

Doing Business 2011

Romania

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

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

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

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

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

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

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

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

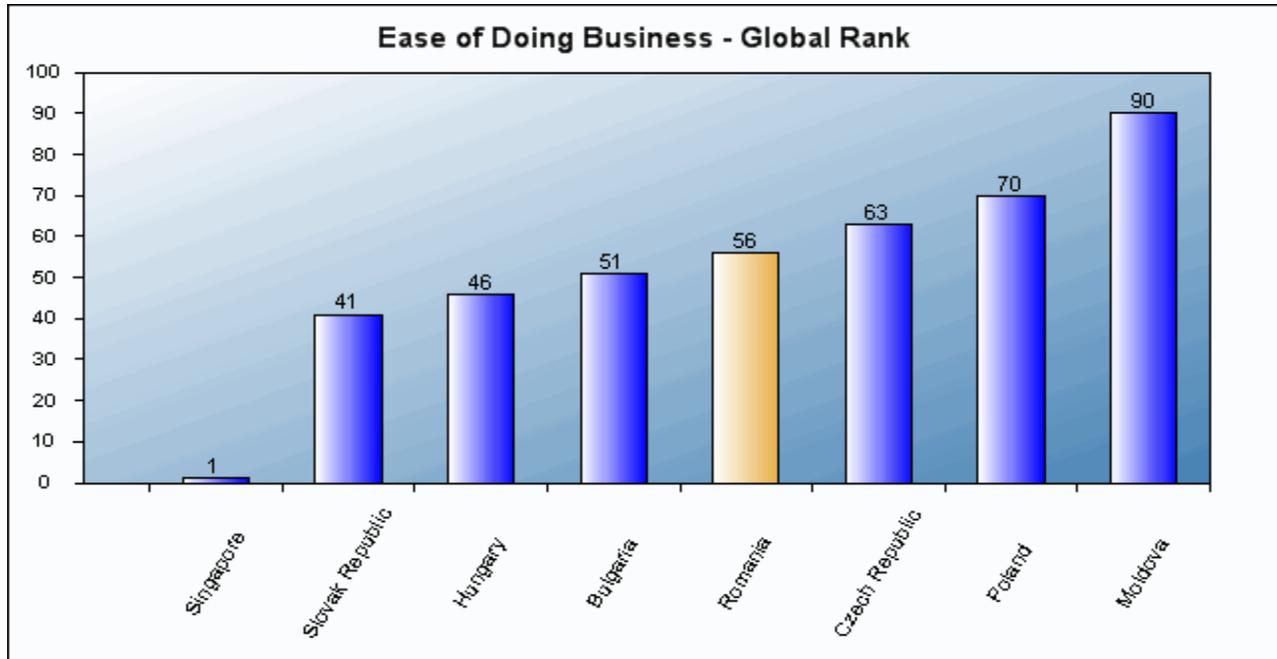
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Romania is ranked 56 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Romania's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	56
Starting a Business	44
Dealing with Construction Permits	84
Registering Property	92
Getting Credit	15
Protecting Investors	44
Paying Taxes	151
Trading Across Borders	47
Enforcing Contracts	54
Closing a Business	102

Summary of Indicators - Romania

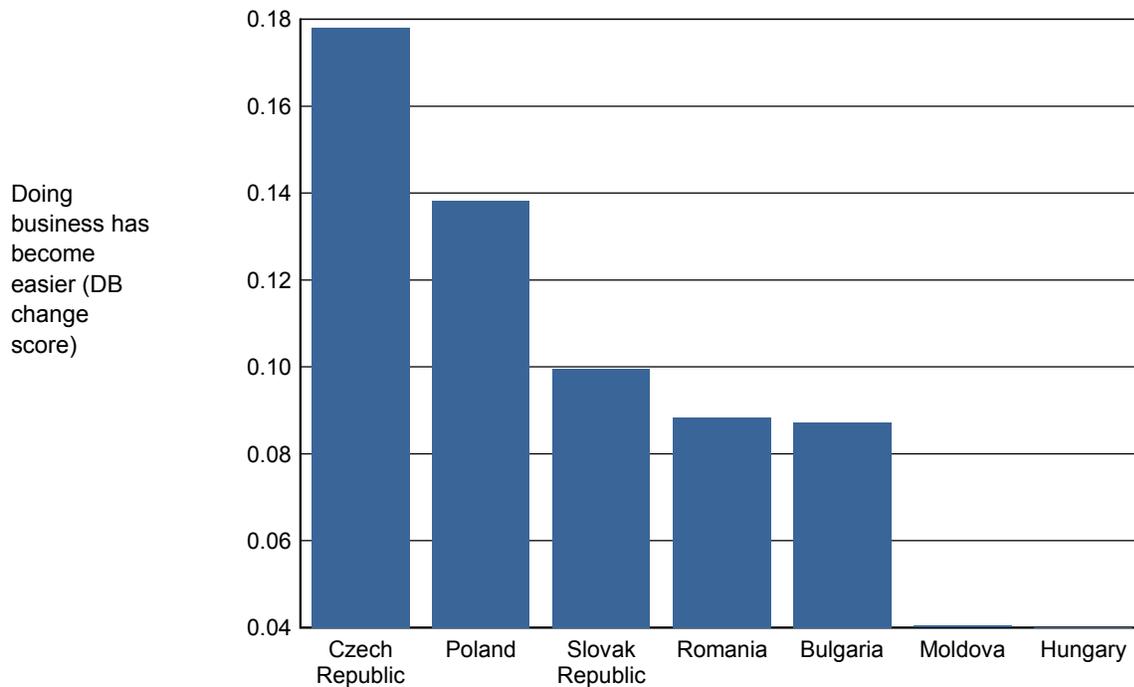
Starting a Business	Procedures (number)	6
	Time (days)	10
	Cost (% of income per capita)	2.6
	Min. capital (% of income per capita)	0.9
Dealing with Construction Permits	Procedures (number)	17
	Time (days)	228
	Cost (% of income per capita)	73.9
Registering Property	Procedures (number)	8
	Time (days)	48
	Cost (% of property value)	1.3
Getting Credit	Strength of legal rights index (0-10)	8
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	13.0
	Private bureau coverage (% of adults)	33.3
Protecting Investors	Extent of disclosure index (0-10)	9
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	4
	Strength of investor protection index (0-10)	6.0
Paying Taxes	Payments (number per year)	113
	Time (hours per year)	222
	Profit tax (%)	10.4
	Labor tax and contributions (%)	32.3
	Other taxes (%)	2.2
	Total tax rate (% profit)	44.9
Trading Across Borders	Documents to export (number)	5
	Time to export (days)	12
	Cost to export (US\$ per container)	1275
	Documents to import (number)	6
	Time to import (days)	13
	Cost to import (US\$ per container)	1175

Enforcing Contracts	Procedures (number)	31
	Time (days)	512
	Cost (% of claim)	28.9
Closing a Business	Recovery rate (cents on the dollar)	25.7
	Time (years)	3.3
	Cost (% of estate)	11

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.

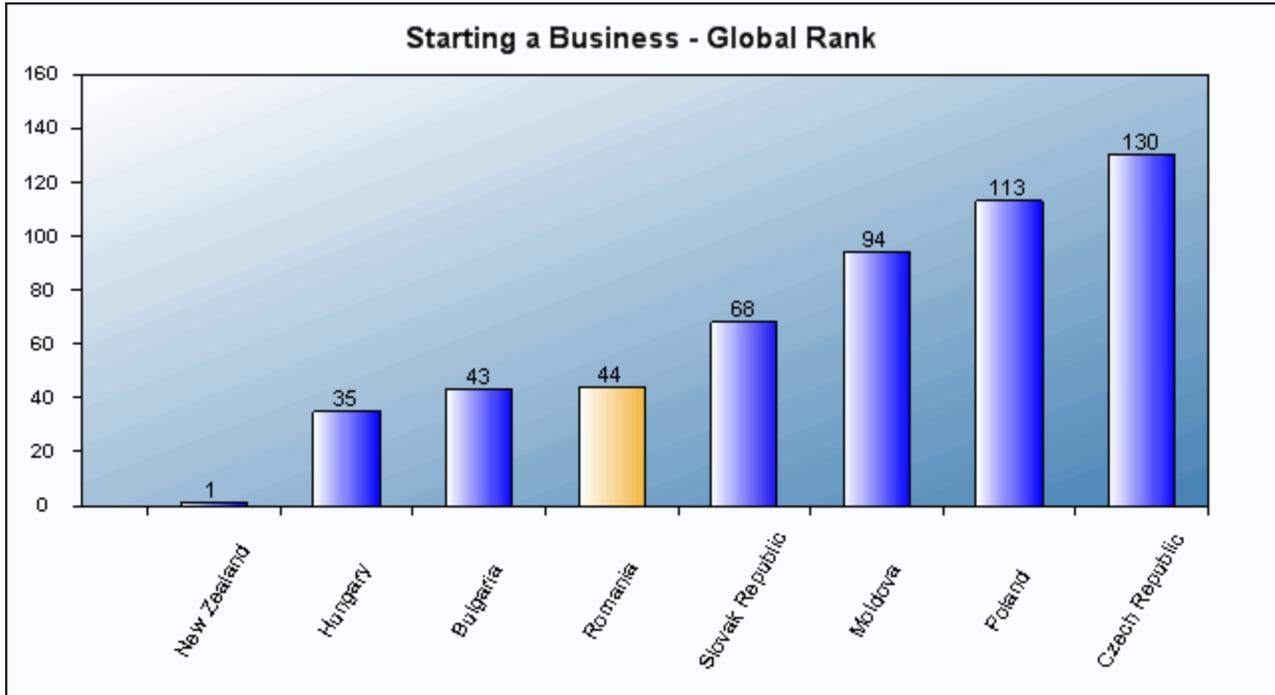
The business:

- 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:

Romania is ranked 44 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Romania	6	10	2.6	0.9

<i>Comparator Economies</i>				
Bulgaria	4	18	1.6	0.0
Czech Republic	9	20	9.3	30.9
Hungary	4	4	8.2	10.2
Moldova	8	10	10.9	11.9
Poland	6	32	17.5	14.7
Slovak Republic	6	16	1.9	22.2

* The following economies are also good practice economies for :

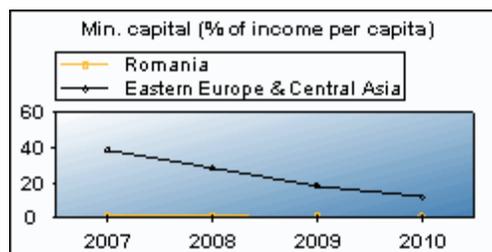
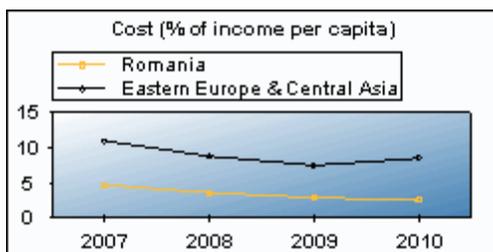
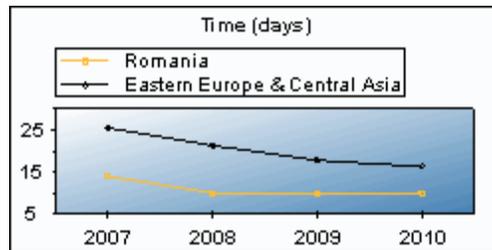
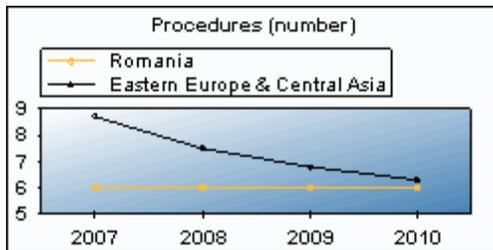
Procedures (number): Canada

Cost (% of income per capita): Slovenia

2. Historical data: Starting a Business in Romania

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	44
Procedures (number)	6	6	6	6
Time (days)	14	10	10	10
Cost (% of income per capita)	4.7	3.6	2.9	2.6
Min. capital (% of income per capita)	1.5	1.1	0.9	0.9

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

STANDARDIZED COMPANY

Legal Form: Societate cu răspundere limitată - Limited

Liability Company

City: Bucharest

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a certificate from the Trade Registry proving the availability of the proposed company name and make a reservation of the name	1	RON 56
2	Deposit funds in a bank and obtain a document confirming bank deposit of sufficient funds	1	no charge
3	Obtain a fiscal record for the company associates and the legal representatives from the public finance department of the municipality	1	RON 20
4	Register with the Unique Office (Biroul Unic) of trade registry Registrul Comertului (BASC), Bucharest Tribunal; obtain court registration, publication of notice, and registration for statistical purposes and social security	3	RON 538
5	Register for VAT	3	no charge
6	Register the employees contracts with the Territorial Labor Inspectorate (TLI)	1	no charge

Starting a Business Details - Romania

Procedure	1	Obtain a certificate from the Trade Registry proving the availability of the proposed company name and make a reservation of the name
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Time to complete: 1

Cost to complete: RON 56

Comment: In accordance with the Order of the Minister of Justice no. 2594/2008, for the approval of the Methodological Norms regarding the way of keeping the trade registries, of making the registrations and of releasing information,

- The reservation of the firm name is now at the national level - thus, companies will have the guarantee that the names under which they choose to perform their trade activity will be protected at national level
- A firm is available when it does not belong to another company by its previous registration with the trade registry, irrespective of the county in which this firm was registered.
- The firm cannot contain the words "științific", "academie", "academic", "universitate", "universitar", "scoală", "școlar" / "scientific", "academy", "academic", "university", "school" / or their derivatives.
- The firm containing the words "național", "roman", "institut" / "national", "Romanian", "institute" / or their derivatives or words or phrases that are characteristic to the central or local public institutions and authorities may be used only with the approval of the Government's General Secretariat or the prefect.

