

Doing Business 2011

Estonia

Making a Difference for Entrepreneurs

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Business Reforms

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

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

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

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

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

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

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

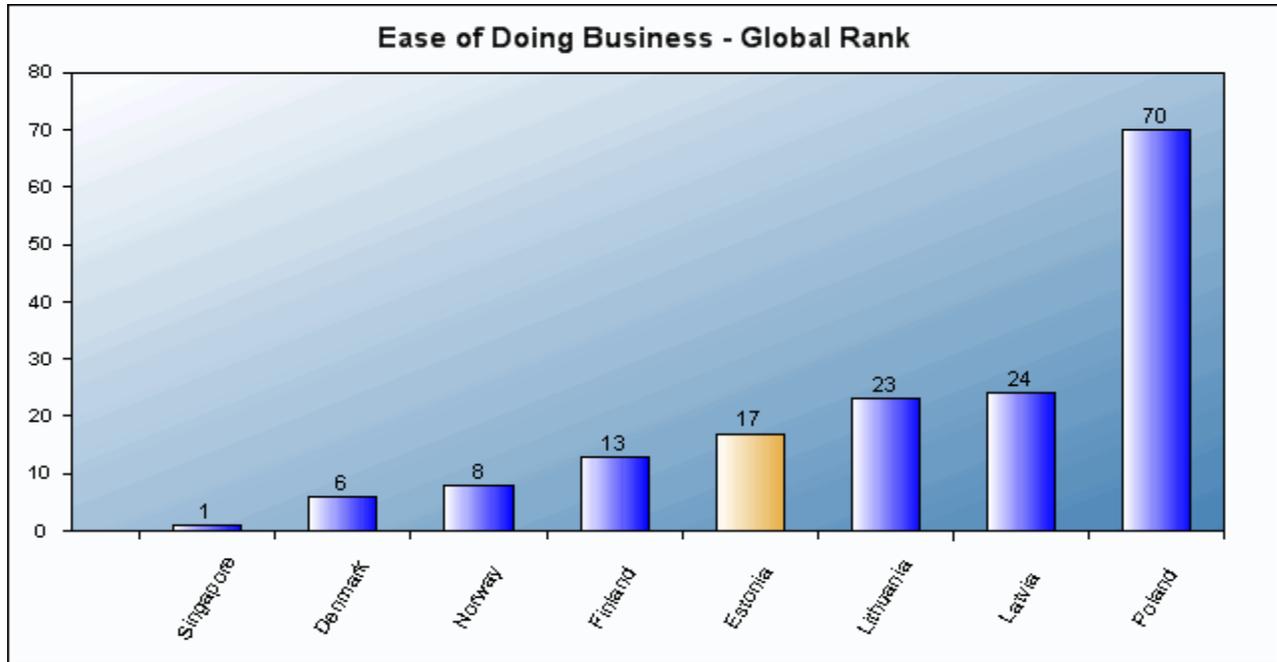
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Estonia is ranked 17 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Estonia's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	17
Starting a Business	37
Dealing with Construction Permits	24
Registering Property	13
Getting Credit	32
Protecting Investors	59
Paying Taxes	30
Trading Across Borders	4
Enforcing Contracts	50
Closing a Business	70

Summary of Indicators - Estonia

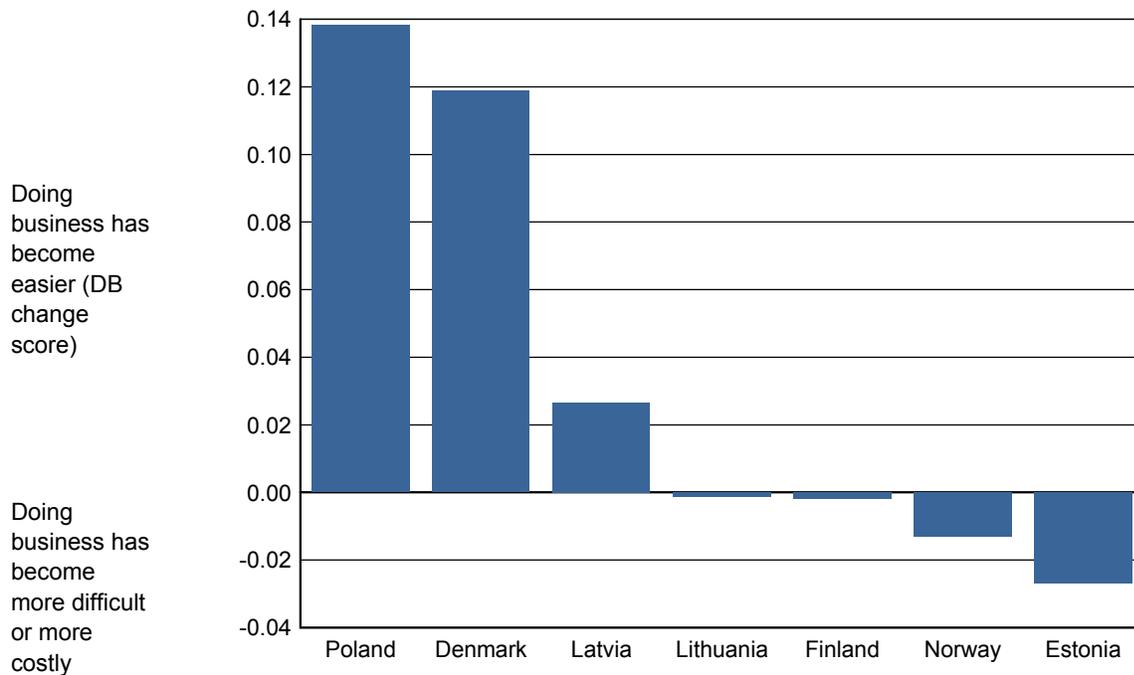
Starting a Business	Procedures (number)	5
	Time (days)	7
	Cost (% of income per capita)	1.9
	Min. capital (% of income per capita)	25.7
Dealing with Construction Permits	Procedures (number)	14
	Time (days)	134
	Cost (% of income per capita)	29.9
Registering Property	Procedures (number)	3
	Time (days)	18
	Cost (% of property value)	0.5
Getting Credit	Strength of legal rights index (0-10)	7
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	22.4
Protecting Investors	Extent of disclosure index (0-10)	8
	Extent of director liability index (0-10)	3
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	5.7
Paying Taxes	Payments (number per year)	7
	Time (hours per year)	81
	Profit tax (%)	8.0
	Labor tax and contributions (%)	39.2
	Other taxes (%)	2.4
	Total tax rate (% profit)	49.6
Trading Across Borders	Documents to export (number)	3
	Time to export (days)	5
	Cost to export (US\$ per container)	725
	Documents to import (number)	4
	Time to import (days)	5
	Cost to import (US\$ per container)	725

Enforcing Contracts	Procedures (number)	36
	Time (days)	425
	Cost (% of claim)	26.3
Closing a Business	Recovery rate (cents on the dollar)	35.5
	Time (years)	3.0
	Cost (% of estate)	9

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators-such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

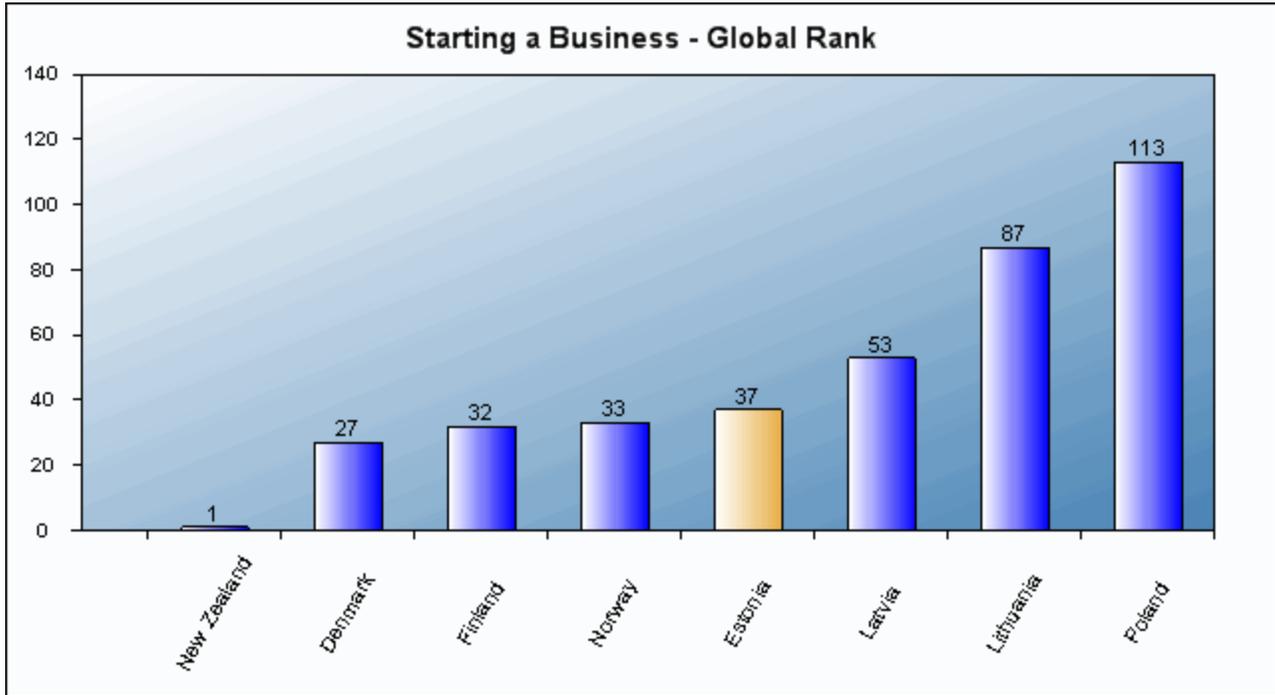
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

Estonia is ranked 37 overall for Starting a Business.

