

Doing Business 2011

Mexico

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org

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Interactive map on the ease of doing business

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

Contents

Introduction
and Aggregate Rankings

5 - Year Measure of
Cumulative Change

Starting a Business

Dealing with
Construction Permits

Registering Property

Getting Credit

Protecting Investors

Paying Taxes

Trading Across Borders

Enforcing Contracts

Closing a Business

Doing Business 2011
Business Reforms

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

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

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

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

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

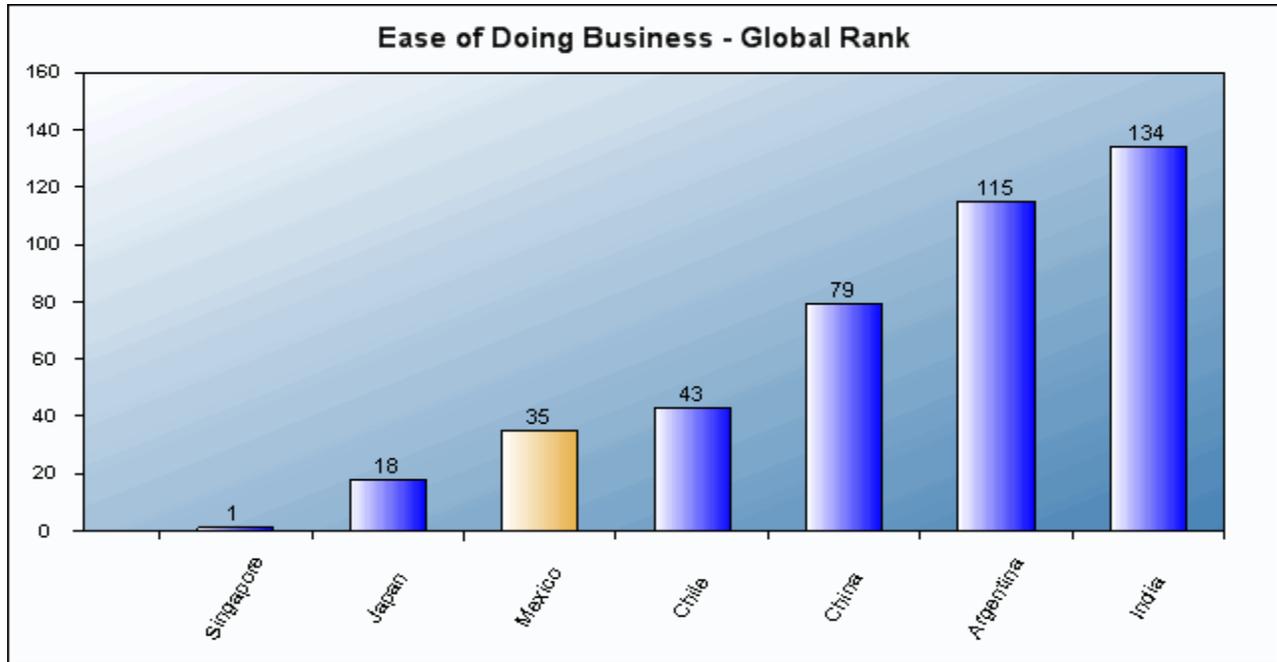
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Mexico is ranked 35 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Mexico's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	35
Starting a Business	67
Dealing with Construction Permits	22
Registering Property	105
Getting Credit	46
Protecting Investors	44
Paying Taxes	107
Trading Across Borders	58
Enforcing Contracts	81
Closing a Business	23

Summary of Indicators - Mexico

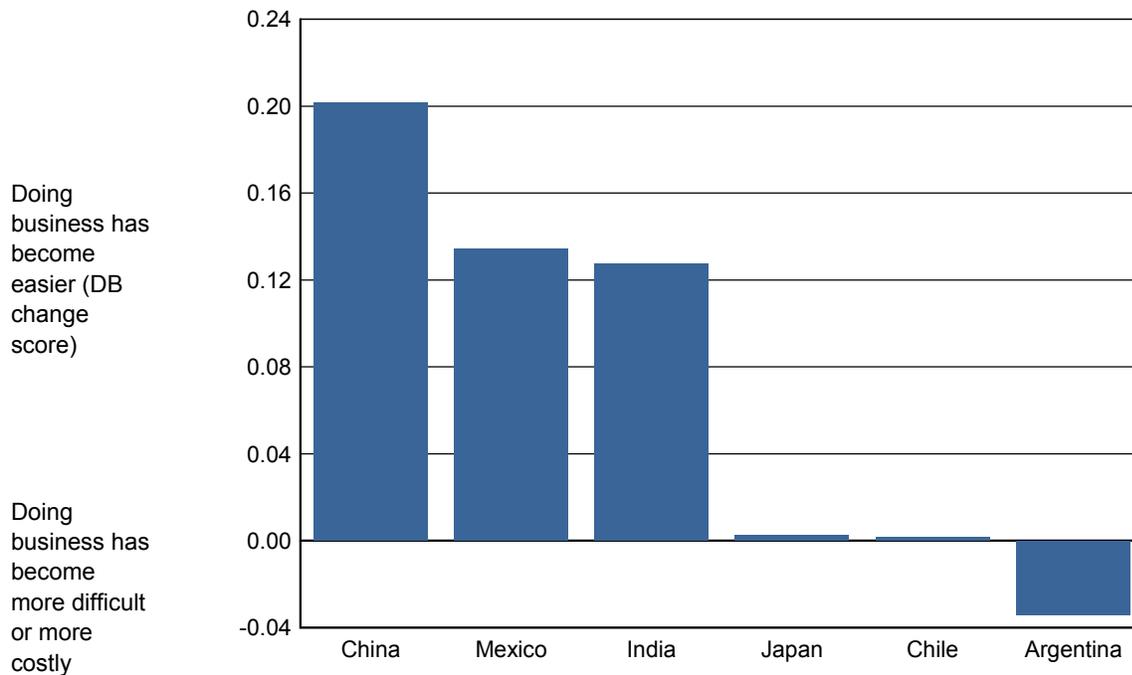
Starting a Business	Procedures (number)	6
	Time (days)	9
	Cost (% of income per capita)	12.3
	Min. capital (% of income per capita)	9.2
Dealing with Construction Permits	Procedures (number)	11
	Time (days)	105
	Cost (% of income per capita)	117.0
Registering Property	Procedures (number)	5
	Time (days)	74
	Cost (% of property value)	5.2
Getting Credit	Strength of legal rights index (0-10)	5
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	71.6
Protecting Investors	Extent of disclosure index (0-10)	8
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	5
	Strength of investor protection index (0-10)	6.0
Paying Taxes	Payments (number per year)	6
	Time (hours per year)	404
	Profit tax (%)	23.1
	Labor tax and contributions (%)	26.1
	Other taxes (%)	1.3
	Total tax rate (% profit)	50.5
Trading Across Borders	Documents to export (number)	5
	Time to export (days)	12
	Cost to export (US\$ per container)	1420
	Documents to import (number)	4
	Time to import (days)	12
	Cost to import (US\$ per container)	1880

Enforcing Contracts	Procedures (number)	38
	Time (days)	415
	Cost (% of claim)	32.0
Closing a Business	Recovery rate (cents on the dollar)	66.7
	Time (years)	1.8
	Cost (% of estate)	18

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.

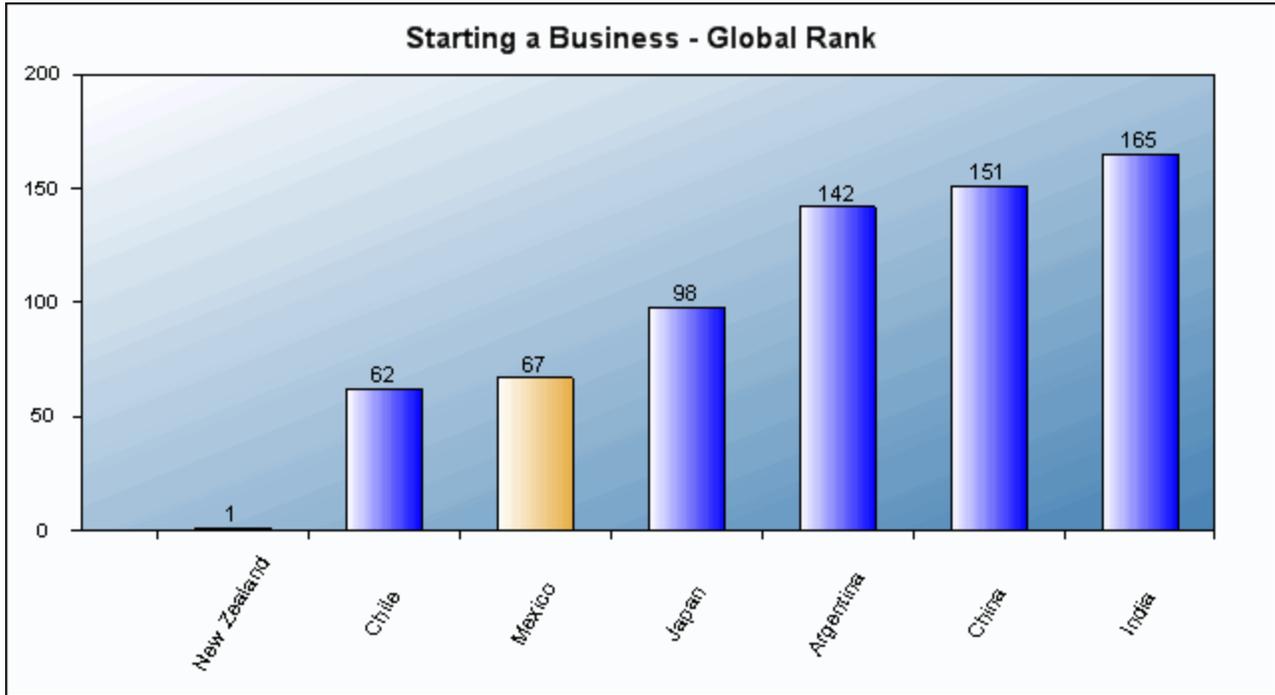
The business:

- 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:

Mexico is ranked 67 overall for Starting a Business.

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



The following table shows Starting a Business data for Mexico 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>				
Mexico	6	9	12.3	9.2

<i>Comparator Economies</i>				
Argentina	14	26	14.2	2.7
Chile	8	22	6.8	0.0
China	14	38	4.5	118.3
India	12	29	56.5	188.8
Japan	8	23	7.5	0.0

* The following economies are also good practice economies for :

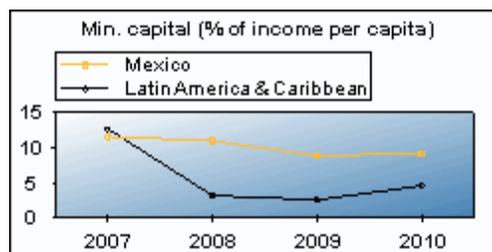
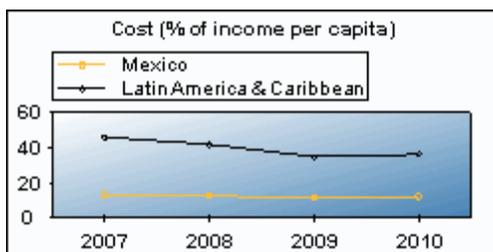
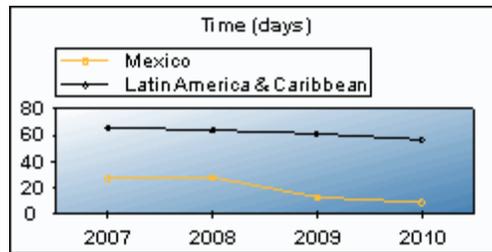
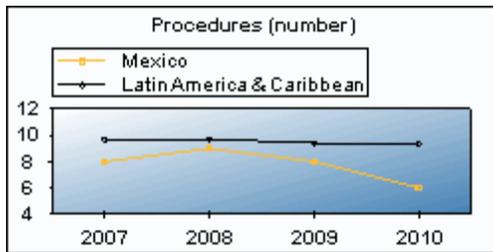
Procedures (number): Canada

