

Doing Business 2011

Luxembourg

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

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

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

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

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

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

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

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

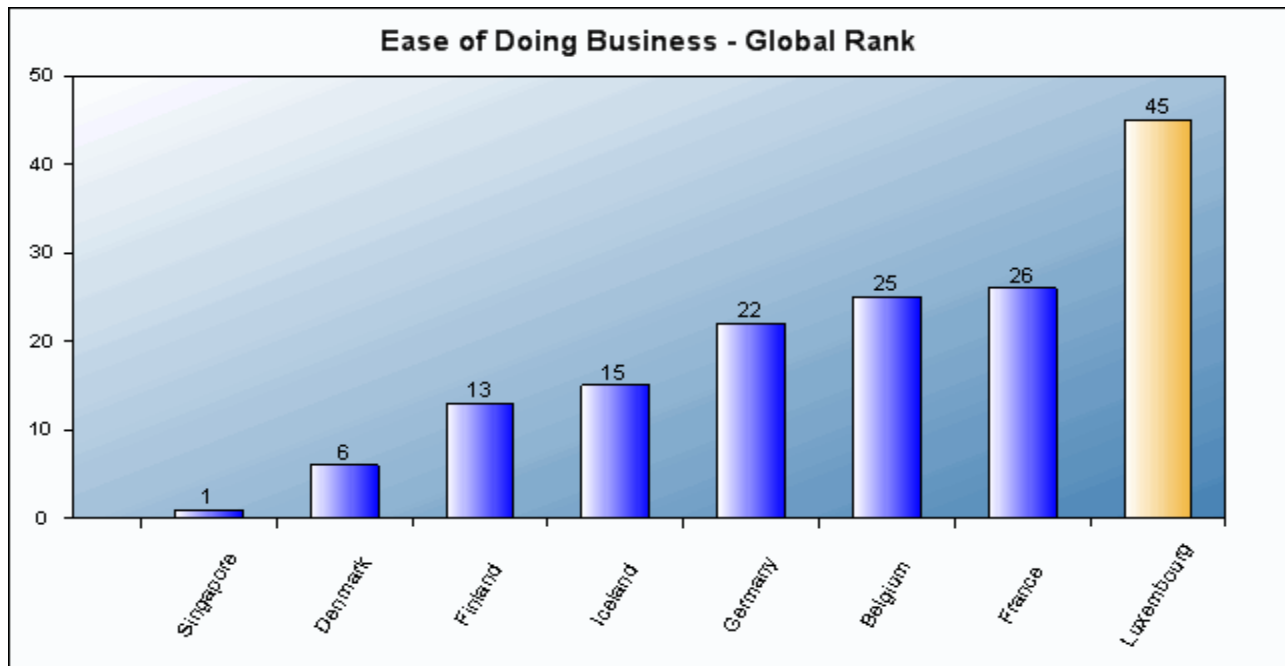
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Luxembourg is ranked 45 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Luxembourg's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	45
Starting a Business	77
Dealing with Construction Permits	42
Registering Property	129
Getting Credit	116
Protecting Investors	120
Paying Taxes	15
Trading Across Borders	32
Enforcing Contracts	1
Closing a Business	45

Summary of Indicators - Luxembourg

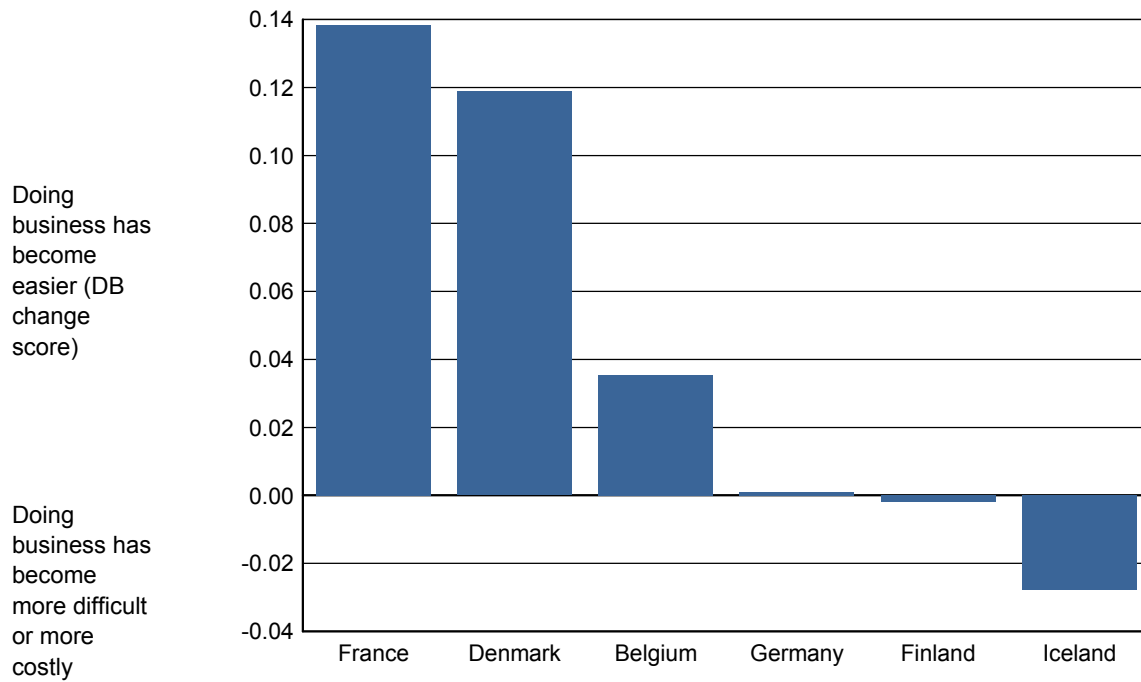
Starting a Business	Procedures (number)	6
	Time (days)	19
	Cost (% of income per capita)	2.1
	Min. capital (% of income per capita)	23.8
Dealing with Construction Permits	Procedures (number)	13
	Time (days)	217
	Cost (% of income per capita)	23.8
Registering Property	Procedures (number)	8
	Time (days)	29
	Cost (% of property value)	10.2
Getting Credit	Strength of legal rights index (0-10)	7
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	3
	Strength of investor protection index (0-10)	4.3
Paying Taxes	Payments (number per year)	22
	Time (hours per year)	59
	Profit tax (%)	4.1
	Labor tax and contributions (%)	15.3
	Other taxes (%)	1.6
	Total tax rate (% profit)	21.1
Trading Across Borders	Documents to export (number)	5
	Time to export (days)	6
	Cost to export (US\$ per container)	1420
	Documents to import (number)	4
	Time to import (days)	6
	Cost to import (US\$ per container)	1420

Enforcing Contracts	Procedures (number)	26
	Time (days)	321
	Cost (% of claim)	9.7
Closing a Business	Recovery rate (cents on the dollar)	43.7
	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

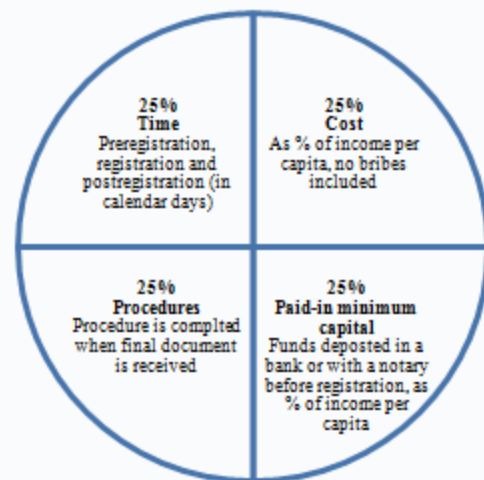
Cost required to complete each procedure (% of income per capita)

- 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.

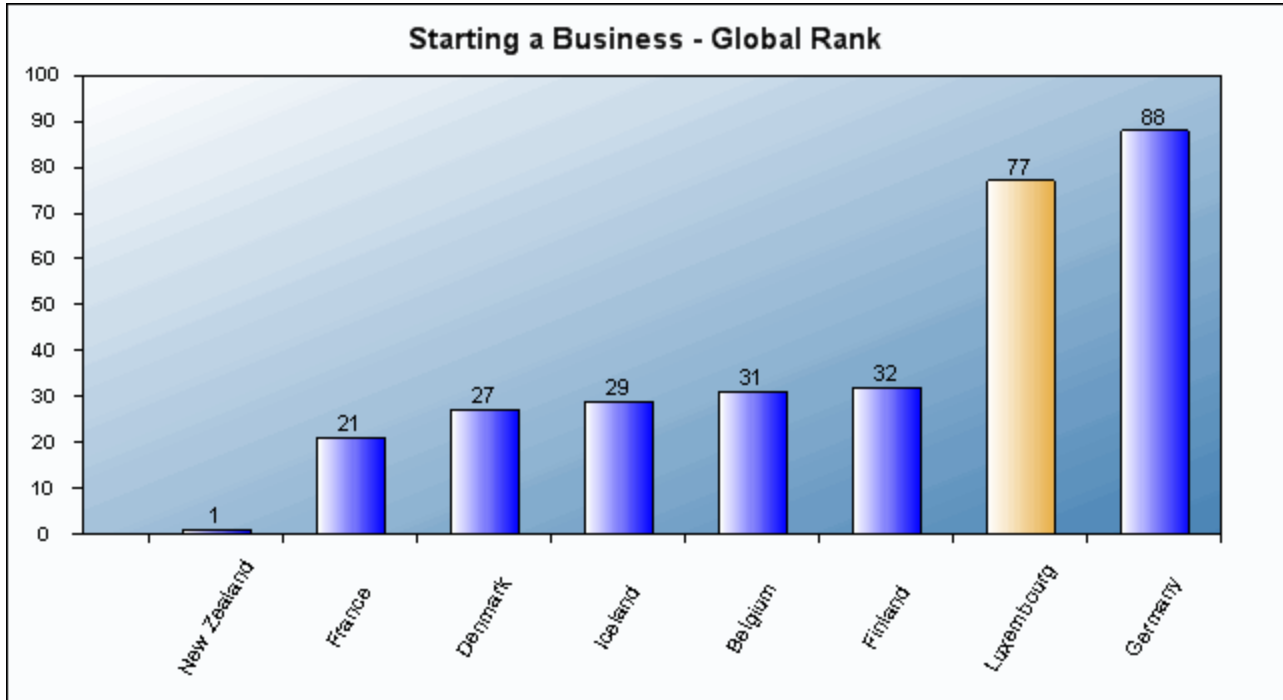
The business:

- 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:

Luxembourg is ranked 77 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Luxembourg	6	19	2.1	23.8

<i>Comparator Economies</i>				
Belgium	3	4	5.4	19.6
Denmark	4	6	0.0	26.0
Finland	3	14	1.1	7.9
France	5	7	0.9	0.0
Germany	9	15	4.8	0.0
Iceland	5	5	2.3	12.0

* The following economies are also good practice economies for :

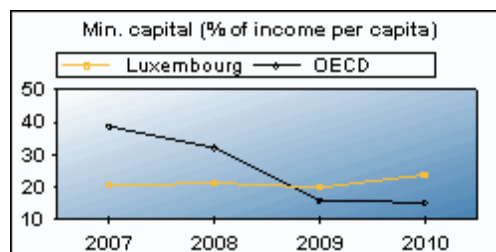
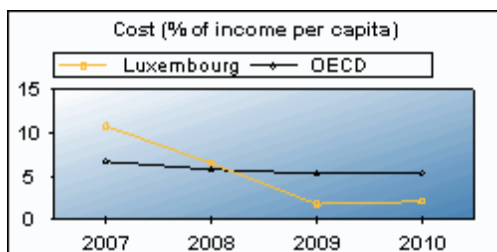
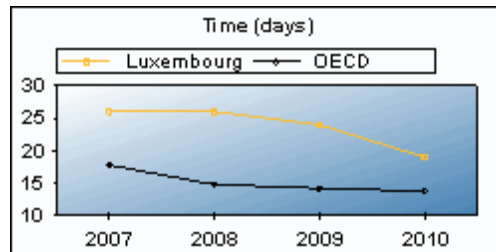
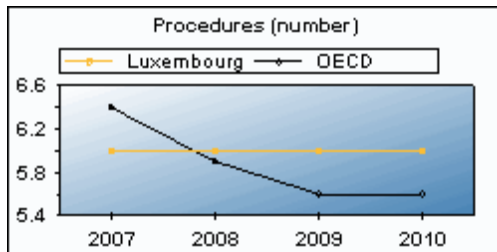
Procedures (number): Canada

