

Doing Business 2011

Tajikistan

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



© 2010 The International Bank for Reconstruction and Development / The World Bank
1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org

All rights reserved.
1 2 3 4 08 07 06 05

A copublication of The World Bank and the International Finance Corporation.

This volume is a product of the staff of the World Bank Group. The findings, interpretations and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work.

Rights and Permissions

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; telephone 978-750-8400; fax 978-750-4470; Internet www.copyright.com.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax 202-522-2422; e-mail pubrights@worldbank.org.

Additional copies of *Doing Business 2011: Making a Difference for Entrepreneurs*, *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at www.doingbusiness.org.

ISBN: 978-0-8213-7960-8
E-ISBN: 978-0-8213-8630-9
DOI: 10.1596/978-0-8213-7960-8
ISSN: 1729-2638

Library of Congress Cataloging-in-Publication data has been applied for.
Printed in the United States

Current features

News on the *Doing Business* project

<http://www.doingbusiness.org>

Rankings

How economies rank-from 1 to 183

<http://www.doingbusiness.org/rankings/>

Reformers

Short summaries of DB2011 reforms, lists of reformers since DB2004 and a ranking simulation tool

<http://www.doingbusiness.org/reforms/>

Historical data

Customized data sets since DB2004

<http://www.doingbusiness.org/custom-query/>

Methodology and research

The methodologies and research papers underlying *Doing Business*

<http://www.doingbusiness.org/Methodology/>

Download reports

Access to *Doing Business* reports as well as subnational and regional reports, reform case studies and customized country and regional profiles

<http://www.doingbusiness.org/reports/>

Subnational and regional projects

Differences in business regulations at the subnational and regional level

<http://www.doingbusiness.org/subnational-reports/>

Law Library

Online collection of business laws and regulations relating to business and gender issues

<http://www.doingbusiness.org/law-library/>

<http://wbl.worldbank.org/>

Local partners

More than 8,200 specialists in 183 economies who participate in *Doing Business*

<http://www.doingbusiness.org/Local-Partners/Doing-Business/>

Business Planet

Interactive map on the ease of doing business

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

Contents

Introduction
and Aggregate Rankings

5 - Year Measure of
Cumulative Change

Starting a Business

Dealing with
Construction Permits

Registering Property

Getting Credit

Protecting Investors

Paying Taxes

Trading Across Borders

Enforcing Contracts

Closing a Business

Doing Business 2011
Business Reforms

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

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

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

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

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

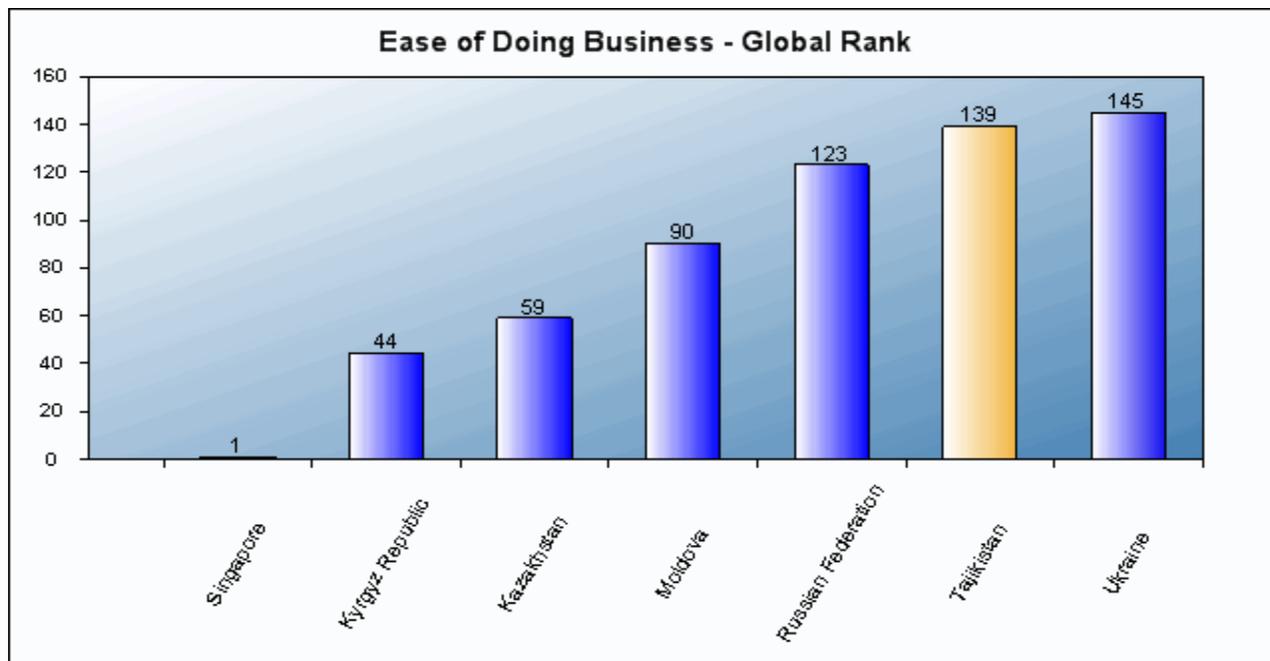
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Tajikistan is ranked 139 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Tajikistan's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	139
Starting a Business	136
Dealing with Construction Permits	178
Registering Property	87
Getting Credit	168
Protecting Investors	59
Paying Taxes	165
Trading Across Borders	178
Enforcing Contracts	40
Closing a Business	64

Summary of Indicators - Tajikistan

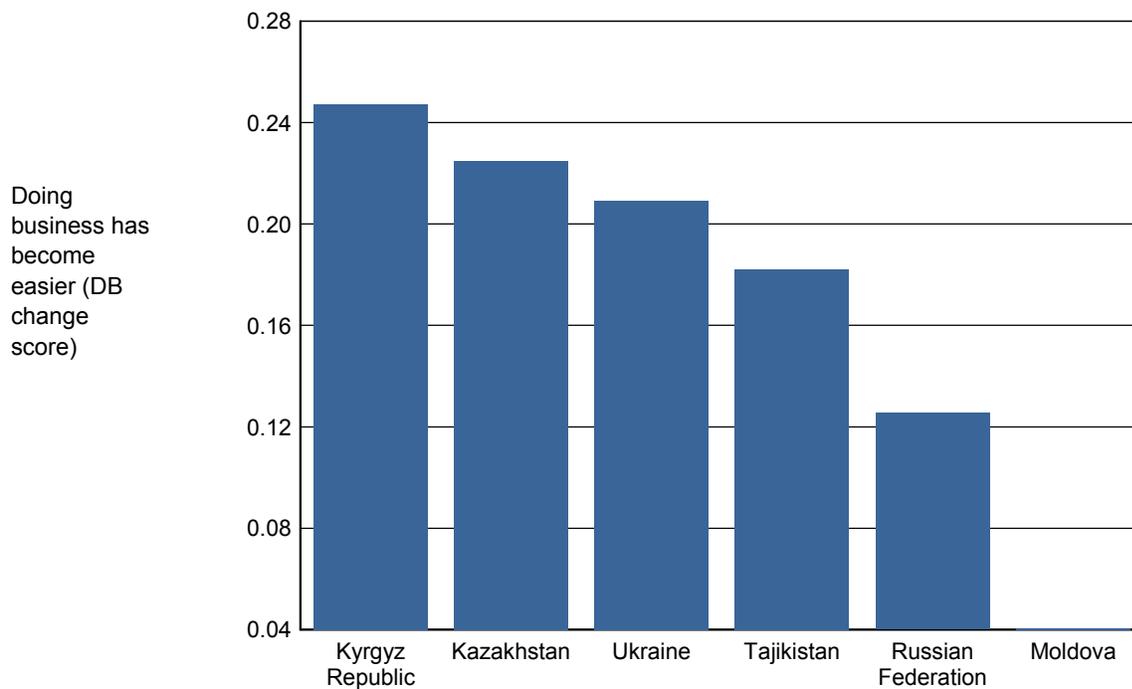
Starting a Business	Procedures (number)	8
	Time (days)	27
	Cost (% of income per capita)	36.9
	Min. capital (% of income per capita)	8.5
Dealing with Construction Permits	Procedures (number)	30
	Time (days)	228
	Cost (% of income per capita)	996.1
Registering Property	Procedures (number)	6
	Time (days)	37
	Cost (% of property value)	5.5
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	8
	Extent of director liability index (0-10)	3
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	5.7
Paying Taxes	Payments (number per year)	54
	Time (hours per year)	224
	Profit tax (%)	17.7
	Labor tax and contributions (%)	28.5
	Other taxes (%)	39.9
	Total tax rate (% profit)	86.0
Trading Across Borders	Documents to export (number)	10
	Time to export (days)	82
	Cost to export (US\$ per container)	3350
	Documents to import (number)	9
	Time to import (days)	83
	Cost to import (US\$ per container)	4550

Enforcing Contracts	Procedures (number)	34
	Time (days)	430
	Cost (% of claim)	25.5
Closing a Business	Recovery rate (cents on the dollar)	37.4
	Time (years)	1.7
	Cost (% of estate)	9

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.

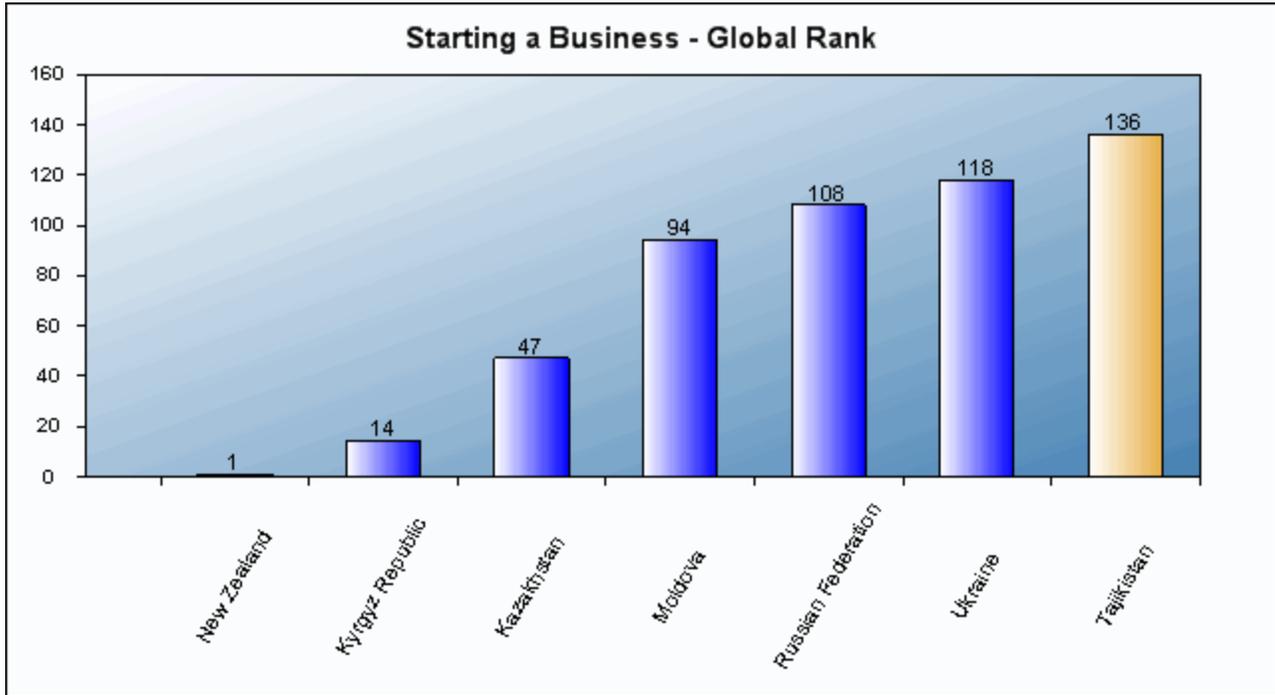
The business:

- 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:

Tajikistan is ranked 136 overall for Starting a Business.