Cost (% of income per capita): Slovenia

2. Historical data: Starting a Business in Mexico

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	90	67
Procedures (number)	8	9	8	6
Time (days)	27	28	13	9
Cost (% of income per capita)	13.3	12.5	11.7	12.3
Min. capital (% of income per capita)	11.6	11.0	8.9	9.2

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

STANDARDIZED COMPANY

Legal Form: Sociedad Anónima (S.A.) - Corporation

City: Mexico City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain the authorization of using the company name online and file the draft deed of incorporation with the notary online	1	MXN 965
2	Sign the deed of incorporation before a notary public, obtain Tax Registry Number (RFC) and file online the deed of incorporation with the Public Register of Commerce	2	MXN 12,020
3	Register with the Mexican Social Security Institute (IMSS)	3	no charge
4	Register with the local tax administration (Secretaría de Finanzas del Gobierno del Distrito Federal) for payroll tax	1	no charge
5	Notice of opening a mercantile establishment before local government (Delegación)	1	no charge
6	Register with the National Business Information Registry (Sistema de Información Empresarial, SIEM)	1	MXN 385

Starting a Business Details - Mexico

Procedure	1	Obtain the authorization of using the company name online and file the draft deed of incorporation with the notary online
Time to complete:	1	
Cost to complete:	MXN 965	
Comment:	Applicant can obtain authorization of using the company name online from the following website tuempresa.gob.mx . After the name is reserved, the entrepreneur can choose the notary public that will grant the deed of incorporation and then file the draft deed of incorporation online to the notary. The notary informs the entrepreneur by email of the appointment date to sign the deed of incorporation.	
Procedure	2	Sign the deed of incorporation before a notary public, obtain Tax Registry Number (RFC) and file online the deed of incorporation with the Public Register of Commerce
Time to complete:	2	
Cost to complete:	MXN 12,020	
Comment:	<p>If the notary public drafts or provides expert advice on the company bylaws, notary fees are generally high, from MXN 5,000 to MXN 11,000. The company charter and bylaws must be drafted before appearing before a notary public.</p> <p>Certain notaries in Mexico City have signed an agreement with the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público) (through the Sistema de Administración Tributaria, SAT) to grant the tax registration number. The notary who issues the tax registration number must also issue the deed of incorporation. The notary files the notarized deed of incorporation with the Public Registry of Commerce through the online portal - tuempresa.gob.mx - and obtain the tax number online as well.</p> <p>It usually takes the notary 2-3 days to review the documents and process the final incorporation deed for execution by the relevant parties.</p>	
Procedure	3	Register with the Mexican Social Security Institute (IMSS)
Time to complete:	3	
Cost to complete:	no charge	
Comment:	The company must register with the Mexican Social Security Institute (IMSS) and the National Workers' Housing Fund Institute (INFONAVIT) and open individual retirement savings accounts for employees. The registration is conducted before the IMSS delegation (delegación) in the company's jurisdiction. On average, the delegations take 2–5 days but some take a week or longer.	
Procedure	4	Register with the local tax administration (Secretaría de Finanzas del Gobierno del Distrito Federal) for payroll tax
Time to complete:	1	
Cost to complete:	no charge	
Comment:	The company must register with the local tax administration after registering with the IMSS. The local office can be found at www.finanzas.df.gob.mx . The tax registration number and the	

company's postal code are required to register.

Procedure 5 Notice of opening a mercantile establishment before local government (Delegación)

Time to complete: 1

Cost to complete: no charge

Comment: The notice has to be given after receiving the tax registration number. Since February 2004, notice can be given via the Internet (through SAEM www.apertura.df.gob.mx)

Procedure 6 Register with the National Business Information Registry (Sistema de Información Empresarial, SIEM)

Time to complete: 1

Cost to complete: MXN 385

Comment: Mandatory registration with the National Business Information Registry (Sistema de Información Empresarial, SIEM) has been in effect since January 1997. The company will be registered with the specific chamber corresponding to its corporate purpose or activities. The cost varies with the number of employees and the company's activities as shown below.

Fees for industry related activities (maximum fees)

-6 or more employees \$ 670

-3 to 5 employees \$ 350

-Up to 2 employees \$ 150

Fees for commercial and services related activities (maximum fees)

-4 or more employees \$ 640

-3 or less employees \$ 300

-Up to 2 employees \$ 100

The costs can vary from MXN \$100 to MXN \$670

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

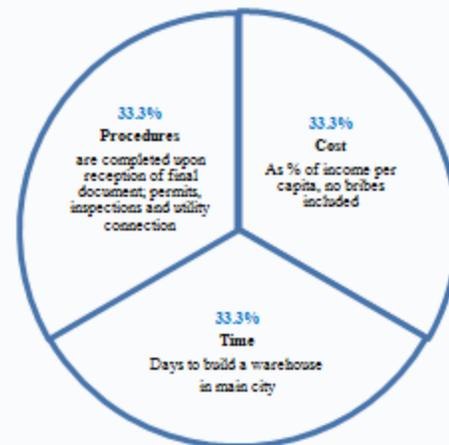
The warehouse:

- 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

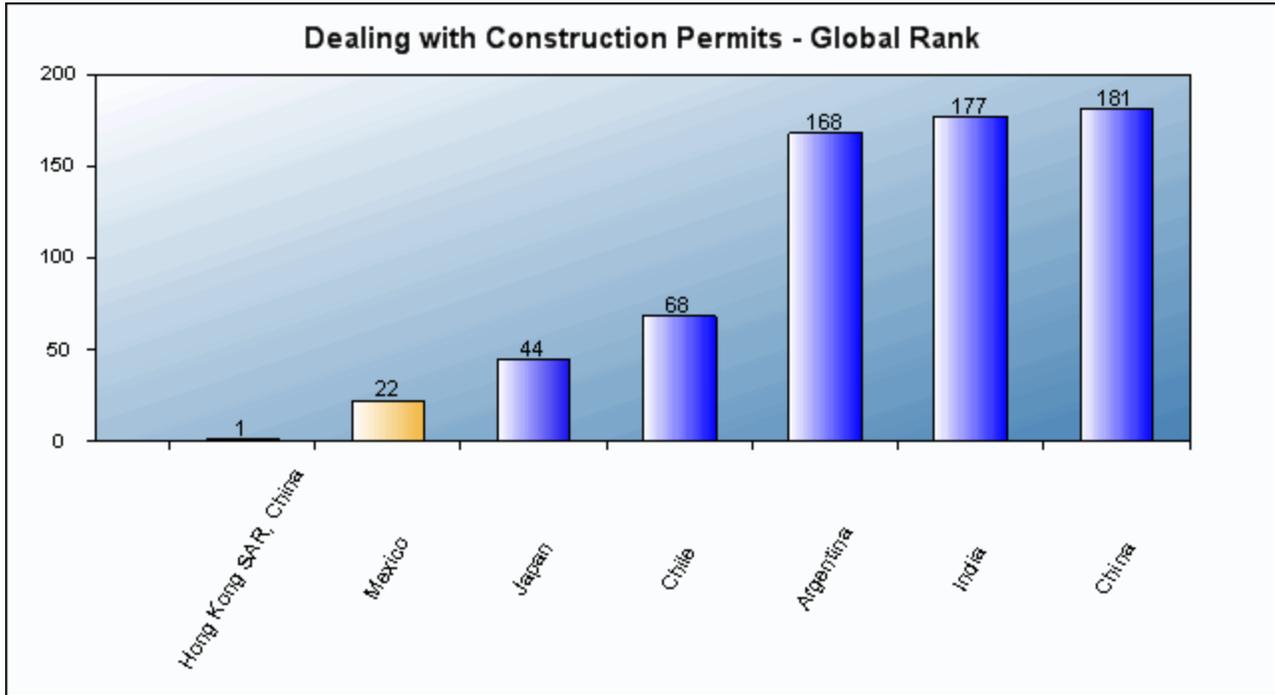
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Mexico is ranked 22 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Mexico 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	

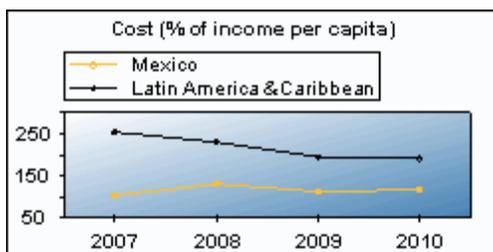
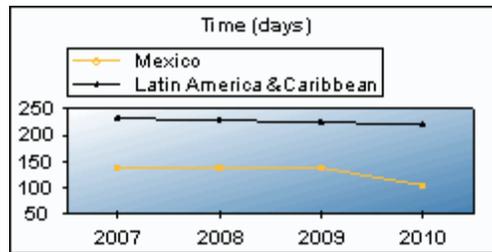
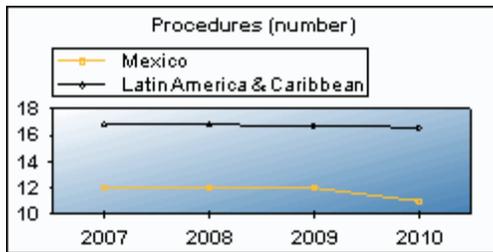
<i>Selected Economy</i>			
Mexico	11	105	117.0

<i>Comparator Economies</i>			
Argentina	28	338	133.9
Chile	18	155	93.8
China	37	336	523.4
India	37	195	2143.7
Japan	15	187	20.8

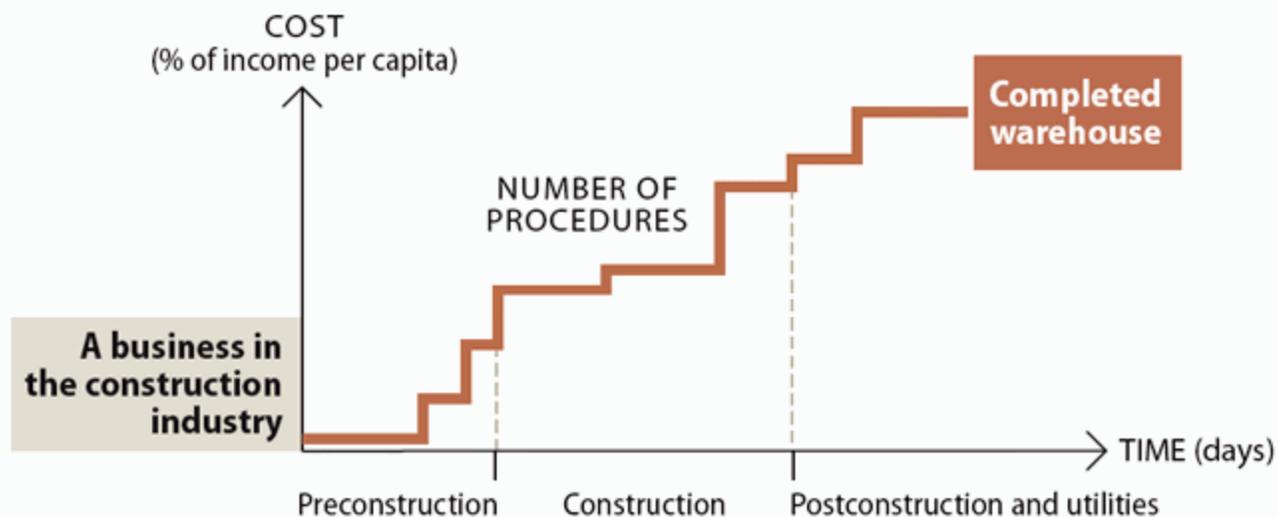
2. Historical data: Dealing with Construction Permits in Mexico

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	35	22
Procedures (number)	12	12	12	11
Time (days)	138	138	138	105
Cost (% of income per capita)	103.5	131.0	113.1	117.0

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

BUILDING A WAREHOUSE

City: Mexico City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain the alignment certificate (alineamiento) and official number (número oficial)	15 days	MXN 660
2	Request and obtain a single zoning certificate stating specific land use and feasibility	43 days	MXN 752
3 *	Register construction statement type B	1 day	MXN 123,545
4	Request and connect to water and sewerage services	30 days	no charge
5 *	Request and connect to electrical power service	20 days	MXN 470
6 *	Request and connect to a regular telephone line	4 days	MXN 1,300
7	Notify the municipal authority on construction work completion	1 day	no charge
8	Receive inspection on construction work completion by the Directorate of General Works	1 day	no charge

9	Request and obtain use and occupancy clearance	6 days	no charge
10	Request and obtain authorization from civil protection	7 days	no charge
11	Update the building record at the Tax Ministry	1 day	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Mexico

Procedure 1 Request and obtain the alignment certificate (alineamiento) and official number (número oficial)

Time to complete: 15 days

Cost to complete: MXN 660

Agency: Delegational One-Stop Shop (Ventanilla Única Delegacional), Urban Development and Housing Ministry (Secretaría de Desarrollo Urbano y Vivienda), and Federal District Department (Gobierno del Distrito Federal)

Comment: The relevant agencies for this procedure are the Delegational One-Stop Shop (Ventanilla Única Delegacional), the Urban Development and Housing Ministry (Secretaría de Desarrollo Urbano y Vivienda), and the Federal District Department (Gobierno del Distrito Federal). Either a simple original copy or a certified one is acceptable.

