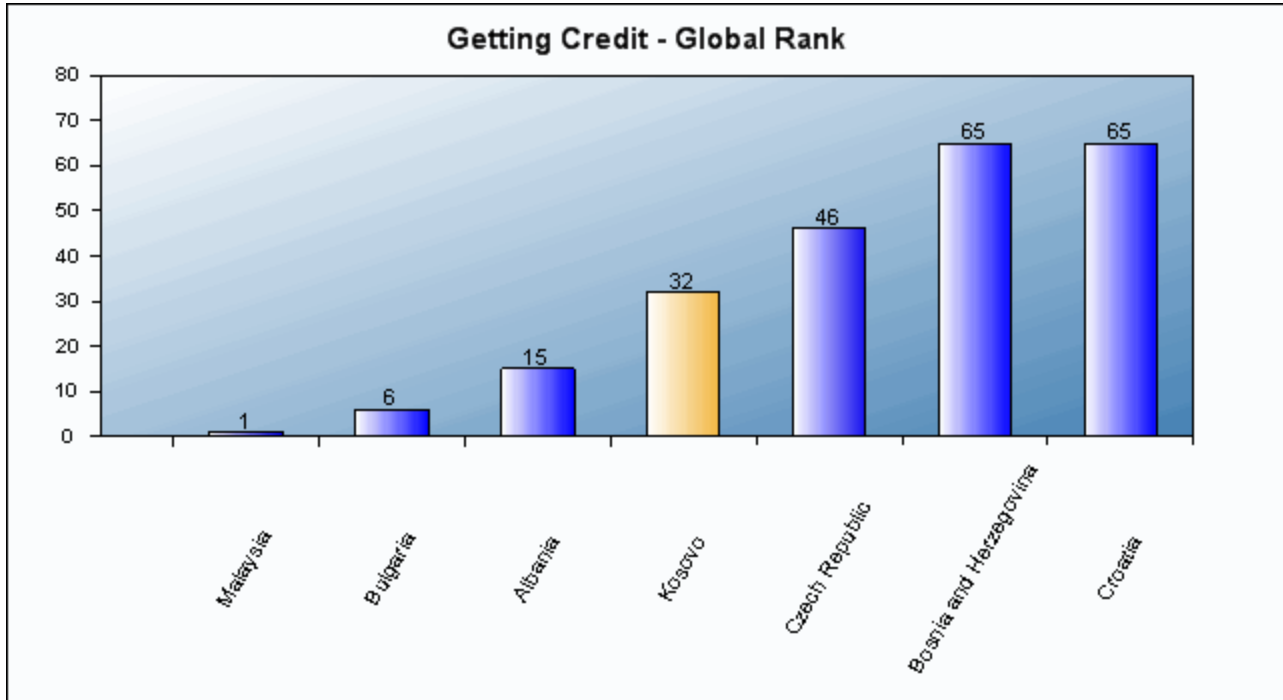
##### The Debtor

- 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:

Kosovo is ranked 32 overall for Getting Credit.

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



The following table shows Getting Credit data for Kosovo 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>Kosovo</b>	<b>8</b>	<b>4</b>	<b>16.9</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Albania</b>	9	4	8.3	0.0
<b>Bosnia and Herzegovina</b>	5	5	30.2	47.2
<b>Bulgaria</b>	8	6	37.0	13.1
<b>Croatia</b>	6	4	0.0	81.2
<b>Czech Republic</b>	6	5	4.9	73.2

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

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

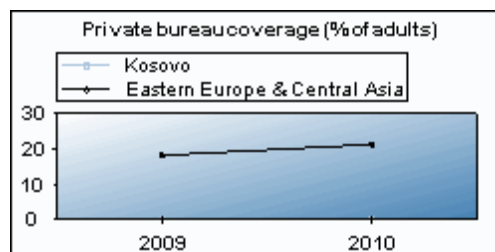
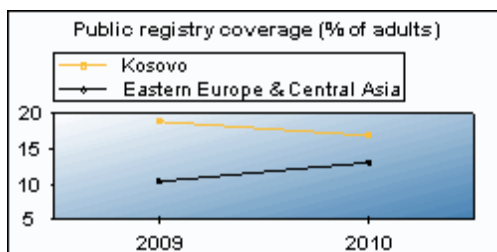
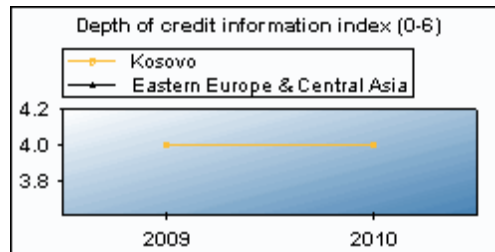
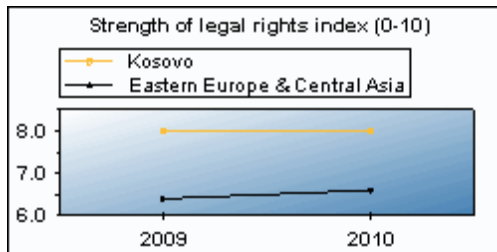
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