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



The following table shows Starting a Business data for Tajikistan 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>				
Tajikistan	8	27	36.9	8.5

<i>Comparator Economies</i>				
Kazakhstan	6	19	1.0	0.0
Kyrgyz Republic	2	10	3.7	0.0
Moldova	8	10	10.9	11.9
Russian Federation	9	30	3.6	1.9
Ukraine	10	27	6.1	2.2

* The following economies are also good practice economies for :

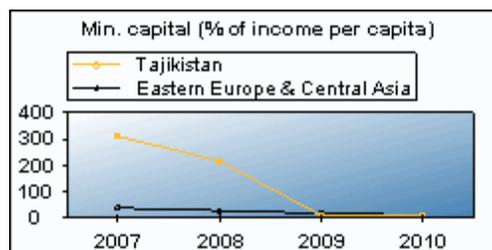
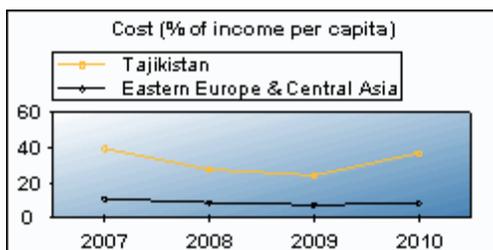
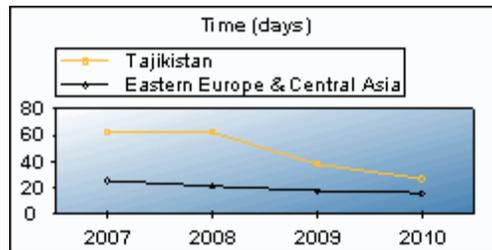
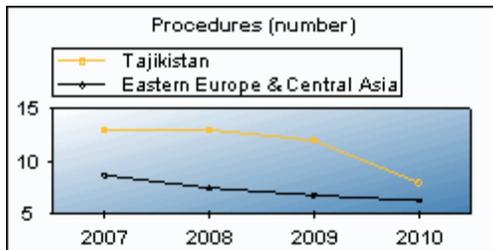
Procedures (number): **Canada**

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

2. Historical data: Starting a Business in Tajikistan

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	151	136
Procedures (number)	13	13	12	8
Time (days)	62	62	38	27
Cost (% of income per capita)	39.6	27.6	24.3	36.9
Min. capital (% of income per capita)	311.0	216.8	9.9	8.5

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

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Dushanbe

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarize signatures of the company manager and the chief accountant for purpose of opening a bank account	1	TJS 2
2	Deposit the initial capital in a bank	1	TJS 70
3	Pay and obtain receipt confirming the payment of the registration fee	1	no charge
4	Register the company with the State Registration of Legal Entities and Individual Entrepreneurs ("one stop shop") and obtain state registration certificate and TIN	5	TJS 945
5	Obtain statistics code at the Statistics Committee	1	no charge
6	Register with the Agency for Social Protection and Pension and obtain SIN	14	no charge
7	Make a company seal	3	TJS 70

Starting a Business Details - Tajikistan

Procedure	1	Notarize signatures of the company manager and the chief accountant for purpose of opening a bank account
Time to complete:	1	
Cost to complete:	TJS 2	
Comment:	The bank requires notarized signatures of the company manager and the chief accountant; the fee is 3% of the calculation index per signature.	
Procedure	2	Deposit the initial capital in a bank
Time to complete:	1	
Cost to complete:	TJS 70	
Comment:	Costs vary by bank (TJS 70 is an average). The minimum paid-in capital is 50% of the total amount required.	
Procedure	3	Pay and obtain receipt confirming the payment of the registration fee
Time to complete:	1	
Cost to complete:	no charge	
Comment:	An ATM has been installed inside the registration center. At this ATM it is possible to pay the registration fee. The ATM prints out a receipt that needs to be submitted to the one stop shop desk confirming the payment.	
Procedure	4	Register the company with the State Registration of Legal Entities and Individual Entrepreneurs ("one stop shop") and obtain state registration certificate and TIN
Time to complete:	5	
Cost to complete:	TJS 945	
Comment:	<p>In accordance with Article 5 of the Law of RT #508 "On State Registration of Legal Entities and Individual Entrepreneurs" dated May 19, 2009 the Tax authority is responsible for registration of legal entites.</p> <p>The following documents should be submitted for registration:</p> <ol style="list-style-type: none">1. Application form for state registration of legal entity based. Following information should be indicated in the application:<ul style="list-style-type: none">- organizational and legal form of a legal entity;- full (as well as abbreviated if available) company name of a legal entity in state language of the Republic of Tajikistan;- location (address) of a legal entity;- way of establishment of a legal entity (creation or reorganization);- information about founder (founders) and the Head of a legal entity (name of legal entity, full name of the person, the location of the legal entity and person, contact information);- main type (types) of activity which a legal entity is intended to perform in order to issue the statistical codes;- date of submission of application and signature of applicant;2. Resolution of founders (minutes of founders meeting) on establishment of legal entity.	

Resolution on establishment of legal entity shall be signed by the founder (founders) of legal entities;

3. Copy of passport (ID paper) of CEO of legal entity;
4. Receipt on payment of registration fees

In accordance with Article 10 of Law of RT 3508 the registration should be completed within five working days from the moment of submission of documents. At the end of the 5 days entrepreneurs obtain a single registration number and a TIN.

The Law on State Duties has been amended in January 2010 specifying that the State duty is equal to 25 calculation indices. From January 1, 2010 one Indicator for calculations = TJS 35. Total: $25 \times 35 = 875$ (state duty) + 70 (ee for the extract summarizing information about the registered entity).

Procedure 5 Obtain statistics code at the Statistics Committee

Time to complete: 1

Cost to complete: no charge

Comment: All legal entities are registered with the Statistics Committee. Applicant submits all information at the one stop shop at the time of company registration and the one stop shop transfers the information to the Statistics Committee. However, the applicant still needs to visit the Statistics Committee to obtain the statistics code. The company receives a registration card with the designated statistics code (the Republic Enterprise and Organization Code, or OKPO statistical code) of the General Classification of Enterprises and Organizations. This code is necessary for opening bank settlement and other accounts.

Registration with the statistics authorities aims to provide reliable information about existing legal entities in the Republic of Tajikistan for the use of the state organs in conducting analysis, social and economic forecasts, scientific inquiry, and commercial activity. The statistics authorities assign companies various statistical codes. T

Procedure 6 Register with the Agency for Social Protection and Pension and obtain SIN

Time to complete: 14

Cost to complete: no charge

Comment: Once a business is registered with the “one stop shop” it has to obtain a SIN at the Agency for Social Protection and Pension. Legal entities must register with the Social Fund within 30 days of state registration.

Procedure 7 Make a company seal

Time to complete: 3

Cost to complete: TJS 70

Comment:

Procedure 8 Unblock the authorized capital and open a bank account

Time to complete: 1

Cost to complete: no charge

Comment: To unblock authorized start-up capital and to open settlement and other accounts, the company must provide the bank with the following documents:
- Application, according to the bank-established format.
- Copies of founding and registration documents, certified by the company itself.

- Signature specimen cards and a print an impression of the legal entity seal in duplicate.

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

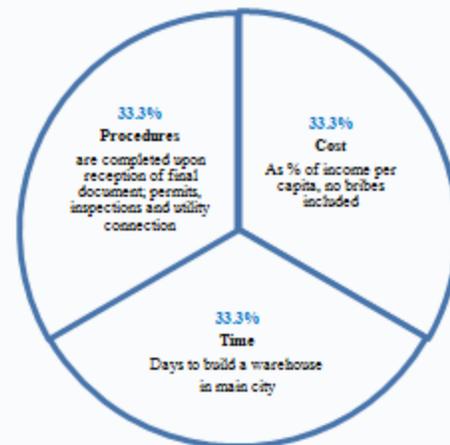
The warehouse:

- 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

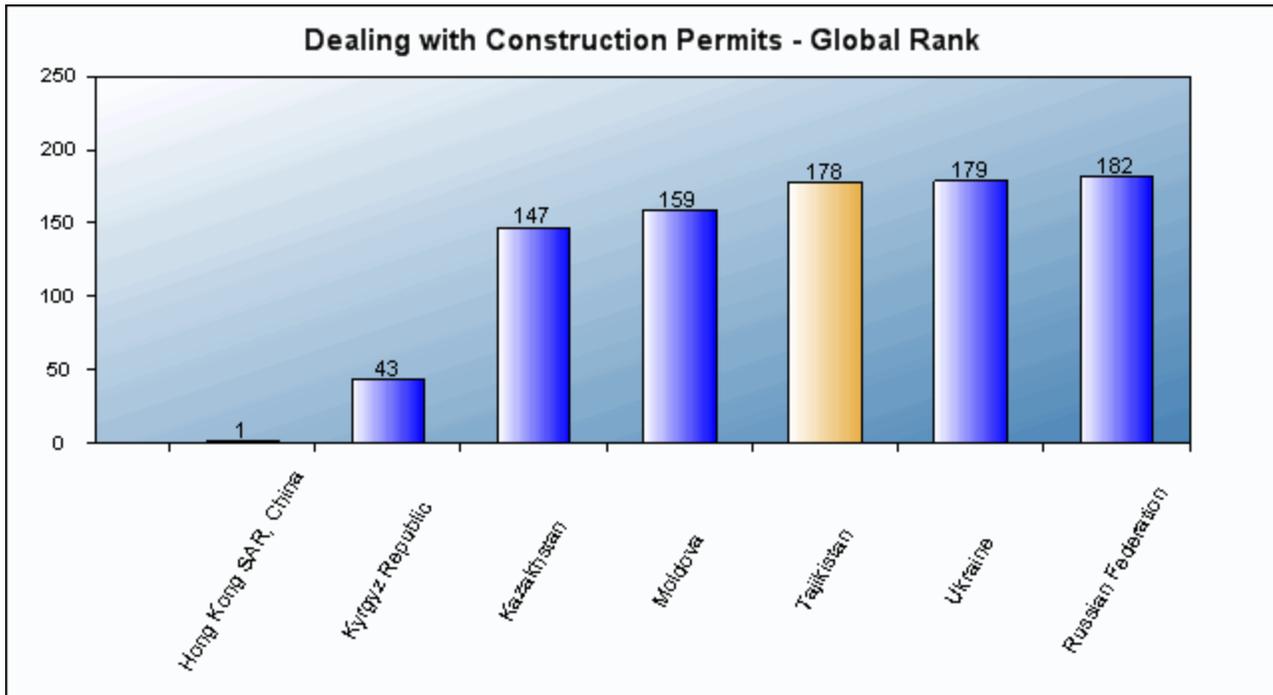
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Tajikistan is ranked 178 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Tajikistan 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	

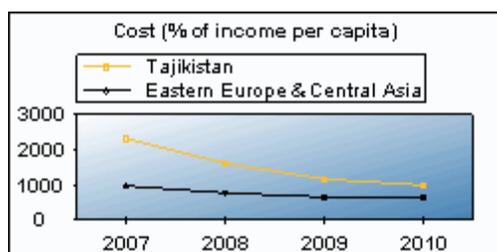
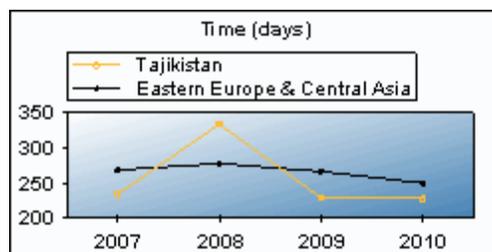
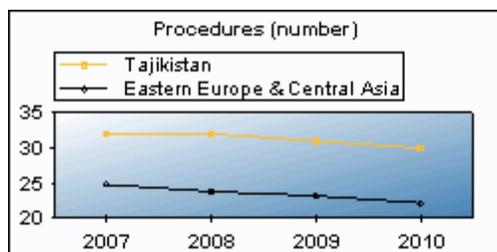
<i>Selected Economy</i>			
Tajikistan	30	228	996.1

<i>Comparator Economies</i>			
Kazakhstan	34	219	119.8
Kyrgyz Republic	13	143	153.9
Moldova	30	292	120.9
Russian Federation	53	540	4141.0
Ukraine	22	374	1737.6

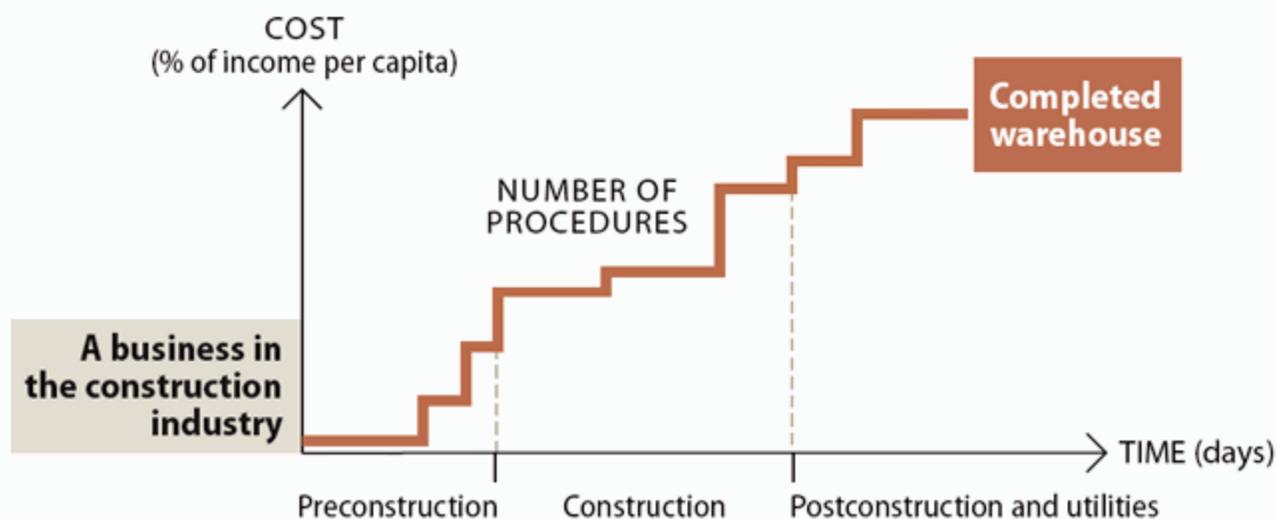
2. Historical data: Dealing with Construction Permits in Tajikistan

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	178	178
Procedures (number)	32	32	31	30
Time (days)	234	334	229	228
Cost (% of income per capita)	2316.8	1615.1	1165.2	996.1

