

Doing Business 2010

Ukraine

COMPARING REGULATION IN 183 ECONOMIES



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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 the Ukraine. 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).

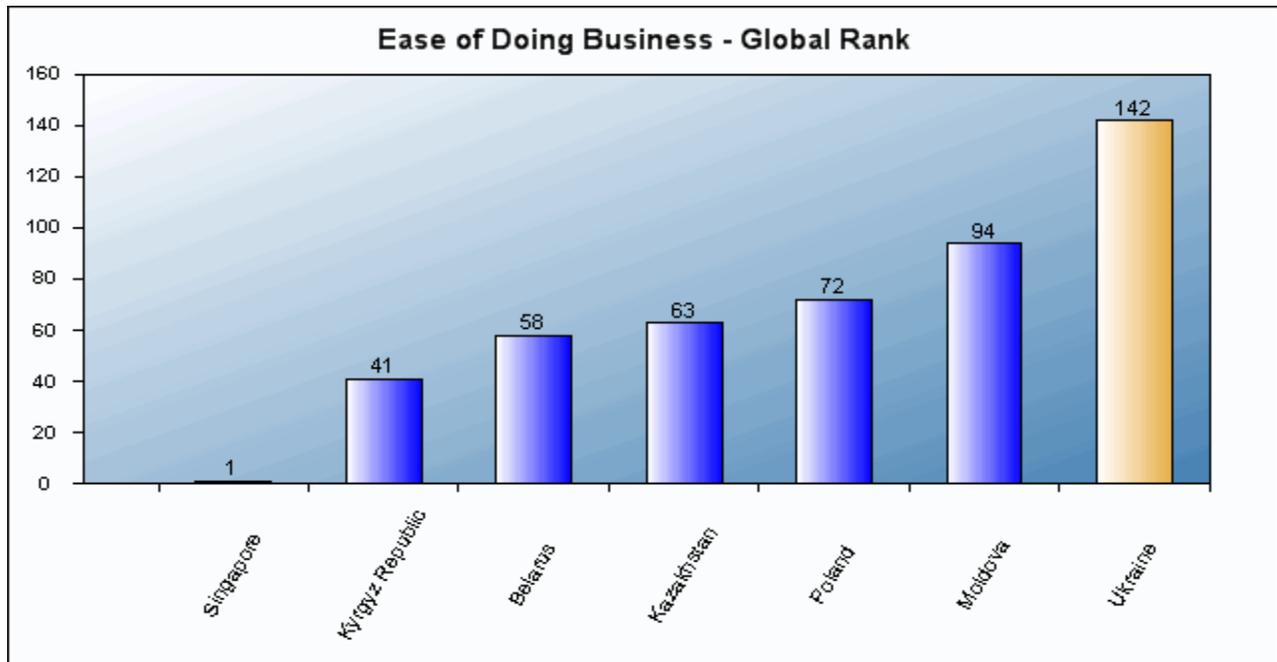
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

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

Ukraine is ranked 142 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Ukraine's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	142
Starting a Business	134
Dealing with Construction Permits	181
Employing Workers	83
Registering Property	141
Getting Credit	30
Protecting Investors	109
Paying Taxes	181
Trading Across Borders	139
Enforcing Contracts	43
Closing a Business	145

Summary of Indicators - Ukraine

Starting a Business	Procedures (number)	10
	Time (days)	27
	Cost (% of income per capita)	5.8
	Min. capital (% of income per capita)	153.5
Dealing with Construction Permits	Procedures (number)	30
	Time (days)	476
	Cost (% of income per capita)	1449.3
Employing Workers	Difficulty of hiring index (0-100)	33
	Rigidity of hours index (0-100)	20
	Difficulty of redundancy index (0-10)	40
	Rigidity of employment index (0-100)	31
	Redundancy costs (weeks of salary)	13
Registering Property	Procedures (number)	10
	Time (days)	93
	Cost (% of property value)	2.6
Getting Credit	Strength of legal rights index (0-10)	9
	Depth of credit information index (0-6)	3
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	3.0
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	4.7
Paying Taxes	Payments (number per year)	147
	Time (hours per year)	736
	Profit tax (%)	12.3
	Labor tax and contributions (%)	43.1
	Other taxes (%)	1.9
	Total tax rate (% profit)	57.2

Trading Across Borders	Documents to export (number)	6
	Time to export (days)	31
	Cost to export (US\$ per container)	1230
	Documents to import (number)	10
	Time to import (days)	36
	Cost to import (US\$ per container)	1430
Enforcing Contracts	Procedures (number)	30
	Time (days)	345
	Cost (% of claim)	41.5
Closing a Business	Recovery rate (cents on the dollar)	9.1
	Time (years)	2.9
	Cost (% of estate)	42

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

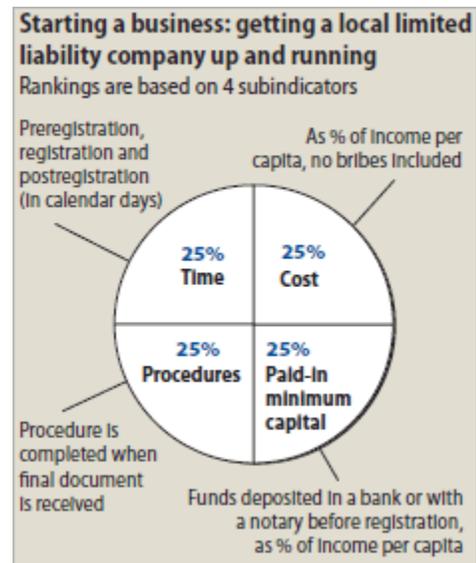
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications 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:

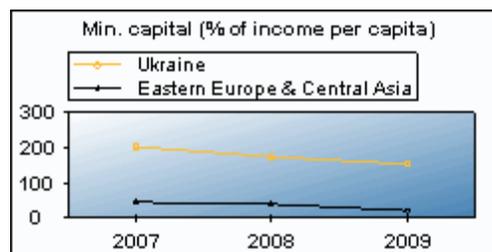
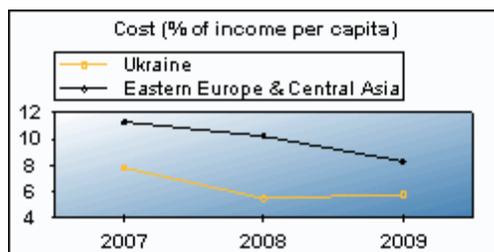
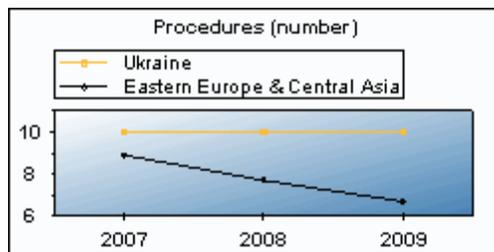
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not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



1. Historical data: Starting a Business in the Ukraine

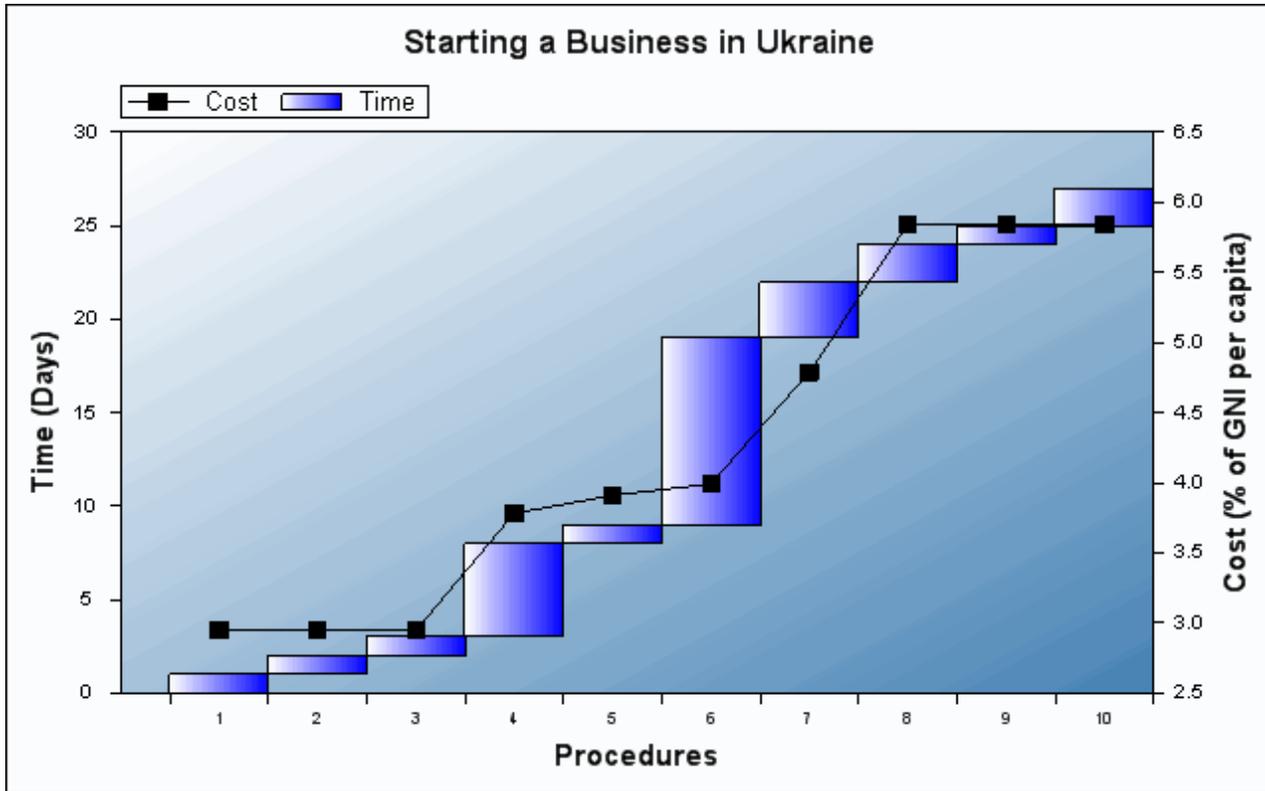
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	126	134
Procedures (number)	10	10	10
Time (days)	27	27	27
Cost (% of income per capita)	7.8	5.5	5.8
Min. capital (% of income per capita)	203.1	174.2	153.5

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



3. Steps to Starting a Business in the Ukraine

It requires 10 procedures, takes 27 days, and costs 5.84 % GNI per capita to start a business in the Ukraine.



List of Procedures:

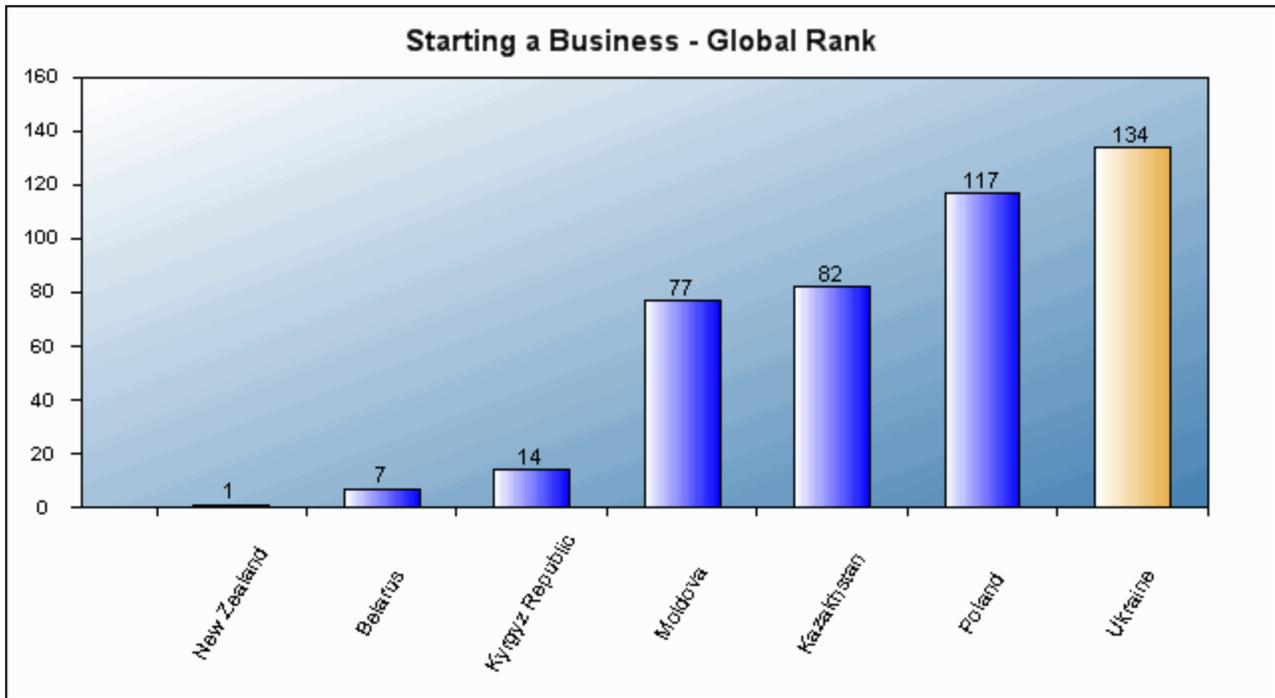
1. Notarize company charter and execute premises (if needed)
2. Open a bank account for initial capital
3. Pay registration fee at the bank
4. Register at the Registration Office
5. Register at the State Statistics Committee
6. Register VAT at the State Tax Authority and obtain a VAT number
7. Approval of Ministry of Internal Affairs to prepare a company seal
8. Prepare a seal
9. Open a permanent bank account
10. Notify the District Tax Inspectorate of the opening of the permanent bank account

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Ukraine is ranked 134 overall for Starting a Business.