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

## 2. Historical data: Getting Credit in Kosovo

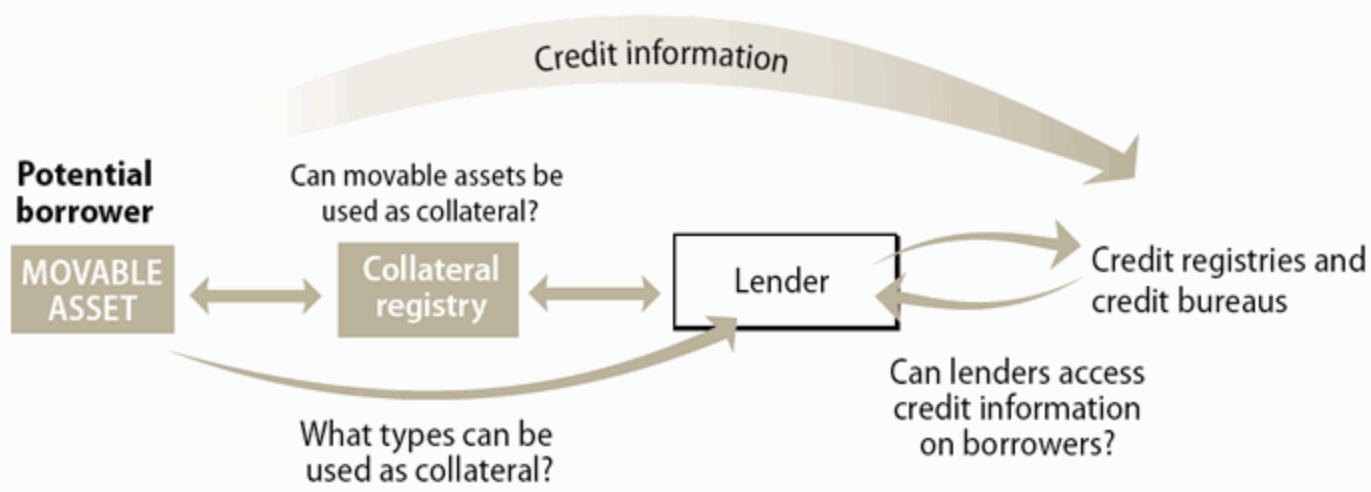
Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	30	32
Strength of legal rights index (0-10)	..	..	8	8
Depth of credit information index (0-6)	..	..	4	4
Private bureau coverage (% of adults)	..	..	0.0	0.0
Public registry coverage (% of adults)	..	..	18.9	16.9

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>4</b>
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
<b>Coverage</b>	0.0	16.9	
Number of individuals		0	271,000
Number of firms		0	34,000

**Strength of legal rights index (0-10)****8**

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

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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 ?

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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)

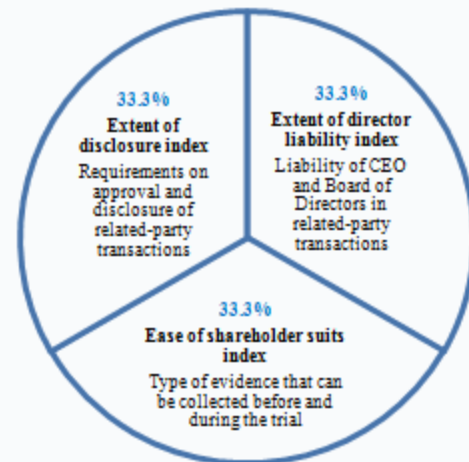
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### 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.

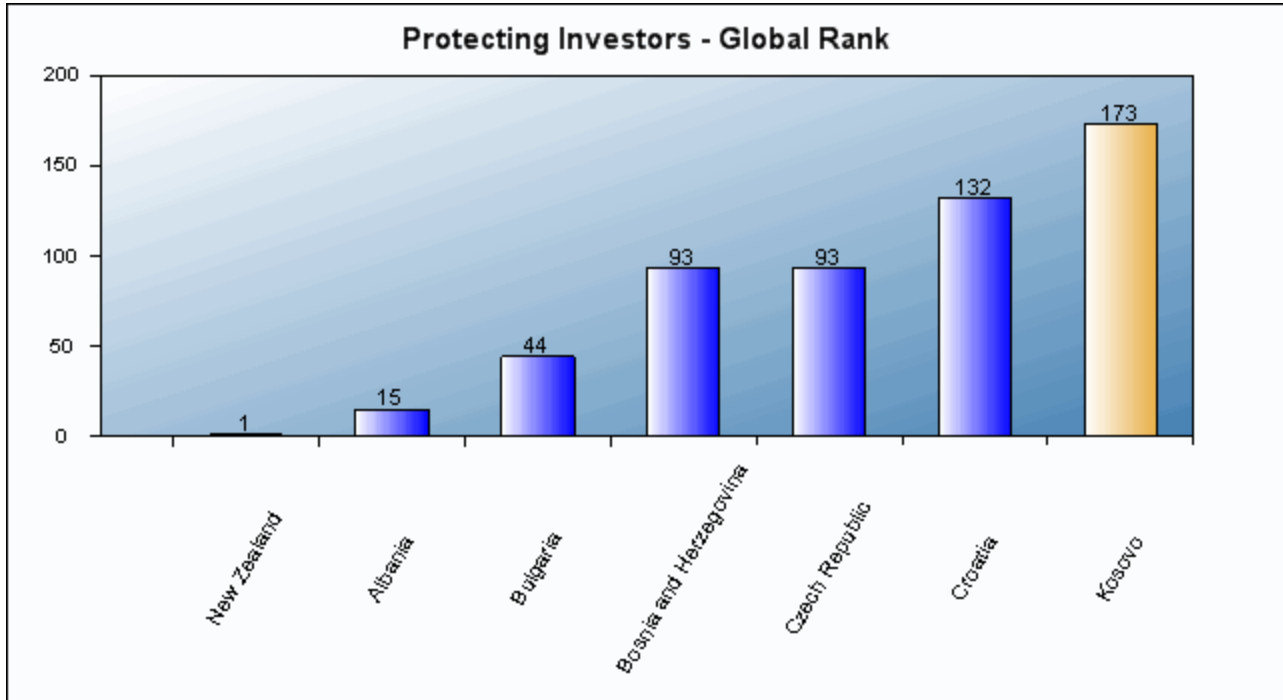
#### The transaction

- 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:

