

Doing Business 2010

Turkey

COMPARING REGULATION IN 183 ECONOMIES



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ISBN: 978-0-8213-7961-5
E-ISBN: 978-0-8213-7965-3
DOI: 10.1596/978-0-8213-7961-5
ISSN: 1729-2638

Library of Congress Cataloging-in-Publishing Data has been applied for.

Printed in the United States.

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Introduction

Doing Business 2010: Reforming Through Difficult Times is the seventh 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 10 stages of a business's life are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2010: Reforming Through Difficult Times* are current as of June 1, 2009*. 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, 27 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for Turkey. The data used for this country 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 2010: Reforming Through Difficult Times* 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).

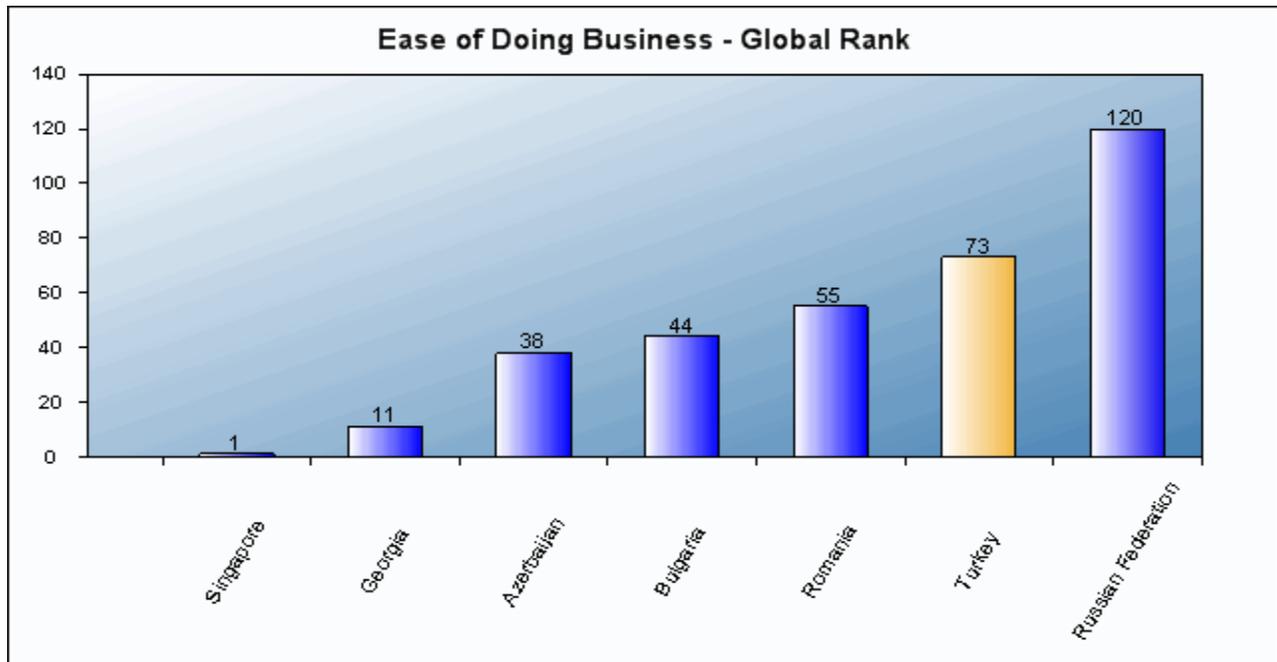
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

Note: Doing Business 2008 and Doing Business 2009 data and rankings have been recalculated to reflect changes to the methodology and the addition of new countries (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Turkey is ranked 73 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Turkey's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	73
Starting a Business	56
Dealing with Construction Permits	133
Employing Workers	145
Registering Property	36
Getting Credit	71
Protecting Investors	57
Paying Taxes	75
Trading Across Borders	67
Enforcing Contracts	27
Closing a Business	121

Summary of Indicators - Turkey

Starting a Business	Procedures (number)	6
	Time (days)	6
	Cost (% of income per capita)	14.2
	Min. capital (% of income per capita)	9.5
Dealing with Construction Permits	Procedures (number)	25
	Time (days)	188
	Cost (% of income per capita)	218.8
Employing Workers	Difficulty of hiring index (0-100)	44
	Rigidity of hours index (0-100)	40
	Difficulty of redundancy index (0-10)	20
	Rigidity of employment index (0-100)	35
	Redundancy costs (weeks of salary)	95
Registering Property	Procedures (number)	6
	Time (days)	6
	Cost (% of property value)	3.0
Getting Credit	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	15.9
	Private bureau coverage (% of adults)	42.9
Protecting Investors	Extent of disclosure index (0-10)	9
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	4
	Strength of investor protection index (0-10)	5.7
Paying Taxes	Payments (number per year)	15
	Time (hours per year)	223
	Profit tax (%)	17.0
	Labor tax and contributions (%)	23.1
	Other taxes (%)	4.4
	Total tax rate (% profit)	44.5

Trading Across Borders	Documents to export (number)	7
	Time to export (days)	14
	Cost to export (US\$ per container)	990
	Documents to import (number)	8
	Time to import (days)	15
	Cost to import (US\$ per container)	1063
Enforcing Contracts	Procedures (number)	35
	Time (days)	420
	Cost (% of claim)	18.8
Closing a Business	Recovery rate (cents on the dollar)	20.2
	Time (years)	3.3
	Cost (% of estate)	15

Starting a Business

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed up the process or may decide to run their businesses informally.

Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

Methodology

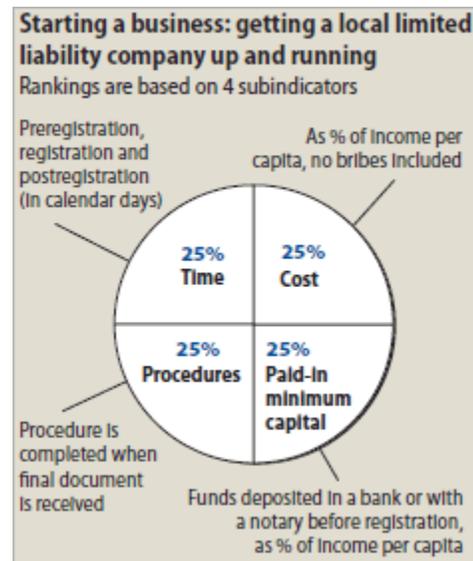
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

Survey Case Study

The business:

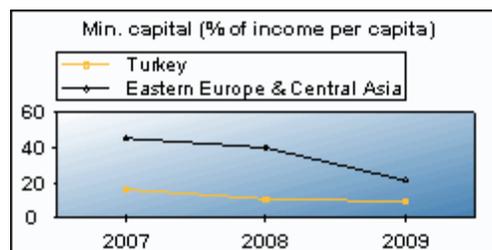
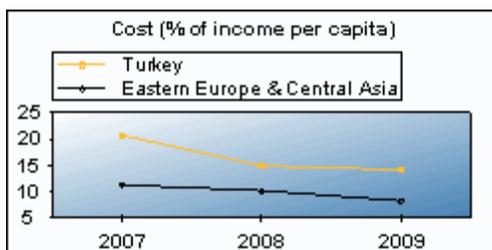
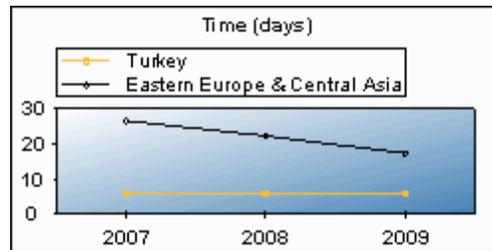
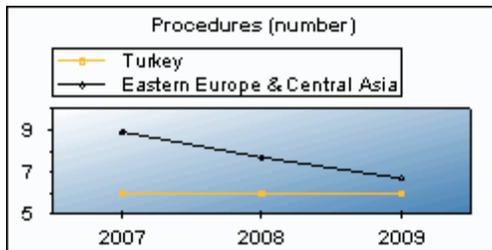
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not qualify for any special benefits
- does not own real estate



1. Historical data: Starting a Business in Turkey

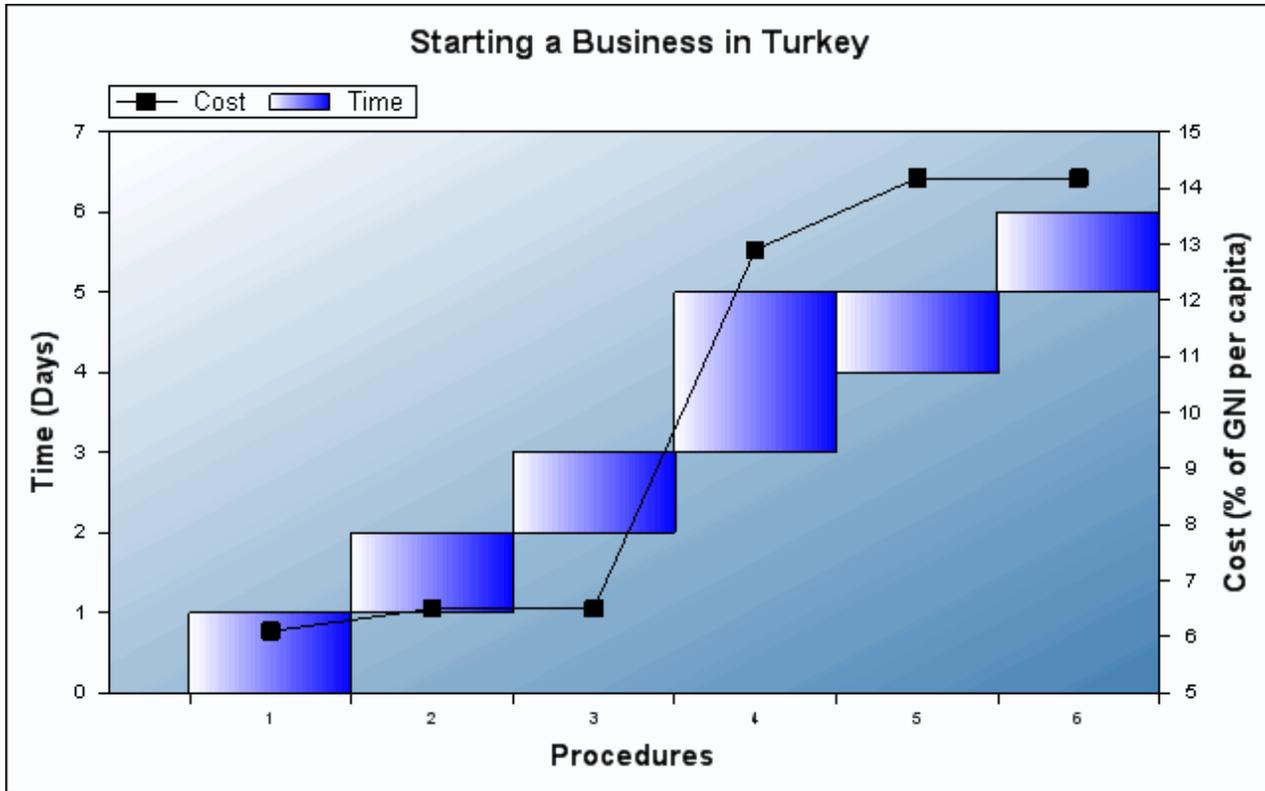
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	44	56
Procedures (number)	6	6	6
Time (days)	6	6	6
Cost (% of income per capita)	20.7	14.9	14.2
Min. capital (% of income per capita)	16.2	10.9	9.5

2. The following graphs illustrates the Starting a Business indicators in Turkey over the past 3 years:



3. Steps to Starting a Business in Turkey

It requires 6 procedures, takes 6 days, and costs 14.18 % GNI per capita to start a business in Turkey.



