

# Doing Business 2011

Poland

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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

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

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

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

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

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

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

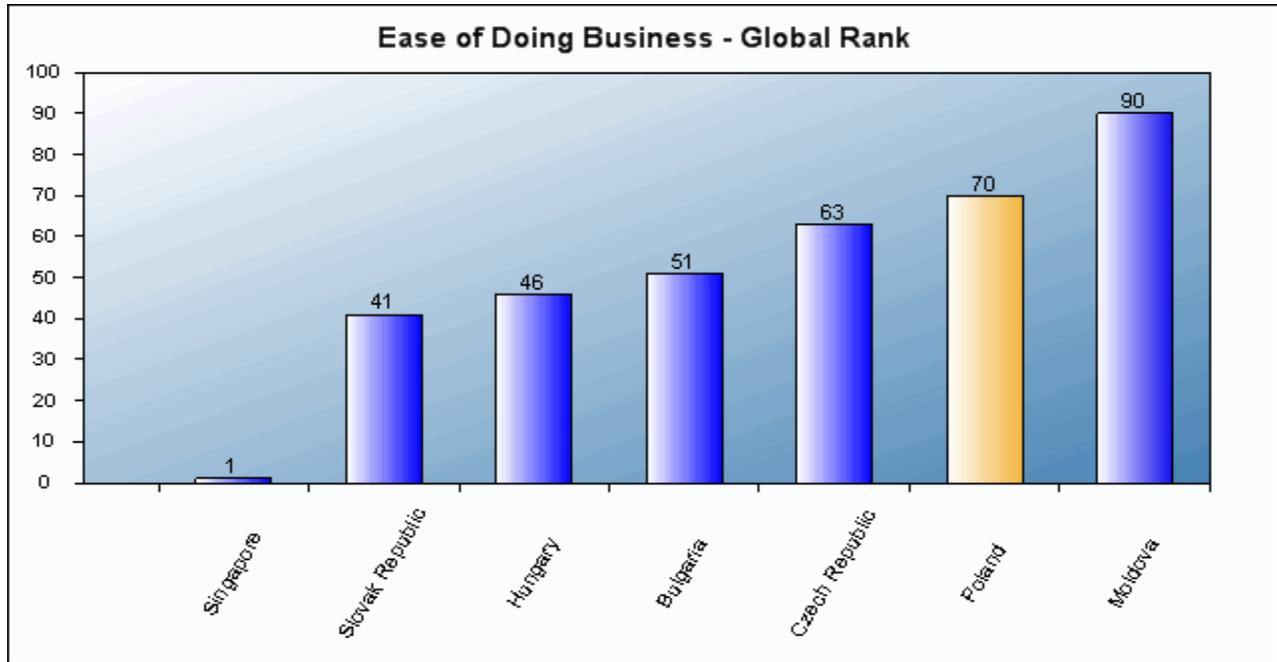
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

## Economy Rankings - Ease of Doing Business

Poland is ranked 70 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Poland's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	70
Starting a Business	113
Dealing with Construction Permits	164
Registering Property	86
Getting Credit	15
Protecting Investors	44
Paying Taxes	121
Trading Across Borders	49
Enforcing Contracts	77
Closing a Business	81

## Summary of Indicators - Poland

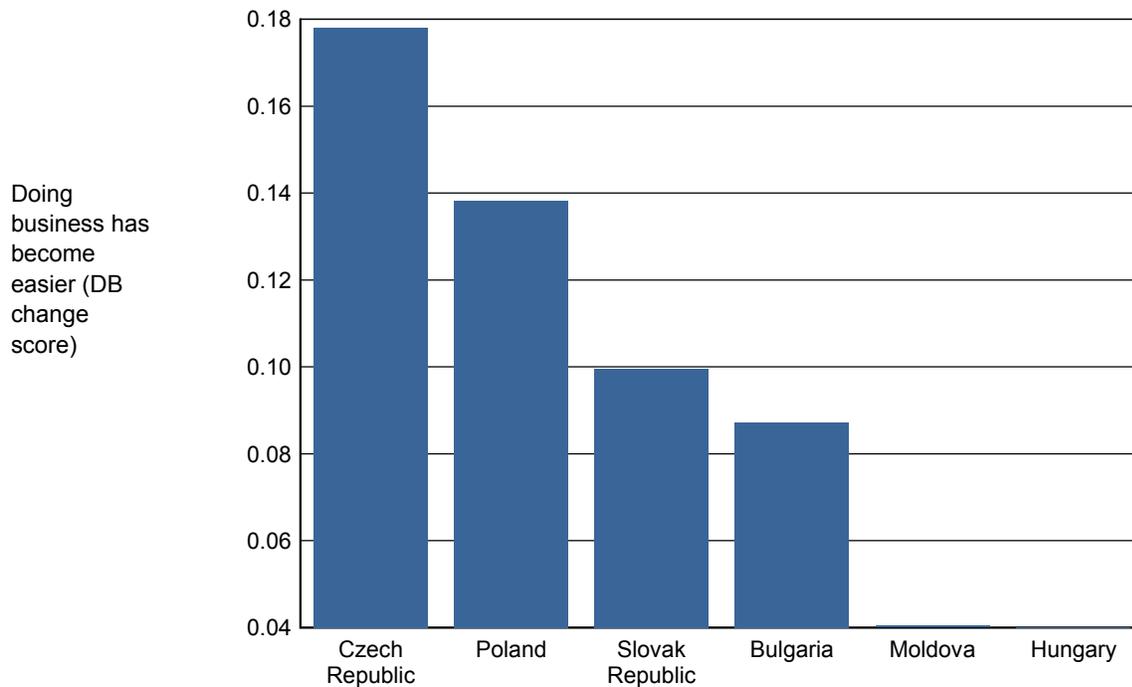
<b>Starting a Business</b>	Procedures (number)	6
	Time (days)	32
	Cost (% of income per capita)	17.5
	Min. capital (% of income per capita)	14.7
<b>Dealing with Construction Permits</b>	Procedures (number)	32
	Time (days)	311
	Cost (% of income per capita)	121.8
<b>Registering Property</b>	Procedures (number)	6
	Time (days)	152
	Cost (% of property value)	0.4
<b>Getting Credit</b>	Strength of legal rights index (0-10)	9
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	91.7
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	7
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	9
	Strength of investor protection index (0-10)	6.0
<b>Paying Taxes</b>	Payments (number per year)	29
	Time (hours per year)	325
	Profit tax (%)	17.7
	Labor tax and contributions (%)	22.1
	Other taxes (%)	2.5
	Total tax rate (% profit)	42.3
<b>Trading Across Borders</b>	Documents to export (number)	5
	Time to export (days)	17
	Cost to export (US\$ per container)	884
	Documents to import (number)	5
	Time to import (days)	25
	Cost to import (US\$ per container)	884

<b>Enforcing Contracts</b>	Procedures (number)	38
	Time (days)	830
	Cost (% of claim)	12.0
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	31.3
	Time (years)	3.0
	Cost (% of estate)	20

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.

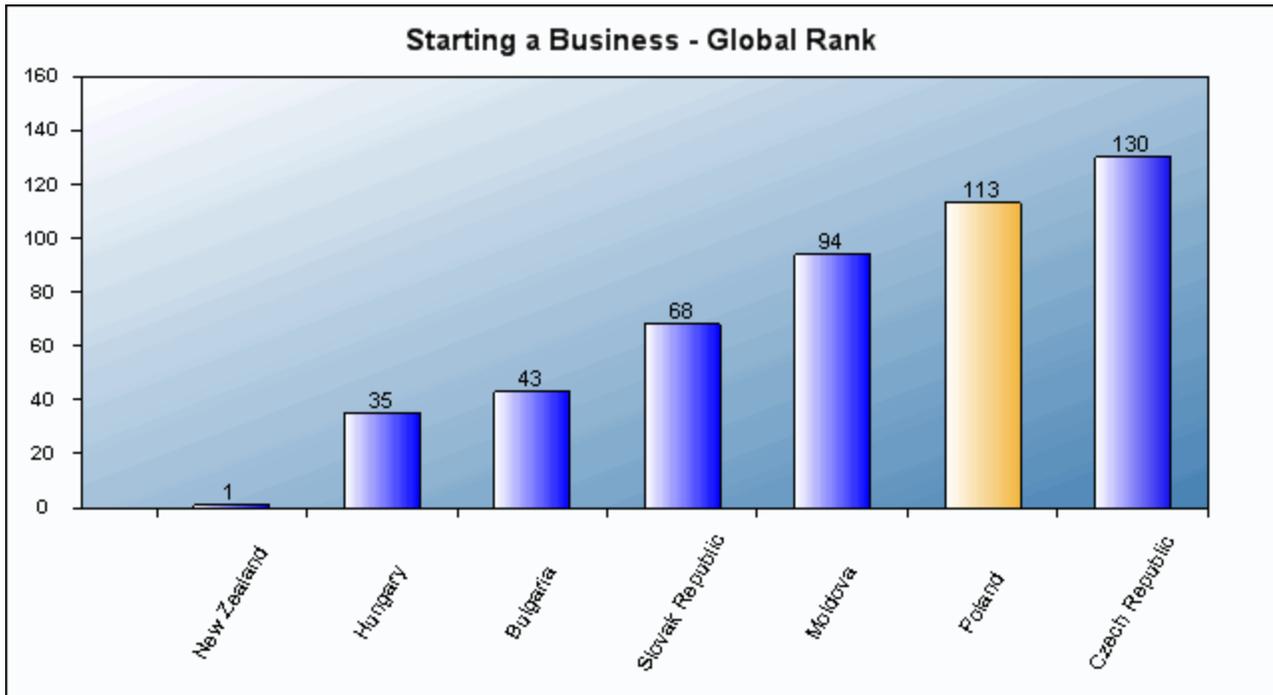
#### The business:

- 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:

Poland is ranked 113 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
<b>Poland</b>	<b>6</b>	<b>32</b>	<b>17.5</b>	<b>14.7</b>

<i>Comparator Economies</i>				
<b>Bulgaria</b>	4	18	1.6	0.0
<b>Czech Republic</b>	9	20	9.3	30.9
<b>Hungary</b>	4	4	8.2	10.2
<b>Moldova</b>	8	10	10.9	11.9
<b>Slovak Republic</b>	6	16	1.9	22.2

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

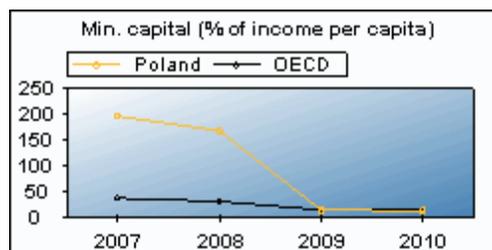
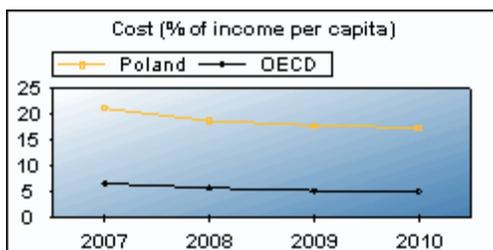
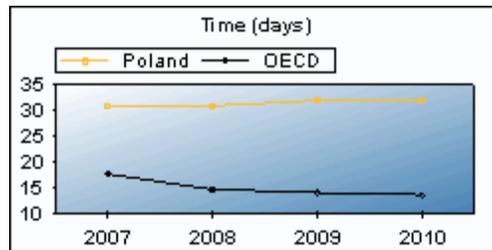
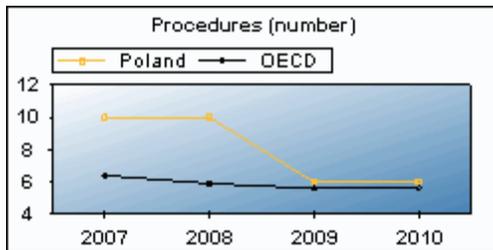
**Procedures (number):** **Canada**

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

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

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	115	113
Procedures (number)	10	10	6	6
Time (days)	31	31	32	32
Cost (% of income per capita)	21.2	18.8	17.9	17.5
Min. capital (% of income per capita)	196.8	168.8	15.3	14.7

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

### STANDARDIZED COMPANY

Legal Form: Sp z.o.o. - Limited Liability Company

City: Warsaw

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarize company agreement	1	PLN 4,303
2	Deposit paid-in capital at the bank	1	no charge
3	File at National Court Register for company registration, REGON, NIP, Statistical Office and ZUS	28	PLN 1,500
4	* Register for VAT	1	PLN 170
5	Register the company at the National Sanitary Inspection	1	no charge
6	Register the company at the National Work Inspection	1	no charge

\* Takes place simultaneously with another procedure.

## Starting a Business Details - Poland

### Procedure 1 Notarize company agreement

**Time to complete:** 1

**Cost to complete:** PLN 4,303

**Comment:** The maximum fee to notarize the company agreement cannot exceed six times the average monthly wage (PLN 2,703.41 x 6 = PLN 16,220.46) plus VAT and civil law transaction tax. If the company has only one shareholder (or a shareholder with definite majority of votes at the shareholders' meeting), the company does not need legal services to write the agreement but rather can use a boilerplate or standard agreement, which must be notarized. To set up the whole company (taxes, social insurance, and so forth) for cases with more than one shareholder, a lawyer would normally charge between PLN 5,000 and PLN 25,000.