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



The following table shows Starting a Business data for the Ukraine 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>				
Ukraine	10	27	5.8	153.5

<i>Comparator Economies</i>				
Belarus	5	6	1.7	0.0
Kazakhstan	7	20	4.8	13.4
Kyrgyz Republic	3	11	5.2	0.0
Moldova	8	10	7.0	11.4
Poland	6	32	17.9	15.3

* 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.

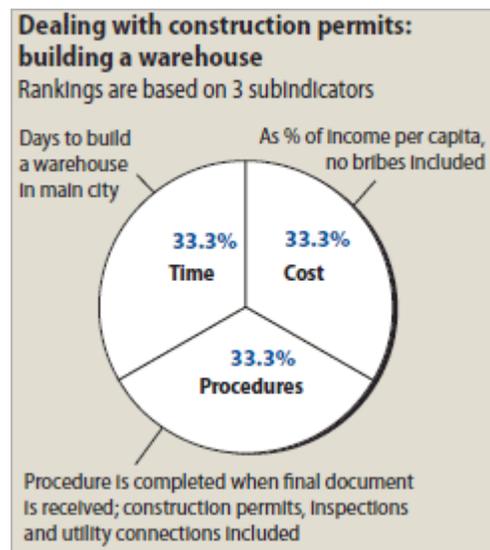
Survey Case Study

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:

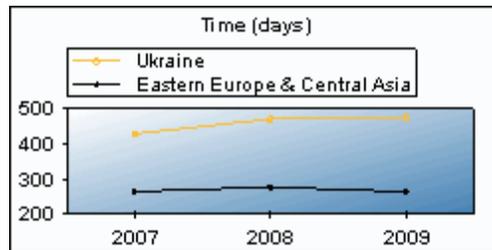
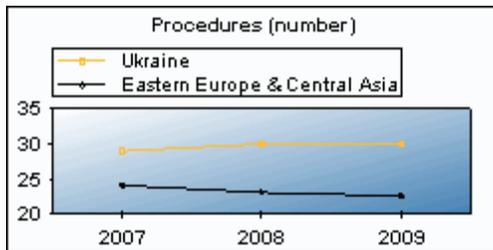
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each 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 the Ukraine

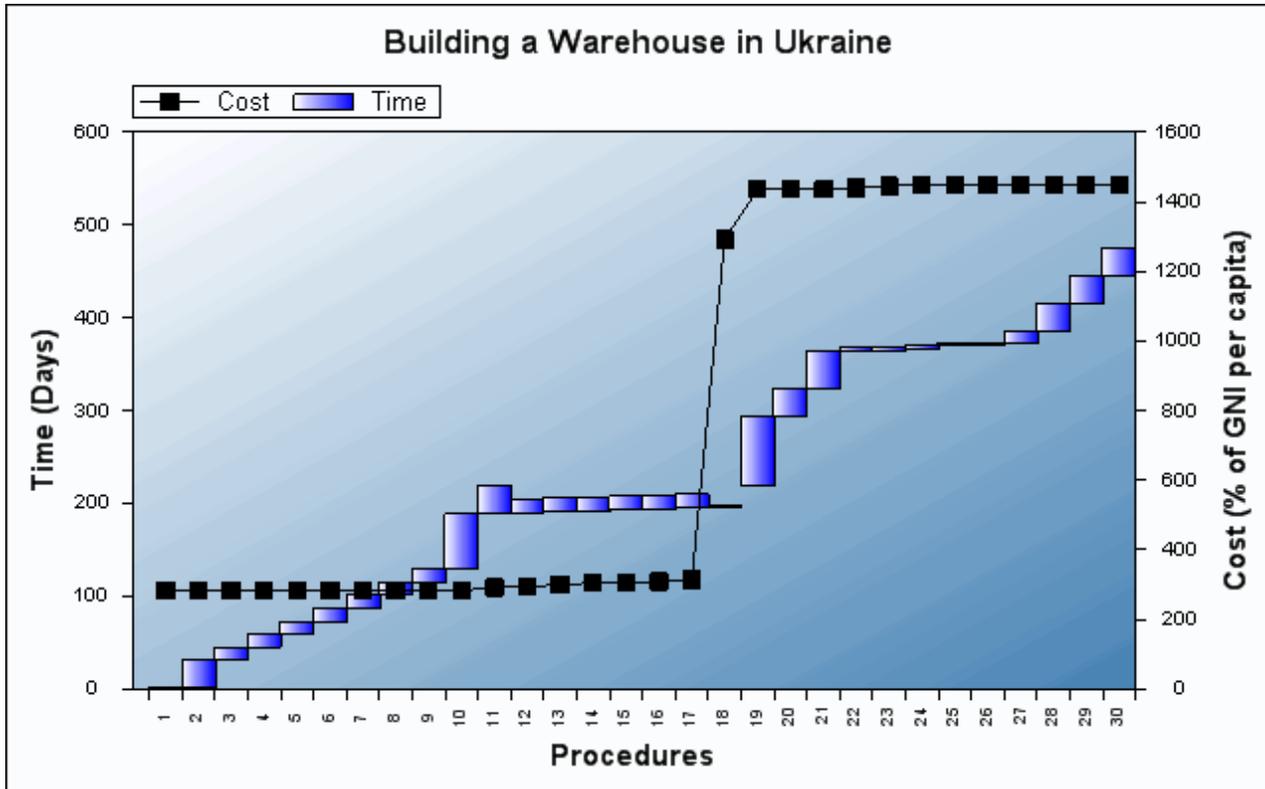
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	181	181
Procedures (number)	29	30	30
Time (days)	429	471	476
Cost (% of income per capita)	668.5	1901.7	1449.3

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



3. Steps to Building a Warehouse in the Ukraine

It requires 30 procedures, takes 476 days, and costs 1,449.25 % GNI per capita to build a warehouse in the Ukraine.



List of Procedures:

- | | |
|---|---|
| 1. Hire a Private Design Institute to develop a pre-project city planning justification | 8. Request and obtain certificate of approval from the District Administration (Rayon) |
| 2. Request and obtain certificate of approval from the Kiev Center of City Planning and Architecture | 9. Request and obtain certificate of approval from other Kiev City Administration Departments |
| 3. Request and obtain certificate of approval from the Chief Department of Land Resources of the Kiev City State Administration (Kyivzem) | 10. Request and obtain certificate of approval (location permit) from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration |
| 4. Request and obtain certificate of approval from the Kiev City Administration Department of Economics and Investments | 11. Request and obtain architectural and technical objectives/ conditions from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration |
| 5. Request and obtain certificate of approval from the Department of Natural Resources Protection of the Kiev City State Administration | 12. Request and obtain technical terms and conditions from the sewage authority |
| 6. Request and obtain certificate of approval from the Kiev City Sanitary and Epidemiological Inspection | 13. Request and obtain technical terms and conditions from the water supply authority |
| 7. Request and obtain certificate of approval from the Chief Department of Cultural Heritage Protection of the Kyiv City State Administration | 14. Request and obtain technical terms and conditions from the electricity distribution authority |

15. Request and obtain technical terms and conditions from the fixed telephone line provider
16. Request and obtain technical terms and conditions from the Fire Safety Department
17. Request and obtain technical terms and conditions from the Department of State Auto Inspection, Main Office of the Ministry of Interior Affairs of Ukraine in Kiev City
18. Contribution to the city social and engineering-transport infrastructure
19. Request and obtain approval of project design drawings and estimates by comprehensive state expertise
20. Request and obtain the building permit from the State Inspection of Architecture and Construction Control in Kiev
21. Request and obtain order on city layout modification from the Main Department of Control for the Improvements in Kiev City
22. Request and connect to water and sewage services
23. Request and connect to electricity services
24. Request and connect to phone services
25. Request creation of Acceptance Commission by State Inspection of Architecture and Construction Control in Kiev
26. Receive inspection from Acceptance Commission
27. Obtain Act of Readiness for Exploitation of Warehouse from Acceptance Commission
28. Obtain Certificate of Compliance from State Inspection of Architecture and Construction Control in Kiev
29. Request and obtain warehouse architectural and technical passport approval from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration
30. Register the warehouse with the Main Department of Municipal Property of the Kiev City State Administration

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Ukraine is ranked 181 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for the Ukraine 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>			
Ukraine	30	476	1449.3

<i>Comparator Economies</i>			
Belarus	15	161	35.1
Kazakhstan	37	211	119.7
Kyrgyz Republic	12	137	165.2
Moldova	30	292	120.5
Poland	30	308	124.2

Employing Workers

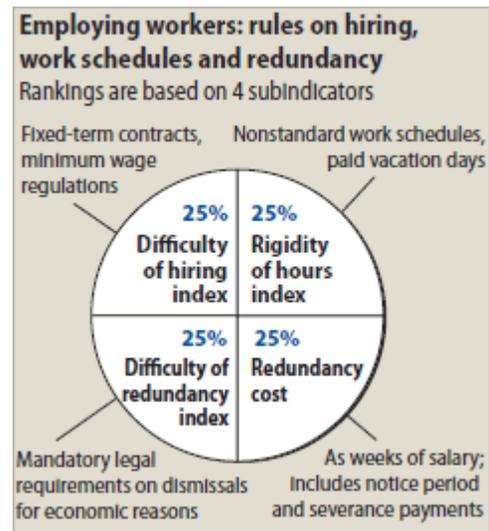
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	90	83
Redundancy costs (weeks of salary)	13	13	13
Rigidity of employment index (0-100)	35	35	31

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



3. Benchmarking Employing Workers Regulations:

Ukraine is ranked 83 overall for Employing Workers.

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



The following table shows Employing Workers data for the Ukraine 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>		
Ukraine	31	13

<i>Comparator Economies</i>		
Belarus	11	22
Kazakhstan	17	9
Kyrgyz Republic	18	17
Moldova	41	37
Poland	25	13

* 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)

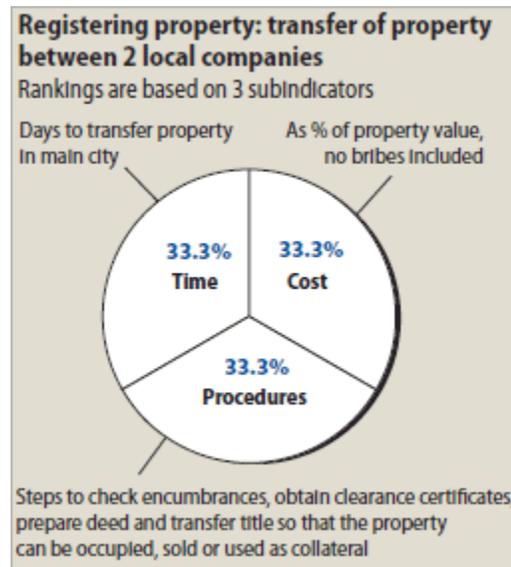
Survey Case Study

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 the Ukraine

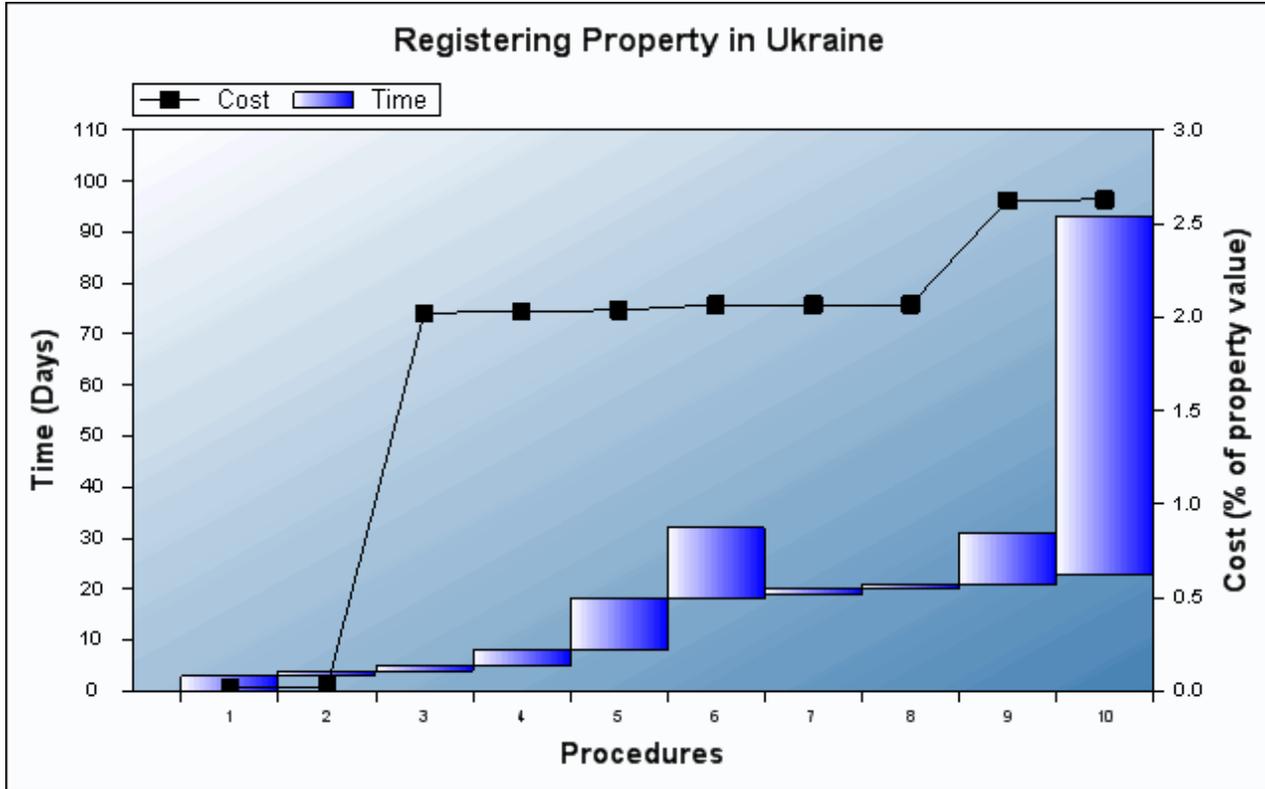
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	144	141
Procedures (number)	10	10	10
Time (days)	93	93	93
Cost (% of property value)	3.3	2.9	2.6

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



3. Steps to Registering Property in the Ukraine

It requires 10 procedures, takes 93 days, and costs 2.63 % of property value to register the property in the Ukraine.