Kosovo is ranked 173 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Kosovo 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

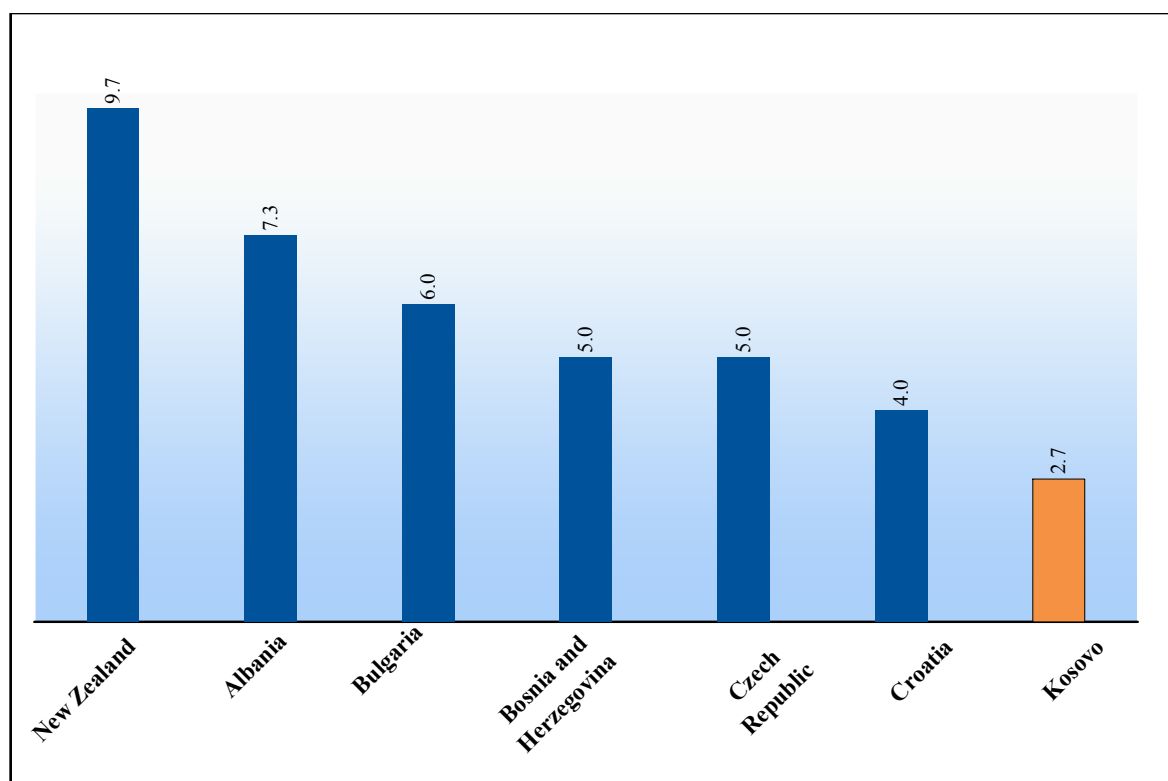
<i>Selected Economy</i>	
<b>Kosovo</b>	<b>2.7</b>

<i>Comparator Economies</i>	
<b>Albania</b>	7.3
<b>Bosnia and Herzegovina</b>	5.0
<b>Bulgaria</b>	6.0
<b>Croatia</b>	4.0
<b>Czech Republic</b>	5.0

## 2. Historical data: Protecting Investors in Kosovo

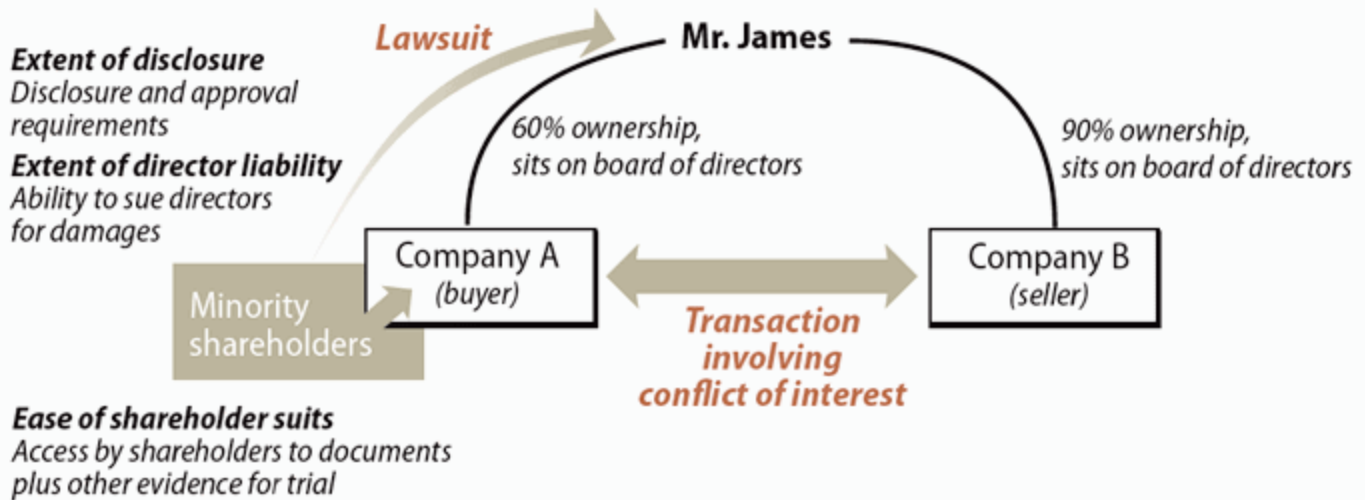
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	172	173
Strength of investor protection index (0-10)	..	..	2.7	2.7