The certificate obtained is valid for a period of 3 months.

Procedure	2	Deposit funds in a bank and obtain a document confirming bank deposit of sufficient funds
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Time to complete: 1

Cost to complete: no charge

Comment:

Procedure	3	Obtain a fiscal record for the company associates and the legal representatives from the public finance department of the municipality
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Time to complete: 1

Cost to complete: RON 20

Comment: The associates of the company or their legal representatives must request a fiscal record from the respective (place where the taxpayer has his/her domicile) Tax and Duties General Directorate. The issuing of such tax record is made on the spot, but its valability is only for 30 days as of the date of its issuing and only for the purpose for which it was issued (Government Ordinance 75/2001 on fiscal record, with its subsequent modifications and completions made by Government Ordinance 47/2007

Procedure	4	Register with the Unique Office (Biroul Unic) of trade registry Registrul Comertului (BASC), Bucharest Tribunal; obtain court registration, publication of notice, and registration for statistical purposes and social security
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Time to complete: 3

Cost to complete: RON 538

Comment: The registration certificate also comprises the unique code of fiscal registration, granted by the Ministry of Public Finances. The issuing of the code of fiscal registration attests if the respective commercial company is recorded as payer of the corporate and income tax. To obtain the unique code of registration, the data contained in the registration request is transmitted per officio to the Ministry of Public Finances; based on the data mentioned above, the Ministry of Public Finances grants the unique code of registration within 8 hours. According to the law, together with the performance of the registration, an excerpt of the certificate of the appointed judge is sent, per officio, to the Regie autonome (Official Gazette) for publication in the Official Gazette, part IV. The registration formalities as a VAT payer are not accomplished with the Trade Registry, but with the Fiscal Administrations within the area of the company's registered office, based on an affidavit. Time limits that expedite the incorporation process have been put in place through Law 359/2004 regarding the registration procedures with the Trade Registry and for tax purposes of individuals, family partnerships and legal entities and the authorization procedure for legal entities (in force starting October 12, 2004) and its subsequent amendment through Government Emergency Ordinance 75/2004. The registration certificate of registration is issued within 3 days.

With respect to the process of authorizing the company's activities, only an affidavit form (Rom. "Declaratie-tip pe propria raspundere") duly signed by the shareholders/associates or directors, stating, as the case may be, that the company: (i) will not carry out any of its declared activities at its main or secondary headquarters for a period of maximum 3 years; or (ii) is in conformity with the legal operating requirements prescribed by the specific legislation for its contemplated object of activity, will have to be submitted. Based on the affidavit form, the Trade Registry Single Office (Rom. "Biroul Unic din cadrul Registrului Comertului"), issues a certificate of status (Rom. "Certificat constator"), accompanying the certificate of registration or, in case of a change in the declared object of activity, the certificate of entries (Rom. "Certificat de mentiuni"). This certificate of status replaces the appendix to the certificate of registration that used to list all the required operating permits.

Prior to registration, companies are required to obtain the approval of neighbors to use a leased office or apartment as a registered headquarters for a company -- even if the company is merely a holding company that conducts no active business; Guidelines of legal documents concerning the registration and authorization of commercial companies and the registration of the amendments brought to their constitutive acts is available at <http://www.onrc.ro/romana/formalitati.php>.

Several changes occurred during 2006: The liquidation fund fee has been increased to an amount representing 20% of the registration taxes. As of August 1, 2006, a new fund has been created, the Insolvency Journal (Buletinul Insolventei) fund, to which a fee representing 5% of the registration taxes shall be paid. In addition, as of January 1, 2007, the files pertaining to a company's registration may be drafted and submitted to the Trade Registry in electronic format, together with an electronic signature. However, as of March 2007, this did not affect to total registration time.

The costs are based on the value for liquidation fund fee according to Law no. 85 of 5.04.2006 on insolvency; the new value for stamp duty is based on Law No. 146/1997 approving the judiciary stamp duties; the new value for filing with the Trade Registry is based on Government Decision no. 1422 of 11.10.2006 for the modification and completion of Government Decision no. 913/2004 on the approval of taxes and tariffs applied to operations done by the Trade Registry Offices attached to each court; the new value for the headquarters uniqueness check is based on Government Decision no. 1422 of 11.10.2006 for the modification and completion of Government Decision no. 913/2004 on the approval of taxes and tariffs applied to operations done by the Trade Registry Offices attached to each court. Beginning August 1st 2006, for the registration taxes to which the liquidation fund fee is applied, according to art. 17 Government Decision 460/2005 on the contents, stages, financing conditions, the publication and distribution of the Judiciary Reorganization and Bankruptcy Procedures Bulletin in amount of 5%. The value for the certificate of status is based on Government Decision no. 1422 of 11.10.2006 for the modification and completion of Government Decision no. 913/2004 on the approval of taxes and tariffs applied to operations done by the Trade Registry Offices attached to each court.

Procedure 5 Register for VAT

Time to complete: 3

Cost to complete: no charge

Comment: According to Law no. 343 of 17.07.2006 for the modification and completion of Law no. 571/2003 on the Tax Code, beginning January 1st 2007 a person subject to taxation established in Romania and has or intends to have an economic activity which implies operations that can be taxed and/or exempted from VAT with deduction rights, must request the registration for VAT purposes from the qualified fiscal authority. The registration code for VAT purpose has the RO prefix, in concordance with the International Standard ISO 3166 - alpha 2 and is obtained by the qualified fiscal authority in a 3-day period from the moment the documentation is submitted. The Trade Registry notifies the Ministry of Finance with regard to the request for VAT registration and the Ministry of Finance issues a separate certificate evidencing the VAT number and the start date for VAT purposes. In addition to this, a Tax Registration Form (Form 010) must be submitted to the Ministry of Finance within the next 30 days as from the company's registration in order for the new company to register as profit tax and social contributions payer.

Procedure 6 Register the employees contracts with the Territorial Labor Inspectorate (TLI)

Time to complete: 1

Cost to complete: no charge

Comment: Each individual work contract must be registered with the Territorial Labor Inspectorate within 20 days from its conclusion. Labor booklets (Rom. Carnet de Munca) are still used as the main employee's official document which indicates the duration of employment, seniority with one employer, seniority in the same position/specialty, base salary history and other relevant information of each employee. Generally, they are kept and filled by the Territorial Labor Inspectorate, which will charge the employer a fee of 0.75% of the monthly salaries fund (the total aggregate amount of employees' gross salaries). The labor booklets may be kept and filled also by the employer if it obtains the prior approval of the Territorial Labor Inspectorate. In such case, the Territorial Labor Inspectorate shall charge the employer a fee of only 0.25% of the monthly salaries fund for examining and certifying the legality of the registrations performed by the employer itself within the labor booklets.

In accordance with Government Decision 161/2006, with subsequent additions and modifications, as of 31 December 2006, each employer is obliged to settle an internal general register recording all his employees, in electronic format, and to transmit it the Territorial Labor Inspectorate in the jurisdiction the employer has his headquarters or domicile.

In accordance with Government Decision 53/2007 on the modification of Art. 4, paragraph (2) of Government Decision 161/2006 on the establishment and filling in of general register of employees' record, each employer that at the date of entering into force of this Decision had personnel employed on the basis of individual work contracts were obliged to send to the Territorial Labor Inspectorate, in the jurisdiction they had their headquarters or domicile, as the case might be, the respective electronic format register, within 90 days from the date of entering into force of this Decision.

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

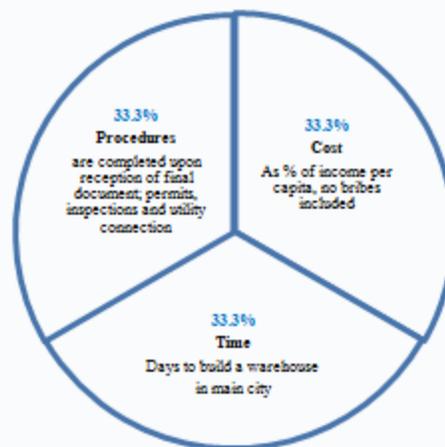
The warehouse:

- 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

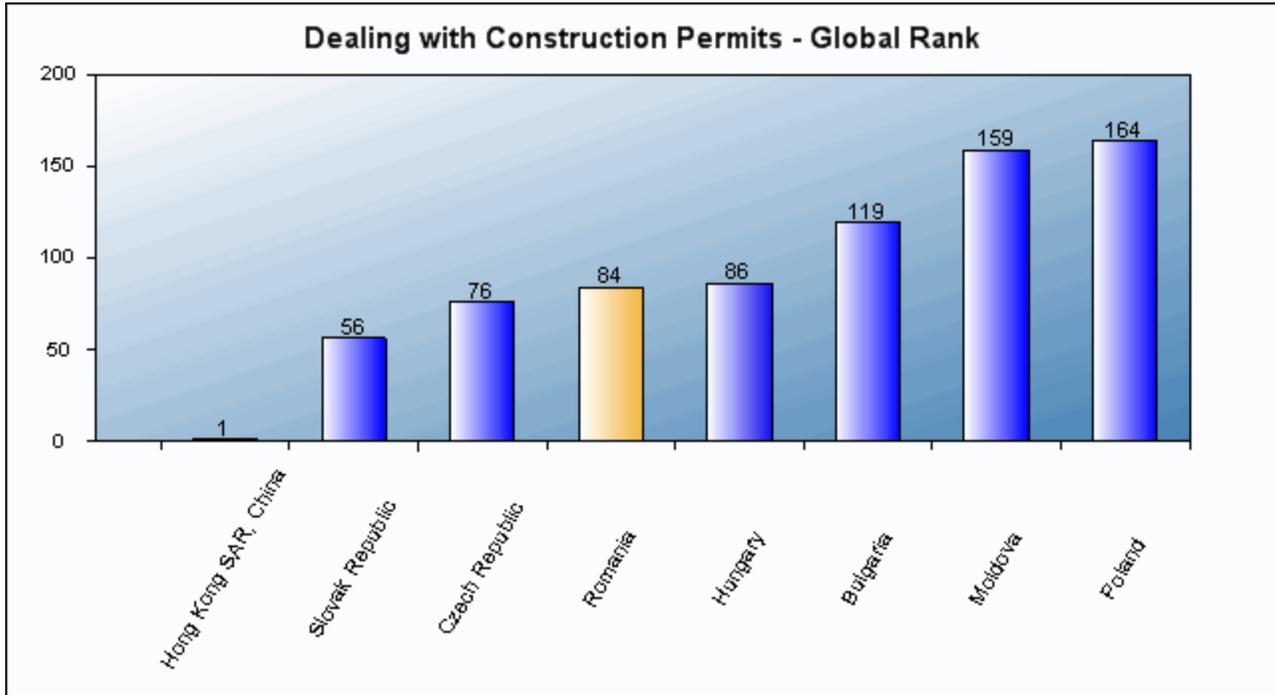
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Romania is ranked 84 overall for Dealing with Construction Permits.