Cost (% of income per capita): Slovenia

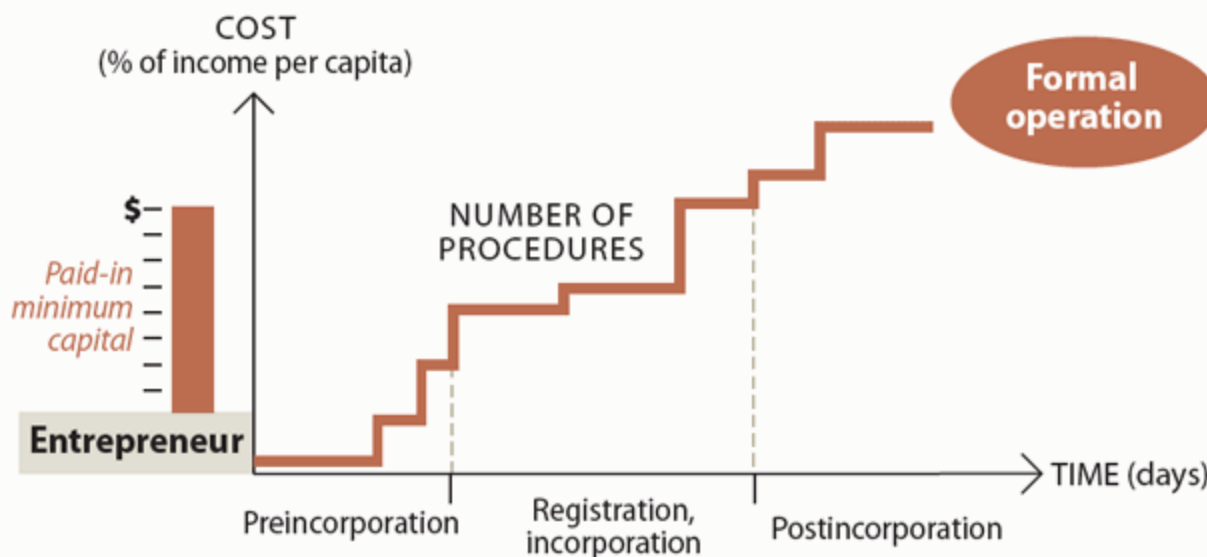
2. Historical data: Starting a Business in Luxembourg

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	73	77
Procedures (number)	6	6	6	6
Time (days)	26	26	24	19
Cost (% of income per capita)	10.8	6.5	1.8	2.1
Min. capital (% of income per capita)	20.5	21.3	19.9	23.8

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

STANDARDIZED COMPANY

Legal Form: Société à Responsabilité Limitée (SARL)

City: Luxembourg

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit the minimum capital requirement	1	no charge
2	Verify uniqueness of company name and reserve name	1	EUR 7
3	Notary drafts and notarizes the company deed	2	EUR 1,075
4	* Apply for business license	15	EUR 24
5	* Register at the one-stop shop	4	no charge
6	Unblock the authorized capital	1	no charge

* Takes place simultaneously with another procedure.

Starting a Business Details - Luxembourg

Procedure 1 Deposit the minimum capital requirement

Time to complete: 1

Cost to complete: no charge

Comment: The promoters must open an escrow account in the name of the company in formation before formalizing the company statutes and must transfer statutory capital to this account before signature of the notarial deed. For notarial purposes, the bank will remit an escrow certificate (certificate de blocage). The bank account is automatically unblocked on delivery of a certified copy of the notarial deed of incorporation.

Procedure 2 Verify uniqueness of company name and reserve name

Time to complete: 1

Cost to complete: EUR 7

Comment: Shareholders are free to choose the company's name but must ensure that it is unique. Uniqueness can be verified with the Trade and Companies Register. The Register rejects the registration of a company if the name already exists. However, company names cannot be reserved with the Trade and Companies Register. The company name may include the name of the shareholders or may assume a corporate name. In practice, the notary public checks and reserves the proposed company name with the Commercial Registry. Due to reform at the registry, its possible to obtain an electronic certificate in a PDF form certifying that the company's name is available within 24 hours.

Procedure 3 Notary drafts and notarizes the company deed

Time to complete: 2

Cost to complete: EUR 1,075

Comment: A private limited liability company must be incorporated before a notary public. The notary draws up a deed based on model articles of incorporation found on the Internet. (The national Chamber of Commerce's Espace Enterprises information center can help incorporators complete model documents.) The notary is held by law to pay all the costs relating to the incorporation and registration of the company: Notary costs EUR 450 (fee EUR 150 + sundry expenses EUR 200 + certified copies EUR 100); Company Register EUR 250; Publication in Official Gazette EUR 250; Sundries EUR 50. The company founders have to provide the notary with advance payment of the estimated costs, i.e. EUR 1000. The notary must provide a detailed account after the newly created corporation is announced.

Procedure 4 Apply for business license

Time to complete: 15

Cost to complete: EUR 24

Comment: Commercial activities require an establishment permit. Pursuant to domestic law or the provisions of European directives, this permit is issued by the Ministry of Middle Classes upon request and on

proof of knowledge of business management.

All commercial (i.e. trade and services not linked to professions) and industrial activities, skilled (craft) trade and some regulated (liberal) professions require a business licence (autorisation d'établissement / establishment permit). The licence is issued by a ministry on application, most generally by the Ministry of Middle Classes.

To apply for a business license, promoters must submit the following documents:

- Application form (completed and signed) for an establishment permit.
- Tax stamp for 24 EUR. The amount can be transferred to the national Giro account (CCP) of the Registration and Domains Administration (Administration de l'Enregistrement et des Domaines): LU47 1111 0087 9262 0000, with the reference: "Office Fee for Establishment Permit [ENTER APPLICANT'S NAME]." In this case, proof of payment must be presented. The tax stamp can also be obtained from the Espace Entreprises information center.
- For nonresidents and persons residing in Luxembourg for fewer than 5 years, a recent notarized certificate of nonbankruptcy.
- Articles of association (executed or draft) for a commercial company.
- School certificates or professional diplomas (certified by the institution) required for the intended activity. Otherwise, proof of relevant professional experience such as an EU certificate or certificate of registration with a social security authority.
- An affidavit on the exercise of any management posts previously held in Luxembourg, for verification of nonbankruptcy.
- The applicant's identity card (copy).
- The applicant's police record or affidavit. Note: This applies to nonresidents and persons residing in Luxembourg for less than 5 years.

The business permit application can be submitted before executing the notary deed because the Ministry of the Middle Classes checks the draft articles of association—the company name, business purpose, and identity of directors and officers for compliance with the provisions of the Law of Establishment. Generally, the business permit application and notary deed processes start more or less at the same time and are pursued simultaneously. Although the company incorporation process requires a notary, the founder may directly register the company with different administrations and obtain identification numbers and the business license. t and e-Government systems have cut by half the procedure time. The procedure itself rests unchanged. The application procedure may be launched even before executing the notarial deed. Control of professional qualifications (e.g. managerial qualifications for trade activities) lies at the heart of the administrative procedure.

Procedure 5 Register at the one-stop shop

Time to complete: 4

Cost to complete: no charge

Comment: The notary public must levy an initial payment for all applicable company incorporation fees and taxes, including registration costs. Within 4 weeks, the notary must register (a) the statutes with the tax administration (Administration de l'Enregistrement) at the Registry one-stop shop; and (b) the company with the Commercial Registry, within 4 weeks of company incorporation. The Commercial Register arranges for publication in the Official Gazette, according to the Companies Act, within 2 months of company registration.

Upon 24 hours of registration, the Commercial Registry generates an administrative or official (register) number that accompanies the company during its corporate life (matricule). This number forms the basis for all other identification numbers to be issued by the administration for direct taxes (tax number), the administration for indirect taxes (VAT number), or the social security service (pay-as-you-earn number and employer number). Applications can be filed for both VAT and social security at the one-stop, which distributes the forms to the relevant administrations. Company registration with the Chamber of Commerce is done automatically.

Procedure 6 Unblock the authorized capital

Time to complete: 1

Cost to complete: no charge

Comment: On incorporating the company, the notary public immediately issues a release certificate (certificate de déblocage), indicating that the company has come into existence and listing the corporate officers' identities. This certificate will be sent to the bank for the release of the capital.

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

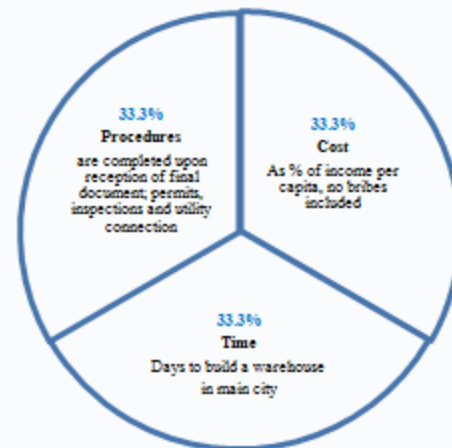
The warehouse:

- 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

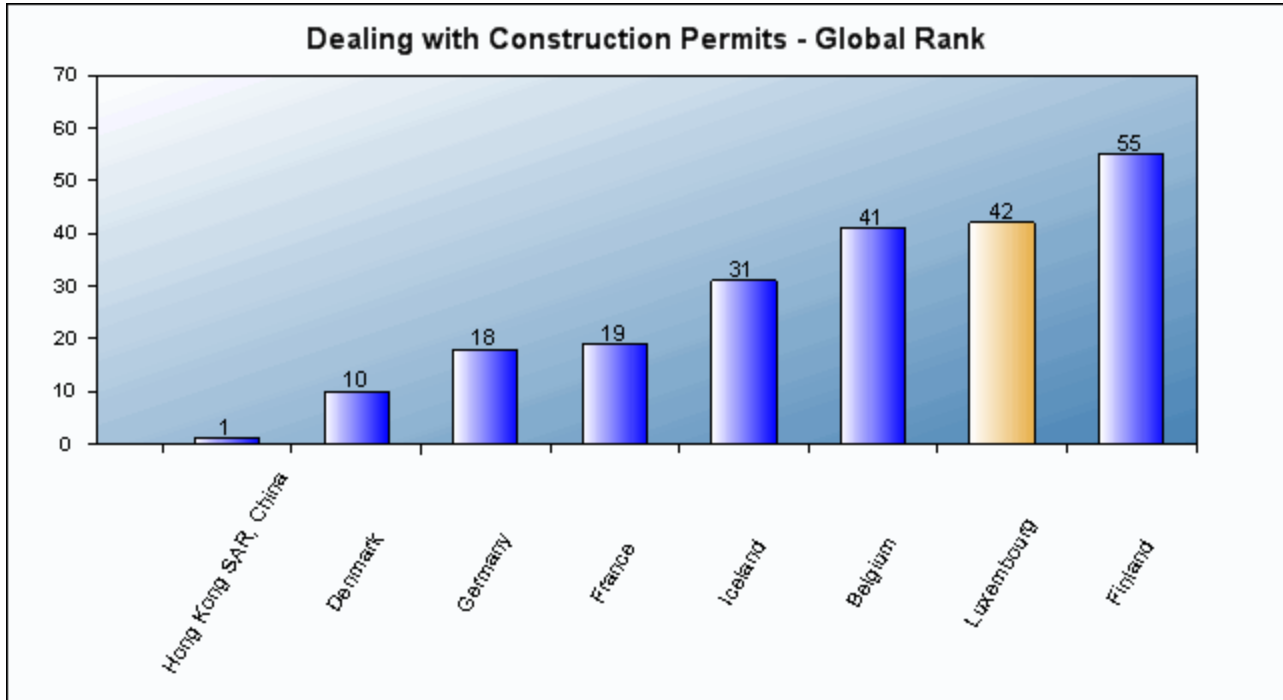
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Luxembourg is ranked 42 overall for Dealing with Construction Permits.