List of Procedures:

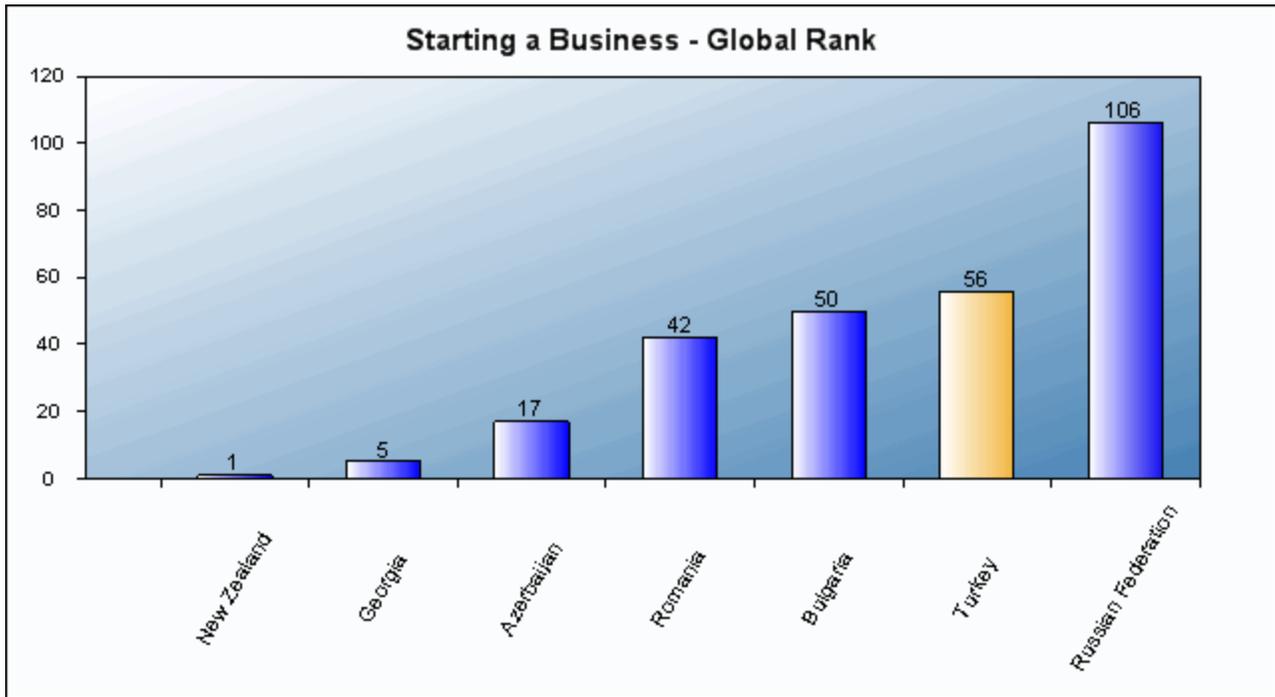
1. Execute and notarize articles of association, signature declaration of the managers, copies of each manager's identity card or passport and commercial books.
2. Deposit a percentage of capital to the account of Competition Authority
3. Deposit the initial capital in a bank and obtain the certificate of paid-in capital
4. File the incorporation notice form, commitment letter, and Chamber registration statement at the Trade Registry Office
5. Have a notary certify the legal books
6. Follow up with the tax office on Commercial Registry's notification

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Turkey is ranked 56 overall for Starting a Business.

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



The following table shows Starting a Business data for Turkey 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>				
Turkey	6	6	14.2	9.5

<i>Comparator Economies</i>				
Azerbaijan	6	10	2.9	0.0
Bulgaria	4	18	1.7	20.7
Georgia	3	3	3.7	0.0
Romania	6	10	2.9	0.9
Russian Federation	9	30	2.7	1.8

* The following economies are also good practice economies for :

Procedures (number): **Canada**

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

Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure from government to comply with inspections, with licensing and safety regulations, from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many economies, especially poor 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.

Methodology

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

Survey Case Study

The business:

- is a small to medium-size limited liability company
- is located in the largest business city
- is domestically owned and operated, in the construction business
- has 20 qualified employees

The warehouse to be built:

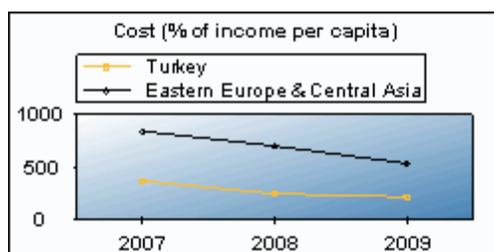
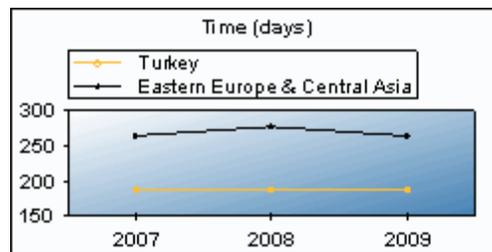
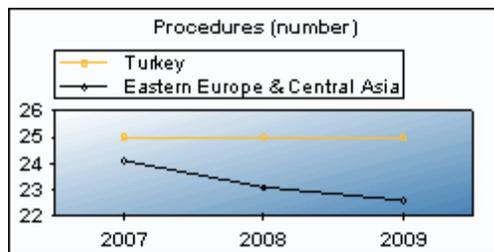
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).



1. Historical data: Dealing with Construction Permits in Turkey

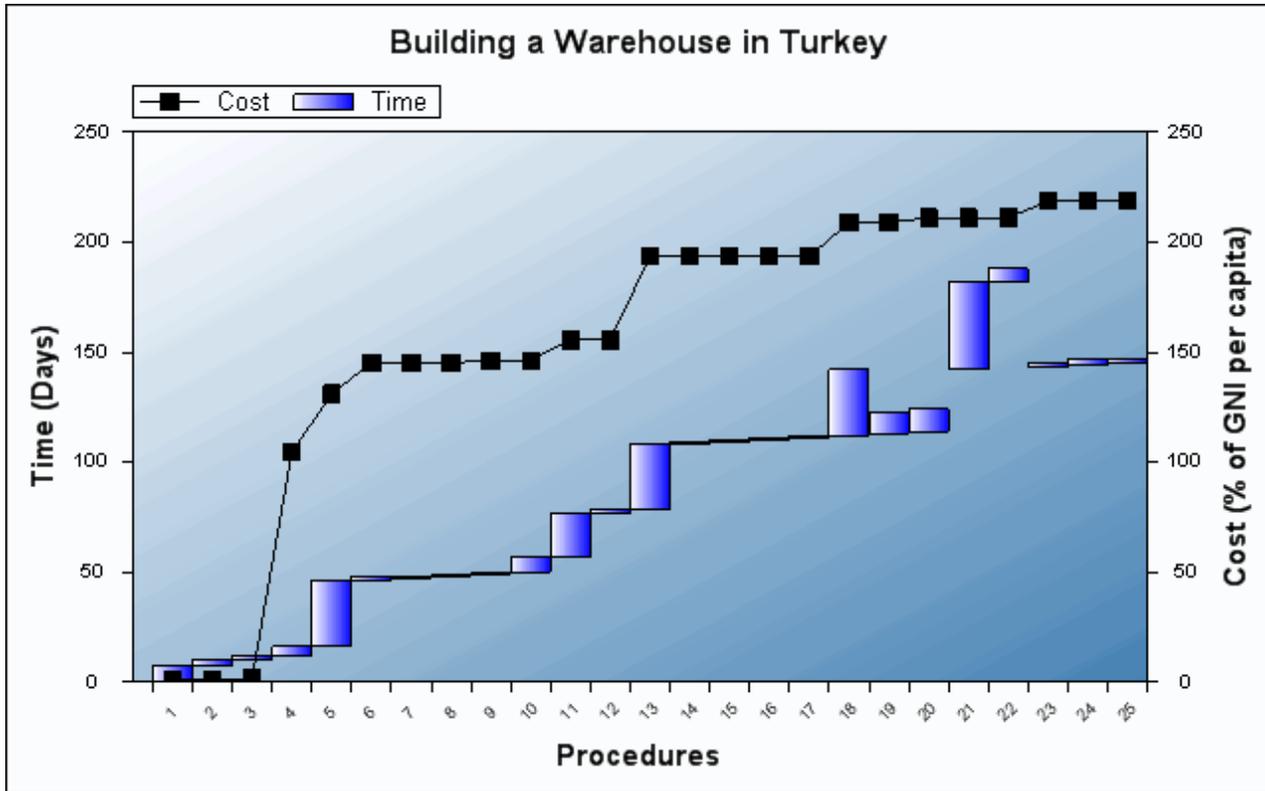
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	133	133
Procedures (number)	25	25	25
Time (days)	188	188	188
Cost (% of income per capita)	369.9	249.3	218.8

2. The following graphs illustrates the Dealing with Construction Permits indicators in Turkey over the past 3 years:



3. Steps to Building a Warehouse in Turkey

It requires 25 procedures, takes 188 days, and costs 218.82 % GNI per capita to build a warehouse in Turkey.



List of Procedures:

- | | |
|--|---|
| 1. Obtain lot plan | 11. Obtain proof of payment and clearance of water and sewerage infrastructure |
| 2. Obtain cadastral plan | 12. Receive foundation registration number from the Social Security Institution |
| 3. Obtain road datum document | 13. Obtain building permit |
| 4. Hire an independent building inspector | 14. Obtain proof of tax payment |
| 5. Obtain approval of architectural drawings from the municipality | 15. Request inspection from the civil defense experts |
| 6. Obtain approval from the Fire Department | 16. Receive inspection from the civil defense experts in the district governor's office |
| 7. Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS) | 17. Receive final inspection from the municipality |
| 8. Obtain approval of technical drawings from the phone company | 18. Obtain occupancy permit |
| 9. Obtain contractor registration document from the chamber of commerce | 19. Obtain proof of real estate tax payment |
| 10. Obtain project approval from the civil defense directorate of the district governor's office | 20. Change the title deed from a land title deed to a building title deed |

21. Request water connection and permission for discharge of sewerage and rainwater
22. Receive inspection and obtain connection from the water and sewerage department
23. Obtain electricity connection
24. Obtain approval of telephone system from the Telephone Regional directorate
25. Obtain telephone connection

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Turkey is ranked 133 overall for Dealing with Construction Permits.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.6
Singapore		25	

<i>Selected Economy</i>			
Turkey	25	188	218.8

<i>Comparator Economies</i>			
Azerbaijan	31	207	369.6
Bulgaria	24	139	436.5
Georgia	10	98	21.6
Romania	17	243	87.9
Russian Federation	54	704	2140.7

Employing Workers

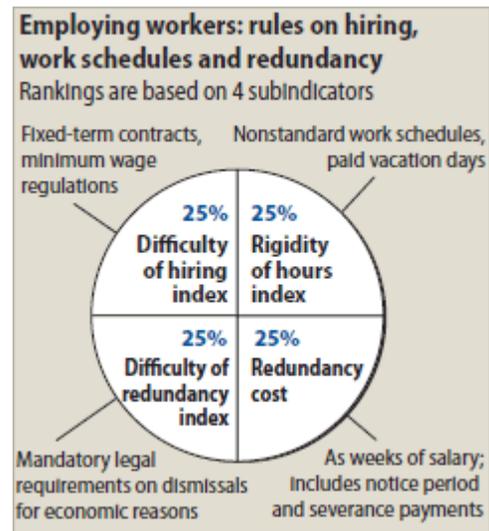
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws.

Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. Doing Business measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the conventions of the International Labour Organization (ILO). An economy can have the most flexible labor regulations as measured by Doing Business while ratifying and complying with all conventions directly relevant to the factors measured by Doing Business and with the ILO core labor standards. No economy can achieve a better score by failing to comply with these conventions.

Governments all over the world face the challenge of finding the right balance between worker protection and labor market flexibility. But in developing countries especially, regulators often err to one extreme, pushing employers and workers into the informal sector. Analysis across economies shows that while employment regulation generally increases the tenure and wages of incumbent workers, overly rigid regulations may have undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills, all of which may reduce productivity growth.

Methodology

Two measures are presented: a rigidity of employment index and a redundancy cost measure. The rigidity of employment index is the average of three sub-indices: difficulty of hiring, rigidity of hours and difficulty of redundancy. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek taking into account legal provisions that refer specifically to small to medium-size companies in the manufacturing industry in which continuous operation is economically necessary, as well as mandated days of annual leave with pay. The difficulty of redundancy index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.