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



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

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

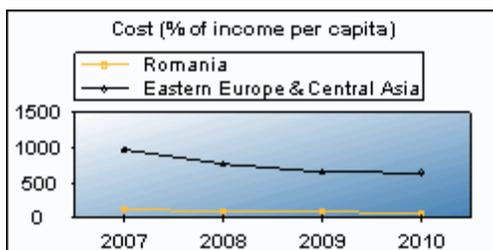
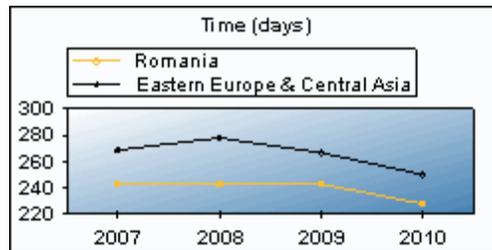
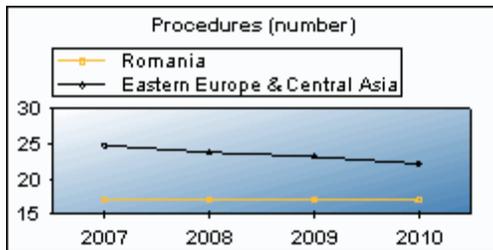
<i>Selected Economy</i>			
Romania	17	228	73.9

<i>Comparator Economies</i>			
Bulgaria	24	139	442.3
Czech Republic	36	150	16.4
Hungary	31	189	9.8
Moldova	30	292	120.9
Poland	32	311	121.8
Slovak Republic	13	287	12.7

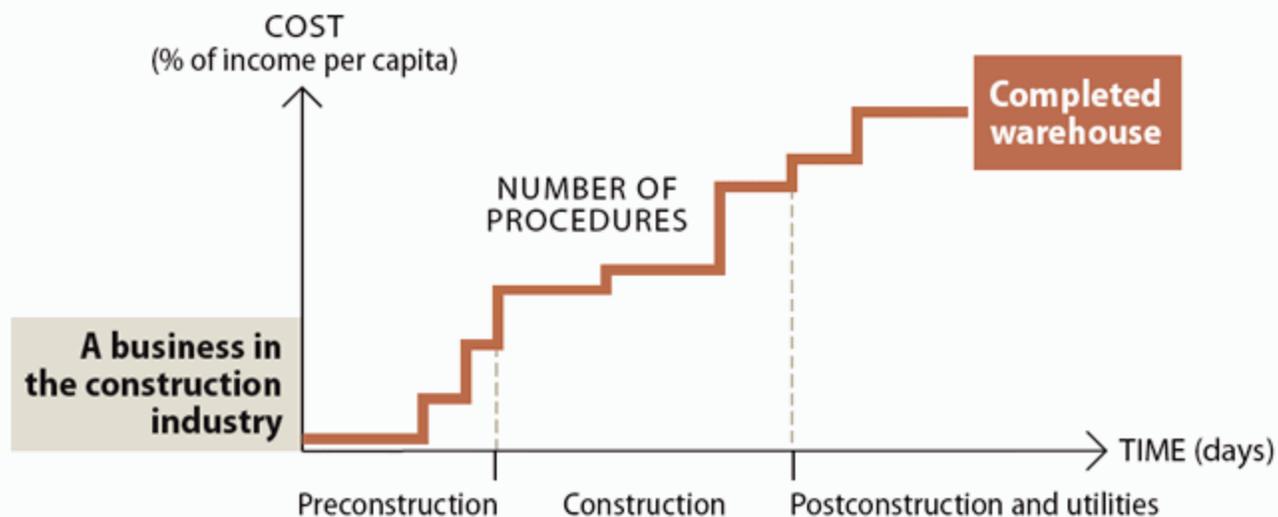
2. Historical data: Dealing with Construction Permits in Romania

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	93	84
Procedures (number)	17	17	17	17
Time (days)	243	243	243	228
Cost (% of income per capita)	124.3	91.2	87.9	73.9

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

BUILDING A WAREHOUSE

City: Bucharest

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a city-planning certificate (urbanization certificate)	30 days	RON 12
2	Obtain project clearance from the water supply and sewerage authority (Apa Nova S.A.)	18 days	RON 72
3 *	Obtain project clearance from the fire department	15 days	no charge
4 *	Obtain project clearance from the environment protection office	21 days	RON 500
5 *	Obtain project clearance from the electric power supply authority (Electrica SA)	15 days	RON 74
6 *	Obtain project clearance from the health department	15 days	RON 200
7 *	Contract with the solid waste authority (REBU SA)	1 day	RON 3,166
8 *	Certify that the title to the land is uncontested	1 day	RON 30

9	Obtain a building permit	30 days	RON 6,500
10	Receive a foundation inspection	1 day	RON 5,200
11	Receive a frame inspection	1 day	no charge
12	Obtain a final assessment of the construction through the Approval Commission	120 days	RON 350
13 *	Receive final inspection from the Approval Commission	55 days	RON 150
14 *	Obtain water and sewage connection (Apa Nova S.A.)	75 days	RON 473
15	Obtain electricity connection	23 days	no charge
16 *	Obtain telephone connection (Romtelecom S.A.)	1 day	no charge
17	Register the building with the real estate registry	7 days	RON 480

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Romania

Procedure	1	Obtain a city-planning certificate (urbanization certificate)
Time to complete:		30 days
Cost to complete:		RON 12
Agency:		Department of Urbanism of the local City Hall
Comment:		<p>The city-planning certificate is issued by the municipality's Department of Urbanism. It describes the construction features allowed and lists all additional required approvals or permits, depending on the construction location and the exact characteristics required by the technical project.</p> <p>Pursuant to the Order no.839/2009 issued by the Ministry of Regional Development and Housing ("Order 839"), approving the new Methodological Norms to the Construction Law, the validity period of the city-planning certificate may vary between 6 and 24 months.</p> <p>The following urban planning documents are needed:</p> <ol style="list-style-type: none">1. The general urban plan (PUG) and the related local regulation.2. The (zone) urban plan (PUZ) and the related local regulation.3. The detailed urban plan (PUD). <p>The urbanization certificate for the land plot gives information on the ownership, the public utility service availability, the location within (intravilan) and outside (extravilan) the city limits, the urban planning requirements, the land use at the time, the allowed uses, and so forth.</p> <p>From a technical point of view, the certificate shows the percentage of land occupation, the coefficient of land use, the minimum and maximum dimensions of the plots, the allowed built-up area, utilities, and access, necessary parking, alignment of the land and buildings with the adjacent streets, and the maximum and minimum construction height allowed.</p> <p>This certificate does not grant the right to build. Its validity period varies but cannot exceed 12 months. Construction must start during that 12-month period.</p> <p>The city-planning certificate enumerates all the necessary project clearances applicable to the warehouse case considered here. The municipality has the right to decide which project clearances are needed.</p> <p>The cost for the issuance of the city-planning certificate is calculated based on the area of the land plot where the warehouse is to be built (1300 sq. m. in the case considered here).All Bucharest district municipalities set the cost at RON 12.</p>
Procedure	2	Obtain project clearance from the water supply and sewerage authority (Apa Nova S.A.)
Time to complete:		18 days
Cost to complete:		RON 72
Agency:		Apa Nova SA
Comment:		By law, the project clearance from the water supply and sewerage authority (Apa Nova S.A.) must be issued in 15 days, but, in practice, it can take up to 18 days.
Procedure	3	Obtain project clearance from the fire department

Time to complete: 15 days

Cost to complete: no charge

Agency: General Inspectorate for Emergency Situations

Comment: The relevant legal provisions in force are the Methodological Norms for the endorsement and permitting regarding fire security and civil protection, approved by Order no. 80/2009 of the Ministry of Administration and Interior.
According to the amendments to the Construction Law, if the 15-day term provided by the law for issuing the clearance is not observed by the General Inspectorate for Emergency Situations, the legal provisions referring to tacit approval shall be applied.

Procedure 4 Obtain project clearance from the environment protection office

Time to complete: 21 days

Cost to complete: RON 500

Agency: Environment Protection Office

Comment: By law, this procedure can take up to 10 days, and the associated cost is RON 100. According to the public authorities, however, the time to complete is 21 days, and the cost can be up to RON 500. This procedure depends on all the previous ones, and is thus done after all preceding procedures have been completed.

Procedure 5 Obtain project clearance from the electric power supply authority (Electrica SA)

Time to complete: 15 days

Cost to complete: RON 74

Agency: Electrica SA

Comment: Project clearance from the electric power authority may not be necessary: the municipality decides whether the project needs this clearance. For the case of building a warehouse in the periurban area of Bucharest, this procedure will likely be required. Electricity is needed after construction for the warehouse to operate and during construction as well. According to new fee schedule for 2008 the fee to be paid to Enel S.A. (former Electrica Muntenia Sud S.A.) is up to RON 73,65.

Procedure 6 Obtain project clearance from the health department

Time to complete: 15 days

Cost to complete: RON 200

Agency: Bucharest Health Department

Comment: By law, the time to complete this procedure is 15 days. To apply for the approval at the Bucharest Health Department, several documents must be submitted: urbanism certificate with annexed plans, technical memorandum drafted by the architect, ownership title, and incorporation certificate.

Procedure 7 Contract with the solid waste authority (REBU SA)

Time to complete: 1 day

Cost to complete: RON 3,166

Agency: REBU SA

Comment: The municipality requests, through the certificate of urbanization, that a contract be signed with a waste disposal company to clear construction debris from the construction site. There are two companies that provide services in this area: ROSAL S.A. and REBU S.A. The latter is a larger player with a wider network. The tariffs have been modified, currently being RON 89.25 (RON 75 + 19% VAT) per cubic meter of waste. Additionally, for the surface of the land in question, a tax of RON 42 would also be applicable. The minimum of 35 m³ must be contracted according to the requirements of company.

Procedure 8 Certify that the title to the land is uncontested

Time to complete: 1 day

Cost to complete: RON 30

Agency: Notary

Comment: The company should make a notarized statement (in this case, BuildCo is both the company and the applicant) stating that there are no disputes related to the land. This procedure is not a standard requirement by law but is often requested in practice.

Each notary charges a different fee, but the fee cannot exceed RON 30 (equivalent to USD 10), the maximum notary fee established by the National Notaries Union.

Procedure 9 Obtain a building permit

Time to complete: 30 days

Cost to complete: RON 6,500

Agency: City Hall

Comment: BuildCo must apply for a building permit by submitting the following documents:

- City-planning certificate.
- Property title on the land (there are no requirements as to how recent the title must be).
- Technical documentation which replaced former Plans for the authorization of construction.
- Necessary approvals, as required by the city-planning certificate.
- Environmental approval Environmental Protection Agency
- Proof of payment of the legally required taxes (receipts from the tax authorities).
- Legalized copy of the title to the real estate or the updated cadastral plan and land registry extract for informative purposes, if the law does not otherwise require.

The building permit is issued by the municipality. Note that, for Bucharest, the construction permit is issued by the General Mayor of Bucharest, if the construction is to be done outside the buildable area or if it exceeds a district area; or by the relevant district mayor, if the construction is to be located in one of the six districts of Bucharest.

The cost of the building permit is 1% of the value of the construction work.

Procedure 10 Receive a foundation inspection

Time to complete: 1 day

Cost to complete: RON 5,200

Agency: State Inspectorate for Construction

Comment: The schedule of inspections is described in the building permit. By law, BuildCo must pay 0.1% of the authorized value to the competent territorial inspectorate for construction. In addition, the investors or owners must pay the State Inspectorate for Construction a monthly payment equivalent to 0.70% of the value of the expenses incurred in that month for the execution of the construction work.

Procedure 11 Receive a frame inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: State Inspectorate for Construction

Comment:

Procedure 12 Obtain a final assessment of the construction through the Approval Commission

Time to complete: 120 days

Cost to complete: RON 350

Agency: Acceptance Commission

Comment: The company notifies the local public administration and other relevant authorities of the date of completion of construction so that the Approval Commission may be convened. The Acceptance Commission is a body made up of the construction beneficiary (BuildCo), officials from local public administration, and technical experts. It is legally required to meet and determine that the construction meets all applicable legal requirements.

