

12TH EDITION

# Doing Business 2015

## Going Beyond Efficiency

### Economy Profile 2015

## Dominican Republic



COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN **189** ECONOMIES

*A World Bank Group Flagship Report*

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## INTRODUCTION

*Doing Business* sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation.

In a series of annual reports *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies, from Afghanistan to Zimbabwe, over time. The data set covers 47 economies in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in East Asia and the Pacific, 26 in Eastern Europe and Central Asia, 20 in the Middle East and North Africa and 8 in South Asia, as well as 31 OECD high-income economies. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why.

This economy profile presents the *Doing Business* indicators for Dominican Republic. To allow useful comparison, it also provides data for other selected economies (comparator economies) for each indicator. The data in this report are current as of June

1, 2014 (except for the paying taxes indicators, which cover the period January–December 2013).

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 and getting electricity), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not directly studied by *Doing Business*. 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 policy makers in designing regulatory reform.

More information is available in the full report. *Doing Business 2015* presents the indicators, analyzes their relationship with economic outcomes and presents business regulatory reforms. The data, along with information on ordering *Doing Business 2015*, are available on the *Doing Business* website at <http://www.doingbusiness.org>.

## CHANGES IN *DOING BUSINESS 2015*

As part of a 2-year update in methodology, *Doing Business 2015* incorporates 7 important changes. First, the ease of doing business ranking as well as all topic-level rankings are now computed on the basis of distance to frontier scores (see the chapter on the distance to frontier and ease of doing business ranking). Second, for the 11 economies with a population of more than 100 million, data for a second city have been added to the data set and the ranking calculation. These economies are Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States. Third, for getting credit, the methodology has been revised for both the strength of legal rights index and the depth of credit information index. The number of points has been increased in both indices, from 10 to 12 for the strength of legal rights index and from 6 to 8 for the depth of credit information index. In addition, only credit bureaus and registries that cover at least 5% of the adult population can receive a score on the depth of credit information index.

Fourth, the name of the protecting investors indicator set has been changed to protecting minority investors to better reflect its scope—and the scope of the indicator set has been expanded to include shareholders' rights in corporate governance beyond related-party transactions. Fifth, the resolving insolvency indicator set has been expanded to include an index measuring the strength of the legal framework for insolvency. Sixth, the calculation of the distance to frontier score for paying taxes has been changed. The total tax rate component now enters the score in a nonlinear fashion, in an approach different from that used for all other indicators (see the chapter on the distance to frontier and ease of doing business ranking).

Finally, the name of the employing workers indicator set has been changed to labor market regulation, and the scope of this indicator set has also been changed. The indicators now focus on labor market regulation applying to the retail sector rather than the manufacturing sector, and their coverage has been expanded to include regulations on labor disputes and on benefits provided to workers. The labor market regulation indicators continue to be excluded from the aggregate distance to frontier score and ranking on the ease of doing business.

Beyond these changes there are 3 other updates in methodology. For paying taxes, the financial statement variables have been updated to be proportional to 2012 income per capita; previously they were proportional to 2005 income per capita. For enforcing contracts, the value of the claim is now set at twice the income per capita or \$5,000, whichever is greater. For dealing with construction permits, the cost of construction is now set at 50 times income per capita (before, the cost was assessed by the *Doing Business* respondents). In addition, this indicator set no longer includes the procedures for obtaining a landline telephone connection.

For more details on the changes, see the "What is changing in *Doing Business*?" chapter starting on page 24 of the *Doing Business 2015* report. For more details on the data and methodology, please see the "Data Notes" chapter starting on page 114 of the *Doing Business 2015* report. For more details on the distance to frontier metric, please see the "Distance to frontier and ease of doing business ranking" chapter in this profile.

## THE BUSINESS ENVIRONMENT

For policy makers trying to improve their economy's regulatory environment for business, a good place to start is to find out how it compares with the regulatory environment in other economies. *Doing Business* provides an aggregate ranking on the ease of doing business based on indicator sets that measure and benchmark regulations applying to domestic small to medium-size businesses through their life cycle. Economies are ranked from 1 to 189 by the ease of doing business ranking. This year's report presents results for 2 aggregate measures: the distance to frontier score and the ease of doing business ranking. The ranking of economies is determined by sorting the aggregate distance to frontier (DTF) scores. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. (See the chapter on the distance to frontier and ease of doing business). The 10 topics included in the ranking in *Doing Business 2015*: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. The labor market regulation indicators (formerly employing workers) are not included in this year's aggregate ease of doing business ranking, but the data are presented in this year's economy profile.

The aggregate ranking on the ease of doing business benchmarks each economy's performance on the indicators against that of all other economies in the *Doing Business* sample (figure 1.1). While this ranking tells much about the business environment in an economy, it does not tell the whole story. The ranking on the ease of doing business, and the underlying indicators, do not measure all aspects of the business environment that matter to firms and investors or that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