For the official number, the Federal District Department will assign, at the request of the interested party, a single official number for each property that has a front facing the public pathway. For the official alignment: The plot across the land indicates the restrictions or expropriation lines to be respected in the interaction between the property and the public pathway. Obtaining the single zoning certificate stating specific land use and feasibility is required.

Requirements:

- Proof of payment of applicable real estate taxes (copy).
- Public deed certifying property or title ownership (original and copy).
- Payment of all fees.
- Application form (original).
- Identification of the person completing the procedure and document certifying the respective identity (original and copy).

Payment is made the same day when the certificate is requested. At the same time, a date is set for the taxpayer to return to receive the certificate, generally within 3 or 4 working days. The certificate is valid for 2 years.

The cost is established by the Financial Code of the Federal District, Articles 255 and 256: The official cost, official cost, as amended in December 2009 is the sum of the alignment at MXN 23.00 per linear meter of the front of the building plus a general fee for the official number at MXN 142.00. In this case, the front of building is assumed to be 22.5 meters, so the total cost would be MXN 659.50.

The official time limit is 8 days, but in practice, the process can take 1–2 weeks.

Procedure 2 Request and obtain a single zoning certificate stating specific land use and feasibility

Time to complete: 43 days

Cost to complete: MXN 752

Agency: Subdirección de Ventanilla Única of the Secretaría de Desarrollo Urbano y Vivienda attached to the Dirección del Registro de los Planes y Programas de Desarrollo Urbano of the Dirección General de Desarrollo Urbano.

Comment: At this stage, BuildCo obtains the document that certifies whether a specific use of a given building is authorized. This certificate reflects the technical opinion of the competent administrative units and indicates whether water supply and sewage and rainwater drainage services are feasible. This procedure precedes the application for drinking water supply.

The Financial Code of the Federal District, Article 257, Section V, was amended in December 2008.

Procedure 3 Register construction statement type B

Time to complete: 1 day

Cost to complete: MXN 123,545

Agency: Ventanilla Única Delegacional

Comment: Construction Statement Type B applies to nonresidential or mixed uses of up to 5,000 square meters or up to 10,000 square meters for residential use or for single-family dwelling units within a risk zone.

Requirements:

- Valid alignment certificate and official number (simple original copy or certified one).
- Single zoning certificate for specific land use and feasibility (simple original copy or certified copy for collation).
- Four copies of the architectural project for the construction work on duly outlined scale maps and containing all specifications regarding materials, finishes, and equipment to be used, signed by the owner, the director responsible for the construction work, and the co-responsible party for urban and architectural design and installations, as the case may be.
- Project descriptive report.
- Calculation report.
- Registration and identification card of the director responsible for the construction work and the co-responsible party for structural safety, urban and architectural design, and installations as appropriate (simple original copy or certified copy for collation).
- Two copies of the structural design signed by the director responsible for the construction work and the co-responsible party for structural safety.
- Proof of payment of improvement taxes for potable water and sewerage works provided by the Federal District Department and license issuance fees if the application is required (simple original copy or certified copy for collation). Because the building considered here requires installation or modification of the water main and hook-up to the sewage system, the application and proof of payment of the corresponding fees are attached.

After registration of the construction statement, the one-stop shop (Ventanilla Única Delegacional) reviews the submitted data and documents and verifies the progress of the construction work under the terms stated in the Administrative Verification Rules (Reglamento de Verificación Administrativa) for the Federal District.

The director responsible for the construction work undertakes to post at the construction work site, in a visible place and legible from the public pathway, a signboard showing the registration number in the construction work statement and the general construction work data, including the location and statement validity.

Statement validity (for construction work completion):

- Up to 300 square meters: 1 year
- 300–1,000 square meters: 2 years
- More than 1,000 square meters: 3 years

The cost is MXN\$62.00 per square meter, according to The Financial Code of the Federal District, Article 206, Section B, Fraction I, in this case, if the total area of warehouse is 1,300.6 m², the total cost of the Construction Statement Type B is MXN\$81,063.20. Before commencement of construction work, the company must notify the water company (Sistema de Aguas de la Ciudad de México) in writing. Since mid-2004, electronic notifications are acceptable.

The cost for the water connection includes the installation of the main pipeline (51 millimeters), board, and meter. Cost will be included in the same form use to Register construction statement type B. The cost is established by the Financial Code of the Federal District, Article 202.

Procedure 4 Request and connect to water and sewerage services

Time to complete:	30 days
Cost to complete:	no charge
Agency:	Sistema de Aguas de la Ciudad de México
Comment:	If there is no need to perform additional work, hydraulic network hook-up can be obtained within approximately 2 weeks. The power company (Compañía de Luz y Fuerza del Centro) performs the work for the constructor to be able to connect the building to the hydraulic network.

Procedure 5 Request and connect to electrical power service

Time to complete:	20 days
Cost to complete:	MXN 470
Agency:	Compañía de Luz y Fuerza del Centro
Comment:	<p>The assumed power supply is 140 kilowatts.</p> <p>Article 23 of the Public Electrical Power Service Law states, “if no specific works need to be completed, the supplier shall provide the service within the following five working days as of the date of application filing.”</p> <p>The 5-day time frame is valid if the user has made the necessary arrangements to receive power supply in accordance with the provisions in the corresponding official Mexican regulations.</p> <p>If the supplier had to complete specific works, whether for a new supply or to change supply voltage at the request of the user, the supply should be provided within the terms stated by the supplier when the application is filed.</p> <p>Requirements:</p> <ul style="list-style-type: none">- User name, denomination, or trade name; and if applicable, a copy of the Federal Taxpayer Registry.- Domicile address.- Telephone number.- Load and demand to be contracted.- Officially validated legal agent’s personal identification or power of attorney (original and photocopy).- Photocopy of articles of incorporation.- Photocopy of private purchase, sale document, public deed of the purchase, and sale agreement, if the interested party is the owner of the real estate. If not, a photocopy of the lease contract is needed.- In the case of electrical installations for high-tension voltage services or supply in densely populated locations, certification issued by a Verification Unit (Unidad de Verificación) approved by the Ministry of Energy (Secretaría de Energía).- Check or cash in the amount of the security deposit.

The applicant pays a security deposit, according to the effective applicable tariffs, that amounts to USD 377.16.

Procedure 6 Request and connect to a regular telephone line

Time to complete: 4 days

Cost to complete: MXN 1,300

Agency: Telmex

Comment: For commercial telephone line installations, Telmex has established the following costs:
- Total installation cost: MXN 1299.5

The telephone line is requested and paid for at Telmex offices or through the Internet.

Procedure 7 Notify the municipal authority on construction work completion

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment: The notification of completion is made in writing after the electricity connection has been completed. Once notified, inspectors may visit the location within a week, but this does not stop construction.

Procedure 8 Receive inspection on construction work completion by the Directorate of General Works

Time to complete: 1 day

Cost to complete: no charge

Agency: Directorate of General Works (Municipality)

Comment:

Procedure 9 Request and obtain use and occupancy clearance

Time to complete: 6 days

Cost to complete: no charge

Agency: Delegational One-Stop Shop

Comment: Building use clearance is granted by the one-stop shop.

Procedure 10 Request and obtain authorization from civil protection

Time to complete: 7 days

Cost to complete: no charge

Agency: Secretaria de Protección civil

Comment: An inspection from the civil protection agency (Secretaria de Protección civil) will not be necessary - only for more complex installations. After the form and the emergency plan are filed, the civil protection authority will issue a certificate in 7 days.

Procedure 11 Update the building record at the Tax Ministry

Time to complete: 1 day

Cost to complete: no charge

Agency: Tax Ministry

Comment: The time and cost of updating the building record are established by the Financial Code of the Federal District, Article 217. The building is not actually registered with the Property Registry. Once built, a cadastral actualization document (manifestacion de actualisacion del valor cadastral) is filed, for tax purposes, with the Tax Ministry. The information in the new deed is updated only when the property (with the building included) is sold. In Mexico, the owner of the land is automatically the owner of the building unless otherwise specified. Only in cases where the owner of the building and the owner of the property are two different people would the building be registered.

The Property Registry claims to have made some organizational changes that have reduced the time required for registration by 30 to 40 calendar days. The registry has reorganized its personnel and created specializations by transaction (transfer of deed, company registration, and the like).

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)

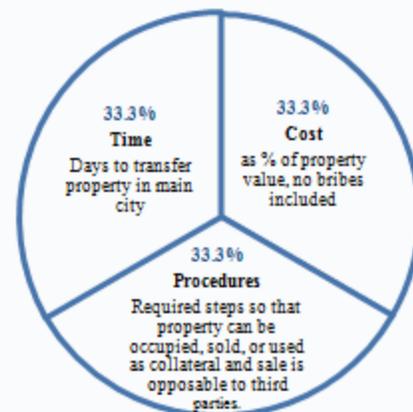
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

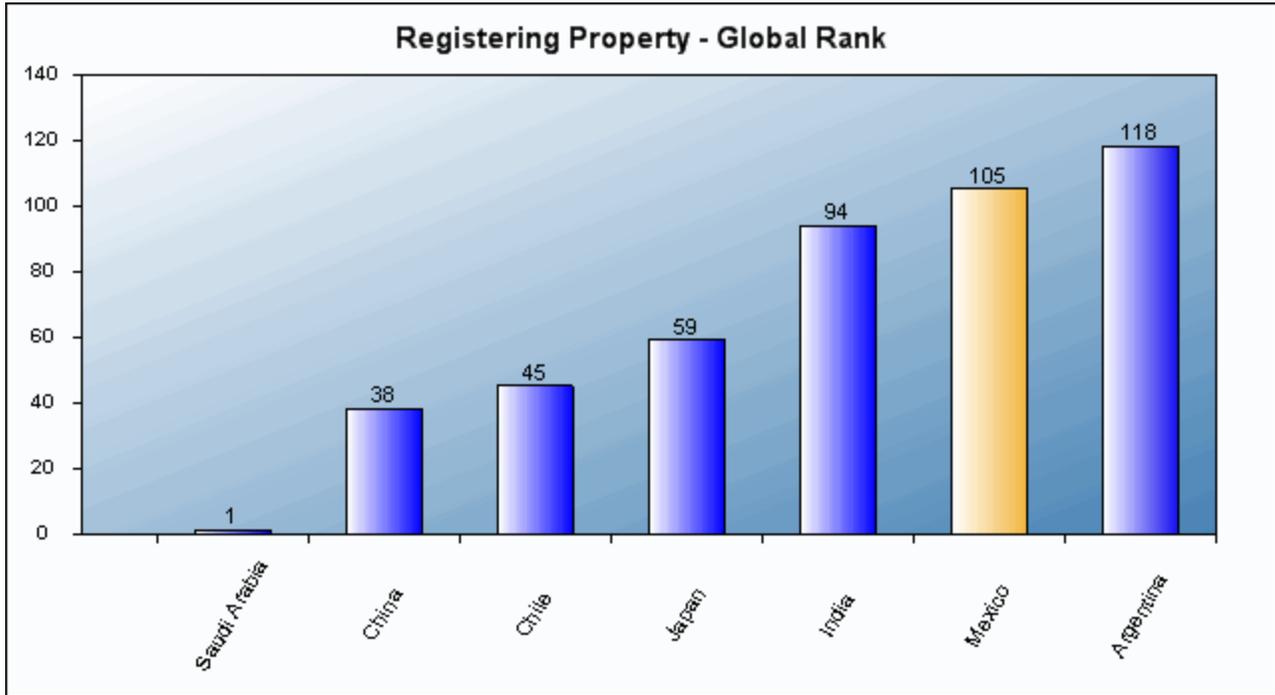
The property (fully owned by the seller):

- 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:

Mexico is ranked 105 overall for Registering Property.