### Procedure 2 Deposit paid-in capital at the bank

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** To open a bank account, a limited liability company must provide the bank with the founding deed and a REGON certificate. Since REGON certificate is obtained by the companies after the registration in the court, most banks either require all registration, statistical and tax certificates or open the bank accounts based on mere articles of association (the account has passive status only) and give the account an active status once the company provides the registration, statistical (and tax) certificates.

### Procedure 3 File at National Court Register for company registration, REGON, NIP, Statistical Office and ZUS

**Time to complete:** 28

**Cost to complete:** PLN 1,500

**Comment:** Since March 31, 2009 new provisions of the Act on the National Court Register came into force, and now during company registration at the National Court Register the applicant can also obtain: the statistical number (REGON), tax identification number (NIP) and entry in the Social Insurance Office (Zakład Ubezpieczeń Społecznych). The procedure to obtain all the registrations completed takes about a month.

### Procedure 4 Register for VAT

**Time to complete:** 1

**Cost to complete:** PLN 170

**Comment:** The company must register for VAT by the date when the company carries out VAT-covered business activities for the first time. The registration must be submitted with the Tax Office (see Procedure 4). The company must provide information on (a) its business name and legal form; (b) the REGON (statistical number); (c) start date for its business activities; and (d) the address of its registered office.

If the Company is planning to conduct future foreign trade activities within the European Union, the company must register as an EU VAT taxpayer. The company must submit that application before commencing foreign trade activity within the European Union. However, before registering as an EU VAT taxpayer, the company must be registered as a regular VAT taxpayer.

**Procedure 5 Register the company at the National Sanitary Inspection**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The founders must register with the National Sanitary Inspection (Panstwowa Inspekcja Sanitarna) within 30 days of first employment.

**Procedure 6 Register the company at the National Work Inspection**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** Within 30 days of commencing business, the company must register with the National Work Inspection (Panstwowa Inspekcja Pracy) and, in writing, inform the relevant labor inspector about the location, type, and scope of business. Note that the State Labor Inspectorate defines "commencement of business" to mean the date on which the first employee was hired.

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

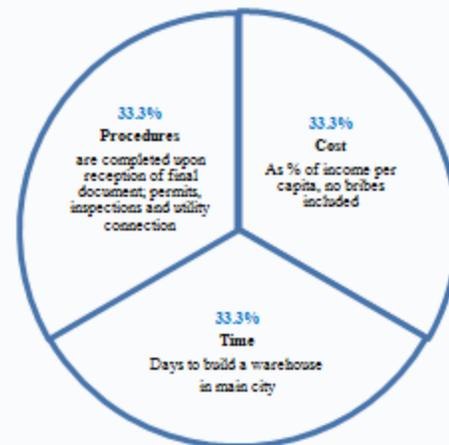
#### The warehouse:

- 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

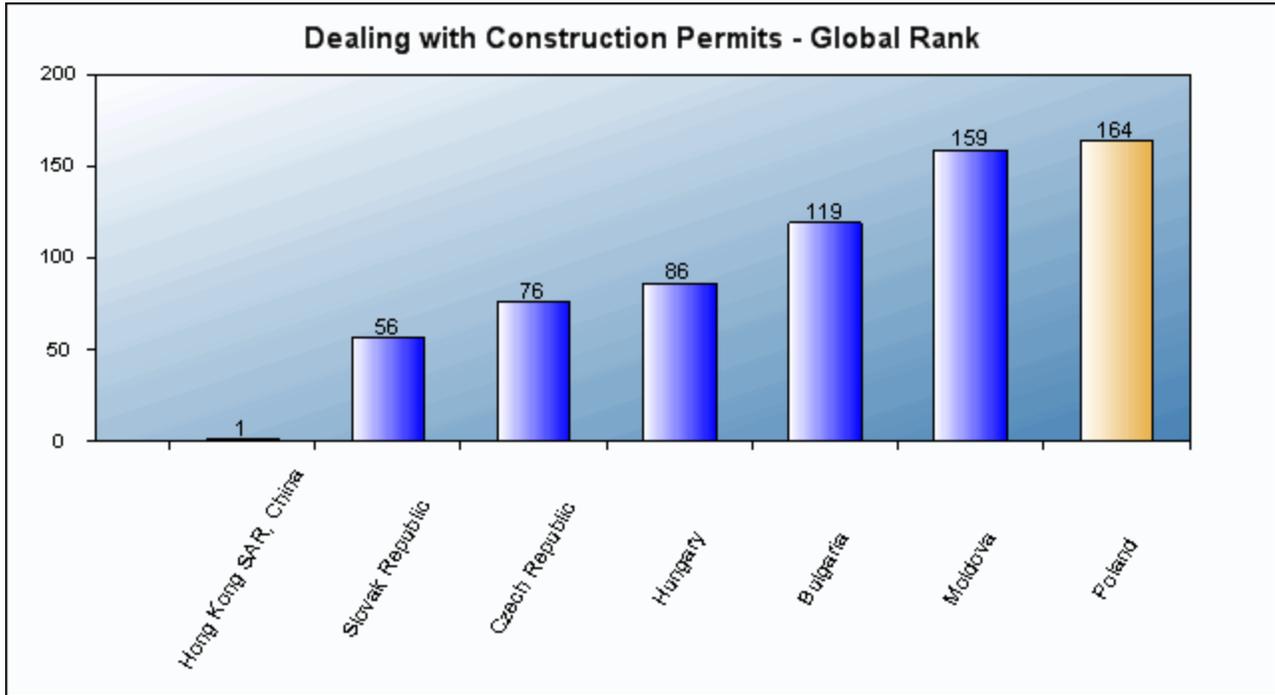
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Poland is ranked 164 overall for Dealing with Construction Permits.

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



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

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

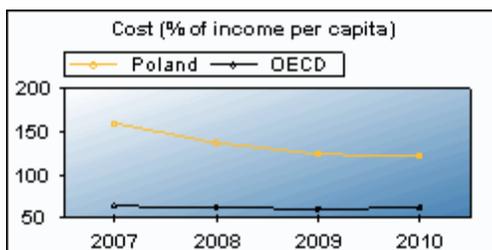
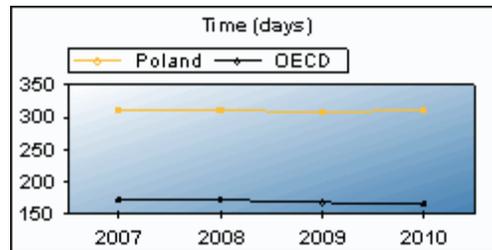
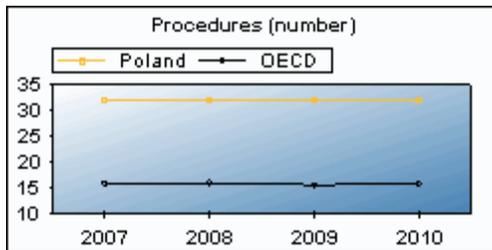
<i>Selected Economy</i>			
<b>Poland</b>	<b>32</b>	<b>311</b>	<b>121.8</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	24	139	442.3
<b>Czech Republic</b>	36	150	16.4
<b>Hungary</b>	31	189	9.8
<b>Moldova</b>	30	292	120.9
<b>Slovak Republic</b>	13	287	12.7

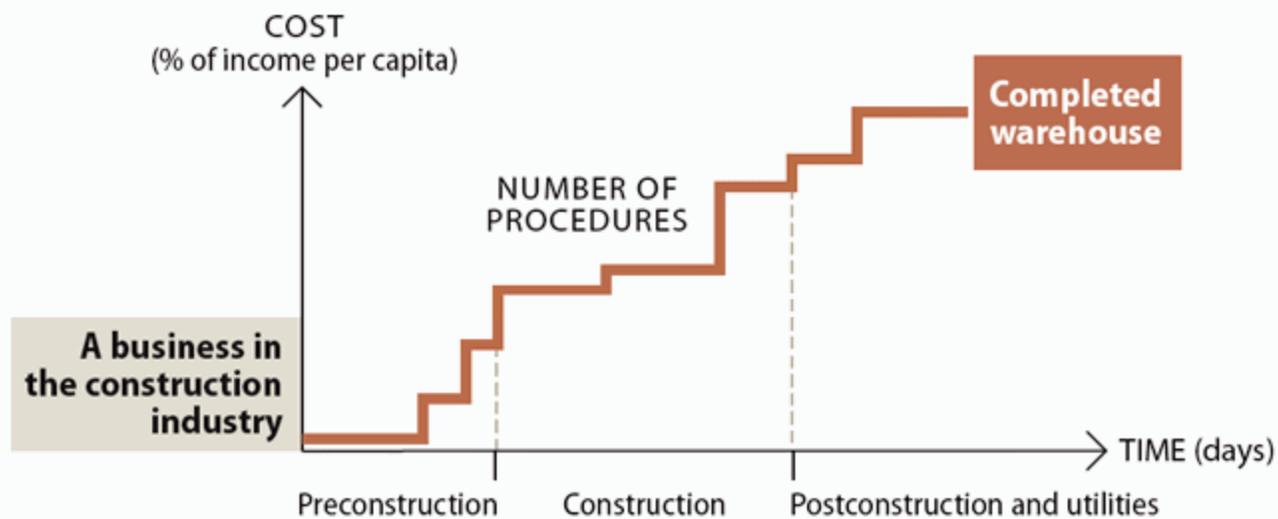
## 2. Historical data: Dealing with Construction Permits in Poland

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	166	164
Procedures (number)	32	32	32	32
Time (days)	311	311	308	311
Cost (% of income per capita)	160.0	137.2	124.2	121.8

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

### BUILDING A WAREHOUSE

City: Warsaw

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request technical conditions for utility connections: electricity	21 days	PLN 146
2 *	Request technical conditions for utility connections: water supply	21 days	PLN 100
3 *	Request technical conditions for utility connections: telecommunications	15 days	no charge
4 *	Obtain current geodesic map	1 day	PLN 30
5 *	Actualize the geodesic map through a licensed surveyor	21 days	PLN 2,000
6 *	Request and obtain a description of geotechnical documentation of the land	21 days	PLN 10,000
7 *	Request and obtain project approval from licensed sanitary inspectorate	14 days	PLN 50
8 *	Request and obtain project approval from the fire department	13 days	PLN 1,800

9 *	Request and obtain project approval from an expert of work safety and hygiene	12 days	PLN 1,750
10 *	Request and obtain project approval from an administrator of public roads	11 days	PLN 50
11	Request and obtain a building permit	180 days	PLN 588
12 *	Notify the municipal authority of the start of construction and register the building log	1 day	no charge
13 *	Conclude agreement with utility provider: electricity	14 days	PLN 22,424
14 *	Receive inspection of utility provider: electricity	1 day	no charge
15 *	Conclude agreement with utility provider: water supply	13 days	PLN 250
16 *	Receive inspection of utility provider: water supply	1 day	no charge
17 *	Conclude an agreement with a sewage company	14 days	no charge
18 *	Receive inspection and sewage connection	1 day	no charge
19 *	Conclude agreement with utility provider: telecommunications	12 days	no charge
20 *	Receive inspection by utility provider: telecommunications	1 day	no charge
21	Inform the natural environment inspectorate of building completion	1 day	no charge
22 *	Receive inspection by the natural environment inspectorate and obtain approval	14 days	PLN 50
23 *	Inform the governmental sanitary inspectorate of building completion	1 day	no charge
24 *	Receive inspection by the governmental sanitary inspectorate and obtain approval	14 days	no charge
25 *	Inform the governmental labor inspectorate of building completion	1 day	PLN 50
26 *	Receive inspection by the governmental labor inspectorate and obtain approval	14 days	no charge
27 *	Inform the governmental fire department of building completion	1 day	no charge
28 *	Receive inspection by the governmental fire inspectorate and obtain approval	14 days	PLN 50

29 *	Obtain geodetic post-executive protocol	3 days	PLN 2,000
30 *	Submit altered map to archives of the geodetic authority	1 day	no charge
31	Request and receive an occupancy permit	74 days	PLN 135
32 *	Receive final inspections – post-executive control	21 days	no charge

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Poland

### Procedure 1 Request technical conditions for utility connections: electricity

**Time to complete:** 21 days

**Cost to complete:** PLN 146

**Agency:** Electricity Company

**Comment:** The company should request the technical conditions for making the necessary utility connections. At this point, the company also starts negotiations on conditions for the supply of these utilities.

Article 34, paragraph 3, subparagraph 3, of the Building Law Act, states the following: “Depending on the needs, the technical project must include the declarations of suppliers about assuring delivery of the energy, water, heat and gas, and sewage connections; and about the possibility of connecting that building to the water mains, sewage, thermal, gas, energy, and telecommunications networks, and land roads.”

This step is necessary to ensure compliance of the building project with regulations of the Building Code. Some suppliers require payment for a declaration assuring the delivery of electric power and stating the conditions of connection to the network. One of the Warsaw electric power suppliers requires PLN 146.4 (or PLN 292.8, depending on technical conditions) pre-payment, which is counted toward future payment for concluding an agreement with the supplier.