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



The following table shows Starting a Business data for Estonia 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>				
Estonia	5	7	1.9	25.7

<i>Comparator Economies</i>				
Denmark	4	6	0.0	26.0
Finland	3	14	1.1	7.9
Latvia	5	16	1.5	15.9
Lithuania	6	22	2.8	36.1
Norway	5	7	1.8	20.0
Poland	6	32	17.5	14.7

* The following economies are also good practice economies for :

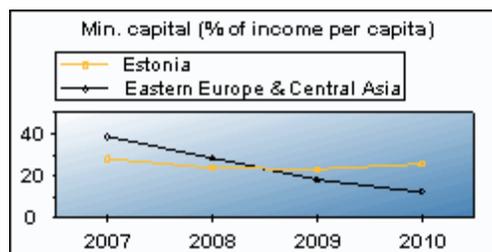
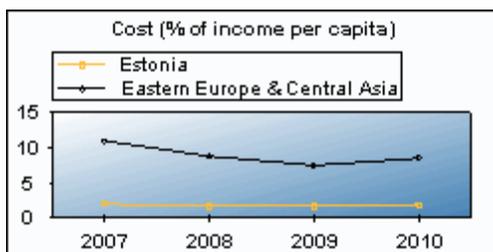
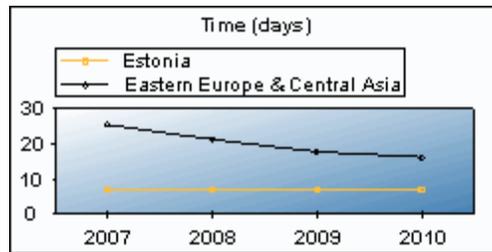
Procedures (number): Canada

Cost (% of income per capita): Slovenia

2. Historical data: Starting a Business in Estonia

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	35	37
Procedures (number)	5	5	5	5
Time (days)	7	7	7	7
Cost (% of income per capita)	2.0	1.7	1.7	1.9
Min. capital (% of income per capita)	28.1	23.7	23.2	25.7

3. The following graphs illustrate the Starting a Business sub indicators in Estonia over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



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

STANDARDIZED COMPANY

Legal Form: Private Limited Company (osaühing or OÜ)

City: Tallinn

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check the uniqueness of the proposed company name	1	no charge
2	Deposit the initial capital in a bank and obtain a bank notice certifying the payment	1	no charge
3	Submit the registration application to the Commercial Register	1	EEK 2,900
4	Register for VAT at the National Tax Board	3	no charge
5	Register with the Central Sick Fund of Estonia	1	no charge

Starting a Business Details - Estonia

Procedure 1 Check the uniqueness of the proposed company name

Time to complete: 1

Cost to complete: no charge

Comment: The Commercial Register refuses to register a company if the name resembles an existing company name or registered trade mark. The entrepreneur can check proposed names on www.rik.ee. The law provides that the company business name shall be clearly distinguishable from other business names entered in the Estonian commercial register.

Procedure 2 Deposit the initial capital in a bank and obtain a bank notice certifying the payment

Time to complete: 1

Cost to complete: no charge

Comment: The full amount of authorized capital must be paid in before registering the company. The bank issues a notice that serves as evidence at the Commercial Registry. After the company becomes registered, the starting account can be turned into the usual account that is available for everyday business. Shares must be paid in cash unless the company's bylaws permit in-kind contributions

Procedure 3 Submit the registration application to the Commercial Register

Time to complete: 1

Cost to complete: EEK 2,900

Comment: As regards the terms of proceedings the comment shall be as follows:
With the amendment of the Commercial Code (effective January 1, 2007), the management board can submit an application to the Commercial Register within a year (instead of 6 months) of concluding the memorandum of association. Starting with January 1, 2007 the registrar must review the application for registration of the company within 5 working days (instead of 15 days) of receipt. Under extraordinary circumstances this period can be extended to 3 months. The review ends with a judgement on entry or refusal. For positive judgements the registrar must make an entry no later than the fifth working day after signing the judgement
2. As regards the state fees the comment shall be as follows:
A new State Fees Act took effect on January 1, 2007, introducing fixed registration fees. For the entry of private limited companies in the Commercial Register a state fee of EEK 2200 and in case of expedited processing (electronic procedure, where the application is reviewed within a day since receipt) EEK 2900 shall be paid

A separate registration with the National Social Insurance Board, which gets its information from the National Tax Board, is not required. Health insurance in Estonia is through a compulsory scheme under which employers are obliged by law to pay social tax (the source of revenue for health insurance) for their employees. The rate of social tax is 33% of the taxable amount. This tax must be paid by the tenth day of the month following the taxable period, and the corresponding tax return must be submitted to the local tax board office of the residence or seat of the payers of social tax by the same date.

Procedure 4 Register for VAT at the National Tax Board

Time to complete: 3

Cost to complete: no charge

Comment: The general VAT rate is 18%.

The company's management board must file an application for company registration, making the company liable for VAT with the Tax and Customs Board, within 3 days as of the date on which the taxable turnover of the company, excluding imports of goods, exceeds EEK 250,000, as calculated from the beginning of the calendar year. Registration shall be completed by the Tax and Customs Board within 3 days of filing the application. Registration may be (and in the practice, often is) effected immediately after establishment because it allows companies to reclaim VAT tax that cannot be offset by VAT charged to purchasers of their goods and services.

Starting January 1, 2009 the application for registration of the company as a taxable person can also be submitted electronically via the electronic system of the Commercial Register.

Procedure 5 Register with the Central Sick Fund of Estonia

Time to complete: 1

Cost to complete: no charge

Comment: In Estonia, health insurance is provided through a compulsory scheme under which employers are obliged by law to pay social tax (the source of revenue for health insurance) for their employees. The employer is obliged to register all new employees, board members, and contractual workers with the Sick Fund within 7 days of their employment date. The employer must pay social tax of 33% of the taxable amount by the tenth day of the month following the taxable period. By the same date, the employer must also submit the corresponding tax return to the local tax board office of the residence or seat of the payers of social tax

In many economies, especially developing ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

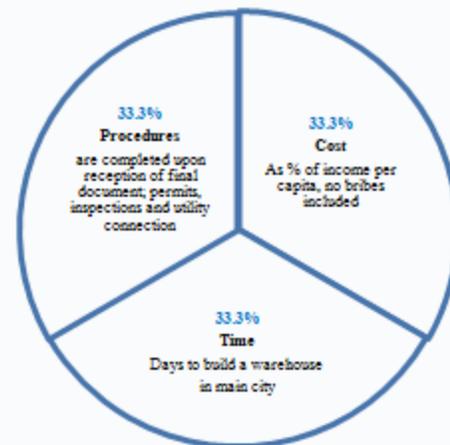
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Estonia is ranked 24 overall for Dealing with Construction Permits.

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



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

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

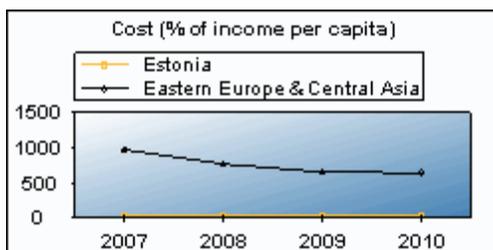
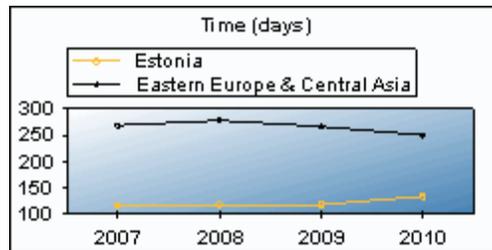
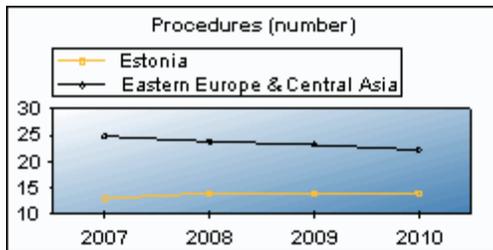
<i>Selected Economy</i>			
Estonia	14	134	29.9

<i>Comparator Economies</i>			
Denmark	6	69	61.7
Finland	18	66	134.2
Latvia	24	186	19.3
Lithuania	17	162	68.8
Norway	14	252	43.8
Poland	32	311	121.8

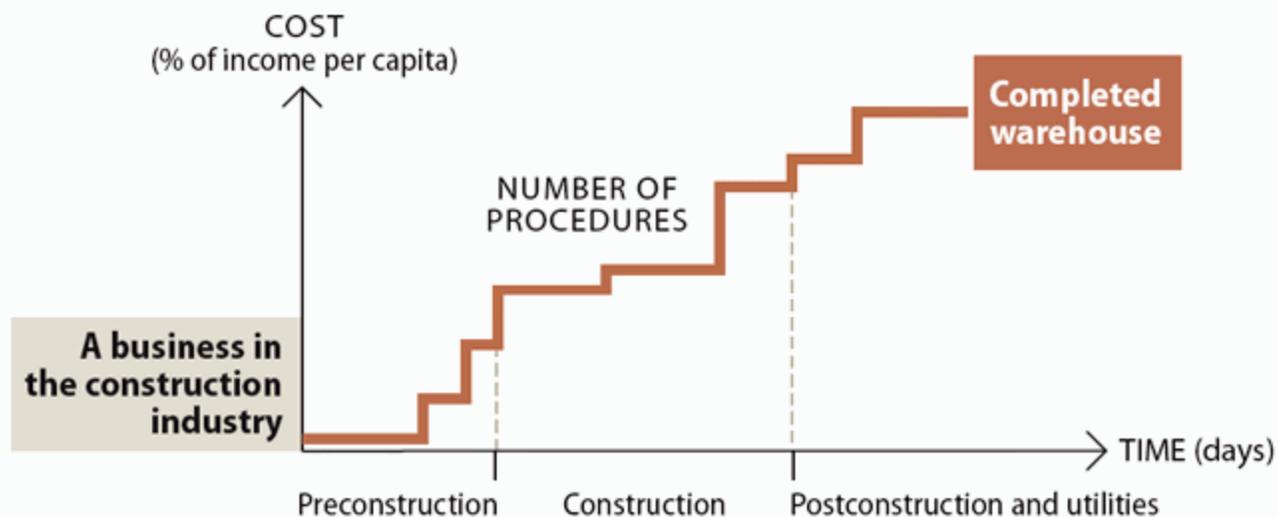
2. Historical data: Dealing with Construction Permits in Estonia

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	19	24
Procedures (number)	13	14	14	14
Time (days)	117	118	118	134
Cost (% of income per capita)	28.1	27.5	26.9	29.9

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Estonia over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



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

BUILDING A WAREHOUSE

City: Tallinn

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain design criteria from municipal authority	30 days	no charge
2	Obtain project clearance from fire department	30 days	no charge
3 *	Submit environmental impact assessment	7 days	no charge
4 *	Obtain project clearance from Environment Department	29 days	no charge
5 *	Obtain project clearance from health care department	28 days	no charge
6 *	Obtain project clearance from labor inspections department	27 days	no charge
7	Obtain building permit	25 days	EEK 8,503
8	Receive on-site inspection by municipal authority	1 day	no charge

9	Receive on-site inspection by Estonian Technical Surveillance Authority	1 day	no charge
10	Apply for permit of use and request final inspection from municipal authority	25 days	EEK 1,000
11 *	Receive final inspection from municipal authority	1 day	no charge
12	Obtain sewerage and water connection	20 days	EEK 17,500
13	Obtain electric power connection	15 days	EEK 17,972
14	Obtain telephone connection	15 days	EEK 1,524

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Estonia

Procedure 1 Obtain design criteria from municipal authority

Time to complete:	30 days
Cost to complete:	no charge
Agency:	Municipality
Comment:	The company must obtain the architectural and structural criteria for the construction from the local authority.