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



The following table shows Registering Property data for Mexico 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>			
Mexico	5	74	5.2

<i>Comparator Economies</i>			
Argentina	6	52	7.0
Chile	6	31	1.3
China	4	29	3.6
India	5	44	7.4
Japan	6	14	5.5

* The following economies are also good practice economies for :

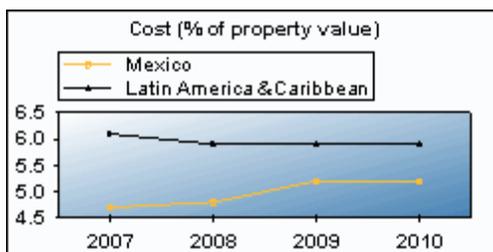
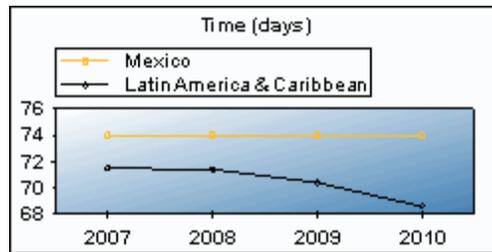
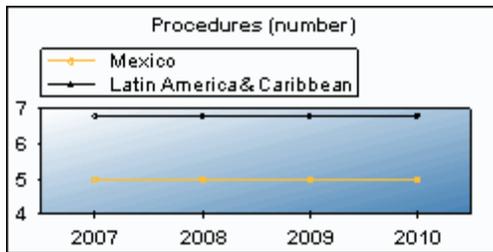
Procedures (number): United Arab Emirates

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

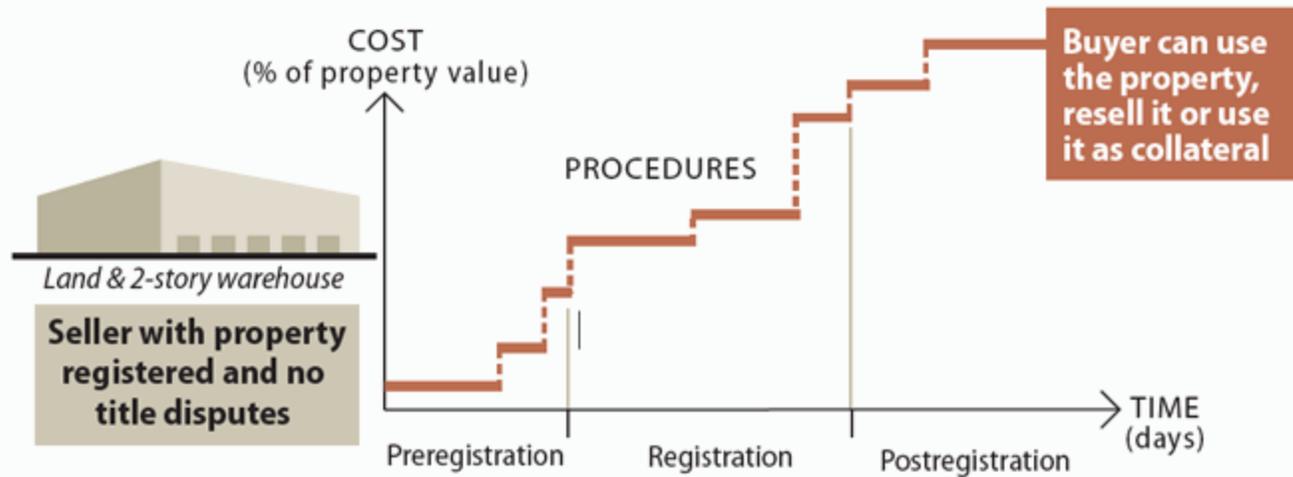
2. Historical data: Registering Property in Mexico

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	99	105
Procedures (number)	5	5	5	5
Time (days)	74	74	74	74
Cost (% of property value)	4.7	4.8	5.2	5.2

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

STANDARDIZED PROPERTY

Property Value: 5,413,527.21

City: Mexico City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain the alignment and official number of the property at the corresponding Federal District Department	11 days (simultaneous with procedures 2 and 3)	MXN 200 (official number) + MXN 30 for each meter of the front of the real estate (alignment)It is assumed that the front of the property has 23.6 meters (the square root of the total surface of the land plot, 557.4 square meters) in order to calculate the cost of the Alignment.
2 *	Obtain the cadastral plan from the Cadastre Department at the Public Registry of Property	7 days (simultaneous with procedures 1 and 3)	MXN 360
3 *	The notary public obtains a no-encumbrance certificate	7 days (simultaneous with procedures 1 and 2)	MXN 341

4 The notary public formalizes the sale purchase agreement

3 days

Acquisition tax according to the following scale, from Art 135, Federal District Financial code:

Lower Value	Higher Value	Fixed Fee	Rate over excess
0	127,627.01	146.34	0.0000
127,627.02	124,203.16	146.35	0.03163
124,203.17	186,304.56	161,619	.550.03261
186,304.57	372,609.23	372,644	.680.03261
372,609.24	931,523.09	1,863,046	.1630, 377.540.04565
931,523.09	1,863,046.17	999,999,999	.999,9972,901.560.04565

(4.565%)
The new table for the calculation of Notarial fees, which are calculated considering the amount of the transfer operation, is as follows:

In operations representing MXN 111,062.00 or more a fixed fee of MXN 4,039.00 applies plus the additional progressive cumulative factor obtained from the following notarial fee schedule:

A. From the lower limit of MXN 111,062.01 to \$222,125.00 = (1.125%) * (the difference of the operation value and the lower limit)

B. From the lower limit of MXN 222,125.01 to \$444,249.00 = (0.975%)* (the difference of the operation value and the lower limit)

C. From the lower limit of MXN 444,249.01 to \$888,498.00 = (0.825%)* (the difference of the operation value and the lower limit)

D. From the lower limit of MXN 888,498.01 to \$1,776,997.00 = (0.675%) * (the difference of the operation value and the

lower limit)
 E. From the lower limit of MXN 1,776,997.01 to \$3,553,994.00= (0.525%) * (the difference of the operation value and the lower limit)
 F. From the lower limit of MXN 3,553,994.01 to \$7,107,987.00= (0.375%) * (the difference of the operation value and the lower limit)
 G. From the lower limit of MXN 7,107,987.01 to \$14,215,974.00 = (0.225%) * (the difference of the operation value and the lower limit)
 H. From the lower limit of MXN 14,215,974.01 and above (0.075%)* (the difference of the operation value and the lower limit)

5	Registration of the transfer of title at the Public Registry of Property of the Federal District	30 - 90 days	MXN 12, 772
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* Takes place simultaneously with another procedure.

Registering Property Details - Mexico

Procedure	1	Obtain the alignment and official number of the property at the corresponding Federal District Department
Time to complete:		11 days (simultaneous with procedures 2 and 3)
Cost to complete:		MXN 200 (official number) + MXN 30 for each meter of the front of the real estate (alignment)It is assumed that the front of the property has 23.6 meters (the square root of the total surface of the land plot, 557.4 square meters) in order to calculate the cost of the Alignment.
Agency:		Municipality ("Delegacion")
Comment:		The seller has to obtain at the corresponding Municipality ("Delegacion") (part of Federal District Department) the alignment and official number ("Alineamiento y número oficial") of the real estate that is being purchased. The documentation shall include: a) Application in the format provided by the Federal District Department (original and 3 copies); b) The power of attorney granted to the seller's representative; and c) Copies of the public deed containing the title ownership of the real estate Fees are updated each year with the Federal District financial code
Procedure	2	Obtain the cadastral plan from the Cadastre Department at the Public Registry of Property
Time to complete:		7 days (simultaneous with procedures 1 and 3)
Cost to complete:		MXN 360
Agency:		Cadastre Department at the Public Registry of Property ("Finanzas del D.F.")
Comment:		The seller must go to the corresponding Cadastre Department at the Public Registry of Property in order to obtain the corresponding cadastre of its property (the "cadastral").
Procedure	3	The notary public obtains a no-encumbrance certificate
Time to complete:		7 days (simultaneous with procedures 1 and 2)
Cost to complete:		MXN 341
Agency:		Public Registry of Property of the Federal District ("Registro Público de la Propiedad y del Comercio del Distrito Federal")
Comment:		Prior to the transaction and pursuant to Article 3016 of the Civil Code of the Federal District, a no-liens certificate must be obtained by the notary public with respect to the real estate that will be purchased. Likewise, said request will be considered by the Public Registry of Property as a preventive notice of the purchase operation.
Procedure	4	The notary public formalizes the sale purchase agreement
Time to complete:		3 days

Cost to complete:

Acquisition tax according to the following scale, from Art 135, Federal District Financial code:

Lower Value	Higher Value	Fixed Fee	Rate over excess
0.1277,627.01	146.340.00000		
77,627.02	124,203.16	146.350.03	163
124,203.17	186,304.56	169.550.03	261
186,304.57	372,609.23	644.680.03	261
372,609.24	931,523.08	927.070.03	696
931,523.09	1,863,046.16	30,377.540.04	565
1,863,046.17	999,999.99	9972,901.560.04	565 (4.565%)

The new table for the calculation of Notarial fees, which are calculated considering the amount of the transfer operation, is as follows:

In operations representing MXN 111,062.00 or more a fixed fee of MXN 4,039.00 applies plus the additional progressive cumulative factor obtained from the following notarial fee schedule:

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- C. From the lower limit of MXN 444,249.01 to \$888,498.00 = (0.825%)*(the difference of the operation value and the lower limit)
- D. From the lower limit of MXN 888,498.01 to \$1,776,997.00 = (0.675%) * (the difference of the operation value and the lower limit)
- E. From the lower limit of MXN 1,776,997.01 to \$3,553,994.00 = (0.525%) * (the difference of the operation value and the lower limit)
- F. From the lower limit of MXN 3,553,994.01 to \$7,107,987.00 = (0.375%) * (the difference of the operation value and the lower limit)
- G. From the lower limit of MXN 7,107,987.01 to \$14,215,974.00 = (0.225%) * (the difference of the operation value and the lower limit)
- H. From the lower limit of MXN 14,215,974.01 and above (0.075%)* (the difference of the operation value and the lower limit)

Comment:

Once the notary public has been provided with all the required documents, he will proceed with the formalization of the sale purchase agreement. The buyer is subject to pay the acquisition tax ("Impuesto sobre Adquisiciones o Transmisión de Dominio"). In this respect, on the date of execution of the real estate purchase agreement before the notary public, said notary public will retain the above mentioned taxes and pay them before Treasury Department. The scale of notary tariffs is with respect to the Notary Publics of the Federal District only. Other Mexican states have varying scales.

The seller will also have to pay the income tax and the value added tax as follows:

The applicable Income Tax for transferors resident in Mexico is 29% on the gain (the excess of the sale price over the adjusted tax basis). The tax basis of real estates is in general terms the original cost of acquisition as updated for inflation.

The value added tax (15%) is applicable only with respect to the constructions that conform to the property and therefore an allocation of the price to the land and constructions should be made in the sales agreement based on an appraisal. The value added tax will be shifted to the buyer.