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



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

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

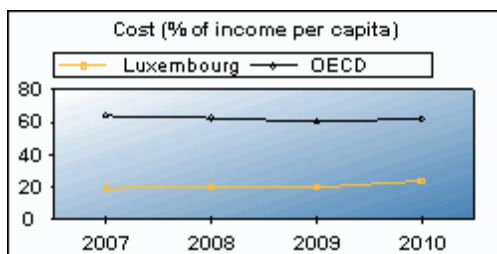
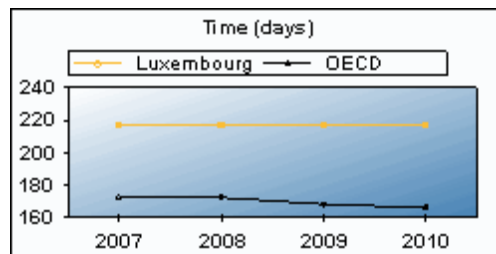
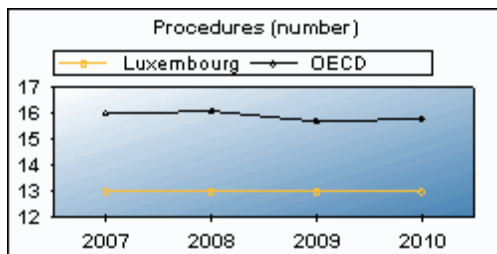
<i>Selected Economy</i>			
Luxembourg	13	217	23.8

<i>Comparator Economies</i>			
Belgium	14	169	64.1
Denmark	6	69	61.7
Finland	18	66	134.2
France	13	137	23.6
Germany	12	100	61.8
Iceland	18	75	19.6

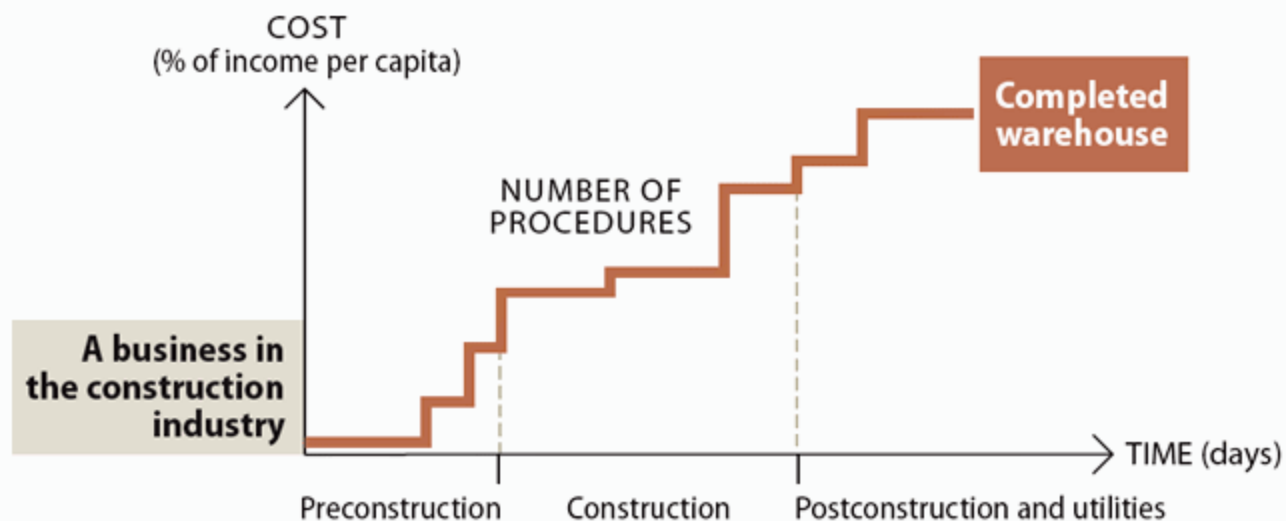
2. Historical data: Dealing with Construction Permits in Luxembourg

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	42
Procedures (number)	13	13	13	13
Time (days)	217	217	217	217
Cost (% of income per capita)	19.4	20.0	19.9	23.8

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

BUILDING A WAREHOUSE

City: Luxembourg

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a recent copy of the cadastre plans from the Cadastre Administration	1 day	EUR 10
2	Obtain approval in principle (accord de principe)	60 days	EUR 60
3 *	Obtain Commodo/Incommodo Classe 3 approval from the Environmental Administration	120 days	no charge
4 *	Obtain a building permit from the Urban Department (service de l'urbanisme) of the municipality	90 days	EUR 960
5 *	Obtain an excavation permit from the Ministry of Works	60 days	EUR 10
6 *	Hire an independent inspection company to carry out inspections of construction works	1 day	EUR 5,200
7	Request and receive an inspection of completed works from the Environmental Administration	1 day	no charge

8	Request and receive sewerage (canalization) inspection	1 day	no charge
9	Obtain a feasibility study for the sewerage (canalization) connection	30 days	EUR 1,950
10 *	Obtain sewerage (canalization) connection	30 days	no charge
11 *	Obtain water connection	5 days	EUR 3,000
12 *	Obtain electricity connection	30 days	EUR 1,000
13 *	Obtain telephone connection	30 days	EUR 200

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Luxembourg

Procedure 1 Obtain a recent copy of the cadastre plans from the Cadastre Administration

Time to complete: 1 day

Cost to complete: EUR 10

Agency: Cadastre Administration

Comment:

Procedure 2 Obtain approval in principle (accord de principe)

Time to complete: 60 days

Cost to complete: EUR 60

Agency: Urban Department Commune

Comment: Although not required, obtaining an "approval in principle" of the architectural plans facilitates the process for obtaining the environmental, road (excavation), and building permits.

Procedure 3 Obtain Commodo/Incommodo Classe 3 approval from the Environmental Administration

Time to complete: 120 days

Cost to complete: no charge

Agency: Environment Department

Comment: An environmental clearance is required if the warehouse is to be used for storing more than 100 metric tons of paper products.

Procedure 4 Obtain a building permit from the Urban Department (service de l'urbanisme) of the municipality

Time to complete: 90 days

Cost to complete: EUR 960

Agency: Urban Department, Commune

Comment: The building permit is valid for a year. The building plans must be conform to the master plan of the city of Luxembourg. The application file comprises an application form, a cadastral extract, and the building design plans. Various departments within the Commune must approve the application, including all the utility and the fire safety departments. The Commune charges EUR 24 as an application processing fee and EUR 0.24 per cubic meter.

Procedure 5 Obtain an excavation permit from the Ministry of Works

Time to complete: 60 days

Cost to complete: EUR 10

Agency: Ministry of Public Works

Comment: Assuming the warehouse is to be built near a main road, BuildCo must obtain an excavation permit to dig for utility connections. The Ministry of Public Works charges a stamp duty of EUR 10.

Procedure 6 Hire an independent inspection company to carry out inspections of construction works

Time to complete: 1 day

Cost to complete: EUR 5,200

Agency: Independent Surveillance Company

Comment: BuildCo must hire an independent inspection company to perform inspections during construction, which costs about 0.5% of construction value.

Procedure 7 Request and receive an inspection of completed works from the Environmental Administration

Time to complete: 1 day

Cost to complete: no charge

Agency: Environmental Administration

Comment: The Environmental Administration inspects the completed building to ensure that it complies with the environmental clearance obtained prior to construction.

Procedure 8 Request and receive sewerage (canalization) inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Sewage Department, Commune

Comment:

Procedure 9 Obtain a feasibility study for the sewerage (canalization) connection

Time to complete: 30 days

Cost to complete: EUR 1,950

Agency: Sewage Department, Commune

Comment: BuildCo applies for a water connection and requests water services from the Commune to prepare an estimate for all the costs associated with the water/sewerage connection.

Procedure 10 Obtain sewerage (canalization) connection

Time to complete: 30 days

Cost to complete: no charge

Agency: Sewage Department, Commune

Comment: BuildCo applies for a sewerage connection and requests water services from the Commune in order to prepare an estimate for all the costs associated with the sewerage connection.

Procedure 11 Obtain water connection

Time to complete: 5 days

Cost to complete: EUR 3,000

Agency: Water Services Department, Commune

Comment:

Procedure 12 Obtain electricity connection

Time to complete: 30 days

Cost to complete: EUR 1,000

Agency: Electrical Services Department, Commune, or CEGEDEL

Comment: The Commune or the Electrical Company of the Grand Duchy of Luxembourg (Compagnie Grand-Ducale d'Electricite du Luxembourg, CEGEDEL) provides a cost estimate. The connection takes place after BuildCo has received the road approval.

Procedure 13 Obtain telephone connection

Time to complete: 30 days

Cost to complete: EUR 200

Agency: P&T (Postes et Telecommunications)

Comment: Post and Telecommunications (Poste et télécommunications, P&T) provides a cost estimate. The connection takes place after BuildCo has received the road approval.

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)

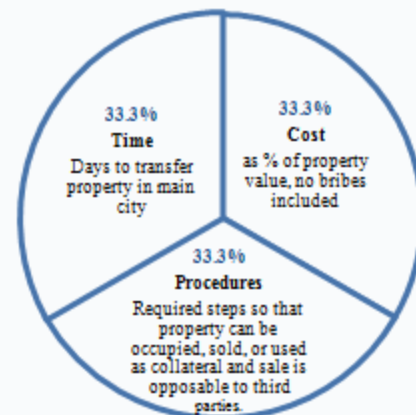
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

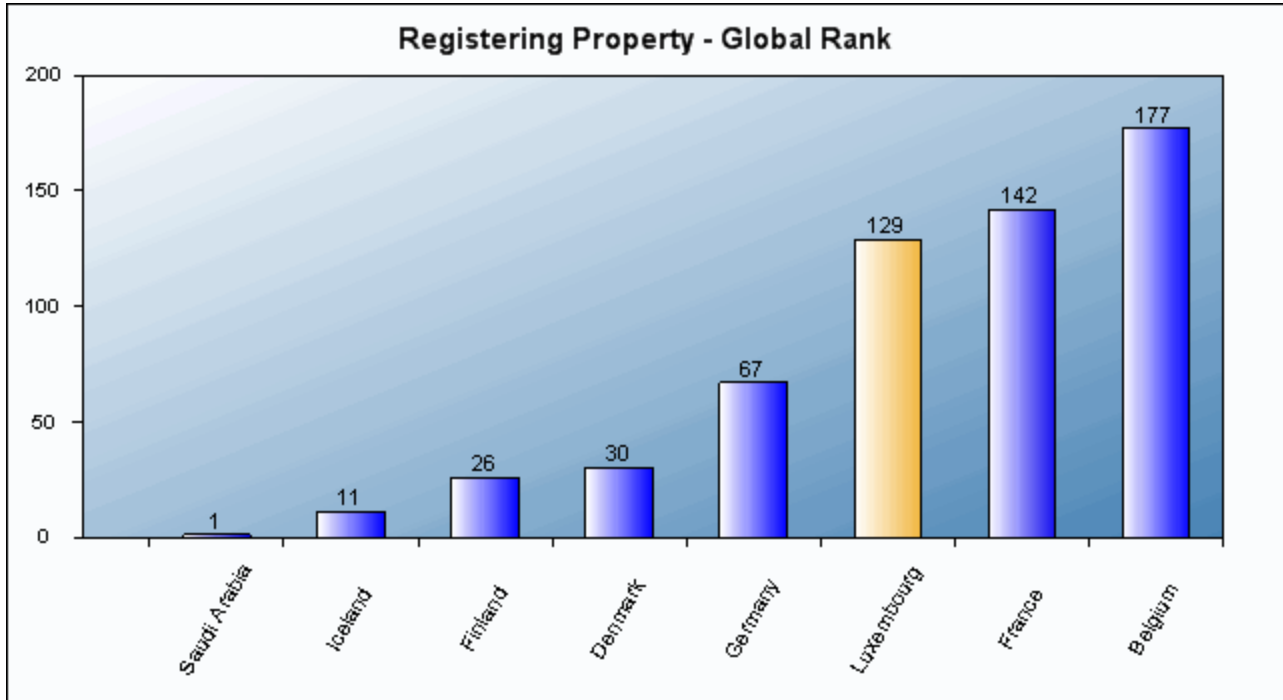
The property (fully owned by the seller):