The Redundancy cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

Survey Case Study

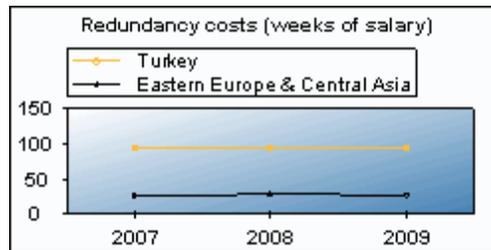
The business:

- is a limited liability company operating in the manufacturing sector
- is located in the largest business city
- is 100% domestically owned
- has 60 employees
- The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

1. Historical data: Employing Workers in Turkey

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	143	145
Redundancy costs (weeks of salary)	95	95	95
Rigidity of employment index (0-100)	39	35	35

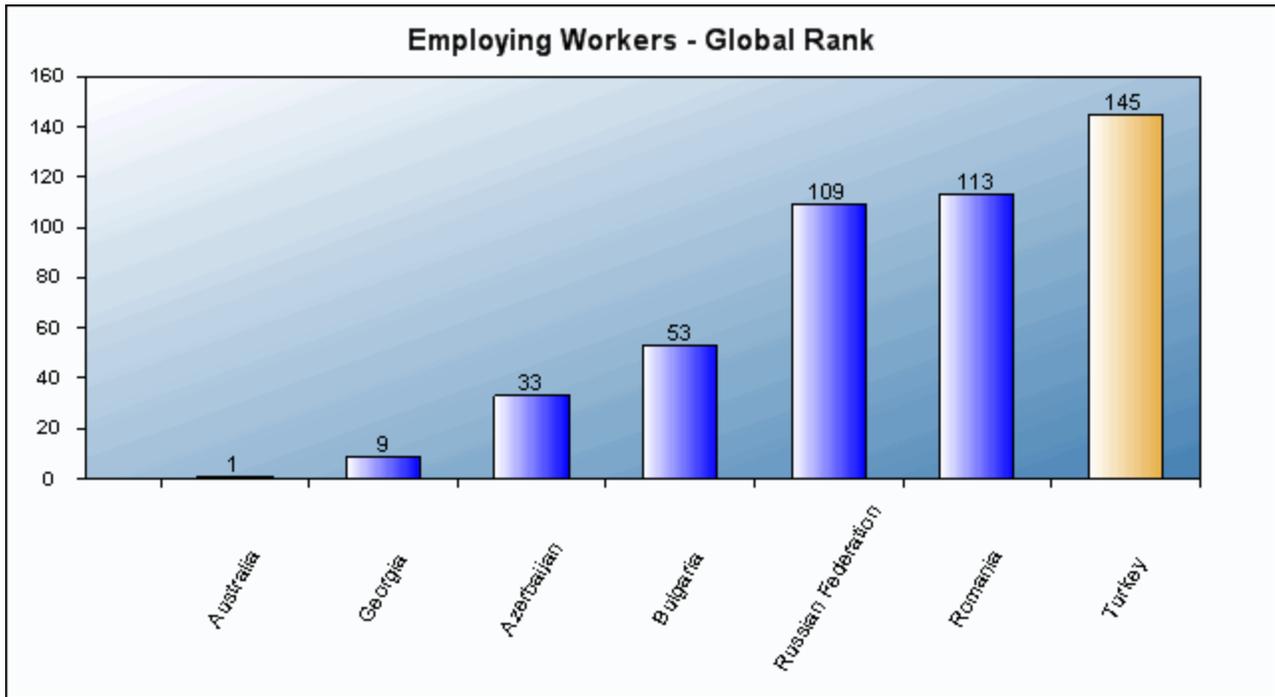
2. The following graphs illustrates the Employing Workers indicators in Turkey over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Turkey is ranked 145 overall for Employing Workers.

Ranking of Turkey in Employing Workers - Compared to good practice and selected economies:



The following table shows Employing Workers data for Turkey compared to good practice and comparator economies:

Good Practice Economies	Rigidity of employment index (0-100)	Redundancy costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

<i>Selected Economy</i>		
Turkey	35	95

<i>Comparator Economies</i>		
Azerbaijan	10	22
Bulgaria	19	9
Georgia	7	4
Romania	46	8
Russian Federation	38	17

* The following economies are also good practice economies for :

Rigidity of employment index (0-100): Australia, Brunei Darussalam, Kuwait, Marshall Islands, Singapore, St. Lucia, Uganda, United States

Redundancy costs (weeks of salary): Denmark, Iraq, Marshall Islands, Micronesia, Fed. Sts., Palau, Puerto Rico, Tonga, United States

Registering Property

Formal property titles help promote the transfer of land, encourage investment and give entrepreneurs access to formal credit markets. But a large share of property in developing economies is not formally registered. Informal titles cannot be used as security in obtaining loans, which limits financing opportunities for businesses. Many governments have recognized this and started extensive property titling programs. But bringing assets into the formal sector is only part of the story. The more difficult and costly it is to formally transfer property, the greater the chances that formalized titles will quickly become informal again. Eliminating unnecessary obstacles to registering and transferring property is therefore important for economic development.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

Methodology

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name. The property of land and building will be transferred in its entirety. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most economies the data are based on responses from both. Based on the responses, three indicators are constructed:

- number of procedures to register property
- time to register property (in calendar days)
- official costs to register property (as a percentage of the property value)

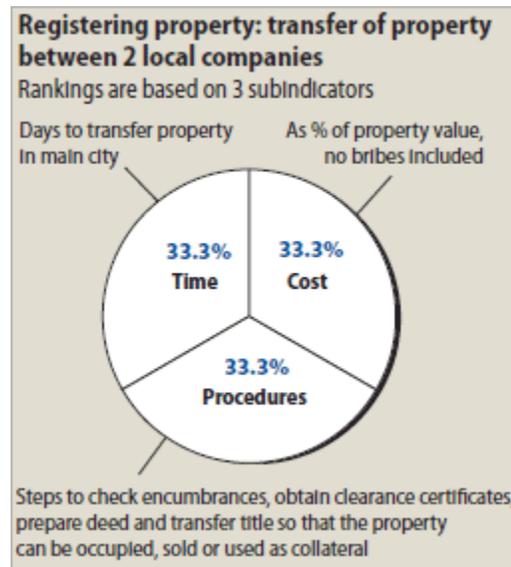
Survey Case Study

The buyer and seller:

- are limited liability companies
- are private nationals (no foreign ownership)
- are located in periurban area of the largest business city
- conduct general commercial activities

The property:

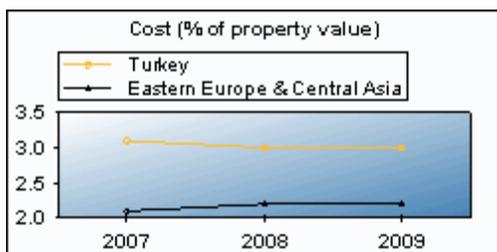
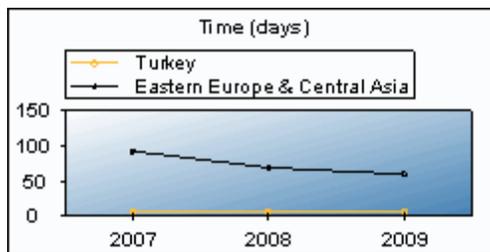
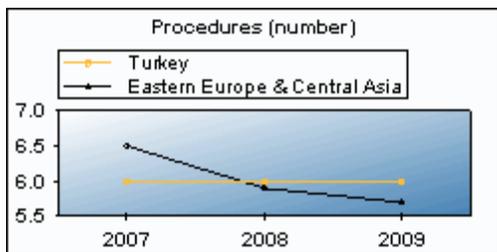
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller company owned the property for the last 10 years.
- is registered in the land registry and/or cadastre and is free of all disputes.



1. Historical data: Registering Property in Turkey

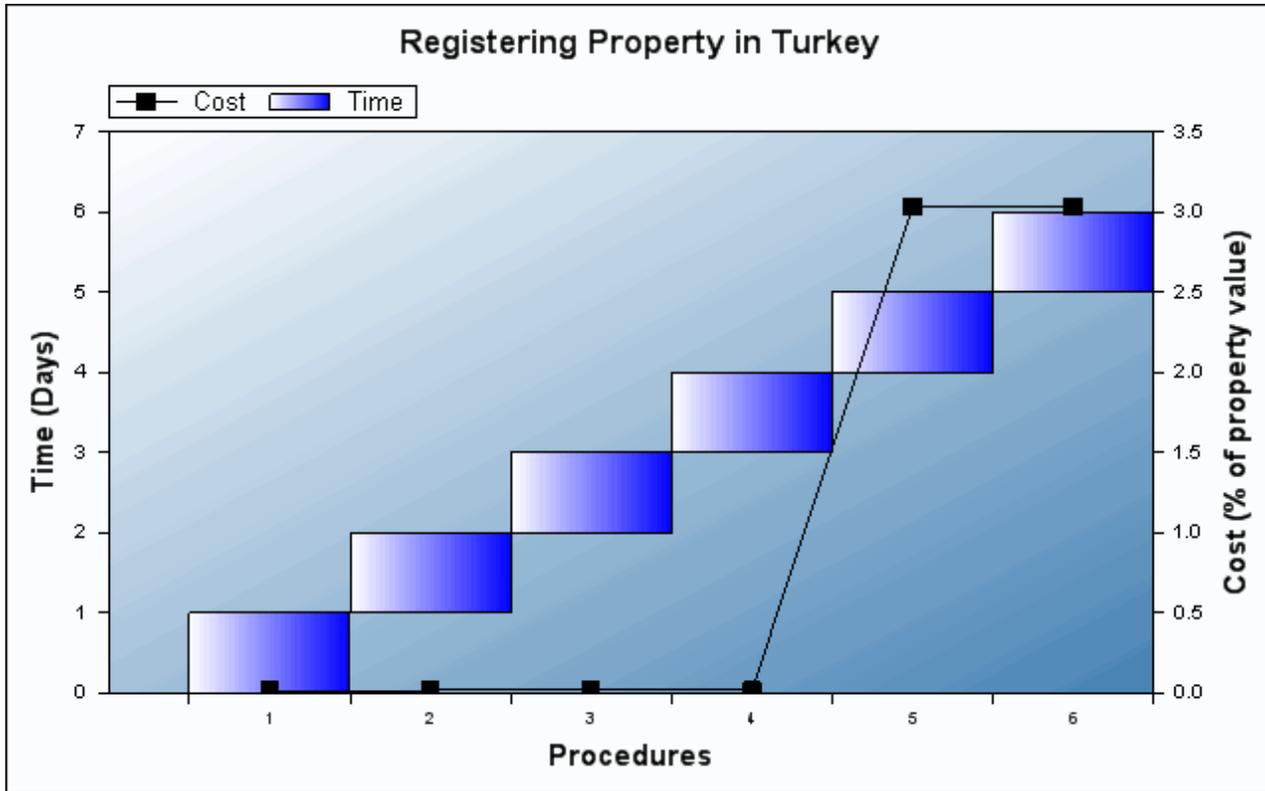
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	33	36
Procedures (number)	6	6	6
Time (days)	6	6	6
Cost (% of property value)	3.1	3.0	3.0

2. The following graphs illustrates the Registering Property indicators in Turkey over the past 3 years:



3. Steps to Registering Property in Turkey

It requires 6 procedures, takes 6 days, and costs 3.04 % of property value to register the property in Turkey.



List of Procedures:

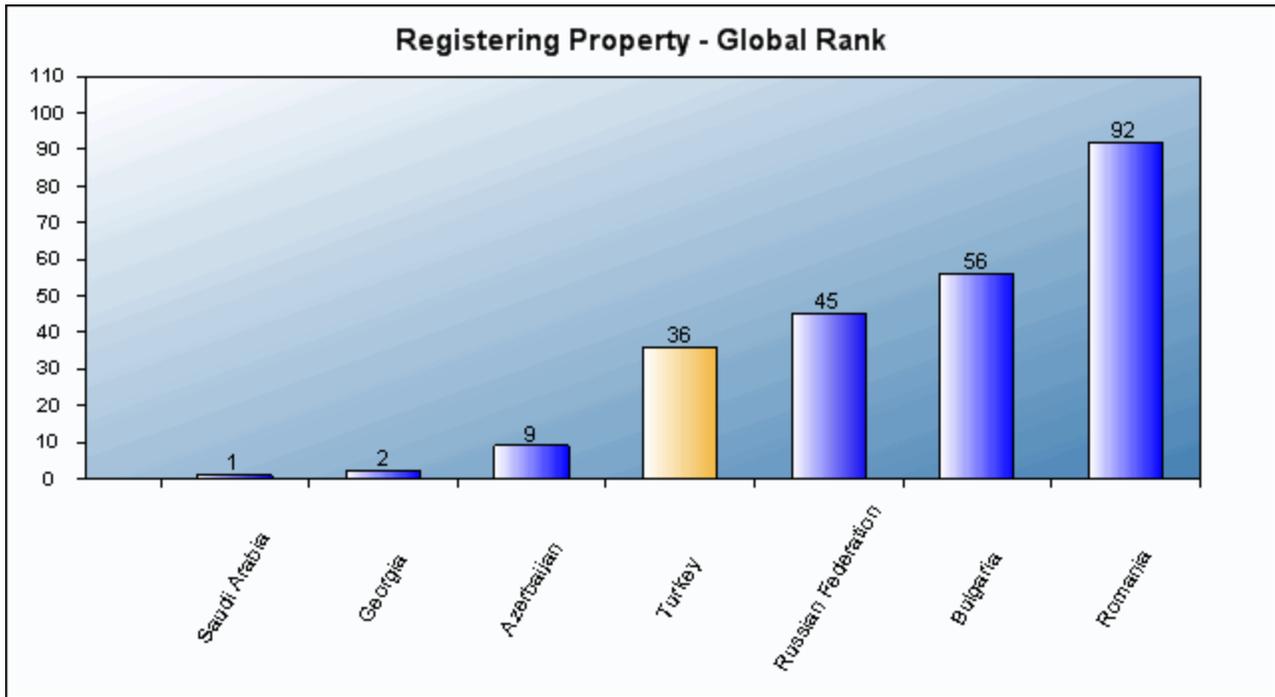
1. The notary public issues the signature circular
2. Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf
3. Obtain an earthquake insurance policy, or amend the existing one
4. Parties apply for registration at the Registry
5. Registration fee is paid at a commercial bank
6. Transaction is completed at the registry office

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Turkey is ranked 36 overall for Registering Property.