The seller is responsible to gather the following documentation that must be delivered to the notary public:

- a) Property Title
- b) Public deed(s) containing the incorporation and by-laws of the seller company, together with copy of any public deed(s) containing amendments to the by-laws of the seller company
- c) Public deed(s) containing the powers of attorney granted in favor of the seller's representatives (for acts of domain and acts of administration in terms of the second and third paragraph of article 2554 of the Civil Code of the Federal District)
- d) Receipts evidencing the payment for real estate taxes for a period of five years
- e) Receipts evidencing the payment of water fees for a period of five years
- f) The Construction License
- g) The Notice of Termination of Construction

- h) The alignment and official number (obtained in Procedure 1)
- i) The cadastral (obtained in Procedure 2)
- j) General data of the seller's representatives and copy of their official identification
- k) Copy of the official identification of the seller's representatives

The buyer must deliver to the notary public the following documents:

- a) Public deed containing the incorporation of the company and by-laws together with copy of any public deeds containing amendment to the by-laws of the buyer.
- b) Public deed(s) containing the granting of powers of attorney in favor of the representative(s) of the buyer (for acts of administration in terms of the second paragraph of the Civil Code of the Federal District and power to grant and subscribe negotiable instruments in terms of article 9 of the General Law of Negotiable Instruments in case that the representative pays with check or with any other negotiable instrument)
- c) General data of the buyer's representative(s)
- d) Official identification of the buyer's representative(s)

Procedure	5	Registration of the transfer of title at the Public Registry of Property of the Federal District
Time to complete:		30 - 90 days
Cost to complete:		MXN 12, 772
Agency:		Public Registry of Property of the Federal District ("Registro Público de la Propiedad y del Comercio del Distrito Federal")
Comment:		The notary public will proceed with the registration of the first testimony of the public deed containing the formalization of the purchase agreement of a real estate and the transfer of title, before the Public Registry of Property of the Federal District. After registration, the buyer will have to give notice to the corresponding water department, and any other company that provides any service to the property (i.e. electric company, water, etc.)

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

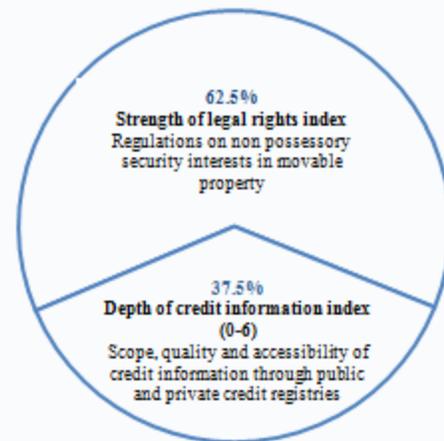
Public credit registry coverage (% of adults)

- 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)

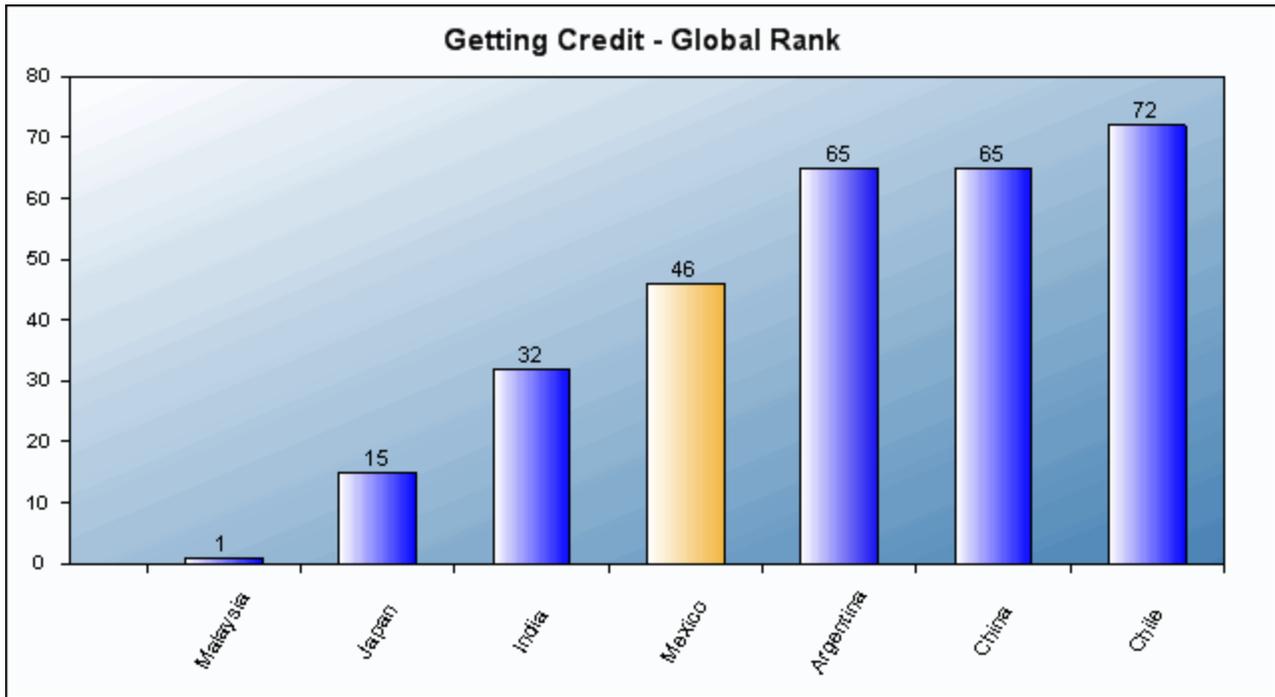
The Debtor

- 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:

Mexico is ranked 46 overall for Getting Credit.

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



The following table shows Getting Credit data for Mexico 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>				
Mexico	5	6	0.0	71.6

<i>Comparator Economies</i>				
Argentina	4	6	30.8	100.0
Chile	4	5	30.9	22.9
China	6	4	63.9	0.0
India	8	4	0.0	10.0
Japan	7	6	0.0	76.1

* The following economies are also good practice economies for :

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

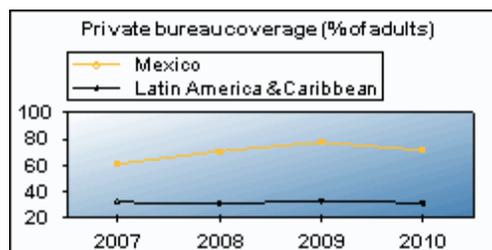
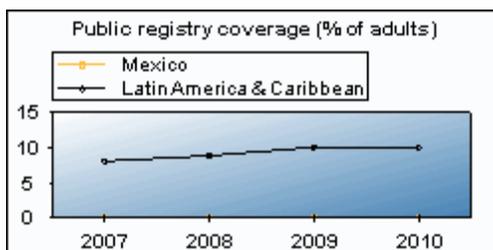
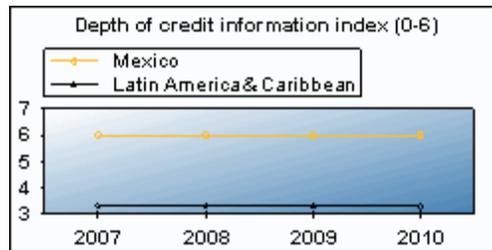
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

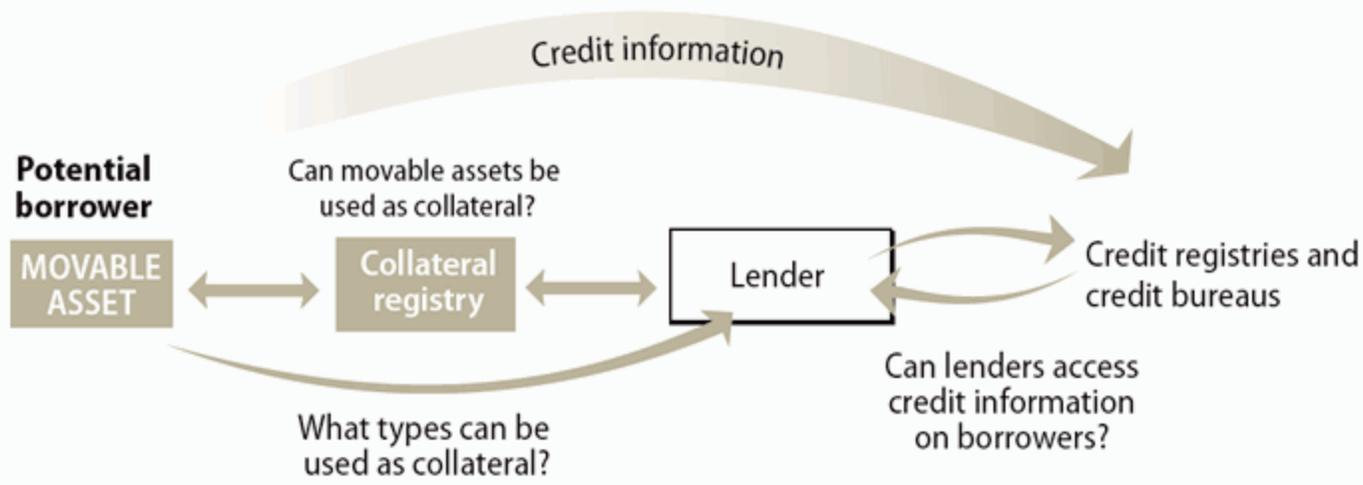
2. Historical data: Getting Credit in Mexico

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	44	46
Strength of legal rights index (0-10)	5	5	5	5
Depth of credit information index (0-6)	6	6	6	6
Private bureau coverage (% of adults)	61.2	70.8	77.5	71.6
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	71.6	0.0	
Number of individuals	57,000,000		0
Number of firms	2,100,000		0

Strength of legal rights index (0-10)**5**

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?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	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)

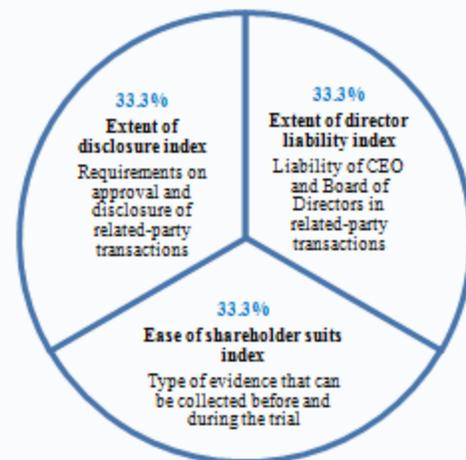
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

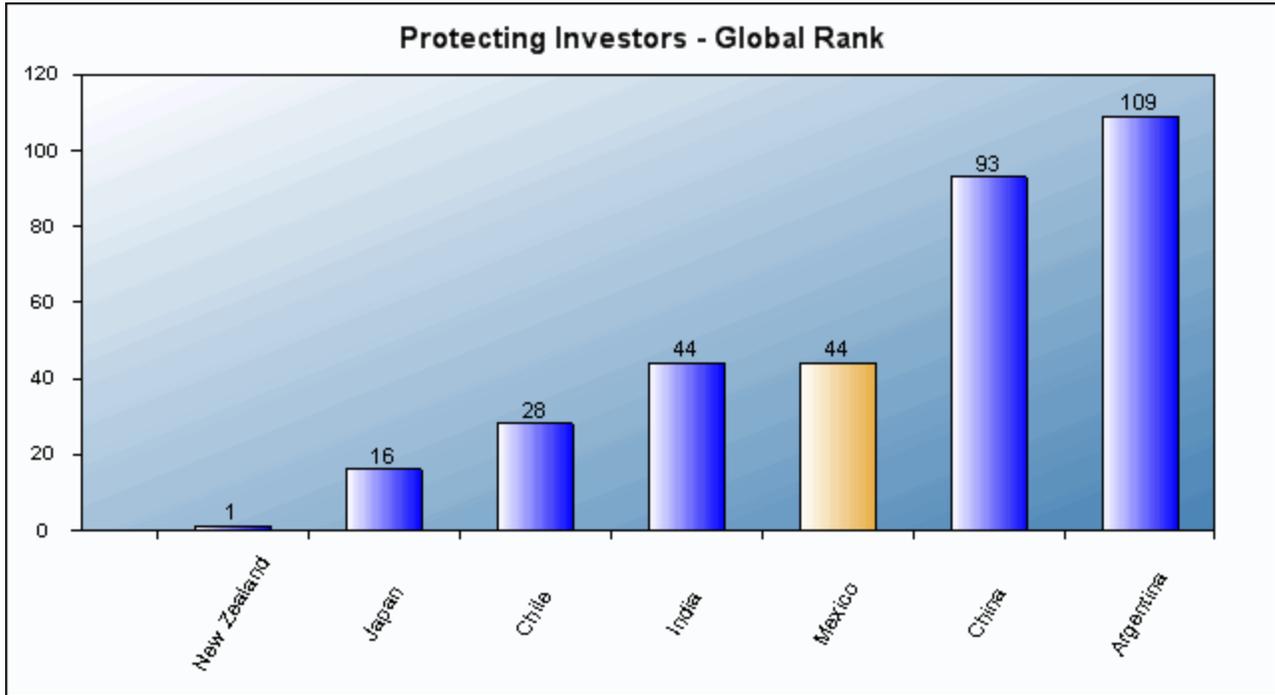
The transaction

- 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:

Mexico is ranked 44 overall for Protecting Investors.