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

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>3</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?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
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>2</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0

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>3</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?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
<b>Strength of investor protection index (0-10)</b>	<b>2.7</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)

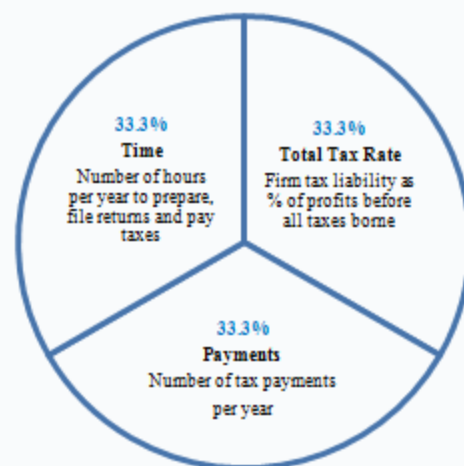
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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



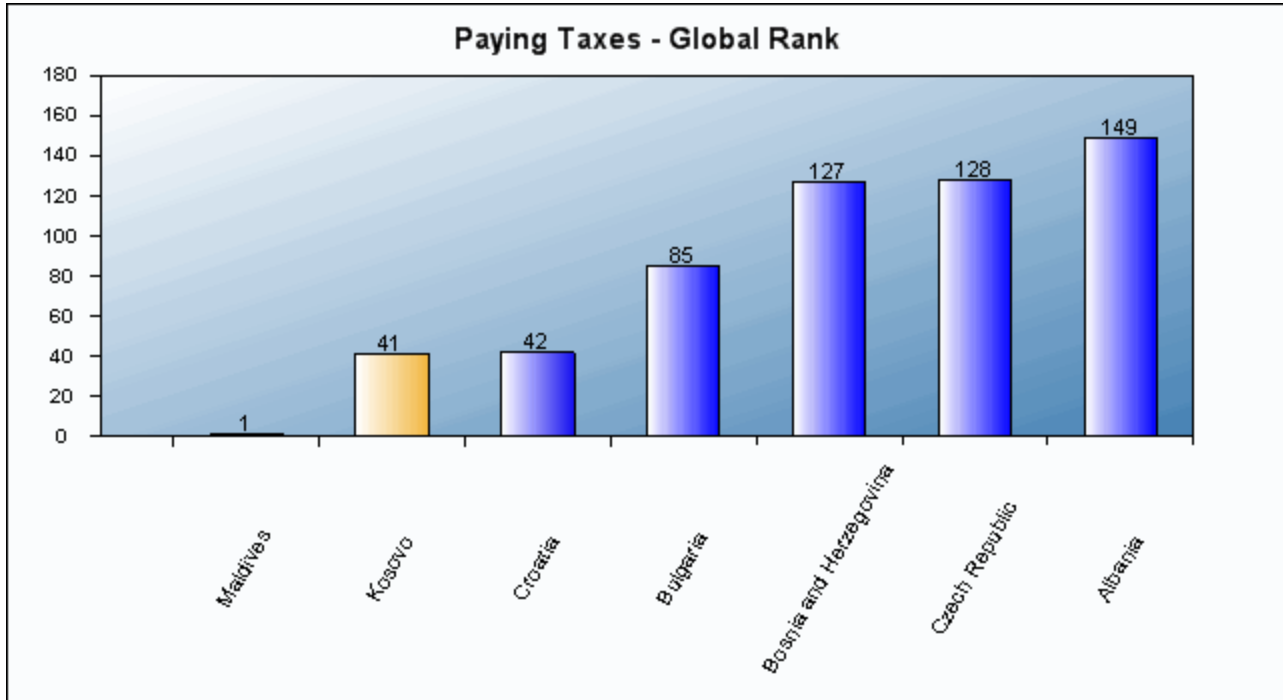
### Case Study Assumptions

- 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:

Kosovo is ranked 41 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Kosovo 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>Kosovo</b>	<b>33</b>	<b>163</b>	<b>16.5</b>

<i>Comparator Economies</i>			
<b>Albania</b>	44	360	40.6
<b>Bosnia and Herzegovina</b>	51	422	23.0
<b>Bulgaria</b>	17	616	29.0
<b>Croatia</b>	17	196	32.5
<b>Czech Republic</b>	12	557	48.8

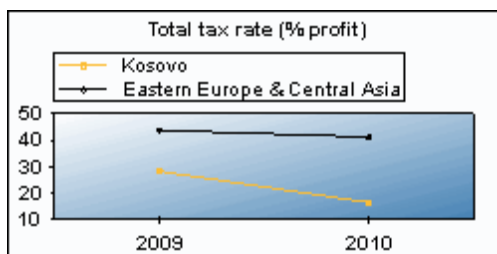
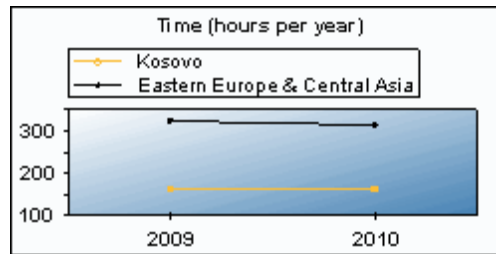
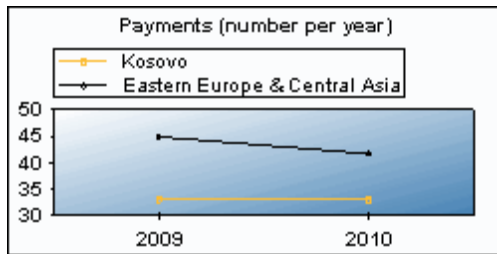
\* The following economies are also good practice economies for :