Procedure 2 Obtain project clearance from fire department

Time to complete:	30 days
Cost to complete:	no charge
Agency:	Fire Department
Comment:	According to the Rescue Act of 1994, 10 days are required to obtain fire safety clearance for the building project from the national rescue service agency or a local government rescue service. However in practice it takes 30 days. If the building project does not conform to the fire safety rules then applicant has five workdays to eliminate deficiencies from the project.

Procedure 3 Submit environmental impact assessment

Time to complete:	7 days
Cost to complete:	no charge
Agency:	Environment Department
Comment:	The Environmental Impact Assessment and Environmental Management System Act does not establish a term for submitting an environmental impact assessment report. Local municipality is the agency which decides whether it is necessary to assess the environmental impact of the project or not (if this is to be decided in the course of applying for a building permit, the matter of assessing the environmental impact of the project is decided in 20 days). The environmental impact of the project will also be assessed if a person wishes it to be assessed in the course of drawing up a construction project.

Procedure 4 Obtain project clearance from Environment Department

Time to complete:	29 days
Cost to complete:	no charge
Agency:	Environment Department
Comment:	The Environmental Impact Assessment and Environmental Management System Act entered into effect on April 3, 2005, providing legal bases and procedures for assessing likely environmental impact, organization of eco-management and audit schemes, and the legal bases for awarding eco-labels to prevent environmental damage.

The environmental impact shall be assessed upon application for, or application for amendment of, a development consent (a building permit or a permit for the building use), if the proposed activity, which is the basis for the application for, or the amendment of, the development consent, potentially results in significant environmental impact. The impact shall also be assessed if activities are proposed that alone or in conjunction with other activities may potentially significantly affect a Natura 2000 site. A person who proposes an activity and intends to carry it out shall organize an environmental impact assessment and carry all the resulting expenses.

It is up to the local municipality to decide whether it is at all necessary to assess the environmental impact of the project. There are two types of grounds for requiring an environmental impact assessment to be carried out. First of all there are instances in which it is obligatory to conduct environmental impact assessment. The hypothetical warehouse project should not qualify under this category. The second category is such that the local municipality is required to consider whether an environmental impact assessment is needed or not and if the local municipality decides that it is necessary, it must give reasons for such a decision. The hypothetical warehouse project might qualify under this category if for example considered to be (a part of) an industrial area development. Besides the fact that it is in hands of municipality to make a decision, there are no clear definitions on what does not exactly fall into category of projects that do not qualify for Environmental Impact Assessment (EIA). It is likely BuildCo would need to obtain a clearance but not the full scale EIA approval.

The Environmental Impact Assessment and Environmental Management System Act established a term of 30 days for issuing a decision to approve the environmental impact assessment report. The time may vary from 30 days to 1 year for actual EIA approval both from Municipality and Environmental Supervisory Authority. It would also include a period of public hearing. However, that we are just getting a project clearance and our case is simple the procedure should be completed within 30 days.

Procedure 5 Obtain project clearance from health care department

Time to complete:	28 days
Cost to complete:	no charge
Agency:	Healthcare Board
Comment:	A clearance for the building project from the Healthcare Board is not required. However, this authority may be consulted by the local government before granting or refusing the building permit. In practice, the local government may ask the applicant to personally communicate with these authorities. There is no time limit for such communication. Further, Healthcare Board has the right to perform state supervision over compliance with occupational health requirements when the warehouse is put into use.

Procedure 6 Obtain project clearance from labor inspections department

Time to complete:	27 days
Cost to complete:	no charge
Agency:	Labor Inspections Department
Comment:	A clearance for the building project from the labor inspections department is not required by law in the stage prior to approval of building permit. However, this authority may be consulted by the local government before granting or refusing the building permit. In practice, the local government may ask the applicant to personally communicate with these authorities. Labor Inspectorate has the right to perform state supervision over compliance with occupational safety requirements during construction and when the

warehouse is put into use. According to Occupational Health and Safety Act paragraph 13 lg 1 p 17 employer is obliged to notify local department of Labor Inspectorate in written form or in a format, which can be reproduced in writing before commencing activities. Paragraph 26 lg 3 p 3 provides that after receiving of the notification inspector has the obligation to carry out the inspection. Employee of the Labor Inspectorate ordinarily has to accord the time of inspection with the owner of the building, but in extraordinary situations inspector has the right to commence supervision without informing in advance.

Procedure 7 Obtain building permit

Time to complete: 25 days

Cost to complete: EEK 8,503

Agency: Municipality

Comment: To obtain a building permit from the municipal authority, the company must submit an application for a construction permit and construction design documentation. According to the Building Act, the local government must approve or refuse the issuance of a building permit within 20 days from the date on which the application for the building permit and the building design documentation are submitted. Municipality conducts internal consultations with various departments and agencies. However in practice BuildCo is likely to follow up with these authorities. In practice this increases the timeline since the Municipality starts counting only after all the clearances have been completed. The state duty for applying is EEK 2,000 and EEK 5 per sq. m.. of the closed net surface of the planned construction in accordance to the construction design documentation. Since June 2009, an energy certificate for the new building must be included in the application. The energy audit is assumed to be conducted by the engineers of the newly built warehouse.

Prior construction, the builder has to notify the Municipality that the the construction will begin.

Procedure 8 Receive on-site inspection by municipal authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment: During construction, the municipal authority may monitor work to check compliance with requirements. If the work is noncompliant, construction will be stopped.

Procedure 9 Receive on-site inspection by Estonian Technical Surveillance Authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Technical Surveillance Authority

Comment: According to the amendment of Building Act from 01.01.2008 Estonian Technical Surveillance Authority may carry out state surveillance on construction sites in addition to the surveillance exercised by municipal authority. Before the building is taken into use or in case of emergency in the building already in use Estonian Technical Surveillance Authority does not have to inform the owner about inspection beforehand. In other situations owner has to be notified at least 24 hours in advance.

The number of inspections is not limited by law – it is in the discretion of the Technical Surveillance Authority, however it should comply with the principles of good administration practices. The costs of the evaluation services, of the expert assessment of building design documentation and of the evaluation of construction works ordered to verify conformity to the requirements are borne by the Technical Surveillance Authority. If it is established that the construction works or building design documentation does not conform to the requirements established thereof the owner of the construction works has compensate the Technical Surveillance Authority for the costs of the evaluation services ordered to verify conformity to the requirements, including the costs of expert assessment or evaluation.

Procedure 10 Apply for permit of use and request final inspection from municipal authority

Time to complete: 25 days

Cost to complete: EEK 1,000

Agency: Municipality

Comment: The local municipality has a discretion on which agencies can be engaged in the inspection before the permit to use the building is issued. According to the law the local municipality issues or refuses to issue a permit to use within twenty days as of the date on which the last document necessary for the issue of the permit is submitted. However in practice it takes longer. BuildCo would have the right to file an action to the administrative court in case 20 days are not maintained. In practice, though few companies file lawsuits against the authorities.

Procedure 11 Receive final inspection from municipal authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment: The date and the time of the final inspection is agreed between the builder and the municipal authority. The permit for use is not issued before the final inspection is carried out.

Procedure 12 Obtain sewerage and water connection

Time to complete: 20 days

Cost to complete: EEK 17,500

Agency: AS Tallina Vesi

Comment: The water and sewerage connection is to be obtained from AS Tallina Vesi.

Procedure 13 Obtain electric power connection

Time to complete: 15 days

Cost to complete: EEK 17,972

Agency: Eesti Energia

Comment: As of March 2008 the fee to connect to electricity mains has been increased. Companies which are connecting for the first time will pay EEK 1750/per ampere. Administrative processing fee is EEK 470.

Procedure 14 Obtain telephone connection

Time to complete: 15 days

Cost to complete: EEK 1,524

Agency: ELION (Elion Ettevotted AS)

Comment: ELION (Elion Ettevotted AS) is the largest telecommunication and IT service provider in Estonia, who provides telephone connection for EEK 824. If company subscribes also to the internet connection no affiliation fee shall be required. ELION has to issue technical conditions for establishing telephone connection. BuildCo has to incur costs of EEK 200 and before connection shall be provided ELION charges additional fee of EEK 500 for controlling the accordance of works to the project. The price has been updated in 2008.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

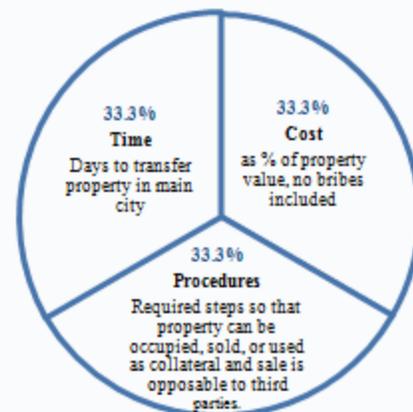
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

Estonia is ranked 13 overall for Registering Property.

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



The following table shows Registering Property data for Estonia 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>			
Estonia	3	18	0.5

<i>Comparator Economies</i>			
Denmark	3	42	0.6
Finland	3	14	4.0
Latvia	6	42	2.0
Lithuania	3	3	1.9
Norway	1	3	2.5
Poland	6	152	0.4

* The following economies are also good practice economies for :

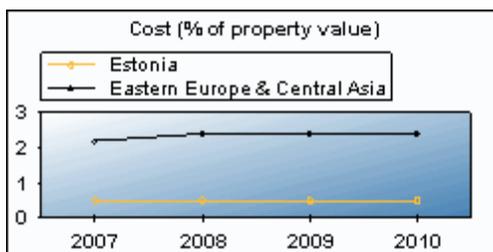
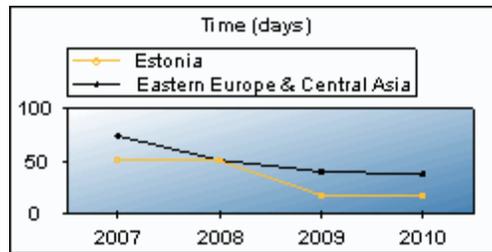
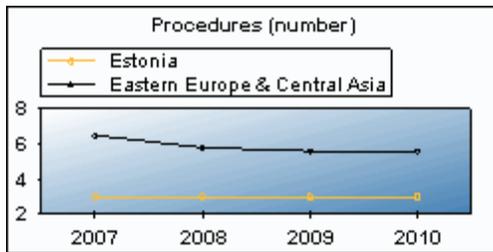
Procedures (number): United Arab Emirates