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



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

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

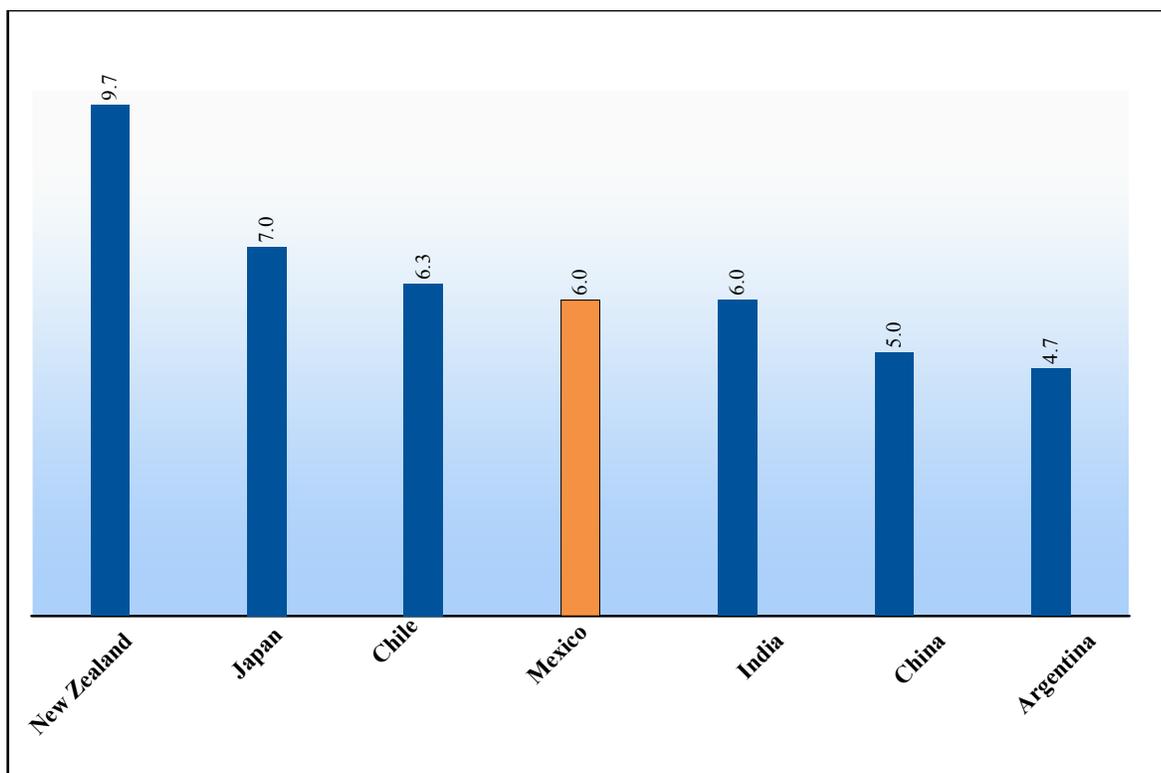
<i>Selected Economy</i>	
Mexico	6.0

<i>Comparator Economies</i>	
Argentina	4.7
Chile	6.3
China	5.0
India	6.0
Japan	7.0

2. Historical data: Protecting Investors in Mexico

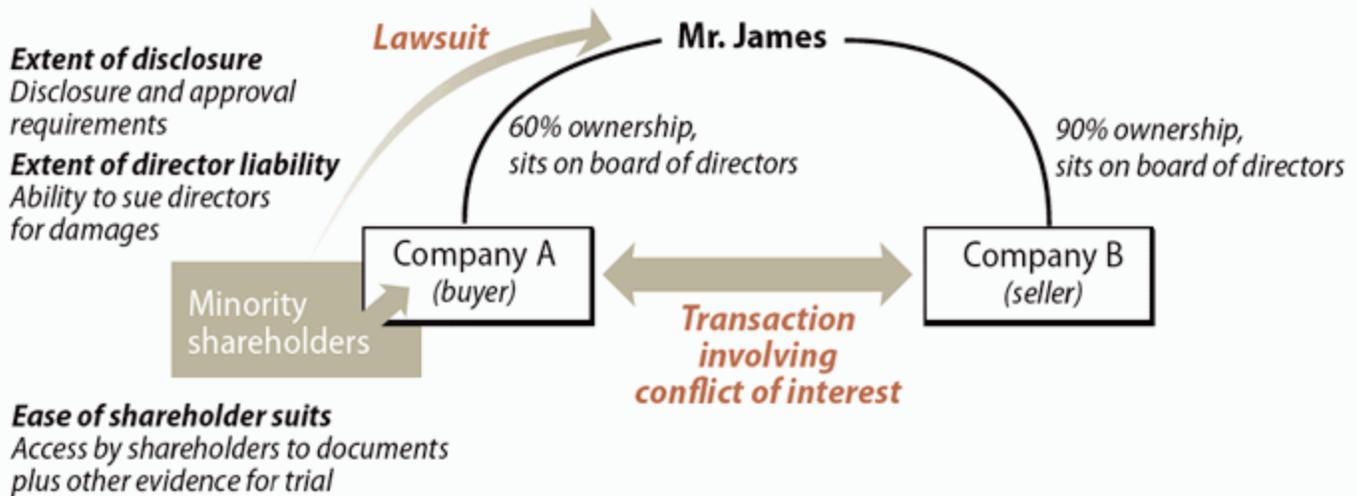
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	44
Strength of investor protection index (0-10)	6.0	6.0	6.0	6.0

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	8
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?	2
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?	1
Extent of director liability index (0-10)	5
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	5
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	2
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	6.0

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

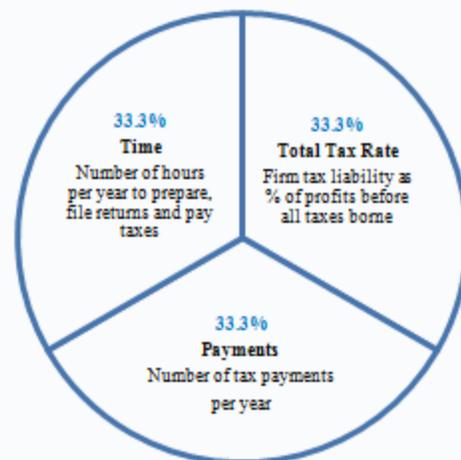
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



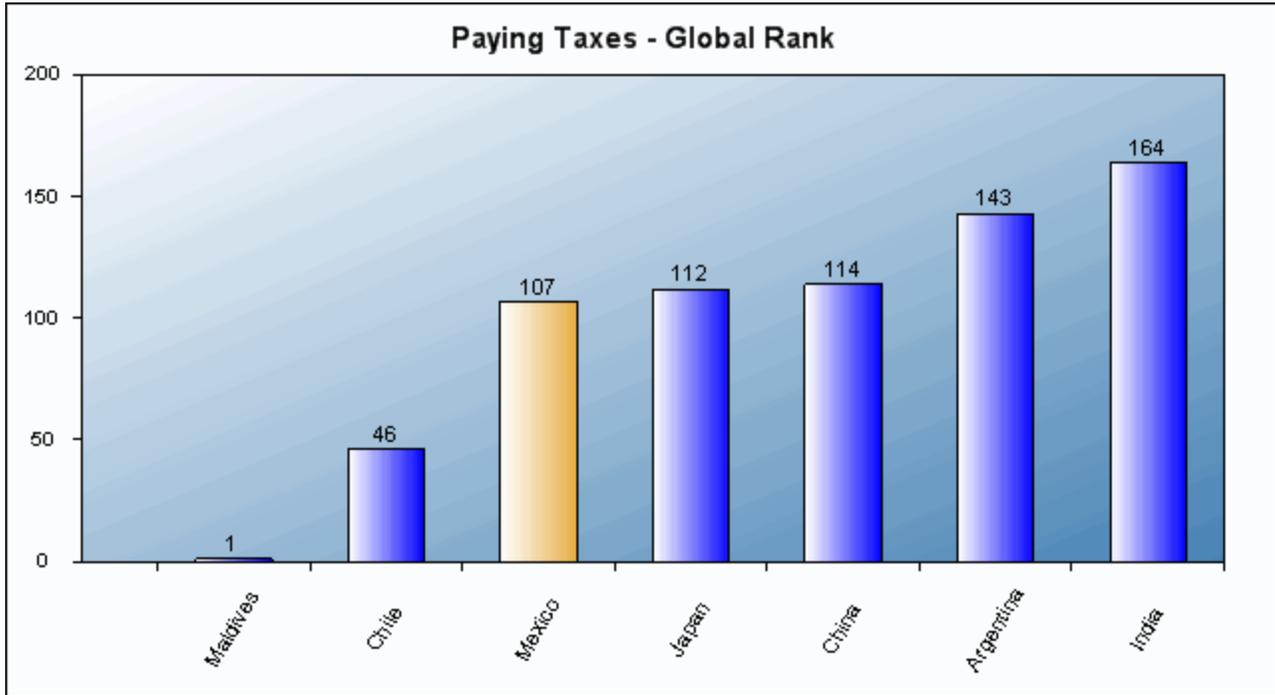
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

Mexico is ranked 107 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Mexico 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>			
Mexico	6	404	50.5

<i>Comparator Economies</i>			
Argentina	9	453	108.2
Chile	9	316	25.0
China	7	398	63.5
India	56	258	63.3
Japan	14	355	48.6

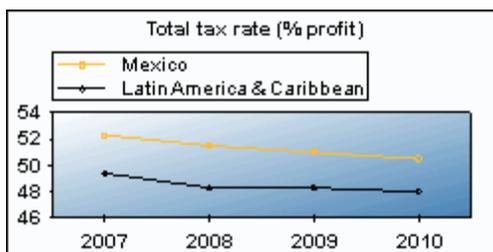
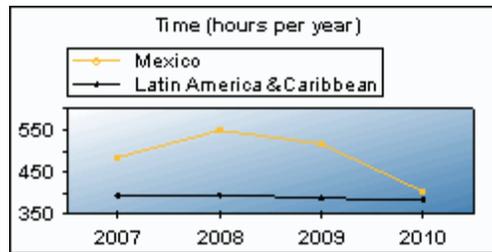
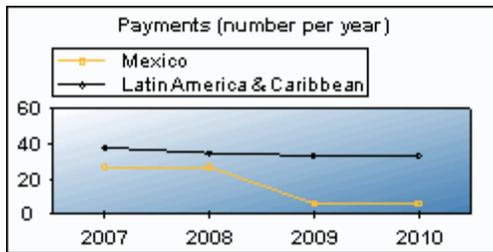
* The following economies are also good practice economies for :