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

BUILDING A WAREHOUSE

City: Dushanbe

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain location permit	30 days	no charge
2	Request electricity connection	1 day	no charge
3 *	Request water services	1 day	no charge
4	Request and obtain fire safety clearance from state anti-fire agency under the Ministry of Domestic Affairs	7 days	TJS 150
5 *	Request and obtain environmental approval from the Environmental Protection Agency (Environmental Protection Ministry)	45 days	TJS 200
6 *	Request and obtain Sanitary Hygienic Service approval from State Sanitary Hygienic Service under the Ministry of Health	10 days	TJS 150
7 *	Request and obtain clearance from State Electric Agency (Barki Tojik)	10 days	TJS 2,170

8 *	Request and obtain project clearance from the Water and Sewerage Agency of Dushanbe	10 days	TJS 100
9 *	Request and obtain Architecture Planning Assignment	3 days	TJS 3,500
10 *	Request and obtain project clearance from the State Automobile Inspection Department of Domestic Affairs of Dushanbe city	30 days	no charge
11	Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects	30 days	TJS 22,474
12	Request and obtain final project clearance from the Construction and Architecture Department	20 days	TJS 229
13	Receive a periodic inspection from the Sanitary Hygienic Service	1 day	no charge
14	Receive a periodic inspection from the Fire Safety Agency	1 day	no charge
15 *	Receive electricity inspection	1 day	no charge
16 *	Connect to electricity	13 days	no charge
17 *	Receive inspection from water services	1 day	no charge
18 *	Connect to water	29 days	no charge
19	Receive a periodic inspection from the Ministry of Environmental Protection	1 day	no charge
20	Receive a periodic Inspection from the State Architecture Inspection - Dushanbe city	1 day	no charge
21	Receive a periodic inspection from the Prosecutor's Office	1 day	no charge
22	Receive a periodic inspection from the Labor Authority	1 day	no charge
23	Receive a periodic inspection from the Ministry of Transportation and Communications/State Body on Automobile Activity Management	1 day	no charge
24	Request and receive a decision by Review Commission	15 days	no charge
25	Request State Acceptance Commission decision	1 day	no charge
26	Receive inspection by the State Acceptance Commission	1 day	no charge
27	Obtain decision of the State Acceptance Commission/ final decision of the Mayor	30 days	no charge

28 *	Receive inspection from the Department of Project Adjustment and Technical Inspection of Dushanbe Telephone Service (station) of the open joint stock company Tajiktelecom and connect to telephone line	5 days	no charge
29	Obtain approval of the Bureau on Technical Inventory (BTI) on acceptance of building and issuance of technical passport	15 days	TJS 312
30	Registration of the right to the building	1 day	TJS 24

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Tajikistan

Procedure	1	Request and obtain location permit
Time to complete:	30 days	
Cost to complete:	no charge	
Agency:	Local Authority-Hukumat of Dushanbe	
Comment:	<p>Suppose that BuildCo has a piece of land in mind where it would like to build a warehouse, in this case it will need to write a letter to Chukumat (Municipality) of Dushanbe city explaining that it would like to receive the land for construction of a warehouse. The request is passed on to a special committee which will review the request for allocation of land to BuildCo for the purpose. At the same time the request is forwarded to the Department of Architecture and Construction of Dushanbe City which prepares Decision on the Project (literal translation from Russian “reshenie po proektu”. “Project design permit”. The Department of Architecture and Construction of Dushanbe City sends its Decision on the Project back to Chukumat. At this point, BuildCo will need to coordinate/receive approvals from a number of agencies, for example, electricity company, water company, fire safety, i.e. all the organizations which will be approving your project at later stages.</p> <p>As can be seen from the explanation above this step is required in case the piece of land hasn’t been allocated yet to a particular entrepreneur. However, even if the land has been allocated to you previously but you didn’t plan to build a warehouse on the land you will need to go through this process. At the same time let’s say you bought the land where someone planned to build the warehouse and they have the papers above then you don’t need to go through this step. Thus it is a contentious question whether this procedure should be included in the DB procedure list based on the methodology.</p> <p>In addition, at the same time the client has to receive another document which is called “Certificate on the Right to Use the Land” (sertifikat na pravo zemlepolzovaniya)</p>	
Procedure	2	Request electricity connection
Time to complete:	1 day	
Cost to complete:	no charge	
Agency:	Barqi Tajik	
Comment:	<p>While the Assignment is being prepared technical conditions for electricity connection have to be obtained. Electricity services are requested by filling out application forms. This constitutes the request for electricity connection.</p>	
Procedure	3	Request water services
Time to complete:	1 day	
Cost to complete:	no charge	
Agency:	Dushanbe Water and Sewerage Company	
Comment:	<p>While the Assignment is being prepared technical conditions for water connection have to be obtained. Water services are requested in writing by filling out the application form.</p>	
Procedure	4	Request and obtain fire safety clearance from state anti-fire agency under the Ministry of Domestic Affairs

Time to complete: 7 days

Cost to complete: TJS 150

Agency: State Anti-Fire Agency (Ministry of Domestic Affairs)

Comment: The approval is granted with technical requirements to be complied with. Although official tariffs have been adopted and collected, they are not published, disclosed in full to applicants, or registered with the Ministry of Justice as required by law.

The applicable legislation is Article 9 of the Law on Fire Safety, No. 995 (dated July 21, 1994) and Section 4.8 of the Regulation on State Fire Control, No. 726 (dated December 7, 1995). This Law was abrogated by a new Law №363 "On fire Safety" as of 20 March 2009.

Procedure 5 Request and obtain environmental approval from the Environmental Protection Agency (Environmental Protection Ministry)

Time to complete: 45 days

Cost to complete: TJS 200

Agency: Environmental Protection Agency (Environmental Protection Ministry)

Comment: BuildCo must obtain a permit for air pollutant emissions and waste disposal after environmental clearance has been obtained. Although official tariffs have been adopted and collected, they are not published, disclosed in full to applicants, or registered with the Ministry of Justice as required by law.

The statutory time limit is now 45 days. The applicable legislation is Articles 17, 19, 30, and 31 of the Law on Ecological Expertise, No. 20 (dated April 22, 2003).

Procedure 6 Request and obtain Sanitary Hygienic Service approval from State Sanitary Hygienic Service under the Ministry of Health

Time to complete: 10 days

Cost to complete: TJS 150

Agency: State Sanitary Hygienic Service (Ministry of Health)

Comment: Although official tariffs have been adopted and collected, they are not published, disclosed in full to applicants, or registered with the Ministry of Justice as required by law.

The applicable legislation is Articles 9, 13, 25, and 26 of the Regulation of the Government on the Order of Registration, Drawing and Issuing of Sanitary Hygienic Conclusion, No. 139 (dated March 31, 2004).

Procedure 7 Request and obtain clearance from State Electric Agency (Barki Tojik)

Time to complete: 10 days

Cost to complete: TJS 2,170

Agency: Barqi Tajik

Comment: This procedure is required by the Regulation of the Government, Rules of Electricity Usage, No. 84 (dated March 6, 1998). The cost is calculated based on Decision of Antitrust Policy and Business Support Agency as of 7 July 2003, N 34 (enforced 1 September 2003, as follows: TJS 2,170 = (TJS 15 per kilowatt x 140 kilowatts) + TJS 7 per meter x 10 meters. TJS 15 is applied for range of electricity capacity from 61 kWt to 150 kWt.

Procedure 8 Request and obtain project clearance from the Water and Sewerage Agency of Dushanbe

Time to complete: 10 days

Cost to complete: TJS 100

Agency: Water and Sewerage Agency

Comment: The applicable legislation is the Code of Norms and Rules of the Republic of Tajikistan (dated November 11, 2005), Structure and the Order of Development, Concordance and Approval of Project Estimates on Construction of Buildings, registered in the Ministry of Justice, No. 199 (dated April 25, 2006); Water Code of the Republic of Tajikistan No. 34 (dated November 29, 2000).

Procedure 9 Request and obtain Architecture Planning Assignment

Time to complete: 3 days

Cost to complete: TJS 3,500

Agency: Department of Architecture and Construction of Dushanbe City

Comment: According to rules construction companies should get the Assignment at this stage. A site visit might be required to prepare the Assignment. However, in most of the cases no representative of a construction company has to be present during the site visit. Documents which have to be submitted to get the Assignment are:

- 1) The Act on the Selection of the Land Plot and the Decision on the Project
- 2) Sale and purchase agreement
- 3) Assignment for the project put together by a project design firm hired by the client and the client himself.

there are no official charges at the moment, some payments are made but there is no official mechanism. The official who issues Assignments said that the rule of thumb is 10%-13% of the project design cost (in our case about 2,000-5,000 somoni for the project design).

Procedure 10 Request and obtain project clearance from the State Automobile Inspection Department of Domestic Affairs of Dushanbe city

Time to complete: 30 days

Cost to complete: no charge

Agency: State Automobile Inspection Department of Domestic Affairs of Dushanbe city

Comment: The applicable regulations are the Regulation of the Government on Approving the Rules of Usage of Wayside of Automobile Roads of the Republic of Tajikistan, No. 214 (dated May 2, 2005); and the Regulation of the Government of the Republic of Tajikistan on the List of Services of State Automobile Inspection of the Ministry of Domestic Affairs on Which the Tariffs Are Fixed, No. 399 (dated October 2, 2002).

Procedure 11 Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects

Time to complete: 30 days

Cost to complete: TJS 22,474

Agency: State Department of Expertise of Construction Projects

Comment: Approval is granted in the form of a Consolidated Expert Approval of the Project.

The tariffs have been approved by the State Committee on Construction and Architecture under the Government in 14 June 2007 under which payment for the expertise is calculated based on the design estimate. In our case, it is calculated as 10.8% of the value of design project. We can assume that the design project cost is 10% of the value of the warehouse, thus the total would be TJS 22,890.

The applicable legislation is the Code of Norms and Rules of the Republic of Tajikistan, Structure and the Order of Development, Concordance and Approval of Project Estimates on Construction of Buildings, registered in the Ministry of Justice, No. 199 (dated April 25, 2006); Valuation of Works on Holding State Expertise of Design Estimates, on Major and Current Repairs of Objects Irrespective the Sources of Finance and Forms of Enterprise Property, approved by the Chairman of the Committee on Architecture and Construction under the Government (dated September 20, 2002).

Government Resolution #282 on May 6, 2009 changed statutory time to 20 working days for constructions over 1,000 cubic meters. However, in practice it takes more than stipulated time.

The agency involved is the Construction and Architecture Department of the State Committee on Construction and Architecture.

Procedure 12 Request and obtain final project clearance from the Construction and Architecture Department

Time to complete: 20 days

Cost to complete: TJS 229

Agency: Construction and Architecture Department under State Committee on Construction and Architecture

Comment: On June 14, 2007 a new normative legal act "Prices for State Expertise and Project Design Estimates" was approved upon which 0.15% is reduced to 0.11%. Previously, the 0.15% of the design project value was not registered within the Ministry of Justice and therefore was not applied legally. The rate of 0.11% is applied on the design project value. The design project value in our case is 10% of overall construction cost TJS 208,096. The Construction and Architecture Department of the State Committee on Construction and Architecture, after considering all the clearances from the above agencies, issues a permit for the start of construction work.

The applicable legislation is the Regulation of the Government of Republic of Tajikistan, Provision on Agencies Involved in State Construction Inspection, No. 553 (dated December 25, 1997); Articles 1.1, 2.6, 2.7, and 2.9 of the Regulation of the Chairman of Dushanbe City, On Applying a Simple Mechanism of Receiving and Reviewing of Applications Submitted by Legal Entities and Physical Persons with Regard to Construction, Architecture, and Land Allocation.

Procedure 13 Receive a periodic inspection from the Sanitary Hygienic Service

Time to complete: 1 day

Cost to complete: no charge

Agency: Sanitary Hygienic Service

Comment: Periodic inspections occur during construction at the discretion of the authority and without prior notice. BuildCo does not request these inspections.

The applicable legislation is Regulation of the Government of Republic of Tajikistan on Approving the Order of Registration, Drawing and Issuing of Sanitary Hygienic Conclusion, No. 139 (dated March 31, 2004); Provision on State Sanitary Hygienic Services of Republic of Tajikistan, Regulation of the Government of Republic of Tajikistan, Provision on Agencies Involved in State Construction Inspection, No. 553 (dated December 25, 1997).

Procedure 14 Receive a periodic inspection from the Fire Safety Agency

Time to complete: 1 day

Cost to complete: no charge

Agency: Fire Safety Agency

Comment: Periodic inspections occur during construction at the discretion of the authority and without prior notice. BuildCo does not request these inspections.

The applicable legislation is the Law on Fire Safety, No. 995 (dated July 21, 1994), Regulation on State Fire Control, dated December 1, 1995; Regulation of the Government of RT, Provision on Agencies Involved in State Construction Inspection, No. 553, dated December 25, 1997.

Procedure 15 Receive electricity inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Barqi Tajik

Comment: Once technical conditions are issued and the project is approved by the Electricity Company then a construction company can install the necessary equipment and cables. Once the works on the electricity are finished by the construction company there is an inspection of the works and the company can make a final request to turn on the electricity.

Procedure 16 Connect to electricity

Time to complete: 13 days

Cost to complete: no charge

Agency: Barqi Tajik

Comment: The applicable law is the Law on Electricity, No. 56 (dated May 10, 2002); Regulation of the Government of the Republic of Tajikistan, Provision on Agencies Involved in State Construction Inspection, No. 553 (dated December 25, 1997).