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

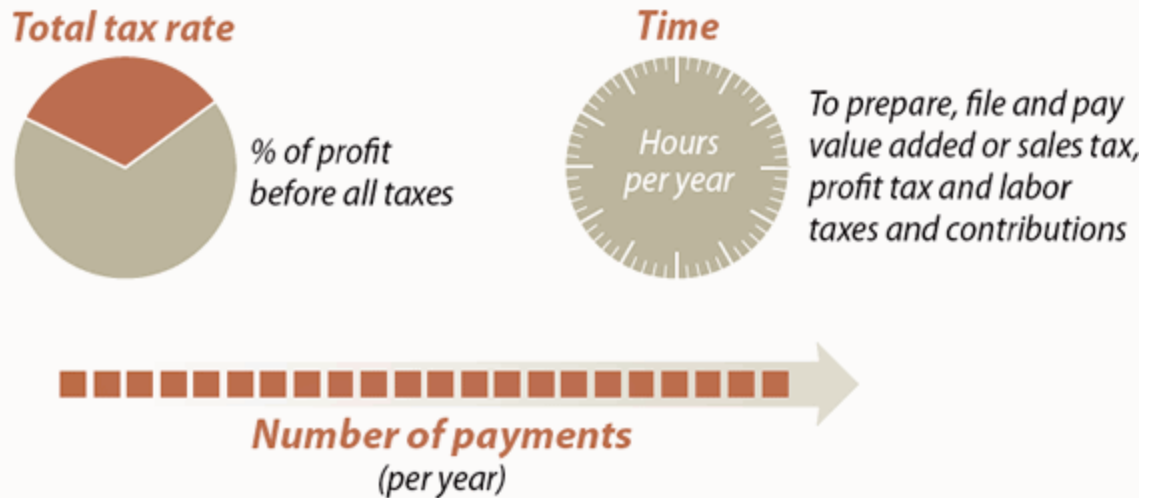
## 2. Historical data: Paying Taxes in Kosovo

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	51	41
Total tax rate (% profit)	..	..	28.3	16.5
Payments (number per year)	..	..	33	33
Time (hours per year)	..	..	163	163

## 3. The following graphs illustrate the Paying Taxes sub indicators in Kosovo 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 Kosovo, 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
Value Added Tax	12		90	16.0%	Value of supply		
Vehicle tax	1			EUR 40	Fixed amount	0.00	
Property tax	2			1.0%	Value of building	0.10	
Annual business license	1			EUR 400	Fixed fee (per schedule)	0.50	
Social Security	12		41	5.0%	gross salaries	5.60	
Corporate income tax	5		32	10.0%	taxable profit	10.20	
<b>Totals</b>	<b>33</b>		<b>163</b>			<b>16.5</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)

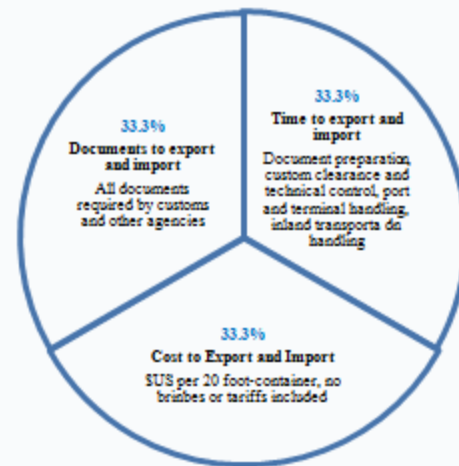
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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:

Kosovo is ranked 130 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Kosovo 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>Kosovo</b>	<b>8</b>	<b>17</b>	<b>2230</b>	<b>8</b>	<b>16</b>	<b>2280</b>

<i>Comparator Economies</i>						
<b>Albania</b>	7	19	725	9	18	710
<b>Bosnia and Herzegovina</b>	5	16	1240	7	16	1200
<b>Bulgaria</b>	5	23	1551	7	21	1666
<b>Croatia</b>	7	20	1281	8	16	1141
<b>Czech Republic</b>	4	17	1060	7	20	1165