### ECONOMY OVERVIEW

Region: Latin America & Caribbean

Income category: Upper middle income

Population: 10,403,761

GNI per capita (US\$): 5,620

DB2015 rank: 84

DB2014 rank: 84\*

Change in rank: 0

DB 2015 DTF: 63.4

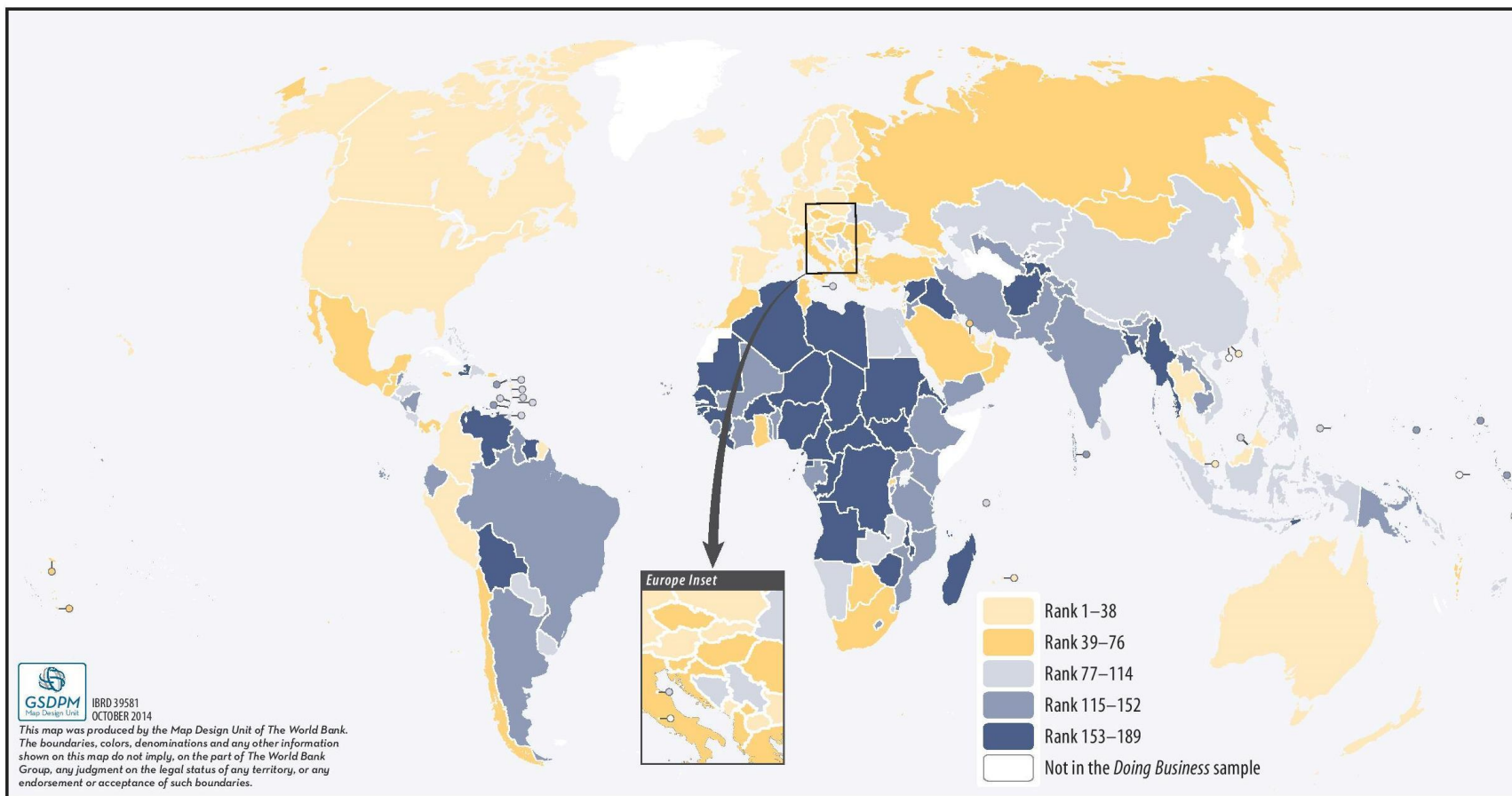
DB 2014 DTF: 62.3

Change in DTF: 1.1

\* DB2014 ranking shown is not last year's published ranking but a comparable ranking for DB2014 that captures the effects of such factors as data corrections and the changes in methodology. See the data notes starting on page 114 of the *Doing Business 2015* report for sources and definitions.

## THE BUSINESS ENVIRONMENT

Figure 1.1 Where economies stand in the global ranking on the ease of doing business



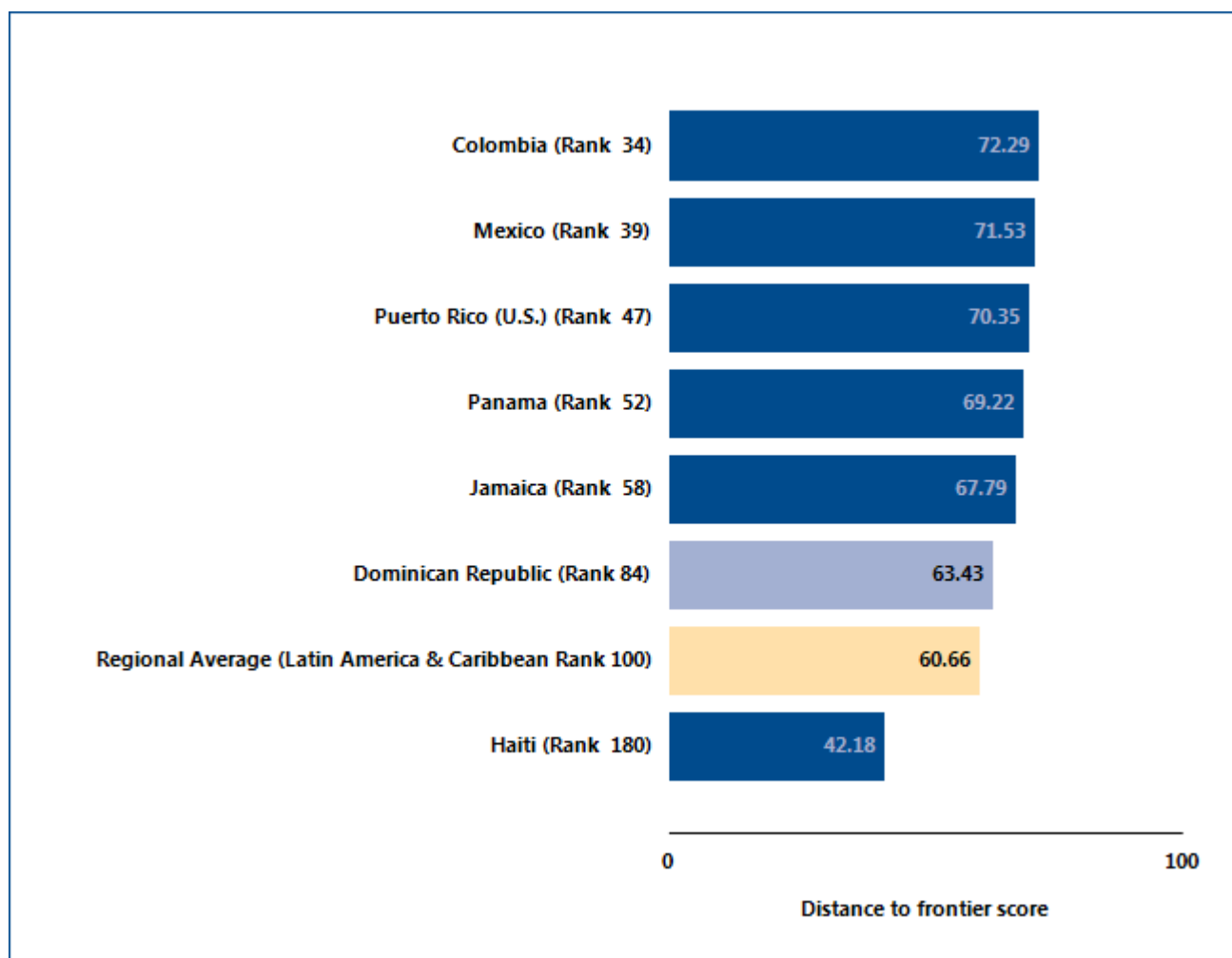
Source: *Doing Business* database.