- 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:

Luxembourg is ranked 129 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Luxembourg	8	29	10.2

<i>Comparator Economies</i>			
Belgium	8	79	12.7
Denmark	3	42	0.6
Finland	3	14	4.0
France	8	59	6.1
Germany	5	40	5.1
Iceland	3	4	2.4

* The following economies are also good practice economies for :

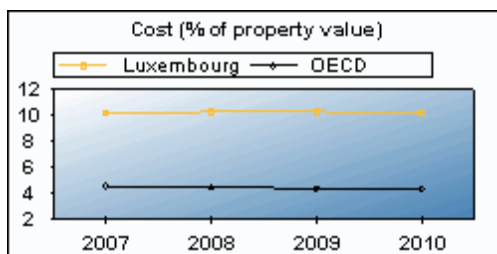
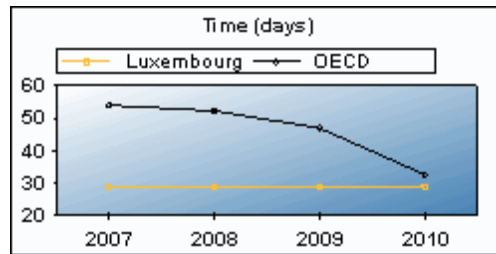
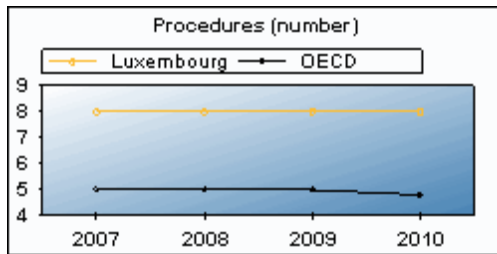
Procedures (number): United Arab Emirates

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

2. Historical data: Registering Property in Luxembourg

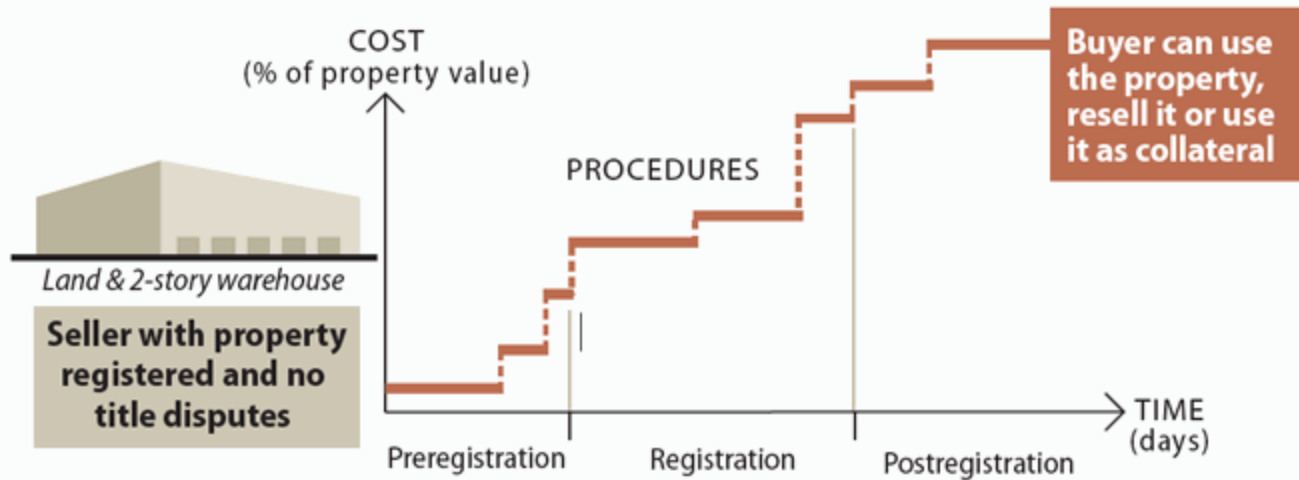
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	132	129
Procedures (number)	8	8	8	8
Time (days)	29	29	29	29
Cost (% of property value)	10.2	10.3	10.3	10.2

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



Registering Property in Luxembourg

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 Luxembourg.

STANDARDIZED PROPERTY

Property Value: 2,601,522.54

City: Luxembourg

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Parties visit notary to draft and authenticate the sale agreement (Compromis de Vente)	1 - 2 days	4 EUR stamp per page of the deed (2-3 pages)
2 *	Notary conducts full search at property registry	1 day in person (simultaneous with procedure 3)	EUR 2.48 for full search
3 *	Notary conducts search at the Administration du Cadastre (online)	1 day in person (simultaneous with procedure 2)	3 EUR per page
4 *	Notary notifies tax administration of transfer and obtains tax clearance	1 day in person	no cost

5	Buyer sends funds, fees, taxes and anti-money laundering documents to notary	2 days	EUR 4,765.5 notary fees + 6% market value of property (registration fee) + 3% market value of property (municipal surcharge within city of Luxembourg) + 1% market value of property (transcription duty)
6	Parties return to notary to sign transfer deed in original	1 - 2 days	already paid in procedure 5
7	Notary registers transfer deed at the Administration de l'Enregistrement et des Domaines	3 - 5 days to record + 14 days to send a copy of the registered deed	already paid in procedure 5
8	Notary sends recorded transfer deed to the parties	1 - 2 days	already paid in procedure 5

* Takes place simultaneously with another procedure.

Registering Property Details - Luxembourg

Procedure	1	Parties visit notary to draft and authenticate the sale agreement (Compromis de Vente)
Time to complete:	1 - 2 days	
Cost to complete:	4 EUR stamp per page of the deed (2-3 pages)	
Comment:	<p>After signing a sale agreement ("compromis de vente") between each other, as per common practice, the parties will visit a notary so he can draft and authenticate the notarial deed. The sale is complete between the parties, and ownership is acquired as of right by the buyer with respect to the seller, as soon as the property and the price have been agreed upon, although the property has not yet been delivered or the price paid (Article 1583 of the Civil Code). As a sale of real estate must be registered (which triggers the payment of registration taxes) and recorded in the mortgage registry in order to be enforceable vis-à-vis third parties and as only duly certified deeds may be entered in the register, the sale must be recorded in a notarial deed ("acte de vente"). It is sometimes preferable for each party to appoint its own notary (in which case, the notaries' fee is split between the two notaries). Here we assume the case of only one notary.</p> <p>The notary is deemed a public official with powers delegated by the state to authenticate the deeds he drafts and provides complete security to the contracts he supervises. The authenticity of the deeds grants the parties an undisputable date and content in Court. The law imposes a personal liability on the notary for his professional acts which is more extensive than that of other branches of the legal profession.</p> <p>There are 36 notaries, 13 of those in Luxembourg canton, in the Grand-Duchy of Luxembourg and the sale may be drawn up in front of anyone of them. The time period which is necessary to obtain an appointment with the notary public depends on the availability of such notary (holiday season, etc.). This study assumes that parties would call on day one and receive an appointment for the same or following day.</p>	
Procedure	2	Notary conducts full search at property registry
Time to complete:	1 day in person (simultaneous with procedure 3)	
Cost to complete:	EUR 2.48 for full search	
Agency:	Property registry (Bureau des Hypotheques)	
Comment:	<p>The notary may go in person to the Bureau des Hypotheques to request and receive either a 'releve des inscriptions hypothecaires' (containing a list of mortgages), or a 'recherche par case hypothecaire' (containing a list of all land transactions effected by the landowner together with that of every mortgage or charge burdening the property). For each excerpt of the registry EUR 1.24 is payable per property owner and EUR 0.50 per each registered property. If the excerpt includes photocopies, EUR 0.50 is payable per each photocopy. For a closing certificate which confirms that the excerpts are the only existing ones EUR 1.24 per property-owner is payable. For a negative excerpt (no properties registered) EUR 2.48 is payable per person.</p>	
Procedure	3	Notary conducts search at the Administration du Cadastre (online)
Time to complete:	1 day in person (simultaneous with procedure 2)	

Cost to complete: 3 EUR per page

Agency: Administration du Cadastre

Comment: The notary should also check the status of the property at the cadastre. The notary can equally obtain this information through the cadaste's webpage where all this information is online but access to it is limited to notaries and administrations.

Procedure 4 Notary notifies tax administration of transfer and obtains tax clearance

Time to complete: 1 day in person

Cost to complete: no cost

Agency: Tax Administration office

Comment: The notary visits the tax administration office to notify them that the property will be sold. The tax administration office confirms that the property has no claims or unpaid taxes on it. If there are outstanding claims or taxes, the tax administration may register a judicial mortgage on the property.

Procedure 5 Buyer sends funds, fees, taxes and anti-money laundering documents to notary

Time to complete: 2 days

Cost to complete: EUR 4,765.5 notary fees + 6% market value of property (registration fee) + 3% market value of property (municipal surcharge within city of Luxembourg) + 1% market value of property (transcription duty)

Comment: The buyer will pay the taxes, fees and funds for the property by wire transfer to the notary, in addition to notarial fees. Notarial fees are determined by the Regulation of 24 July, 1971 on the revision of notary fees. The buyer must also send anti-money laundering documentation to the notary at this time, regarding the origin of the funds he is using.

Procedure 6 Parties return to notary to sign transfer deed in original

Time to complete: 1 - 2 days

Cost to complete: already paid in procedure 5

Comment:

Procedure 7 Notary registers transfer deed at the Administration de l'Enregistrement et des Domaines

Time to complete: 3 - 5 days to record + 14 days to send a copy of the registered deed

Cost to complete: already paid in procedure 5

Agency: Administration de l'Enregistrement et des Domaines

Comment: The notary registers the transfer deed at the Administration de l'Enregistrement et des Domaines, which charges the transfer duty to the notary. The Administration will record the transfer, making it opposable to third parties, after two to five days. The Administration will

also send the deed to the Administration du Cadastre for registration of the new owner there. It will take the Cadastre about two weeks to record the new owner. At the same time, the Administration will take about two weeks to send a copy of the registered deed, with the stamp of the Administration and a reference number on it, back to the notary. This document would be needed in practice to use the property to obtain a loan from a bank. The registration, municipal and inscription fees are paid by the parties to the notary, who pays the Administration.

Procedure 8 Notary sends recorded transfer deed to the parties

Time to complete: 1 - 2 days

Cost to complete: already paid in procedure 5

Comment: Once he receives it, the notary will send the registered deed to the parties.