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

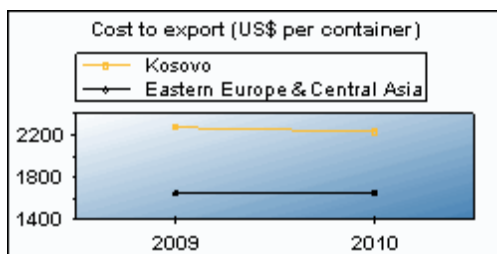
**Time to export (days): Estonia**

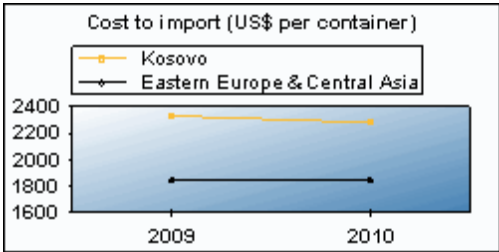


## 2. Historical data: Trading Across Borders in Kosovo

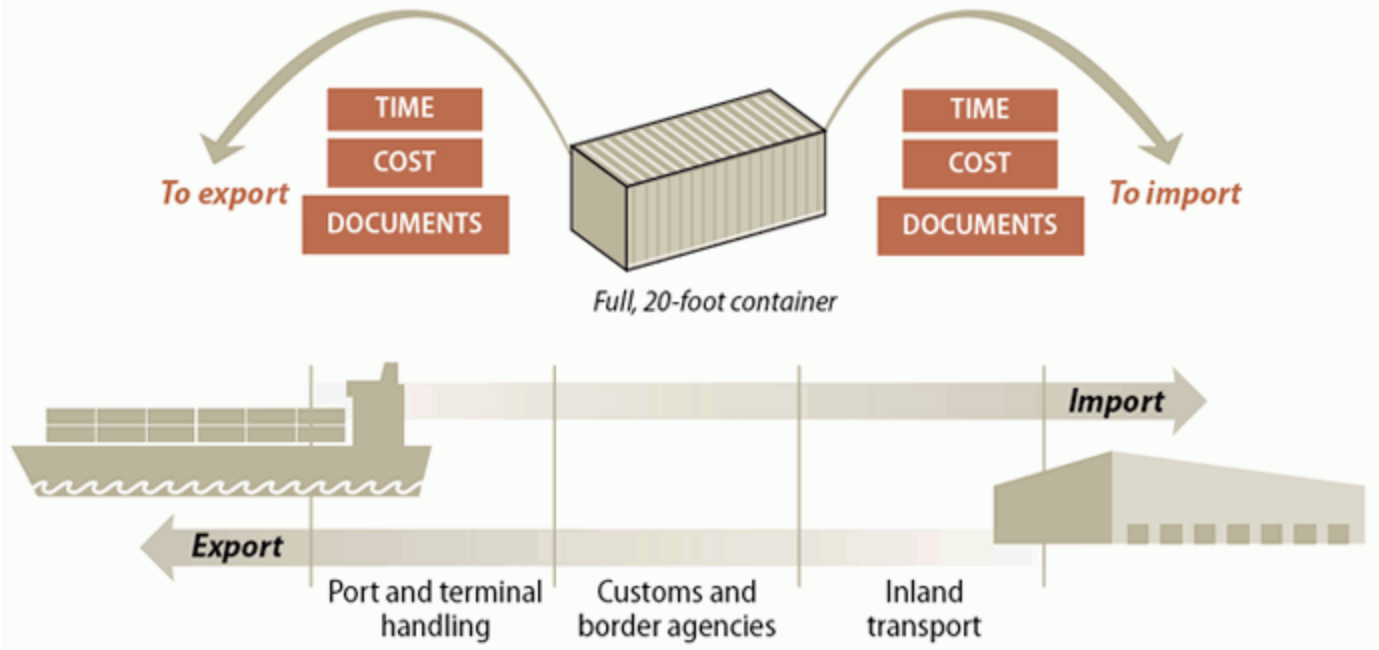
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	130
Cost to export (US\$ per container)	..	..	2270	2230
Cost to import (US\$ per container)	..	..	2330	2280
Documents to export (number)	..	..	8	8
Documents to import (number)	..	..	8	8
Time to export (days)	..	..	17	17
Time to import (days)	..	..	16	16

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	340
Customs clearance and technical control	2	70
Ports and terminal handling	4	560
Inland transportation and handling	3	1260
Totals	17	2230

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	390
Customs clearance and technical control	2	70
Ports and terminal handling	3	560
Inland transportation and handling	3	1260
Totals	16	2280

**Documents for Export and Import**

<b>Export</b>
Bill of lading
Certificate of origin
Commercial invoice
CMR
Customs export declaration
Packing list
Transit document
Terminal handling receipts

<b>Import</b>
Bill of lading
Certificate of origin
Commercial invoice
Convention des Marchandises Routiers (CMR)
Customs import declaration
Packing list
Terminal handling receipts
Transit document

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)

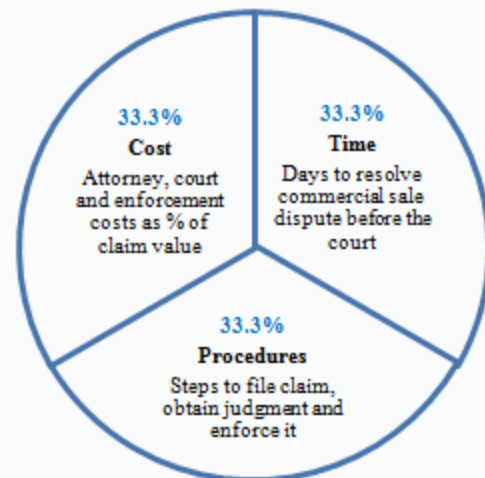
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### 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