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



The following table shows Registering Property data for Turkey 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>			
Turkey	6	6	3.0

<i>Comparator Economies</i>			
Azerbaijan	4	11	0.2
Bulgaria	8	15	2.3
Georgia	2	3	0.0
Romania	8	48	1.3
Russian Federation	6	43	0.1

* The following economies are also good practice economies for :

Procedures (number): United Arab Emirates

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

Getting Credit

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function: one on credit registries and the other on legal rights of borrowers and lenders. Credit registries, institutions that collect and distribute credit information on borrowers, can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. They also free entrepreneurs from having to rely on personal connections alone when trying to obtain credit.

Methodology

Credit information: three indicators are constructed

- depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information
- public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population
- private bureau coverage, which reports the number of individuals and firms, covered by a private credit bureau as a percentage of the adult population

Legal Rights: the strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. Ten points are analyzed:

- Can a business use movable assets as collateral while keeping possession of the assets, and can any financial institution accept such assets as collateral?
- Does the law allow a business to grant a non-possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets?
- Does the law allow a business to grant a non-possessory security right in substantially all of its assets, without requiring a specific description of the secured assets?
- Can a security right extend to future or after-acquired assets and extend automatically to the products, proceeds or replacements of the original assets?
- Is general description of debts and obligations permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties?
- Is a collateral registry in operation that is unified geographically and by asset type as well as being indexed by the name of the grantor of a security right?
- Are secured creditors paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated?
- Are secured creditors subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure?
- Are parties allowed to agree in a collateral agreement that the lender may enforce its security right out of court?

Legal Rights Survey Case Study

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 debtor and creditor are 100% domestically owned.

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

62.5%
Strength of legal rights index
(0-10)

37.5%
Depth of credit information index
(0-6)

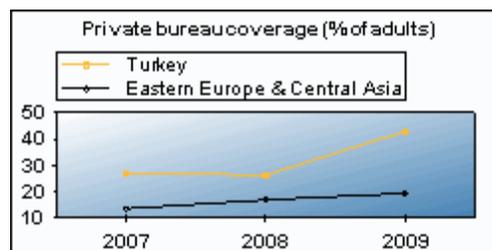
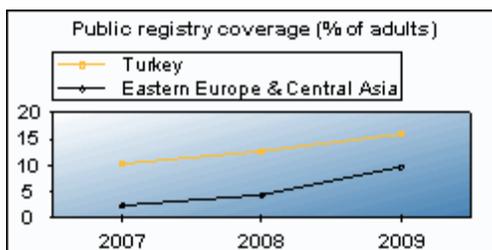
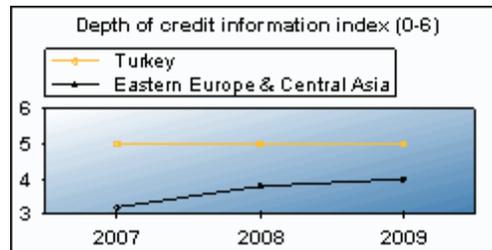
Scope, quality and accessibility of credit information through public and private credit registries

Note: Private bureau coverage and public registry coverage are measured but do not count for the rankings.

1. Historical data: Getting Credit in Turkey

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	68	71
Strength of legal rights index (0-10)	4	4	4
Depth of credit information index (0-6)	5	5	5
Private bureau coverage (% of adults)	27.0	26.3	42.9
Public registry coverage (% of adults)	10.3	12.7	15.9

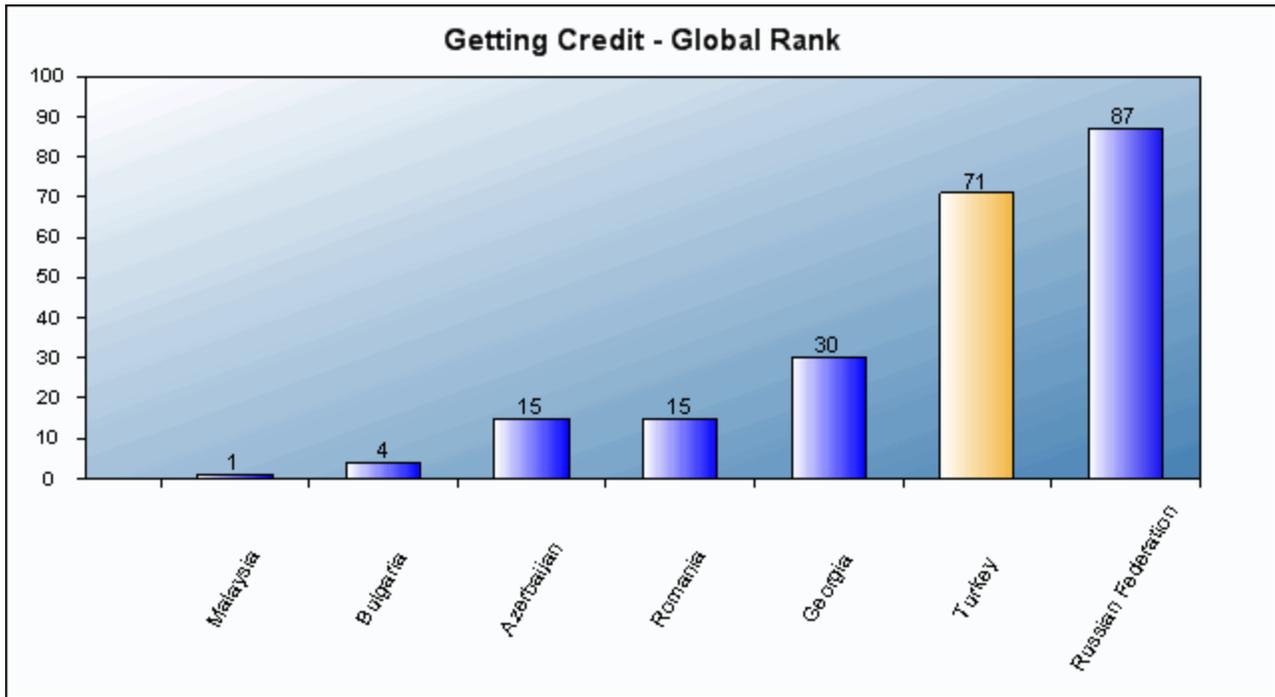
2. The following graphs illustrates the Getting Credit indicators in Turkey over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Turkey is ranked 71 overall for Getting Credit.

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



The following table shows Getting Credit data for Turkey 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			81.3	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Turkey	4	5	15.9	42.9

<i>Comparator Economies</i>				
Azerbaijan	8	5	6.9	0.0
Bulgaria	8	6	34.8	6.2
Georgia	6	6	0.0	12.2
Romania	8	5	5.7	30.2
Russian Federation	3	5	0.0	14.3

* 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.

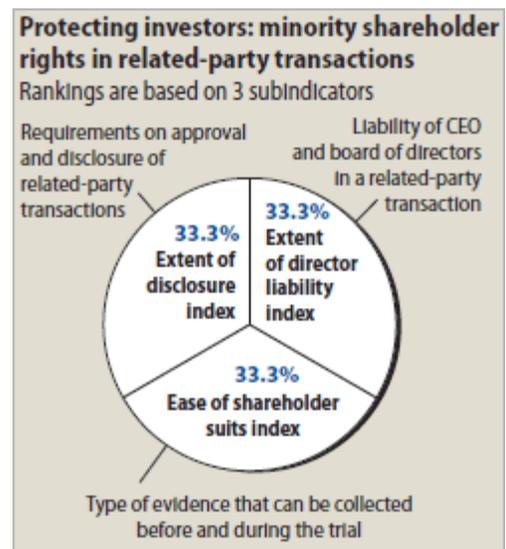
Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. However, investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections.

Methodology

To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain. Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure. The three indices are:

- The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.
- The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.
- The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.



These three indices are averaged to create the strength of investor protection index.

Survey case study

Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. 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.

Several questions arise:

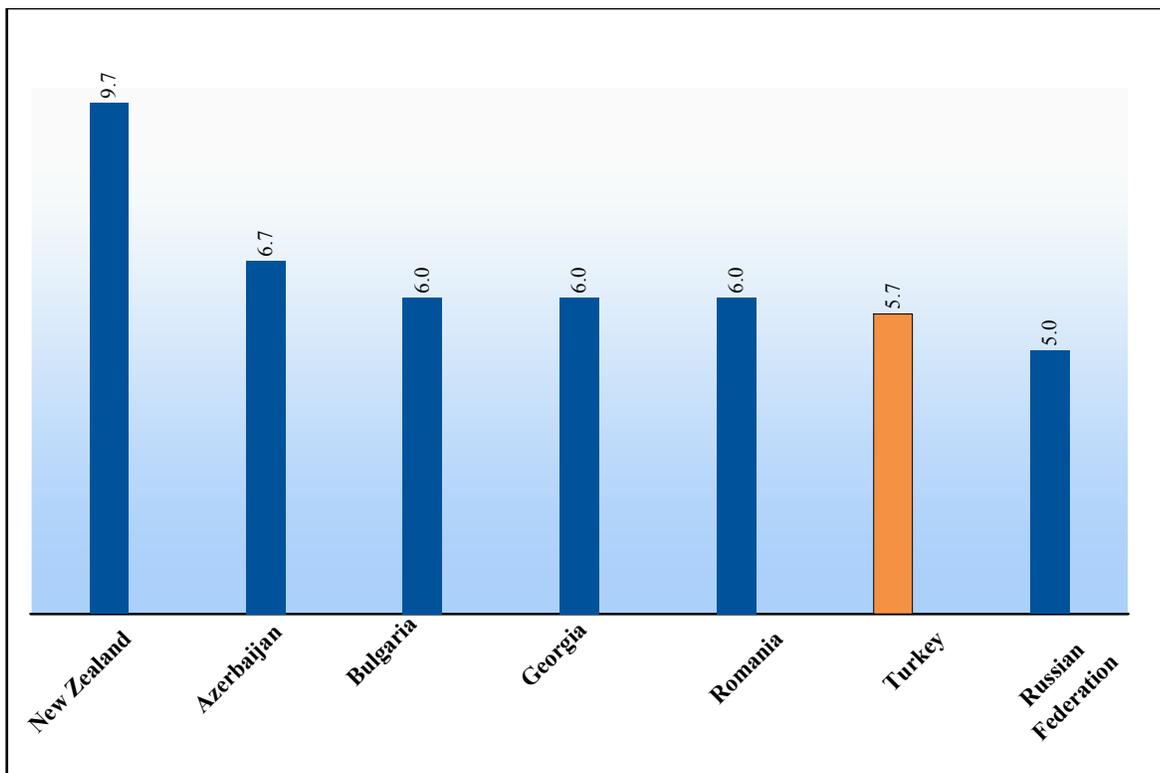
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Dojidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in Turkey

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	53	57
Strength of investor protection index (0-10)	5.3	5.7	5.7

2. The following graph illustrates the Protecting Investors index in Turkey compared to best practice and selected Economies:

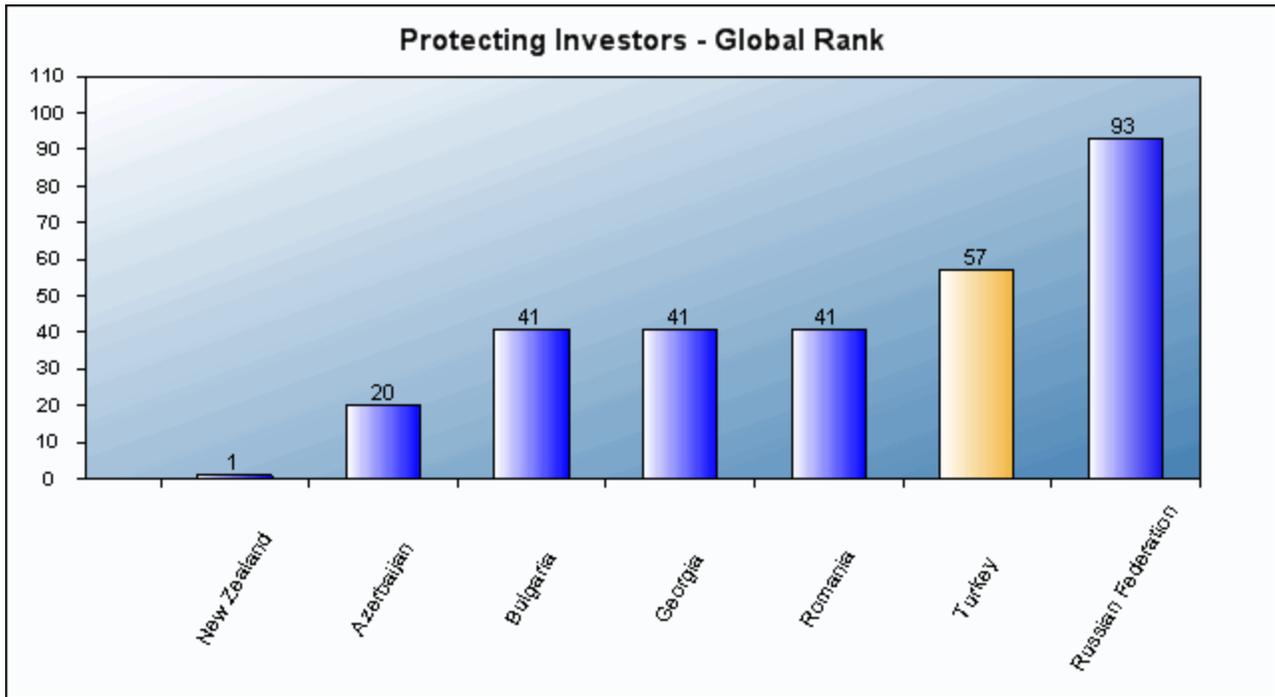


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Turkey is ranked 57 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Turkey 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>	
Turkey	5.7

<i>Comparator Economies</i>	
Azerbaijan	6.7
Bulgaria	6.0
Georgia	6.0
Romania	6.0
Russian Federation	5.0

Paying Taxes

Taxes are essential. Without them there would be no money to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. But particularly for small and medium size companies, they may opt out and choose to operate in the informal sector. One way to enhance tax compliance is to ease and simplify the process of paying taxes for such businesses.