Procedure 17 Receive inspection from water services

Time to complete: 1 day

Cost to complete: no charge

Agency: Dushanbe Water and Sewerage Company

Comment: Periodic inspections may occur several times at the discretion of inspecting bodies. There is no legal fee, though there is a penalty for violations.

Procedure 18 Connect to water

Time to complete: 29 days

Cost to complete: no charge

Agency: Dushanbe Water and Sewerage Company

Comment: The applicable legislation is Code of Norms and Rules of the Republic of Tajikistan, Structure and the Order of Development, Concordance and Approval of Project Documents with Regard to Construction of Buildings and Erections, No. 199 (dated April 25, 2006); Water Code of the Republic of Tajikistan No. 34 (dated November 29, 2000).

Procedure 19 Receive a periodic inspection from the Ministry of Environmental Protection

Time to complete: 1 day

Cost to complete: no charge

Agency: Ministry of Environmental Protection

Comment: Periodic inspections occur during construction at the discretion of the authority and without prior notice. BuildCo does not request these inspections.

Procedure 20 Receive a periodic inspection from the State Architecture Inspection - Dushanbe city

Time to complete: 1 day

Cost to complete: no charge

Agency: State Architecture Inspection Dushanbe city

Comment: The applicable legislation is the Regulation of the Chairman of Dushanbe City on Applying a Simple Mechanism of Receiving and Reviewing of Applications Submitted by Legal Entities and Physical Persons with Regard to Construction, Architecture, and Land Allocation.

Law no 194, as of 28 June 2006 “On Inspections of Business Entities in Republic of Tajikistan” was amended through List of Inspection Authorities, approved by Resolution (№38/on) as of 23 May 2008 and registered in Ministry of Justice №426. According to these changes in case if inspection is conducted by one controlling entity (district, city, province or national level) then the other entities of the same controlling authority are not allowed to inspect the same business within next tow years.

Procedure 21 Receive a periodic inspection from the Prosecutor’s Office

Time to complete: 1 day
Cost to complete: no charge
Agency: Prosecutor's Office
Comment: There is no legal basis for the inspection by this agency, but it occurs in practice.

Procedure 22 Receive a periodic inspection from the Labor Authority

Time to complete: 1 day
Cost to complete: no charge
Agency: Labor Authority
Comment: There is no legal basis for the inspection by this agency, but it occurs in practice.

Procedure 23 Receive a periodic inspection from the Ministry of Transportation and Communications/State Body on Automobile Activity Management

Time to complete: 1 day
Cost to complete: no charge
Agency: Ministry of Transportation and Communications
Comment: The applicable legislation is the Law on Motor Road and Road Activity (dated May 10, 2002); Regulation of the Government on Approving the Rules of Usage of Wayside of Automobile Roads of the Republic of Tajikistan, No. 214 (dated May 2, 2005).

Procedure 24 Request and receive a decision by Review Commission

Time to complete: 15 days
Cost to complete: no charge
Agency: Review Commission
Comment: The Review Commission includes representatives from the customer (BuildCo), general contractors and subcontractors, the general designer, the City Land Committee's senior architect, the Fire and Sanitary Station, the electric power agency, the Environment Ministry, the rayon Khukumat (district authority) the water agency, and other interested state agencies.

The applicable legislation is the Regulation of Construction and Architecture Committee under the Government of the Republic of Tajikistan on Approving Code of Rules and Norms of the Republic of Tajikistan (dated January 3, 2001); Accepted to Put into Operation of Objects, Basic Provisions, No. 1 (dated January 4, 2002).

Procedure 25 Request State Acceptance Commission decision

Time to complete: 1 day
Cost to complete: no charge

Agency: State Acceptance Commission
Comment: A request is made through the local authority.

Procedure 26 Receive inspection by the State Acceptance Commission

Time to complete: 1 day
Cost to complete: no charge
Agency: State Acceptance Commission
Comment:

Procedure 27 Obtain decision of the State Acceptance Commission/ final decision of the Mayor

Time to complete: 30 days
Cost to complete: no charge
Agency: State Acceptance Commission
Comment: The Chairman of the State Acceptance Commission acts as the representative of the city. The decision of the mayor is made based on the commission's decision. The State Acceptance Commission includes representatives from the city, the rayon, the customer (the builder), general contractors and subcontractors, the general designer, the senior architect of the city, the Fire and Sanitary Station, the electric power agency, the Environment Ministry, the water agency, and other interested state agencies.

The applicable legislation is the Regulation of the Committee on Architecture and Construction under the Government of the Republic of Tajikistan on Approving Code of Norms and Rules (dated January 3, 2004); Accepted to Put into Operation of Objects, Basic Provisions No. 1 (dated January 4, 2002); and Articles 1.1., 2.6., 2.7., and 2.9 of the Regulation of the Chairman of Dushanbe City on Applying of a Simple Mechanism of Receiving and Reviewing of Applications Submitted by Legal Entities and Physical Persons with Regard to Construction, Architecture and Land Allocation, No. 264 (dated June 12, 2006).

The Law No: 380 "On Architecture, Urban Construction and Construction Activities" as of March 2008, introduced two time frames for obtaining final decision of the State acceptance Commission. Depending on the type of the construction it should take: 30 days for objects with commercial purposes, and 10 days for residential purposes.

Procedure 28 Receive inspection from the Department of Project Adjustment and Technical Inspection of Dushanbe Telephone Service (station) of the open joint stock company Tajiktelecom and connect to telephone line

Time to complete: 5 days
Cost to complete: no charge
Agency: Tajiktelecom
Comment: Activation of telephone service can occur during construction but often occurs after construction. Unlike other utility connections, the connection procedure is separate from the inspection during construction.

Procedure 29 Obtain approval of the Bureau on Technical Inventory (BTI) on acceptance of building and issuance of technical passport

Time to complete: 15 days

Cost to complete: TJS 312

Agency: Bureau on Technical Inventory (BTI)

Comment: The pricelist for the technical passport is approved by the Ministry of Economic Development and Trade of the Republic of Tj on the 12th of November, 1999, N3/1-382 and approved by the State Company “TajikUtilityServices on the 26th of November 1999, N262/4 and implemented on the 1st of January, 2000. The price list is indexed to the inflation rate. According to the price list the calculation is done according to the surface area and number of rooms and additional work completed based on worker hours.

Procedure 30 Registration of the right to the building

Time to complete: 1 day

Cost to complete: TJS 24

Agency: Bureau on Technical Inventory (BTI)

Comment: Registration of constructions is completed by the Bureau of Technical Inventory. Required documents for submission: Act on the Allocation of Land for the construction and the Construction Acceptance Act. According to the law after registration at the Bureau of Technical Inventory a notary gives a certificate certifying the right to property. This certificate is issued for immovable property newly constructed. The following documents are required to submit to the notary: Land Allocation Permit for Construction, Decision of the local authorities on the acceptance of the constructed object as finished, Acceptance Act, Note of registration at the Bureau of Technical Inventory. The cost of the certificate is 2 calculation indices (35 TJS).

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)

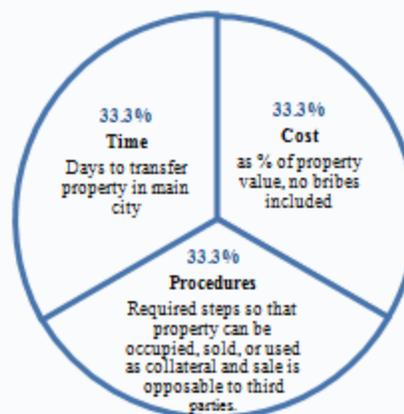
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

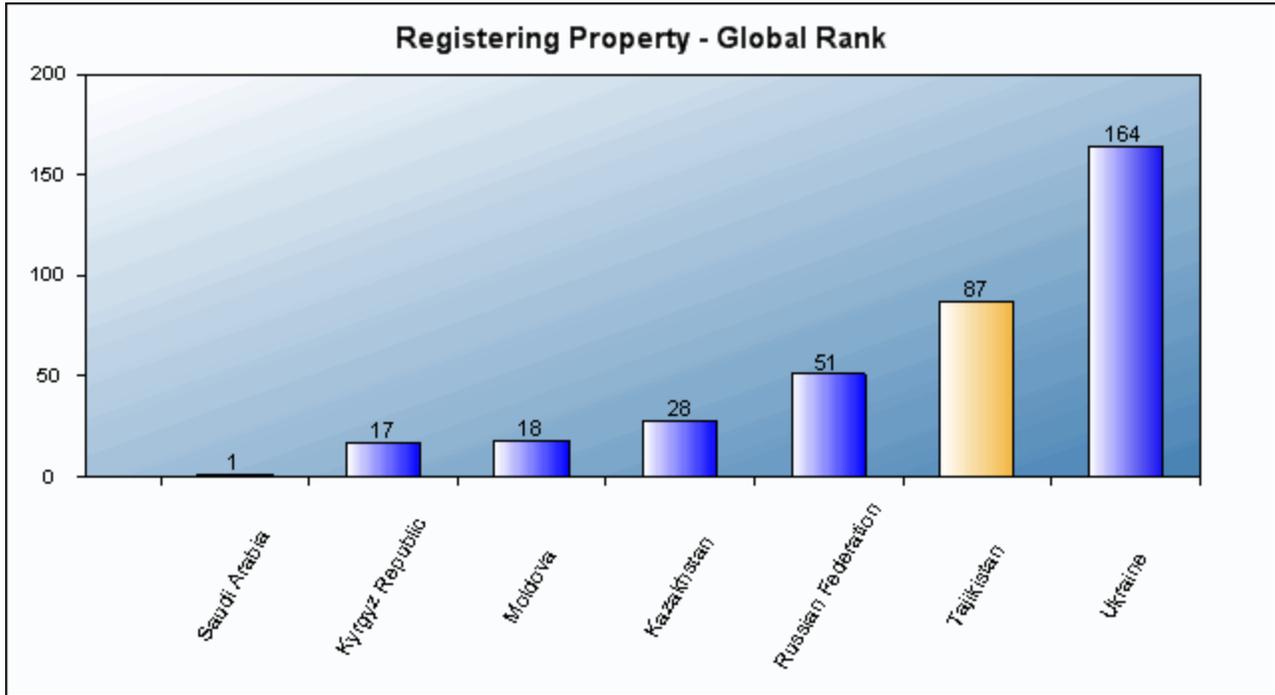
The property (fully owned by the seller):

- 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:

Tajikistan is ranked 87 overall for Registering Property.

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



The following table shows Registering Property data for Tajikistan 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>			
Tajikistan	6	37	5.5

<i>Comparator Economies</i>			
Kazakhstan	4	40	0.1
Kyrgyz Republic	4	5	2.3
Moldova	5	5	0.9
Russian Federation	6	43	0.1
Ukraine	10	117	4.1

* The following economies are also good practice economies for :

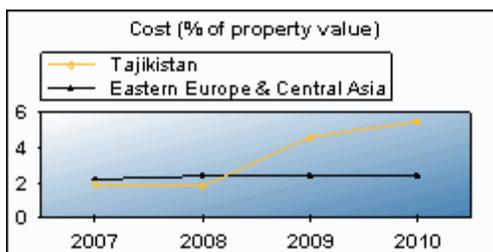
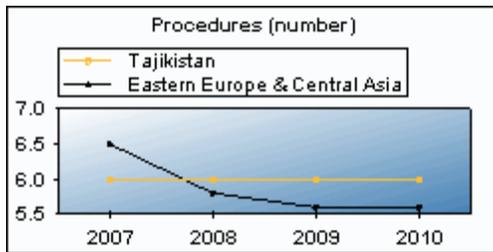
Procedures (number): United Arab Emirates

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

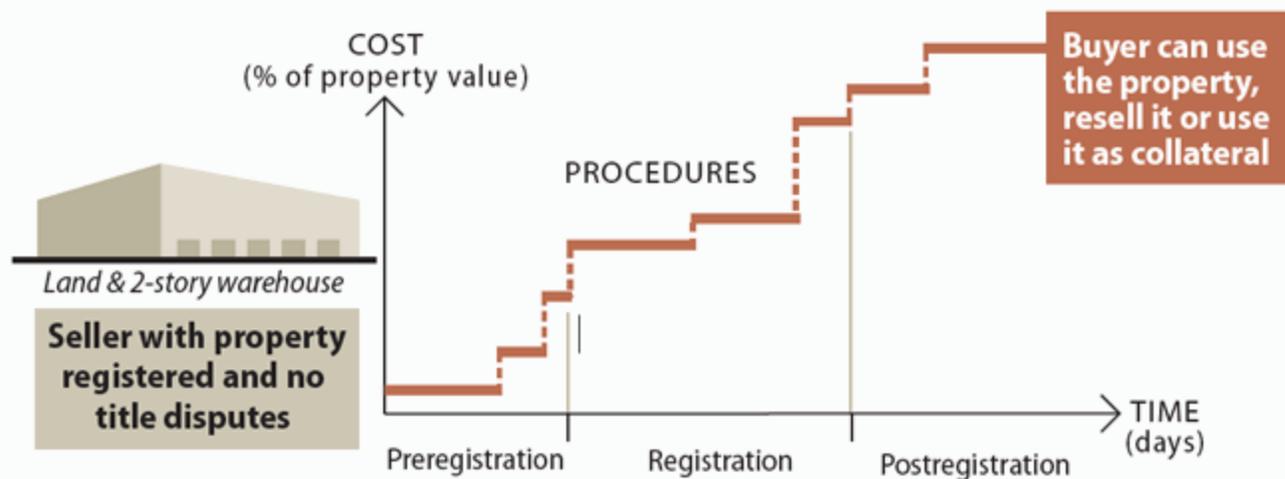
2. Historical data: Registering Property in Tajikistan

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	78	87
Procedures (number)	6	6	6	6
Time (days)	37	37	37	37
Cost (% of property value)	1.9	1.8	4.6	5.5

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

STANDARDIZED PROPERTY

Property Value: 147,117.45

City: Dushanbe

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain certificate from the Bureau of Technical Inventory (BTI)	1-3 days (simultaneous with procedure 2)	45 somoni
2 *	Obtain tax clearance certificate from the Ministry of State Revenue and Duties	1 day (simultaneous with procedure 1)	no cost
3	Preparation and notarization of sale purchase agreement by notary	2 days	40% of the calculation index applied on each square meter of the property (35 Somoni x 0.4=14 Somoni per square meter) + 100 somoni (registration fee)
4	Registration of sale purchase agreement with the Local Hukumat	1 day	no cost
5	Registration of building property rights at the BTI	1-3 days	26 somoni (Registration fee) + 60 somoni (Certificate)

6	Registration of land use rights at the State Land Use Committee affiliate	30 days	20 somoni + 12 somoni (for new Land Use Certificate)
---	---	---------	--

* Takes place simultaneously with another procedure.