List of Procedures:

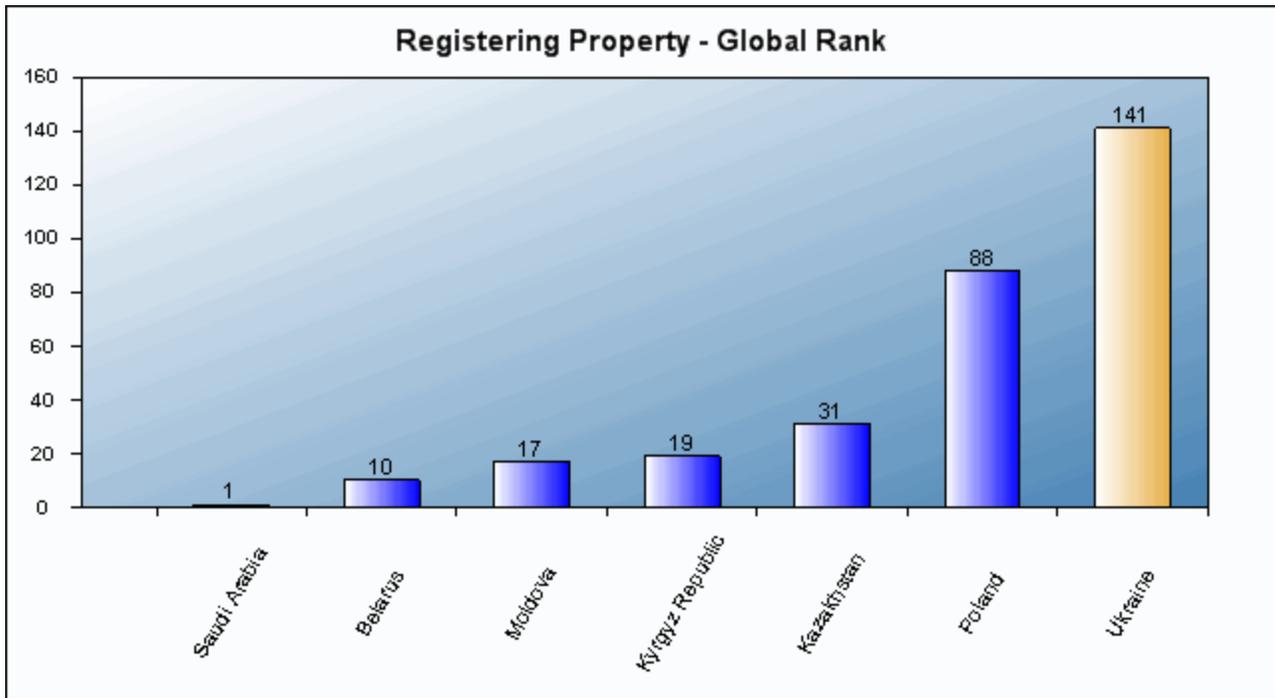
1. Obtain an extract from the Bureau of Technical Inventory stating that the building and ownership rights in it are duly registered
2. The notary checks for encumbrances on the property (land and building)
3. Notarization of the sale agreement of the building
4. Submit the notarized sale agreement to the City Bureau of Technical Inventory and Registration of Property Rights in Real Estate
5. Obtain a certificate that the seller's rights in the land parcel are duly registered at the Center of State Land Cadastre
6. Evaluation of the price of the land
7. Notarization of the sale agreement of the land parcel
8. Submit a request to obtain the State Certificate on Land Ownership under the name of the new owner
9. Obtain technical documentation from the Kiev Chief Administration on Land Ownership
10. Obtain the State Certificate on Land Ownership under the name of the new owner

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Ukraine is ranked 141 overall for Registering Property.

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



The following table shows Registering Property data for the Ukraine 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>			
Ukraine	10	93	2.6

<i>Comparator Economies</i>			
Belarus	3	18	0.0
Kazakhstan	5	40	0.1
Kyrgyz Republic	4	5	2.8
Moldova	5	5	0.9
Poland	6	197	0.5

* 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)

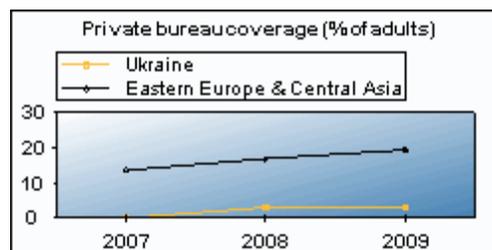
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in the Ukraine

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	27	30
Strength of legal rights index (0-10)	9	9	9
Depth of credit information index (0-6)	0	3	3
Private bureau coverage (% of adults)	0.0	3.0	3.0
Public registry coverage (% of adults)	0.0	0.0	0.0

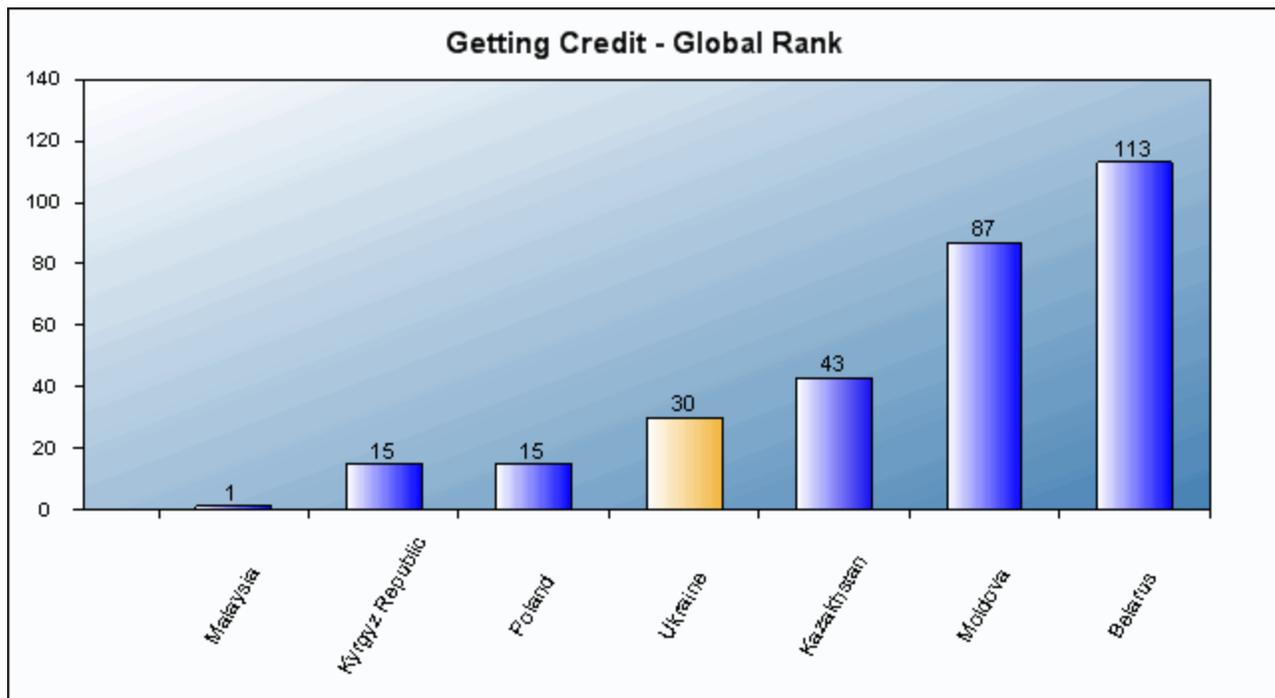
2. The following graphs illustrates the Getting Credit indicators in the Ukraine over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Ukraine is ranked 30 overall for Getting Credit.

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



The following table shows Getting Credit data for the Ukraine 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>				
Ukraine	9	3	0.0	3.0

<i>Comparator Economies</i>				
Belarus	2	5	23.4	0.0
Kazakhstan	5	6	0.0	29.5
Kyrgyz Republic	10	3	0.0	5.9
Moldova	8	0	0.0	0.0
Poland	9	4	0.0	68.3

* 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.

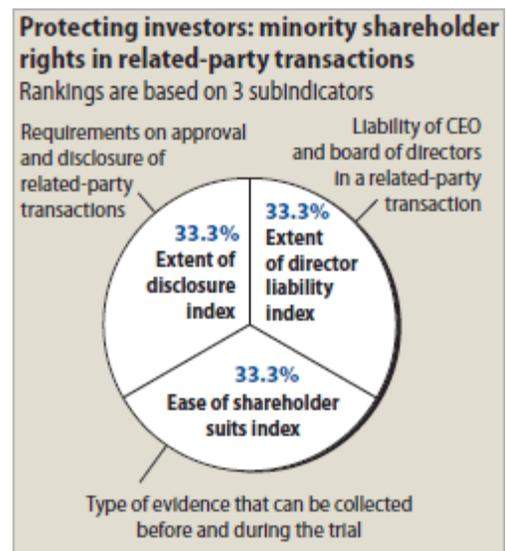
Protecting Investors

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:

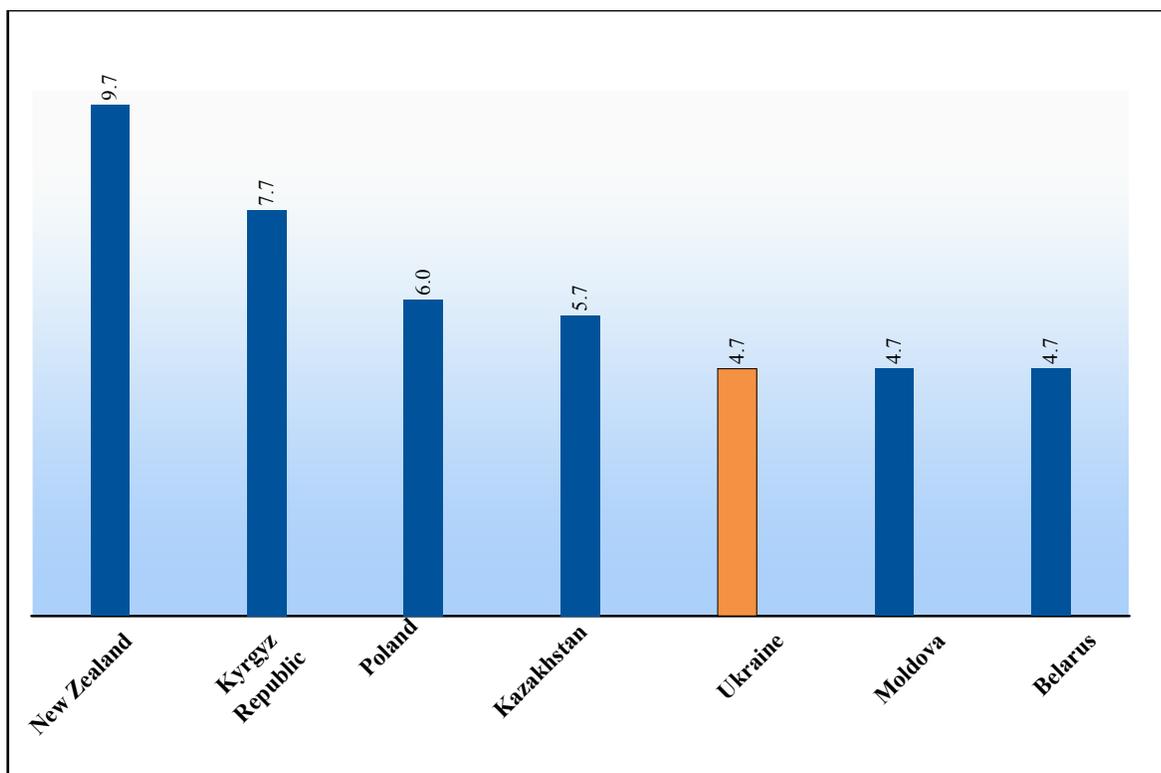
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Doidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in the Ukraine

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	143	109
Strength of investor protection index (0-10)	3.7	3.7	4.7

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

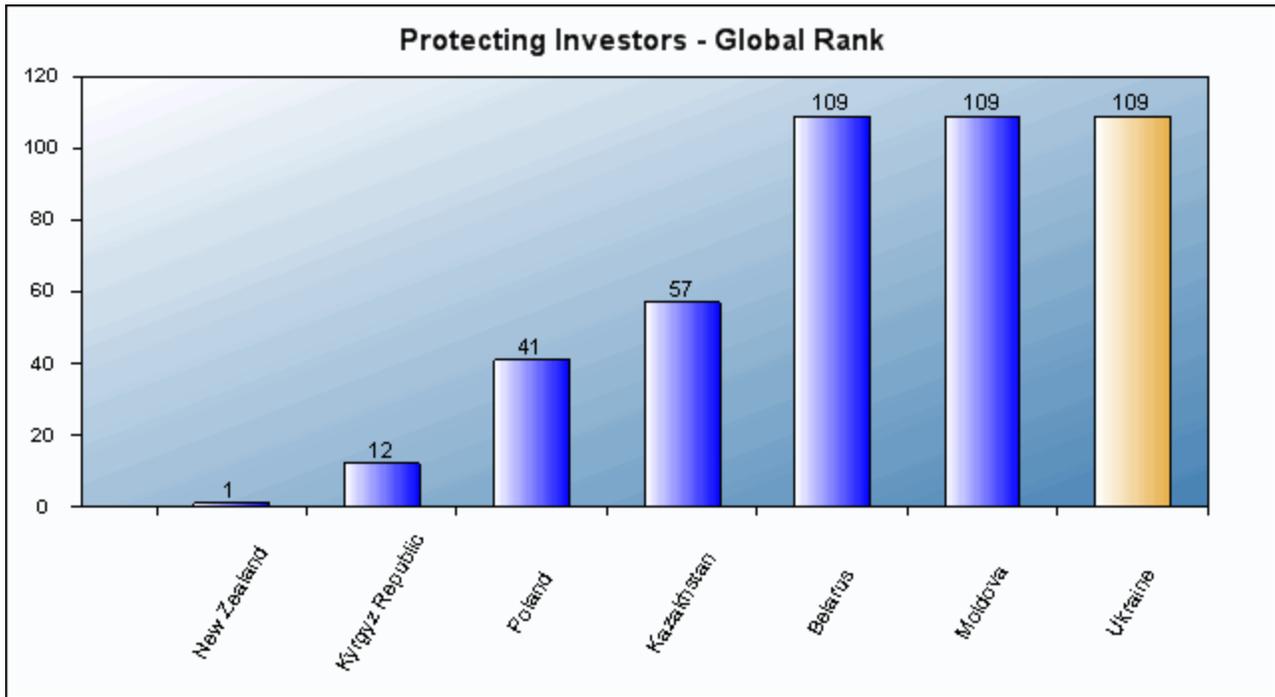


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Ukraine is ranked 109 overall for Protecting Investors.