## THE BUSINESS ENVIRONMENT

For policy makers, knowing where their economy stands in the aggregate ranking on the ease of doing business is useful. Also useful is to know how it ranks relative to comparator economies and relative to the

regional average (figure 1.2). The economy's rankings (figure 1.3) and distance to frontier scores (figure 1.4) on the topics included in the ease of doing business ranking provide another perspective.

Figure 1.2 How Dominican Republic and comparator economies rank on the ease of doing business



*Note:* The rankings are benchmarked to June 2014 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.

*Source:* *Doing Business* database.



## THE BUSINESS ENVIRONMENT

Figure 1.3 Rankings on *Doing Business* topics - Dominican Republic  
 (Scale: Rank 189 center, Rank 1 outer edge)

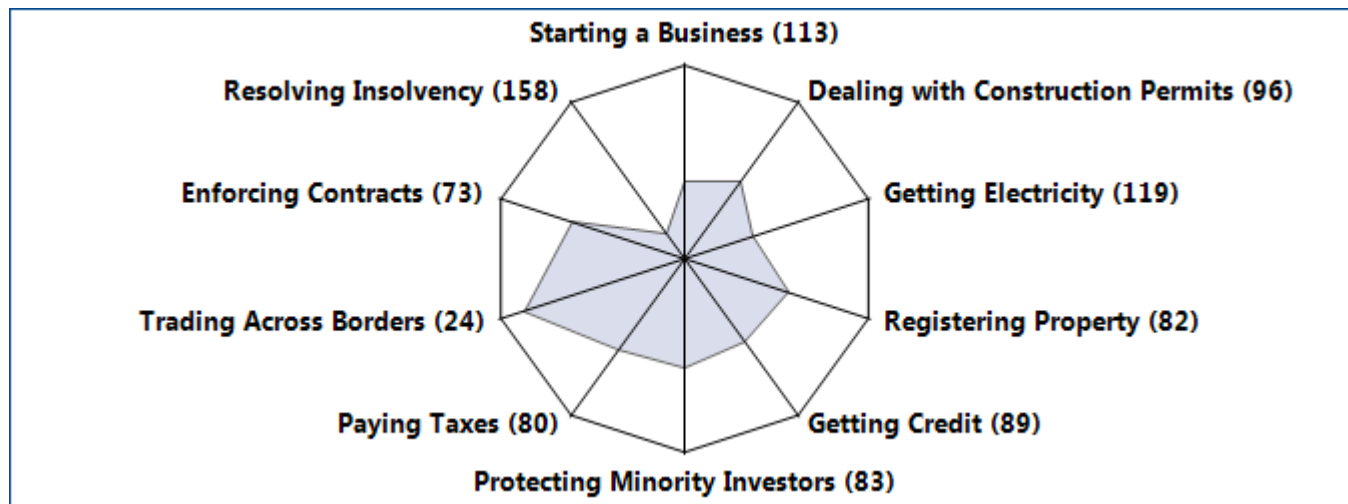
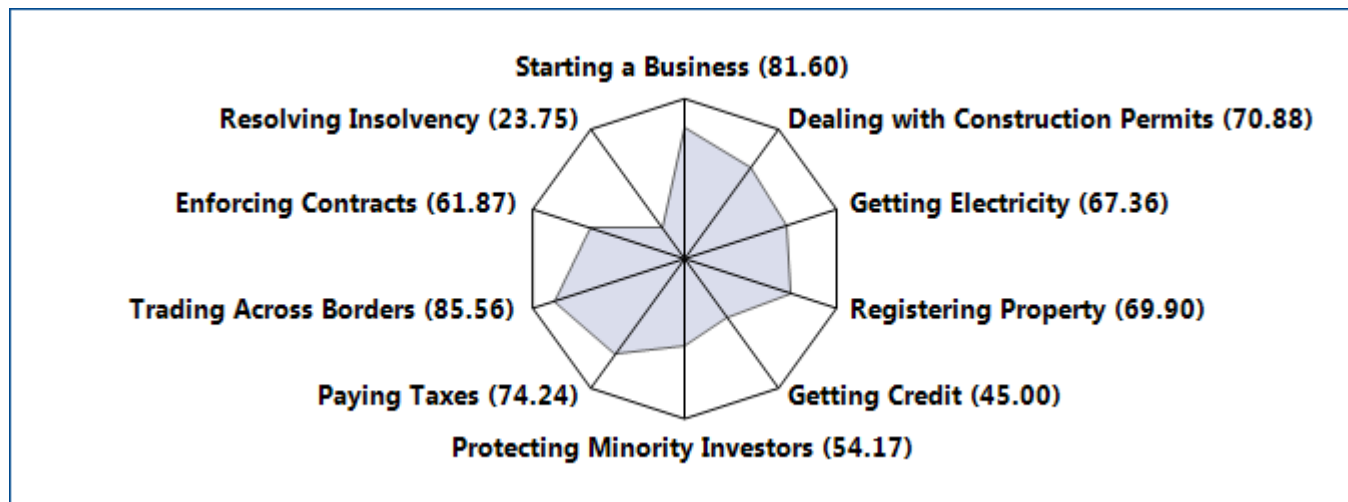


Figure 1.4 Distance to frontier scores on *Doing Business* topics - Dominican Republic  
 (Scale: Score 0 center, Score 100 outer edge)



*Note:* The rankings are benchmarked to June 2014 and based on the average of each economy’s distance to frontier (DTF) scores for the 10 topics included in this year’s aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy’s distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.  
*Source:* *Doing Business* database.