The commission must be convened within 15 days from the date of completion of works. The utility connections would have been made at this stage. The final assessment can take several days and includes an on-site inspection. Within 3 working days from the end of the assessment, the Acceptance Commission must submit the notes and conclusions to the beneficiary of construction and recommend approval (with or without reservations), postponement, or rejection of the construction.

Procedure 13 Receive final inspection from the Approval Commission

Time to complete: 55 days

Cost to complete: RON 150

Agency: Acceptance Commission

Comment: Pursuant to the Regulation for reception of construction works and of the installations afferent to them, as approved by the Government Decision no.273/1994, the beneficiary has to convene the final inspection within at most 15 days as of the expiry of the guarantee period for the construction works. Within 3 working days as of the end of the final inspection, the Acceptance Commission will provide the beneficiary with a final inspection minute containing the Commission's notes and conclusions and recommended approval (with or without reservations), postponement or rejection of the reception. Yet,

in practice, it does not take more 30 days for an inspector to come to the site. There is no fixed cost associated with it. The law specifies only that the beneficiary must bear the costs incurred by the Acceptance Commission in performing the final inspection.

Procedure 14 Obtain water and sewage connection (Apa Nova S.A.)

Time to complete: 75 days

Cost to complete: RON 473

Agency: Apa Nova SA

Comment: According to the water and sewage authority (Apa Nova S.A.), this procedure takes approximately 2-3 months due to significant increase in demand and backlog. The associated costs were increased to RON 330 for connection fee, RON 72 for application fee and 64,18% VAT. Inspections for utilities occur at the same time as the connection.

Procedure 15 Obtain electricity connection

Time to complete: 23 days

Cost to complete: no charge

Agency: Enel S.A./ANRE

Comment: There are several companies in Romania that provide electricity. According to one of them Enel S.A. (former Electrica Muntenia Sud), the duration of this procedure is approximately 2–3 days from the date of issuance of preliminary authorization (acord de principiu), which can take up to 30 days. The actual connection work is done by ANRE. The cost for connection is approximately RON 150, payable on the day the agreement with the water and sewage authority (Apa Nova S.A.) is concluded. Inspections for utilities occur at the same time as the connection.

Procedure 16 Obtain telephone connection (Romtelecom S.A.)

Time to complete: 1 day

Cost to complete: no charge

Agency: Romtelecom SA

Comment: Inspections for utilities occur at the same time as the connection.

Procedure 17 Register the building with the real estate registry

Time to complete: 7 days

Cost to complete: RON 480

Agency: Real Estate Registry

Comment: The building can be registered once it has been completed and approved. There are two stages of approval, and for that reason, the building can be registered twice. The first stage is after the Commission approval, and the second is when the warranty period had expired, after the final Commission approval. The second approval applies only when the owner and the builder are different entities. Therefore, in the case considered here, it is assumed that only one registration is done.

Pursuant to Order no. 186/2009 on the establishment of time frames for performing services by the National Agency for Cadastre and Land Registration ("Order 186"), the standard registration time is of 21 days but, if the applicant pays an additional fee, the registration time will be reduced to 7 days. According to Order no. 39/2009 on the approval of fees for performing services by the National Agency for Cadastre and Land Registration ("Order 39"), the standard registration fee is of RON 120 and the additional fee, for obtaining a shorter issuance time, is four-times the standard fee.

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)

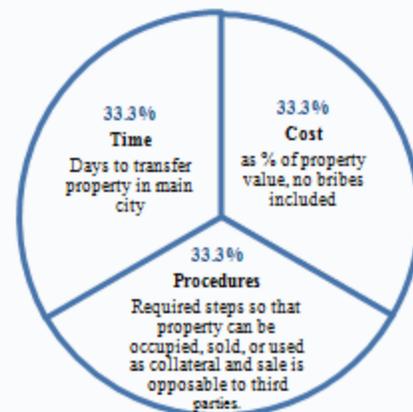
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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:

Romania is ranked 92 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Romania	8	48	1.3

<i>Comparator Economies</i>			
Bulgaria	8	15	3.0
Czech Republic	4	43	3.0
Hungary	4	17	5.0
Moldova	5	5	0.9
Poland	6	152	0.4
Slovak Republic	3	17	0.0

* The following economies are also good practice economies for :

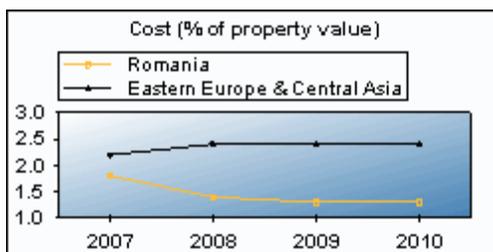
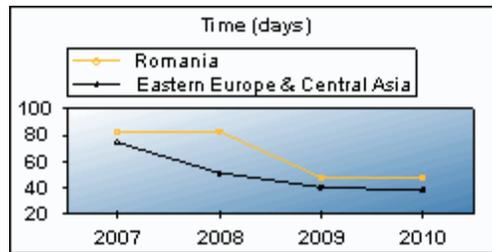
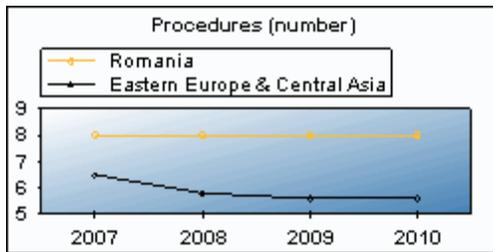
Procedures (number): United Arab Emirates

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

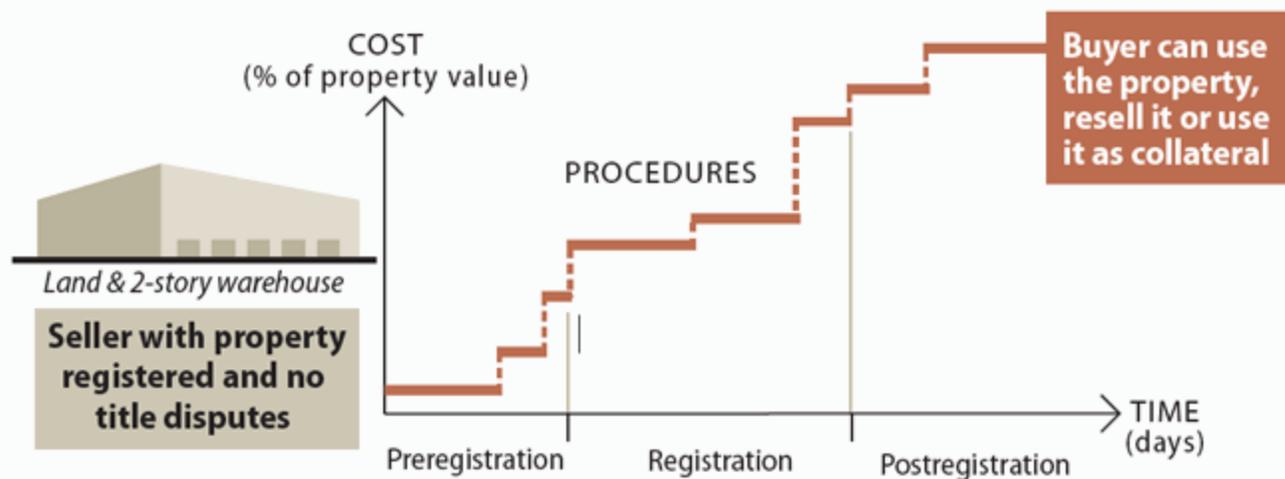
2. Historical data: Registering Property in Romania

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	92
Procedures (number)	8	8	8	8
Time (days)	83	83	48	48
Cost (% of property value)	1.8	1.4	1.3	1.3

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

STANDARDIZED PROPERTY

Property Value: 1,164,777.65

City: Bucharest

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain information from the Cadastre	3 days (regular procedure) or 1 day (expedited procedure) (simultaneous with procedure 2)	RON 100-250: regular procedure (5 RON per page; 3 days); expedited (25 RON per page; 1 day)
2 *	Obtain a fiscal certificate	1-5 days (simultaneous with procedure 1)	RON 10 (fiscal stamp)
3	Obtain a Land Registry extract (non-encumbrance certificate) from the Land Registry office	2 days (regular procedure) or 1 day (expedited procedure)	Authentication excerpt - 40 RON in regular procedure, 200 RON in expedited procedure; Information excerpt - 20 RON in regular procedure, 100 RON in expedited procedure

4	The notary verifies the non-encumbrance and fiscal certificates and authenticates the sale purchase agreement	1-2 days	RON 5,286 +0.5% of transaction value exceeding RON 549,231 (notary fees) Value of the transaction (in RON)Amount of the fees (in RON) Below RON 13,6962.5% but no less than RON 150 From RON 13,696 to RON 27,4992% but no less than RON 342 From RON 27,499 to RON 54,8911.5% but no less than RON 618 From RON 54,891 to RON 274,5621% but no less than RON 1,029 From RON 274,562 to RON 549,2310.75% but no less than RON 3,266 Above RON 549,2310.5% but no less than RON 5,286
5	Register title in the Land Registry Office	9 days (regular procedure) or 3 days (expedited procedure)	0.5% of property value (regular); 2.5% of property value (expedited). Minimum RON 60. Extra fee cannot exceed RON 5,000.
6	File fiscal declaration of acquiring the property	1 day	Up to RON 10
7	Purchaser publishes corporate document on the acquisition	1 day	100 RON per page
8	Registration of the work place with the Trade Register Office	30 days	RON 350 - RON 420

* Takes place simultaneously with another procedure.

Registering Property Details - Romania

Procedure	1	Obtain information from the Cadastre
Time to complete:		3 days (regular procedure) or 1 day (expedited procedure) (simultaneous with procedure 2)
Cost to complete:		RON 100-250: regular procedure (5 RON per page; 3 days); expedited (25 RON per page; 1 day)
Agency:		Cadastre
Comment:		<p>The seller obtains information drafted by an authorized expert from the National Office of Cadastre and Real Estate Publicity. This information includes: technical memorials, coordination inventory, analytical calculation of the land, topographical description, area plan on a scale of 1:500; and on the scale of 1:2000, description of property, the plan of the real estate, and a property statement regarding the identification of the limits of the measured real estate.</p> <p>The documentation shall include: Application form A copy of the property title A copy of the identification documents of the owner</p> <p>Expedited version for this procedure is offered since December 27, 2007 with the Order no: 371. According to the order no. 39 of April 2009 and the Order no. 186 of April 2009, the regular procedure takes 3 days (cost 5 RON per page) and the expedited one takes 1 day (25 RON per page).</p>
Procedure	2	Obtain a fiscal certificate
Time to complete:		1-5 days (simultaneous with procedure 1)
Cost to complete:		RON 10 (fiscal stamp)
Agency:		Local fiscal authority
Comment:		<p>The seller obtains the fiscal clearance certificate from the local fiscal authority from the district where the real estate is located. The fiscal certificate states that the property is not owned by the state and that there are no unpaid taxes on the property. The Romanian law provides for two types of fiscal certificates: (i) a fiscal certificate that contains information related to the entity (individual or company) fiscal liabilities (e.g. income tax) of a tax payer and (ii) a fiscal certificate that contains information related to the status of the taxes owned in respect of the property. The second type of fiscal certificate is required for completion of a transfer of ownership. The validity of a fiscal certificate is up to 35 calendar days. According to the provisions of art. 113 of the Romanian Fiscal Procedure Code, the validity of a fiscal certificate lasts until the end of the month within the certificate is issued. The certificate is issued to 3 counterparts (2 for the person who requested it and one for the fiscal authority). The certificates must attest that the company has no outstanding debts whatsoever with the tax authority, regardless of whether the debts are in connection with the real estate or not.</p> <p>The documentation shall include: An application from the owner A copy of the last receipt with which it is demonstrated that there are no unpaid taxes A copy of the identification documents of the owner The last accounting records of the company</p>

The power of attorney for the company's representative

Procedure 3 Obtain a Land Registry extract (non-encumbrance certificate) from the Land Registry office

Time to complete: 2 days (regular procedure) or 1 day (expedited procedure)

Cost to complete: Authentication excerpt - 40 RON in regular procedure, 200 RON in expedited procedure;
Information excerpt - 20 RON in regular procedure, 100 RON in expedited procedure

Agency: Land Registry office

Comment: The public notary legalizes the sale purchase agreement, fills in the application form to obtain a Land Registry extract from the Land Registry office, and sends it to the Land Registry office, usually by fax. The same public notary is the only notary who may legalize the agreement for which the excerpt was required. The validity of the extract is 5 business days, starting with the day and hour when the application form was registered, until the end of the 5th day. During those 5 business days the registering clerk has no power to make any other operation except for the one for which the extract was required--the Land Book is blocked during this period, in order to assure the security of the real estate transactions.