A supplier of electricity has 14 days to ensure delivery of power and indicate the conditions of connection to the network. This time line can be 30 days depending on the technical conditions. In any case, this period is defined by the Ministry of Economy and Labor, which defines the conditions of connecting to electric power networks and of operating and exploiting these networks.

### Procedure 2 Request technical conditions for utility connections: water supply

**Time to complete:** 21 days

**Cost to complete:** PLN 100

**Agency:** Warsaw Water Company

**Comment:** BuildCo should request the technical conditions for making the necessary utility connections. At this point, the company also starts negotiations on conditions for the supply of these utilities.

The Warsaw water authority requires payment for defining the conditions of a connection to the water network (the payment may be up to PLN 100). The connection conditions are defined within 14 days of the request date, and the declaration is sent by mail after another 14 days.

### Procedure 3 Request technical conditions for utility connections: telecommunications

**Time to complete:** 15 days

**Cost to complete:** no charge

**Agency:** Telekomunikacja Polska SA

**Comment:** The company should request the technical conditions for making the necessary utility connections. At this point, the company also starts negotiations on conditions for the supply of these utilities.  
Within approximately 10 days, the telecommunications provider should state whether connecting to a telecommunications network is possible, and under what conditions. Both the declaration and the connection are free of charge.

#### **Procedure 4 Obtain current geodesic map**

**Time to complete:** 1 day

**Cost to complete:** PLN 30

**Agency:** City Administration

**Comment:** Obtaining a current geodesic map is necessary for preparing a building project. According to the Building Code, a building project should consist of an architectural project; a major planning scheme of the plot; declarations of energy, water and sewage, and other suppliers, if applicable; a declaration by the administrator of the public road about the possibility of connecting the plot to the public road; the results, if applicable, of the geological examinations; and a specification of the geotechnical conditions of the property.

One of these documents, the major planning scheme of the plot, should be prepared by an expert on a copy of the most recent geodetic map. Such a map is collected by the division of the County Office (Starostwo) or, as in Warsaw and some other cities, by the relevant division of the city administration. This map is valid for only about 6 months, which explains the need for it to be constantly updated.

Obtaining an outdated map from the County Office (or the City Office as in the case of Warsaw) is subject to an official fee that varies from PLN 7 up to PLN 30 per page (depending on the map scale).

#### **Procedure 5 Actualize the geodesic map through a licensed surveyor**

**Time to complete:** 21 days

**Cost to complete:** PLN 2,000

**Agency:** Licensed Surveyor

**Comment:** An actualized up-to-date geodetic map is necessary for the preparation of a building project. The work is generally done through a hired private geodesic survey by licensed experts (who can be outsourced rather than kept as permanent employees). Many architectural firms offer to prepare a complete building project, including all of the elements required by the Building Code. The payment for updating a geodetic map is subject to an agreement between an expert and the investor.

#### **Procedure 6 Request and obtain a description of geotechnical documentation of the land**

**Time to complete:** 21 days

**Cost to complete:** PLN 10,000

**Agency:** Technical Geological Firm

**Comment:** This document describes the soil and water conditions for placing the foundations, is part of the building project, and is done by a technical geological firm.

In practice, this procedure cannot be done internally by BuildCo, because only the specific experts have information about the geodetic conditions of the ground. The payment for obtaining the document describing the soil and water conditions is subject to an agreement between an expert and the investor and depends on the conditions of the plot.

**Procedure 7 Request and obtain project approval from licensed sanitary inspectorate**

**Time to complete:**

14 days

**Cost to complete:**

PLN 50

**Agency:**

Governmental Sanitary Inspectorate

**Comment:**

This procedure is carried out by a private and licensed sanitary expert. Sanitary experts are supervised by a governmental sanitary inspectorate. The fee paid to the expert is not an official one, but is subject to an agreement between the parties. There are no fixed rules that define this cost, but it depends on the time spent on the project approval, among other factors. An expert approves the project by affixing their name stamp and an approval/nonapproval clause to the project. The authority issuing building permits then checks whether these two steps have been completed by the expert.

The sanitary expert issues an adjustment, which is a standard procedure, but if the building may have a negative impact on the environment, the issuance of the building permit must be followed by a special procedure concerning the possible impact on the natural environment, which does not apply in the case considered here.

**Procedure 8 Request and obtain project approval from the fire department**

**Time to complete:**

13 days

**Cost to complete:**

PLN 1,800

**Agency:**

Fire Department

**Comment:**

The building project must be reviewed by a licensed fire safety expert. Fire safety experts are supervised by the Commander of the Fire Department and appointed by the Polish General Commandant of the Governmental Fire Department. An expert approves the project by affixing his or her name stamp and an approval/nonapproval clause to the project. The authority issuing building permits then checks whether these two procedures have been completed by the expert. To the application for such an adjustment only the building project must be attached. The adjustment is issued in the form of a written confirmation.

**Procedure 9 Request and obtain project approval from an expert of work safety and hygiene**

**Time to complete:**

12 days

**Cost to complete:**

PLN 1,750

**Agency:**

Governmental Qualifying Commission

**Comment:**

The building project must be monitored and approved by a licensed work safety and hygiene expert supervised and commissioned by the governmental Qualifying Commission. An expert approves the project by affixing his or her name stamp and an approval/nonapproval clause to the project. The authority issuing building permits then checks whether these two procedures have been completed by the expert. The fee paid to the expert is not an official one, but is subject to an agreement between the parties. There

are no fixed rules that determine this cost, but it depends on the time spent on the project approval, among other factors.

## **Procedure 10 Request and obtain project approval from an administrator of public roads**

**Time to complete:** 11 days

**Cost to complete:** PLN 50

**Agency:** Administrator of Public Roads

**Comment:** The building project must be adjusted with the administrator of the public road near which the building is to be constructed, and to which the construction site is to be joined. Only the building project must be attached to the application for such an adjustment. The approval is issued in the form of a written confirmation. Building or rebuilding an entrance to the plot requires a permit to locate the driveway. The entrance project should be approved by the administrator of the public road.

The fees in this case are variable and depend on an agreement between the administrator and the investor. The ground used for building the entrance is either determined by the administrator of the public road or the result of an agreement, such as a lease agreement.

## **Procedure 11 Request and obtain a building permit**

**Time to complete:** 180 days

**Cost to complete:** PLN 588

**Agency:** Municipality (Office of Architectural and Building Administration)

**Comment:** Construction work cannot be begin before BuildCo has obtained the building permit. To acquire the building permit, the investor must send the official application form to the appropriate office of architectural and building administration at the municipality.

The following documents should be attached to the application:

- Four copies of the building project, with all opinions, adjustments, permits, and other documents required by the particular legal acts.
- The investor's formal written statement concerning the right to dispose of the real estate on which the building is to be built.
- The decision regarding the conditions of building in the area, as stated within the framework of a binding special layout plan, if such a decision (which is not obligatory) was issued before applying for the building permit.

The opinions, adjustments, and permits mentioned above should be acquired by BuildCo or its attorney. In practice, they are obtained by the architect who prepares the project.

1. The building project should be accompanied by a document certifying that the project designer is registered as a building expert. The decision on the conditions of building in a certain area is obligatory when the area is not covered by a binding special layout plan.

In 2006, the official fees changed slightly due to the adoption of the new Law on Official Payment. As of 2007, these fees amount to PLN 539 for issuance of a building permit (PLN 1 per square meter, but no more than PLN 539) and PLN 47 for approval of the building project. To that is added PLN 2.5 for the cost of wire transfer. Thus, the total cost is about PLN 579.50. In case the application is to be signed and filed by an authorized representative, an authorization should also be attached.

1. The legally allowed time for making an administrative decision granting a building permit is 65 days, but Article 35 Section 3 provides 60 days for resolving difficult cases. Even so, the administration frequently reviews a case for a few months as it can

sometimes request (many) new documents and an explanation from the applicant and suspend proceeding with the application until these documents and explanations are delivered.

2. Formally, the time to validate the administrative decision is 14 days from the date it was delivered to the parties. In practice, the investor should expect that other parties, such as neighbors and ecological organizations, to appeal against this decision. Appeal cases may take a few years.

Therefore, making an administrative decision can take from 60 days (legally) to 365 days (in practice), while validation takes from 14 days (legally, and with no trouble arising) to 4 years (in case of appeals). Decisions on the building permit have almost never been made and enforced within the legal time.

As of August 22, 2008 the validity of building permit has been extended from 2 years to 3 years.

#### **Procedure 12 Notify the municipal authority of the start of construction and register the building log**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** BuildCo must notify the authority that issued the building permit of the start of construction work 7 days in advance, providing the relevant authority with information about the building director and supervising inspector.

The following documents must be attached:

- Statement of the building director (site manager) regarding completion of the safety and health protection plan, and plans for the management of building works.
- Statement of the supervising inspector regarding control assumption.
- Certificates confirming the building director's and supervising inspector's professional skills.
- Information regarding the safety and hygiene of working conditions on the building site.

The investor must immediately inform the relevant authority of any changes in the data above and register the building log with this authority.

#### **Procedure 13 Conclude agreement with utility provider: electricity**

**Time to complete:** 14 days

**Cost to complete:** PLN 22,424

**Agency:** Electricity Company

**Comment:** A payment is required to conclude an agreement on a connection to an electric power network. This payment amounts to 25% of the actual cost of connection to the electric power network. The cost for the connection itself depends on the technical conditions of the connection (the connection is only one of the technical conditions; another is whether there is an already existing electricity network). Depending on the technical conditions, the cost may vary from PLN 2,000 to PLN 22,423.

#### **Procedure 14 Receive inspection of utility provider: electricity**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Electricity Company

**Comment:** An on-site inspection is completed to connect the warehouse to the utility.

**Procedure 15 Conclude agreement with utility provider: water supply**

**Time to complete:** 13 days

**Cost to complete:** PLN 250

**Agency:** Warsaw Water Company

**Comment:** BuildCo incurs the cost of building a connection to a water network. This cost depends on the technical conditions and may amount to approximately PLN 200 to PLN 300. Initiating the flow of water by the supplier does not require any additional payment.

**Procedure 16 Receive inspection of utility provider: water supply**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Warsaw Water Company

**Comment:**

**Procedure 17 Conclude an agreement with a sewage company**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Agency:** SITA

**Comment:** An on-site inspection is completed to connect the warehouse to the utility.

**Procedure 18 Receive inspection and sewage connection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** SITA

**Comment:**

**Procedure 19 Conclude agreement with utility provider: telecommunications**

**Time to complete:** 12 days

**Cost to complete:** no charge

**Agency:** Telekomunikacja Polska S.A. (TPSA)

**Comment:**

#### **Procedure 20 Receive inspection by utility provider: telecommunications**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Telekomunikacja Polska S.A. (TPSA)

**Comment:**

#### **Procedure 21 Inform the natural environment inspectorate of building completion**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Natural Environment Inspectorate

**Comment:** BuildCo must obtain a usage permit and inform the local offices of the Natural Environment Inspectorate of building completion and intention to use it. An inspection of the warehouse might be carried out by the relevant agency but is not mandatory. If this agency raises no objections, the silence-means-consent rule applies, and using the building is possible.

#### **Procedure 22 Receive inspection by the natural environment inspectorate and obtain approval**

**Time to complete:** 14 days

**Cost to complete:** PLN 50

**Agency:** Natural Environment Inspectorate

**Comment:** Although these inspections are not mandatory, industrial buildings, such as warehouses, receive this inspection 99% of the time. Receiving inspection are only the types of buildings and installations listed in the order of the Council of Ministers as possibly influencing the environment. For other types of buildings, the Natural Environment Inspectorate does not usually carry out an inspection. The inspectorate should issue its opinion within 14 days of receiving the investor's notification. If the inspectorate remains silent, it is regarded as having no objections or comments.

#### **Procedure 23 Inform the governmental sanitary inspectorate of building completion**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Governmental Sanitary Inspectorate

**Comment:** The inspectorate should issue its opinion within 14 days of receiving the investor's notification. If the inspectorate remains silent, it is regarded as having no objections or comments.

**Procedure 24 Receive inspection by the governmental sanitary inspectorate and obtain approval**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Agency:** Governmental Sanitary Inspectorate

**Comment:**

**Procedure 25 Inform the governmental labor inspectorate of building completion**

**Time to complete:** 1 day

**Cost to complete:** PLN 50

**Agency:** Governmental Labor Inspectorate

**Comment:** The timeline is 14 calendar days. Should the authorities fail to respect this deadline and not come to inspect, BuildCo can file a letter with the authority claiming that approval of the building has been granted, as determined by the silence-means-consent rule.

**Procedure 26 Receive inspection by the governmental labor inspectorate and obtain approval**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Agency:** Governmental Labor Inspectorate

**Comment:**

**Procedure 27 Inform the governmental fire department of building completion**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Governmental Fire Department (Inspectorate)

**Comment:**

**Procedure 28 Receive inspection by the governmental fire inspectorate and obtain approval**

**Time to complete:** 14 days

**Cost to complete:** PLN 50

**Agency:** Governmental Fire Department (Inspectorate)

**Comment:**

**Procedure 29 Obtain geodetic post-executive protocol**

**Time to complete:** 3 days

**Cost to complete:** PLN 2,000

**Comment:** When the building is complete, it is necessary to undertake the geodetic post-executive protocol to confirm the real, final layout of the building on the geodetic map.