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

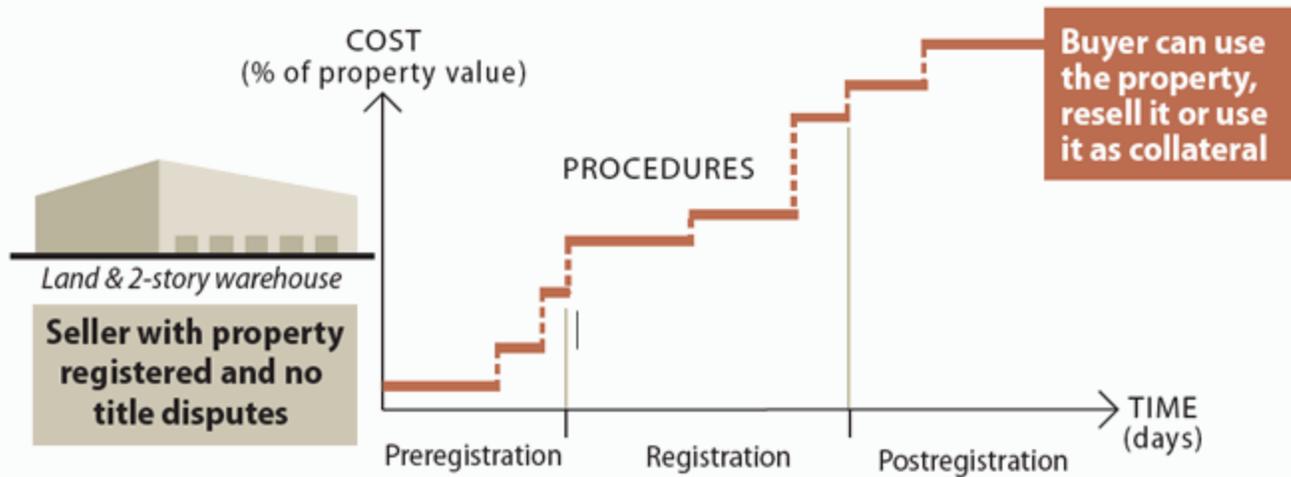
2. Historical data: Registering Property in Estonia

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	13	13
Procedures (number)	3	3	3	3
Time (days)	51	51	18	18
Cost (% of property value)	0.5	0.5	0.5	0.5

3. The following graphs illustrate the Registering Property sub indicators in Estonia over the past 4 years:



What are the time, cost and number of procedures required to transfer a property between 2 local companies?



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

STANDARDIZED PROPERTY

Property Value: 7,781,279.34

City: Tallinn

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
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1	A notary prepares the Sale-purchase Agreement & the Agreement on Transfer of the Ownership of the Real Estate, and the parties sign it at the notary's office	3-15 days	Notary fee according to the Notary Fees Act No: 22 for a property transaction of EEK 8449864 is 13,010 EEK. If a document contains several bilateral or multilateral transactions, the value of such transactions shall be added up and the notary fee shall be calculated based on the aforementioned sum. A notary fee for certifying a transaction in case of a bilateral or multilateral transaction is the double full fee, i.e. 26,020 EEK. (Fees are subject to 18% VAT). Notary fees are usually paid to notary's bank account in cash or by card payment directly after signing the agreement or by bank transfer to the notary's bank account within time period set by the notary.
2	Payment of the state fee (stamp duty) at a commercial bank	1 day	Stamp duty based on a table of fixed fees is EEK 13,400 (Appendix 2, State Fees Act) as of January 1, 2007.
3	A notarized application is filed to the Land Register and corresponding entries are made to the Land Register	8 days	Already paid in Procedure 2

Registering Property Details - Estonia

Procedure	1	A notary prepares the Sale-purchase Agreement & the Agreement on Transfer of the Ownership of the Real Estate, and the parties sign it at the notary's office
Time to complete:		3-15 days
Cost to complete:		Notary fee according to the Notary Fees Act No: 22 for a property transaction of EEK 8449864 is 13,010 EEK. If a document contains several bilateral or multilateral transactions, the value of such transactions shall be added up and the notary fee shall be calculated based on the aforementioned sum. A notary fee for certifying a transaction in case of a bilateral or multilateral transaction is the double full fee, i.e. 26,020 EEK. (Fees are subject to 18% VAT). Notary fees are usually paid to notary's bank account in cash or by card payment directly after signing the agreement or by bank transfer to the notary's bank account within time period set by the notary.
Comment:		<p>Pursuant to Estonian law, it is mandatory that all transactions related to the transfer of real estate are notarized by a notary public. The parties may prepare the sale and purchase agreement in accordance with the laws of the Republic of Estonia. However, the notary will review it and if the agreement is not in accordance with the law, then the notary will amend the agreement or ask parties of the agreement to modify the agreement in accordance with the law, since the notary is financially liable for any potential mistakes or law violations.</p> <p>Copies of all documents related to the agreement (transaction data, power of attorneys, documents concerning acquisition of the property, copies of identity documents, etc) shall be delivered to the notary's office 3-4 days before the conclusion of the agreement. All originals shall be submitted to the notary on the day of the conclusion of the agreement. In case a document has not been issued in the Republic of Estonia, the document shall be certified by an apostille or legalized and translated into Estonian prior to the conclusion of the agreement. Since 2007 notaries use the eNotary program which facilitates the preparation of notarial deeds. eNotary offers contract templates and necessary data about parties to and object of a transaction come from different registers. By entering personal identification code or the name of a person into the box of details of the party, eNotary finds the respective individual and completes, based on the data of the Population Register, the rest of the blank boxes - name etc. Upon the entry of registered immovable number, eNotary finds and displays, based on the data of the electronic Land Register, other data related to the registered immovable - address, area etc. Once the contract is signed, the notary makes digital copy of the contract and the contract is thereof forwarded electronically to the Land Register.</p>
Procedure	2	Payment of the state fee (stamp duty) at a commercial bank
Time to complete:		1 day
Cost to complete:		Stamp duty based on a table of fixed fees is EEK 13,400 (Appendix 2, State Fees Act) as of January 1, 2007.
Agency:		Commercial Bank
Comment:		The state fee for making the changes in the Land Register must be paid prior to applying for registration.
Procedure	3	A notarized application is filed to the Land Register and corresponding entries are made to the Land Register
Time to complete:		8 days
Cost to complete:		Already paid in Procedure 2

Agency: Land Register

Comment: The notarized application to the Land Register is filed to transfer the ownership of the real estate to the buyer in the Land Register Book. As of June 1, 2007, this application can be filed online through the "e-notary" system which allows the notary to submit the application electronically without using any paper application. Computerization of property records at the Land Registry has been ongoing for a few years and has finally been completed at the end of 2008. Land Register shall publish a register notice regarding a Real Estate, which has not yet been entered in the Land Register only before opening a register part for an immovable in the register.

The notice is published in the official publication *Ametlikud Teadaanded* and, if necessary, in any other manner available to the persons concerned. In case the Real Estate is already registered in the Land Register (as in this case), no publication is necessary.

The documentation shall include:

Notarized Sale Purchase Agreement and Agreement of the Transfer of the Ownership of Real Estate (obtained in Procedure 1).

Receipt of payment of state fee (obtained in Procedure 2)

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

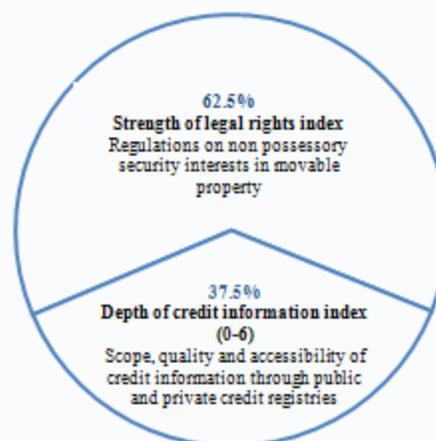
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

Getting Credit: collateral rules and credit information



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

Case Study Assumptions (applying to the Legal Rights Index only)

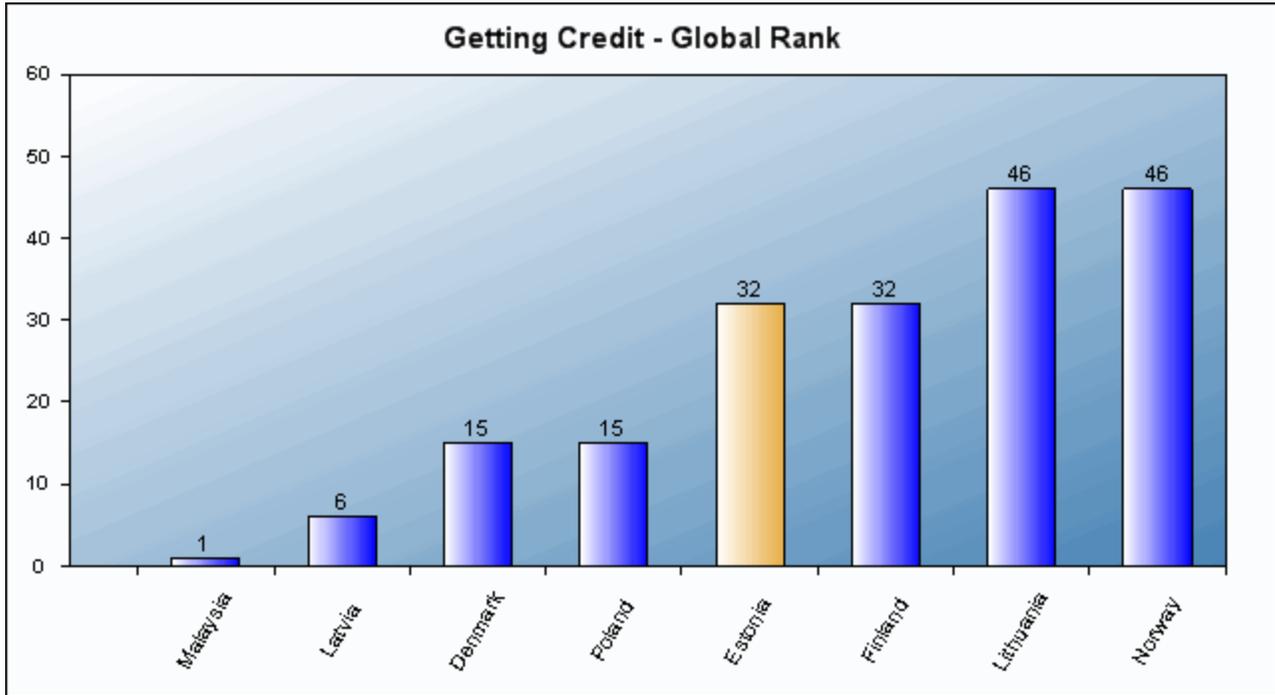
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

Estonia is ranked 32 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Estonia	7	5	0.0	22.4

<i>Comparator Economies</i>				
Denmark	9	4	0.0	5.4
Finland	7	5	0.0	14.9
Latvia	9	5	57.2	0.0
Lithuania	5	6	20.0	67.8
Norway	7	4	0.0	100.0
Poland	9	4	0.0	91.7

* The following economies are also good practice economies for :