Authentication excerpt can be obtained in 2 days (regular procedure, cost 20 RON) or in 1 day (expedited procedure, cost 100 RON); Information excerpt can be obtained in 3 days (regular procedure, cost 40 RON) or in 1 day (expedited procedure, cost 200 RON).

The documentation shall include:
Application for the Land Registry extract
A copy of the identity documents
A copy of the registration decision
A copy of the fiscal certificate (obtained in Procedure 2)

Procedure 4 The notary verifies the non-encumbrance and fiscal certificates and authenticates the sale purchase agreement

Time to complete: 1-2 days

Cost to complete: RON 5,286 +0.5% of transaction value exceeding RON 549,231 (notary fees)
Value of the transaction (in RON) Amount of the fees (in RON)
Below RON 13,696 2.5% but no less than RON 150
From RON 13,696 to RON 27,499 2% but no less than RON 342
From RON 27,499 to RON 54,891 1.5% but no less than RON 618
From RON 54,891 to RON 274,562 1% but no less than RON 1,029
From RON 274,562 to RON 549,231 0.75% but no less than RON 3,266
Above RON 549,231 0.5% but no less than RON 5,286

Comment: The notary verifies the non-encumbrance and fiscal certificates and authenticates the sale purchase agreement. Without these certificates, the notary may not authenticate the agreement. The notary's fees and authentication taxes could be paid either directly to the notary or through special bank accounts organized for such purposes.
If the notary operates for a different area than the one in where the real estate is located, then the interested party should provide the standards of the minimum taxation values applying in the area where the real estate is located.
Though not mandatory, a lawyer may conduct due diligence before this procedure, by studying the previous successive transfers of the respective property and identification of the parties. After the due diligence the parties finalize the sales agreement. A lawyer may charge about RON 3,200 and take a couple of days for the due diligence

The documentation shall include:
The property title in original, which will state the way in which the property was obtained
Fiscal certificate (obtained in Procedure 2)
The cadastre information drafted by an authorized expert, which will include the identification

elements of the real estate: the plan of the real estate, its description, the area plans (obtained in Procedure 1)

Non-encumbrance certificate (obtained in Procedure 3)

Sale purchase agreement

Value of the transaction (in RON)	Amount of the fees (in RON)
Below RON 13,696	2.5% but no less than RON 150
From RON 13,696 to RON 27,499	2% but no less than RON 342
From RON 27,499 to RON 54,891	1.5% but no less than RON 618
From RON 54,891 to RON 274,562	1% but no less than RON 1,029
From RON 274,562 to RON 549,231	0.75% but no less than RON 3,266
Above RON 549,231	0.5% but no less than RON 5,286

A discount up to 15% might be given by the Notary if the sale and purchase agreement is drafted by a lawyer.

Starting with 1st of January 2007 only the notary fee is due. The authentication tax was revoked and replaced with the income tax obtained following the transfer of the real estate properties from the personal patrimony of the Seller as individual.

For legal entities a 16 % income tax is to be applied to the profit resulted in the company's balance sheet, including this transaction.

Procedure 5 Register title in the Land Registry Office

Time to complete: 9 days (regular procedure) or 3 days (expedited procedure)

Cost to complete: 0.5% of property value (regular); 2.5% of property value (expedited). Minimum RON 60. Extra fee cannot exceed RON 5,000.

Agency: Land Registry Office

Comment: The same public notary applies for registration of the property title at the Land Book Office, by sending the application and the original notary deed, directly or by fax, to the district Land Book Office where the real estate is placed. Therefore, the registration is performed ex officio by the notary, based on the authenticated sale purchase act.

An expedited option is available given that an extra fee of 5 times the normal fee will be added. The extra fee can not be more than RON 5,000. Registration fees are 0.5% of property value with a minimum of RON 60 according to Order no 39/06.04.2009, for a procedure that takes 9 days. An expedited procedure is available (3 days) for an additional fee of 2.5% of property value. According to the article 6 of Order no 39/2009, this additional fee cannot exceed RON 5000. Only when the real estate is registered in the Land Book for the first time a tax of RON 120 should be paid for this registration.

In case the owner registers his/her property for the first time (i.e. following the reconstitution of the ownership for which the cadastre is made for the first time) the terms for registration are 21 days (regular procedure) or 7 days (expedited procedure).

The documentation shall include:

Sale-purchase contract (notarized in Procedure 4)

Fiscal certificate (obtained in Procedure 2)

Cadastre certificate (obtained in Procedure 1)

ID of the buyer

A registration application

The property title, all the originals, plus a legalized copy from a public notary

Proof of total payment.

Procedure 6 File fiscal declaration of acquiring the property

Time to complete: 1 day

Cost to complete:	Up to RON 10
Agency:	Local Tax Department
Comment:	<p>The fiscal declaration of the acquisition of the property is filed by the buyer at the Local Tax Department. The declaration must be performed within 30 days of the authentication date.</p> <p>The documentation shall include:</p> <ul style="list-style-type: none"> Tax statement for the respective real estate The property title, in original and a copy Accounting documents (invoice, analytical balance, balance sheet, etc.) Cadastral documents Copy of the registration certificate of the company

Procedure 7 Purchaser publishes corporate document on the acquisition

Time to complete:	1 day
Cost to complete:	100 RON per page
Comment:	<p>Following the shareholders meeting called with 10 days prior notice, the purchasing company publishes a notice regarding its acquisition of the property. This notice is submitted upon registration as an additional act to the constitutive act of the company regarding the creation of the work place. This additional act is drafted following the associates' meeting regarding the (acquisition and) creation of the working place.</p> <p>Ten days' prior notification is given to associates; therefore, if the meeting was called in advance, the procedure could take one day only.</p>

Procedure 8 Registration of the work place with the Trade Register Office

Time to complete:	30 days
Cost to complete:	RON 350 - RON 420
Agency:	Trade Register Office
Comment:	<p>The buyer should apply for registration with the Trade Register Office of the work place located at the newly acquired property. If the property is a working unit of the company, it has to be registered, as it is mentioned in the Commercial Registration Law (Law Number 26/1990). The registration includes, among others, environment, sanitary, fire protection, labor approvals from various relevant authorities, all located in a one-stop shop. The registration is not necessary for the transfer of title, but only for making it opposable to third parties and for registration as a place of business. The concrete use of the property as a work place is not required but the evidences necessary for the using it as such are needed for obtaining the authorizations within the corporate registration process. Stamp tax and registration fees are lump-sum taxes and do not depend on the property value.</p> <p>The Trade Register tax and fees could be paid either directly to the Trade Register or through special bank accounts organized for such purposes.</p> <p>In summary, the total amount to be paid for the registration of a working place is made up of several taxes. When the application is filed only for the establishment of the working place, the taxes are:</p> <ol style="list-style-type: none"> 1. Ascertaining certificate – 30 lei 2. Registration of secondary business place – 30 lei 3. Registration of the standard-form (regarding the fulfillment of the conditions to perform activities) – 30 lei

4. Liquidation fund (20% of points 1-3) – 6 lei
 5. Bulletin fund (5% of points 1-3) – 1.5 lei
 6. Judicial stamp duty – 39 lei
 7. Commission for the judge's mention – 60 lei
 8. Transmission of documents to be published in the Official Gazette – 20 lei
 9. Official Gazette commission (depends on the number of documents, for this example we have counted 5) – 50 lei
 10. Publication in the Official Gazette (depends on the number of rows in the document; only the resolution deciding the establishment of the working place is published) – 80-150 lei
- TOTAL – 350-420 lei.

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

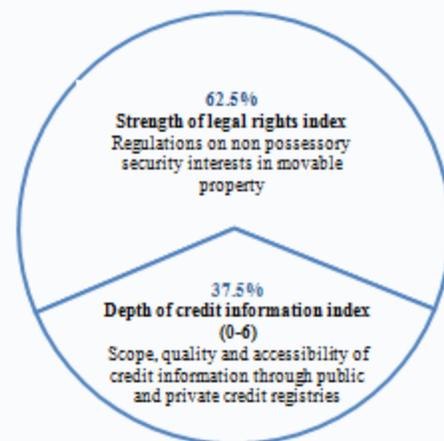
Public credit registry coverage (% of adults)

- 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)

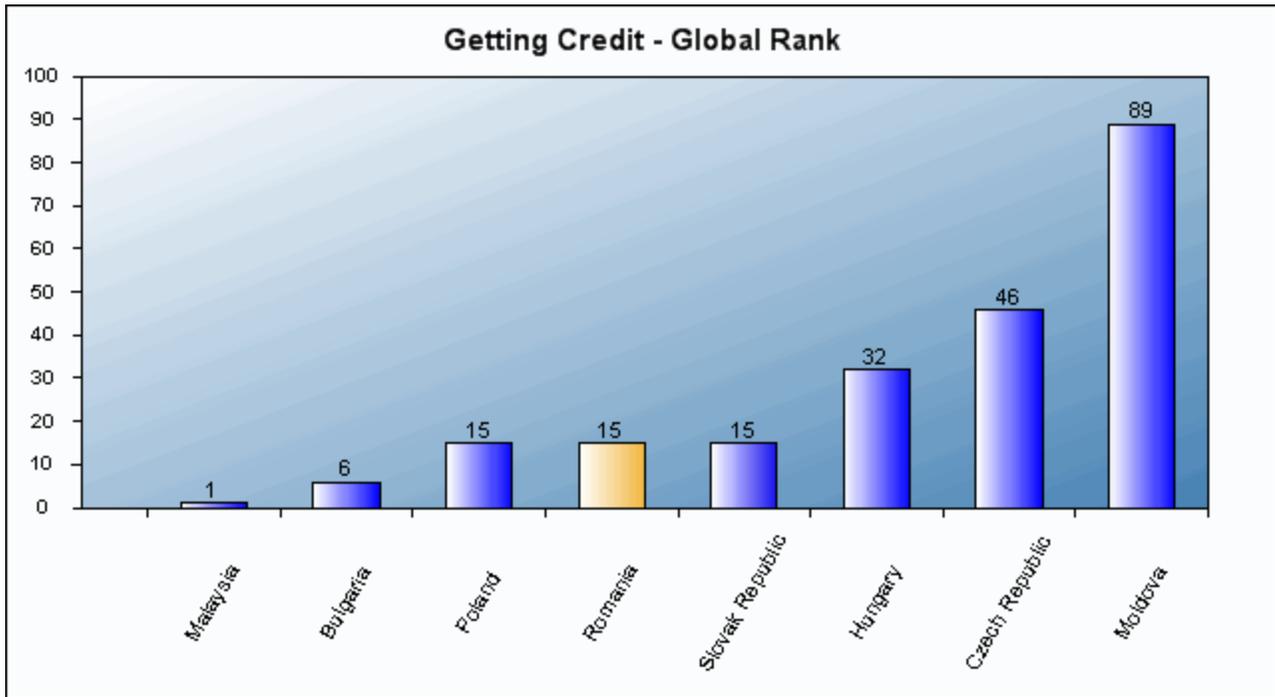
The Debtor

- 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:

Romania is ranked 15 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Romania	8	5	13.0	33.3

<i>Comparator Economies</i>				
Bulgaria	8	6	37.0	13.1
Czech Republic	6	5	4.9	73.2
Hungary	7	5	0.0	11.4
Moldova	8	0	0.0	0.0
Poland	9	4	0.0	91.7
Slovak Republic	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