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



The following table shows Protecting Investors data for the Ukraine 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>	
Ukraine	4.7

<i>Comparator Economies</i>	
Belarus	4.7
Kazakhstan	5.7
Kyrgyz Republic	7.7
Moldova	4.7
Poland	6.0

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

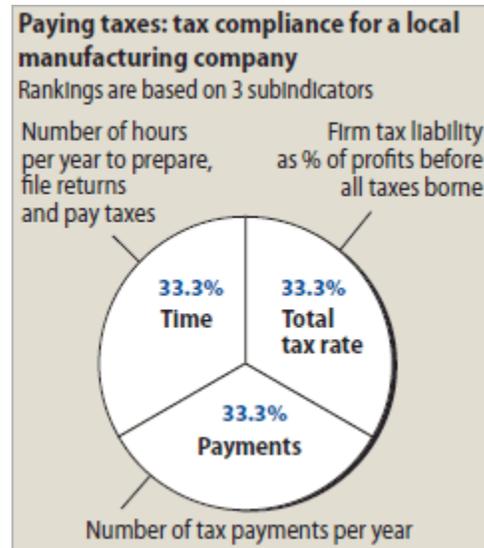
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

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 the Ukraine

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	182	181
Total tax rate (% profit)	56.6	57.2	57.2
Payments (number per year)	147	147	147
Time (hours per year)	2085	848	736

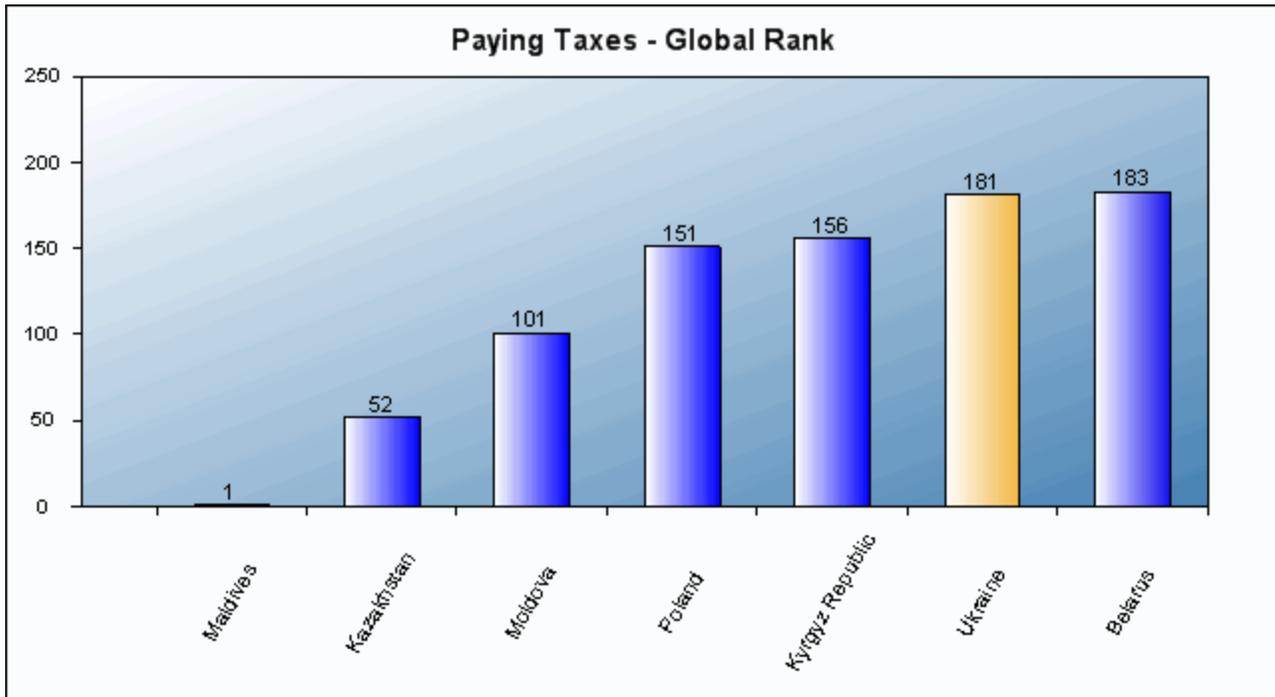
2. The following graphs illustrates the Paying Taxes indicators in the Ukraine over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Ukraine is ranked 181 overall for Paying Taxes.

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



The following table shows Paying Taxes data for the Ukraine 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>			
Ukraine	147	736	57.2

<i>Comparator Economies</i>			
Belarus	107	900	99.7
Kazakhstan	9	271	35.9
Kyrgyz Republic	75	202	59.4
Moldova	48	228	31.1
Poland	40	395	42.5

* 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.

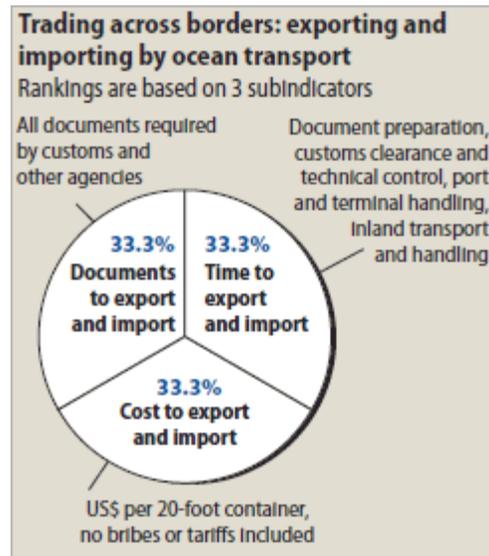
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

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:

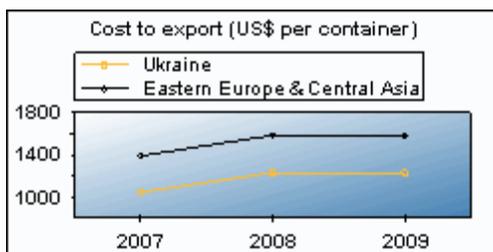
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations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

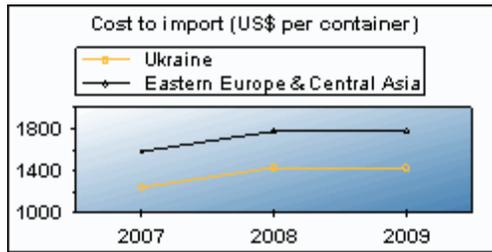


1. Historical data: Trading Across Borders in the Ukraine

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	139	139
Cost to export (US\$ per container)	1045	1230	1230
Cost to import (US\$ per container)	1245	1430	1430
Documents to export (number)	6	6	6
Documents to import (number)	10	10	10
Time to export (days)	31	31	31
Time to import (days)	39	36	36

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

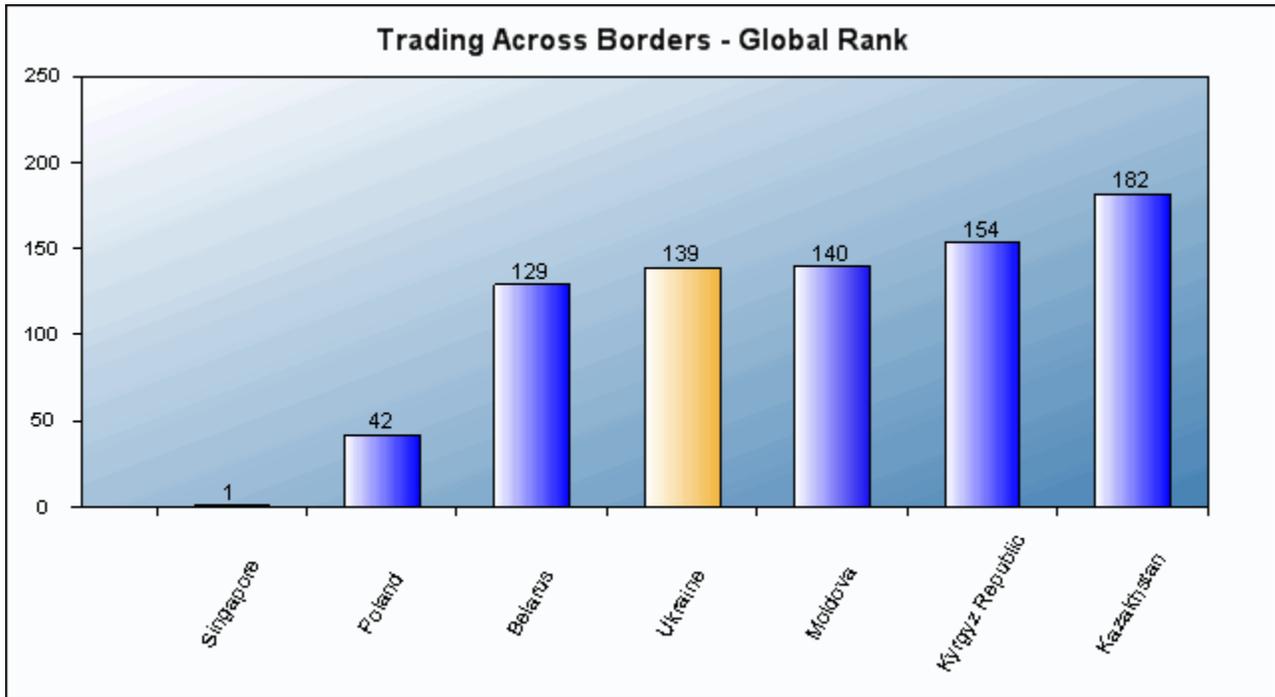




3. Benchmarking Trading Across Borders Regulations:

Ukraine is ranked 139 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for the Ukraine 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>						
Ukraine	6	31	1230	10	36	1430

<i>Comparator Economies</i>						
Belarus	8	16	1772	8	21	1770
Kazakhstan	11	89	3005	13	76	3055
Kyrgyz Republic	7	63	3000	7	72	3250
Moldova	6	32	1815	7	35	1945
Poland	5	17	884	5	25	884

* 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.

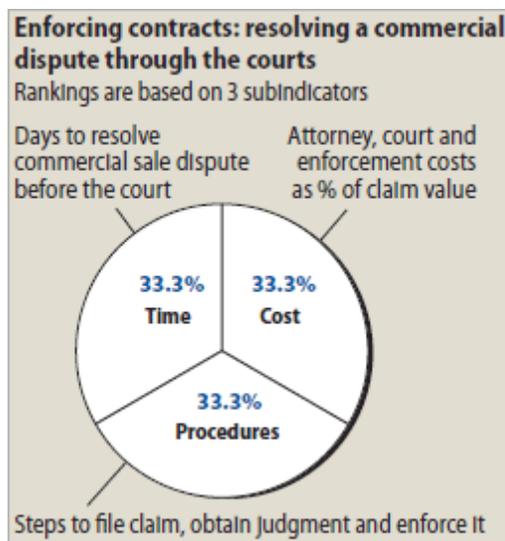
Methodology

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

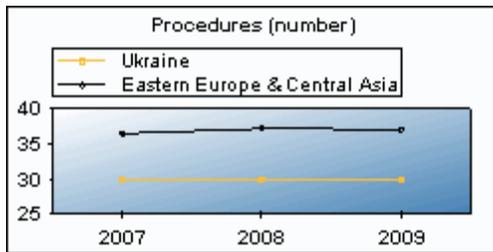
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds 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 the Ukraine

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	46	43
Procedures (number)	30	30	30
Time (days)	354	354	345
Cost (% of claim)	41.5	41.5	41.5