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

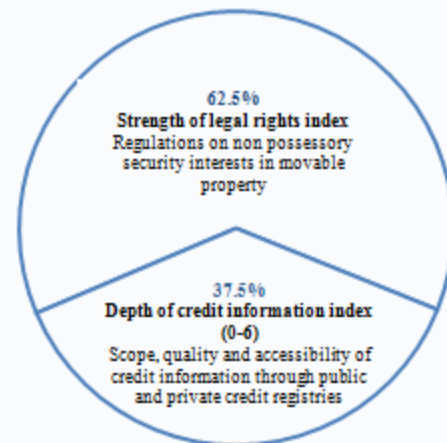
Public credit registry coverage (% of adults)

- 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)

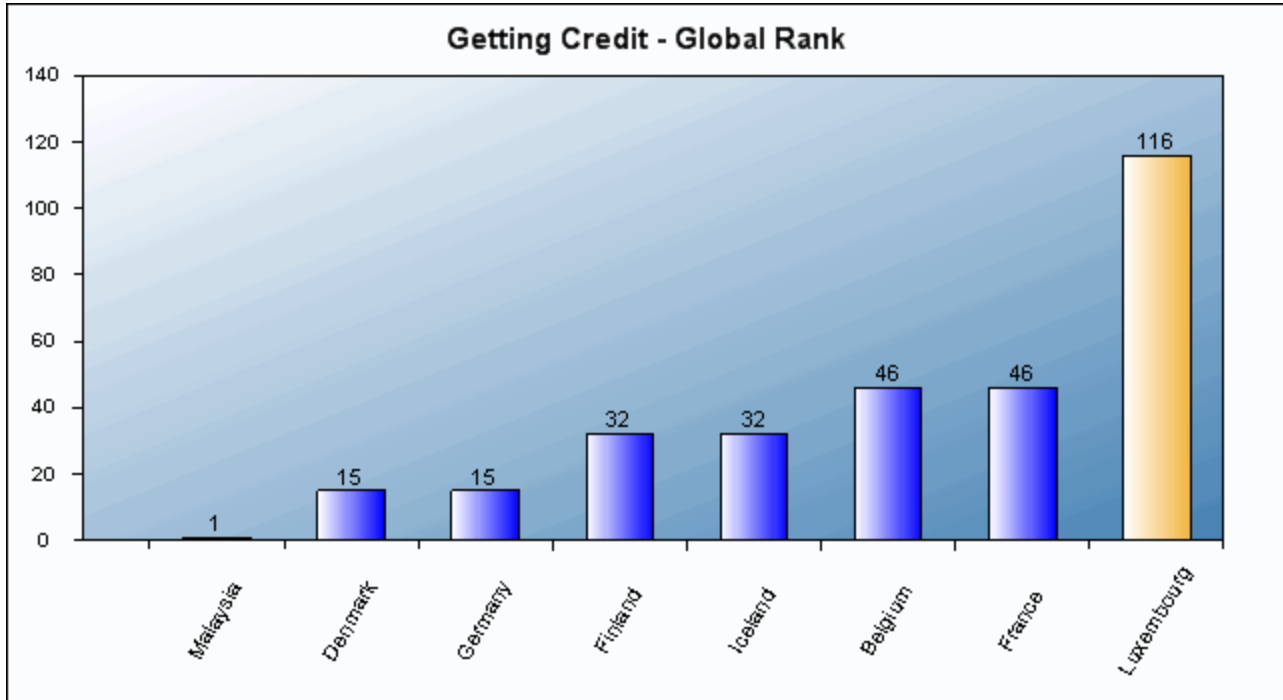
The Debtor

- 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:

Luxembourg is ranked 116 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Luxembourg	7	0	0.0	0.0

<i>Comparator Economies</i>				
Belgium	7	4	57.2	0.0
Denmark	9	4	0.0	5.4
Finland	7	5	0.0	14.9
France	7	4	33.3	0.0
Germany	7	6	1.0	98.4
Iceland	7	5	0.0	100.0

* The following economies are also good practice economies for :

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

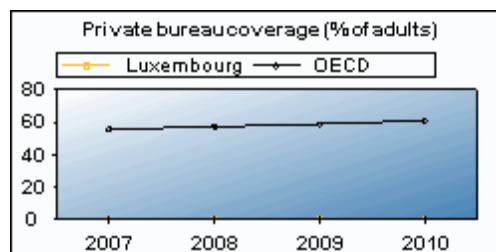
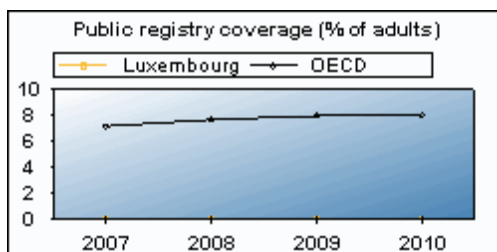
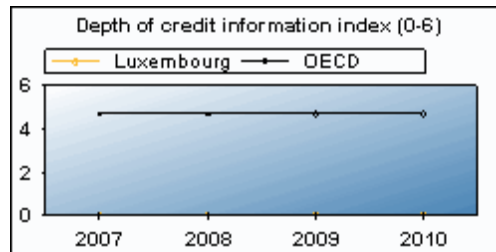
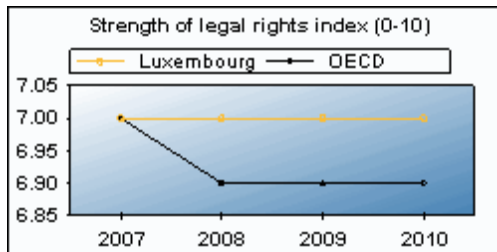
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

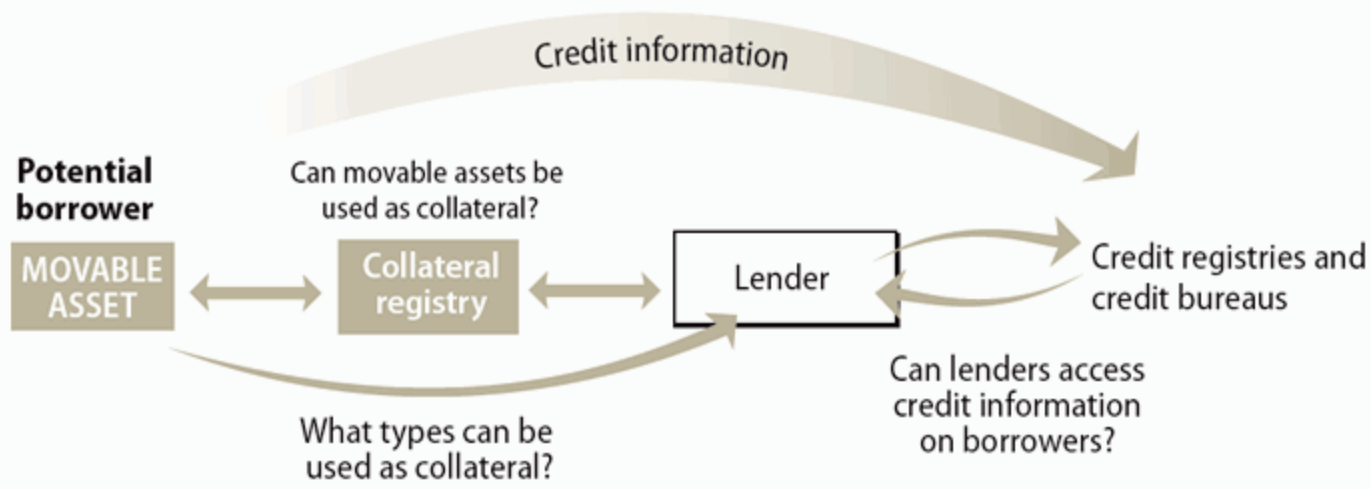
2. Historical data: Getting Credit in Luxembourg

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	109	116
Strength of legal rights index (0-10)	7	7	7	7
Depth of credit information index (0-6)	0	0	0	0
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	0
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
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	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	0.0	0.0	
Number of individuals		0	0
Number of firms		0	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 ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	Yes
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	Yes
Does the law authorize parties to agree on out of court enforcement?	Yes

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)

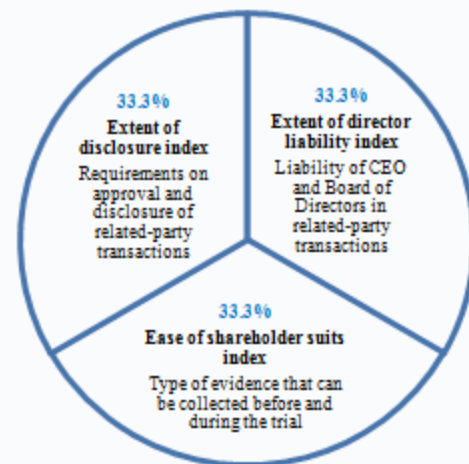
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

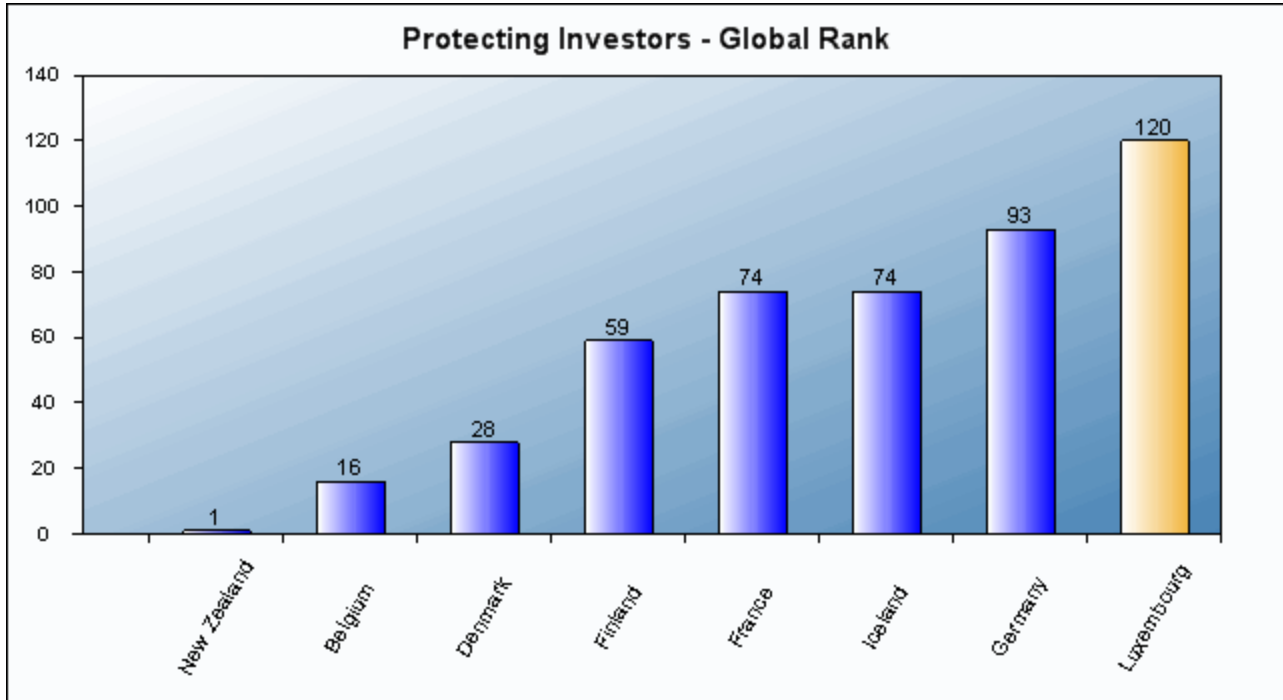
The transaction

- 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:

Luxembourg is ranked 120 overall for Protecting Investors.