Methodology

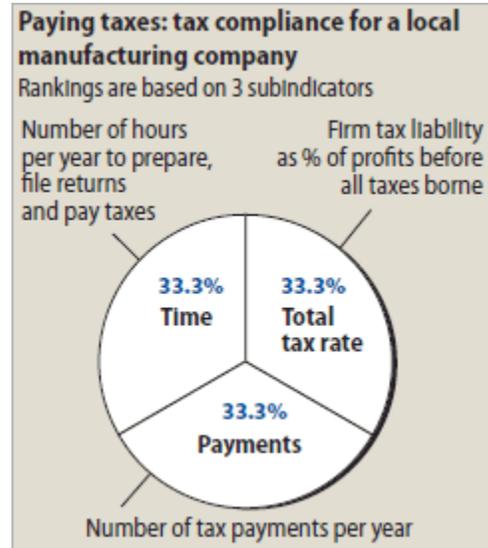
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

- number of tax payments, which takes in to account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value added tax, sales tax or goods and service tax and labor taxes and mandatory contributions.
- total tax rate, which measures the amount of taxes and mandatory contributions payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Survey case study

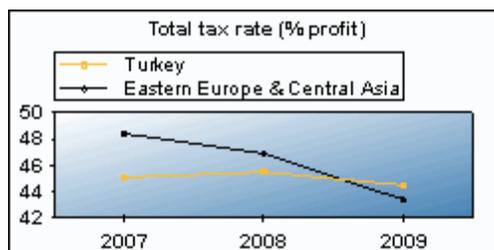
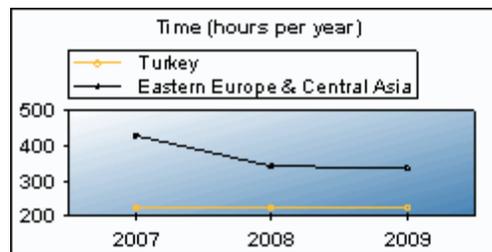
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory 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 and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.



1. Historical data: Paying Taxes in Turkey

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	70	75
Total tax rate (% profit)	45.1	45.5	44.5
Payments (number per year)	15	15	15
Time (hours per year)	223	223	223

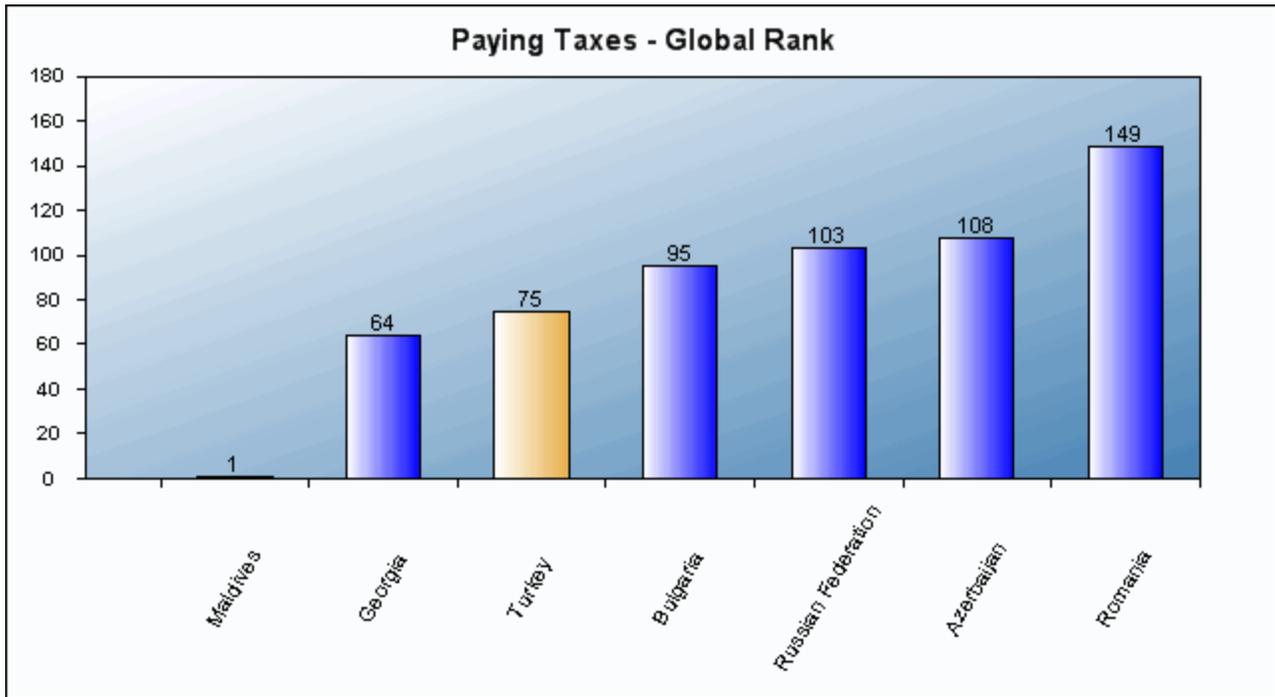
2. The following graphs illustrates the Paying Taxes indicators in Turkey over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Turkey is ranked 75 overall for Paying Taxes.

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



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

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	1	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Turkey	15	223	44.5

<i>Comparator Economies</i>			
Azerbaijan	22	376	40.9
Bulgaria	17	616	31.4
Georgia	18	387	15.3
Romania	113	202	44.6
Russian Federation	11	320	48.3

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

The benefits of trade are well documented; as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

Methodology

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the importer's warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars.

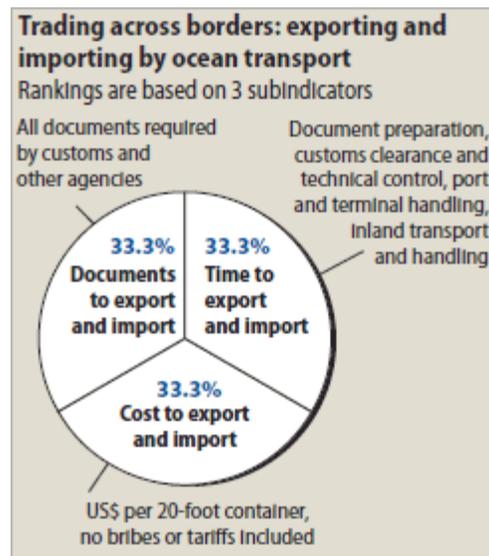
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose in having border control of trade to levy taxes and ensure high quality of goods.

Survey case study

To make the data comparable across countries, several assumptions about the business and the traded goods are used:

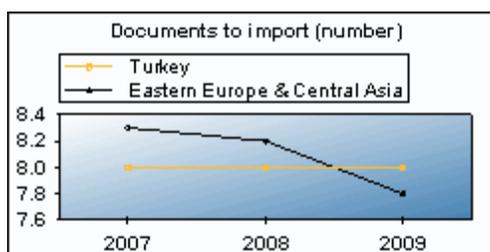
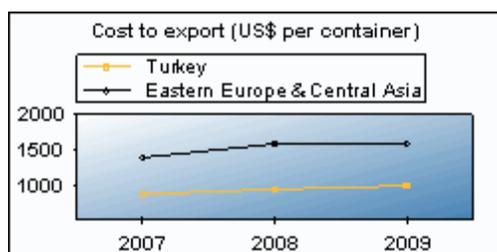
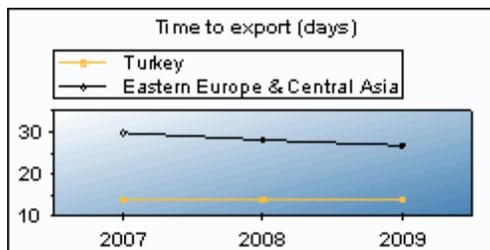
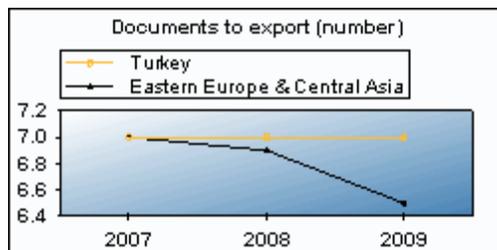
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy.
- The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

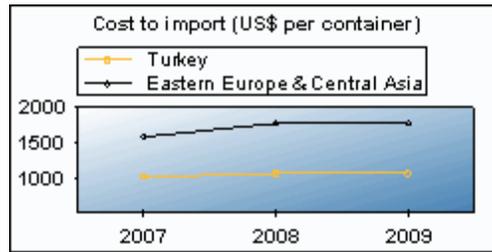
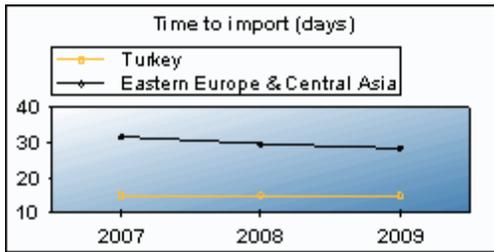


1. Historical data: Trading Across Borders in Turkey

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	65	67
Cost to export (US\$ per container)	865	940	990
Cost to import (US\$ per container)	1013	1063	1063
Documents to export (number)	7	7	7
Documents to import (number)	8	8	8
Time to export (days)	14	14	14
Time to import (days)	15	15	15

2. The following graphs illustrates the Trading Across Borders indicators in Turkey over the past 3 years:

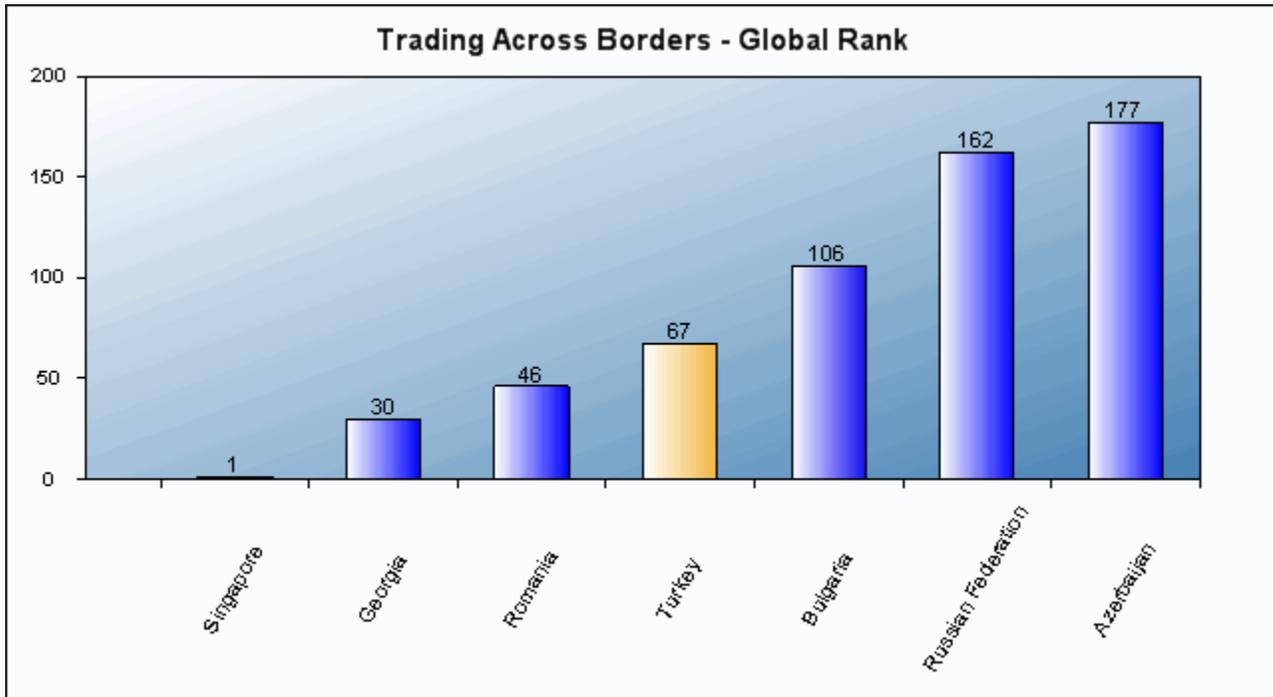




3. Benchmarking Trading Across Borders Regulations:

Turkey is ranked 67 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Turkey 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					3	439

<i>Selected Economy</i>						
Turkey	7	14	990	8	15	1063

<i>Comparator Economies</i>						
Azerbaijan	9	46	2980	14	50	3480
Bulgaria	5	23	1551	7	21	1666
Georgia	4	10	1270	4	13	1250
Romania	5	12	1275	6	13	1175
Russian Federation	8	36	1850	13	36	1850

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is 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).