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

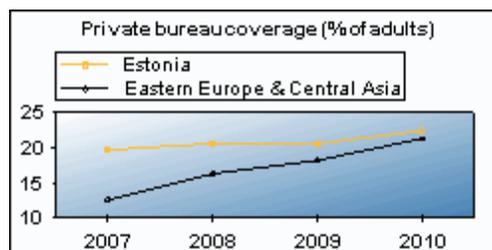
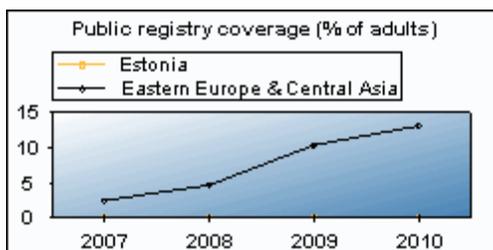
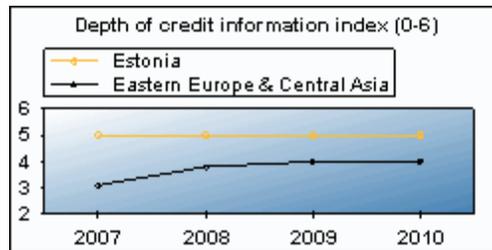
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

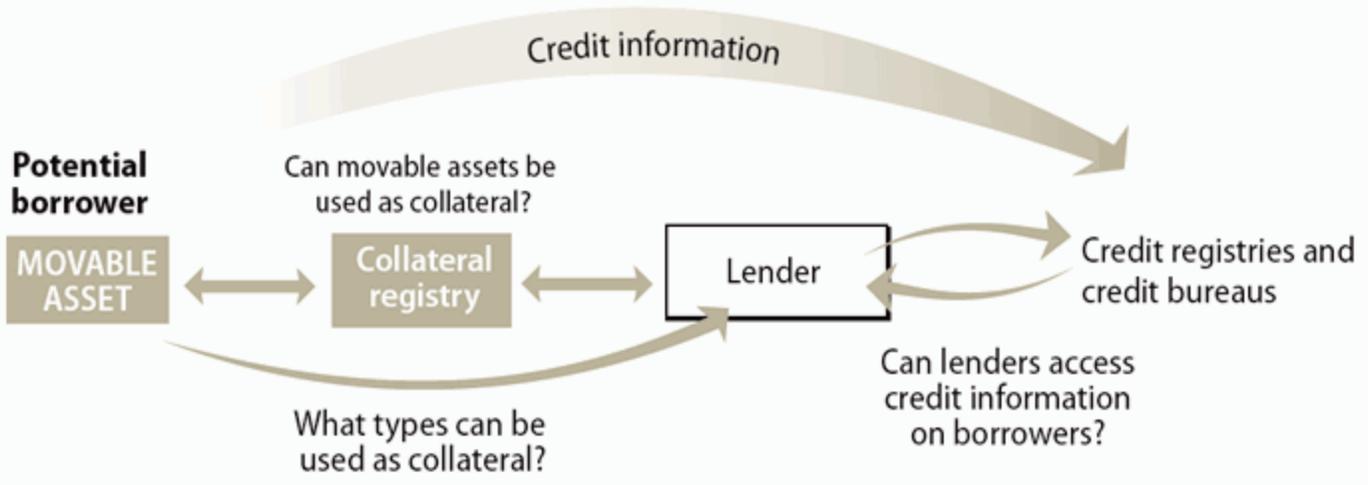
2. Historical data: Getting Credit in Estonia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	44	32
Strength of legal rights index (0-10)	6	6	6	7
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	19.7	20.6	20.6	22.4
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in Estonia over the past 4 years:



**Do lenders have credit information on entrepreneurs seeking credit?
Is the law favorable to borrowers and lenders using movable assets as collateral?**



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	22.4	0.0	
Number of individuals	180,000		0
Number of firms	75,000		0

Strength of legal rights index (0-10)**7**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	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 ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	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

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

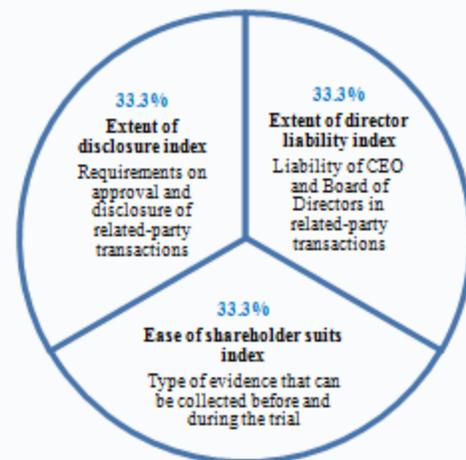
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

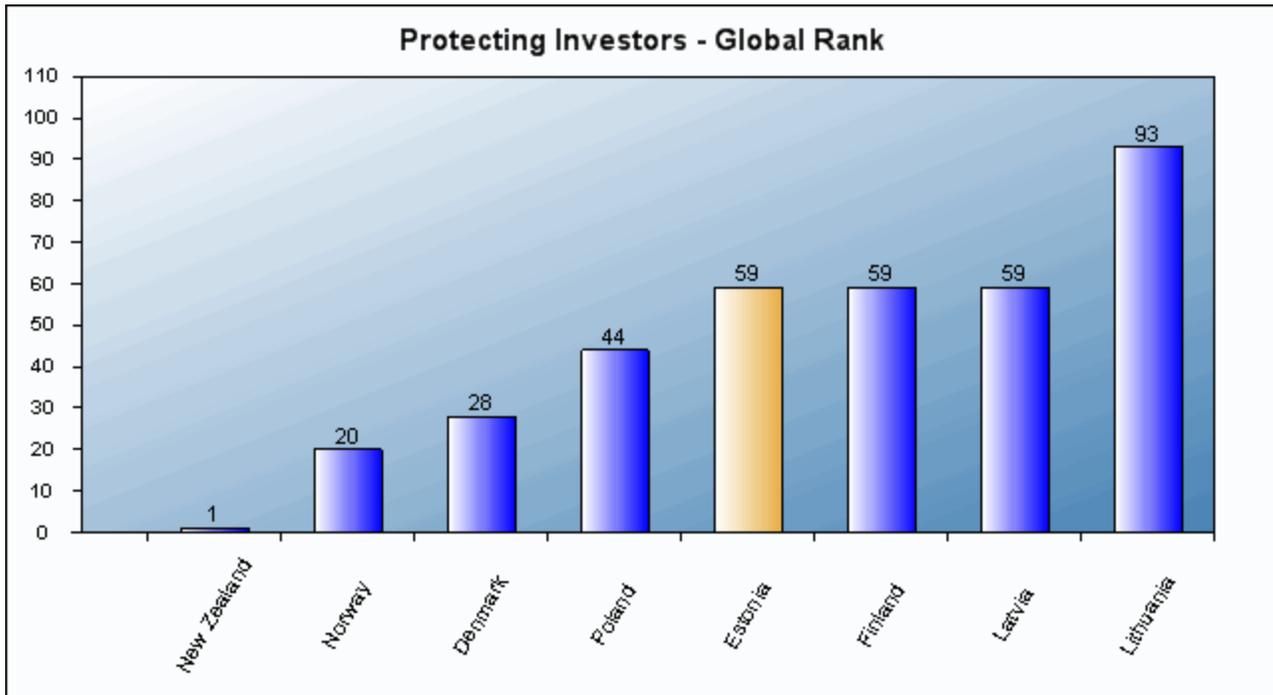
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Estonia is ranked 59 overall for Protecting Investors.

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



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

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

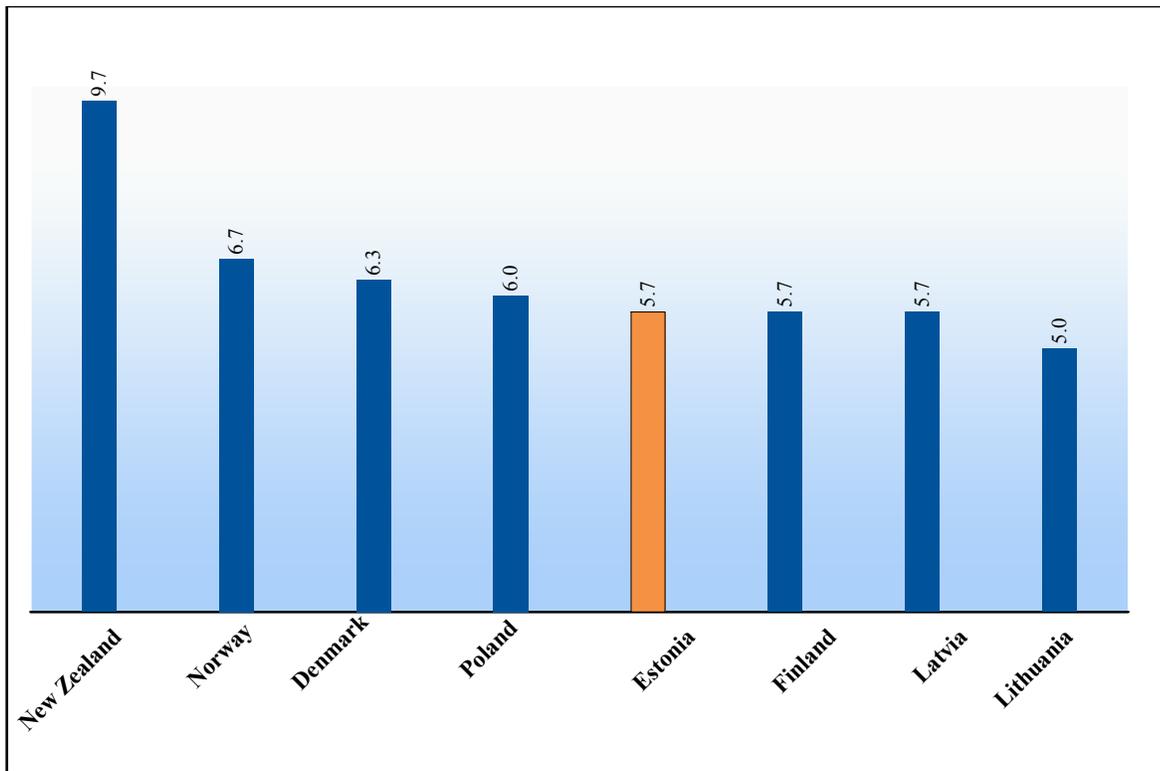
<i>Selected Economy</i>	
Estonia	5.7

<i>Comparator Economies</i>	
Denmark	6.3
Finland	5.7
Latvia	5.7
Lithuania	5.0
Norway	6.7
Poland	6.0