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



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

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

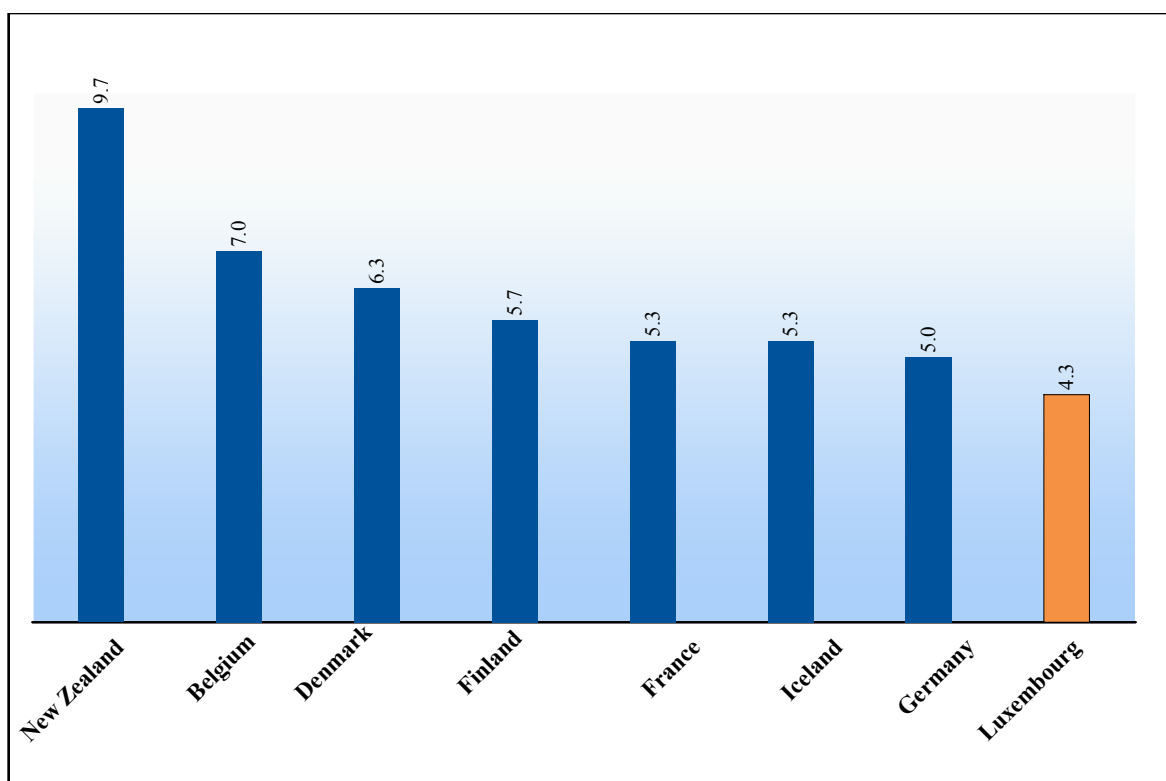
<i>Selected Economy</i>	
Luxembourg	4.3

<i>Comparator Economies</i>	
Belgium	7.0
Denmark	6.3
Finland	5.7
France	5.3
Germany	5.0
Iceland	5.3

2. Historical data: Protecting Investors in Luxembourg

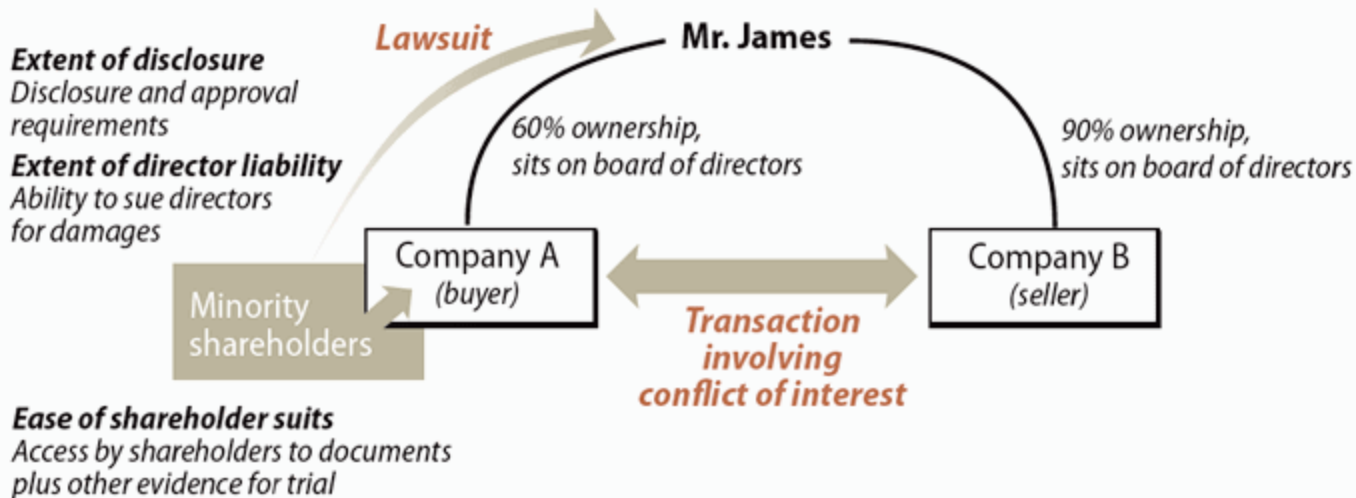
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	119	120
Strength of investor protection index (0-10)	4.3	4.3	4.3	4.3

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	6
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?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1
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
Extent of director liability index (0-10)	4
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	1
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0
Ease of shareholder suits index (0-10)	3
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
Strength of investor protection index (0-10)	4.3

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)

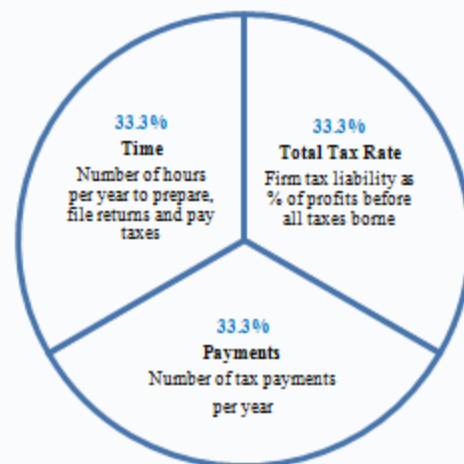
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



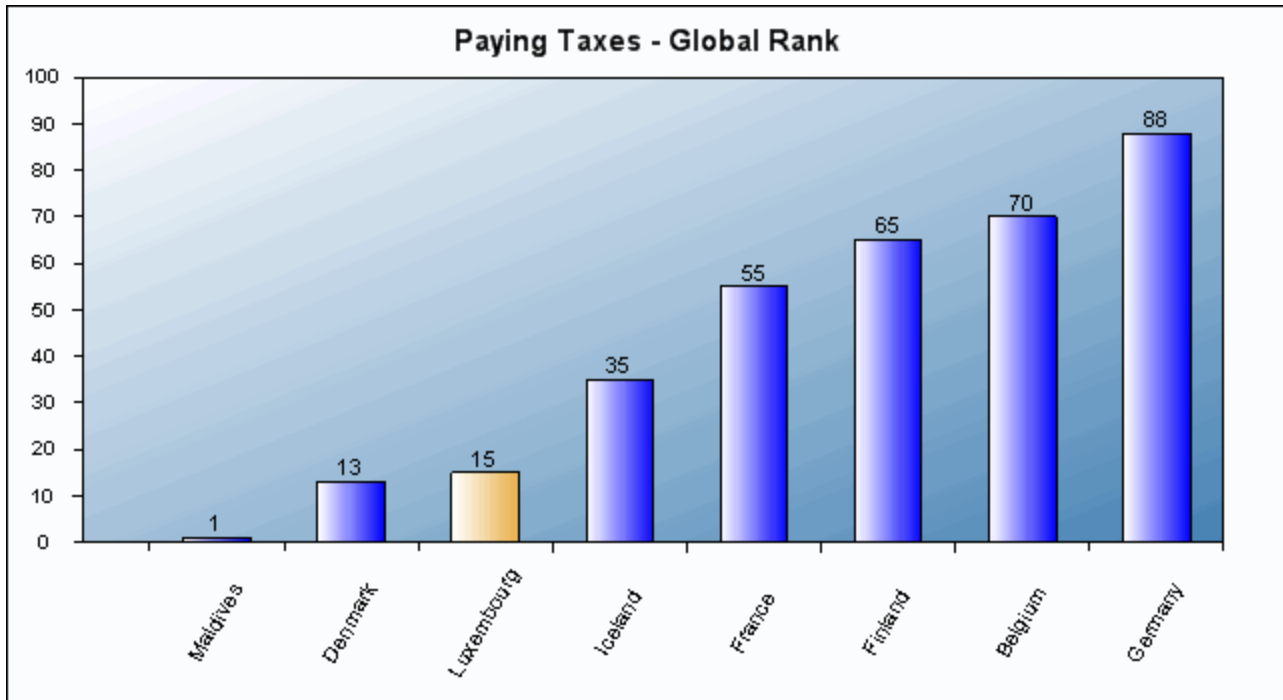
Case Study Assumptions

- 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:

Luxembourg is ranked 15 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Luxembourg	22	59	21.1

<i>Comparator Economies</i>			
Belgium	11	156	57.0
Denmark	9	135	29.2
Finland	8	243	44.6
France	7	132	65.8
Germany	16	215	48.2
Iceland	31	140	26.8

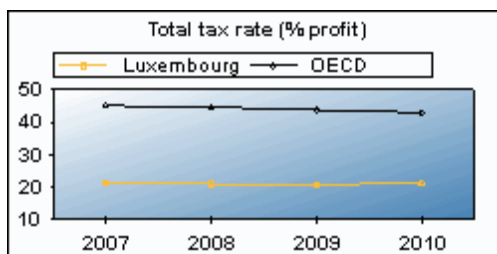
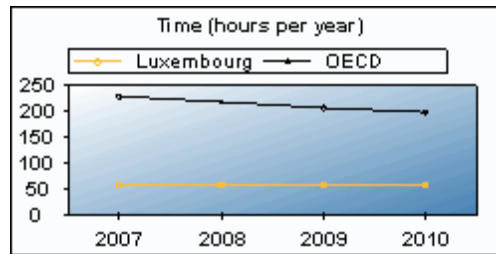
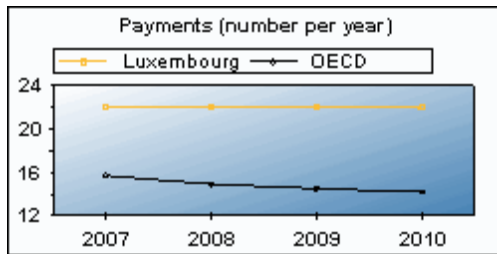
* The following economies are also good practice economies for :

Payments (number per year): Qatar

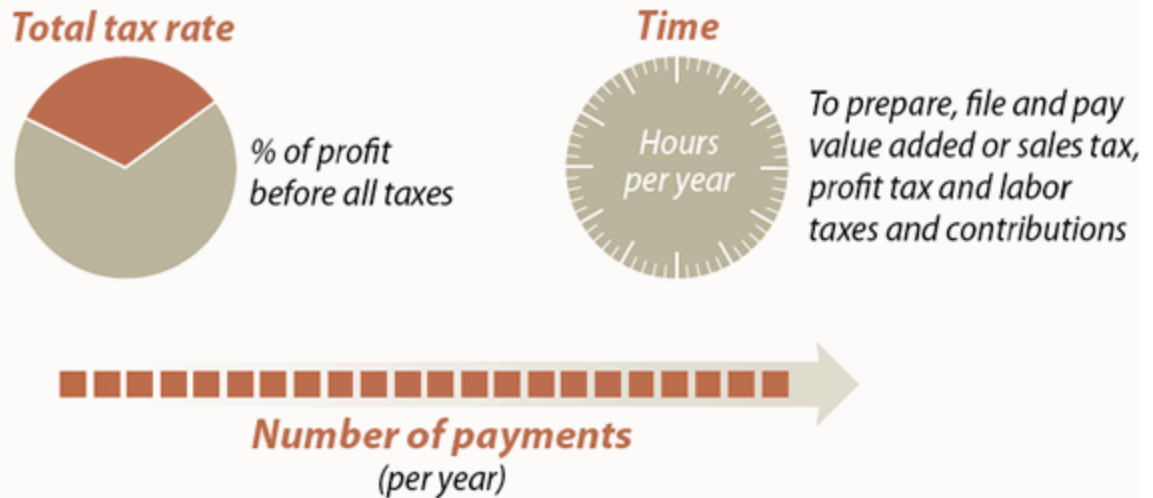
2. Historical data: Paying Taxes in Luxembourg