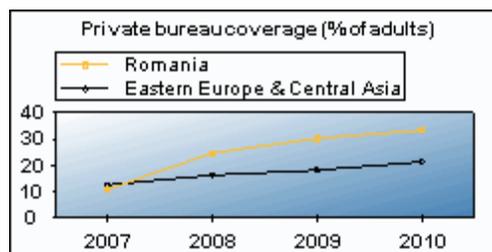
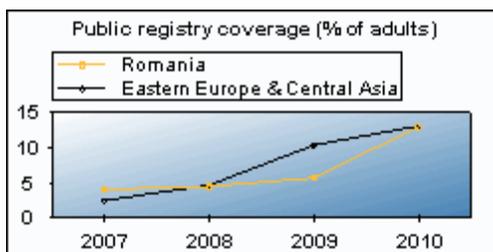
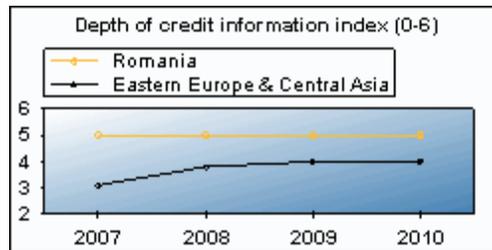
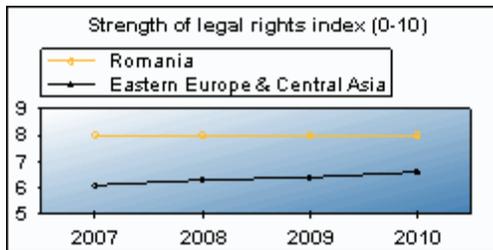
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

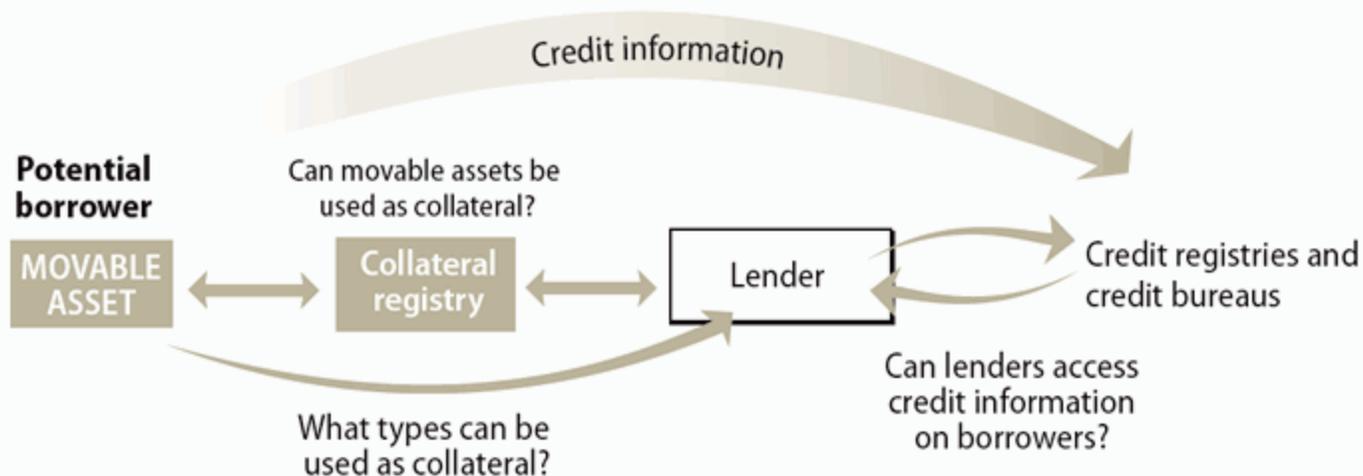
2. Historical data: Getting Credit in Romania

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	8	8
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	10.9	24.7	30.2	33.3
Public registry coverage (% of adults)	4.1	4.5	5.7	13.0

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	Yes	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	Yes	1
Coverage	33.3	13.0	
Number of individuals	6,000,000	2,136,320	
Number of firms	0	204,130	

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

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

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

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

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

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

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

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

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

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

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

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

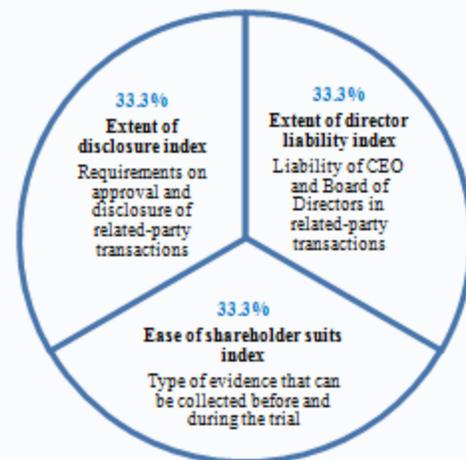
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

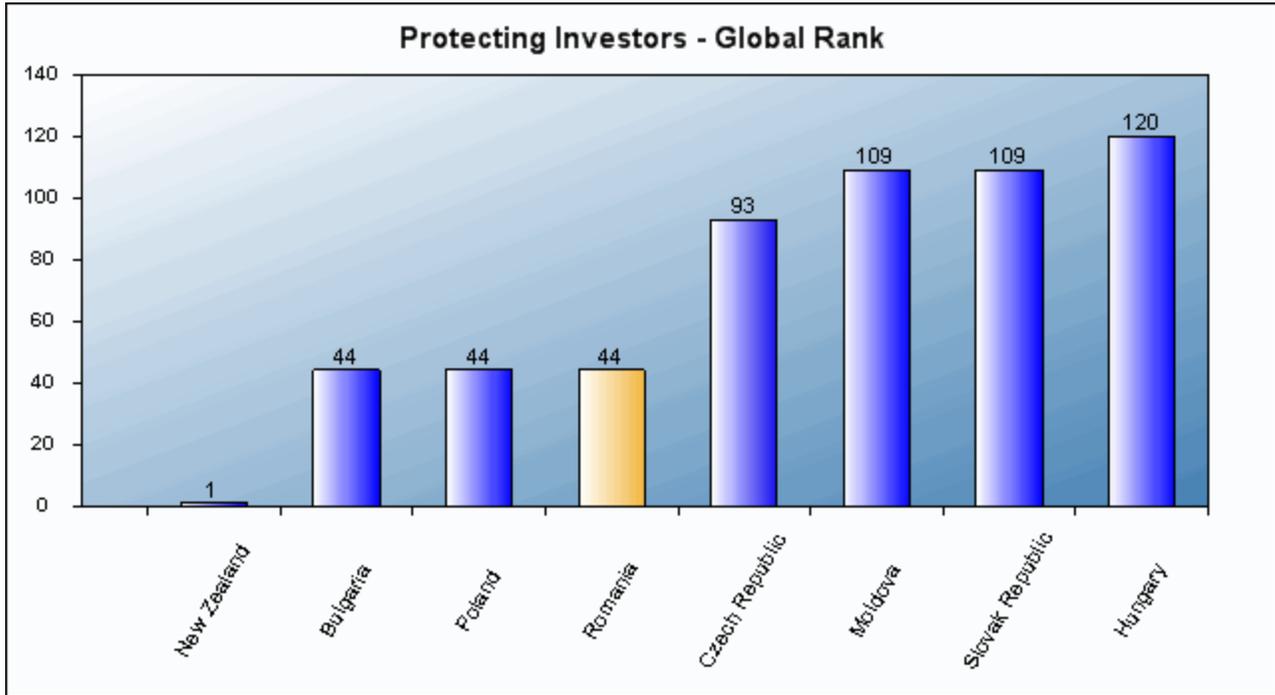
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Romania is ranked 44 overall for Protecting Investors.

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



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

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

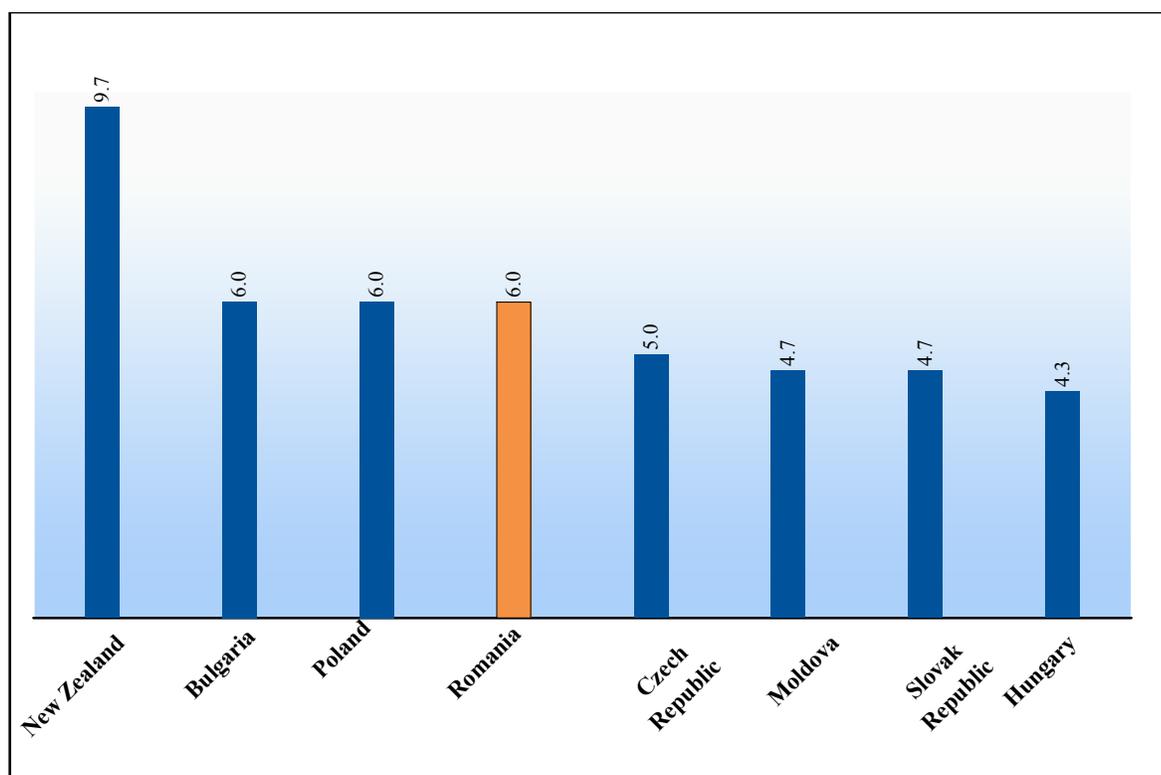
<i>Selected Economy</i>	
Romania	6.0

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

2. Historical data: Protecting Investors in Romania

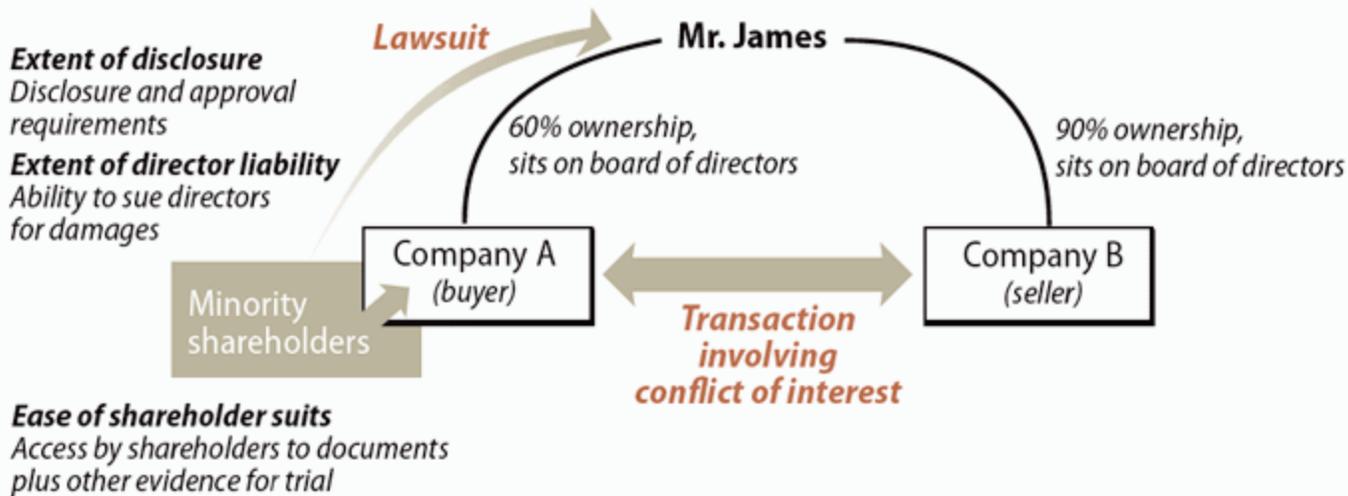
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	44
Strength of investor protection index (0-10)	6.0	6.0	6.0	6.0