Justice delayed is often justice denied. And in many economies only the rich can afford to go to court. For the rest, justice is out of reach. In the absence of efficient courts, firms undertake fewer investments or business transactions. And they prefer to involve only a small group of people who know each other from previous dealings.

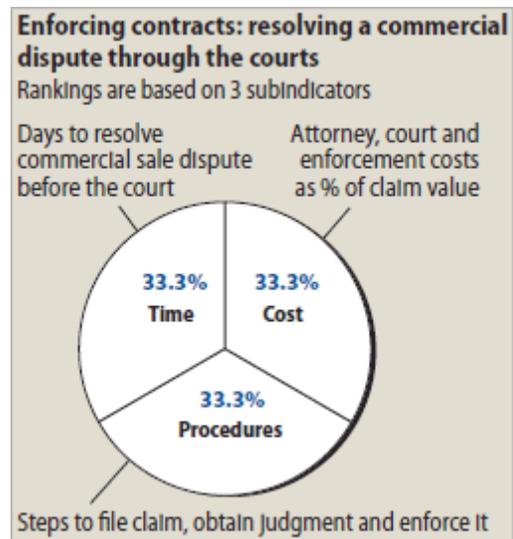
Methodology

Rankings on enforcing contracts are based on 3 sub-indicators:

- number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- time, which counts the number of calendar days from the moment the Seller files the lawsuit in court until payment is received. This includes both the days on which actions take place and the waiting periods in between.
- cost, which is recorded as a percentage of the claim (assumed to be equivalent to 200% of income per capita). Three types of costs are recorded: court costs (including expert fees), enforcement costs (including costs for a public sale of Buyer's assets) and attorney fees.

Survey case Study

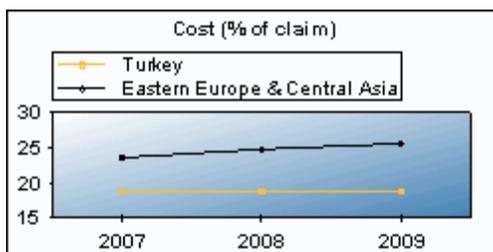
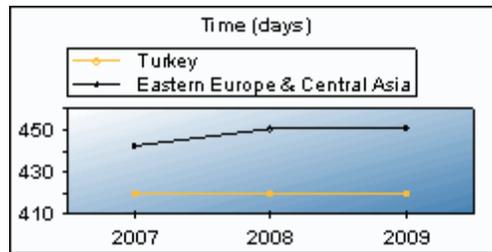
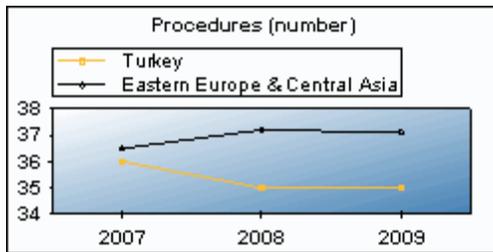
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.
- The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita).
- The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits.
- Judgment is 100% in favor of the Seller and is not appealed.
- The Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.



1. Historical data: Enforcing Contracts in Turkey

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	26	27
Procedures (number)	36	35	35
Time (days)	420	420	420
Cost (% of claim)	18.8	18.8	18.8

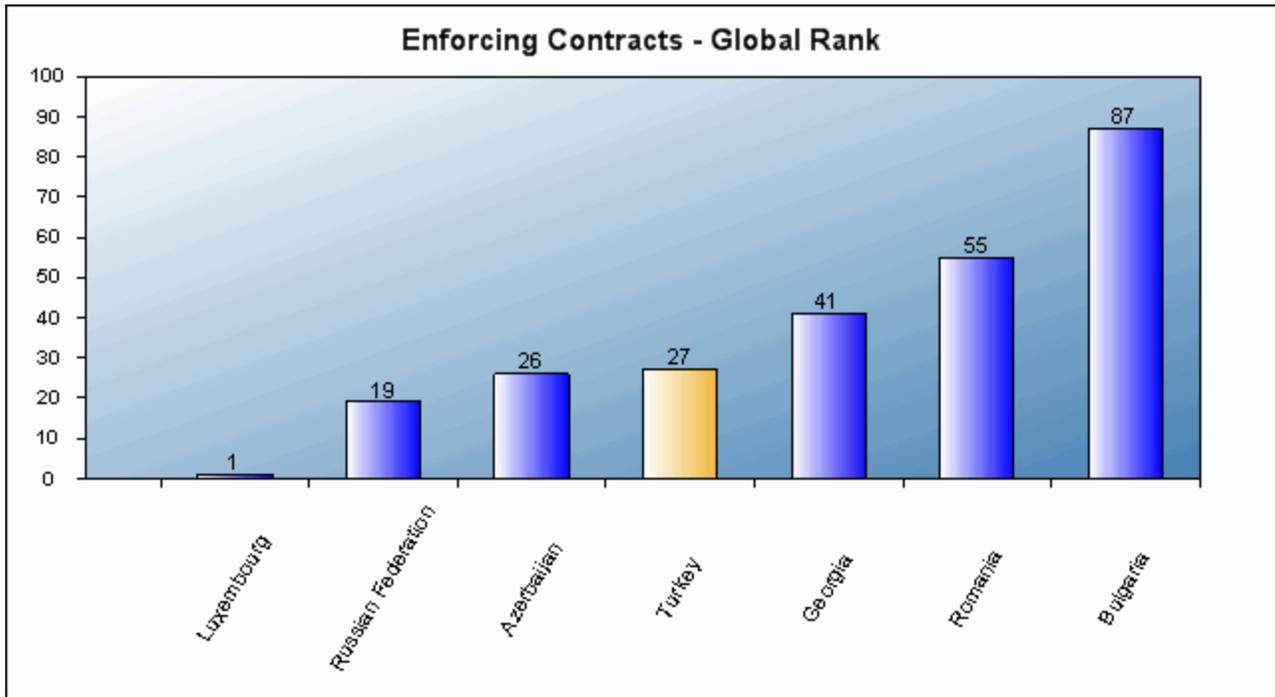
2. The following graphs illustrates the Enforcing Contracts indicators in Turkey over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Turkey is ranked 27 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Turkey 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>			
Turkey	35	420	18.8

<i>Comparator Economies</i>			
Azerbaijan	39	237	18.5
Bulgaria	39	564	23.8
Georgia	36	285	29.9
Romania	31	512	28.9
Russian Federation	37	281	13.4

Closing a Business

The economic crises of the 1990s in emerging markets, from East Asia to Latin America, from Russia to Mexico, raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy laws are inefficient, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

Methodology

Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate, how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Survey case study

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that:

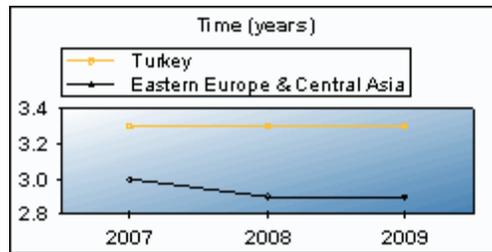
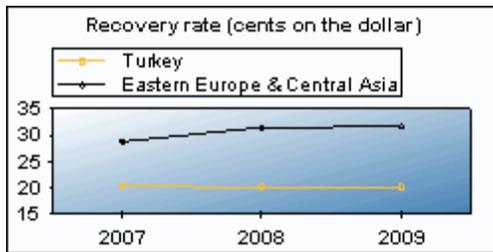
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed so that the company has a higher value as a going concern, that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation.
- The data are derived from questionnaires answered by attorneys at private law firms.



1. Historical data: Closing Business in Turkey

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	120	121
Time (years)	3.3	3.3	3.3
Cost (% of estate)	15	15	15
Recovery rate (cents on the dollar)	20.3	20.2	20.2

2. The following graphs illustrates the Closing Business indicators in Turkey over the past 3 years:



3. Benchmarking Closing Business Regulations:

Turkey is ranked 121 overall for Closing a Business.

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



The following table shows Closing Business data for Turkey 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	92.5		
Singapore*			1

<i>Selected Economy</i>			
Turkey	20.2	3.3	15

<i>Comparator Economies</i>			
Azerbaijan	30.1	2.7	8
Bulgaria	32.1	3.3	9
Georgia	27.9	3.3	4
Romania	28.5	3.3	11
Russian Federation	28.2	3.8	9

* The following economies are also good practice economies for :

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

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

Rank	Economy	 Positive Reform  Negative Reform									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Rwanda	✓		✓	✓	✓	✓		✓	✓	7
2	Kyrgyz Republic	✓	✓	✓	✓	✓		✓	✓		7
3	Macedonia, FYR	✓	✓	✓	✓	✓	✓	✓			7
4	Belarus	✓	✓	✓	✓			✓	✓		6
5	United Arab Emirates	✓	✓						✓		3
6	Moldova	✓			✓			✓			3
7	Colombia	✓	✓		✓	✓	✓	✓	✓	✓	8
8	Tajikistan	✓	✓		✗	✓	✓			✓	5
9	Egypt, Arab Rep.	✓	✓			✓			✓		4
10	Liberia	✓	✓					✓			3
	Turkey					✓					1
	Romania		✗		✓			✗		✗	1
	Azerbaijan					✓		✓			2
	Bulgaria	✓			✓						2
	Georgia		✓					✓			2
	Russian Federation				✓			✓		✓	3

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Azerbaijan	Azerbaijan's public credit registry enhanced access to credit information by giving banks online access to the database, providing more data on borrowers, and introducing penalties for banks that send late or incorrect information. The time required to clear goods and get them across borders was shortened by regrouping various agencies into a single customs service window.
Belarus	Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.
Bulgaria	Bulgaria eased business start-up by reducing the paid-in minimum capital requirement to about 24 percent of gross national income per capita and making the company registry more efficient. An integrated Web-based property register providing online access to the ownership and cadastre status of properties shortened the time required to register property.
Colombia	Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.
Egypt, Arab Rep.	The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.
Georgia	Georgia eased the process for dealing with construction permits by introducing a simplified process for obtaining confirmation from utilities, a risk-based approval process for building permits, and new time limits for the occupancy certificate. The documentation requirements for import and export were simplified, and there was a significant decrease in the cost of trade.
Kyrgyz Republic	The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.

Liberia	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
Macedonia, FYR	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
Moldova	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
Romania	Romania increased the cost of insolvency procedures by requiring that 1.5 percent of the amount recovered from each insolvency procedure be transferred to a fund that reimburses the expenses of insolvency administrators when debtors have no assets. Construction permit costs rose because of a new fee equal to 0.05 percent of the project value. In addition, labor taxes were increased. Property registration was expedited with the introduction of new procedures at the land registry and cadastre.
Russian Federation	The Russian Federation introduced several changes to its insolvency law to speed up liquidation and strengthen the legal status of secured creditors. The corporate income tax rate was cut from 24 percent to 20 percent. Property registration was expedited by introducing new documentation requirements—such as cadastral passports—in lieu of inventory documents and cadastral maps.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.
Tajikistan	Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

Turkey

Turkey's private credit bureau now includes firms in its database.