## THE BUSINESS ENVIRONMENT

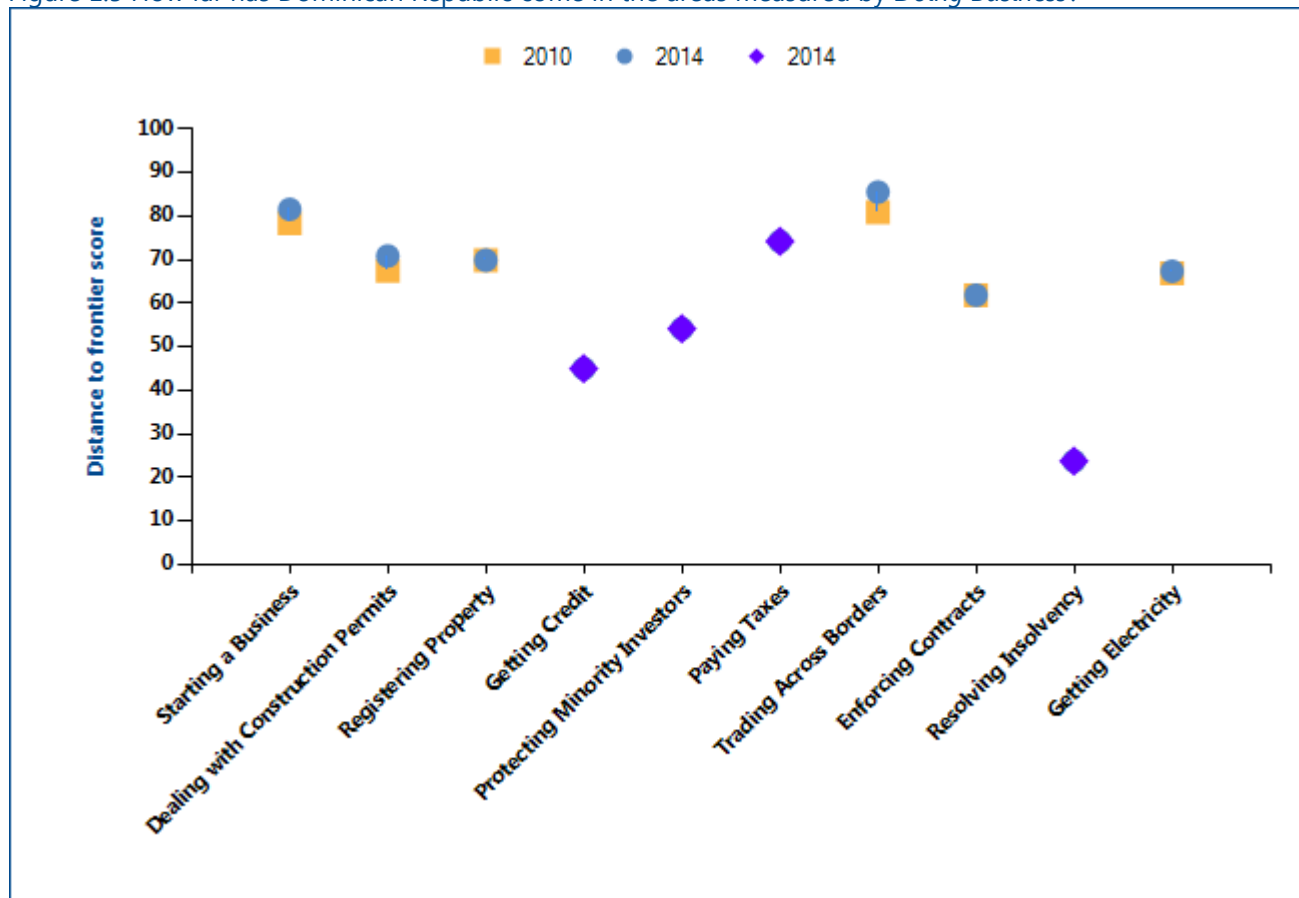
Just as the overall ranking on the ease of doing business tells only part of the story, so do changes in that ranking. Yearly movements in rankings can provide some indication of changes in an economy’s regulatory environment for firms, but they are always relative.

Moreover, year-to-year changes in the overall rankings do not reflect how the business regulatory environment in an economy has changed over time—or how it has changed in different areas. To aid in assessing such changes,

*Doing Business* introduced the distance to frontier score. This measure shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator.

Comparing the measure for an economy at 2 points in time allows users to assess how much the economy’s regulatory environment as measured by *Doing Business* has changed over time—how far it has moved toward (or away from) the most efficient practices and strongest regulations in areas covered by *Doing Business* (figure 1.5).

Figure 1.5 How far has Dominican Republic come in the areas measured by *Doing Business*?



Note: The distance to frontier score shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator since 2010, except for getting credit, paying taxes, protecting minority investors and resolving insolvency which had methodology changes in 2014 and thus are only comparable to 2013. The measure is normalized to range between 0 and 100, with 100 representing the best performance (the frontier). See the data notes starting on page 114 of the *Doing Business 2015* report for more details on the distance to frontier score.

Source: *Doing Business* database.

## THE BUSINESS ENVIRONMENT

The absolute values of the indicators tell another part of the story (table 1.1). The indicators, on their own or in comparison with the indicators of a good practice economy or those of comparator economies in the region, may reveal bottlenecks reflected in large numbers of procedures, long delays or high costs. Or they may reveal unexpected strengths in an area of business

regulation—such as a regulatory process that can be completed with a small number of procedures in a few days and at a low cost. Comparison of the economy's indicators today with those in the previous year may show where substantial bottlenecks persist—and where they are diminishing.

Table 1.1 Summary of *Doing Business* indicators for Dominican Republic

Indicator	Dominican Republic DB2015	Dominican Republic DB2014	Colombia DB2015	Haiti DB2015	Jamaica DB2015	Mexico DB2015	Panama DB2015	Puerto Rico (U.S.) DB2015	Best performer globally DB2015
<b>Starting a Business (rank)</b>	113	105	84	188	20	67	38	48	New Zealand (1)
<b>Starting a Business (DTF Score)</b>	81.60	81.37	86.13	33.48	94.13	88.85	91.93	91.17	New Zealand (99.96)
<b>Procedures (number)</b>	7.0	7.0	8.0	12.0	2.0	6.0	5.0	6.0	New Zealand (1.0)*
<b>Time (days)</b>	19.5	19.5	11.0	97.0	15.0	6.3	6.0	6.0	New Zealand (0.5)
<b>Cost (% of income per capita)</b>	16.9	17.3	7.5	246.7	6.0	18.6	6.4	0.8	Slovenia (0.0)
<b>Paid-in min. capital (% of income per capita)</b>	43.0	46.0	0.0	17.6	0.0	0.0	0.0	0.0	112 Economies (0.0)*
<b>Dealing with Construction Permits (rank)</b>	96	105	61	132	26	108	63	158	Hong Kong SAR, China (1)
<b>Dealing with Construction Permits (DTF Score)</b>	70.88	69.01	76.45	64.42	83.17	68.43	75.97	56.28	Hong Kong SAR, China (95.53)