**Procedure 30 Submit altered map to archives of the geodetic authority**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Geodetic Authority

**Comment:**

**Procedure 31 Request and receive an occupancy permit**

**Time to complete:** 74 days

**Cost to complete:** PLN 135

**Agency:** County Building Supervision Inspectorate

**Comment:** When the building works are over, BuildCo must inform, in writing, the authority that issued the building permit of its intention to start using the building.

The special exploitation, or occupancy, permit must be obtained before beginning exploitation, or occupancy. If such a requirement is mentioned in the building permit text, BuildCo must submit an application for an occupancy permit. In many cases, this permit must be preceded by the obligatory post-executive control inspection carried out by the authority that issued the building permit. The application should be filed with the County Building Supervision Inspectorate. The maximum payment for an occupancy permit amounts to 135 PLN.

The following documents must be attached to the application:

1. Original copy of the building diary (register).
2. Building director's written statement, indicating that the building was completed in total compliance with the project, building permit, and law regulations, and that the building site and its neighborhood have been cleared of construction debris.
3. Expert's reports and protocols of required tests and controls.
4. Geodetic post-executive protocol.
5. Investor's written statement of lack of objections from the authorities.
6. Confirmation of completion of the building connection to utility networks.

By law, the decisions must be made in 30 days for simple cases and in 60 days for complicated ones. On average, it takes 74 days.

**Procedure 32 Receive final inspections – post-executive control**

**Time to complete:** 21 days

**Cost to complete:** no charge

**Agency:** County Building Supervision Inspectorate

**Comment:** The post-executive control, or post-construction review of the site, is carried out by the County Building Supervision Inspectorate.

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)

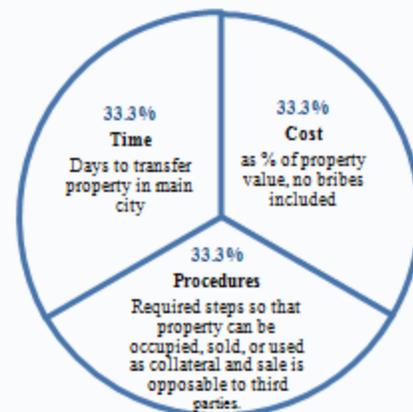
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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:

Poland is ranked 86 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
<b>Poland</b>	<b>6</b>	<b>152</b>	<b>0.4</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	8	15	3.0
<b>Czech Republic</b>	4	43	3.0
<b>Hungary</b>	4	17	5.0
<b>Moldova</b>	5	5	0.9
<b>Slovak Republic</b>	3	17	0.0

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

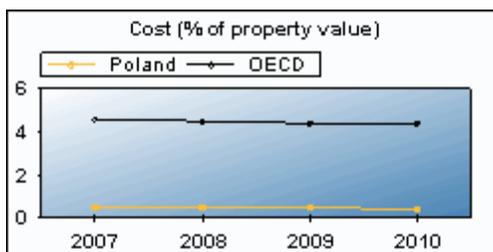
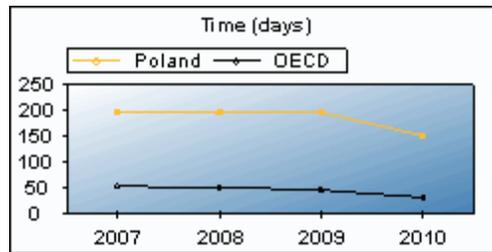
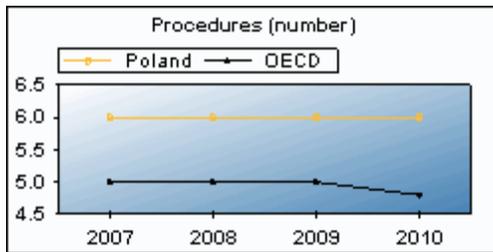
**Procedures (number): United Arab Emirates**

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

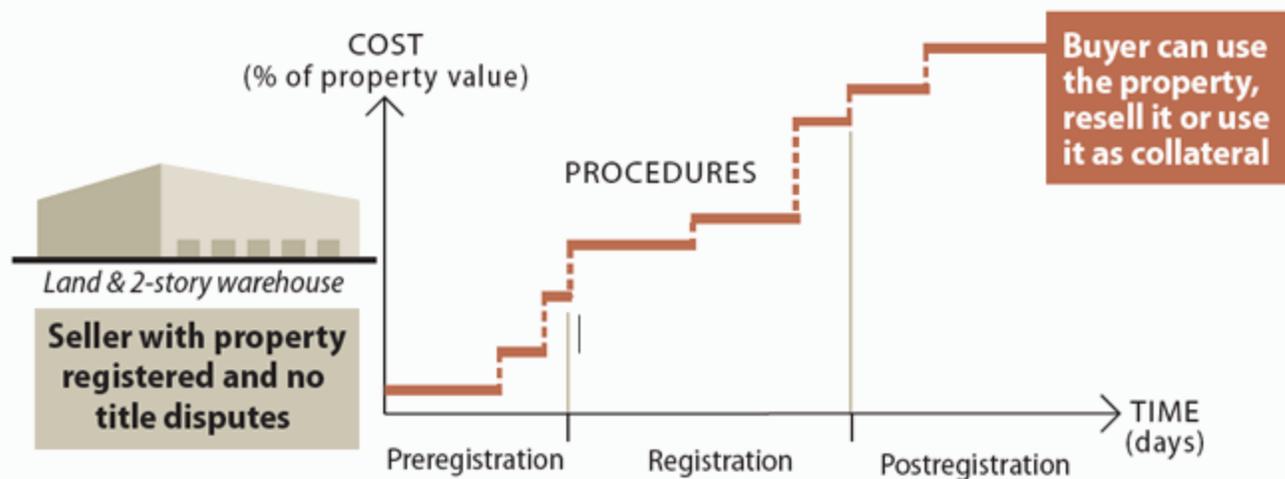
## 2. Historical data: Registering Property in Poland

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	86	86
Procedures (number)	6	6	6	6
Time (days)	197	197	197	152
Cost (% of property value)	0.5	0.5	0.5	0.4

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

### STANDARDIZED PROPERTY

Property Value: 1,702,339.29

City: Warsaw

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain an extract from the Land Registry	1-7 days (simultaneous with procedures 2, 3, and 4)	PLN 30 (current excerpt); PLN 60 (full excerpt)
2 *	Obtain an extract from the cadastre	Up to 7 days (simultaneous with procedures 1, 3, and 4)	PLN 12 for first plot or building mentioned in the application and PLN 6 for any further plot or building mentioned in the same application
3 *	Obtain an extract of the local spatial development plan	14 days (simultaneous with procedures 1, 2, and 4)	PLN 30 (excerpt up to 5 pages, PLN 50 for 5 pages and more)
4 *	Obtain an extract from the register of entrepreneurs of the National Court Register	1 day (simultaneous with procedures 1, 2, and 3)	PLN 30 (current excerpt); PLN 60 (full excerpt)

5	A notary executes the sale or transfer agreement	1 day	<p>Notary's fees according with the following schedule:</p> <p>1) up to 3.000 PLN - 100 PLN;2) from 3.000 PLN to 10.000 PLN - 100 PLN + 3 % of excess over 3.000 PLN;3) from 10.000 PLN to 30.000 PLN - 310 PLN + 2 % of excess over 10.000 PLN;4) from 30.000 PLN to 60.000 PLN - 710 PLN + 1 % of excess over 30.000 PLN;5) from 60.000 PLN to 1.000.000 PLN - 1.010 PLN + 0,4 % of excess over 60.000 PLN;6) from 1.000.000 PLN to 2.000.000 PLN - 4.770 PLN + 0,2 % of excess over 1.000.000 PLN;7) from 2.000.000 PLN - 6.770 PLN + 0,25 % of excess over 2.000.000 PLN, but no more than 10.000 PLN, and if the transaction is between close relatives 7.500 PLN.The fee cannot exceed 10,000 PLN or 7,500 PLN (for the person from the first group of taxpayer)Legal basis: Regulation of the Ministry of Justice dated 28 of June 2004.</p>
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6	Apply for registration at the Land Registry or registry court	3 to 6 months	<p>The registration fee amounts to 200 PLN or 150PLN depending on circumstances (the transfer of ownership of the whole real estate) or the equivalent part (the transfer of partial ownership) but no less than 100 PLN. There is also a fee of 60 PLN while registering the real estate in the Land Registry.</p>
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\* Takes place simultaneously with another procedure.

## Registering Property Details - Poland

<b>Procedure</b>	<b>1</b>	<b>Obtain an extract from the Land Registry</b>
<b>Time to complete:</b>	1-7 days (simultaneous with procedures 2, 3, and 4)	
<b>Cost to complete:</b>	PLN 30 (current excerpt); PLN 60 (full excerpt)	
<b>Agency:</b>	Land and Mortgage Register	
<b>Comment:</b>	<p>The seller must obtain an extract from the Land Registry, which will need to be presented to the notary later. The extract discloses the owner or perpetual usufruct of the real estate. It also discloses whether there are any mortgages or other encumbrances over the real estate. According to the new legislation, the Registry shall be maintained in the electronic form. The transition to the computer system started in September 2004. The following website lists the registry courts in which the migration process has started: <a href="http://www.ms.gov.pl/kw/wykaz_100322.rtf">http://www.ms.gov.pl/kw/wykaz_100322.rtf</a>;</p> <p>Because part of the records are within the computer system and the registration process in the courts has been thereby facilitated, collecting the excerpt is taking less time when that particular file has migrated. The excerpts from Land and Mortgage Register are issued by the Central Land and Mortgage Register Information Service (in case of the Land and Mortgage Registers maintained in electronic form or by relevant court (in other cases). The request eventually takes 1 day (if the real estate is registered within the computer system) or up to 7 days (if the real estate is registered within hardcopy documents only). In 2010, the number of Land and Mortgage Registers maintained in electronic form has significantly increased.</p>	
<b>Procedure</b>	<b>2</b>	<b>Obtain an extract from the cadastre</b>
<b>Time to complete:</b>	Up to 7 days (simultaneous with procedures 1, 3, and 4)	
<b>Cost to complete:</b>	PLN 12 for first plot or building mentioned in the application and PLN 6 for any further plot or building mentioned in the same application	
<b>Agency:</b>	Cadaster maintained by the head (Starosta) of the county (Powiat) where the property is located	
<b>Comment:</b>	<p>Parties obtain an extract from the cadastre held by respective geodesic authorities, stating the evidentiary number and the boundaries of the real estate on the official map, as well as information regarding the character of the plots comprising the real estate (e.g. agricultural, housing, urban). If no local spacial plan is adopted for the area (cf. procedure 3) this information is the basis to determine the character of the real estate</p> <p>Costs established by the Regulation of Ministry of Regional Development dated 19 February 2004.</p>	
<b>Procedure</b>	<b>3</b>	<b>Obtain an extract of the local spatial development plan</b>
<b>Time to complete:</b>	14 days (simultaneous with procedures 1, 2, and 4)	
<b>Cost to complete:</b>	PLN 30 (excerpt up to 5 pages, PLN 50 for 5 pages and more)	
<b>Agency:</b>	Local Commune Office	

**Comment:** Parties obtain an extract of the local spatial development plan, in order to establish that the real estate in question is not an agricultural property. If it were agricultural, certain limitations on the transfer would apply. Due to recent changes of legislation in Poland many local spatial development plans have expired and new plans have not been adopted yet. Therefore in many cases the notary must be presented with a certification that there is no spatial development plan for the relevant property. In that case, the cost would amount to PLN 16.00 (PLN 5.00 for the application and PLN 11.00 for the certification).

#### **Procedure 4 Obtain an extract from the register of entrepreneurs of the National Court Register**

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

**Cost to complete:** PLN 30 (current excerpt); PLN 60 (full excerpt)

**Agency:** National Court Register

**Comment:** If the purchaser or the seller is an entrepreneur, an extract from the register of entrepreneurs of the National Court Register is required, in order to establish who is authorized to act on behalf of the entrepreneur (e.g. who is an authorized director in the case of a limited liability or a joint stock company).

#### **Procedure 5 A notary executes the sale or transfer agreement**

**Time to complete:** 1 day

**Cost to complete:** Notary's fees according with the following schedule: 1) up to 3.000 PLN - 100 PLN;2) from 3.000 PLN to 10.000 PLN - 100 PLN + 3 % of excess over 3.000 PLN;3) from 10.000 PLN to 30.000 PLN - 310 PLN + 2 % of excess over 10.000 PLN;4) from 30.000 PLN to 60.000 PLN - 710 PLN + 1 % of excess over 30.000 PLN;5) from 60.000 PLN to 1.000.000 PLN - 1.010 PLN + 0,4 % of excess over 60.000 PLN;6) from 1.000.000 PLN to 2.000.000 PLN - 4.770 PLN + 0,2 % of excess over 1.000.000 PLN;7) from 2.000.000 PLN - 6.770 PLN + 0,25 % of excess over 2.000.000 PLN, but no more than 10.000 PLN, and if the transaction is between close relatives 7.500 PLN. The fee cannot exceed 10,000 PLN or 7,500 PLN (for the person from the first group of taxpayer) Legal basis: Regulation of the Ministry of Justice dated 28 of June 2004.