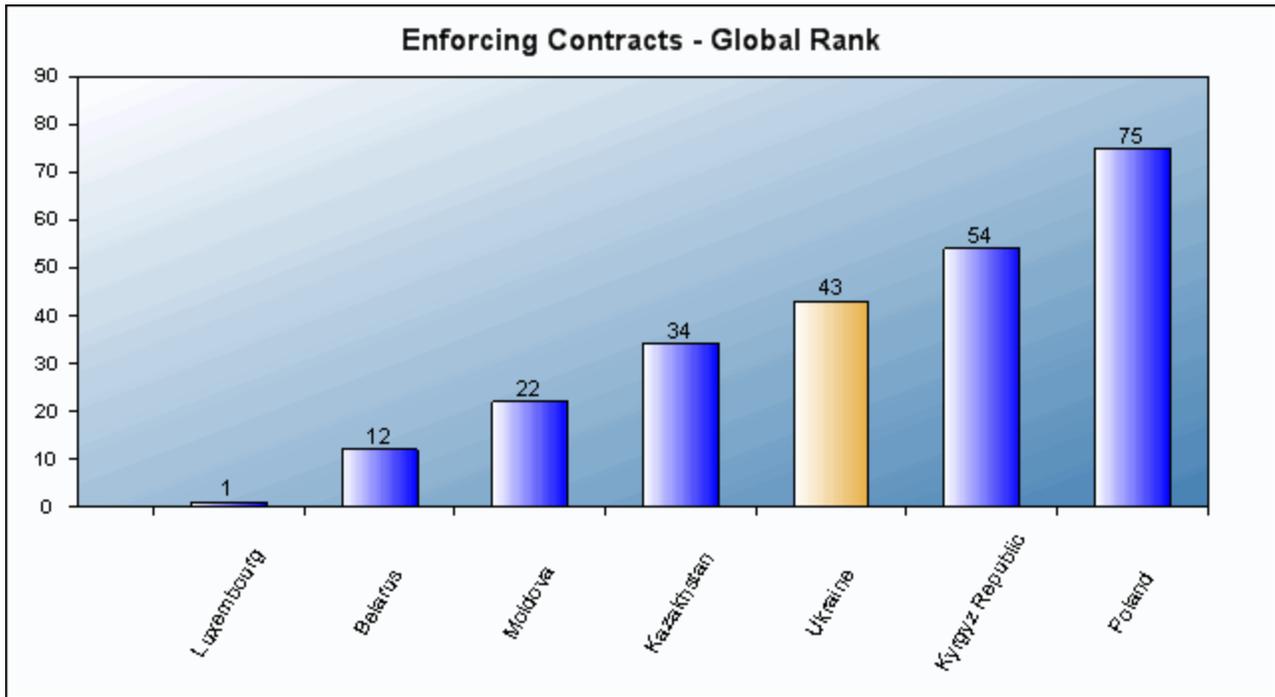
2. The following graphs illustrates the Enforcing Contracts indicators in the Ukraine over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Ukraine is ranked 43 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for the Ukraine 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>			
Ukraine	30	345	41.5

<i>Comparator Economies</i>			
Belarus	28	225	23.4
Kazakhstan	38	390	22.0
Kyrgyz Republic	39	260	29.0
Moldova	31	365	20.9
Poland	38	830	12.0

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.

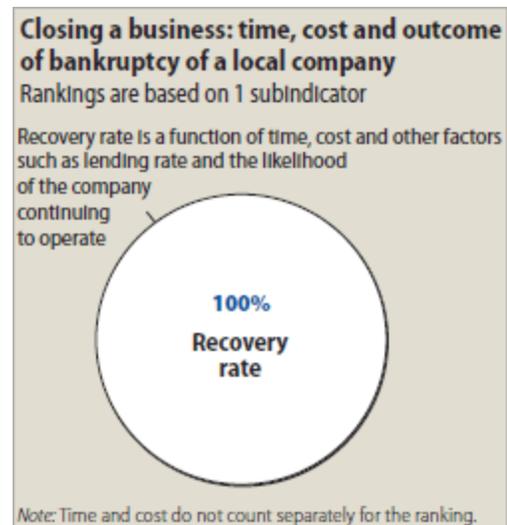
Methodology

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:

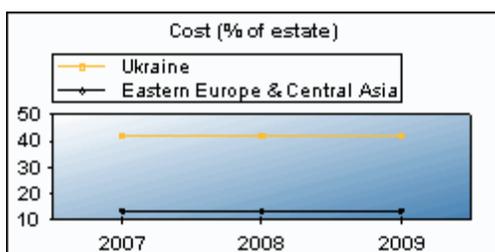
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed 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 the Ukraine

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	145	145
Time (years)	2.9	2.9	2.9
Cost (% of estate)	42	42	42
Recovery rate (cents on the dollar)	9.1	9.1	9.1

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



3. Benchmarking Closing Business Regulations:

Ukraine is ranked 145 overall for Closing a Business.

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



The following table shows Closing Business data for the Ukraine 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>			
Ukraine	9.1	2.9	42

<i>Comparator Economies</i>			
Belarus	33.4	5.8	22
Kazakhstan	40.6	1.5	15
Kyrgyz Republic	14.2	4.0	15
Moldova	28.6	2.8	9
Poland	29.8	3.0	20

* 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	Reforms									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		Closing a Business
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
	Ukraine						✓					1
	Kazakhstan	✓	✓					✓				3
	Poland	✓				✓		✓			✓	4

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.

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.
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.
Kazakhstan	Kazakhstan has eased the process for getting construction permits by eliminating the requirement to pay for new electrical connection, reducing time limits for building permits, and lowering the cost of topographic surveys. The tax burden on companies was eased by lowering the social tax for 2008 and the corporate income tax for 2009 (from 30 percent to 10 percent). Business start-up was made easier by simplifying documentation requirements and abolishing the requirement to register at the local tax office.
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.
Poland	Poland eased the process of dealing with distressed companies with an amendment to its bankruptcy law introducing the option of prebankruptcy reorganization for companies facing financial difficulties. Business start-up was eased by reducing the minimum capital requirement from PLN 50,000 to PLN 5,000 and consolidating applications for company registration and registrations with the tax, social security, and statistics authorities. Social security taxes were cut for businesses, and the value added tax (VAT) law was simplified. Access to credit was improved by allowing all legal persons (including foreign entities) to hold or grant security interests.
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.
Ukraine	Ukraine enhanced investor protections by adopting a new law on joint stock companies that regulates approval of transactions between interested parties, increases disclosure requirements in annual reports, and makes it easier to sue directors in cases of prejudicial transactions between interested parties.
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 the Ukraine

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

STANDARDIZED COMPANY

Legal Form: Товариство з Обмеженою Відповідальністю

- Limited Liability Company

Minimum Capital Requirement:

City: Kiev

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarize company charter and execute premises (if needed)	1	600
2	Open a bank account for initial capital	1	0
3	Pay registration fee at the bank	1	0
4	Register at the Registration Office	5	170
5	Register at the State Statistics Committee	1	25.94
6	Register VAT at the State Tax Authority and obtain a VAT number	10	17
7	Approval of Ministry of Internal Affairs to prepare a company seal	3	162
8	Prepare a seal	2	215
9	Open a permanent bank account	1	0
10	Notify the District Tax Inspectorate of the opening of the permanent bank account	2	0

Procedure 1 Notarize company charter and execute premises (if needed)

Time to complete: 1

Cost to complete: 600

Comment: The notary fees range from UAH 30 to UAH 75 at the state notary and from UAH 500 to 800 UAH at the private notary. The exact fee depends on the number of participants for approval, the number of pages and copies of registration documents, and the additional notary fees approved by the Regional (Oblast) Department of Justice.

The company's charter is the only founding document necessary for registration. It should be accompanied by either the original or a notarized copy of the minutes of the founders' meeting.

Previously, the founders were required to enter into a founders' agreement, which had to be submitted for registration along with the charter. The minutes did not require any notarization. The requirement to supplement the registration application with a document (lease or sale-and-purchase agreement) evidencing company's entitlement to situate its head office on the premises (registered address) was eliminated. However, the registering authority may still demand that document for verification.

To open a temporary bank account, the founders must submit evidence of their decision to appoint a person with signature authority to execute transactions on this account. The decision should be formalized by a notarized power of attorney.

Procedure 2 Open a bank account for initial capital

Time to complete: 1

Cost to complete: 0

Comment: Founders must contribute 50% of their charter fund contribution before registering the company. Founder contributions may be made in cash, including foreign currency, as well as in kind. Temporary accounts are restricted to receiving the contributions of funds for the formation of the nominal (share) capital of the company being incorporated. No other operations are allowed.

According to the National Bank of Ukraine's Regulation No. 492 of November 12, 2003, "On the Procedure of Opening, Using and Closing of National and Foreign Currency Accounts," the following documents must be submitted to the bank to open a temporary account:

- Application for opening the account in the form established by Regulation No. 492. The application should be signed by the person authorized by the founders of the legal entity (could be a separate power of attorney granted to the individual concerned).
- Original or notarized copy of the constituent documents (charter and, in some cases, foundation agreement).
- The founders' decision to grant a power of attorney, which should be notarized if at least one founder is an individual).
- The signature specimen and the imprint of the seal (as specified in Regulation No. 492).

The signature specimen should contain the signature of the person(s) authorized by the founders to sign the bank account documents. While the company is under formation, it does not have a corporate seal. Thus, at this point, the card should be submitted without the seal and signed by the authorized bank employee.

Procedure 3 Pay registration fee at the bank

Time to complete: 1

Cost to complete: 0

Comment: The bank issues a certificate that confirms the transfer of the charter capital (not less than 50% of the declared capital). This certificate is required for the registration at the Registration Office.

Procedure 4 Register at the Registration Office

Time to complete: 5

Cost to complete: 170

Comment: Founders must submit the following documents when registering at the Registration Office:

- The charter (two copies).
- Minutes of founders' meeting.
- Application form (registration card).
- Bank document, evidencing payment of registration fee.
- Proof of payment of minimum capital requirement, that is, either bank documents for cash contributions or, otherwise, transfer acceptance act (executed between the founders and the company) for in-kind contributions.

As the registering authority, the State Registrar issues a certificate of registration, which becomes the company's incorporation document. According to the Law of Ukraine No. 755-IV, "On the State Registration of the Legal Persons and Private Persons - Entrepreneurs" (dated May 15, 2003), the State Registrar should perform all due registrations with the State Committee of Statistics of Ukraine, the state social funds, (the State Pension Fund, the Employment Insurance Fund, the Social Security Fund, and the Fund for Social Insurance) and the tax authorities for the newly registered company. However, in practice, the State Registrars does not register with the State Committee of Statistics, and that registration is usually performed by the company itself.

By implementing the one-stop shop system, Ukraine has facilitated registration with the Pension Fund, the Employment Fund, the Social Insurance Fund, the Industrial Accidents Fund, and the relevant tax authorities (except for VAT registration) through the Registration Office. In substantial measure, this new system emerged following the Cabinet of Ministers' Resolution No. 321-p, "On Top-Priority Measures on Expediting Revision of Regulations and Enhancing Registration and Authorization Procedure" (August 8, 2005). This resolution was directed by the President (Direction No. 1-1/444 of June 1, 2005) and the Prime Minister (Direction No. 28479/1/1-05 of June 2, 2005).

Pursuant to Order No. 317 of the State Tax Administration of the Ukraine, "On Amending Instruction on the Procedure for Keeping Record of Taxpayers" (dated August 8, 2005), stand-alone tax registration was abandoned and incorporated into the one-stop shop system.

Since July 1, 2005, companies do not need to register independently with local employment centers as payers of social insurance contributions. This registration was also incorporated into the one-stop system by Letter No. DC-09-4408/0/6-05 of the State Employment Center of the Ministry of Labor and Social Policy of the Ukraine, "On Issues of Introduction of 'Single-Counter'" (dated July 17, 2005).

Procedure 5 Register at the State Statistics Committee

Time to complete: 1

Cost to complete: 25.94

Comment: Companies must register with the State Statistics Committee, although the Registration Office has already filed some information with the Statistics Office.

Procedure 6 Register VAT at the State Tax Authority and obtain a VAT number

Time to complete: 10

Cost to complete: 17

Comment: A company with annual turnover of up to UAH 1 million is eligible for registration as a 6% or 10% consolidated taxpayer. A 10% consolidated taxpayer may not register as a VAT payer. A company is automatically registered as a profit taxpayer during primary registration (see Procedure 4). However, those companies that must register as a VAT payer must register for this tax separately.

Procedure 7 Approval of Ministry of Internal Affairs to prepare a company seal

Time to complete: 3

Cost to complete: 162

Comment: Reform. Order No. 1060 of the Cabinet of Ministers of December 28, 1995 was cancelled by Order No. 795 of the Cabinet of Ministers of Ukraine of June 4, 2007. According to the Order No. 369/1105/336 of Ministry of Internal Affairs, Ministry of Finance and Ministry of Economics of October 5, 2007, the new cost for regular procedure (5 days) is UAH 81 and for expedited procedure (3 days) is UAH 162.

Procedure 8 Prepare a seal

Time to complete: 2

Cost to complete: 215

Comment:

Procedure 9 Open a permanent bank account

Time to complete: 1

Cost to complete: 0

Comment: After the company is registered with all relevant state authorities, a temporary bank account can be converted into an operational account, which under Ukrainian banking law, is designated as a "current account." To change the account status from temporary to current, the bank must receive the following:

- The set of company documents stipulated by Ukrainian banking law (the same documents as those to be provided by an existing company) to open a new bank account. One of these is the copy of the company's certificate of registration, which contains the company's tax identification number.
- A confirmation (reply) from the tax authorities that they have registered this bank account.

Procedure 10 Notify the District Tax Inspectorate of the opening of the permanent bank account

Time to complete: 2

Cost to complete: 0

Comment: Before converting the temporary account to a permanent (current) account, the bank must receive a confirmation (reply) from the tax authorities that they have registered the current account. To receive the confirmation, the bank must notify the tax inspectorate in its district that the current account has been opened; this notification should be made via a special email system of the National Bank of Ukraine, according to the Order of the State Tax Administration of Ukraine No. 561 (dated September 22, 2006 and effective on October 9, 2006). During this transitional stage, some banks still provide notification by postal mail. The bank must provide this notification within 3 working days of converting the temporary account to current (the Law of Ukraine "On the System of Taxation," No. 1251–XII of June 25, 1991). Before sending the notification, the bank must obtain prior written consent from the account owner (Order No. 301 of the State Tax Administration of Ukraine, "On Procedure of Submitting by the Financial Institutions of Notifications on Opening/Closing of Accounts of Tax Payers and Filling Out of Calculation Documentation in Case of Payments to the Budget or Return of Payments from the Budget" of July 1, 2002).