Payments (number per year): Qatar

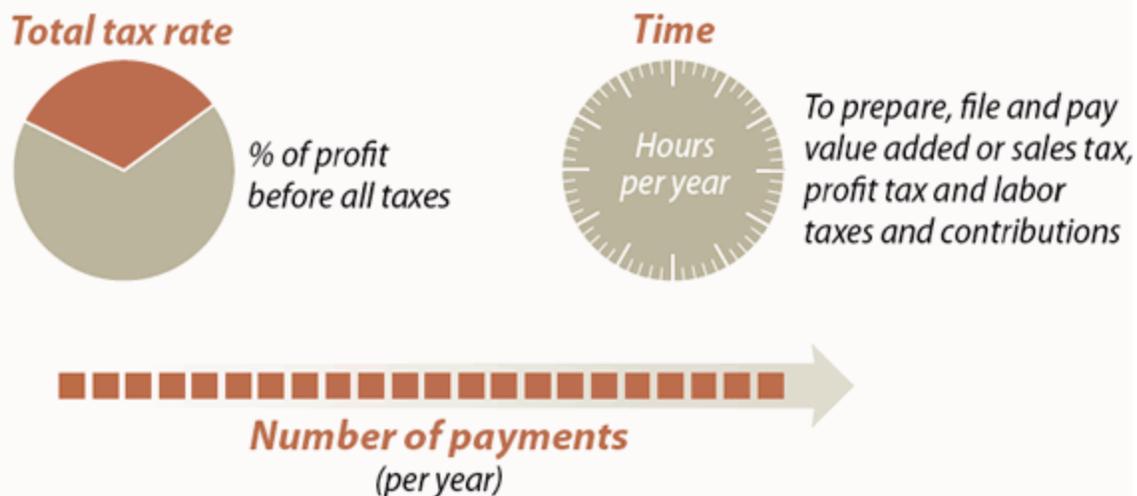
2. Historical data: Paying Taxes in Mexico

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	106	107
Total tax rate (% profit)	52.3	51.5	51.0	50.5
Payments (number per year)	27	27	6	6
Time (hours per year)	485	549	517	404

3. The following graphs illustrate the Paying Taxes sub indicators in Mexico 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 Mexico, 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 (VAT)	1	online filing	174	15.0%	sales price		
Vehicle tax	1	online filing		various rates	value of vehicle	0.10	
Property tax	1	online filing		various rates	property value	1.30	
Payroll tax	1	online filing		2.0%	gross salaries	2.10	
Corporate income tax	1	online filing	157	28.0%	taxable profit	23.10	
Social security contributions	1	online filing	73	various rates	gross salaries	23.90	
Totals	6		404			50.5	

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)

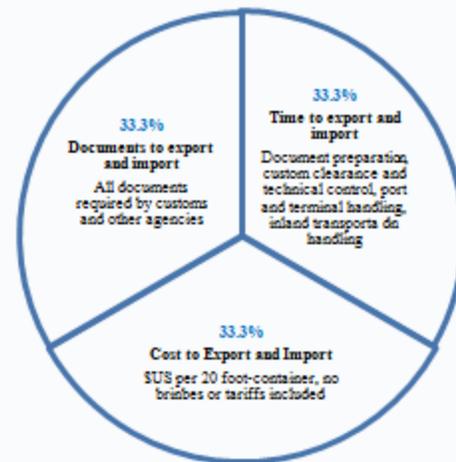
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

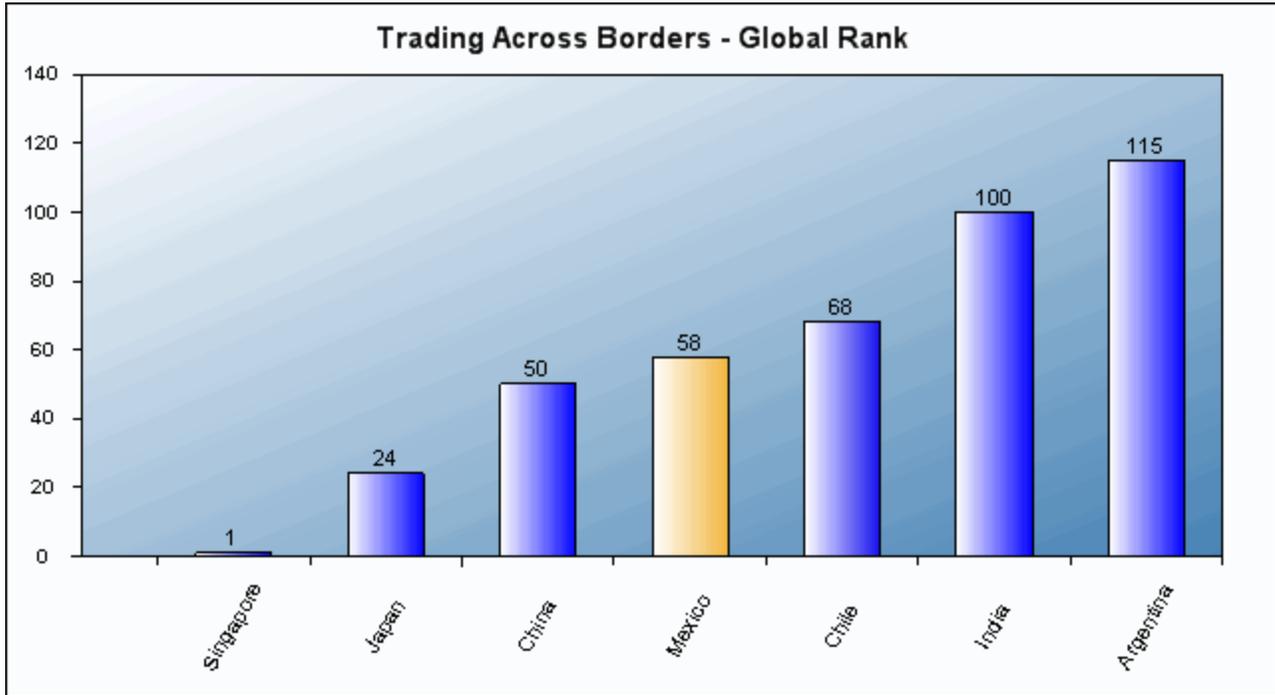
The traded product

- 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:

Mexico is ranked 58 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Mexico 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>						
Mexico	5	12	1420	4	12	1880

<i>Comparator Economies</i>						
Argentina	9	13	1480	7	16	1810
Chile	6	21	745	7	21	795
China	7	21	500	5	24	545
India	8	17	1055	9	20	1025
Japan	4	10	1010	5	11	1060

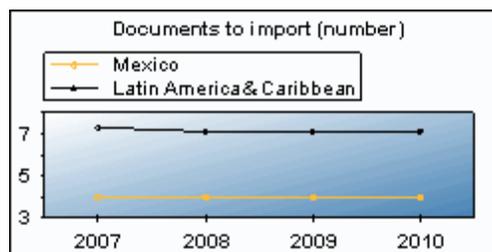
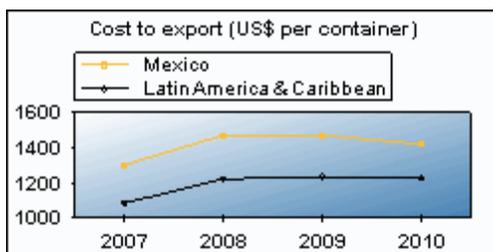
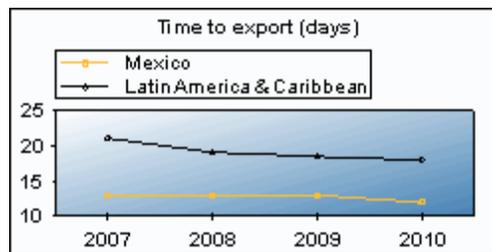
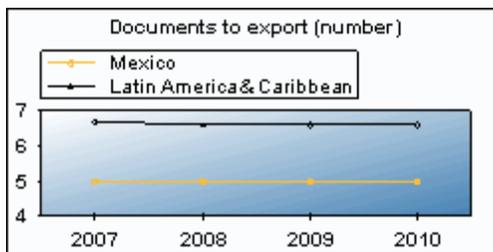
* The following economies are also good practice economies for :

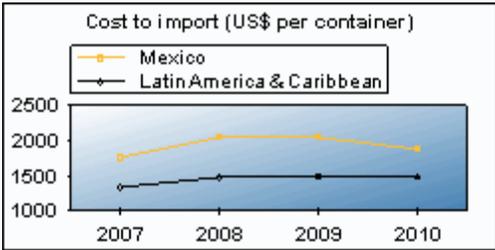
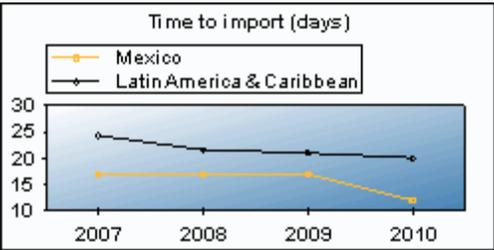
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Mexico

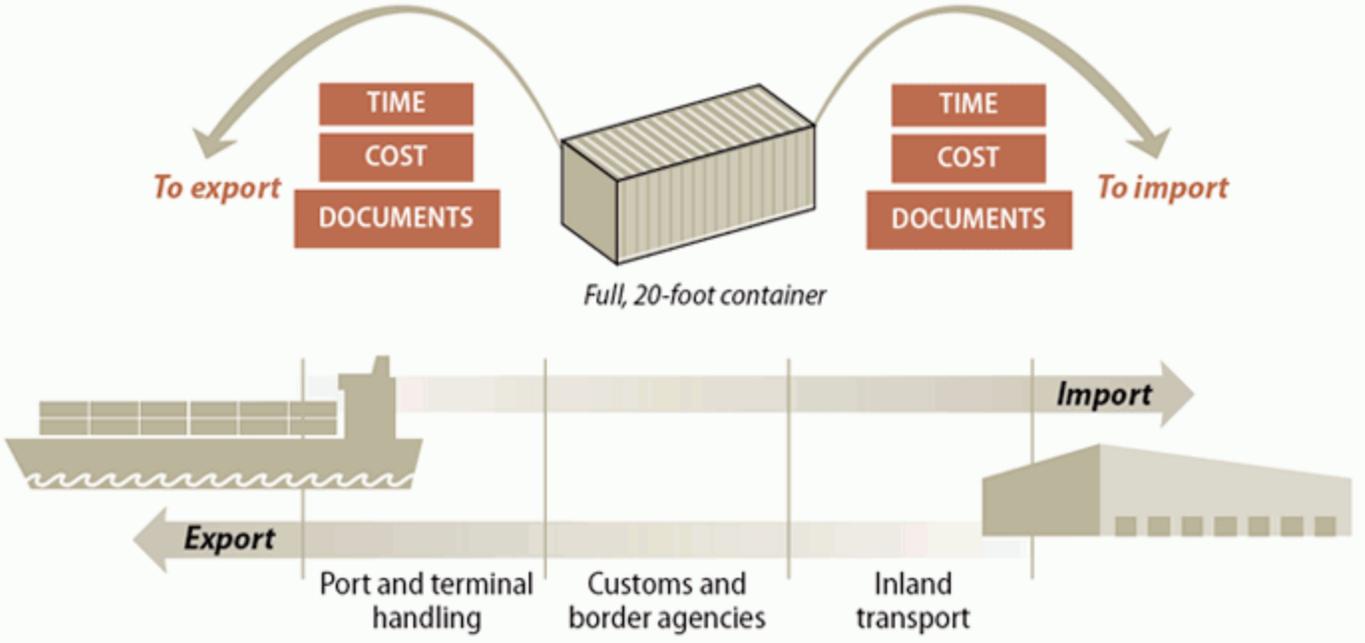
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	69	58
Cost to export (US\$ per container)	1302	1472	1472	1420
Cost to import (US\$ per container)	1761	2050	2050	1880
Documents to export (number)	5	5	5	5
Documents to import (number)	4	4	4	4
Time to export (days)	13	13	13	12
Time to import (days)	17	17	17	12

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	6	200
Customs clearance and technical control	2	150
Ports and terminal handling	2	170
Inland transportation and handling	2	900
Totals	12	1420