**Comment:** The agreement on the transfer of ownership or perpetual usufruct of a real estate must be executed in the form of a notarial deed.

The documentation shall include:

Extract from the Land Registry (obtained in Procedure 1)

Extract from the Cadastre (obtained in Procedure 2)

Extract of the local spatial development plan (obtained in Procedure 3)

Extract from the register of entrepreneurs (obtained in Procedure 4). It must be presented to the notary public on the execution of the deed, because the notary must establish whether the persons who sign the agreement in the form of the notarial deed are actually authorized to represent the company.

If the purchaser or the seller is a joint-stock or a limited liability company, corporate consent for the transfer of the real estate is required, unless such necessity has been excluded in the articles of association of the company. The corporate consent of the shareholders' meeting for the transfer of a real estate is required by the Companies Code unless the AA excludes such necessity. The relevant corporate consent must be presented to the notary public, in order to establish the validity of the transfer of a real estate.

#### **Procedure 6 Apply for registration at the Land Registry or registry court**

**Time to complete:** 3 to 6 months

**Cost to complete:** The registration fee amounts to 200 PLN or 150PLN depending on circumstances (the transfer of ownership of the whole real estate) or the equivalent part (the transfer of partial ownership) but no less than 100 PLN. There is also a fee of 60 PLN while registering the real estate in the Land Registry.

**Agency:** Land Registry

**Comment:** The sale agreement is entered into the Land Registry. Although the entry into the Land Registry is basically not a requirement for the valid transfer of a real estate, the owner is still practically obliged to file an application for registration with the registry court.

The notary public must prepare a relevant application to the court which is attached to the agreement and is responsible for filing such application with the court.

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

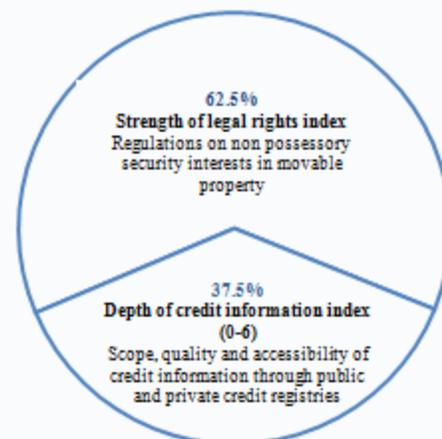
##### Public credit registry coverage (% of adults)

- 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)

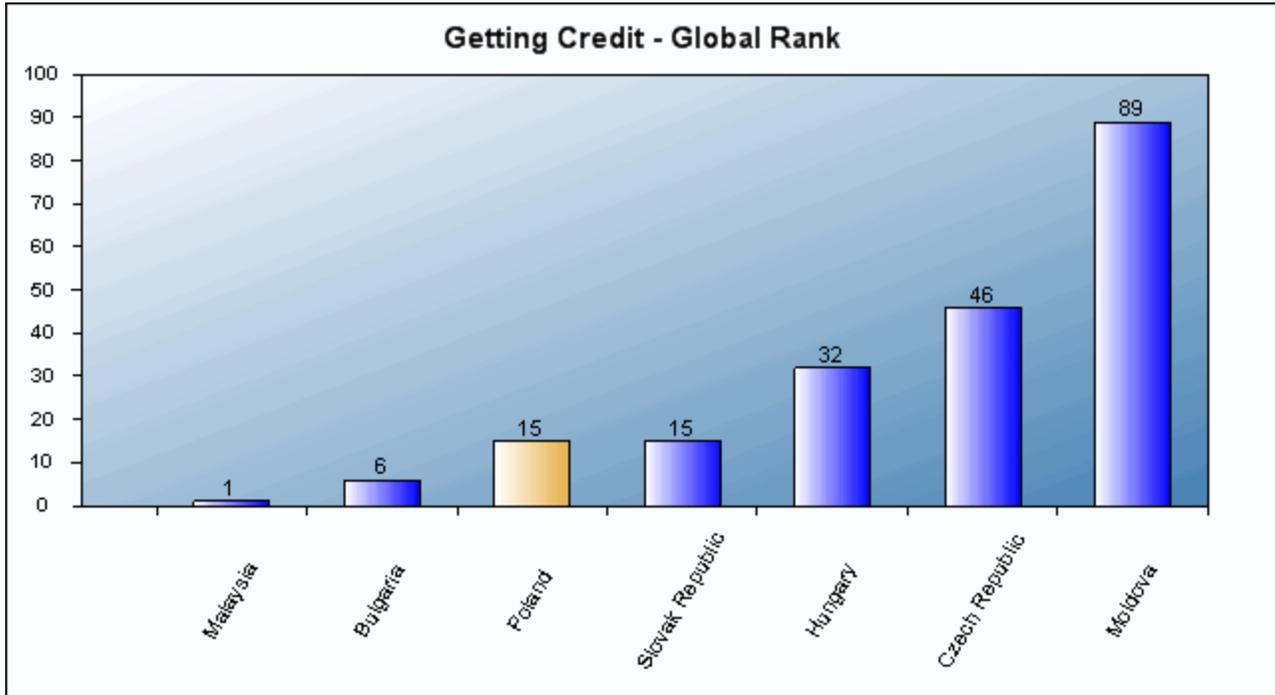
##### The Debtor

- 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:

Poland is ranked 15 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
<b>Poland</b>	<b>9</b>	<b>4</b>	<b>0.0</b>	<b>91.7</b>

<i>Comparator Economies</i>				
<b>Bulgaria</b>	8	6	37.0	13.1
<b>Czech Republic</b>	6	5	4.9	73.2
<b>Hungary</b>	7	5	0.0	11.4
<b>Moldova</b>	8	0	0.0	0.0
<b>Slovak Republic</b>	9	4	2.2	44.5

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

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

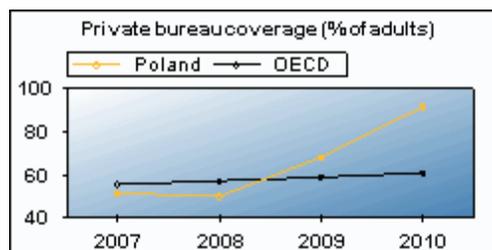
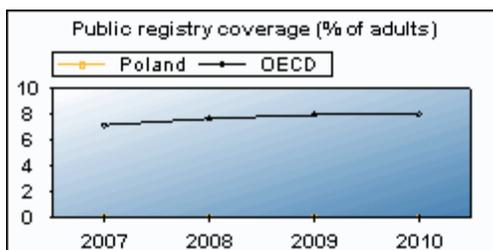
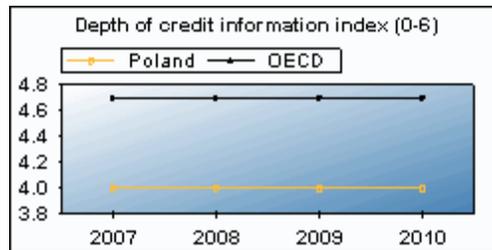
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

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

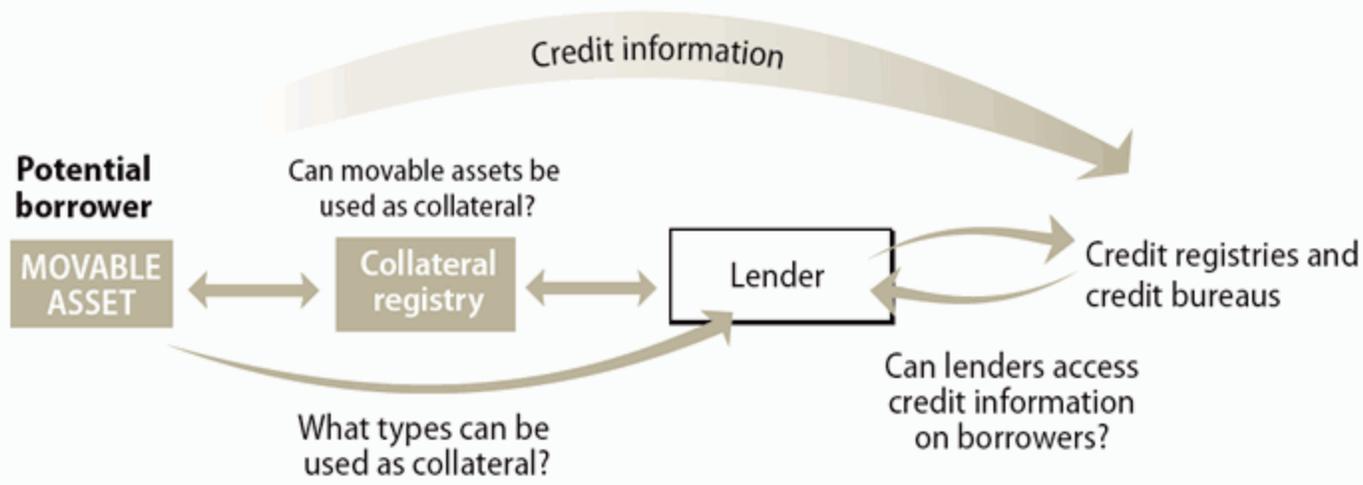
## 2. Historical data: Getting Credit in Poland

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	14	15
Strength of legal rights index (0-10)	8	8	9	9
Depth of credit information index (0-6)	4	4	4	4
Private bureau coverage (% of adults)	51.5	50.0	68.3	91.7
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>4</b>
Are data on both firms and individuals distributed?	No	No	0
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?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
<b>Coverage</b>	91.7	0.0	
Number of individuals	23,000,000		0
Number of firms	0		0

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?	Yes
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 ?	Yes
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	Yes
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?	Yes
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	Yes
Does the law authorize parties to agree on out of court enforcement?	Yes

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

### Some reform outcomes

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

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

### What do the Protecting Investors indicators measure?

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

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

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

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

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

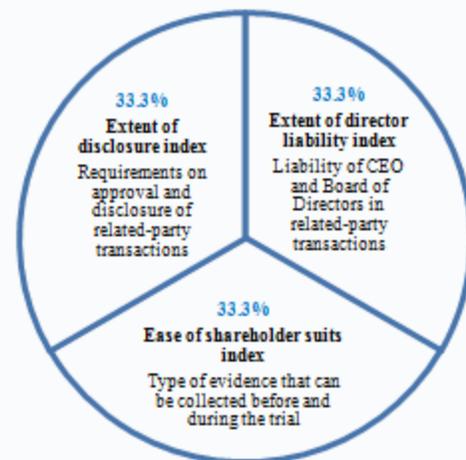
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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

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

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

Rankings are based on 3 subindicators



### Case Study Assumptions

#### The business (Buyer):

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

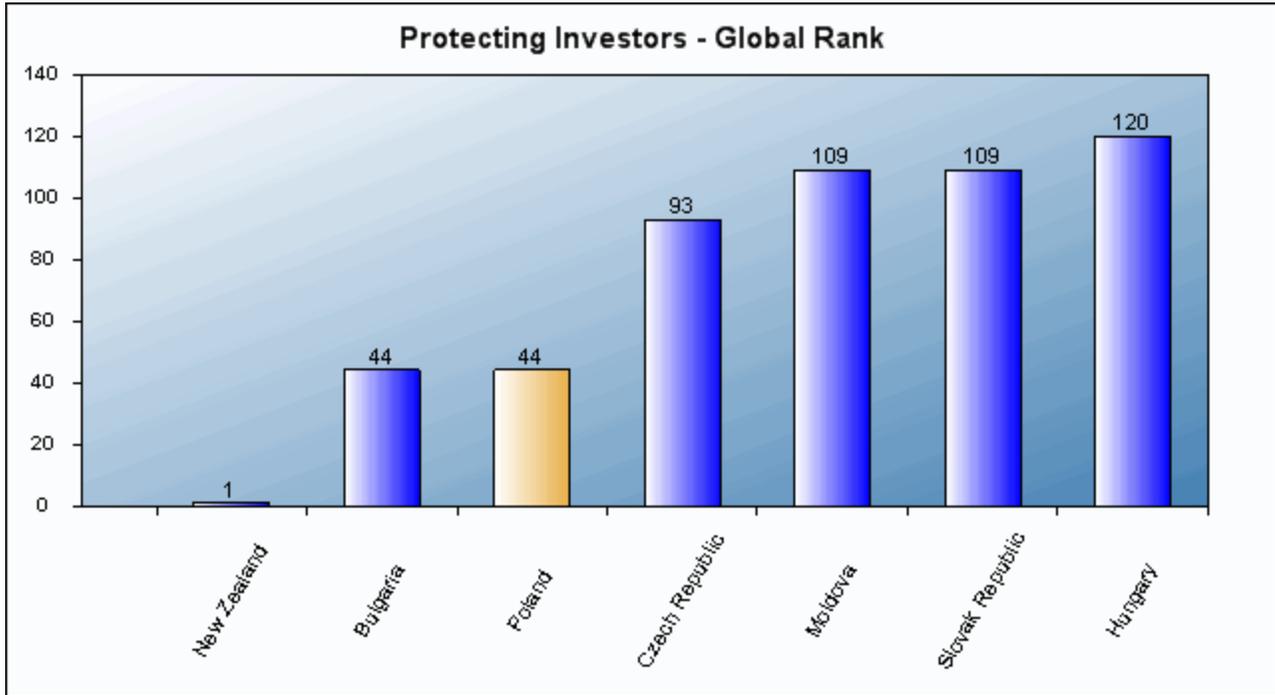
#### The transaction

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

## 1. Benchmarking Protecting Investors Regulations:

Poland is ranked 44 overall for Protecting Investors.