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	14	15
Total tax rate (% profit)	21.3	21.0	20.9	21.1
Payments (number per year)	22	22	22	22
Time (hours per year)	58	59	59	59

3. The following graphs illustrate the Paying Taxes sub indicators in Luxembourg 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 Luxembourg, 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
VAT	1	online filing	24	15.0%	value added		
Stamp duty	1			Euro 1.86-9.92	paper size		
Vehicle tax	1			varies	vehicle weight	0.00	
Corporate income tax	1	online filing	21	21.8%	taxable profit	0.00	
Waste disposal	1			varies	waste weight	0.10	
Net wealth tax	1	online filing		0.5%	equity	0.10	
Tax on insurance contracts	1			4.0%	insurance premium	0.10	
Property tax	1	online filing		750.0%	0.9% to 1% of unitary value	0.30	
Fuel tax	1				included in fuel price	1.00	

Municipal tax	1	online filing	6.8%	taxable profits with an allowance of Euro 17,500	4.10
Social security	12		12.31% -14.56%	gross salaries	15.30
Totals	22				21.1

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)

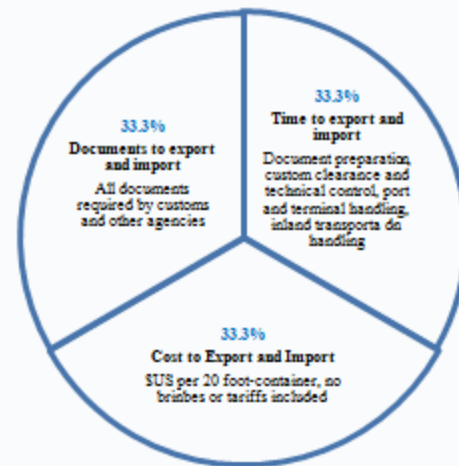
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

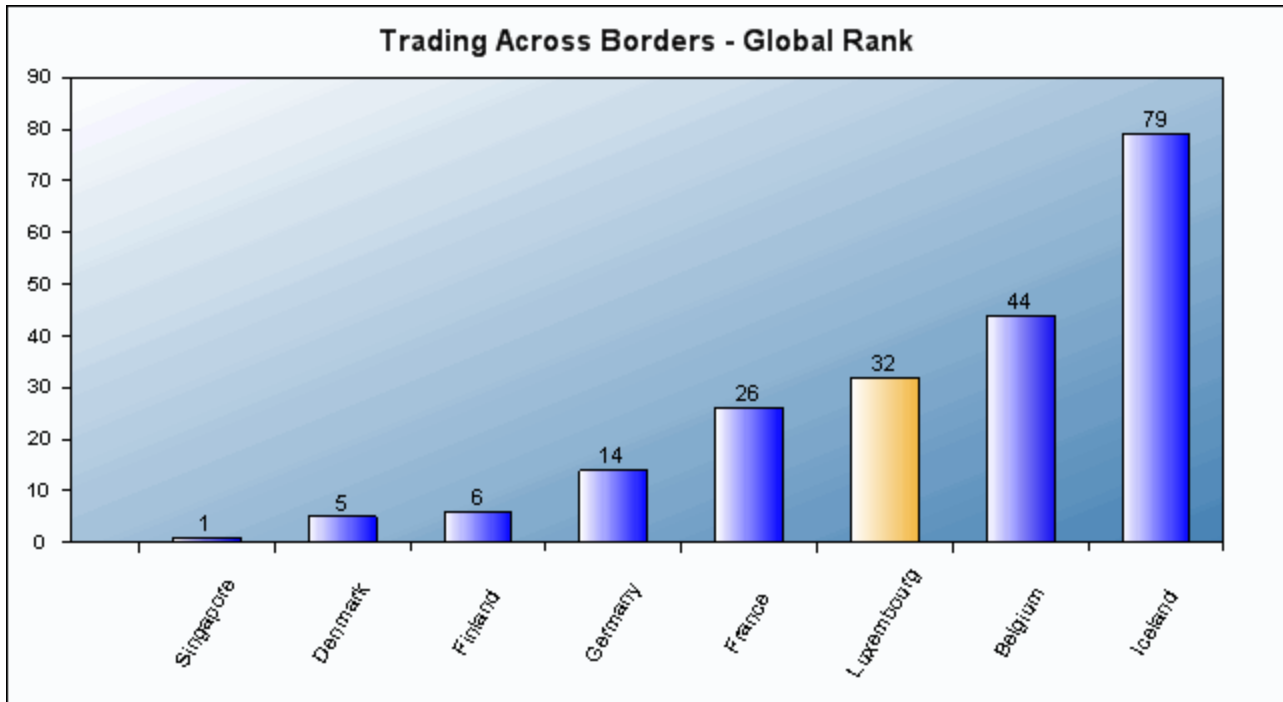
The traded product

- 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:

Luxembourg is ranked 32 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Luxembourg	5	6	1420	4	6	1420

<i>Comparator Economies</i>						
Belgium	4	8	1619	5	9	1600
Denmark	4	5	744	3	5	744
Finland	4	8	540	5	8	620
France	2	9	1078	2	11	1248
Germany	4	7	872	5	7	937
Iceland	5	19	1532	5	14	1674

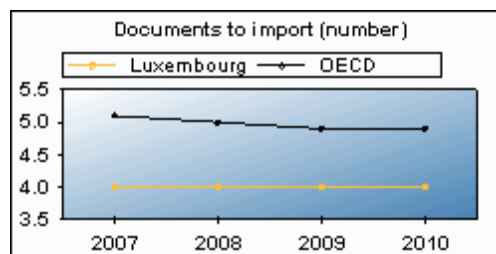
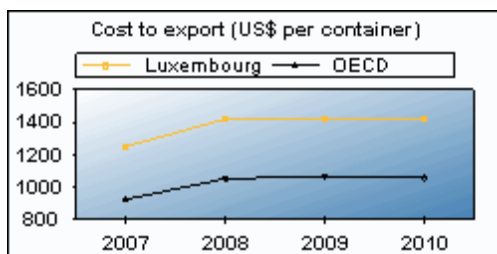
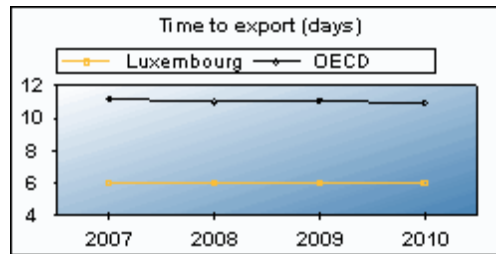
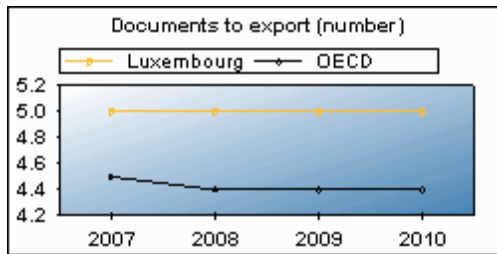
* The following economies are also good practice economies for :

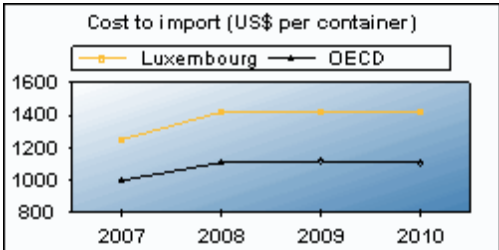
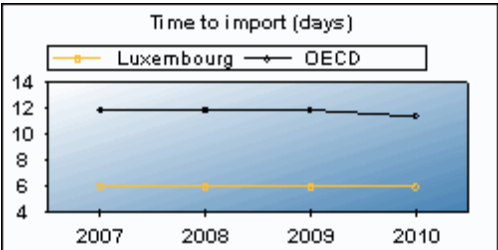
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Luxembourg

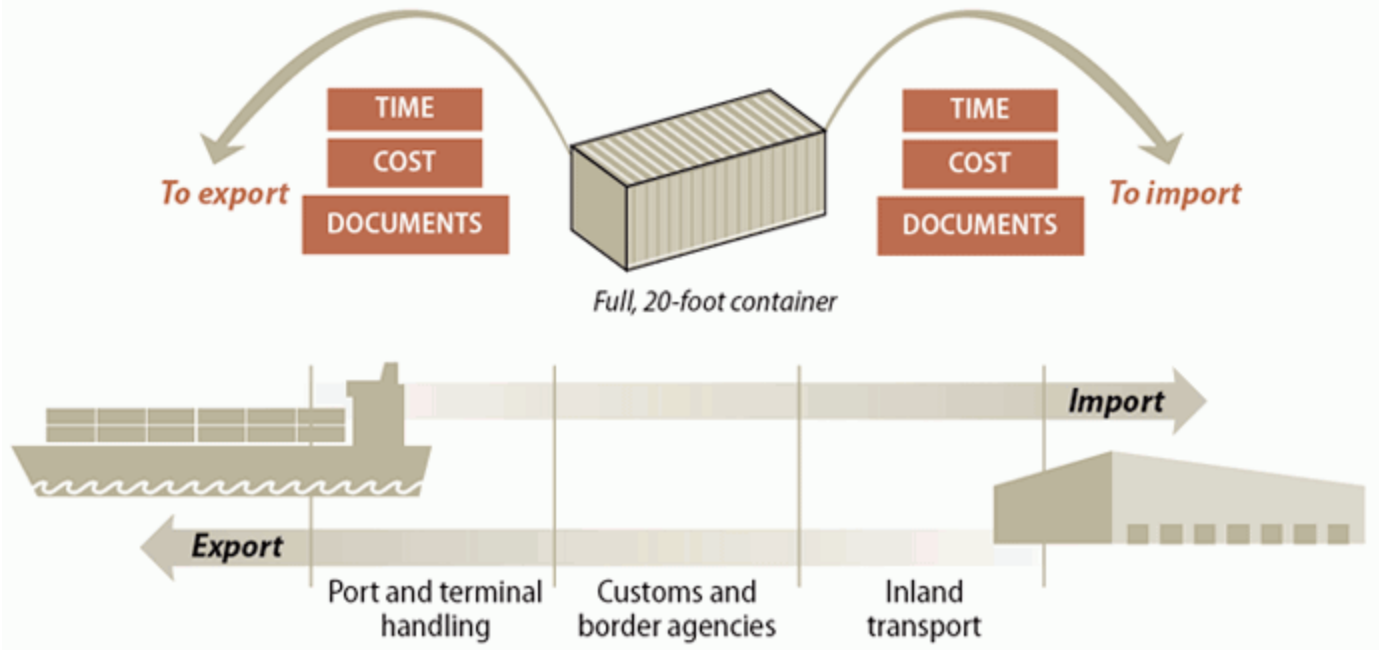
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011								
Rank	..	..	33	32						
Cost to export (US\$ per container)	1250	1420	1420	1420								
Cost to import (US\$ per container)	1250	1420	1420	1420								
Documents to export (number)	5	5	5	5								
Documents to import (number)	4	4 </tr <tr> <td>Time to export (days)</td> <td>6</td> <td>6</td> <td>6</td> <td>6</td> </tr> <tr> <td>Time to import (days)</td> <td>6</td> <td>6</td> <td>6</td> <td>6</td> </tr>	Time to export (days)	6	6	6	6	Time to import (days)	6	6	6	6
Time to export (days)	6	6	6	6								
Time to import (days)	6	6	6	6								