Within 3 working days of receiving the bank notification, the tax authorities must provide the bank (via email) the confirmation of the account registration (due to the transitional stage of implementing the confirmation email, tax authorities may send the confirmation to the bank by postal mail). Upon receiving the confirmation, the bank must change the status of the account from "temporary" to "current." After this change, both credit (deposit) and debit (payment) operations are allowed. Until the bank receives the confirmation, the account cannot be used for debit operations (withdrawal or transfer of funds).

Owing to the transitional period for implementing the bank e-mail notification to the tax authorities, currently some accountholders opt to notify, and to receive the confirmation from, the tax authorities themselves and then forward the confirmation to the bank. This procedure is regulated by Order No. 306 of the State Tax Administration of the Ukraine, "On Procedure of Notification of Tax Authorities on Opening/Closing of the Accounts in Banks, of August 1, 2001. This order is still in force, though the new Order No. 301 of the State Tax Administration of Ukraine, "On Procedure of Submitting by the Financial Institutions of Notifications on Opening/Closing of Accounts of Tax Payers and Filling Out of Calculation Documentation in Case of Payments to the Budget or Return of Payments from the Budget" of July 1, 2002 was enacted.

Dealing with Construction Permits in the Ukraine

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Kiev

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Hire a Private Design Institute to develop a pre-project city planning justification	1 day	USD 9,104
2	Request and obtain certificate of approval from the Kiev Center of City Planning and Architecture	30 days	no charge
3	Request and obtain certificate of approval from the Chief Department of Land Resources of the Kiev City State Administration (Kyivzem)	14 days	no charge
4	Request and obtain certificate of approval from the Kiev City Administration Department of Economics and Investments	14 days	no charge
5	Request and obtain certificate of approval from the Department of Natural Resources Protection of the Kiev City State Administration	14 days	no charge
6	Request and obtain certificate of approval from the Kiev City Sanitary and Epidemiological Inspection	14 days	no charge
7	Request and obtain certificate of approval from the Chief Department of Cultural Heritage Protection of the Kyiv City State Administration	14 days	no charge
8	Request and obtain certificate of approval from the District Administration (Rayon)	14 days	no charge
9	Request and obtain certificate of approval from other Kiev City Administration Departments	14 days	no charge
10	Request and obtain certificate of approval (location permit) from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration	60 days	no charge
11	Request and obtain architectural and technical objectives/ conditions from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration	30 days	UAH 1,664
12 *	Request and obtain technical terms and conditions from the sewage authority	15 days	UAH 832

13 *	Request and obtain technical terms and conditions from the water supply authority	15 days	UAH 832
14 *	Request and obtain technical terms and conditions from the electricity distribution authority	15 days	UAH 1,139
15 *	Request and obtain technical terms and conditions from the fixed telephone line provider	15 days	UAH 439
16 *	Request and obtain technical terms and conditions from the Fire Safety Department	15 days	UAH 422
17 *	Request and obtain technical terms and conditions from the Department of State Auto Inspection, Main Office of the Ministry of Interior Affairs of Ukraine in Kiev City	15 days	UAH 942
18 *	Contribution to the city social and engineering-transport infrastructure	1 day	UAH 199,109
19	Request and obtain approval of project design drawings and estimates by comprehensive state expertise	75 days	UAH 29,369
20	Request and obtain the building permit from the State Inspection of Architecture and Construction Control in Kiev	30 days	no charge
21	Request and obtain order on city layout modification from the Main Department of Control for the Improvements in Kiev City	40 days	no charge
22	Request and connect to water and sewage services	4 days	UAH 700
23 *	Request and connect to electricity services	4 days	UAH 1,200
24 *	Request and connect to phone services	4 days	UAH 692
25	Request creation of Acceptance Commission by State Inspection of Architecture and Construction Control in Kiev	3 days	no charge
26	Receive inspection from Acceptance Commission	1 day	no charge
27	Obtain Act of Readiness for Exploitation of Warehouse from Acceptance Commission	14 days	no charge
28	Obtain Certificate of Compliance from State Inspection of Architecture and Construction Control in Kiev	30 days	no charge
29	Request and obtain warehouse architectural and technical passport approval from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration	30 days	no charge

30 Register the warehouse with the Main Department of Municipal Property
of the Kiev City State Administration

30 days

UAH 51

* Takes place simultaneously with another procedure.

Procedure 1 Hire a Private Design Institute to develop a pre-project city planning justification

Time to complete: 1 day

Cost to complete: USD 9,104

Comment: The contents and scope of the pre-project city-planning justification must be prepared according to the State Construction Regulations (ДБН Б.1.1.-4-2002). The justification is prepared by a private and independent organization licensed for such an activity. The private firm can be chosen by the applicant.

In accordance with provision of Law No. 509-VI, effective as of 15 April 2009, customers should obtain pre-project city planning justification only if there are no local rules of building up the area or if customers' intentions to build new construction are not corresponded with existing local rules of building up (Rules of Construction in City of Kyiv, approved by the Decision of Kyiv City Council, dated 27 January 2005, No. 11/2587). However, due to early stages of reforms all companies must obtain this pre-project city planning justification.

According to provision of Law No. 509-VI, the pre-project city-planning justification is to be approved only by the following authorities:

- the state authority of city-planning and architecture (the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kyiv City State Administration),
- the state authority of land resources (the Chief Department of Land Resources of the Kyiv City State Administration (Kyivzem),
- the state authority of cultural heritage protection (the Chief Department of Cultural Heritage Protection of the Kyiv City State Administration),
- the state nature conservation authority (the Department of Natural Resources Protection of the Kyiv City State Administration),
- the state sanitary and epidemiological authority (the Kyiv City Sanitary and Epidemiological Inspection)

The cost of the pre-project justification may vary from one company to another, but ranges from USD 4 and USD 10. Assuming an average price, the total cost would be: USD 7 x 1,300.6 sq. m. = USD 9,104.2.

Procedure 2 Request and obtain certificate of approval from the Kiev Center of City Planning and Architecture

Time to complete: 30 days

Cost to complete: no charge

Comment: The Kiev Center of City Planning and Architecture provides its conclusions on the pre-project city-planning justification in connection with the requirements showing the expected parameters of the warehouse, general plan, cost estimates, and legal justification.

Procedure 3 Request and obtain certificate of approval from the Chief Department of Land Resources of the Kiev City State Administration (Kyivzem)

Time to complete: 14 days

Cost to complete: no charge

Comment: The Chief Department of Land Resources of the Kyiv City State Administration (Kyivzem) verifies the legality of all documents against the land cadastre, proving ownership or rental of the property.

Procedure 4 Request and obtain certificate of approval from the Kiev City Administration Department of Economics and Investments

Time to complete: 14 days

Cost to complete: no charge

Comment: The Kiev City Administration Department of Economics and Investments releases its conclusions on the preliminary conditions that serve as basis for the construction.

Procedure 5 Request and obtain certificate of approval from the Department of Natural Resources Protection of the Kiev City State Administration

Time to complete: 14 days

Cost to complete: no charge

Comment: The Kiev City Administration Department of Ecology and Natural Resources releases its conclusions on whether the intended use of the building fits with the environmental preservation requirements.

Procedure 6 Request and obtain certificate of approval from the Kiev City Sanitary and Epidemiological Inspection

Time to complete: 14 days

Cost to complete: no charge

Comment: The Kiev City Sanitary and Epidemiological Inspection releases its conclusions on whether the intended use of the building conforms to the sanitary safety requirements.

Procedure 7 Request and obtain certificate of approval from the Chief Department of Cultural Heritage Protection of the Kyiv City State Administration

Time to complete: 14 days

Cost to complete: no charge

Comment: The Chief Department of Cultural Heritage Protection of the Kyiv City State Administration releases its conclusions on the conformity of the property and land plot to cultural heritage sites and determines whether the land lies within the boundaries of protected zones and historic areas, and so forth.

Procedure 8 Request and obtain certificate of approval from the District Administration (Rayon)

Time to complete: 14 days

Cost to complete: no charge

Comment: The district administration (rayon) determines whether the capacity of the local bodies servicing the construction area is sufficient.

Procedure 9 Request and obtain certificate of approval from other Kiev City Administration Departments

Time to complete: 14 days

Cost to complete: no charge

Comment: Certificates of approval from other administration departments may be required, as defined by Kiev City Administration officials based on the intended use of the building.

Procedure 10 Request and obtain certificate of approval (location permit) from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration

Time to complete: 60 days

Cost to complete: no charge

Comment: Based on the certificates obtained in Procedures 2 through 9, Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration prepares a draft of Kiev City Administration's disposition (location permit) and a set of conclusions about the construction.

The disposition from the Kiev City Administration approving project drawings and construction is the basis for gathering the basic documents required for further processing and, ultimately, for obtaining the construction permit from the Department of Architecture and Construction Supervision.

This procedure may be initiated early, out of sequence, which affects the size of the informal fee. The approval obtained in this procedure is the most important one because other approvals are based on it. The widely identified informal fee is about USD 5,000.

Procedure 11 Request and obtain architectural and technical objectives/ conditions from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration

Time to complete: 30 days

Cost to complete: UAH 1,664

Comment: The architectural and technical objectives/conditions are part of the input data needed for designing the project. The application must include the location permit, the basic characteristics of the building, a copy of the location plan, and an assessment of local resources. The architectural and technical objectives/conditions are valid for at least 2 years.

Obtaining the technical conditions takes 15 days. Obtaining the architectural-planning task takes 30 days. Because the two documents can be requested simultaneously, the whole process takes 30 days.

The billing rates for obtaining of the architectural-planning task, stipulated by the Resolution of the Cabinet of Ministers of Ukraine No. 2328 as of 20 December 1999 were amended by the Order of the Ministry of Regional Development and Construction of Ukraine No. 531 as of 24 November 2008. Under this amendment a new index of 7.01 and rate of UAH 237.4 were introduced. The maximum official cost for obtaining of the architectural-planning task should be calculated as: $UAH 237.4 \times 7.01 = UAH 1664.17$.

As of 15 April, 2009 under the Law of Ukraine # 509-VI (16 September 2008) construction companies are not obliged to apply for architectural-planning task. The city-planning conditions and restrictions for building up the land plot from the Kyiv City Administration should be obtained instead. The document must be issued within 2 weeks. Once obtained city planning conditions and restrictions for building up of the land plot, customers of construction should apply for technical terms and conditions. However this

provision has not been fully enforced in practice.

Procedure 12 Request and obtain technical terms and conditions from the sewage authority

Time to complete: 15 days

Cost to complete: UAH 832

Comment: The application must include the plan, information on the expected volume of sewerage system use, and basic characteristics of the building.

The billing rates for obtaining of technical terms and conditions are stipulated by the effective Resolution of the Cabinet of Ministers of Ukraine No. 2328 as of 20 December 1999. The basic cost for obtaining aforesaid technical terms and conditions from the sewage authority is calculated on the basis of fixed tariffs and constitutes UAH 118.71. However, the Order of the Ministry of Regional Development and Construction of Ukraine No. 531as of 24 November 2008 provides the index, which amounts to 7.01. The mentioned index should be used for calculating the fees for all technical terms and conditions.

The official cost for obtaining technical terms on sewerage supply to the warehouse to be paid by BuildCo is: $UAH 118.71 \times 7.01 = UAH 832.16$

Procedure 13 Request and obtain technical terms and conditions from the water supply authority

Time to complete: 15 days

Cost to complete: UAH 832

Comment: The application must include the plan, information on the expected volume of water use, and basic characteristics of the building.

The billing rates for obtaining of technical terms and conditions are stipulated by the effective Resolution of the Cabinet of Ministers of Ukraine No. 2328 as of 20 December 1999. The basic cost for obtaining aforesaid technical terms and conditions from the sewage authority is calculated on the basis of fixed tariffs and constitutes UAH 118.71. However, the Order of the Ministry of Regional Development and Construction of Ukraine No. 531as of 24 November 2008 provides the index, which amounts to 7.01. The mentioned index should be used for calculating the fees for all technical terms and conditions.

The official cost for obtaining technical terms on sewerage supply to the warehouse to be paid by BuildCo is: $UAH 118.71 \times 7.01 = UAH 832.16$

Procedure 14 Request and obtain technical terms and conditions from the electricity distribution authority

Time to complete: 15 days

Cost to complete: UAH 1,139

Comment: The application must include the plan, information on the expected rate of electricity consumption, and basic characteristics of the building.

The billing rates for obtaining of technical terms and conditions are stipulated by the effective Resolution of the Cabinet of Ministers of Ukraine No. 2328 as of 20 December 1999. The basic cost for obtaining aforesaid technical terms and conditions from the electricity authority is calculated on the basis of fixed tariffs and constitutes UAH 162.54. However, the Order of the Ministry of Regional Development and Construction of Ukraine No. 531as of 24 November 2008 provides the index, which amounts to 7.01. The mentioned index should be used for calculating the fees for all technical terms and

conditions.

The official cost for obtaining technical terms on electricity supply to the warehouse to be paid by BuildCo is: UAH 162.54 x 7.01= UAH 1139.40

Procedure 15 Request and obtain technical terms and conditions from the fixed telephone line provider

Time to complete: 15 days

Cost to complete: UAH 439

Comment: The application must include the plan, information on the expected level of telephone service, and basic characteristics of the building.

The billing rates for obtaining of technical terms and conditions are stipulated by the effective Resolution of the Cabinet of Ministers of Ukraine No. 2328 as of 20 December 1999. The basic cost for obtaining aforesaid technical terms and conditions from the telecom authority is calculated on the basis of fixed tariffs and constitutes UAH 62.76. However, the Order of the Ministry of Regional Development and Construction of Ukraine No. 531as of 24 November 2008 provides the index, which amounts to 7.01. The mentioned index should be used for calculating the fees for all technical terms and conditions.