2. Historical data: Protecting Investors in Estonia

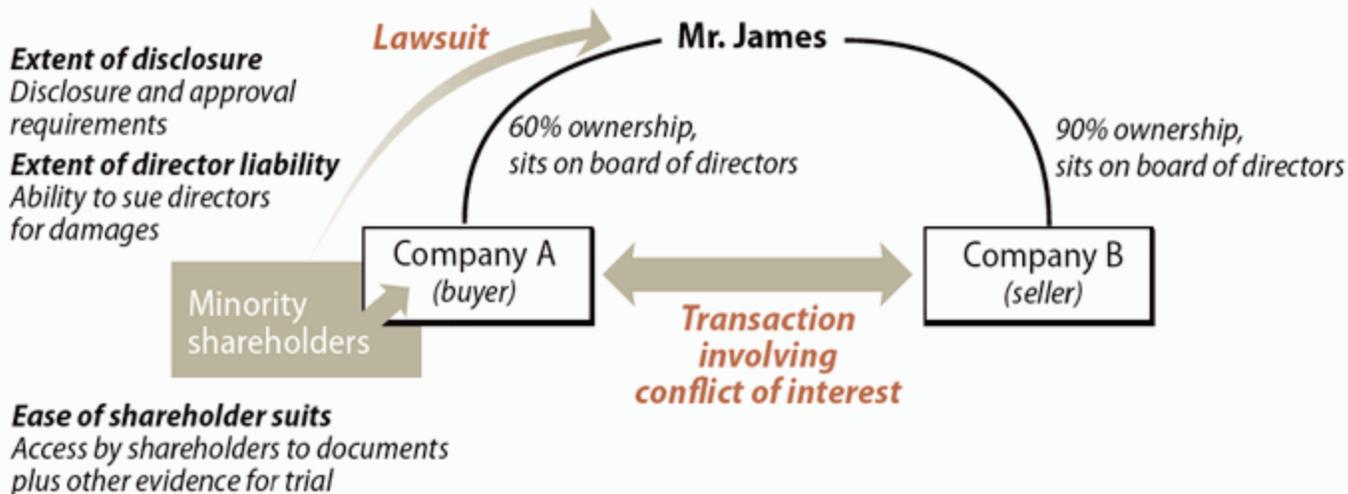
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	57	59
Strength of investor protection index (0-10)	5.7	5.7	5.7	5.7

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



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

How well are minority shareholders protected against self-dealing in related-party transactions?



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	8
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	3
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	0
Ease of shareholder suits index (0-10)	6
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	5.7

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

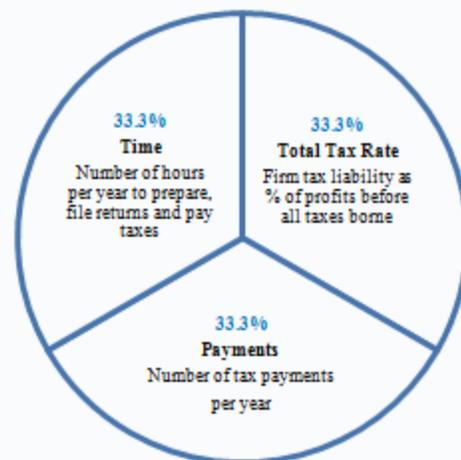
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



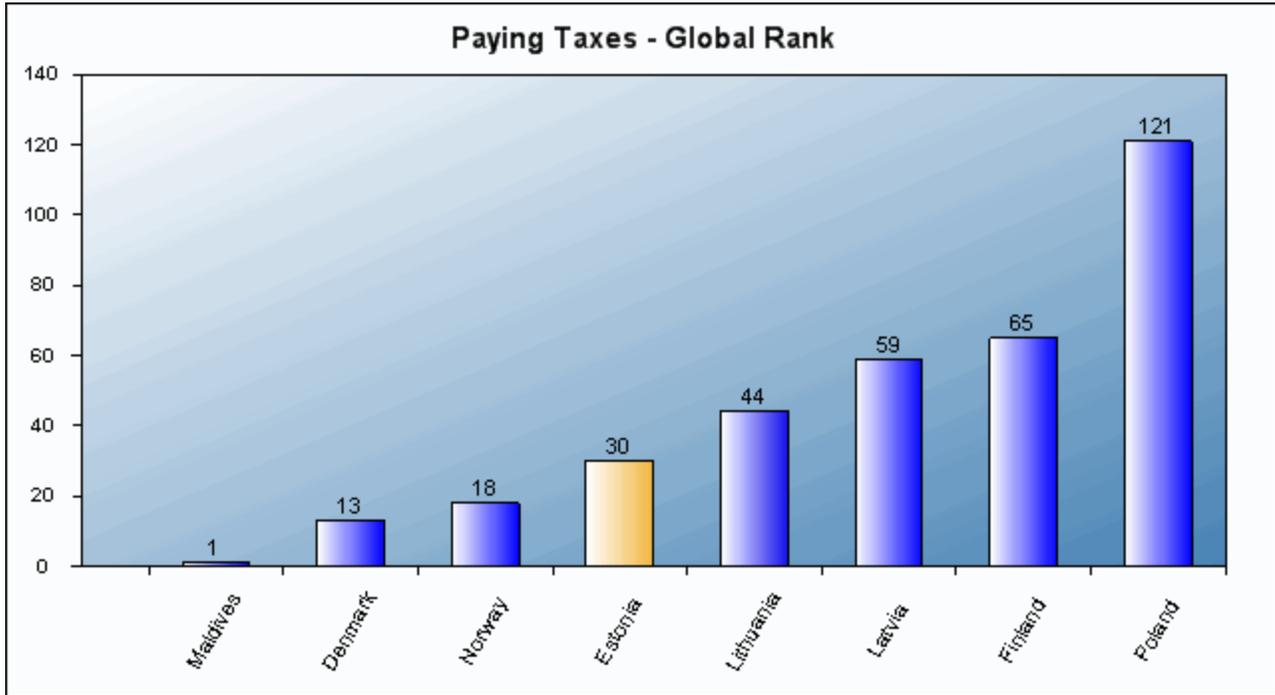
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

Estonia is ranked 30 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Estonia	7	81	49.6

<i>Comparator Economies</i>			
Denmark	9	135	29.2
Finland	8	243	44.6
Latvia	7	293	38.5
Lithuania	11	175	38.7
Norway	4	87	41.6
Poland	29	325	42.3

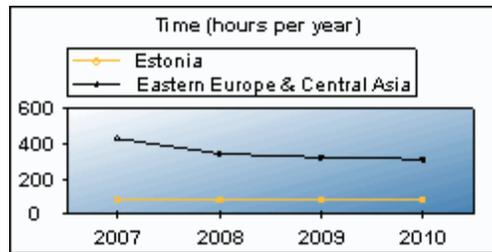
* The following economies are also good practice economies for :

Payments (number per year): Qatar

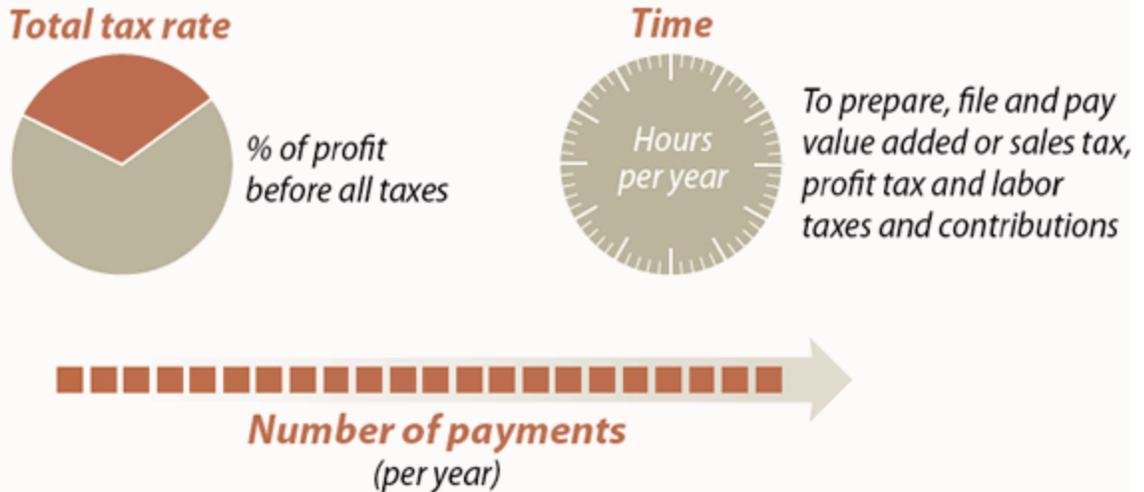
2. Historical data: Paying Taxes in Estonia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	29	30
Total tax rate (% profit)	49.2	48.6	49.1	49.6
Payments (number per year)	7	7	7	7
Time (hours per year)	81	81	81	81

3. The following graphs illustrate the Paying Taxes sub indicators in Estonia over the past 4 years:



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Estonia, 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
Advertising tax	1			6 EEK /m2 / day			
Stamp duty	1			fixed fee	contract value		
Value added tax (VAT)	1	online filing	27	20.0%	value added		
Heavy vehicle tax	1			fixed fee (EEK 4300)		0.10	
Fringe benefit tax	0	paid jointly		68.3%	fringe benefits	0.80	
Land tax	1			1.5%	property value	1.10	
Fuel tax	1				included in price of fuel	1.20	
Unemployment insurance contributions	0	paid jointly		1.4%	gross salaries	1.20	
Income tax on actual and deemed distributions (dividends tax)	1	online filing	20	21/79	distributed dividends	8.00	

Social security contributions	0	paid jointly	34	33.0%	gross salaries	37.20
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Totals	7		81			49.6
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Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

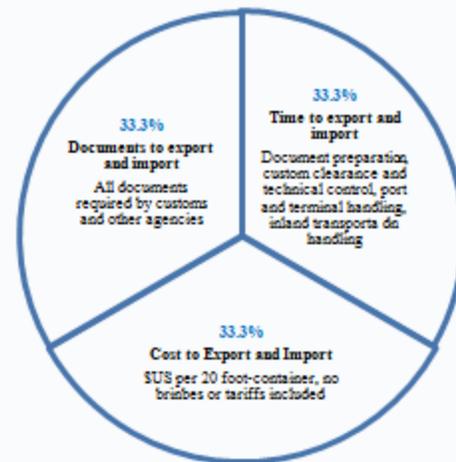
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