United Arab Emirates

The United Arab Emirates shortened the time for delivering building permits by improving its online system for processing applications. Business start-up was eased by simplifying the documents needed for registration, abolishing the minimum capital requirement, and removing the requirement that proof of deposit of capital be shown for registration. Greater capacity at the container terminal, elimination of the terminal handling receipt as a required document, and an increase in trade finance products, have improved trade processes.

APPENDICES

Starting a Business in Turkey

This table summarizes the procedures and costs associated with setting up a business in Turkey.

STANDARDIZED COMPANY

Legal Form: Limited Sirket (LS)

Minimum Capital Requirement:

City: Istanbul

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Execute and notarize articles of association, signature declaration of the managers, copies of each manager's identity card or passport and commercial books.	1	800
2	Deposit a percentage of capital to the account of Competition Authority	1	0.000561267
3	Deposit the initial capital in a bank and obtain the certificate of paid-in capital	1	0
4	File the incorporation notice form, commitment letter, and Chamber registration statement at the Trade Registry Office	2	840
5	* Have a notary certify the legal books	1	167
6	Follow up with the tax office on Commercial Registry's notification	1	0

* Takes place simultaneously with another procedure.

Procedure 1 **Execute and notarize articles of association, signature declaration of the managers, copies of each manager’s identity card or passport and commercial books.**

Time to complete: 1

Cost to complete: 800

Comment: The following documents are required:
- Notarized articles of association (three, one original).
- Notarized signature declarations (two).
- Notarized identity cards of company managers (or passport copies for foreigners).

According to amendments to the Stamp Tax Law (effective January 1, 2004), the incorporation documents are exempt from the stamp tax. The certification fee will be paid to the notary public for executing the articles of incorporation.

Fee schedule for notarizing incorporation documents:
- Articles of association (three copies, each of 10 pages): YTL 300–500 (estimate).
- Signature declarations of company managers (two, each with five signatures): YTL 100 (estimate).

Procedure 2 **Deposit a percentage of capital to the account of Competition Authority**

Time to complete: 1

Cost to complete: 0.000561267

Comment: To register with the Commercial Registry, founders must obtain the original receipt from Ziraat Bankası. This receipt shows that 0.04% of the company’s capital has been paid to the Competition Authority at the central bank or a public bank.

Procedure 3 **Deposit the initial capital in a bank and obtain the certificate of paid-in capital**

Time to complete: 1

Cost to complete: 0

Comment: If all company capital is not paid in advance, 25% of the initial capital must be deposited within 3 months of company incorporation, and the balance of the subscribed capital must be paid within 3 years of incorporation. Depositing initial capital in a bank account before registering the company with the Commercial Registry is no longer required.

Procedure 4 **File the incorporation notice form, commitment letter, and Chamber registration statement at the Trade Registry Office**

Time to complete: 2

Cost to complete: 840

Comment: Founders must submit the incorporation notice form, the commitment letter, and the chamber registration statement the Trade Registry Office. However, the formation of a limited liability company does not require a court application. Thus, upon gathering the following documents, founders may begin the registration process:
- For each individual shareholder who is not a Turkish citizen, one copy of the shareholder’s passport notarized by a Turkish notary.
- For each individual shareholder who is a Turkish citizen or for a Turkish representative of such shareholder, two certified copies of the identity card.
- Three copies of an establishment notification form (kuruluş bildirim formu).
- Three copies of the notarized articles of association.

- Bank deposit receipt from the Competition Authority Account (0.04% of the company's capital).
- An undertaking (taahhütname) signed by the authorized company representatives.
- For each person authorized to represent the founders of the limited liability company, two copies of the signature.

The Commercial Registry Office notifies the Tax Office and the District Employment Office about the company incorporation. The Registry arranges for an announcement in the Commercial Registration Gazette within about 10 days of company registration.

A tax identification plaque must be obtained from the local tax office after the Commercial Registry Office notifies the local tax office. The Registry Office also notifies the Ministry of Labor and Social Security, Directorate of the Social Security Institution of the incorporation. A social security number must be obtained from the relevant Social Security Administration office, and company employees must be registered with that administration.

The registration fee for a limited liability company has been increased to YTL 530:

- Publication or advertisement fee: YTL 0.15 per word.
- Startup notice: YTL 25.
- Trade Registry Gazette fee: YTL 0.30.
- Publication: YTL 90–460.
- Registration fee for manager's signature
 - First manager's signature: YTL250.
 - Each additional manager's signature: YTL 180.80.

Fee schedule for annual membership in the Istanbul Chamber of Commerce (based on capital):

- YTL 1 - 999 (capital): YTL 65
- YTL 1,000 - 24,999 (capital): YTL 100
- YTL 25,000 - 249,999 (capital): YTL 150
- YTL 250,000 - 999,999 (capital): YTL 200
- YTL 1,000,000 and up (capital): YTL 225

Procedure 5 Have a notary certify the legal books

Time to complete: 1

Cost to complete: 167

Comment: The founders must certify the legal books the day they register the company with the Commercial Registry. The notary public must notify the Tax Office about the commercial book certification.

Fee schedule for legal book certification:

- Certification up to 100 pages: YTL 35
- Certification up to 200 pages: YTL 45

Procedure 6 Follow up with the tax office on Commercial Registry's notification

Time to complete: 1

Cost to complete: 0

Comment: The Commercial Registry Office notifies the Tax Office and the Social Security Administration of the company's incorporation. In practice, to expedite the registration process, company representatives follow up on whether the notification has been received. A tax officer comes to the company headquarters to prepare a determination

report. There must be at least one authorized signature in the determination report.

Dealing with Construction Permits in Turkey

The table below summarizes the procedures, time, and costs to build a warehouse in Turkey.

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Istanbul

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain lot plan	7 days	TRY 92
2	Obtain cadastral plan	3 days	no charge
3	Obtain road datum document	2 days	TRY 105
4	Hire an independent building inspector	4 days	TRY 13,490
5	Obtain approval of architectural drawings from the municipality	30 days	TRY 3,500
6	Obtain approval from the Fire Department	2 days	TRY 1,860
7 *	Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS)	1 day	no charge
8 *	Obtain approval of technical drawings from the phone company	1 day	no charge
9	Obtain contractor registration document from the chamber of commerce	1 day	TRY 100
10	Obtain project approval from the civil defense directorate of the district governor's office	7 days	TRY 30
11	Obtain proof of payment and clearance of water and sewerage infrastructure	20 days	TRY 1,208
12	Receive foundation registration number from the Social Security Institution	1 day	no charge
13	Obtain building permit	30 days	TRY 5,000
14	Obtain proof of tax payment	1 day	no charge

15	Request inspection from the civil defense experts	1 day	no charge
16	Receive inspection from the civil defense experts in the district governor's office	1 day	no charge
17	Receive final inspection from the municipality	1 day	no charge
18 *	Obtain occupancy permit	30 days	TRY 2,000
19 *	Obtain proof of real estate tax payment	10 days	no charge
20 *	Change the title deed from a land title deed to a building title deed	10 days	TRY 300
21	Request water connection and permission for discharge of sewerage and rainwater	40 days	no charge
22	Receive inspection and obtain connection from the water and sewerage department	7 days	no charge
23	Obtain electricity connection	2 days	TRY 1,000
24 *	Obtain approval of telephone system from the Telephone Regional directorate	3 days	no charge
25 *	Obtain telephone connection	2 days	TRY 7

* Takes place simultaneously with another procedure.

Procedure 1 Obtain lot plan

Time to complete: 7 days

Cost to complete: TRY 92

Comment: BuildCo applies to the Land Registry. Technicians from the Land Registry peg the corners of the plot, fix its location on the land, and prepare the plan for application.

According to annual indexation of official fees for issuing the lot plan by the Land Registry there would be the following table:

1-1000 m2	92,00.TL.
1001-3000 m2	139,00.TL.
3001-5000 m2	290,00.TL.
5001- 10000 m2	359,00.TL.
10001-20000 m2	488,00.TL.
20001-50000 m2	637,00.TL.
50001-100000 m2	778,00.TL.
100001-200000 m2	922,00.TL.
200001-500000 m2	1.074,00.TL.

The fee applied for BuildCo case is TYR 92, which may be multiplied by a ratio based on the actual location of the warehouse in certain district.

Procedure 2 Obtain cadastral plan

Time to complete: 3 days

Cost to complete: no charge

Comment: BuildCo submits an application to the Cadastral Plan Branch of the relevant municipality, along with the two documents described in the previous procedure, and obtains the Cadastral Plan Document. This document states the development conditions applicable to the plot.

Procedure 3 Obtain road datum document

Time to complete: 2 days

Cost to complete: TRY 105

Comment: BuildCo must apply to the Road Datum Branch of the relevant municipality with the documents obtained in the previous procedures. The branch technicians set all the necessary levels—road, entrance, plot, building corners, and the like—to be the basis for the design process of the works that will follow, and issue a “road datum document.”

Procedure 4 Hire an independent building inspector

Time to complete: 4 days

Cost to complete: TRY 13,490

Comment: The company must select an independent building inspector and sign a service contract with this inspector. The inspector must check and approve all the project’s plans before they are submitted to the municipality. The list of project plans is extensive and includes the architectural design of the building done by design consultants; the reinforced concrete and insulation project plans prepared by a civil engineer; the fire safety project plans prepared jointly by an architect and the mechanical engineer for utilities; the project plans and documents for hot water, and those of central heating facilities prepared by a

mechanical engineer; the electrical wiring project plans prepared by an electrical engineer; the telecommunications system project plans prepared by an electrical engineer; and the landscape project plans prepared by a landscape engineer.

Selecting an independent building consultant takes only a day. However, practitioners agree that it takes at least 3 days for the building inspector to review and approve all the documents before they are submitted to the municipality. Hence, for the case considered here, it is assumed that 4 days are needed to complete this procedure.

The building inspector charges a fee of 3% of the total building cost. On 5 February 2008, "Regulation on the Implementation of Building Inspection" was adopted. According to it there have been several amendments in amount of the building inspector's fee. Accordingly, upon the period of the construction, the building inspector's fee changes between 2,57% and 5,31% of total construction cost. This fee is now paid in six installments whereas before was in four installments. The inspector receive the following payments at the following stages:

- 10% when the building permit is obtained.
- 10% when the foundation is completed.
- 40% when the static structure is completed.
- 20% when the detailed works are completed.
- 15% when the mechinacal and electricity system are completed.
- 5 % when the construction completion minute is approved by the municipality.

However, for the case considered here, it is assumed that any interaction with the independent building inspector is an internal process within BuildCo. Hence, the phased-out payment is included in this procedure as a one lump sum, for methodological reasons.

Procedure 5 Obtain approval of architectural drawings from the municipality

Time to complete: 30 days

Cost to complete: TRY 3,500

Comment: The company must submit the documents listed below along with the architectural drawings to the project branch of the municipality:

- The authorization document of the architect.
- The plan for the application.
- The cadastral plan document.
- The road datum document.
- The title deed registration document.
- The plot share distribution table, if there is more than one independent section on the land (for instance, an apartment building)
- Built-up area breakdown table in square meters.
- Ratified geological study.
- Three sets of the elevator preliminary report (not applicable in the warehouse case).

The municipality must approve the project's proposed designs. The fire safety project should also be submitted to the municipality for approval and can be included in this procedure.

If the municipality asks for changes to be made to the architectural designs during the approval process, these changes should be reflected in the engineering and landscaping projects as well. For final approval, these project plans are submitted to the municipal project branch, for static, sanitation facility, heating and heat insulation, and landscaping project plans to the Turkish Electricity Distribution Corporation (TEDAS), for the electricity project plans; and to the telephone company, for the telecommunication project plans. Fire-electricity and fire-mechanical project plans must be approved by the Fire Department.

Article 22 of the Land Development Law establishes a 30-day statutory time limit for this procedure. Although in some cases the approval may be granted within 7 days, practitioners agree that most cases require the full 30 days allowed by law.

The cost estimated for this procedure ranges from TRY 3,000 to TRY 3,500. The fees found on one district municipality's Web site show the cost breakdown to include fees for examination, approval, and various other taxes (e.g., sign posts, trees).

Procedure 6 Obtain approval from the Fire Department

Time to complete: 2 days

Cost to complete: TRY 1,860

Comment: BuildCo must apply for fire facilities approval to the Istanbul Metropolitan Municipality Fire Brigade. TAs of January 1, 2009 the fee schedule for issuing fire approval of construction projects has been updated:

1. group buildings: m² (exempted)
2. group buildings: m² 0.36 TRY
3. group buildings: m² 0.60 TRY
4. group buildings: m² 0.80 TRY
5. group buildings: m² 1.20 TRY
6. group buildings: m² 1.43 TRY
7. group buildings: m² 3.50 TRY
8. group buildings: m² 3.50 TRY

In case of BuildCo it would classify into group 6 (factory buildings, hospitals, hotels, warehouses). So, in the present case the total cost is 1.300,6 X 1.43 = TRY 1.859.