Indicator	Dominican Republic DB2015	Dominican Republic DB2014	Colombia DB2015	Haiti DB2015	Jamaica DB2015	Mexico DB2015	Panama DB2015	Puerto Rico (U.S.) DB2015	Best performer globally DB2015
Procedures (number)	13.0	13.0	10.0	8.0	7.0	11.3	15.0	20.0	Hong Kong SAR, China (5.0)
Time (days)	184.0	214.0	73.0	71.0	135.0	87.6	101.0	165.0	Singapore (26.0)
Cost (% of warehouse value)	2.0	1.4	7.4	16.4	2.2	10.3	2.1	6.2	Qatar (0.0)*
Getting Electricity (rank)	119	114	92	94	111	116	29	32	Korea, Rep. (1)
Getting Electricity (DTF Score)	67.36	67.26	74.20	73.97	70.36	68.47	86.39	85.41	Korea, Rep. (99.83)
Procedures (number)	7.0	7.0	5.0	4.0	6.0	6.8	5.0	5.0	12 Economies (3.0)*
Time (days)	82.0	82.0	105.0	60.0	96.0	78.9	35.0	32.0	Korea, Rep. (18.0)*
Cost (% of income per capita)	276.9	300.9	504.4	3,495.8	406.3	346.1	9.3	352.9	Japan (0.0)
Registering Property (rank)	82	82	42	175	126	110	61	163	Georgia (1)
Registering Property (DTF Score)	69.90	69.89	79.33	39.79	59.36	62.45	74.65	47.90	Georgia (99.88)
Procedures (number)	6.0	6.0	6.0	5.0	6.0	6.8	7.0	8.0	4 Economies (1.0)*
Time (days)	51.0	51.0	16.0	312.0	36.0	63.6	22.5	193.5	3 Economies (1.0)*
Cost (% of property value)	3.7	3.7	2.0	7.1	9.5	5.1	2.4	0.9	4 Economies (0.0)*
Getting Credit (rank)	89	86	2	171	12	12	17	7	New Zealand (1)
Getting Credit (DTF Score)	45.00	45.00	95.00	10.00	80.00	80.00	75.00	85.00	New Zealand (100)
Strength of legal rights index (0-12)	1	1	12	2	10	8	7	10	3 Economies (12)*

Indicator	Dominican Republic DB2015	Dominican Republic DB2014	Colombia DB2015	Haiti DB2015	Jamaica DB2015	Mexico DB2015	Panama DB2015	Puerto Rico (U.S.) DB2015	Best performer globally DB2015
Depth of credit information index (0-8)	8	8	7	0	6	8	8	7	23 Economies (8)*
Credit registry coverage (% of adults)	38.1	59.7	0.0	1.1	0.0	0.0	0.0	0.0	Portugal (100.0)
Credit bureau coverage (% of adults)	63.1	59.8	87.0	0.0	10.1	100.0	63.0	100.0	23 Economies (100.0)*
Protecting Minority Investors (rank)	83	102	10	187	71	62	76	78	New Zealand (1)
Protecting Minority Investors (DTF Score)	54.17	49.17	71.67	20.00	56.67	57.50	55.83	55.00	New Zealand (81.67)
Extent of conflict of interest regulation index (0-10)	5.3	5.3	8.0	3.0	5.7	6.0	5.3	7.0	Singapore (9.3)*
Extent of shareholder governance index (0-10)	5.5	4.5	6.3	1.0	5.7	5.5	5.8	4.0	France (7.8)*
Strength of minority investor protection index (0-10)	5.4	4.9	7.2	2.0	5.7	5.8	5.6	5.5	New Zealand (8.2)
Paying Taxes (rank)	80	76	146	142	147	105	166	133	United Arab Emirates (1)*
Paying Taxes (DTF Score)	74.24	74.24	59.71	61.87	59.01	71.17	48.60	63.83	United Arab Emirates (99.44)*
Payments (number per year)	9.0	9.0	11.0	47.0	36.0	6.0	52.0	16.0	Hong Kong SAR, China (3.0)*
Time (hours per year)	324.0	324.0	239.0	184.0	368.0	334.0	417.0	218.0	Luxembourg (55.0)
Trading Across Borders (rank)	24	39	93	142	115	44	9	84	Singapore (1)
Trading Across Borders	85.56	82.06	72.69	59.98	68.22	81.26	91.25	74.53	Singapore (96.47)

Indicator	Dominican Republic DB2015	Dominican Republic DB2014	Colombia DB2015	Haiti DB2015	Jamaica DB2015	Mexico DB2015	Panama DB2015	Puerto Rico (U.S.) DB2015	Best performer globally DB2015
(DTF Score)									
Documents to export (number)	4	5	4	8	6	4	3	5	Ireland (2)*
Time to export (days)	8.0	8.0	14.0	28.0	20.0	12.0	10.0	15.0	5 Economies (6.0)*
Cost to export (US\$ per container)	1,040.0	1,040.0	2,355.0	1,200.0	1,580.0	1,499.3	665.0	1,300.0	Timor-Leste (410.0)
Cost to export (deflated US\$ per container)	1,040.0	1,093.1	2,355.0	1,200.0	1,580.0	1,499.3	665.0	1,300.0	
Documents to import (number)	5	6	6	9	7	4	3	8	Ireland (2)*
Time to import (days)	10.0	10.0	13.0	26.0	17.0	11.2	9.0	15.0	Singapore (4.0)
Cost to import (US\$ per container)	1,145.0	1,145.0	2,470.0	1,555.0	2,180.0	1,887.6	1,030.0	1,350.0	Singapore (440.0)
Cost to import (deflated US\$ per container)	1,145.0	1,203.5	2,470.0	1,555.0	2,180.0	1,887.6	1,030.0	1,350.0	
Enforcing Contracts (rank)	73	73	168	89	117	57	84	92	Singapore (1)
Enforcing Contracts (DTF Score)	61.87	61.87	37.66	58.28	53.74	64.61	58.87	58.03	Singapore (89.54)
Time (days)	460.0	460.0	1,288.0	530.0	655.0	388.9	686.0	620.0	Singapore (150.0)
Cost (% of claim)	40.9	40.9	47.9	42.6	45.6	30.9	38.0	25.6	Iceland (9.0)
Procedures (number)	34.0	34.0	33.0	35.0	35.0	36.8	32.0	39.0	Singapore (21.0)*
Resolving Insolvency (rank)	158	160	30	189	59	27	132	7	Finland (1)
Resolving Insolvency (DTF Score)	23.75	23.47	70.00	0.00	53.29	72.59	33.66	86.37	Finland (93.85)