The official cost for obtaining technical terms on telecom connection to the warehouse to be paid by BuildCo is: UAH 62.67 x 7.01= UAH 439.32

Procedure 16 Request and obtain technical terms and conditions from the Fire Safety Department

Time to complete: 15 days

Cost to complete: UAH 422

Comment: Project drawings are verified against the fire safety requirements.

The billing rates for obtaining of technical terms and conditions are stipulated by the effective Resolution of the Cabinet of Ministers of Ukraine No. 2328 as of 20 December 1999. The basic cost for obtaining aforesaid technical terms and conditions from the fire safety authority is calculated on the basis of fixed tariffs and constitutes UAH 59.40. However, the Order of the Ministry of Regional Development and Construction of Ukraine No. 531as of 24 November 2008 provides the index, which amounts to 7.01. The mentioned index should be used for calculating the fees for all technical terms and conditions.

The official cost for obtaining technical terms on fire safety for the warehouse to be paid by BuildCo is: UAH 59.40 x 7.01= UAH 421.74

Procedure 17 Request and obtain technical terms and conditions from the Department of State Auto Inspection, Main Office of the Ministry of Interior Affairs of Ukraine in Kiev City

Time to complete: 15 days

Cost to complete: UAH 942

Comment: The Department of State Auto Inspection at the Main Office of the Ministry of Interior Affairs of Ukraine in Kiev City compares the general plan of the building with the traffic safety requirements.

The billing rates for obtaining of technical terms and conditions are stipulated by the effective Resolution of the Cabinet of Ministers of Ukraine No. 2328 as of 20 December 1999. The basic cost for obtaining aforesaid technical terms and conditions from the traffic safety authority is calculated on the basis of fixed tariffs and constitutes UAH 132.66. However, the Order of the Ministry of Regional Development and Construction

of Ukraine No. 531as of 24 November 2008 provides the index, which amounts to 7.01. The mentioned index should be used for calculating the fees for all technical terms and conditions.

The official cost for obtaining technical terms on fire safety for the warehouse to be paid by BuildCo is: UAH 132.66 x 7.01= UAH 941.88

Procedure 18 Contribution to the city social and engineering-transport infrastructure

Time to complete: 1 day

Cost to complete: UAH 199,109

Comment: As of 27 January 2007 according the Resolution of the Cabinet of Ministers of Ukraine, No. 40 which updates the Decree of Kiev City Council from 27 February 2003 "On shared participation (shares) of investors (Building Owners) creation of city social and engineering-transport infrastructure in Kiev City", the building which is set into operation will be approved only after paying the obligatory share of participation fees of investor into development of social, civil, engineering and traffic infrastructure of the city of Kyiv. The amount of such contribution is defined by the Chief Department of Economics and Investments of the Kyiv Municipal State Administration in certificate on approval on the stage of elaborating the project documentation.

According to Law of Ukraine "On Alteration of Some Legislative Acts of Ukraine Regarding Assistance of the Construction", dated 16 September 2008, No. 509-VI, there is a new order on paying the contribution to the city social and engineering-transport infrastructure. This amends the relevant Law of Ukraine "On the Planification and Building-up of the Territories", dated 20 April 2000, No. 1699-III. Under this amendment the following main features are introduced:

- BuildCo should sign agreement with local municipal council (the Kyiv City Administration), where the terms of paying contribution to the city social and engineering-transport infrastructure (hereinafter – "contribution payment") is to be stipulated; such agreement should be signed before building permit obtaining;
- BuildCo should pay contribution payment after finishing the warehouse construction, but not later than one month after it;
- contribution payment should not exceed 10% of warehouse construction budget (4% for residential buildings), excluding expenses related to obtaining the land plot for construction, installation building utility facilities and transport communications;
- if technical terms and conditions establish need for building new utility facilities outside of the land plot, the amount of contribution payment should be decreased by the cost of such expenses;
- contribution payment should not be charged for rendering services, performing of works or transferring of any assets for benefits of local authorities.

The Decision of Kyiv City Council, dated 17 January 2008, No. 3/4475 stipulates special conditions for calculating contribution payment:

$S_i = N_{be} * S * I_z * I_i$, where:

S_i - amount of share of investor

N_{be} - normative for certain branch of economy, which depends on functional use of a new building. In BuildCo's case this is "other non-residential premises", so $N_{be} = 52,5$

S - square of an object, in our case $S = 1300,6$

I_z - index of zone of Kiev. In our case we'll take one for peri-urban area of Kiev, $I_z = 2,0$

I_i - inflation index from 01.01.2003 to present. Periods to be captured are from 2003 to 2007 = 8,3 +9,9 + 12,1 + 15,5 = 45,8 % or $I_i = \text{UAH } 1,458$

$S_i = 52,5 * 1300,6 * 2,0 * 1,458 = \text{UAH } 199\ 108,85$

Procedure 19 Request and obtain approval of project design drawings and estimates by comprehensive state expertise

Time to complete:	75 days
Cost to complete:	UAH 29,369
Comment:	<p>Approval of project design drawings and estimates is granted by the State Enterprises “Special-purpose State Organization – Central Service of Ukrainian State Construction Expertise”(hereinafter – SE “Ukrderzhbudexpertyza”). The agency operates as a one-stop shop. It obtains all the approvals and pays the fees to the relevant agencies within 30 days. However, in practice, this agency is not functional, and the company must gather all the information itself.</p> <p>The relevant agencies are the municipal architecture and construction department; the road traffic safety department; the fire safety department; the fixed telephone line provider; the electricity distribution authority; the water supply authority; the water and sewerage authority; the sanitary and hygienic department; and the labor safety department.</p> <p>According to the Resolution of the Cabinet Ministers of Ukraine No.1269 as of 31 October 2007 effective January 1, 2008 the procedure related to obtaining the state expertise from Ukrainian Expertize Authority “Ukrderzhbudexpertiza” has been modified. According to it now there is a timelimit for issuing the expertise between 45 and 120 days. However, the time for the expertise may be prolonged from 45 to 120 days due to environmental aspects of the project. The final clearance is granted after the project is discussed at the next session of the city construction board. It is also stipulated that the authority will be subordinate to to Ministry of Regional Constructions. The fees have been reviewed and vary from 0,05% to 0,7% (depends on normative construction cost), but in all cases such cost may not be higher UAH 180,000.</p>

Procedure	20	Request and obtain the building permit from the State Inspection of Architecture and Construction Control in Kiev
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Time to complete:	30 days
Cost to complete:	no charge
Comment:	<p>The application for a building permit is submitted to the State Inspection of Architecture and Construction Control Supervision in Kiev, and should include the location permit, the plan, the state comprehensive expertise opinion, proof of proof of authorization to carry out the construction project, and proof of land title.</p> <p>The provincial law on construction of buildings was revised: The Kiev Development Regulation was adopted by Kiev City Administration Council Decision No. 11/2587 (dated January 27, 2005). According to this regulation, the time to issue a permit is 7 days.</p> <p>The company must provide notification of the start of construction to the state inspectorate 7 days in advance and in writing (either by fax or by letter).</p> <p>As provided by Law of Ukraine "On Alteration of Some Legislative Acts of Ukraine Regarding Assistance of the Construction", dated 09 September 2008, No. 509-VI the procedure of obtaining the building permit has been modified. In particular these changes concern the documents to be submitted along with application:</p> <ol style="list-style-type: none"> (1) a document of land title (the State Act on the Right of Ownership to the Land Plot, lease agreement or superficies), (2) a project documentation for construction with all certificates of approval, (3) the information about field and technical supervision and (4) documents proving contractor’s capacity (statutory documents, registration certificate, building licenses, contractor’s agreement etc.).

Additionally, these changes provide for a possibility to execute preliminary works on the construction site without permit for construction of a city-planning object (building permit). For such reason applicant should submit to the State Inspection of Architecture and Construction Control in Kyiv the following documents:

- (1) a document of land title (the State Act on the Right of Ownership to the Land Plot, lease agreement or superficies),
- (2) a city-planning conditions and restrictions for building up of the land plot from local authorities,
- (3) a project documentation for execution preliminary works approved and confirmed in compliance with state construction rules,
- (4) a document about assigning contractors.

The term for issuance of mentioned permit is 10 working days and it is free of charge. Constructors should execute preliminary works upon the expiration of 7 days from the day of obtaining the permit. However, this option has not been fully implemented in practice.

The scheduled and unscheduled inspections take place during the construction. The inspection procedure during the construction is regulated by Regulation of the Cabinet of Ministers of Ukraine “On Approval of the Regulation on the State Architectural and Building Control”, dated 25 March 1993, No. 225. According to the Regulation the architectural and building control and supervision should be exercised by the State Architectural and Building Inspection and its territorial branches (hereinafter – “Build Inspection”). For this reason Build Inspection has free access to the construction sites and is entitled to execute selective examination. Build Inspection is also authorized to demand the elimination of construction legislation breaches and even to terminate the construction works once they don’t meet the requirements of legislation.

Nevertheless, Law of Ukraine “On the Fundamental Bases of the State Supervision (Control) in the Economic Activity Sphere”, dated 05 April 2007, No. 877-V stipulates the restrictions for state inspection in general.

The unscheduled inspection should be carried out in particular cases which are stipulated by the abovementioned law, namely: (1) on request of BuildCo, (2) on queries of other entities to Build Inspection with information on construction legislation breaches by BuildCo, (3) breaches of the terms and conditions for submission of obligatory reports or submission of such reports with false dates. In any way, scheduled or unscheduled inspections should be executed only in presence of the BuildCo authorized person.

Build Inspection is obligated to send to BuildCo notice on the scheduled inspection in 10 days before examination.

Procedure 21 Request and obtain order on city layout modification from the Main Department of Control for the Improvements in Kiev City

Time to complete: 40 days

Cost to complete: no charge

Comment: In accordance with Decision of Kyiv City Council, dated 31 October 2006, No. 118/175 the Main Department of Control of City Layout and Design in Kyiv City was reorganized to the Main Department of Control for the Improvements.

The company must obtain an order from the Main Department of Control for the Improvements in Kiev City, clearing it to dig culverts and post road signs for construction work.

Procedure 22 Request and connect to water and sewage services

Time to complete: 4 days

Cost to complete: UAH 700

Comment: The Agency is Kyivvodokanal Joint Stock Company.
The exact total price and other terms for connection the warehouse to water and sewage services should be stipulated in the agreement between the BuildCo as the customer and Kyivvodokanal Joint Stock Company as the supplier on the basis of project documentation elaborated for the purpose of connection. Therefore the cost provided above should be deemed as an average and approximate.

Procedure 23 Request and connect to electricity services

Time to complete: 4 days

Cost to complete: UAH 1,200

Comment: The agreement between BuildCo and Kyivoblenergo Joint Stock Company will stipulate the exact price and other terms for connection the warehouse to electricity services. Therefore, the cost provided above should be deemed as an average and approximate

Procedure 24 Request and connect to phone services

Time to complete: 4 days

Cost to complete: UAH 692

Comment: The Ukrainian State Telecommunications Corporation (Ukrtelecom) is the monopolistic organization in this sphere, but not the only one. The other licensed enterprises can provide the communicational services.
The terms and conditions for connection the warehouse to phone services should be stipulated in agreement between the BuildCo as the customer and Ukrtelecom as the supplier. The rate for connection to one regular phone line is UAH 864 including VAT, without UAH 692. This rate has been in effect since 1 October 2008

Procedure 25 Request creation of Acceptance Commission by State Inspection of Architecture and Construction Control in Kiev

Time to complete: 3 days

Cost to complete: no charge

Comment: Under the new Resolution of the Cabinet of Ministers of Ukraine #923 as of 8 October 2008 "About the procedure of setting into operation the constructed objects", effective 1 January, 2009 and the new edition of the Law of Ukraine #1644-III "On Planning and Building up of the Territories" (Article 30-1) as of 20 April 2000, the process of completing and accepting a new building was changed. According to the new Resolution the procedure of setting new building into operation there is no longer a requirement for a Working Commission. Instead the following stages must be undertaken with regards to Acceptance Commission:

1 Stage. For occupying the completed warehouse, BuildCo should request for the formation of the Acceptance Commission by the State Inspection of Architecture and Construction Control in Kyiv. The Acceptance Commission should be set up by the State Inspection of Architecture and Construction Control in Kyiv within 3 working days and includes representatives from BuildCo, general designer, insurance company, general contractor, the State Inspection of Architecture and Construction Control in Kyiv, committee of availability (at its discretion), representatives of local authority and exploitation organizations (at their discretion).

The Chief of Acceptance Commission determines the performance procedure of Acceptance Commission and comes to agreement with general constructor on this issue. The Acceptance Commission inspects the warehouse and makes a decision on technical and legal possibilities to occupy and use the warehouse by means of issuance of Act of Readiness for Exploitation of Warehouse. Mentioned certificate should be executed by BuildCo, signed by members of the Acceptance Commission and issued within 10 working days after formation of the Acceptance Commission.

2 Stage. The Act of Readiness for Exploitation of Warehouse should be submitted to the State Inspection of Architecture and Construction Control in Kiev. Certificate of warehouse compliance with the project documentation, state standards and construction regulations (hereinafter - the “Certificate of compliance”) by State Inspection of Architecture and Construction Control in Kiev should be issued within 2 working days. The date of issuance of mentioned certificate is the date of setting the warehouse into operation.

The customer of construction should conclude supply agreements of electricity, gas, water, heating etc. only after the Certificate of compliance was obtained.