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	5	230
Customs clearance and technical control	2	400
Ports and terminal handling	3	300
Inland transportation and handling	2	950
Totals	12	1880

Documents for Export and Import

Export

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

Import

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

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

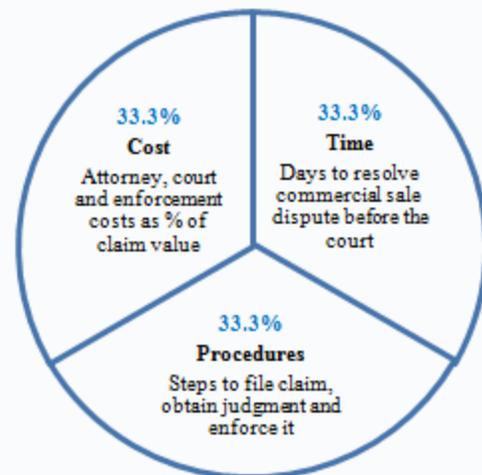
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



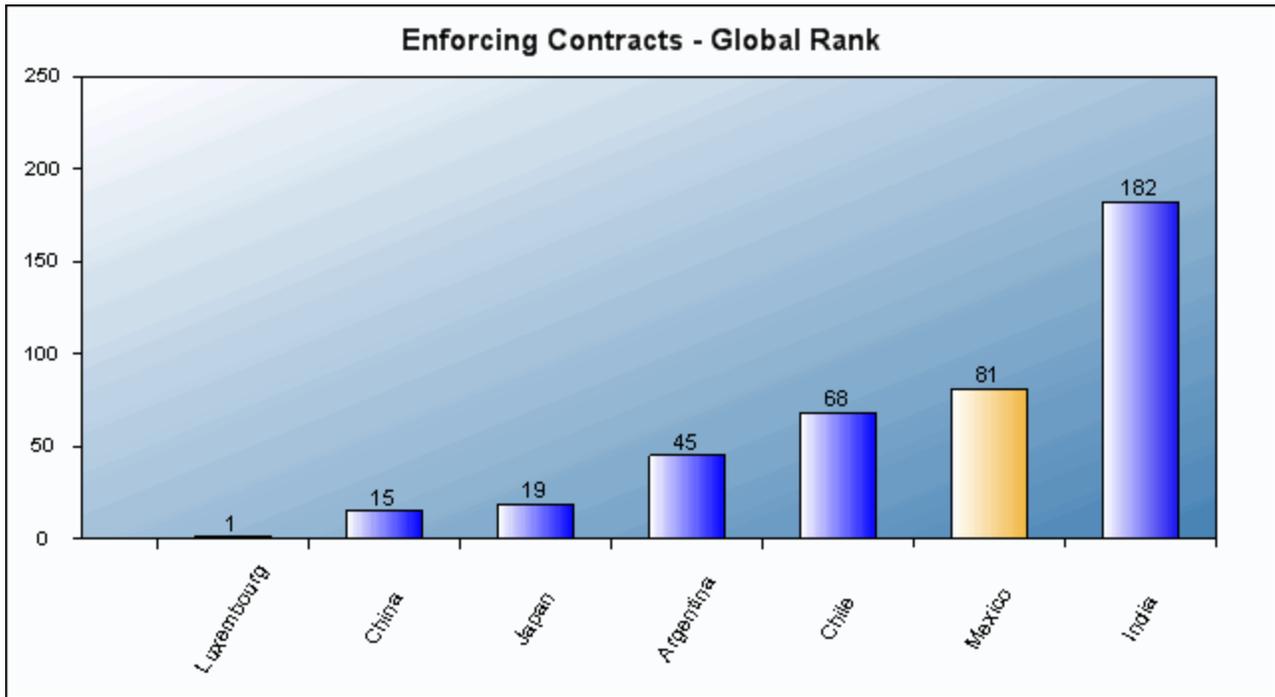
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Mexico is ranked 81 overall for Enforcing Contracts.

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



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

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

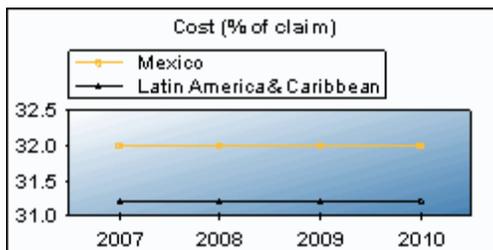
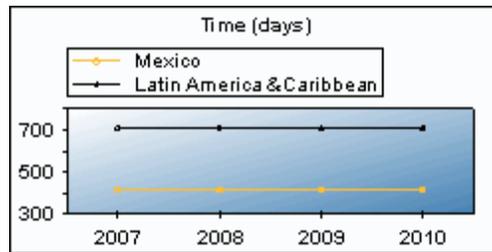
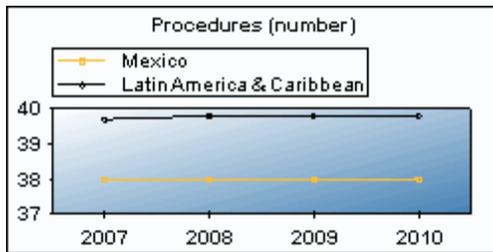
<i>Selected Economy</i>			
Mexico	38	415	32.0

<i>Comparator Economies</i>			
Argentina	36	590	16.5
Chile	36	480	28.6
China	34	406	11.1
India	46	1420	39.6
Japan	30	360	22.7

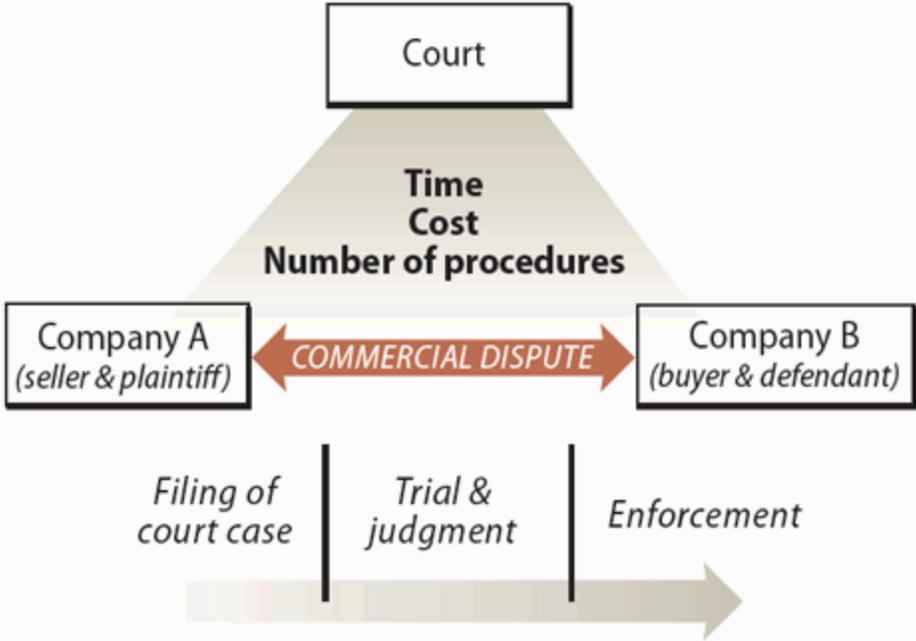
2. Historical data: Enforcing Contracts in Mexico

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	82	81
Procedures (number)	38	38	38	38
Time (days)	415	415	415	415
Cost (% of claim)	32.0	32.0	32.0	32.0

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

Nature of Procedure (2010)	Indicator
Procedures (number)	38
Time (days)	415
Filing and service	42.0
Trial and judgment	190.0
Enforcement of judgment	183.0
Cost (% of claim)*	32.00
Attorney cost (% of claim)	20.0
Court cost (% of claim)	5.0
Enforcement Cost (% of claim)	7.0

Court information: Mexico City First Instance Civil ("Juzgado Civil del Tribunal Superior de Justicia del Distrito Federal")
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)

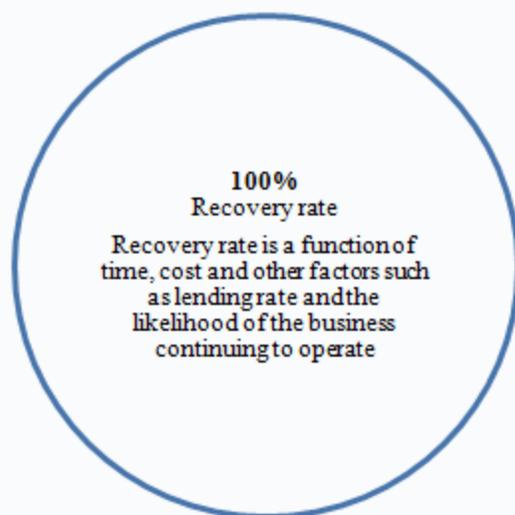
- Measured in calendar years
- Appeals and requests for extension are included

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:

Mexico is ranked 23 overall for Closing a Business.

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



The following table shows Closing Business data for Mexico 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>			
Mexico	66.7	1.8	18

<i>Comparator Economies</i>			
Argentina	32.8	2.8	12
Chile	28.2	4.5	15
China	36.4	1.7	22
India	16.3	7.0	9
Japan	92.7	0.6	4

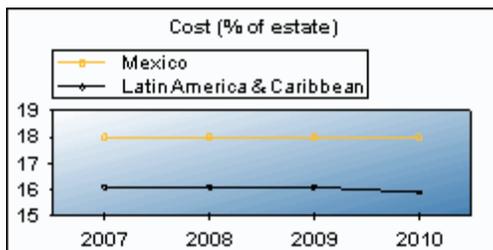
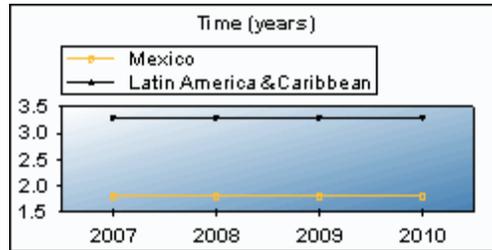
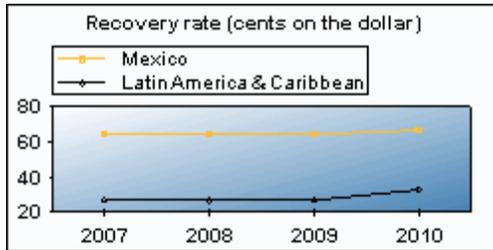
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Mexico

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	24	23
Time (years)	1.8	1.8	1.8	1.8
Cost (% of estate)	18	18	18	18
Recovery rate (cents on the dollar)	64.6	64.2	64.2	66.7

3. The following graphs illustrate the Closing Business sub indicators in Mexico 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	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Kazakhstan	✓	✓			✓		✓		
Rwanda		✓		✓			✓		
Peru	✓	✓	✓				✓		
Vietnam	✓	✓		✓					
Cape Verde	✓		✓				✓		
Tajikistan	✓				✓		✓		
Zambia	✓						✓	✓	
Hungary		✓	✓				✓		✓
Grenada	✓		✓				✓		
Brunei Darussalam	✓						✓	✓	

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Chile	Chile made business start-up easier by introducing an online system for registration and for filing the request for publication. An amendment to Chile's securities law strengthened investor protections by requiring greater corporate disclosure and regulating the approval of transactions between interested parties.
China	China's new corporate income tax law unified the tax regimes for domestic and foreign enterprises and clarified the calculation of taxable income for corporate income tax purposes.
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.
India	India eased business start-up by establishing an online VAT registration system and replacing the physical stamp previously required with an online version. India reduced the administrative burden of paying taxes by abolishing the fringe benefit tax and improving electronic payment.
Japan	Japan made it easier to deal with insolvency by establishing a new entity, the Enterprise Turnaround Initiative Corporation, to support the revitalization of companies suffering from excessive debt but professionally managed.
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.
Mexico	Mexico launched an online one-stop shop for initiating business registration. Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities. Mexico increased taxes on companies by raising several tax rates, including the corporate income tax and the rate on cash deposits. At the same time, the administrative burden was reduced slightly with more options for online payment and increased use of accounting software.
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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