Indicator	Dominican Republic DB2015	Dominican Republic DB2014	Colombia DB2015	Haiti DB2015	Jamaica DB2015	Mexico DB2015	Panama DB2015	Puerto Rico (U.S.) DB2015	Best performer globally DB2015
<b>Time (years)</b>	3.5		1.7	no practice	1.1	1.8	2.5	2.5	Ireland (0.4)
<b>Cost (% of estate)</b>	38.0	38.0	6.0	no practice	18.0	18.0	25.0	8.0	Norway (1.0)
<b>Outcome (0 as piecemeal sale and 1 as going concern)</b>	0	0	1	0	1	1	0	1	
<b>Recovery rate (cents on the dollar)</b>	9.3	8.8	72.0	0.0	64.2	68.1	27.7	73.4	Japan (92.9)
<b>Strength of insolvency framework index (0-16)</b>	6.0	6.0	10.0	no practice	6.0	11.5	6.0	15.0	5 Economies (15.0)*

Note: DB2014 rankings shown are not last year's published rankings but comparable rankings for DB2014 that capture the effects of such factors as data corrections and changes to the methodology. Trading across borders deflated and non-deflated values are identical in DB2015 because it is defined as the base year for the deflator. The best performer on time for paying taxes is defined as the lowest time recorded among all economies in the DB2015 sample that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and VAT or sales tax. If an economy has no laws or regulations covering a specific area—for example, insolvency—it receives a “no practice” mark. Similarly, an economy receives a “no practice” or “not possible” mark if regulation exists but is never used in practice or if a competing regulation prohibits such practice. Either way, a “no practice” mark puts the economy at the bottom of the ranking on the relevant indicator.

\* Two or more economies share the top ranking on this indicator. A number shown in place of an economy's name indicates the number of economies that share the top ranking on the indicator. For a list of these economies, see the *Doing Business* website (<http://www.doingbusiness.org>).

Source: *Doing Business* database.

## STARTING A BUSINESS

Formal registration of companies has many immediate benefits for the companies and for business owners and employees. Legal entities can outlive their founders. Resources are pooled as several shareholders join forces to start a company. Formally registered companies have access to services and institutions from courts to banks as well as to new markets. And their employees can benefit from protections provided by the law. An additional benefit comes with limited liability companies. These limit the financial liability of company owners to their investments, so personal assets of the owners are not put at risk. Where governments make registration easy, more entrepreneurs start businesses in the formal sector, creating more good jobs and generating more revenue for the government.

### What do the indicators cover?

*Doing Business* measures the ease of starting a business in an economy by recording all procedures officially required or commonly done in practice by an entrepreneur to start up and formally operate an industrial or commercial business—as well as the time and cost required to complete these procedures. It also records the paid-in minimum capital that companies must deposit before registration (or within 3 months). The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the procedures. It assumes that all information is readily available to the entrepreneur and that there has been no prior contact with officials. It also assumes that the entrepreneur will pay no bribes. And it assumes that the business:

- Is a limited liability company, located in the largest business city and is 100% domestically owned<sup>1</sup>.
- Has between 10 and 50 employees.
- Conducts general commercial or industrial activities.
- Has a start-up capital of 10 times income per capita.
- Has a turnover of at least 100 times income per capita.
- Does not qualify for any special benefits.
- Does not own real estate.

### WHAT THE STARTING A BUSINESS

#### INDICATORS MEASURE

#### Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration in the economy's largest business city<sup>1</sup>
- Postregistration (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 (2 procedures cannot start on the same day). Procedures that can be fully completed online are recorded as ½ 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 before registration (or within 3 months)

<sup>1</sup> For the 11 economies with a population of more than 100 million, data for a second city have been added.



## STARTING A BUSINESS

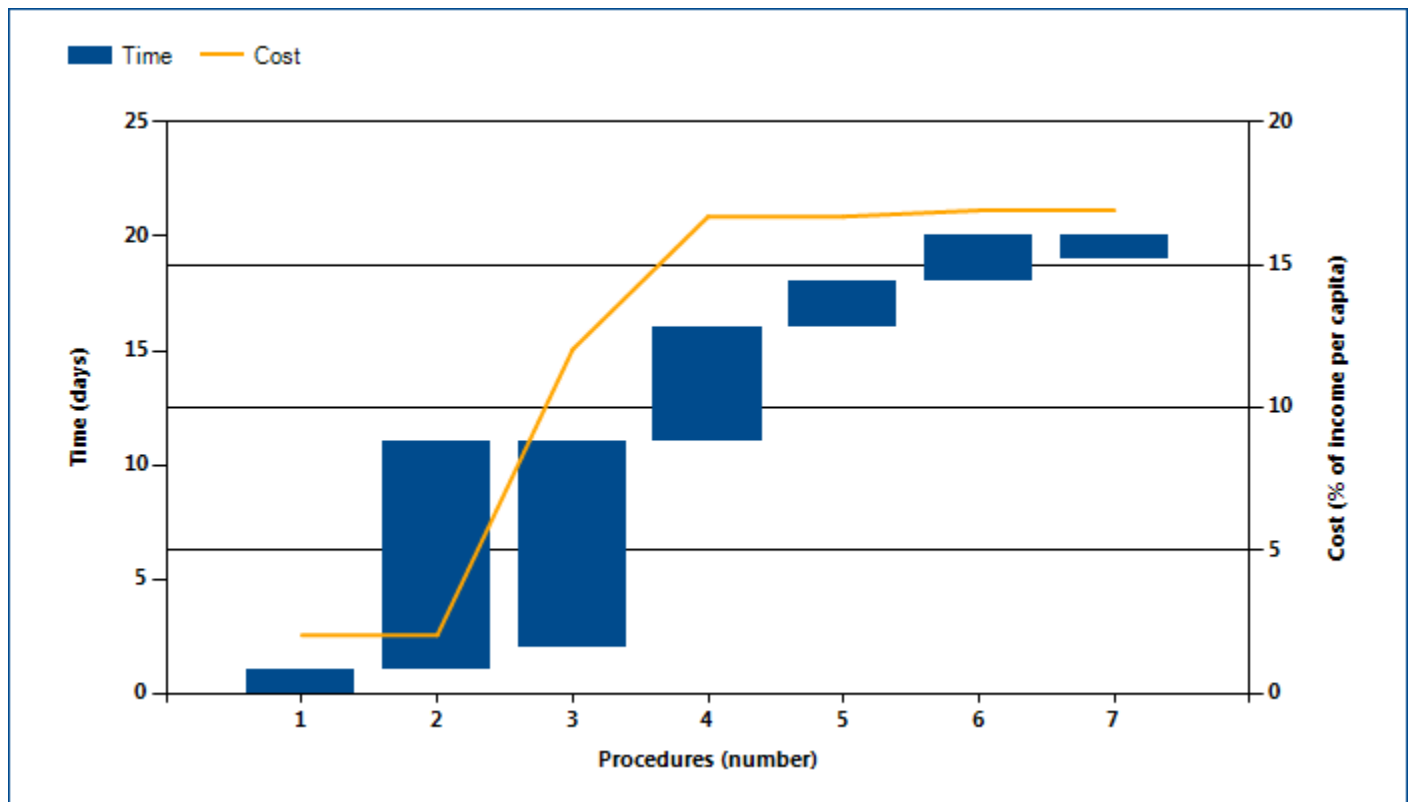
### Where does the economy stand today?