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



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

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

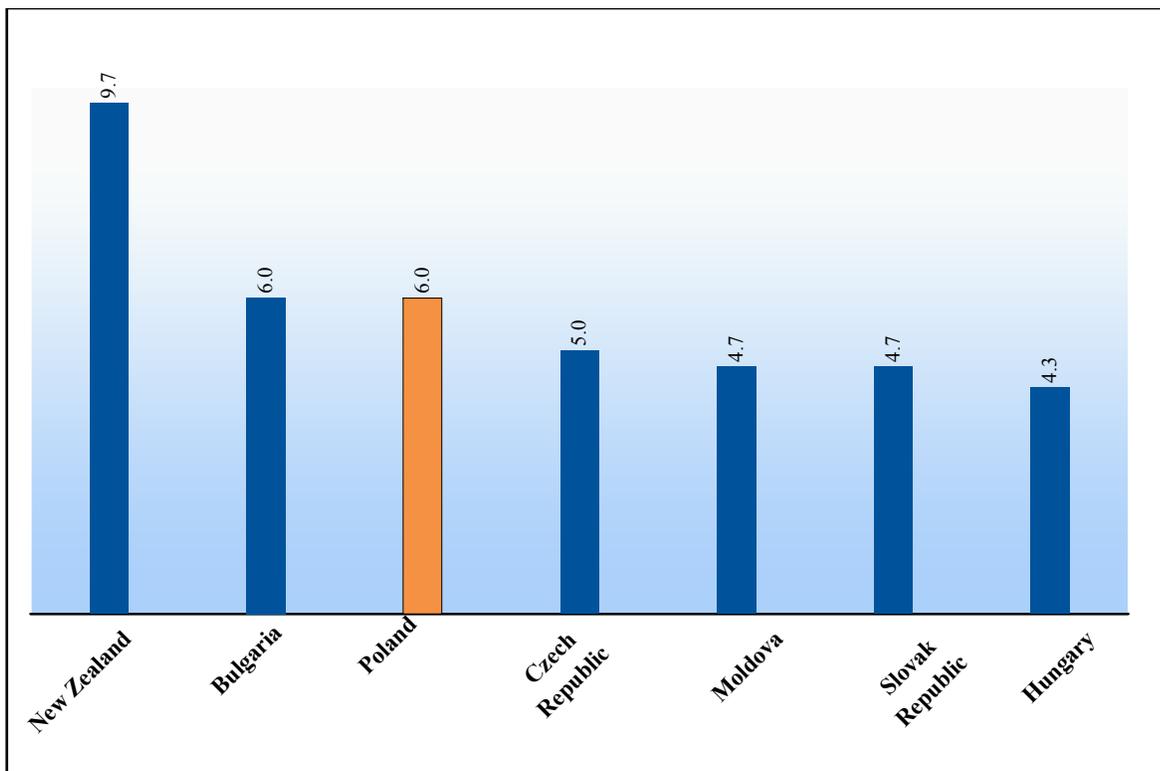
<i>Selected Economy</i>	
<b>Poland</b>	<b>6.0</b>

<i>Comparator Economies</i>	
<b>Bulgaria</b>	6.0
<b>Czech Republic</b>	5.0
<b>Hungary</b>	4.3
<b>Moldova</b>	4.7
<b>Slovak Republic</b>	4.7

## 2. Historical data: Protecting Investors in Poland

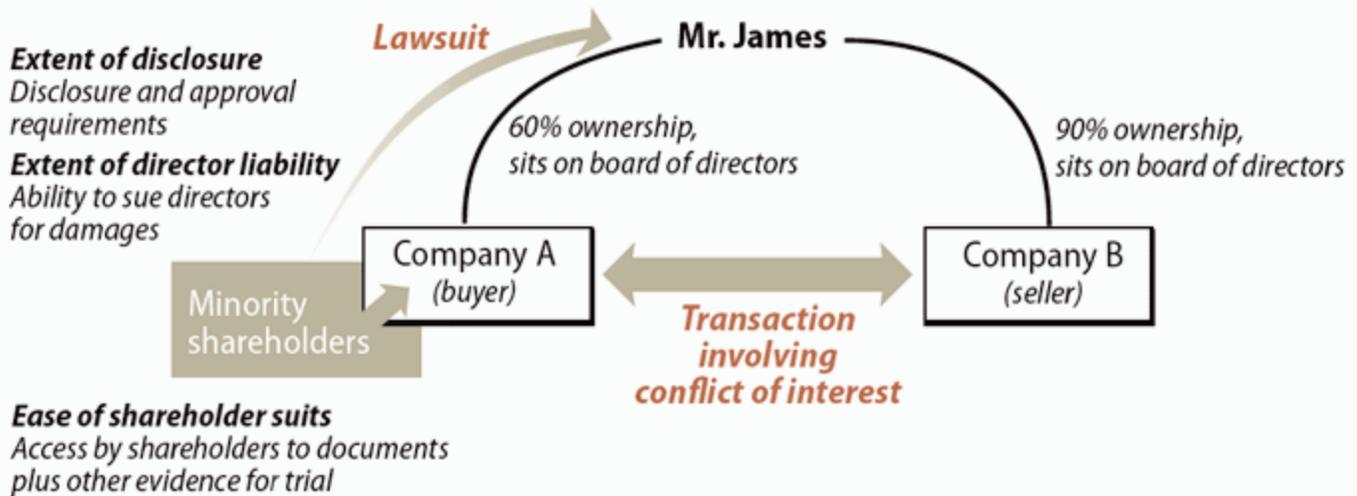
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	44
Strength of investor protection index (0-10)	6.0	6.0	6.0	6.0

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

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>7</b>
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	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?	0
<b>Extent of director liability index (0-10)</b>	<b>2</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
<b>Ease of shareholder suits index (0-10)</b>	<b>9</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
<b>Strength of investor protection index (0-10)</b>	<b>6.0</b>

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

### Some reform outcomes

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

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

### What do the Paying taxes indicators measure?

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

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

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

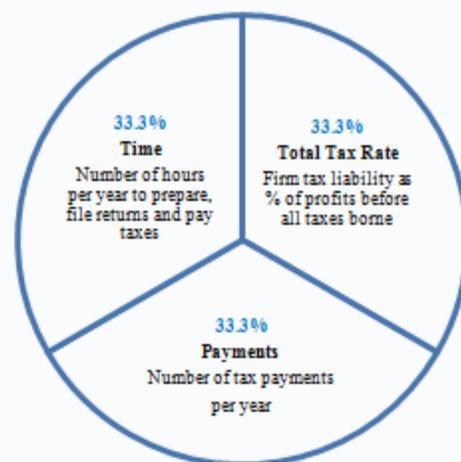
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**Total tax rate** (% of profit)

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

**Paying Taxes:** tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



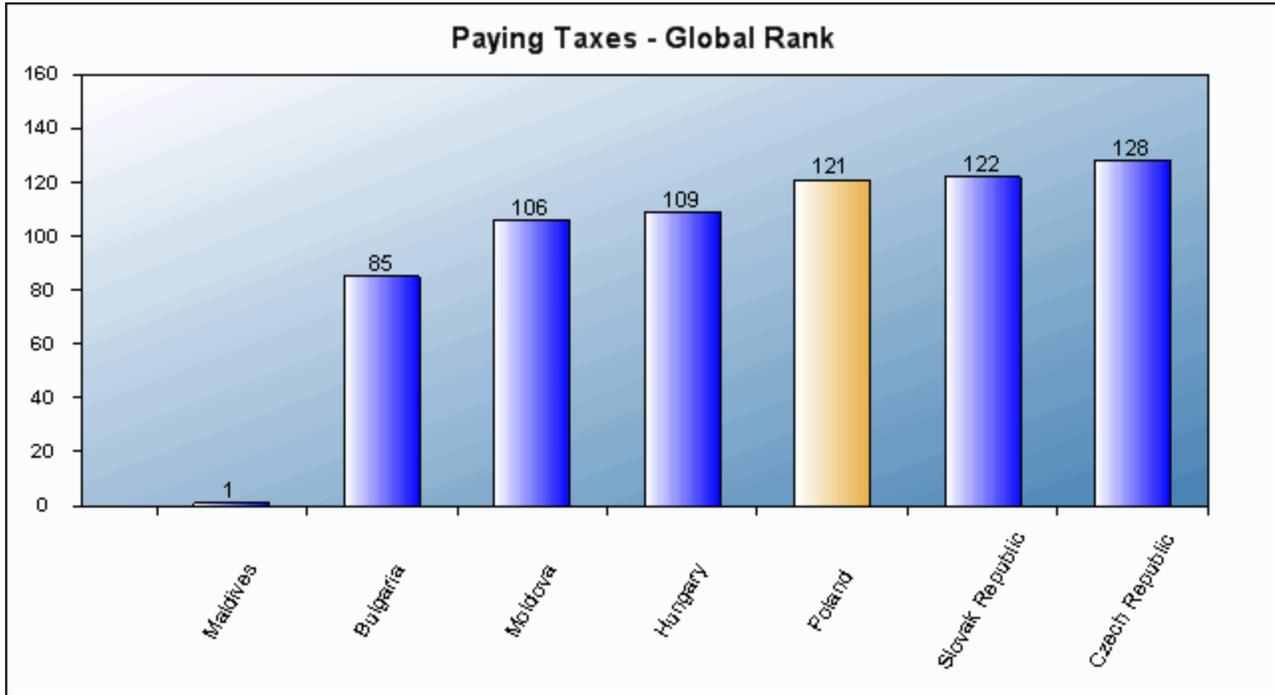
### Case Study Assumptions

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

## 1. Benchmarking Paying Taxes Regulations:

Poland is ranked 121 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
<b>Poland</b>	<b>29</b>	<b>325</b>	<b>42.3</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	17	616	29.0
<b>Czech Republic</b>	12	557	48.8
<b>Hungary</b>	14	277	53.3
<b>Moldova</b>	48	228	30.9
<b>Slovak Republic</b>	31	257	48.7

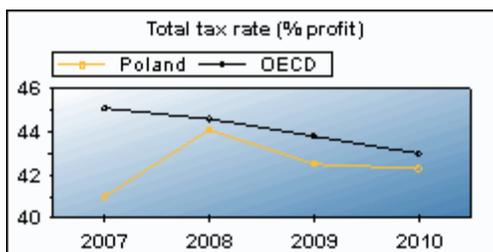
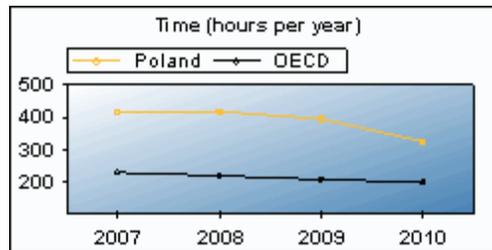
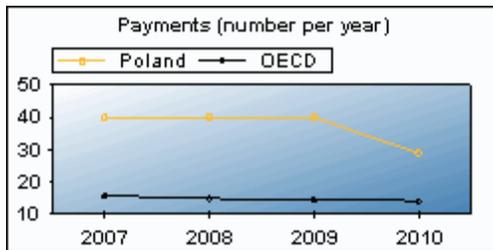
\* The following economies are also good practice economies for :

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

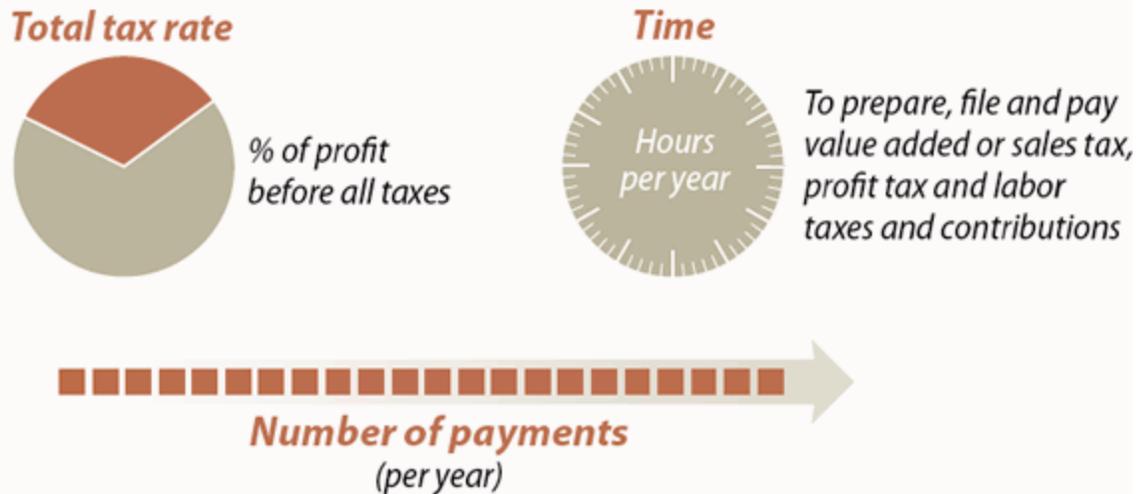
## 2. Historical data: Paying Taxes in Poland