Registering Property Details - Tajikistan

Procedure	1	Obtain certificate from the Bureau of Technical Inventory (BTI)
Time to complete:	1-3 days (simultaneous with procedure 2)	
Cost to complete:	45 somoni	
Agency:	Bureau of Technical Inventory	
Comment:	<p>The vendor prepares documents confirming the ownership rights for the buildings and documents confirming absence of bans, arrest and mortgage on the property to be sold. Also, ownership documents for the building, BTI certificate (Technical Passport) providing characteristics of the building and its inventory cost, as well as information on encumbrances, are required.</p> <p>The current BTI certificate is taken to the BTI, where there is a database with all plots of land. The certificate is to be updated with the most recent information, including additional obligations and characteristics. The updated certificate is returned to the vendor. If the building is a new construction, an inspection is likely to be conducted at this stage.</p>	
Procedure	2	Obtain tax clearance certificate from the Ministry of State Revenue and Duties
Time to complete:	1 day (simultaneous with procedure 1)	
Cost to complete:	no cost	
Agency:	State Tax Committee	
Comment:	The vendor obtains a certificate (spravka) to show that all taxes have been paid, and makes any necessary payments in arrears.	
Procedure	3	Preparation and notarization of sale purchase agreement by notary
Time to complete:	2 days	
Cost to complete:	40% of the calculation index applied on each square meter of the property (35 Somoni x 0.4=14 Somoni per square meter) + 100 somoni (registration fee)	
Agency:	Public Notary	
Comment:	<p>It is mandatory for the notary to prepare the sale purchase agreement.</p> <p>Documentation requirements:</p> <ul style="list-style-type: none">- Identification documents of buyer and seller- Documents confirming the seller's ownership rights for the property- BTI Certificate providing characteristics of the building and its inventory cost (including information on encumbrances – bans, arrests, mortgages.)- Certificate from the Tax inspection confirming absence of tax debts- Rights confirming documents for the land plot where the building is located	
Procedure	4	Registration of sale purchase agreement with the Local Hukumat

Time to complete:	1 day
Cost to complete:	no cost
Agency:	Local Hukumat
Comment:	Raikomkhoz puts a seal on the sale purchase agreement and the new owner is formally recorded in their books.

Procedure 5 Registration of building property rights at the BTI

Time to complete:	1-3 days
Cost to complete:	26 somoni (Registration fee) + 60 somoni (Certificate)
Agency:	Bureau of Technical Inventory
Comment:	The purchaser goes to the BTI in order to register the building and the property rights transfer. A note is made in the registry book and the inventory cards of BTI on the basis of the purchase agreement. Thus, a new entry is made in the BTI database.

Procedure 6 Registration of land use rights at the State Land Use Committee affiliate

Time to complete:	30 days
Cost to complete:	20 somoni + 12 somoni (for new Land Use Certificate)
Agency:	State Land Use Committee
Comment:	<p>Parties prepare documents confirming land use rights for the land plot where the building is located, including current land use certificate and other documents confirming the rights for the land. An application is submitted to the State Land Use Committee in order to receive the new land use certificate.</p> <p>It can take up to one month to re-register the rights on land use to the new owner. According to the Land Code, land rights are automatically transferred with the rights to the building, however, the purchaser still needs to make a visit to the State Land Use Committee affiliate, where the old land use certificate is cancelled and a new certificate is issued.</p> <p>Documentation requirements:</p> <ul style="list-style-type: none"> - Notarized sale purchase agreement - Land use certificate

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

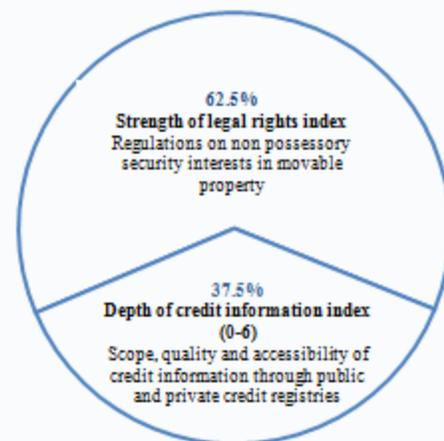
Public credit registry coverage (% of adults)

- 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)

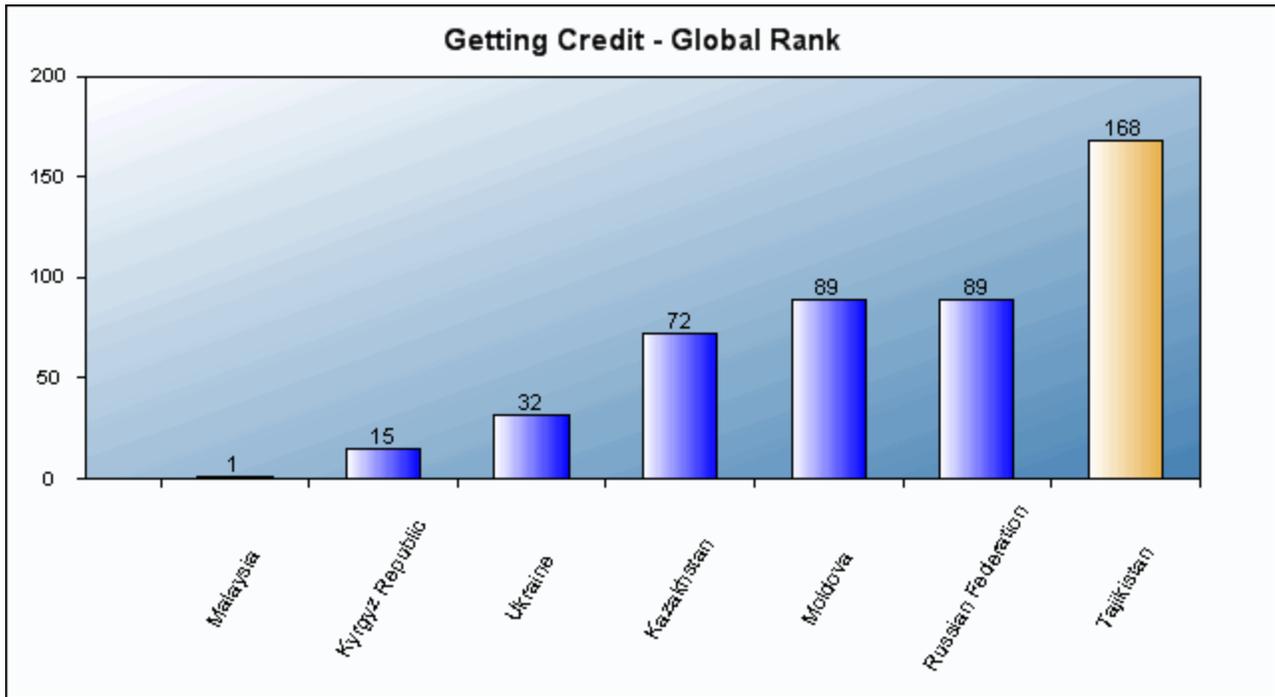
The Debtor

- 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:

Tajikistan is ranked 168 overall for Getting Credit.

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



The following table shows Getting Credit data for Tajikistan 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>				
Tajikistan	3	0	0.0	0.0

<i>Comparator Economies</i>				
Kazakhstan	4	5	0.0	29.9
Kyrgyz Republic	10	3	0.0	11.9
Moldova	8	0	0.0	0.0
Russian Federation	3	5	0.0	14.4
Ukraine	9	3	0.0	10.1

* The following economies are also good practice economies for :

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

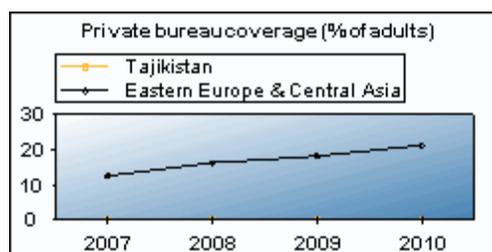
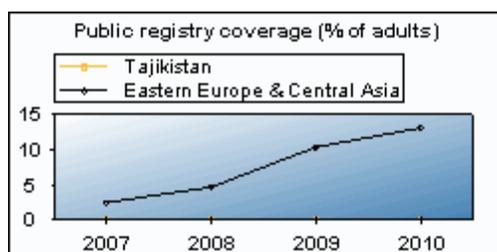
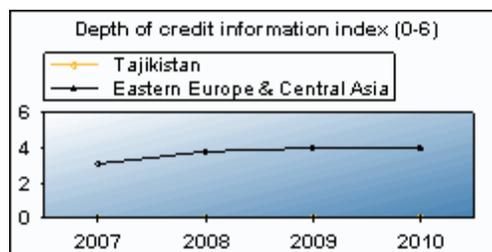
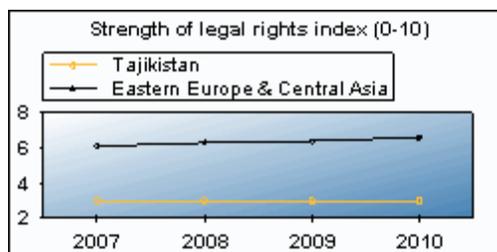
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

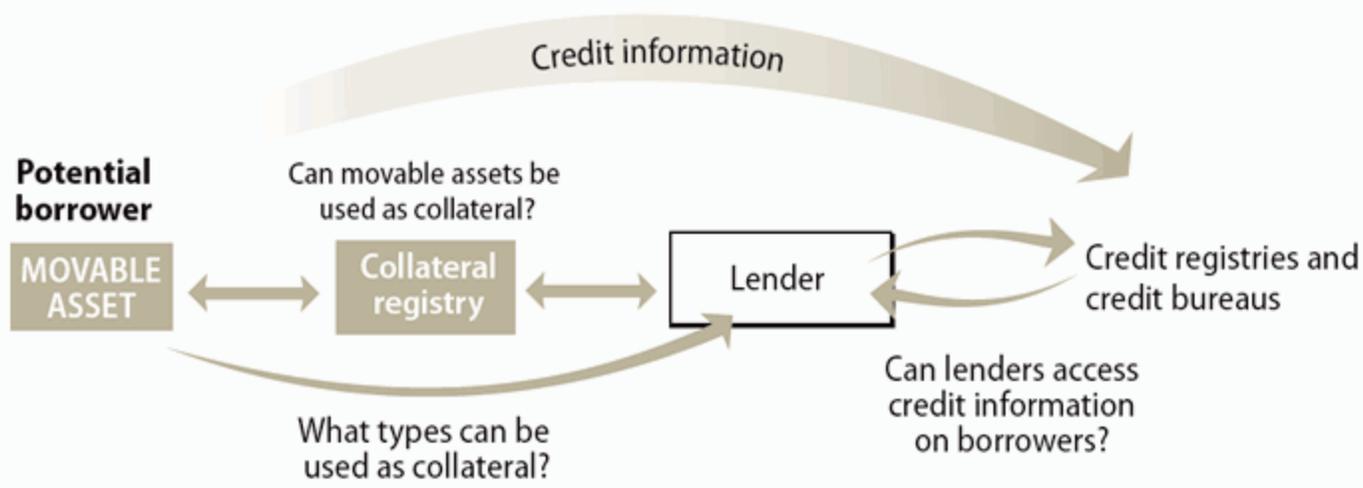
2. Historical data: Getting Credit in Tajikistan

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	167	168
Strength of legal rights index (0-10)	3	3	3	3
Depth of credit information index (0-6)	0	0	0	0
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

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

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	Yes
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	No
Does the law authorize parties to agree on out of court enforcement?	Yes