What does it take to start a business in Dominican Republic? According to data collected by *Doing Business*, starting a business there requires 7.0 procedures, takes 19.5 days, costs 16.9% of income per capita and requires paid-in minimum capital of 43.0% of income per capita (figure 2.1). Most indicator sets refer to a case scenario in

the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 2.1 What it takes to start a business in Dominican Republic -

Paid-in minimum capital (% of income per capita): 43.0



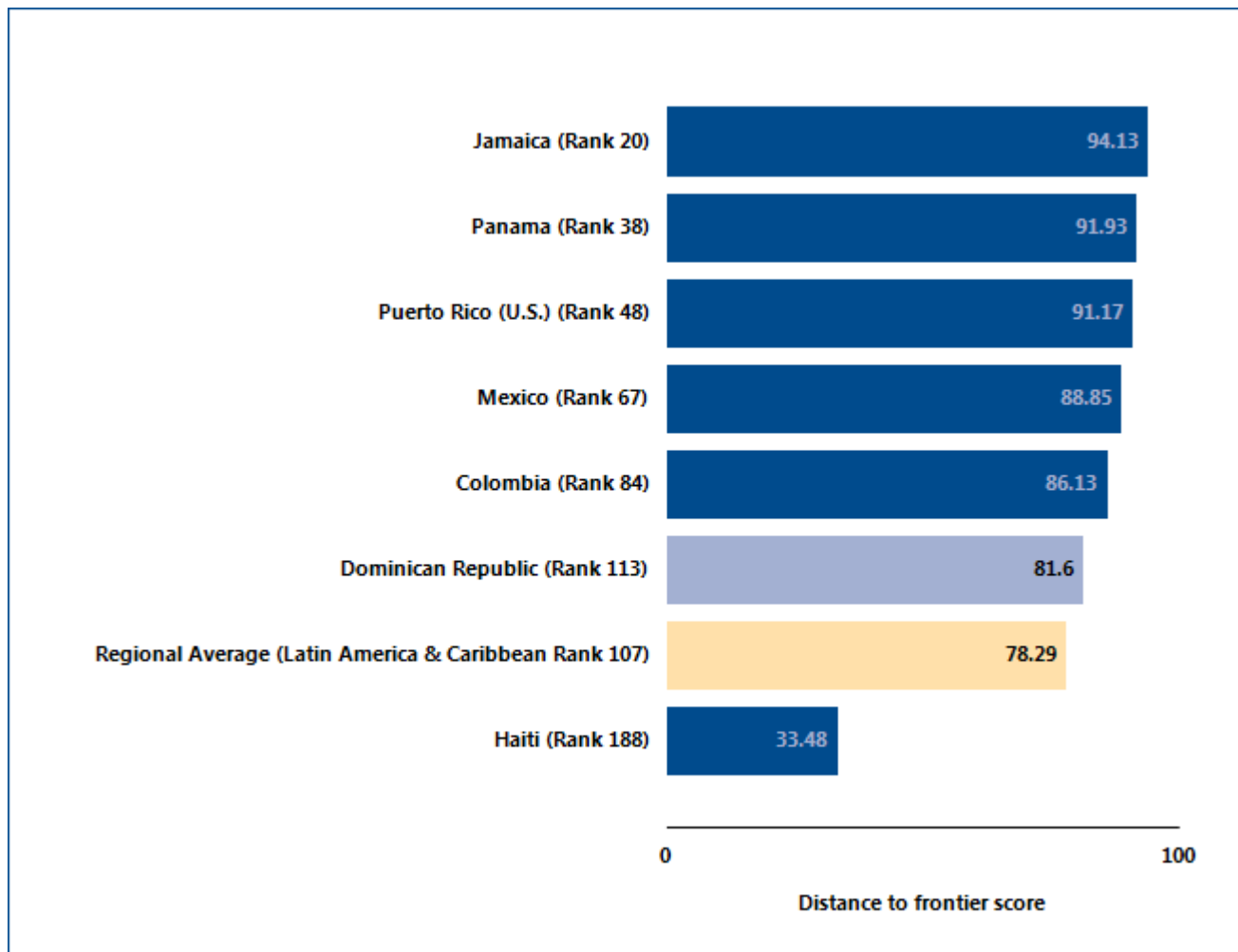
Note: Time shown in the figure above may not reflect simultaneity of procedures. Online procedures account for 0.5 days in the total time calculation. For more information on the methodology of the starting a business indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter. Source: *Doing Business* database.

### STARTING A BUSINESS

Globally, Dominican Republic stands at 113 in the ranking of 189 economies on the ease of starting a business (figure 2.2). The rankings for comparator economies and the regional average ranking provide

other useful information for assessing how easy it is for an entrepreneur in Dominican Republic to start a business.

Figure 2.2 How Dominican Republic and comparator economies rank on the ease of starting a business



Source: Doing Business database.

## STARTING A BUSINESS

Economies around the world have taken steps making it easier to start a business—streamlining procedures by setting up a one-stop shop, making procedures simpler or faster by introducing technology and reducing or eliminating minimum capital requirements. Many have undertaken business registration reforms in stages—and

they often are part of a larger regulatory reform program. Among the benefits have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities.