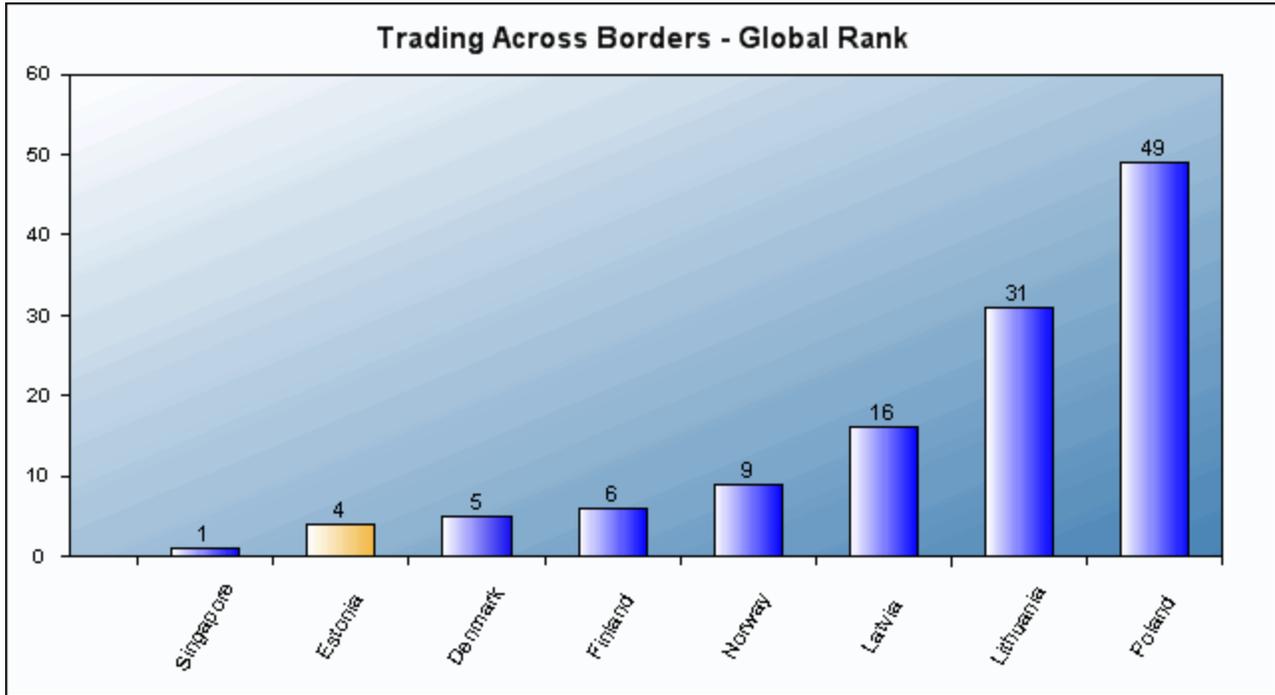
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Estonia is ranked 4 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Estonia	3	5	725	4	5	725

<i>Comparator Economies</i>						
Denmark	4	5	744	3	5	744
Finland	4	8	540	5	8	620
Latvia	5	10	600	6	11	801
Lithuania	6	10	870	6	10	980
Norway	4	7	830	4	7	729
Poland	5	17	884	5	25	884

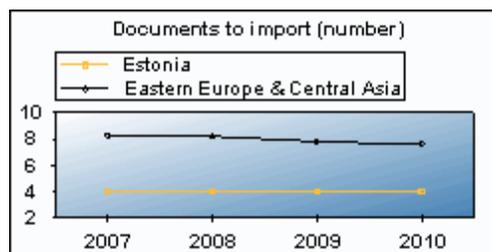
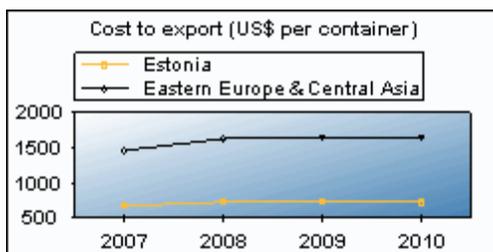
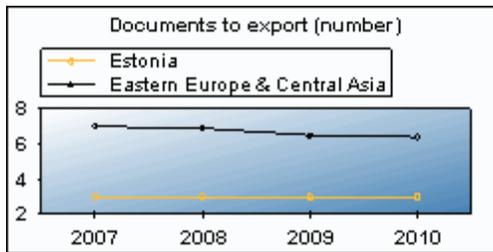
* The following economies are also good practice economies for :

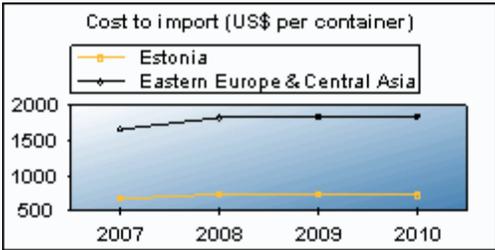
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Estonia

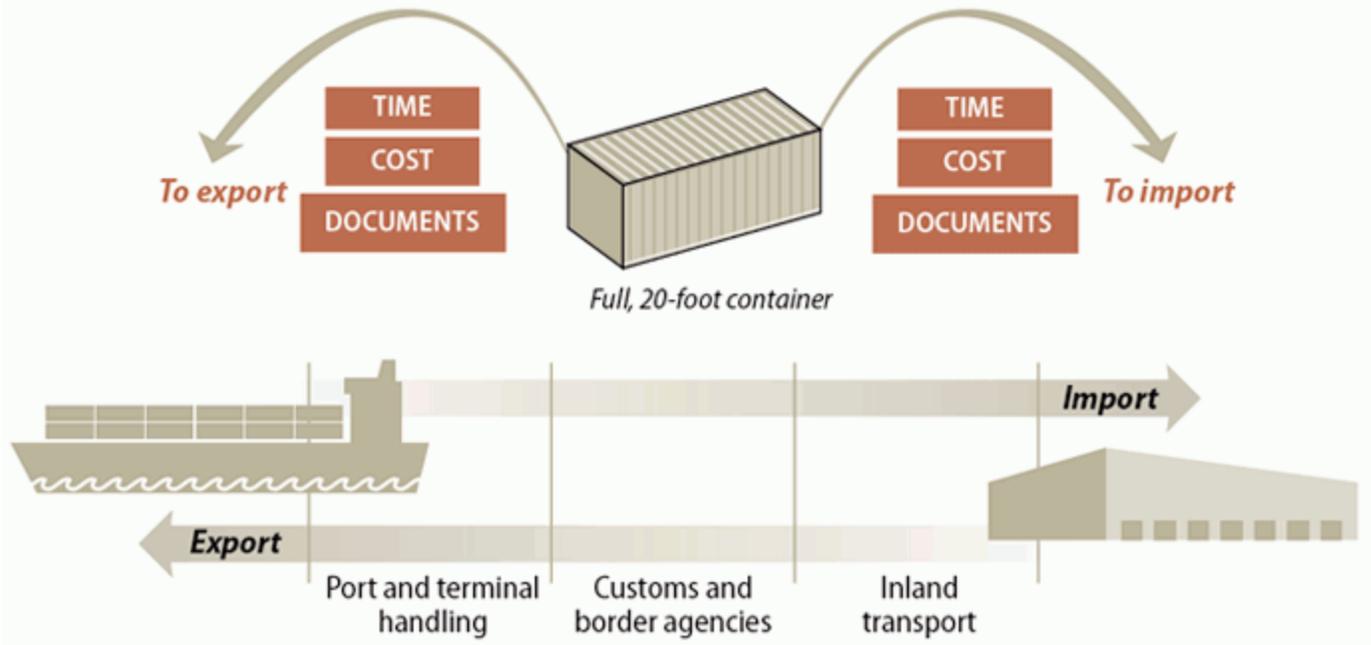
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	3	4
Cost to export (US\$ per container)	675	730	730	725
Cost to import (US\$ per container)	675	740	740	725
Documents to export (number)	3	3	3	3
Documents to import (number)	4	4	4	4
Time to export (days)	5	5	5	5
Time to import (days)	5	5	5	5

3. The following graphs illustrate the Trading Across Borders sub indicators in Estonia over the past 4 years:





How much time, how many documents and what cost to export and import across borders by ocean transport?



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	1	200
Customs clearance and technical control	1	25
Ports and terminal handling	2	175
Inland transportation and handling	1	325
Totals	5	725

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	1	200
Customs clearance and technical control	1	25
Ports and terminal handling	2	175
Inland transportation and handling	1	325
Totals	5	725

Documents for Export and Import

Export

Bill of lading

Commercial invoice

Customs export declaration

Import

Bill of lading

Collection order

Commercial Invoice

Customs import declaration

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

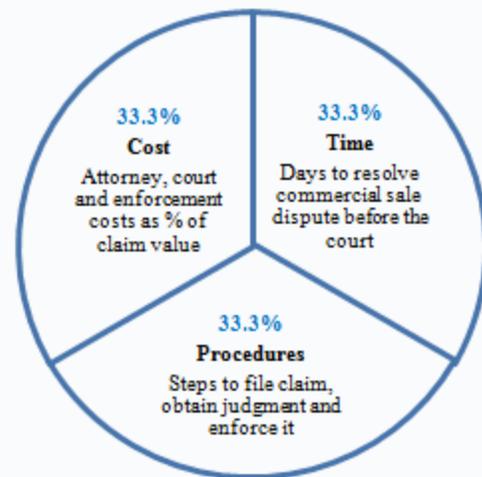
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



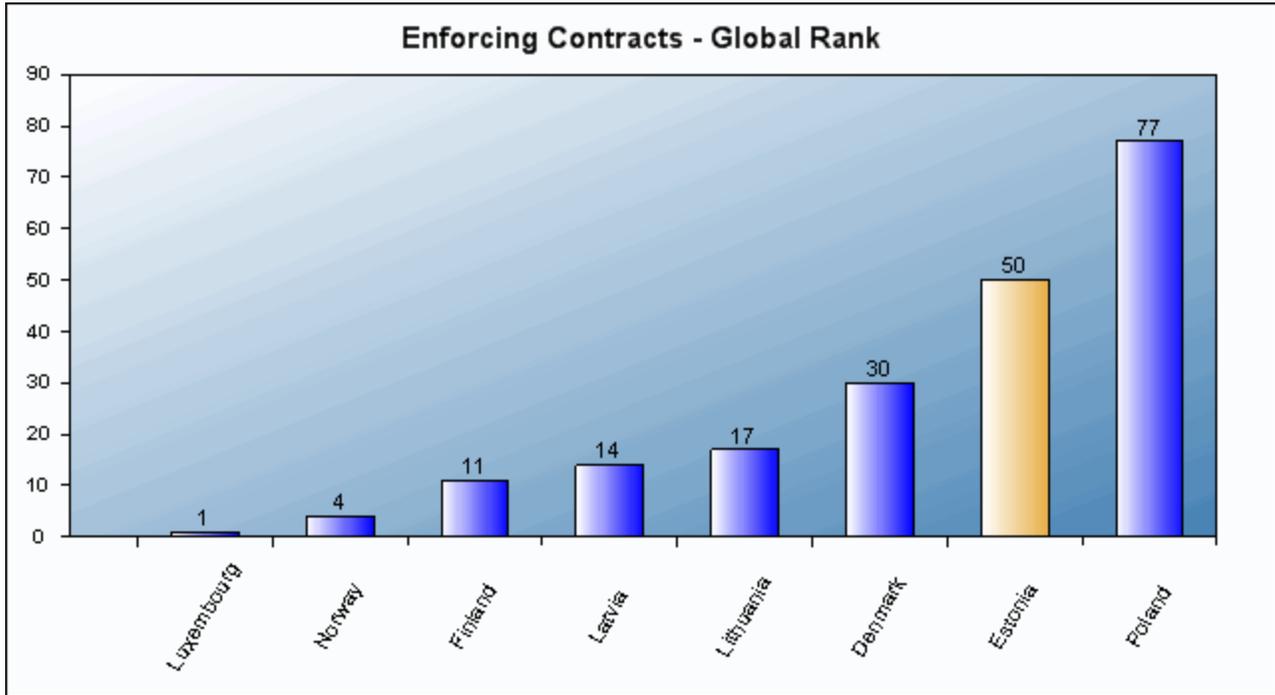
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations:

Estonia is ranked 50 overall for Enforcing Contracts.