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	148	121
Total tax rate (% profit)	41.0	44.1	42.5	42.3
Payments (number per year)	40	40	40	29
Time (hours per year)	418	418	395	325

## 3. The following graphs illustrate the Paying Taxes sub indicators in Poland 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 Poland, 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)	12		121	22.0%	value added		
Guaranteed employees' fund	0	paid jointly		0.1%	gross salaries	0.10	
Transport tax	2			PLN 1.130 per truck unit owned		0.10	
Fuel Tax	1			included in fuel price		1.10	
Property tax	1			PLN 0.74 per square meter of a land plot and PLN 19.81 per square meter of building	property area in square meters	1.30	
Labor fund	0	paid jointly		2.5%	gross salaries	2.40	

National disabled fund	0	paid jointly		40.6%	6% x 56 x average salary in Poland	3.50
Social security contributions	1	online filing	132	16.5%	gross salaries	16.10
Corporate income tax	12		72	19.0%	taxable profit	17.70
<b>Totals</b>	<b>29</b>		<b>325</b>			<b>42.3</b>

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

### Some reform outcomes

*In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.*

*In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.*

### What do the Trading Across Borders indicators measure?

**Trading Across Borders:** exporting and importing by ocean transport

Rankings are based on 3 subindicators

#### Documents required to export and import (number)

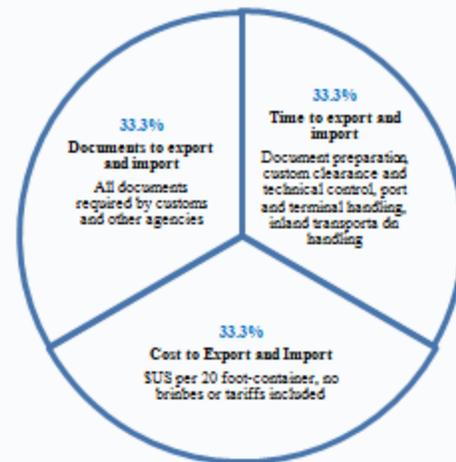
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

#### Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



### Case Study Assumptions

#### The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

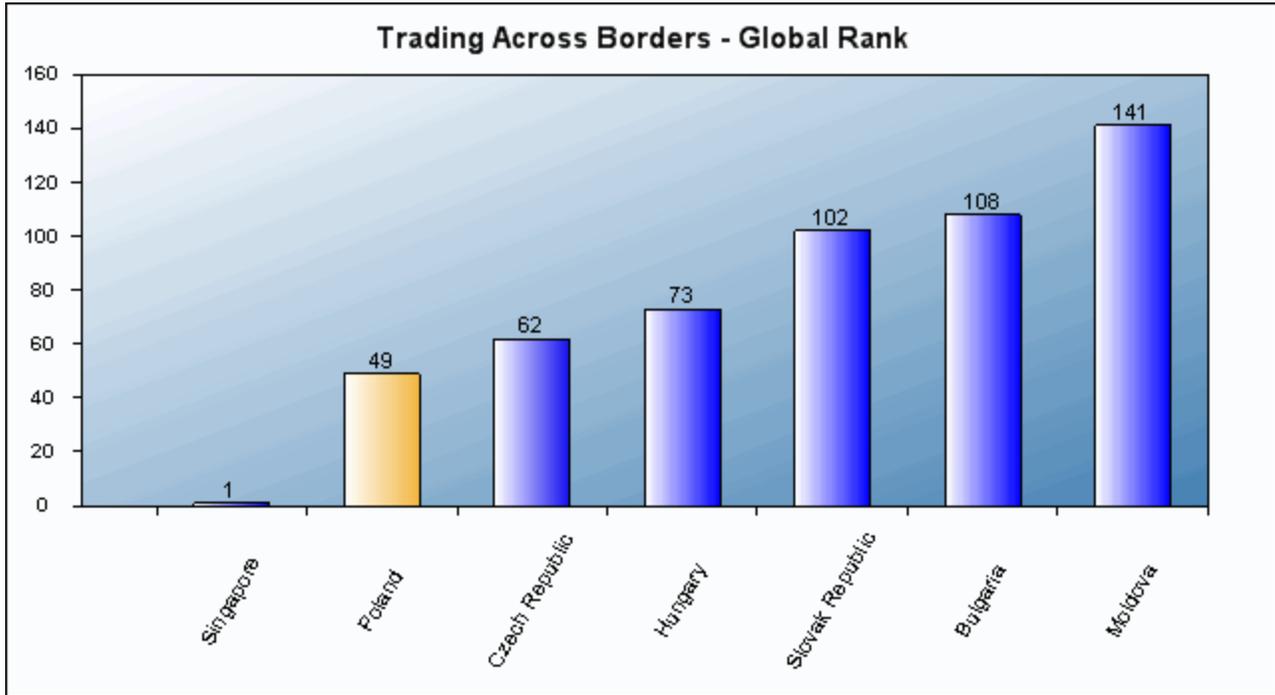
#### The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

## 1. Benchmarking Trading Across Borders Regulations:

Poland is ranked 49 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
<b>Poland</b>	<b>5</b>	<b>17</b>	<b>884</b>	<b>5</b>	<b>25</b>	<b>884</b>

<i>Comparator Economies</i>						
<b>Bulgaria</b>	5	23	1551	7	21	1666
<b>Czech Republic</b>	4	17	1060	7	20	1165
<b>Hungary</b>	5	18	1225	7	17	1215
<b>Moldova</b>	6	32	1765	7	35	1960
<b>Slovak Republic</b>	6	17	1530	8	19	1505

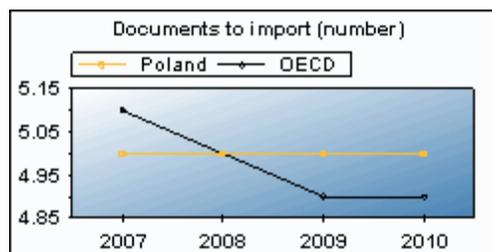
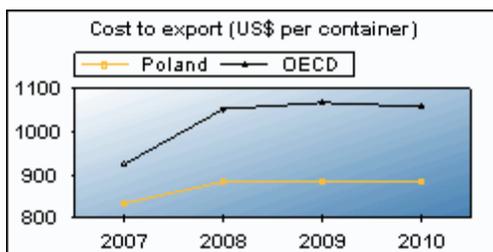
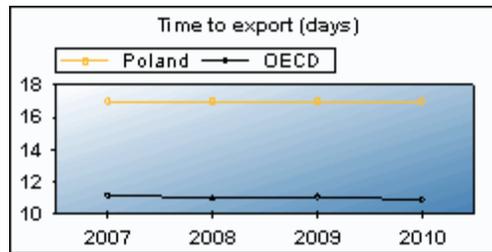
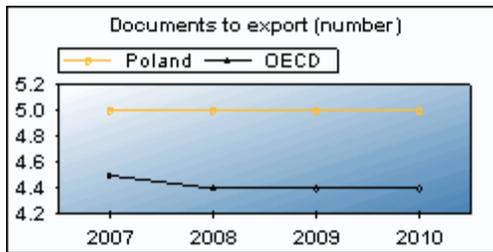
\* The following economies are also good practice economies for :

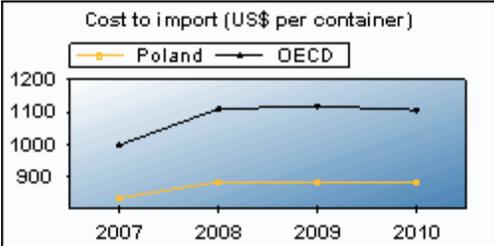
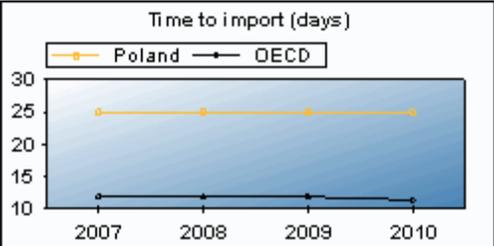
**Time to export (days): Estonia**

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

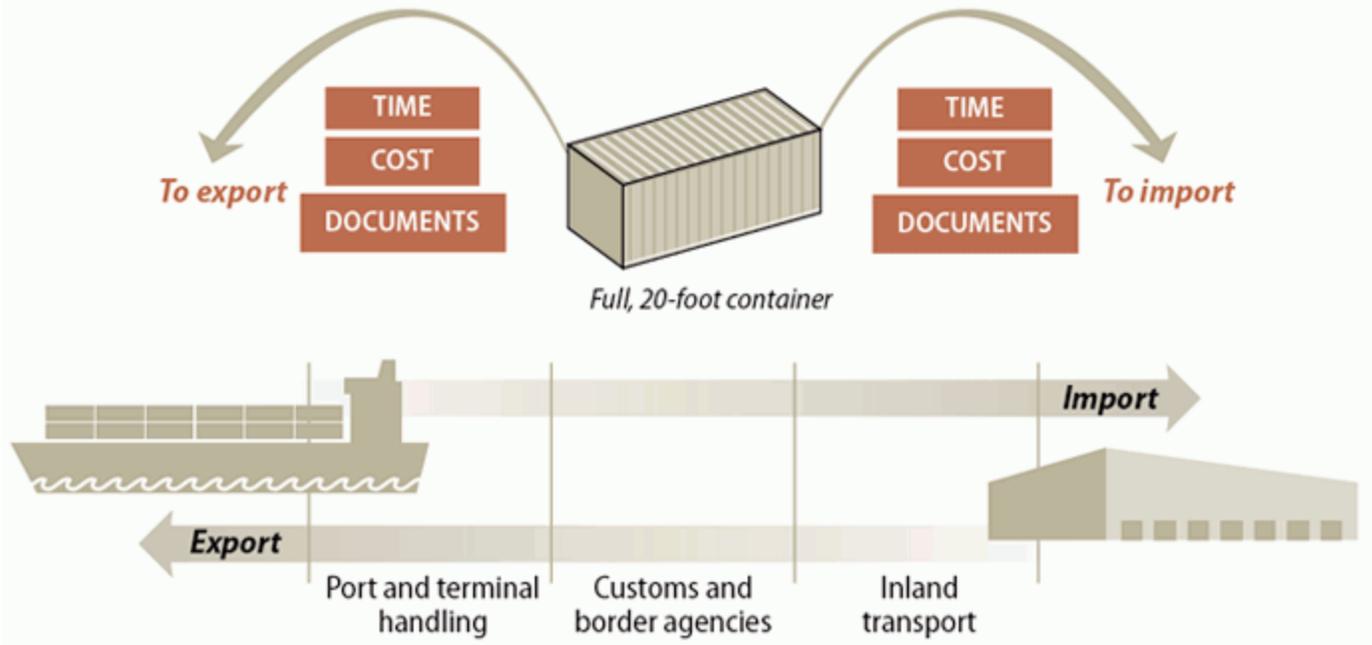
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	46	49
Cost to export (US\$ per container)	834	884	884	884
Cost to import (US\$ per container)	834	884	884	884
Documents to export (number)	5	5	5	5
Documents to import (number)	5	5	5	5
Time to export (days)	17	17	17	17
Time to import (days)	25	25	25	25

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	150
Customs clearance and technical control	1	80
Ports and terminal handling	1	110
Inland transportation and handling	5	544
Totals	17	884

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	19	150
Customs clearance and technical control	2	80
Ports and terminal handling	2	110
Inland transportation and handling	2	544
Totals	25	884

**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?

##### 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)

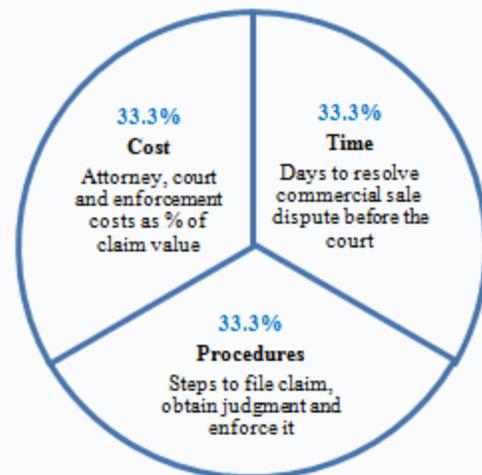
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