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	9
What corporate body provides legally sufficient approval for the transaction?	3
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?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	5
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	1
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	4
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	6.0

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

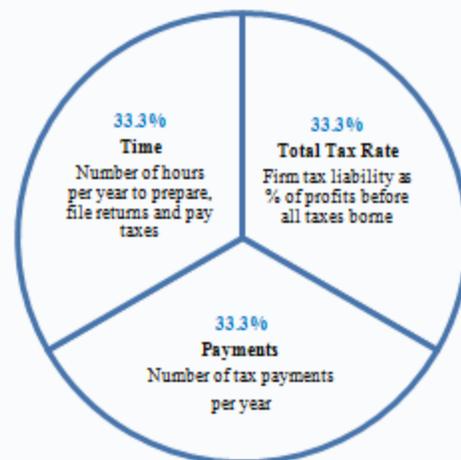
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



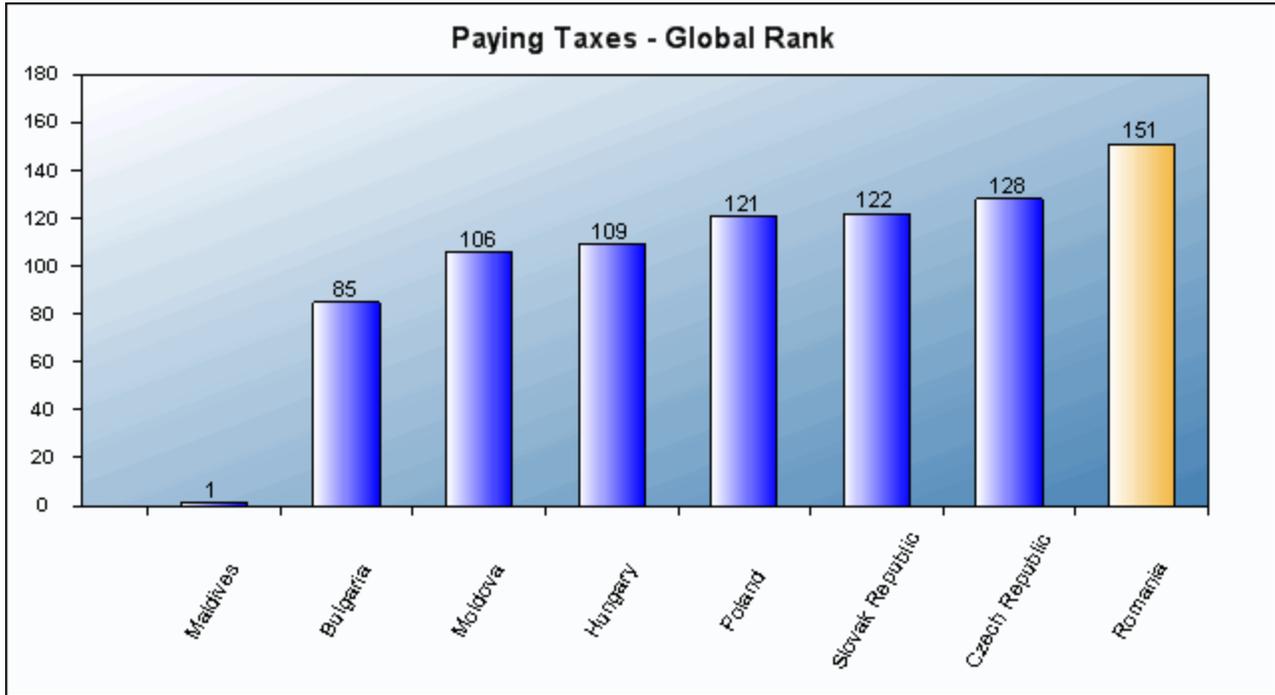
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

Romania is ranked 151 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Romania	113	222	44.9

<i>Comparator Economies</i>			
Bulgaria	17	616	29.0
Czech Republic	12	557	48.8
Hungary	14	277	53.3
Moldova	48	228	30.9
Poland	29	325	42.3
Slovak Republic	31	257	48.7

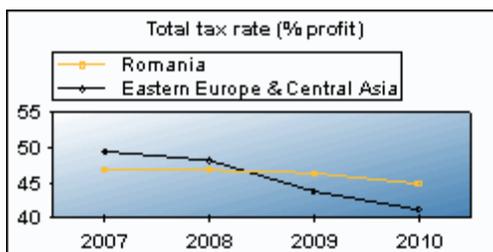
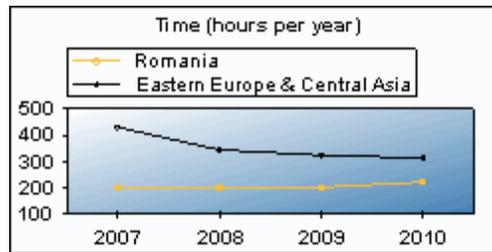
* The following economies are also good practice economies for :

Payments (number per year): Qatar

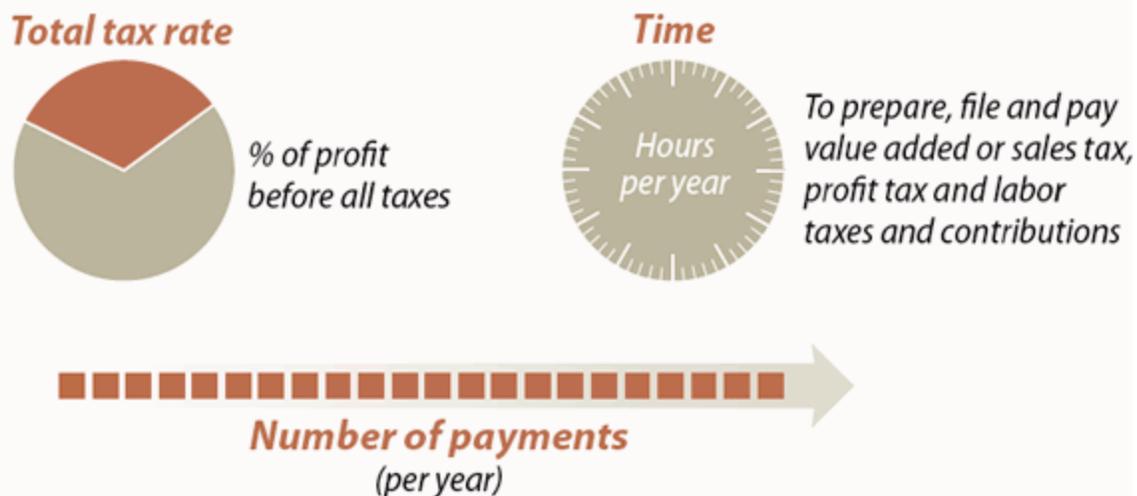
2. Historical data: Paying Taxes in Romania

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	147	151
Total tax rate (% profit)	46.9	46.8	46.4	44.9
Payments (number per year)	108	113	113	113
Time (hours per year)	202	202	202	222

3. The following graphs illustrate the Paying Taxes sub indicators in Romania 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 Romania, 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		60	19.0%	value added		
Environmental taxes	1			RON 1 per kilo of packaging	weight of packaging		
Stamp duty on contracts	0			various rates	type of contract		
Land tax	2			RON 0.3 per square meter	land area	0.00	
Firm tax	4			A fixed amount per square meter of lighting panel	The surface of the lighting panel	0.00	
Urbanism tax	1			fixed fee	surface	0.00	
Vehicle tax	2			fixed fee (RON 140)		0.10	
Guarantee fund	12			0.3%	gross salaries	0.20	

Labor inspectorate commission	12		0.25% -0.75%	gross salaries	0.60
Medical leave	12		0.9%	gross salaries	0.70
Accident risk fund	12		0.15-0.85%	gross salaries	0.80
Building tax	2		1.0%	building value	1.00
Fuel tax	1			included in fuel price	1.10
Unemployment contribution	12		0.5%	gross salaries	1.70
Health insurance contributions	12		5.2%	gross salaries	5.00
Corporate income tax	4	42	16.0%	taxable profit	10.40
Social security contributions	12	120	18.5%, 20.8%	gross salaries	23.20
Totals	113	222			44.9

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)

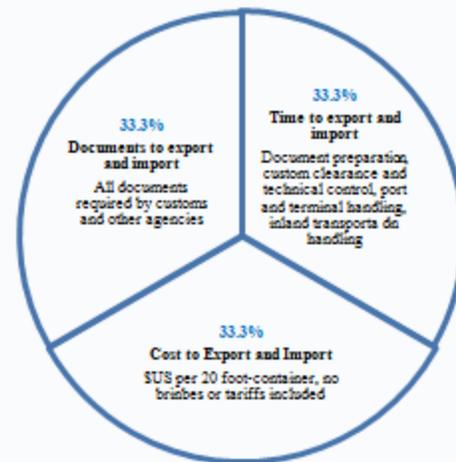
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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:

Romania is ranked 47 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Romania	5	12	1275	6	13	1175

<i>Comparator Economies</i>						
Bulgaria	5	23	1551	7	21	1666
Czech Republic	4	17	1060	7	20	1165
Hungary	5	18	1225	7	17	1215
Moldova	6	32	1765	7	35	1960
Poland	5	17	884	5	25	884
Slovak Republic	6	17	1530	8	19	1505

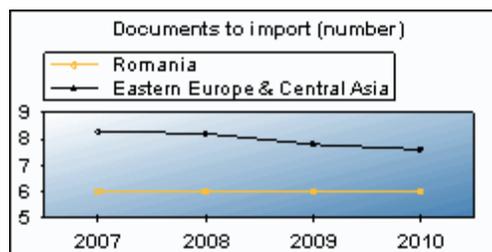
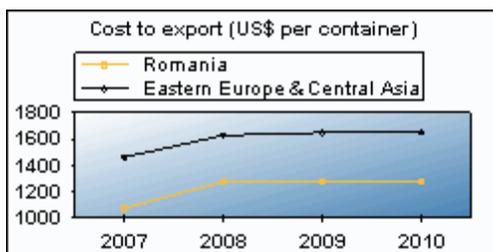
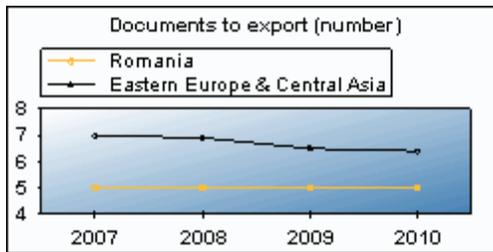
* The following economies are also good practice economies for :