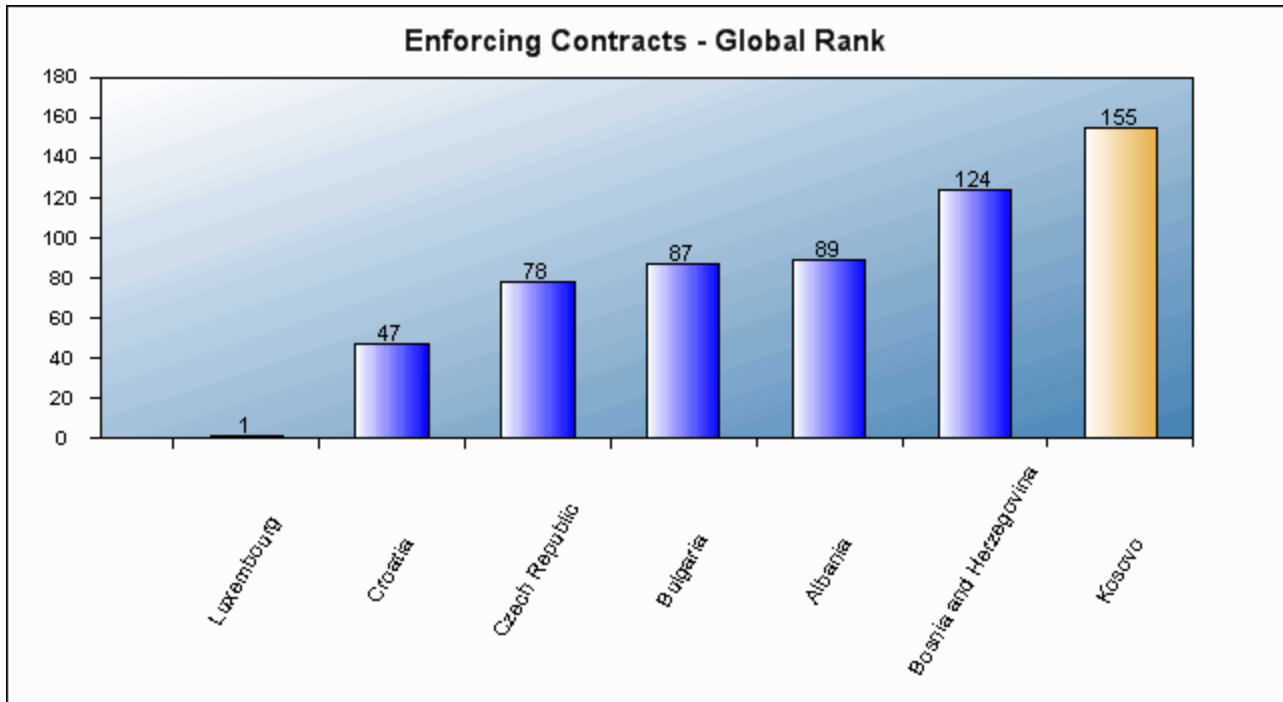
#### Case Study Assumptions

- 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:

Kosovo is ranked 155 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Kosovo 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	

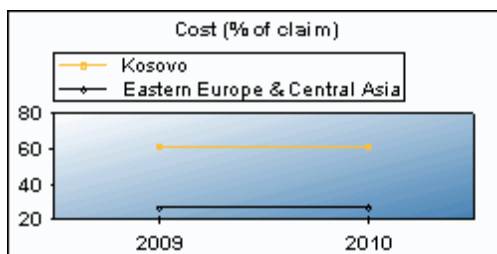
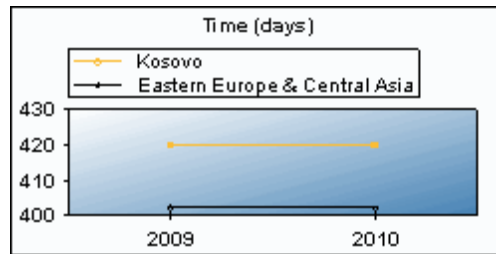
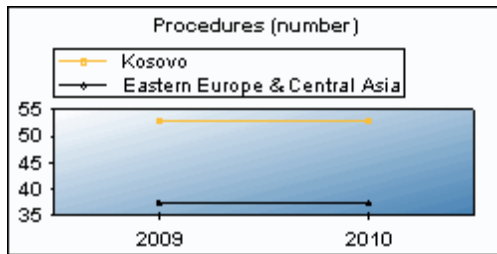
<i>Selected Economy</i>			
<b>Kosovo</b>	<b>53</b>	<b>420</b>	<b>61.2</b>

<i>Comparator Economies</i>			
<b>Albania</b>	39	390	38.7
<b>Bosnia and Herzegovina</b>	37	595	40.4
<b>Bulgaria</b>	39	564	23.8
<b>Croatia</b>	38	561	13.8
<b>Czech Republic</b>	27	611	33.0

## 2. Historical data: Enforcing Contracts in Kosovo

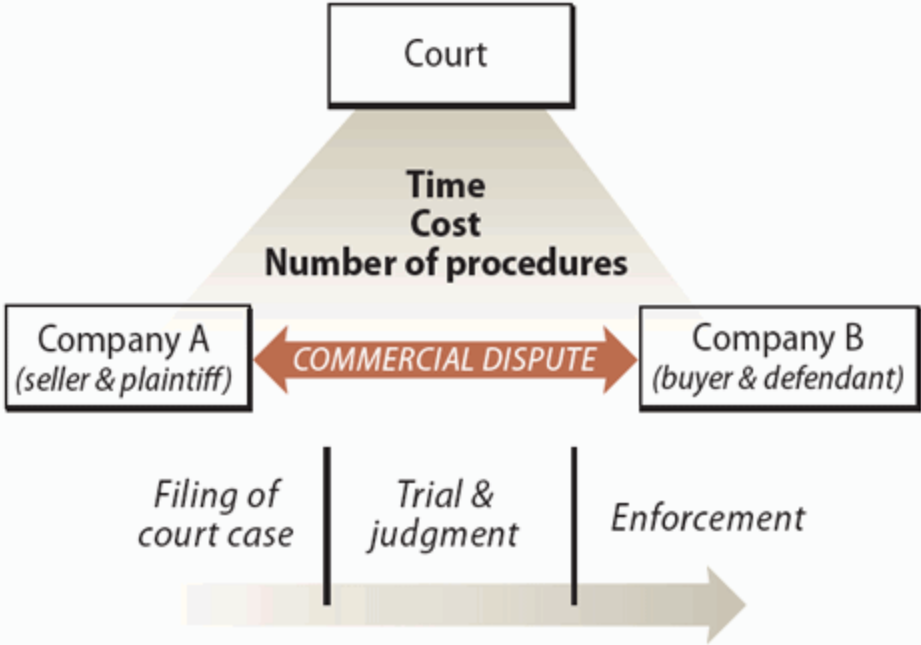
Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	155	155
Procedures (number)	..	..	53	53
Time (days)	..	..	420	420
Cost (% of claim)	..	..	61.2	61.2