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

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

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

Rankings are based on 3 subindicators



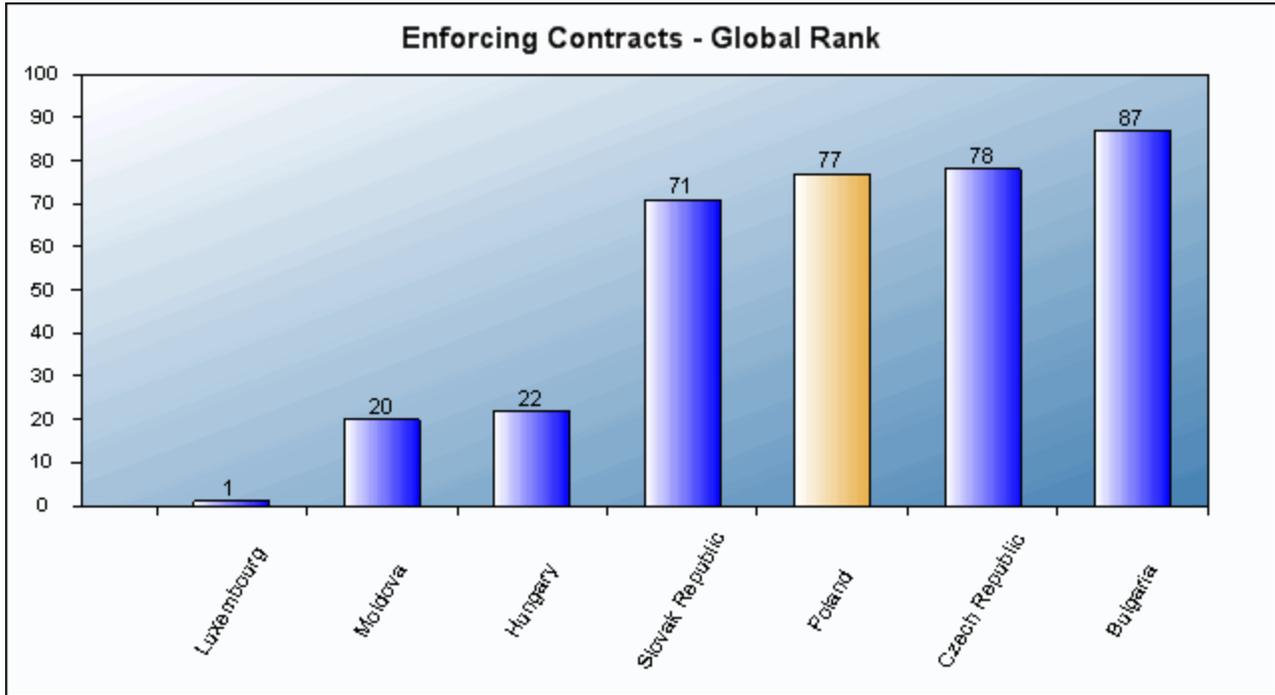
#### Case Study Assumptions

- 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:

Poland is ranked 77 overall for Enforcing Contracts.

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



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

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

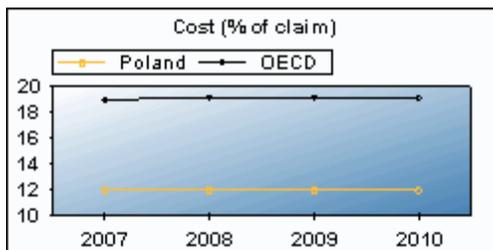
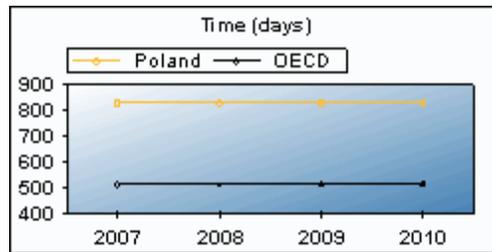
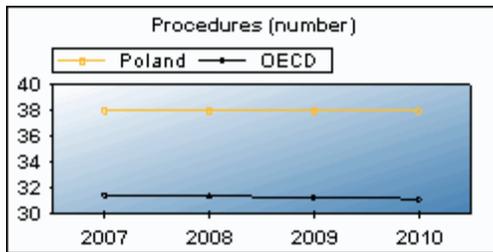
<i>Selected Economy</i>			
<b>Poland</b>	<b>38</b>	<b>830</b>	<b>12.0</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	39	564	23.8
<b>Czech Republic</b>	27	611	33.0
<b>Hungary</b>	35	395	15.0
<b>Moldova</b>	31	365	20.9
<b>Slovak Republic</b>	31	565	30.0

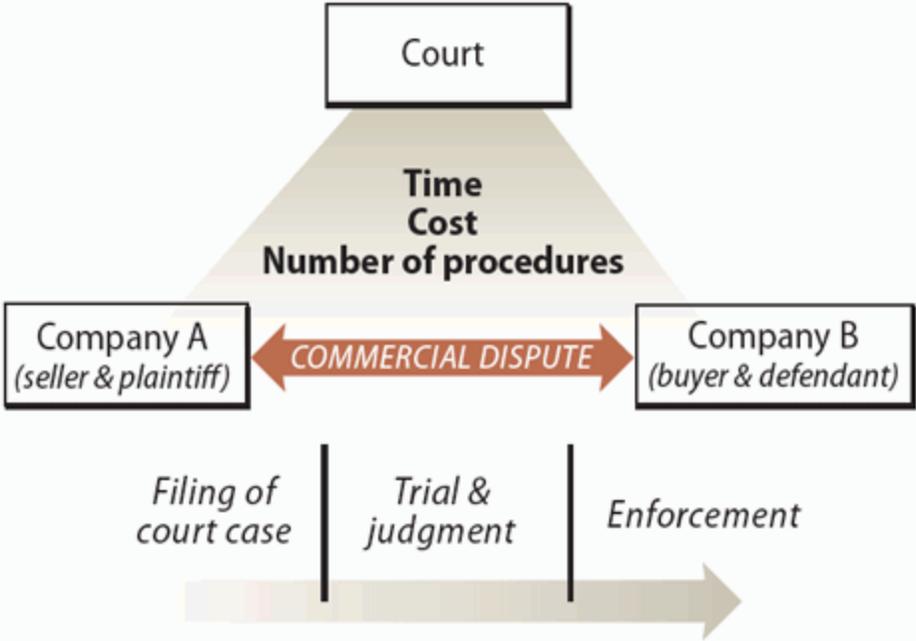
## 2. Historical data: Enforcing Contracts in Poland

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	76	77
Procedures (number)	38	38	38	38
Time (days)	830	830	830	830
Cost (% of claim)	12.0	12.0	12.0	12.0

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

Nature of Procedure (2010)	Indicator
Procedures (number)	38
Time (days)	830
Filing and service	90.0
Trial and judgment	580.0
Enforcement of judgment	160.0
<b>Cost (% of claim)*</b>	<b>12.00</b>
Attorney cost (% of claim)	5.0
Court cost (% of claim)	5.0
Enforcement Cost (% of claim)	2.0

**Court information:** Warsaw District Court, ("Sąd Rejonowy dla Miasta Stołecznego Warszawy, \_\_  
Commercial Section Wydział Gospodarczy")

\* 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)

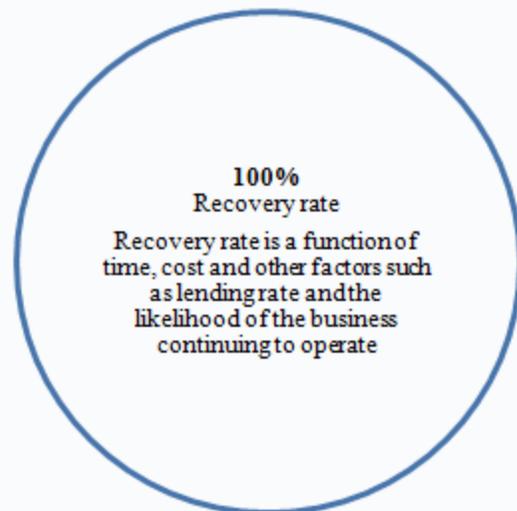
- Measured in calendar years
- Appeals and requests for extension are included

#### 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*

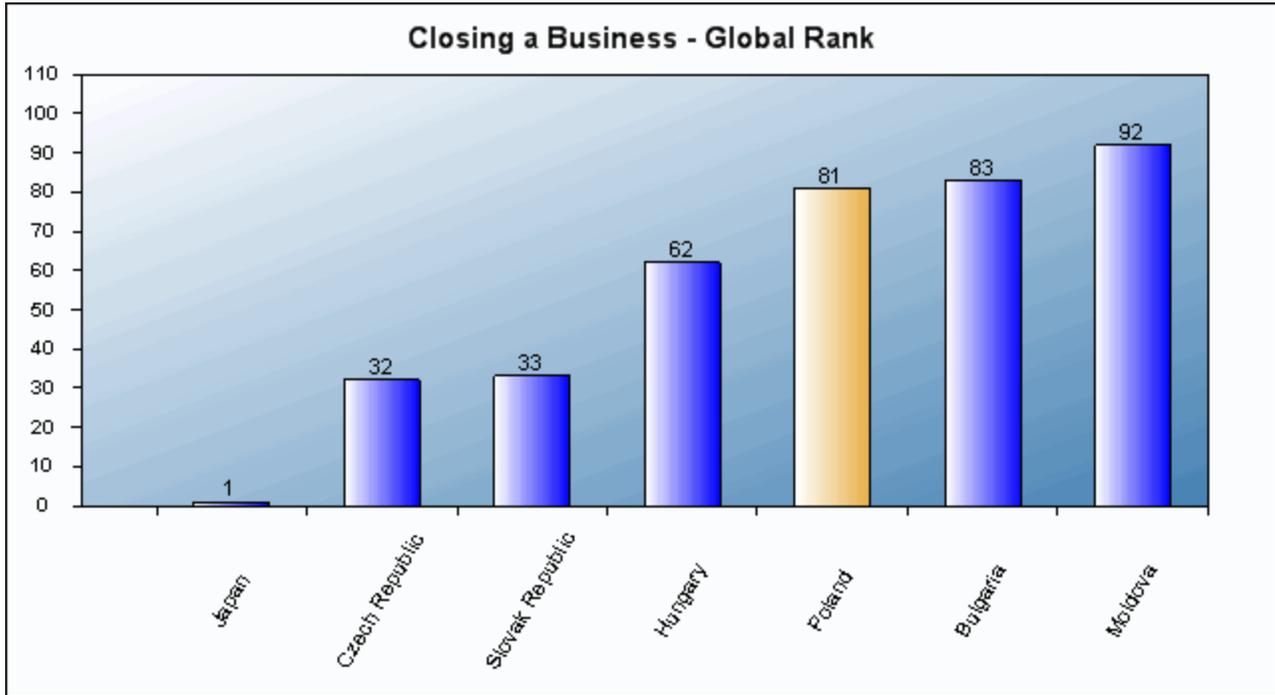
#### The Company

- 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:

Poland is ranked 81 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
<b>Poland</b>	<b>31.3</b>	<b>3.0</b>	<b>20</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	31.0	3.3	9
<b>Czech Republic</b>	55.9	3.2	17
<b>Hungary</b>	37.9	2.0	15
<b>Moldova</b>	28.2	2.8	9
<b>Slovak Republic</b>	55.3	4.0	18

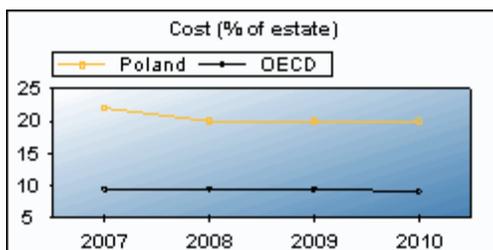
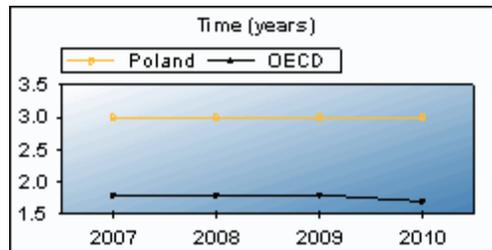
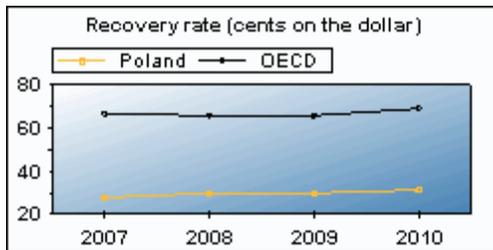
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Poland

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	86	81
Time (years)	3.0	3.0	3.0	3.0
Cost (% of estate)	22	20	20	20
Recovery rate (cents on the dollar)	27.8	29.8	29.8	31.3

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



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

## The top 10 most-improved in Doing Business 2011

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

 Positive Change  
 Negative Change

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

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

<b>Brunei Darussalam</b>	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
<b>Bulgaria</b>	Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva (\$3,250) to 2 leva (\$1.30). Bulgaria reduced employer contribution rates for social security.
<b>Cape Verde</b>	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
<b>Czech Republic</b>	The Czech Republic simplified its labor tax processes and reduced employer contribution rates for social security. The Czech Republic made it easier to deal with insolvency by introducing further legal amendments to restrict setoffs in insolvency cases and suspending for some insolvent debtors the obligation to file for bankruptcy.
<b>Grenada</b>	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
<b>Hungary</b>	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
<b>Kazakhstan</b>	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
<b>Moldova</b>	Moldova reduced employer contribution rates for social security.
<b>Peru</b>	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
<b>Poland</b>	Poland eased property registration by computerizing its land registry.
<b>Rwanda</b>	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
<b>Tajikistan</b>	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

**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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