Time to export (days): Estonia

2. Historical data: Trading Across Borders in Romania

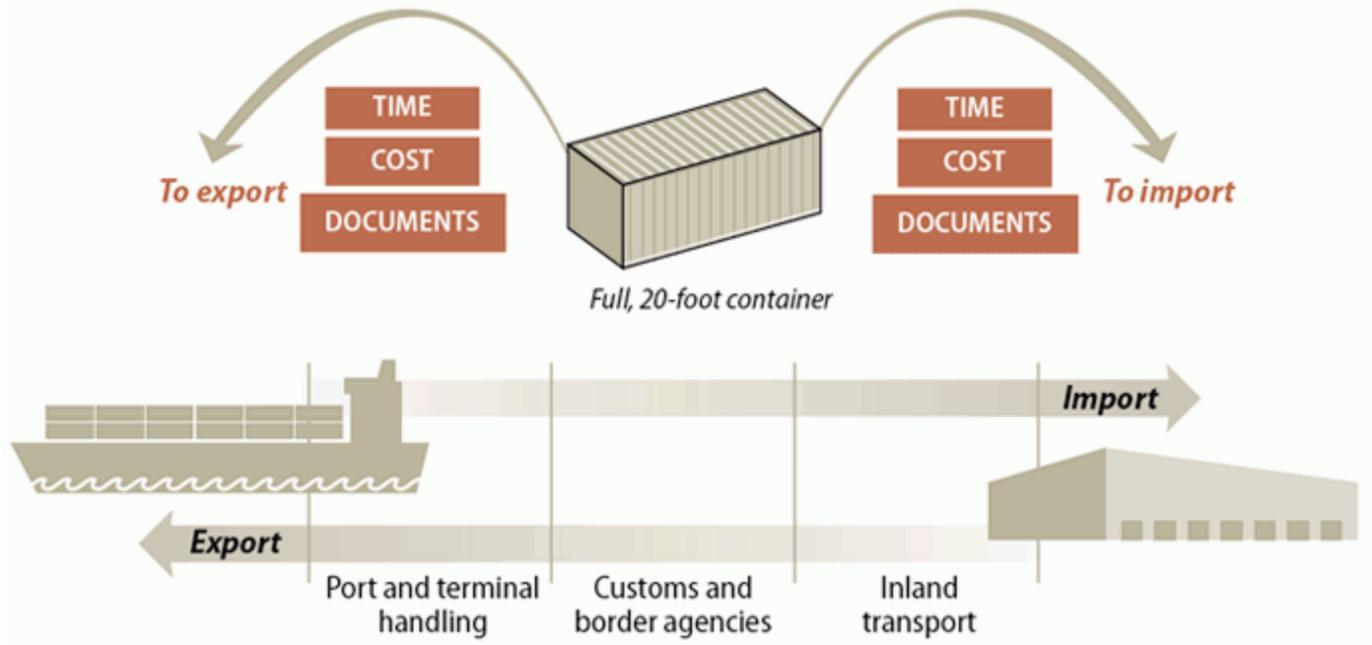
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	48	47
Cost to export (US\$ per container)	1075	1275	1275	1275
Cost to import (US\$ per container)	1075	1175	1175	1175
Documents to export (number)	5	5	5	5
Documents to import (number)	6	6	6	6
Time to export (days)	12	12	12	12
Time to import (days)	13	13	13	13

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	6	400
Customs clearance and technical control	1	75
Ports and terminal handling	3	300
Inland transportation and handling	2	500
Totals	12	1275

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	400
Customs clearance and technical control	1	75
Ports and terminal handling	2	300
Inland transportation and handling	2	400
Totals	13	1175

Documents for Export and Import

Export

- Bill of lading
- Commercial invoice
- Convention des Marchandises Routiers (CMR)
- Customs export declaration
- Packing list

Import

- Packing list
- Bill of lading
- Certificate of origin
- Commercial invoice
- Convention des Marchandises Routiers (CMR)
- Customs import declaration

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

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)

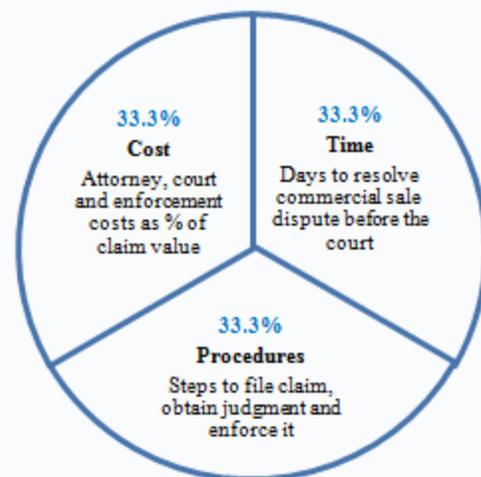
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

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



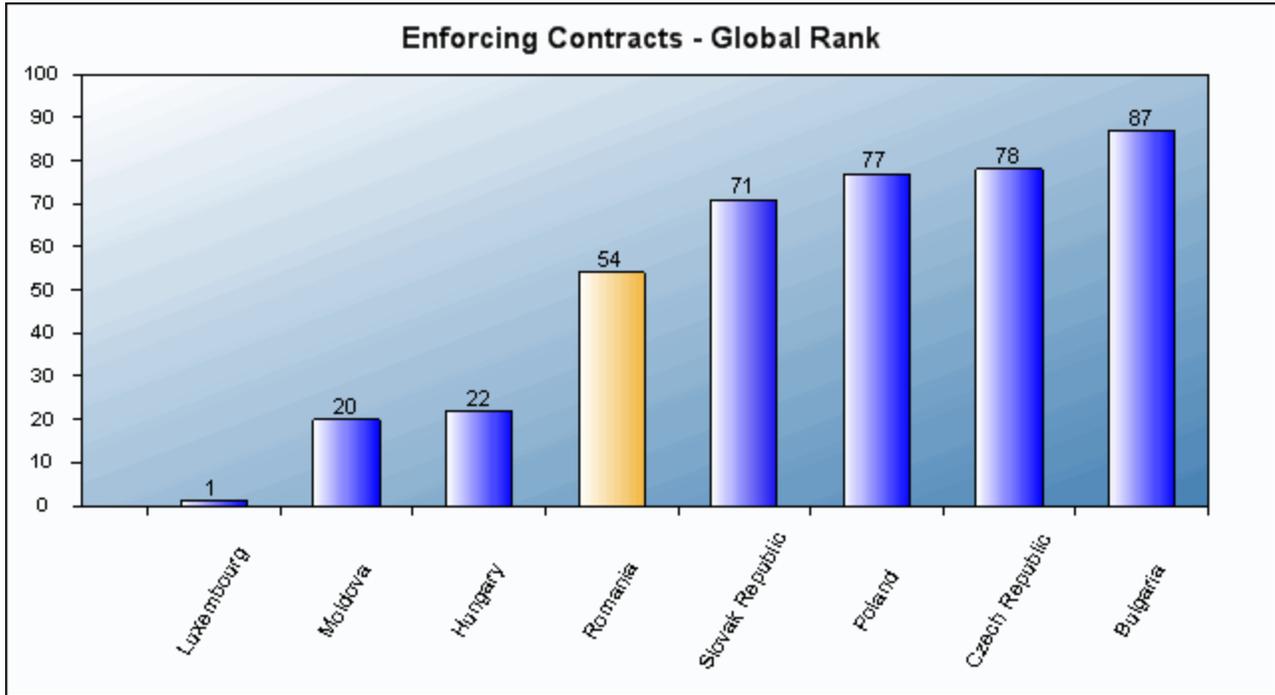
Case Study Assumptions

- 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:

Romania is ranked 54 overall for Enforcing Contracts.

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



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

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

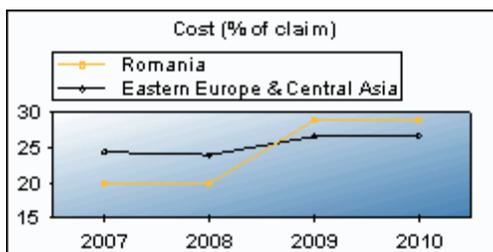
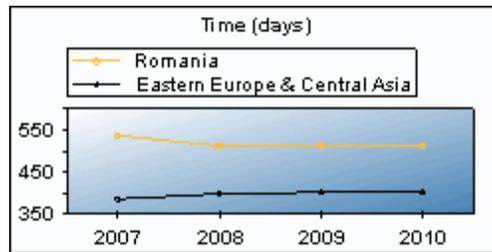
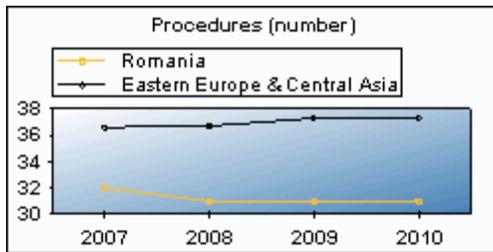
<i>Selected Economy</i>			
Romania	31	512	28.9

<i>Comparator Economies</i>			
Bulgaria	39	564	23.8
Czech Republic	27	611	33.0
Hungary	35	395	15.0
Moldova	31	365	20.9
Poland	38	830	12.0
Slovak Republic	31	565	30.0

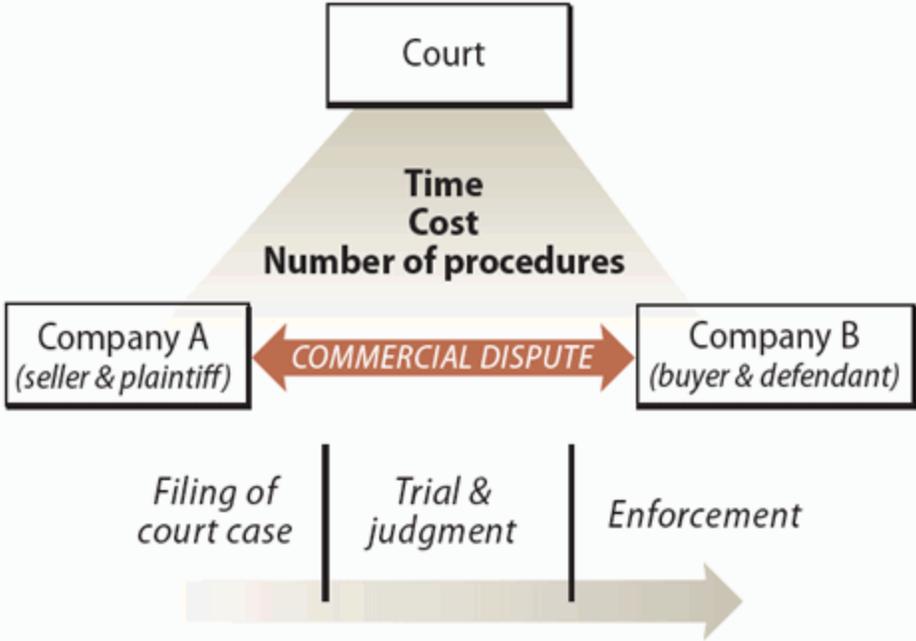
2. Historical data: Enforcing Contracts in Romania

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	53	54
Procedures (number)	32	31	31	31
Time (days)	537	512	512	512
Cost (% of claim)	19.9	19.9	28.9	28.9

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

Nature of Procedure (2010)	Indicator
Procedures (number)	31
Time (days)	512
Filing and service	52.0
Trial and judgment	365.0
Enforcement of judgment	95.0
Cost (% of claim)*	28.90
Attorney cost (% of claim)	7.7
Court cost (% of claim)	11.2
Enforcement Cost (% of claim)	10.0

Court information: Bucarest Court of First Instance("Judecatoria Bucuresti")

* 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:

Romania is ranked 102 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Romania	25.7	3.3	11

<i>Comparator Economies</i>			
Bulgaria	31.0	3.3	9
Czech Republic	55.9	3.2	17
Hungary	37.9	2.0	15
Moldova	28.2	2.8	9
Poland	31.3	3.0	20
Slovak Republic	55.3	4.0	18

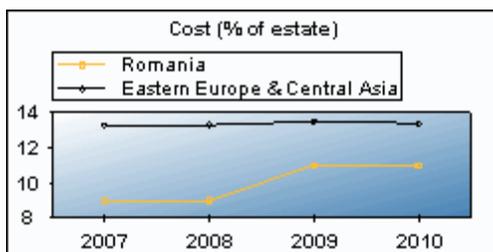
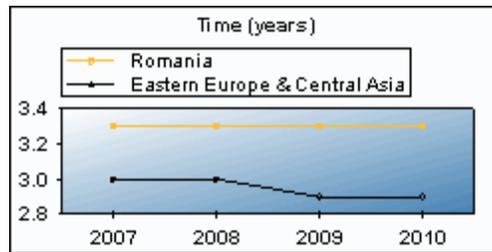
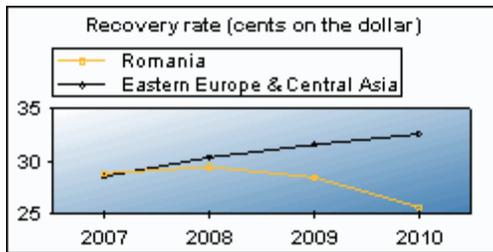
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Romania

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	102
Time (years)	3.3	3.3	3.3	3.3
Cost (% of estate)	9	9	11	11
Recovery rate (cents on the dollar)	28.9	29.5	28.5	25.7

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Bulgaria	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.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Czech Republic	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.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Moldova	Moldova reduced employer contribution rates for social security.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Poland	Poland eased property registration by computerizing its land registry.
Romania	Romania amended regulations related to construction permitting to reduce fees and expedite the process. Romania introduced tax changes, including a new minimum tax on profit, that made paying taxes more costly for companies. Substantial amendments to Romania's bankruptcy laws—introducing, among other things, a procedure for out-of-court workouts—made dealing with insolvency easier.

Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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