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



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

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

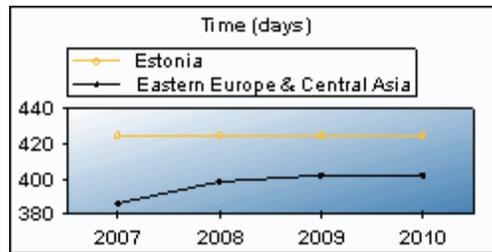
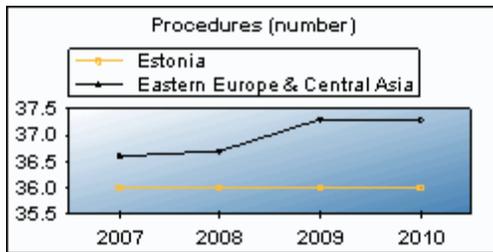
<i>Selected Economy</i>			
Estonia	36	425	26.3

<i>Comparator Economies</i>			
Denmark	35	410	23.3
Finland	32	375	13.3
Latvia	27	309	23.1
Lithuania	30	275	23.6
Norway	33	280	9.9
Poland	38	830	12.0

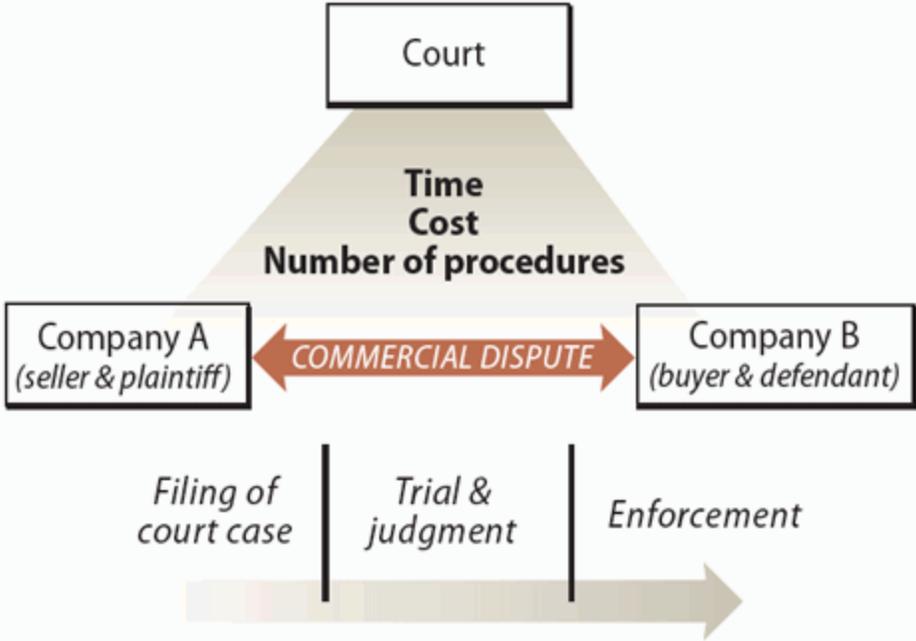
2. Historical data: Enforcing Contracts in Estonia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	49	50
Procedures (number)	36	36	36	36
Time (days)	425	425	425	425
Cost (% of claim)	18.9	18.9	26.3	26.3

3. The following graphs illustrate the Enforcing Contracts sub indicators in Estonia over the past 4 years:



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



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

Nature of Procedure (2010)	Indicator
Procedures (number)	36
Time (days)	425
Filing and service	30.0
Trial and judgment	320.0
Enforcement of judgment	75.0
Cost (% of claim)*	26.30
Attorney cost (% of claim)	9.0
Court cost (% of claim)	12.3
Enforcement Cost (% of claim)	5.0

Court information: Harju County Court ("Harju Maakohus")

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

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

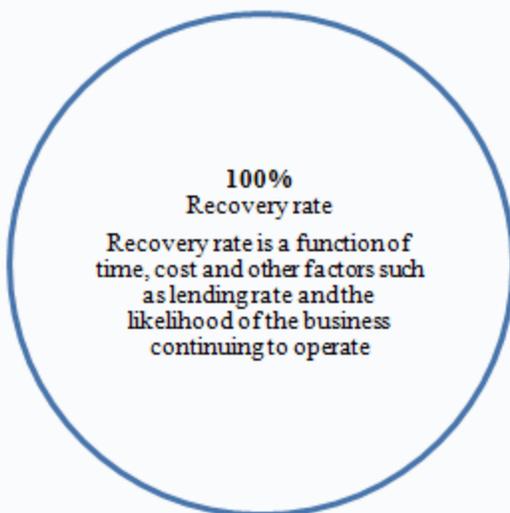
- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



Case Study Assumptions

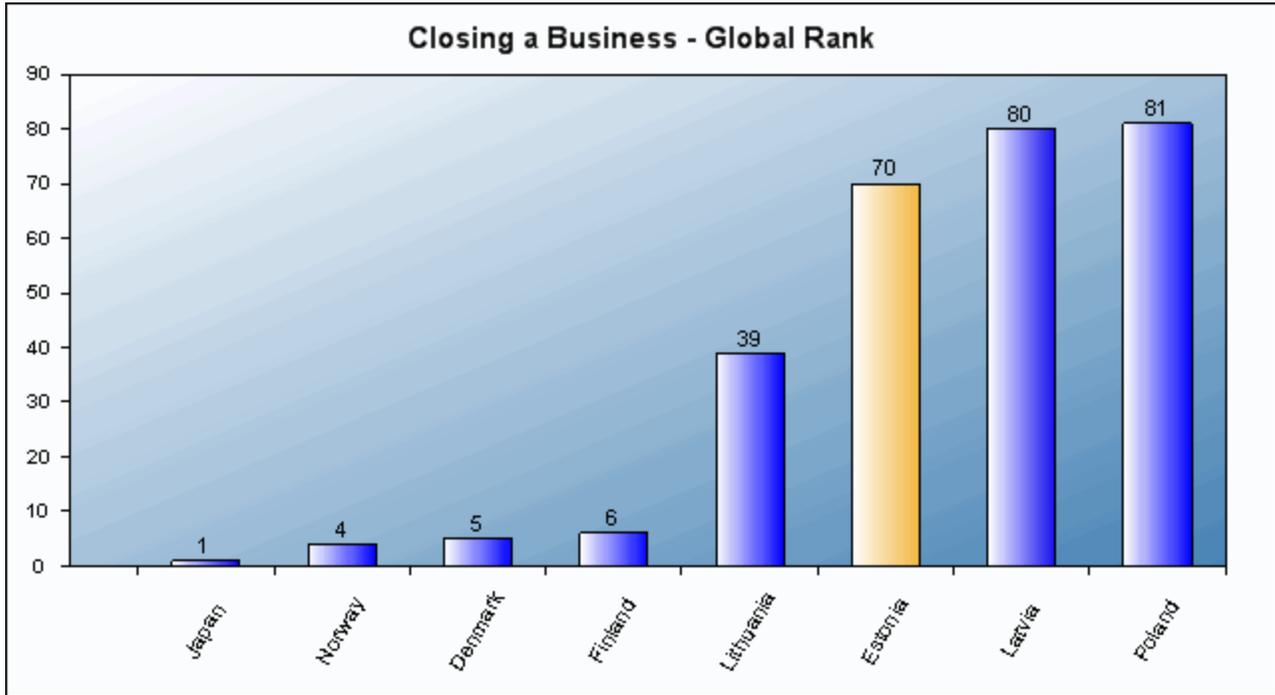
The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations:

Estonia is ranked 70 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Estonia	35.5	3.0	9

<i>Comparator Economies</i>			
Denmark	89.4	1.1	4
Finland	89.4	0.9	4
Latvia	31.9	3.0	13
Lithuania	49.6	1.5	7
Norway	90.9	0.9	1
Poland	31.3	3.0	20

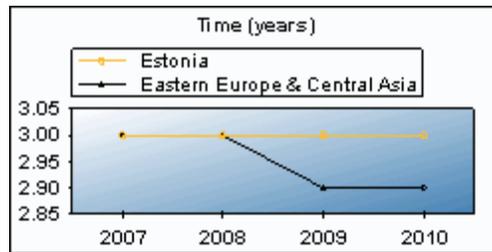
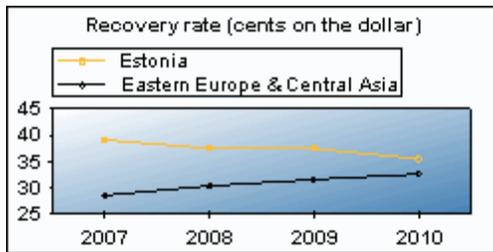
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Estonia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	62	70
Time (years)	3.0	3.0	3.0	3.0
Cost (% of estate)	9	9	9	9
Recovery rate (cents on the dollar)	39.1	37.5	37.5	35.5

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Denmark	Denmark eased business start-up by reducing the minimum capital requirement for limited liability companies from 125,000 Danish kroner (\$22,850) to 80,000 Danish kroner (\$14,620). Computerization of Denmark's land registry cut the number of procedures required to register property by half.
Estonia	Estonia made dealing with construction permits more complex by increasing the time for obtaining design criteria from the municipality. Estonia improved access to credit by amending the Code of Enforcement Procedure and allowing out-of-court enforcement of collateral by secured creditors. Estonia increased the unemployment insurance contribution rate. Amendments to Estonia's recent insolvency law increased the chances that viable businesses will survive insolvency by improving procedures and changing the qualification requirements for insolvency administrators.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Latvia	Latvia reduced the time to export and import by introducing electronic submission of customs declarations. Latvia introduced a mechanism for out-of-court settlement of insolvencies to alleviate pressure on courts and tightened some procedural deadlines.
Lithuania	Lithuania tightened the time limit for completing the registration of a company. Lithuania's private credit bureau now collects and distributes positive information on borrowers. Lithuania reduced corporate tax rates. Lithuania reduced the time to import by introducing, in compliance with EU law, an electronic system for submitting customs declarations. Lithuania introduced regulations relating to insolvency administrators that set out clear rules of liability for violations of law.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Poland	Poland eased property registration by computerizing its land registry.

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



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