Procedure 7 Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS)

Time to complete: 1 day

Cost to complete: no charge

Comment: If the building requires new electrical facilities from the Turkish electricity corporation (TEDAS), the TEDAS charges a fee for the new facilities.

Procedure 8 Obtain approval of technical drawings from the phone company

Time to complete: 1 day

Cost to complete: no charge

Comment: If the building requires new telecommunication facilities from the Post and Telephone Corporation (PTT), the PTT charges a fee for these new facilities.

Procedure 9 Obtain contractor registration document from the chamber of commerce

Time to complete: 1 day

Cost to complete: TRY 100

Comment: The contractor (BuildCo) must obtain the “contractor registration document” for the year in which the building permit is issued.

Procedure 10 Obtain project approval from the civil defense directorate of the district governor’s office

Time to complete: 7 days

Cost to complete: TRY 30

Comment: The company must submit the project to the civil defense directorate of the district governor’s office for approval of the shelter provided in the designed building.

Procedure 11 Obtain proof of payment and clearance of water and sewerage infrastructure

Time to complete: 20 days

Cost to complete: TRY 1,208

Comment: The company contacts the water and sewerage department to pay the fees and participation share in the cost of the water and sewerage infrastructure. A clearance document is obtained, that shows that complete payment was made.

Procedure 12 Receive foundation registration number from the Social Security Institution

Time to complete: 1 day

Cost to complete: no charge

Comment: The company must register the staff that will be working at the construction site with the Social Security Institution.

Procedure 13 Obtain building permit

Time to complete: 30 days

Cost to complete: TRY 5,000

Comment: The company requests a building permit from the licensing branch of the municipality. The approved design, engineering drawings, and other necessary documents (described in Procedures 7 to 16) must be attached to this request. The company must pay the fees before receiving the building permit and starting foundation work.

Building permits are usually issued 1–2 months after submission of the application. The law provides for a statutory time limit of 30 days for the municipality issuing the permit. There are frequent complaints from applicants about not receiving the building permit within the specified time.

Following the building permit issuance, the municipal building control authority will randomly conduct inspections during the construction on site, in addition to private inspection.

Procedure 14 Obtain proof of tax payment

Time to complete: 1 day

Cost to complete: no charge

Comment: The company must pay all taxes owed, and obtain a tax clearance document from the appropriate tax departments. This document states that all taxes owed have been paid.

Procedure 15 Request inspection from the civil defense experts

Time to complete: 1 day

Cost to complete: no charge

Comment: BuildCo must first request an inspection that takes a day. Depending on the availability of inspectors, it takes approximately a week to receive the final inspection from the district governor's office.

Procedure 16 Receive inspection from the civil defense experts in the district governor's office

Time to complete: 1 day

Cost to complete: no charge

Comment: The civil defense experts of the district governor's office determine (on site) whether the property conforms to the project, documenting its conformity with a report.

Procedure 17 Receive final inspection from the municipality

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 18 Obtain occupancy permit

Time to complete: 30 days

Cost to complete: TRY 2,000

Comment: Land Development Law No. 3194 requires an occupancy permit for all new constructions. The company applies for the occupancy permit by submitting the following documents:

- The invoice for the building.
- The building permit.
- The built-up area breakdown table in square meters.
- The original copy of the plot title deed.
- The real estate tax declaration.
- The real estate tax receipt.

An authorized commission from the municipality inspects the building and verifies that it complies with the project. This commission then issues the occupancy permit.

The law specifies a statutory time limit of 30 days for the municipality to issue an occupancy permit. Practitioners observe that this statutory time limit is not frequently observed, and so, this process can take on average 2 months.

Procedure 19 Obtain proof of real estate tax payment

Time to complete: 10 days

Cost to complete: no charge

Comment: Real estate taxes must be submitted to the tax office within 3 months of receipt of the title deeds. The company must obtain a copy of the real estate tax form and a tax clearance statement from municipal accounting office.

Procedure 20 Change the title deed from a land title deed to a building title deed

Time to complete: 10 days

Cost to complete: TRY 300

Comment: The company must submit the following documents to the title deed department in order to register the building:

- The title deed.
- The plot share distribution table.
- The occupancy permit.
- The cadastral survey pages.

Registering the warehouse takes some time due to backlogs and long waiting times at the Land Registry. However, with connections at the Land Registry, the process may take as little as 3 days.

Procedure 21 Request water connection and permission for discharge of sewerage and rainwater

Time to complete: 40 days

Cost to complete: no charge

Comment: The company must request permission from the water and sewerage department to discharge sewage and rainwater. The technicians from this department perform their inspections at the site and grant permission for connection of wastewater and rainwater to the system.

The company can also request the water connection at the same time. The technicians from the same department check that the canal connections comply with the approved design. The technicians then issue a letter of approval for connection.

Procedure 22 Receive inspection and obtain connection from the water and sewerage department

Time to complete: 7 days

Cost to complete: no charge

Comment:

Procedure 23 Obtain electricity connection

Time to complete: 2 days

Cost to complete: TRY 1,000

Comment:

Procedure 24 Obtain approval of telephone system from the Telephone Regional directorate

Time to complete: 3 days

Cost to complete: no charge

Comment:

Procedure 25 Obtain telephone connection

Time to complete: 2 days

Cost to complete: TRY 7

Comment:

Employing Workers in Turkey

Employing workers indices are based on responses to survey questions. The table below shows these responses in Turkey.

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		44.4
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.41	0.33
Difficulty of redundancy index (0-10)		20.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 9 redundant workers?	No	0
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	Yes	1
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	Yes	1
Redundancy costs (weeks of salary)		94.7
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		8.0
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		86.7
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		34.8
Rigidity of hours index (0-100)		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	Yes	1.00
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	No	0.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	26	1

Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Turkey

This topic examines the steps, time, and cost involved in registering property in Turkey.

STANDARDIZED PROPERTY

Property Value: 655,608.00

City: Istanbul

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	The notary public issues the signature circular	1 day	YTL 46.5 paid by each of the seller and buyer
2	Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf	1 day	YTL 17.10
3	Obtain an earthquake insurance policy, or amend the existing one	1 day	no cost (unless a new insurance is needed)
4	Parties apply for registration at the Registry	1 day	no cost
5	Registration fee is paid at a commercial bank	1 day	YTL 125(registration fee 3% of declared transaction price (mortar dues) or 3% of the taxable value of the real estate (whichever is higher)
6	Transaction is completed at the registry office	1 day	Already paid in Procedure

Procedure 1 The notary public issues the signature circular

Time to complete: 1 day

Cost to complete: YTL 46.5 paid by each of the seller and buyer

Comment: Parties make an application to the notary public for the issuance of the signature circular. The necessary documents are the signature declarations and notarized ID copies and the registry letter.

Procedure 2 Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf

Time to complete: 1 day

Cost to complete: YTL 17.10

Comment: If the sale transaction will be made in person by the company signatories, the managers should obtain a separate document from the trade registry, showing that they have the authority to conduct transactions before land registry on companies' behalf. If the sale transaction will be made in proxy given by the company signatories, the representatives should be given special proxies, which will be issued before the notary and inclusive of the authorized managers' statement as well as the photographs. The notary might ask the manager to show the above mentioned authorization document or a signature circular of the company.

Procedure 3 Obtain an earthquake insurance policy, or amend the existing one

Time to complete: 1 day

Cost to complete: no cost (unless a new insurance is needed)

Comment: If a "compulsory earthquake insurance policy" had not been issued for the building, one must be prepared since in practice, when selling the building or asking for a loan on it, it is usually required. The cost of this insurance policy depends on the features such as the area of the building and the place thereof, and the insurance brokers automatically calculate it.

If there is an existing "compulsory earthquake insurance policy" which is still valid at the date of the sale (i.e. if the term of the insurance policy has not yet expired), then there is no need to issue another one just as a result of the change of ownership. However, the new owner of the property shall have the insurance policy amended to indicate his own name under the policy, which will be arranged between the insurance company and the new owner.

Procedure 4 Parties apply for registration at the Registry

Time to complete: 1 day

Cost to complete: no cost

Comment: The seller and the purchaser (or their representatives) meet at the registry office and fill in an application form. Once the required documents are presented, the parties declare the consideration to be paid by the purchaser. The officer calculates the mortar dues, and gives the account details of the registry office for the payment, and makes an appointment

on the very day or on the consecutive day for the parties to pay the dues and come back again for signature.

The documentation shall include:

Tax registration certificates of the companies.

The Authorization Certificate of the manager obtained from trade registry, if transactions are carried out by the company signatories.

The notarized proxies of the representatives (if they will perform the transaction)

The identity cards of signatories (passport for foreigners)

Two photographs of each person who would actually sign the registry documents.

Signature Circular

Title deed copy or information regarding the title deed of the property

Procedure 5 Registration fee is paid at a commercial bank

Time to complete: 1 day

Cost to complete: YTL 125(registration fee) + 3% of declared transaction price (mortar dues) or 3% of the taxable value of the real estate (whichever is higher)

Comment: Mortar dues are paid to the bank account of the land registry, and the bank will give a receipt of the payment. The mortar due is equal to 3% of the declared amount in Turkish Lira, collected 1.5% each from the parties, but in practice usually the purchaser pays all. The parties also pay a registration fee to cover overall expenses of Land Registries in Turkey. This is usually paid by the purchaser.

Procedure 6 Transaction is completed at the registry office

Time to complete: 1 day

Cost to complete: Already paid in Procedure 5

Comment: Once all the above procedures are fulfilled, the parties meet at registry office before the registry manager or his deputy at the appointment hour decided previously. The purchaser pays the consideration at that time. If it is already paid, the seller declares that it is fully paid. Then the parties both sign the land record sheet as well as the photographs of each other that are stuck to the document. Each person witnesses that he/she had made the transaction mutually with the person in the picture, the transfer of the title is then completed. The documentation shall include: payment receipts .

Getting Credit in Turkey

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Turkey.

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage		42.9	15.9
Number of individuals		..	6,548,830
Number of firms		..	1,976,280

Strength of legal rights index (0-10)		4
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 revolving movable assets, without requiring a specific description of the secured assets ?		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 the secured assets ?		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 ?		Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

Yes

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

No

Protecting Investors in Turkey

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Turkey.

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	9
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	2
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	1
Extent of director liability index (0-10)	4
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Ease of shareholder suits index (0-10)	4
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	0
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	0

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Strength of investor protection index (0-10)

5.7

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in Turkey

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Turkey, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	97	18.0%	value added		
Stamp duty on contracts	1			0.75%	transaction value		
Advertising tax	2			various rates	advertising expense		
Environment tax	2			fixed fee (TRY 1,537) with 25% surcharge in Istanbul		0.05	
Transaction tax on checks	1			TRY 1.6 per check	number of checks	0.12	
Tax on interest	0			15.0%	interest income	0.38	
Vehicle tax	1			fixed fee (TRY 1,703)		0.43	
Stamp duty on property sale	1			0.75%	sale price	0.45	
Property tax	2			0.2% and 0.3% (doubled in Istanbul)	value of building and land (reevaluated each year)	0.88	
Property transfer fee	1			1.5%	sale price	0.91	
Fuel tax	1			included in fuel price		1.53	
Unemployment insurance contributions	0	paid jointly		2.00%	gross salaries	2.28	
Corporate income tax	1	online filing	45	20.0%	taxable income	17.04	
Social security contributions	1	online filing	79	14.5%	gross salaries	20.79	
Totals	15		223			44.5	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in Turkey

These tables list the procedures necessary to import and exports a standardized cargo of goods in Turkey. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	6	220
Customs clearance and technical control	3	200
Ports and terminal handling	3	270
Inland transportation and handling	2	300
Totals	14	990

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	8	280
Customs clearance and technical control	3	200
Ports and terminal handling	3	183
Inland transportation and handling	1	400
Totals	15	1063

Export

Bill of lading

Certificate of origin

Commercial invoice

Customs export declaration

Packing list

Preferential certificate

Technical standard/health certificate

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration
Import license
Technical standard/health certificate
Terminal handling receipts

Enforcing Contracts in Turkey

This topic looks at the efficiency of contract enforcement in Turkey.

Nature of Procedure (2009)	Indicator
Procedures (number)	35
Time (days)	420
Filing and service	30.0
Trial and judgment	290.0
Enforcement of judgment	100.0
Cost (% of claim)*	18.80
Attorney cost (% of claim)	12.0
Court cost (% of claim)	5.4
Enforcement Cost (% of claim)	1.4

Court information: Istanbul Commercial Court of ("Ticaret Mahkemesi")
First Instance

* Claim assumed to be equivalent to 200% of income per capita.



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2010

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ISBN: 978-0-8213-7961-5



Printed in the
United States