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	2	300
Customs clearance and technical control	2	120
Ports and terminal handling	1	350
Inland transportation and handling	1	650
Totals	6	1420

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	2	300
Customs clearance and technical control	2	120
Ports and terminal handling	1	350
Inland transportation and handling	1	650
Totals	6	1420

Documents for Export and Import

Export

- Bill of lading
- Commercial invoice
- Packing list
- Single Administrative Document (Customs export declaration)
- Transit document

Import

- Bill of lading
- Commercial invoice
- Packing list
- Single Administrative Document (Customs export declaration)

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

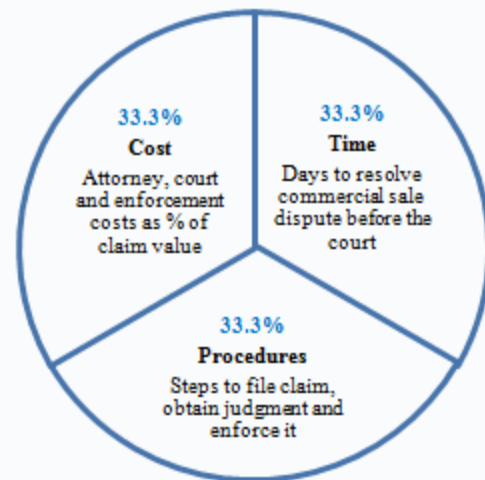
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



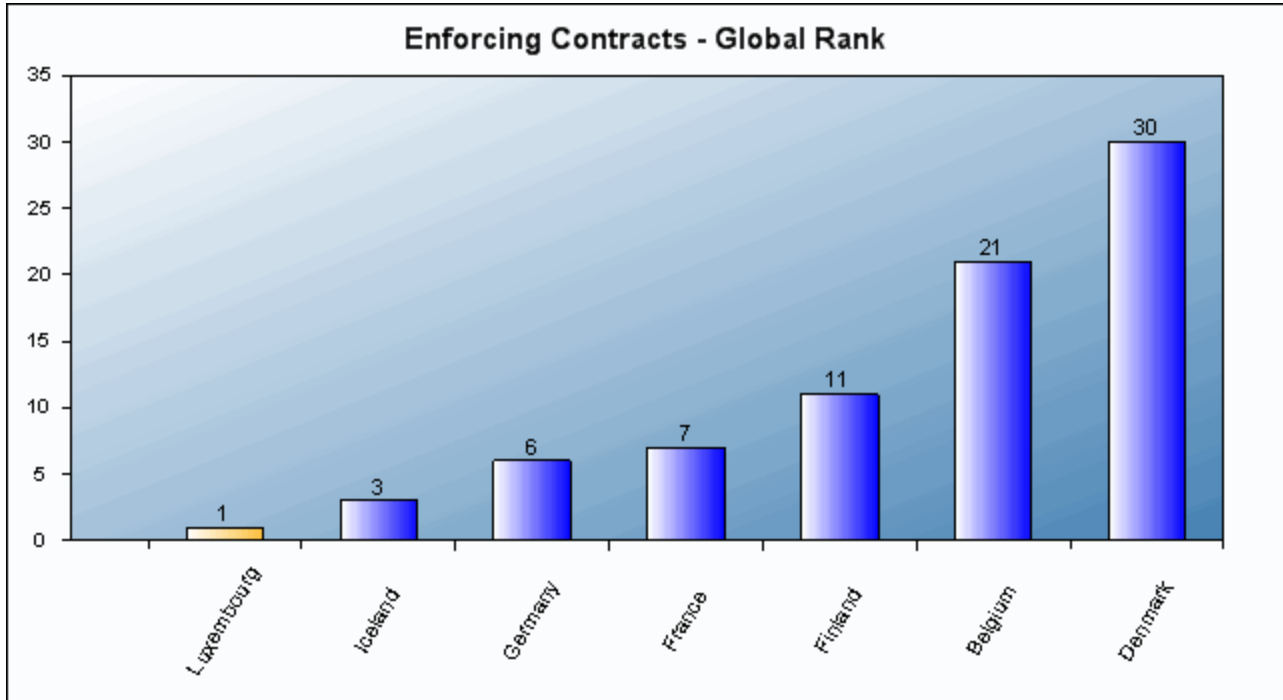
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Luxembourg is ranked 1 overall for Enforcing Contracts.

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



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

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

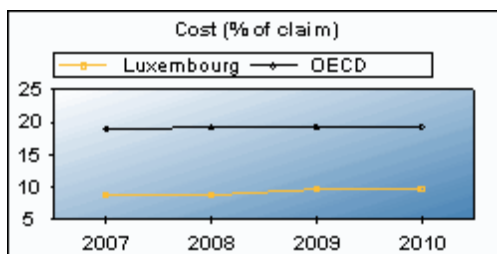
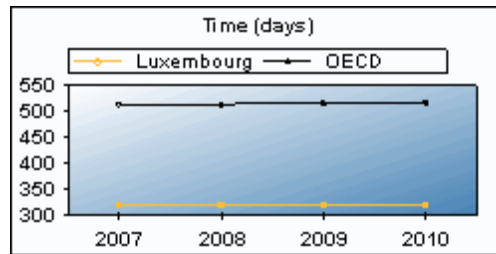
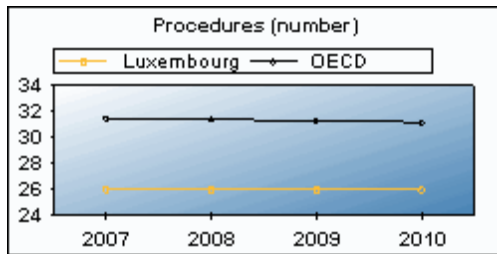
<i>Selected Economy</i>			
Luxembourg	26	321	9.7

<i>Comparator Economies</i>			
Belgium	26	505	16.6
Denmark	35	410	23.3
Finland	32	375	13.3
France	29	331	17.4
Germany	30	394	14.4
Iceland	27	417	8.2

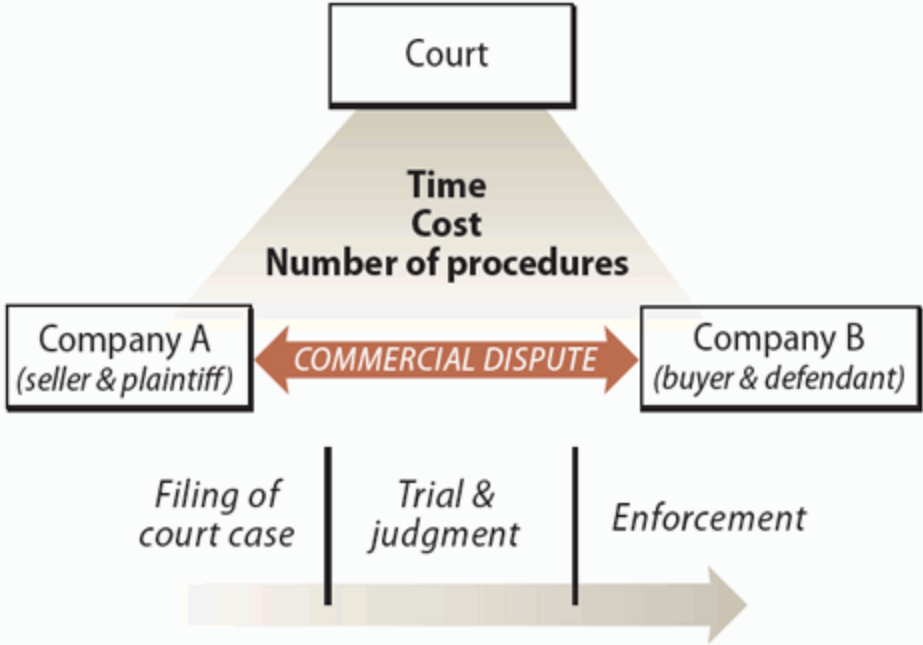
2. Historical data: Enforcing Contracts in Luxembourg

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	1	1
Procedures (number)	26	26	26	26
Time (days)	321	321	321	321
Cost (% of claim)	8.8	8.8	9.7	9.7

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

Nature of Procedure (2010)	Indicator
Procedures (number)	26
Time (days)	321
Filing and service	21.0
Trial and judgment	240.0
Enforcement of judgment	60.0
Cost (% of claim)*	9.70
Attorney cost (% of claim)	6.9
Court cost (% of claim)	1.9
Enforcement Cost (% of claim)	0.9

Court information: Luxembourg District Court, ("Tribunal d'arrondissement siégeant en matière
Commercial Section commerciale")

* 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:

Luxembourg is ranked 45 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Luxembourg	43.7	2.0	15

<i>Comparator Economies</i>			
Belgium	87.6	0.9	4
Denmark	89.4	1.1	4
Finland	89.4	0.9	4
France	45.2	1.9	9
Germany	53.1	1.2	8
Iceland	78.5	1.0	4

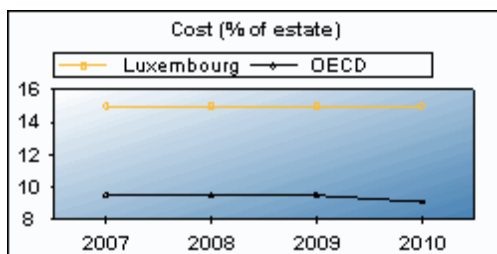
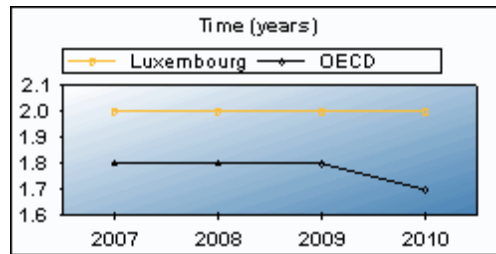
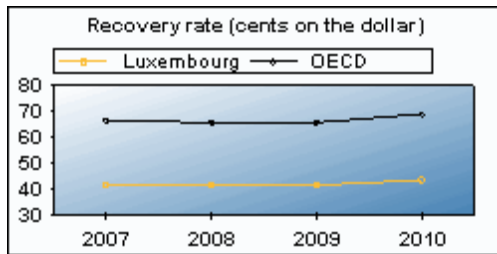
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Luxembourg

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	50	45
Time (years)	2.0	2.0	2.0	2.0
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	41.6	41.7	41.7	43.7

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Belgium	Belgium's capital city, Brussels, made it more difficult to transfer property by requiring a clean-soil certificate. Belgium introduced a new law that will promote and facilitate the survival of viable businesses experiencing financial difficulties.
Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Denmark	Denmark eased business start-up by reducing the minimum capital requirement for limited liability companies from 125,000 Danish kroner (\$22,850) to 80,000 Danish kroner (\$14,620). Computerization of Denmark's land registry cut the number of procedures required to register property by half.
Germany	Germany eased business start-up by increasing the efficiency of communications between the notary and the commercial registry and eliminating the need to publish an announcement in a newspaper.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Iceland	Iceland made dealing with construction permits more costly by increasing the fees to obtain the design approval and receive inspections. Iceland increased the corporate income tax rate from 15% to 18% and raised social security and pension contribution rates.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Luxembourg	Luxembourg eased business start-up by speeding up the delivery of the business license.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.

Tajikistan

Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

Vietnam

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

Zambia

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



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