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

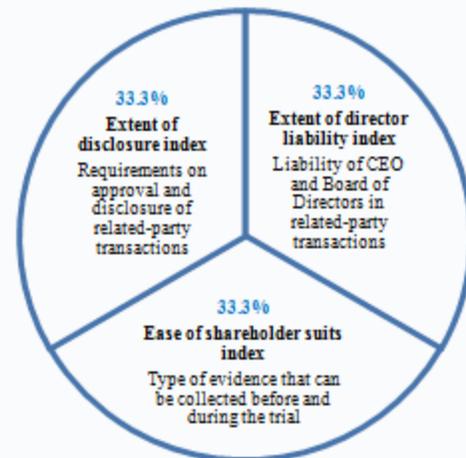
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

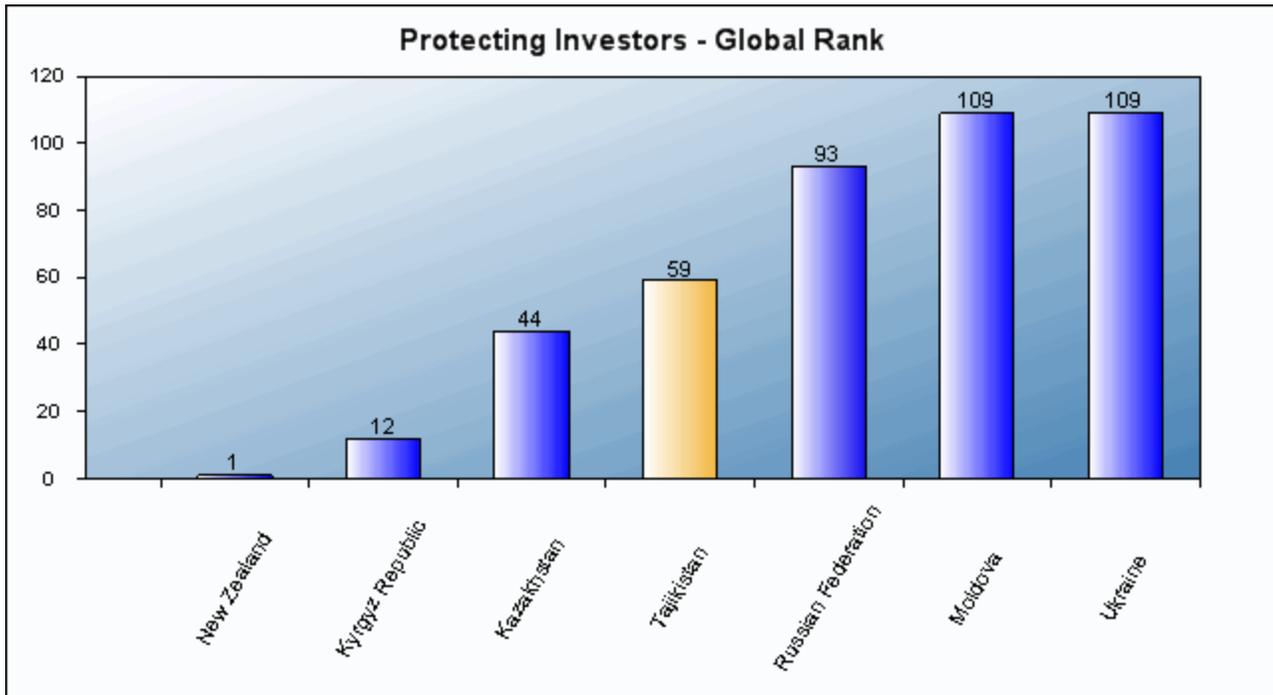
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Tajikistan is ranked 59 overall for Protecting Investors.

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



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

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

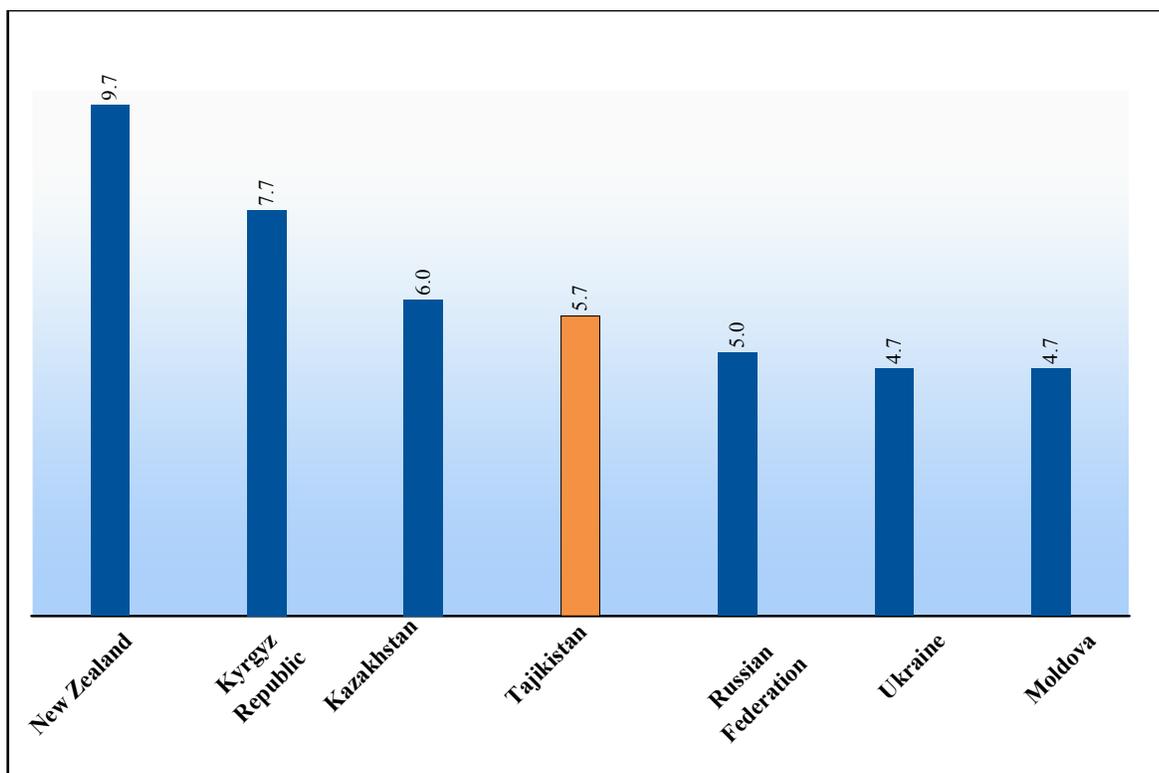
<i>Selected Economy</i>	
Tajikistan	5.7

<i>Comparator Economies</i>	
Kazakhstan	6.0
Kyrgyz Republic	7.7
Moldova	4.7
Russian Federation	5.0
Ukraine	4.7

2. Historical data: Protecting Investors in Tajikistan

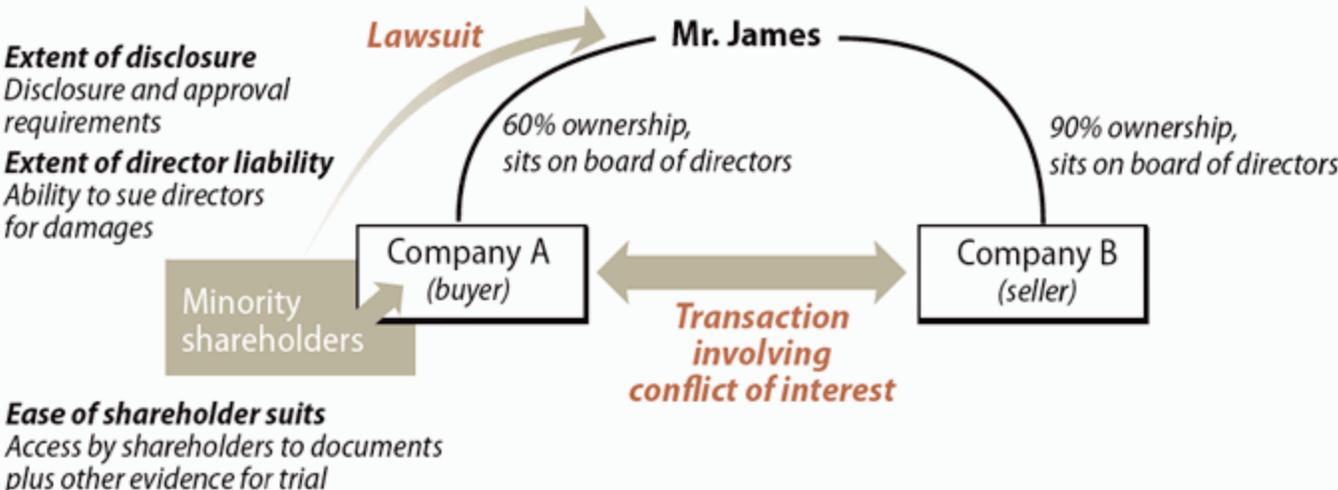
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	108	59
Strength of investor protection index (0-10)	1.7	3.3	4.7	5.7

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	8
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?	0
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?	1
Extent of director liability index (0-10)	3
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	6
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	1
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	5.7

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)

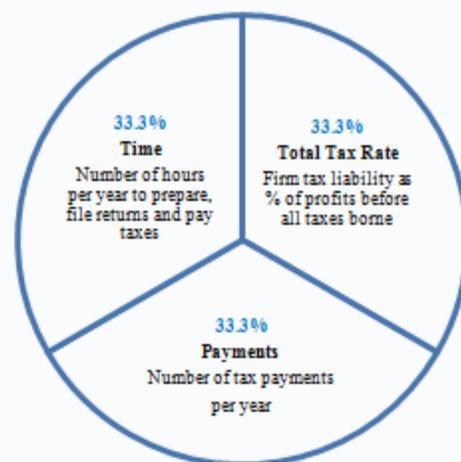
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



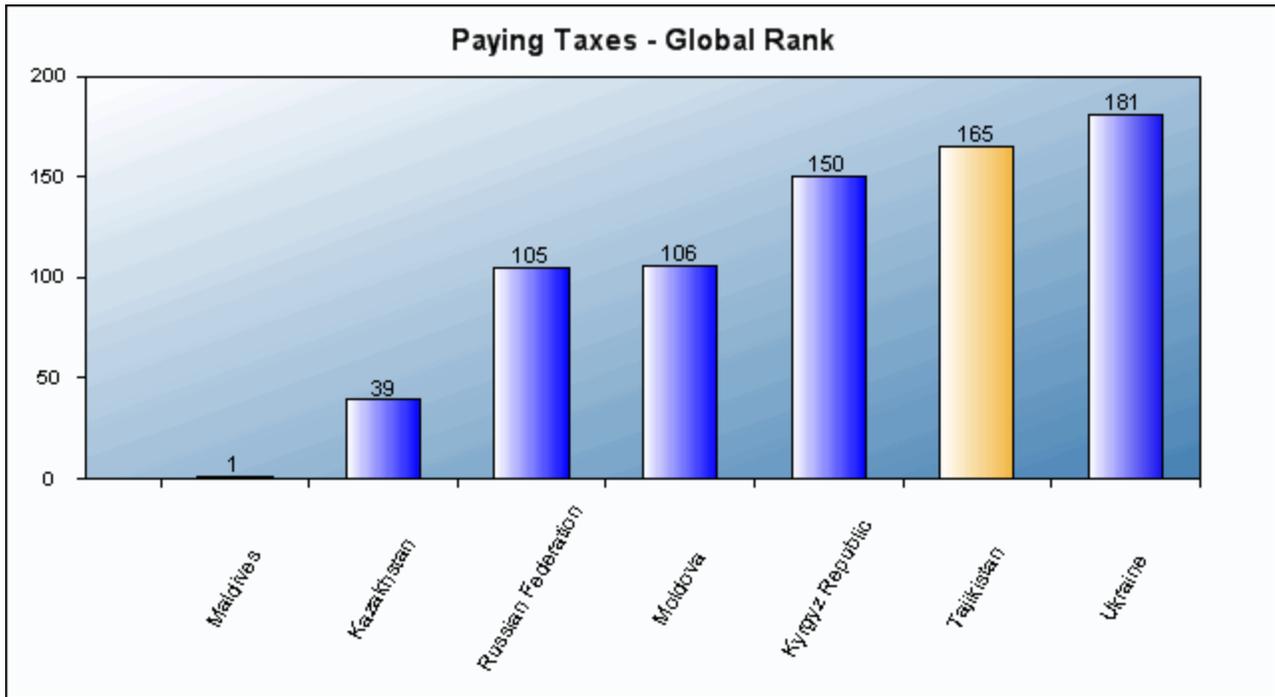
Case Study Assumptions

- 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:

Tajikistan is ranked 165 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Tajikistan 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>			
Tajikistan	54	224	86.0

<i>Comparator Economies</i>			
Kazakhstan	9	271	29.6
Kyrgyz Republic	48	202	57.2
Moldova	48	228	30.9
Russian Federation	11	320	46.5
Ukraine	135	657	55.5

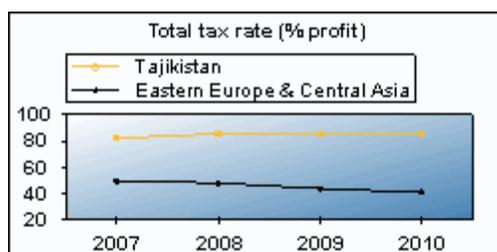
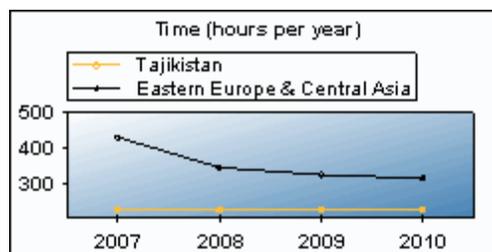
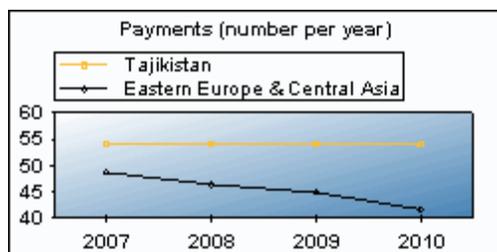
* The following economies are also good practice economies for :