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

Nature of Procedure (2010)	Indicator
Procedures (number)	53
Time (days)	420
Filing and service	60.0
Trial and judgment	180.0
Enforcement of judgment	180.0
<b>Cost (% of claim)*</b>	<b>61.20</b>
Attorney cost (% of claim)	25.2
Court cost (% of claim)	18.0
Enforcement Cost (% of claim)	18.0

**Court information:** Pristina Commercial Court

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

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

### Some reform outcomes

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

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

### What does the Closing a Business indicator measure?

**Closing a Business:** insolvency proceedings against local company

#### Time required to recover debt (years)

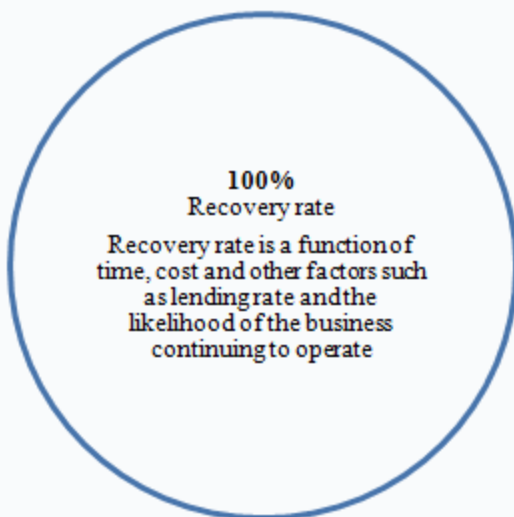
- Measured in calendar years
- Appeals and requests for extension are included

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

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

#### Recovery rate for creditors (cents on the dollar)

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



### *Case Study Assumptions*

#### The Company

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

## 1. Benchmarking Closing Business Regulations:

Kosovo is ranked 31 overall for Closing a Business.

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



The following table shows Closing Business data for Kosovo 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>Kosovo</b>	<b>57.4</b>	<b>2.0</b>	<b>15</b>

<i>Comparator Economies</i>			
<b>Albania</b>	0.0	no practice	no practice
<b>Bosnia and Herzegovina</b>	34.7	3.3	9
<b>Bulgaria</b>	31.0	3.3	9
<b>Croatia</b>	28.7	3.1	15
<b>Czech Republic</b>	55.9	3.2	17

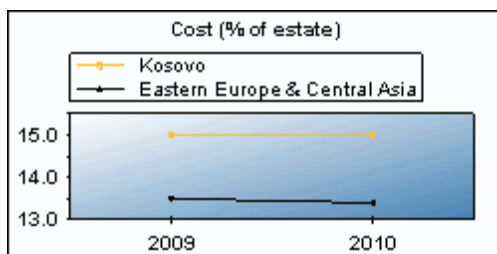
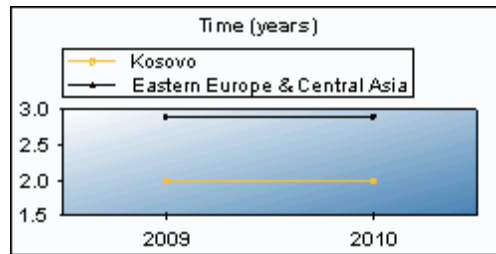
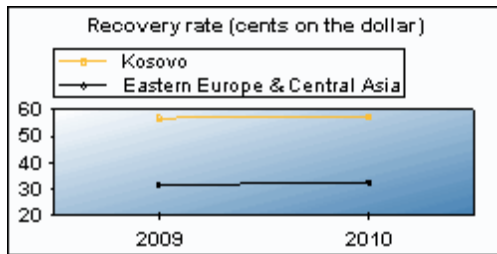
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Kosovo

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	28	31
Time (years)	..	..	2.0	2.0
Cost (% of estate)	..	..	15	15
Recovery rate (cents on the dollar)	..	..	56.8	57.4

## 3. The following graphs illustrate the Closing Business sub indicators in Kosovo 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>Albania</b>	Albania made it easier and less costly for companies to pay taxes by amending several laws, reducing social security contributions and introducing electronic filing and payment.
<b>Bosnia and Herzegovina</b>	Bosnia and Herzegovina reduced delays in property registration at the land registry in Sarajevo. Bosnia and Herzegovina simplified its labor tax processes, reduced employer contribution rates for social security and abolished its payroll tax.
<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>Bulgaria</b>	Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva (\$3,250) to 2 leva (\$1.30). Bulgaria reduced employer contribution rates for social security.
<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>Croatia</b>	Croatia eased business start-up by allowing limited liability companies to file their registration application with the court registries electronically through the notary public. Croatia replaced the location permit and project design confirmation with a single certificate, simplifying and speeding up the construction permitting process.
<b>Czech Republic</b>	The Czech Republic simplified its labor tax processes and reduced employer contribution rates for social security. The Czech Republic made it easier to deal with insolvency by introducing further legal amendments to restrict setoffs in insolvency cases and suspending for some insolvent debtors the obligation to file for bankruptcy.
<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>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>Kosovo</b>	Kosovo made business start-up more difficult by replacing the tax number previously required with a "fiscal number," which takes longer to issue and requires the tax administration to first inspect the business premises.
<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>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.



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