Procedure 26 Receive inspection from Acceptance Commission

Time to complete:

1 day

Cost to complete:

no charge

Comment:

This Commission includes all the relevant agencies: representatives from BuildCo, general designer, insurance company, general contractor, the State Inspection of Architecture and Construction Control in Kyiv, committee of availability (at its discretion), representatives of local authority and exploitation organizations (at their discretion).

Procedure 27 Obtain Act of Readiness for Exploitation of Warehouse from Acceptance Commission

Time to complete:

14 days

Cost to complete:

no charge

Comment:

Procedure 28 Obtain Certificate of Compliance from State Inspection of Architecture and Construction Control in Kiev

Time to complete:

30 days

Cost to complete:

no charge

Comment:

The Act of Readiness for Exploitation of Warehouse should be submitted to the State Inspection of Architecture and Construction Control in Kyiv. Certificate of warehouse compliance with the project documentation, state standards and construction regulations (hereinafter - the “Certificate of compliance”) by State Inspection of Architecture and Construction Control in Kyiv is then issued within 2 working days. However in practice it may take up to 2 months.

The date of issuance of mentioned certificate is the date of setting the warehouse into operation.

The customer of construction should enter into contract with electricity, gas, water, heating etc. only after the Certificate of compliance was obtained.

Procedure 29 Request and obtain warehouse architectural and technical passport approval from the Chief Department of Town-Planning, Architecture and Urban Environment Design of the Kiev City State Administration

Time to complete: 30 days

Cost to complete: no charge

Comment:

Procedure 30 Register the warehouse with the Main Department of Municipal Property of the Kiev City State Administration

Time to complete: 30 days

Cost to complete: UAH 51

Comment: The procedure of registration of ownership rights to the warehouse consists of two stages: (1) formalization of ownership rights by issuance of the Certificate for the Right to Ownership to the Immoveable Property (ownership certificate) by the Main Department of Municipal Property of the Kyiv City State Administration and (2) registration of the ownership rights with the Technical Inventory Bureau by means of making the respective record in the Register of the Ownership Rights for Immoveable Property.

To register the warehouse, BuildCo must present the acceptance certificate, the technical passport approval documents, proof of ownership of the land, and the building permit. BuildCo is then granted the warehouse ownership certificate.

The timeline for issuance of the certificate of ownership by the Main Department of Municipal Property of the Kiev City State Administration should not exceed 20 days. However, if additional information or documents are required, the term can be extended to up to 45 days.

Employing Workers in the Ukraine

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

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		33.3
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?	0.25	0.00
Difficulty of redundancy index (0-10)		40.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
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?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
Redundancy costs (weeks of salary)		13.0
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		8.7
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		4.3
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		31.1
Rigidity of hours index (0-100)		20.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	No	1

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	0.00
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?	18	0

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 the Ukraine

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

STANDARDIZED PROPERTY

Property Value: 1,018,038.44

City: Kiev

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain an extract from the Bureau of Technical Inventory stating that the building and ownership rights in it are duly registered	3, 7, 14, 30 days (depends on choice of expedited procedure)	UAH 58.4, UAH 49.7, UAH 41.0, UAH 29.2 respectively
2	The notary checks for encumbrances on the property (land and building)	1 day	UAH 100
3	Notarization of the sale agreement of the building	1 day	1% of transaction value of the building (state duty) 1% of property value (St Pension Fund) + Notary fees
4	Submit the notarized sale agreement to the City Bureau of Technical Inventory and Registration of Property Rights in Real Estate	3, 7, 14, or 30 days	UAH 48.5, UAH 38.23, UAH 27.6 respectively
5	Obtain a certificate that the seller's rights in the land parcel are duly registered at the Center of State Land Cadastre	10 days	UAH 30
6 *	Evaluation of the price of the land	14 days (simultaneous with following procedures)	UAH 300
7 *	Notarization of the sale agreement of the land parcel	1 day (simultaneous with procedure 6)	1% of transaction value of the land (state duty) + Notary fees (already paid Procedure 3)
8 *	Submit a request to obtain the State Certificate on Land Ownership under the name of the new owner	1 day (simultaneous with procedure 6)	no cost
9 *	Obtain technical documentation from the Kiev Chief Administration on Land Ownership	10 days (simultaneous with procedure 6)	UAH 5,700
10 *	Obtain the State Certificate on Land Ownership under the name of the new owner	54-85 days (simultaneous with previous procedures)	UAH 25 (registration fee)

* Takes place simultaneously with another procedure.

Procedure 1 Obtain an extract from the Bureau of Technical Inventory stating that the building and ownership rights in it are duly registered

Time to complete: 3, 7, 14, 30 days (depends on choice of expedited procedure)

Cost to complete: UAH 58.4, UAH 49.7, UAH 41.0, UAH 29.2 respectively

Comment: The seller has to obtain an extract from the Registry of Ownership Rights on Immovable Property or, in those localities where the Registry is not yet established, a certificate from the Bureau of Technical Inventory (BTI) that such building and ownership rights in it are duly registered. Since the building is situated within the territory of Kiev, the procedure to obtain such certificate is stipulated in Decision No: 74/74 of the Kiev City Council dated June 20, 2002 (otherwise, the Order of Ministry of Justice, dated Feb. 7, 2002 would apply). An on-site inspection is performed in order to obtain the certificate. The documentation shall include:
Request to issue the certificate
Founding documents of the company (original and photocopies)
Information with respect to balance-sheet value of the building
Documentation confirming title to the building
Technical passport of the building
Document confirming authorities of an applicant to represent seller (e.g. Power of Attorney)

Procedure 2 The notary checks for encumbrances on the property (land and building)

Time to complete: 1 day

Cost to complete: UAH 100

Comment: Before notarization of the agreement, the notary should check whether or not any prohibitions for real estate alienation and tax encumbrance exist for both the land and the building.

Procedure 3 Notarization of the sale agreement of the building

Time to complete: 1 day

Cost to complete: 1% of transaction value of the building (state duty) + 1% of property value (State Pension Fund) + Notary's fees

Comment: The sale purchase agreement of the building is notarized by a private or public notary. Notary's fees are agreed among parties. There could be one single agreement underpinning both sale of building and sale of land or be two separate agreements: the sale of building (warehouse) and the sale of land parcel. Parties can prepare the sale agreements by themselves before notarization, but usually the notary prefers to use his standard proforma. State Duty (fee) is paid to the notary and equals 1% of the transactional value of the building. The buyer of the building will also pay a special assessment in the amount of 1% of building's transactional value to the State Pension Fund. The buyer can make the payment to the State Pension Fund prior to the notarization of building sale agreement or provide the notary with the money to make such payment. The documentation shall include:
BTI Certificate (obtained in Procedure 1)
Ownership documents
Founding documents of the company
Decision with respect to the sale of the building (if necessary)

Procedure 4 Submit the notarized sale agreement to the City Bureau of Technical Inventory and Registration of Property Rights in Real Estate

Time to complete: 3, 7, 14, or 30 days

Cost to complete: UAH 48.5, UAH 38.23, or UAH 27.6 respectively

Comment: When the sale purchase agreement is notarized, the buying company can then proceed with the registration of its property rights. The company will submit the notarized sale agreement to the Kiev City Bureau of Technical Inventory and Registration of Property Rights in Real Estate. The documentation shall include:
Request to register the property rights
Notarized sale purchase agreement (original and notarized copy) (obtained in Procedure 3)
Technical passport of the building
Document confirming authorities of an applicant to represent the buyer (e.g. Power of Attorney)
Receipt of fees paid for services
Copy of company's State Registration Certificate and State Statistics Committee Certificate

Procedure 5 Obtain a certificate that the seller's rights in the land parcel are duly registered at the Center of State Land Cadastre

Time to complete: 10 days

Cost to complete: UAH 30

Comment: The seller must obtain a certificate that the company's rights in a land parcel are duly registered. Such certificate is issued by the Center of State Land Cadastre within 10 days after receiving the request – but may take longer in practice. In Kiev, such a certificate is issued by the Kiev Center of Land Cadastre.

Procedure 6 Evaluation of the price of the land

Time to complete: 14 days (simultaneous with following procedures)

Cost to complete: UAH 300

Comment: The document on evaluation of the price of land can be provided either by the local divisions of the State Centre of the Land Cadastre, or by the legal entities that are licensed by the State Centre of the Land Cadastre for providing such services. In Kiev, such service would cost around 300 UAH (around 60 USD) and take minimum 2 weeks. The procedure of evaluation of the price of land is quite complex, it includes land inspection, market research, etc. Evaluation of the price of land is required before the notarization of the agreement.

Procedure 7 Notarization of the sale agreement of the land parcel

Time to complete: 1 day (simultaneous with procedure 6)

Cost to complete: 1% of transaction value of the land (state duty) + Notary fees (already paid in Procedure 3)

Comment: The sale agreement of the land parcel is notarized by a notary public. In order to notarize the agreement, the notary should have checked whether any prohibitions for real estate

alienation, tax and other encumbrances exist (done in Procedure 2). Notary's fees are agreed among parties. State Duty (fee) is paid to the notary and equals 1% of the transactional value of the land.

The documentation shall include:

Certificate that the seller's right in the land parcel are duly registered (obtained in Procedure 5)

The State Certificate on Land Ownership

Constituent and statutory documents of the Company

Decision with respect to the sale of the building (if necessary)

Procedure 8 Submit a request to obtain the State Certificate on Land Ownership under the name of the new owner

Time to complete: 1 day (simultaneous with procedure 6)

Cost to complete: no cost

Comment: The next step is to obtain the State Certificate On Land Ownership under the name of the new owner and register the same with the branch of the Center of State Land Cadastre that has jurisdiction. In Kiev, the request to register the title under the name of the new owner is submitted to Kiev Chief Administration on Land Resources (from there it goes to the Municipal Enterprise Kiev Center of Land Cadastre). The buyer should submit a request for issuance of State Certificate On Land Ownership together with a photocopy of the sale purchase agreement. The documentation shall include:
Photocopy of the sale purchase agreement
Request for issuance of State Certificate On Land Ownership

Procedure 9 Obtain technical documentation from the Kiev Chief Administration on Land Ownership

Time to complete: 10 days (simultaneous with procedure 6)

Cost to complete: UAH 5,700

Comment: Then the buyer requests to develop the technical documentation (the development of such documentation is required by applicable law in order to complete the registration of title under the name of the new owner) and executes an agreement to prepare such documentation with a separate division (enterprise) of the Kiev Chief Administration on Land Resources.
It takes approximately 10 days to develop the documentation in such a case. The preparation of technical documentation will include the cadastral survey, the cadastral survey of adjacent property, and land area calculation.

Procedure 10 Obtain the State Certificate on Land Ownership under the name of the new owner

Time to complete: 54-85 days (simultaneous with previous procedures)

Cost to complete: UAH 25 (registration fee)

Comment: The next step is to obtain the State Certificate On Land Ownership under the name of the buyer and register it with the branch of the Center of State Land Cadastre that has jurisdiction.
In Kiev it will be the Municipal Enterprise Kiev Center of Land Cadastre. When the technical documentation is prepared in Procedure 8, it is transferred to Kiev Chief Administration on Land Resources for review and preparation of a draft decision of the Kiev City Council (30-45 days). When a decision of the Kiev City Council is adopted, and the certificate prepared, then it awaits signature from the Mayor of the city (14-30

days). Then, the Municipal Enterprise Kiev Center of Land Cadastre registers the State Certificate (10 days).

Getting Credit in the Ukraine

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

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	3
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage		3.0	0.0
Number of individuals	1,200,000		0
Number of firms	0		0

Strength of legal rights index (0-10)		9
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 ?		Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		Yes
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		Yes
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		Yes

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

No

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

Yes

Protecting Investors in the Ukraine

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

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	5
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)	0
Disclosures in published periodic filings (0-2; see notes)	1
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)	0
Extent of director liability index (0-10)	2
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	0
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)	0
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)	7
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	4
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

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)

4.7

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 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 the Ukraine

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		232	20.0%	value added		
Advance corporate income tax	1			25.0%	gross amount of dividends	0.00	
Environmental taxes	4			various rates	weight of contaminants discharged	0.01	
Advertising tax	1			0.1%	advertising expenses	0.09	
Vehicle tax	4			UAH 15.00 per 100 cubic cm	Engine capacity	0.21	
Municipal tax	12			UAH 1.70 per each permanent employee per month	number of employees	0.23	
Land tax	12			UAH 1175 per square meter at 1%	land area	1.36	
Unemployment insurance contributions	24			1.3%	gross salaries	1.47	
Social Security contributions	24			1.5%	gross salaries	1.69	
Work accident insurance fund contribution	24			2.18%	gross salaries	2.46	
Corporate income tax	5		140	25.0%	taxable income	12.26	
Pension fund contributions	24		364	33.2%	gross salaries	37.45	
Totals	147		736			57.2	

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 the Ukraine

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	23	55
Customs clearance and technical control	2	50
Ports and terminal handling	3	175
Inland transportation and handling	3	950
Totals	31	1230

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	23	255
Customs clearance and technical control	5	50
Ports and terminal handling	5	175
Inland transportation and handling	3	950
Totals	36	1430

Export

Technical standard/health certificate

Bill of lading

Certificate of origin

Commercial invoice

Packing list

Pre-shipment inspection clean report of findings

Import

Consular invoice

Customs import declaration

Customs transit document

Equipment interchange receipt

Pre-shipment inspection clean report of findings

Technical standard/health certificate
Bill of lading
Cargo release order
Certificate of origin
Commercial invoice

Enforcing Contracts in the Ukraine

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

Nature of Procedure (2009)	Indicator
Procedures (number)	30
Time (days)	345
Filing and service	35.0
Trial and judgment	130.0
Enforcement of judgment	180.0
Cost (% of claim)*	41.50
Attorney cost (% of claim)	22.7
Court cost (% of claim)	7.4
Enforcement Cost (% of claim)	11.4

Court information: Kiev Commercial Court ("Господарський суд м. Києва")

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



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