Payments (number per year): Qatar

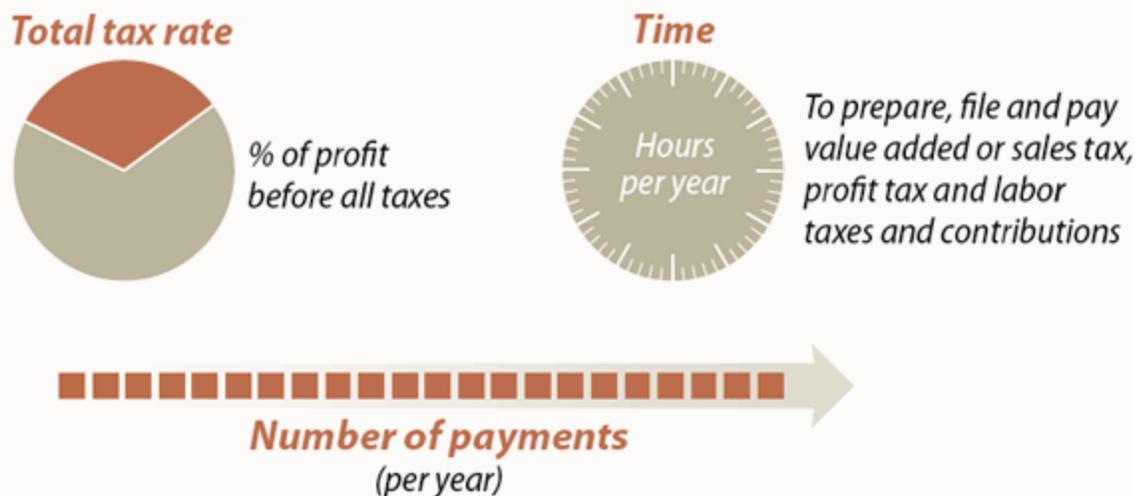
2. Historical data: Paying Taxes in Tajikistan

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	162	165
Total tax rate (% profit)	82.2	85.5	85.9	86.0
Payments (number per year)	54	54	54	54
Time (hours per year)	224	224	224	224

3. The following graphs illustrate the Paying Taxes sub indicators in Tajikistan 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 Tajikistan, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
VAT	12		96	18.0%	value added		
Sales Tax	0			3.0%	turnover		
Land tax	4			0.05S	per square meter	0.00	
Tax on interest	0	withheld		12.0%	interest	0.30	
Vehicle tax	1			4.5% of minimum wage	vehicle capacity	0.80	
Real estate tax	1			0.96 -2.5 S	per square meter	3.70	
Corporate income tax	12		80	max of 15% or 1%	taxable profits or turnover	17.70	
Social tax	12		48	25.0%	gross salaries	28.50	
Road tax	12			2.0%	turnover	35.40	

Totals

54

224

86.0

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)

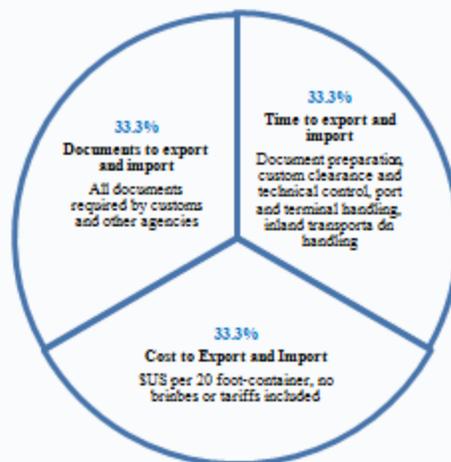
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

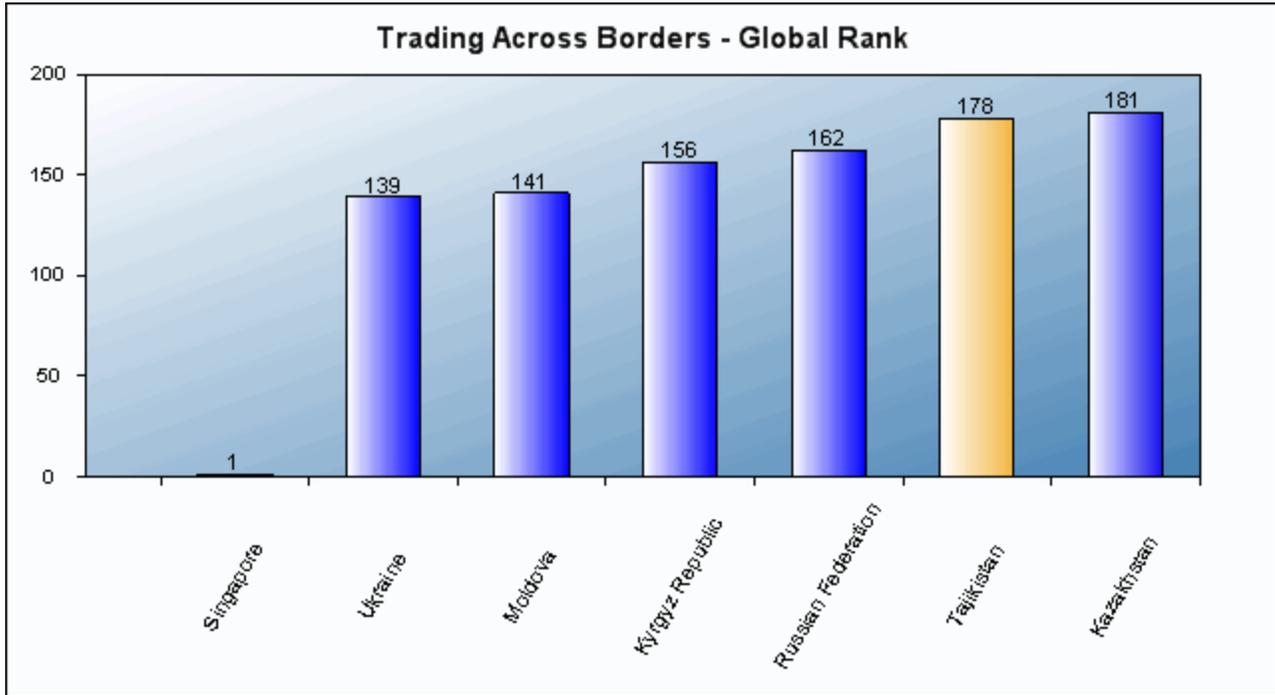
The traded product

- 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:

Tajikistan is ranked 178 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Tajikistan 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>						
Tajikistan	10	82	3350	9	83	4550

<i>Comparator Economies</i>						
Kazakhstan	10	81	3005	12	67	3055
Kyrgyz Republic	7	63	3010	7	72	3280
Moldova	6	32	1765	7	35	1960
Russian Federation	8	36	1850	13	36	1850
Ukraine	6	31	1560	8	36	1580

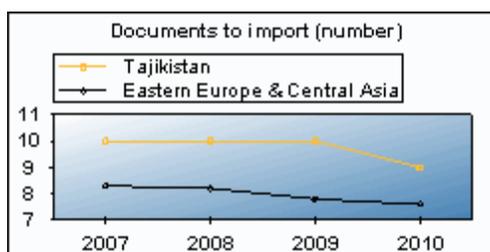
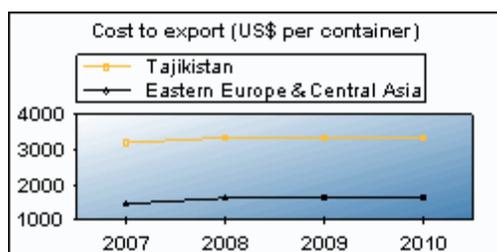
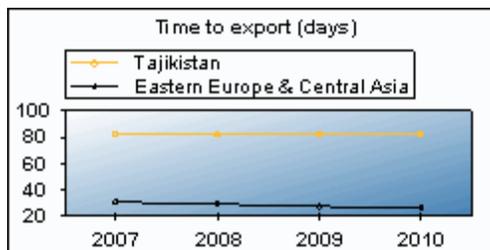
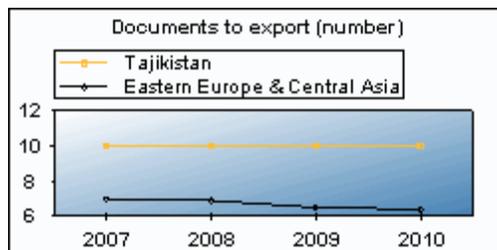
* The following economies are also good practice economies for :

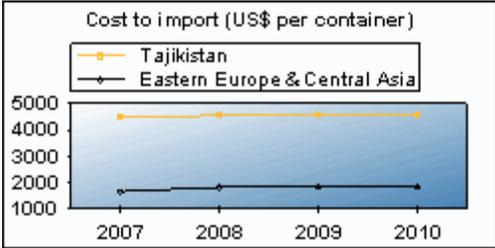
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Tajikistan

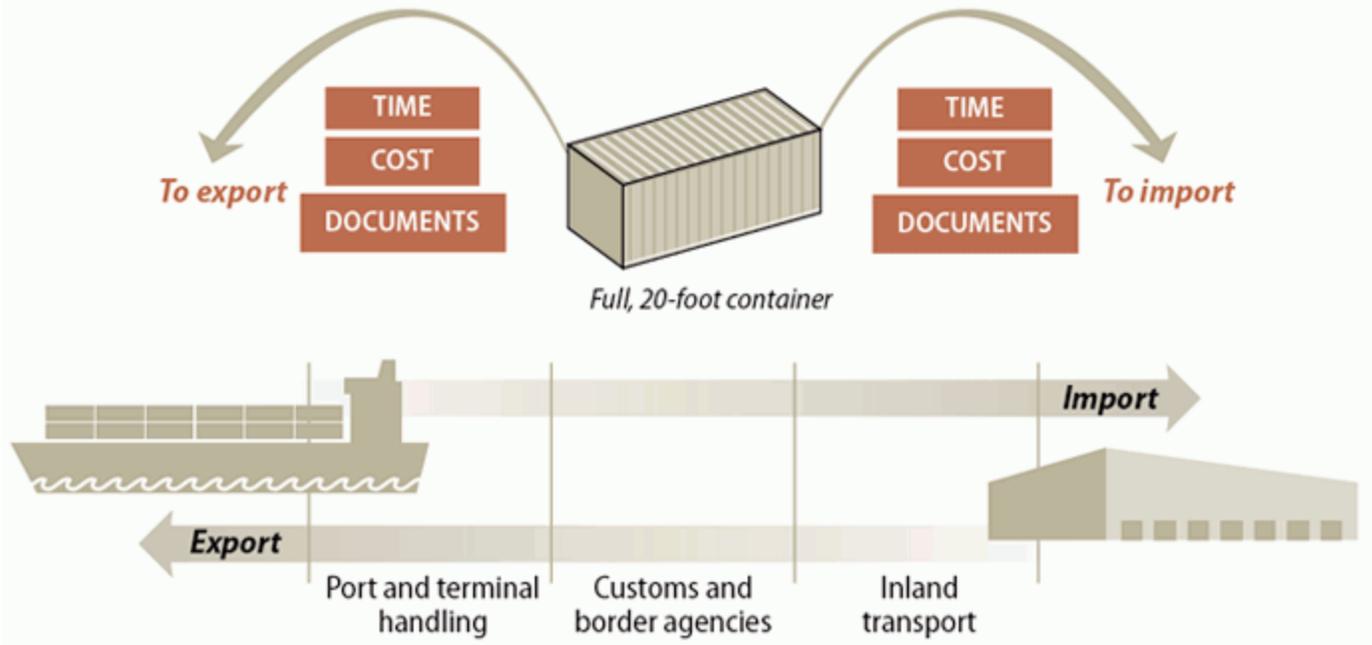
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	179	178
Cost to export (US\$ per container)	3200	3350	3350	3350
Cost to import (US\$ per container)	4500	4550	4550	4550
Documents to export (number)	10	10	10	10
Documents to import (number)	10	10	10	9
Time to export (days)	82	82	82	82
Time to import (days)	83	83	83	83

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	20	1000
Customs clearance and technical control	2	150
Ports and terminal handling	2	200
Inland transportation and handling	58	2000
Totals	82	3350

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	20	800
Customs clearance and technical control	4	150
Ports and terminal handling	2	100
Inland transportation and handling	57	3500
Totals	83	4550

Documents for Export and Import

Export

Bill of lading
Sale Purchase Contract
Certificate of origin
Commercial invoice
CMR
Customs export declaration
Confirmation of Payment
Packing list
Technical standard/health certificate
Terminal handling receipts

Import

Bill of lading
Certificate of origin
Commercial invoice
Customs import declaration
Inspection report
Packing list
Tax certificate
Technical standard/health certificate
Terminal handling receipts

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)

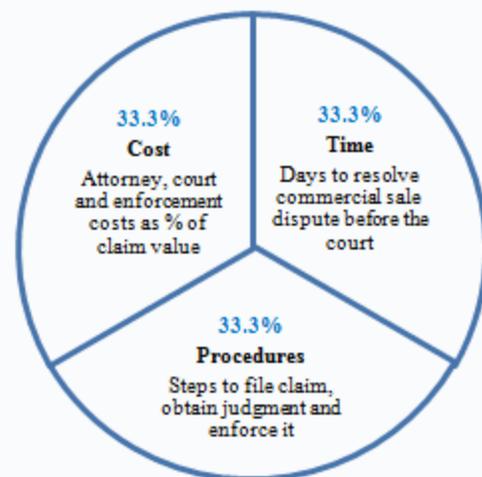
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

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



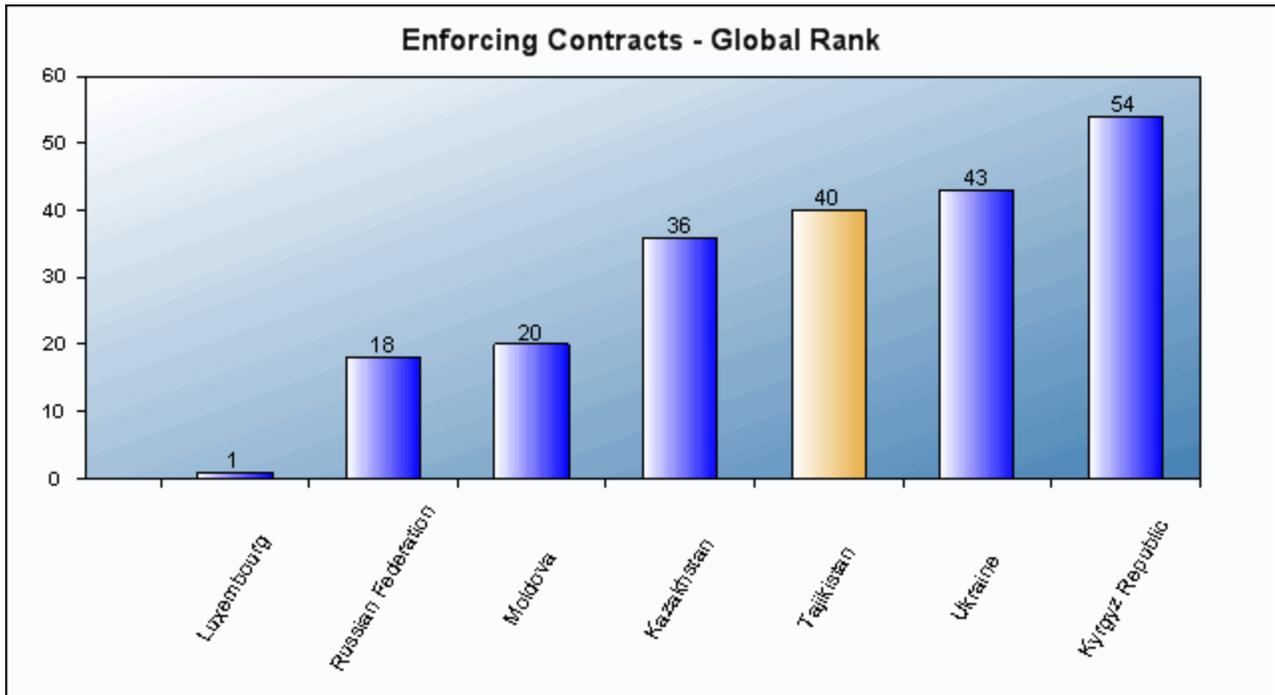
Case Study Assumptions

- 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:

Tajikistan is ranked 40 overall for Enforcing Contracts.

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



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

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

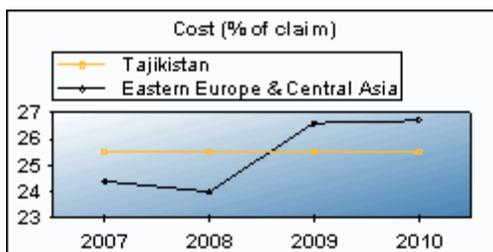
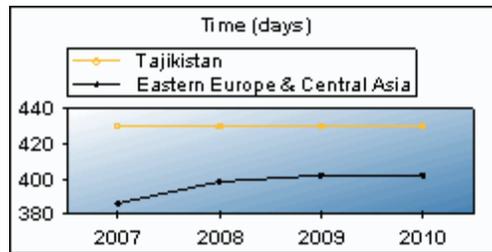
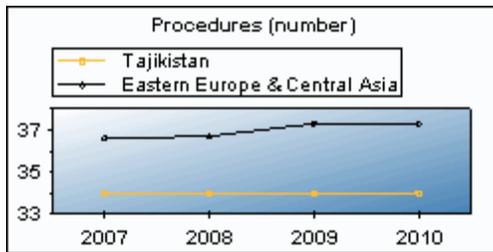
<i>Selected Economy</i>			
Tajikistan	34	430	25.5

<i>Comparator Economies</i>			
Kazakhstan	38	390	22.0
Kyrgyz Republic	39	260	29.0
Moldova	31	365	20.9
Russian Federation	37	281	13.4
Ukraine	30	345	41.5

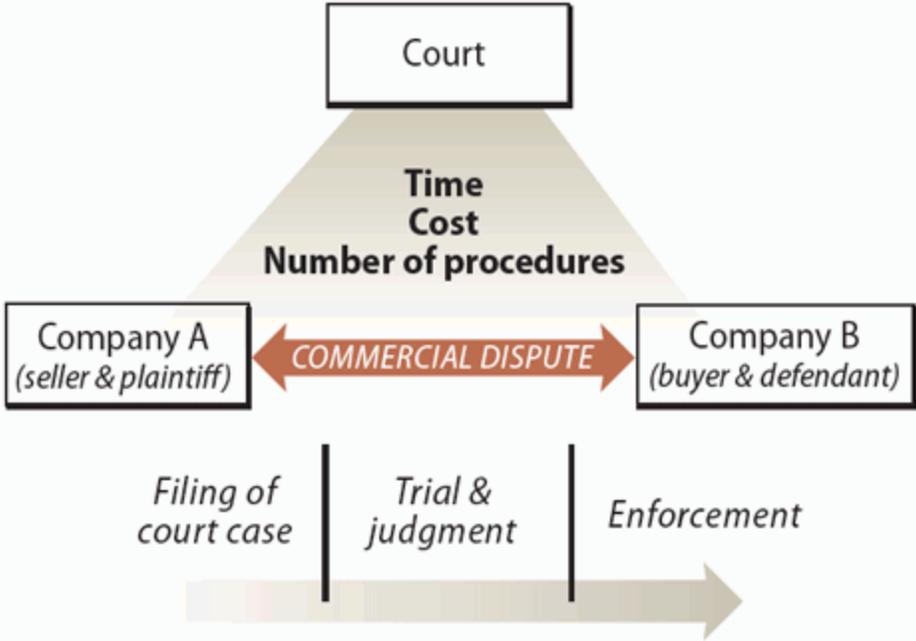
2. Historical data: Enforcing Contracts in Tajikistan

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	39	40
Procedures (number)	34	34	34	34
Time (days)	430	430	430	430
Cost (% of claim)	25.5	25.5	25.5	25.5

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

Nature of Procedure (2010)	Indicator
Procedures (number)	34
Time (days)	430
Filing and service	40.0
Trial and judgment	120.0
Enforcement of judgment	270.0
Cost (% of claim)*	25.50
Attorney cost (% of claim)	8.5
Court cost (% of claim)	15.0
Enforcement Cost (% of claim)	2.0

Court information: Dushanbe Commercial Court ("Экономический суд города Душанбе")

* 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)

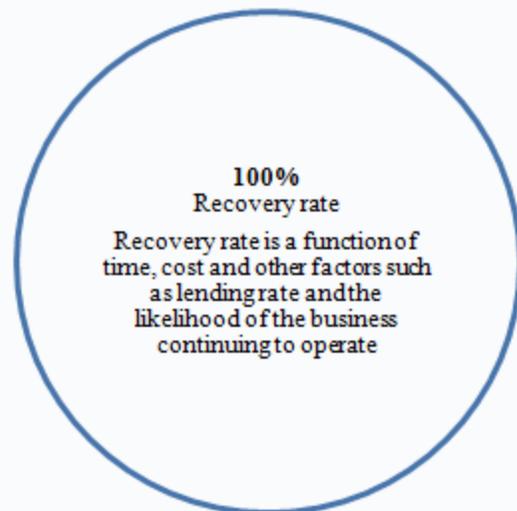
- Measured in calendar years
- Appeals and requests for extension are included

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

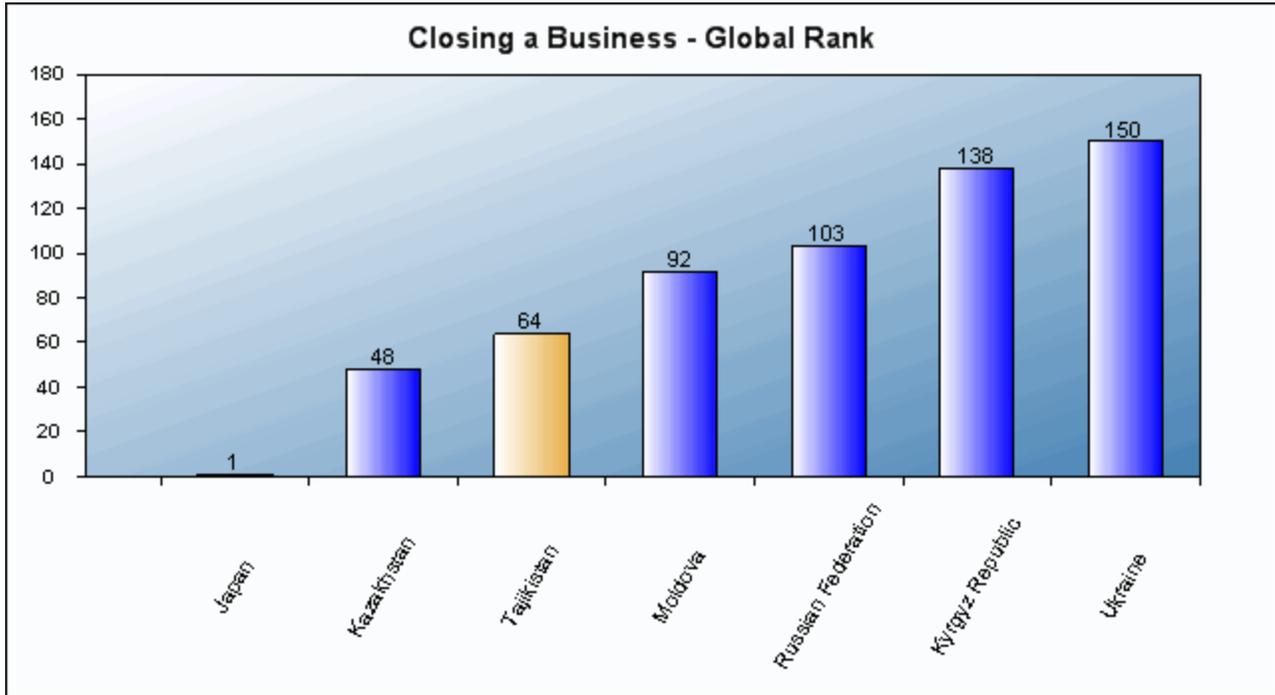
The Company

- 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:

Tajikistan is ranked 64 overall for Closing a Business.

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



The following table shows Closing Business data for Tajikistan 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>			
Tajikistan	37.4	1.7	9

<i>Comparator Economies</i>			
Kazakhstan	43.3	1.5	15
Kyrgyz Republic	15.3	4.0	15
Moldova	28.2	2.8	9
Russian Federation	25.3	3.8	9
Ukraine	7.9	2.9	42

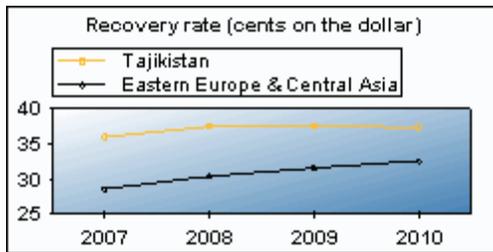
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Tajikistan

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	61	64
Time (years)	1.7	1.7	1.7	1.7
Cost (% of estate)	9	9	9	9
Recovery rate (cents on the dollar)	36.0	37.5	37.5	37.4

3. The following graphs illustrate the Closing Business sub indicators in Tajikistan 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.
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.
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.
Kyrgyz Republic	The Kyrgyz Republic eased business start-up by eliminating the requirement to have the signatures of company founders notarized. The Kyrgyz Republic streamlined insolvency proceedings and updated requirements for administrators, but new formalities added to prevent abuse of proceedings made closing a business more difficult.
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.
Russian Federation	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
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.

Ukraine	Ukraine eased business start-up by substantially reducing the minimum capital requirement. Ukraine made dealing with construction permits easier by implementing national and local regulations that streamlined procedures. Ukraine eased tax compliance by introducing and continually enhancing an electronic filing system for value added tax.
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.



WWW.DOINGBUSINESS.ORG