What business registration reforms has *Doing Business* recorded in Dominican Republic (table 2.1)?

Table 2.1 How has Dominican Republic made starting a business easier—or not?  
By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
<b>DB2011</b>	The Dominican Republic made it more difficult to start a business by setting a minimum capital requirement of 100,000 Dominican pesos (\$2,855) for its new type of company, sociedad de responsabilidad limitada (limited liability company).
<b>DB2012</b>	The Dominican Republic made starting a business easier by eliminating the requirement for a proof of deposit of capital when establishing a new company.

Note: For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.

## STARTING A BUSINESS

### What are the details?

Underlying the indicators shown in this chapter for Dominican Republic is a set of specific procedures—the bureaucratic and legal steps that an entrepreneur must complete to incorporate and register a new firm. These are identified by *Doing Business* through collaboration with relevant local professionals and the study of laws, regulations and publicly available information on business entry in that economy. Following is a detailed summary of those procedures, along with the associated time and cost. These procedures are those that apply to a company matching the standard assumptions (the “standardized company”) used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators measure).

#### STANDARDIZED COMPANY

**Legal form:** Sociedad de Responsabilidad Limitada (SRL)

**Paid in minimum capital requirement:** DOP 100,000

**City:** Santo Domingo

**Start-up Capital:** 10 times GNI per capita

Table 2.2 Summary of time, cost and procedures for starting a business in Dominican Republic -

No.	Procedure	Time to complete	Cost to complete
1	<p><b>Check company name and purchase it online</b></p> <p>With the introduction of the virtual portal the applicant can search and pay for a fee of DOP 4,755 for its company’s name. Currently, the interested party may enter <a href="http://www.onapi.gov.do">www.onapi.gov.do</a> to check and purchase the name online.</p> <p>Since December 31, 2012, the cost for publication was unified with the cost to check and purchase the company’s name. This unification was due to article 114 of the Law no. 20 00 and article 74 of the Decree Law no. 326 06.</p> <p><i>Agency: ONAPI (Oficina Nacional de la Propiedad Industrial)</i></p>	Less than one day (online procedure)	DOP 4755
2	<p><b>Arrange for the publication of the company name in the monthly publication of the National Office of Industrial Property (Oficina Nacional de la Propiedad Industrial)</b></p> <p>The company name announcement is published in a national circulation newspaper in about 10 days. The National Office of Industrial Property publishes the list of requested corporate names and their petitioners twice a month. After that publication, third parties may lodge protests within 45 days. The publication receipt suffices for the company to continue with subsequent simultaneous formalities.</p> <p>The publication can also be in the virtual portal of <a href="http://www.onapi.gov.do">www.onapi.gov.do</a> (oficina nacional de propiedad industrial-national- Intellectual Property).</p>	10 days	included in procedure 1

No.	Procedure	Time to complete	Cost to complete
	<p>After the petition or request of the registration of a commercial or trade name is made the National Office of Industrial Property (ONAPI) has a time limit of five (5) business days to issue the Formal Certificate. Since December 31, 2012, the cost for publication was unified with the cost to check and purchase the company's name. This unification was due to article 114 of the Law no. 20 00 and article 74 of the Decree Law no. 326 06.</p> <p>After requesting the registration of the commercial name, in a term of 5 business days, ONAPI issues its response; if the registration is accepted, immediately the Certificate of Registry is handed over. If ONAPI rejects the registration of the commercial name, a term of 60 days is given to the solicitor to answer the rejection. When the publication is paid, ONAPI, publishes the registered name, with the information of the certificate, in the official bulletins that are published every two weeks (15 and 30 of each month) in a newspaper of national circulation (currently ""El Nacional"").</p> <p><i>Agency: ONAPI (Oficina Nacional de la Propiedad Industrial)</i></p>		
<p><b>3</b></p>	<p><b>* Payment of the incorporation tax</b></p> <p>The relevant incorporation taxes are paid by certified check issued to the Collector of the Internal Revenue Department (Colector de Impuestos Internos), through online banking (BHD and Leon banks) or at the counter at Banco del Progreso. According to new Law of Eficiencia Recaudatoria (from April 1st 2007) the incorporation taxes have been unified and only one tax should be paid that accounts as 1% of the amount of the authorized capital. The incorporation tax can also be paid directly at the Internal Revenue Service office (Dirección General de Impuestos Internos) and Banco de Reservas. If the amount does not exceed DOP 10,000, it can be paid in cash.</p> <p><i>Agency: Internal Revenue Department</i></p>	<p>1 day (simultaneous with previous procedure)</p>	<p>1% of the capital</p>
<p><b>4</b></p>	<p><b>Register the company in the Chamber of Commerce and obtain the identification number (RNC) online</b></p> <p>The company is registered at the Chamber of Commerce of the domicile of the company. In Dominican Republic the domicile of the company is where the effective center of administration and management of the company is located. The identification (RNC) is obtained online at <a href="http://www.creatuempresa.gob.do">www.creatuempresa.gob.do</a>. However the virtual portal is currently in an upgrade process due to the new company law that brings new type of companies like the SRL and the EIRL.</p> <p>The following documents have to be filed at the Mercantile Registry at the Chamber of Commerce:</p> <ul style="list-style-type: none"> <li>- Bylaws properly signed;</li> <li>- General Constitutive Assembly with its corresponding list of presence</li> </ul>	<p>5 days</p>	<p>DOP 10,800</p>

No.	Procedure	Time to complete	Cost to complete
	<p>of Associates;</p> <ul style="list-style-type: none"> <li>- List of the distribution of each of the associate's investment to the company and their corresponding amounts of corporate quotas;</li> <li>- Application Form for registration of Limited Liability Company, duly completed and signed by the authorized manager or agent (must attach original power of attorney, if applicable).</li> <li>- Association Partnership Agreement;</li> <li>- Receipt of payment of incorporation taxes;</li> <li>- Photocopies of identity card;</li> <li>- Copy of Business Name Registration issued by the National Office of Industrial Property (ONAPI).</li> </ul> <p>In December 2013, the Chamber of Commerce made company registration available online at <a href="http://www.formalizate.gob.do/">http://www.formalizate.gob.do/</a>. This electronic method of registration is not yet widely used in practice, but it is available to business entrepreneurs in Santo Domingo.</p> <p><i>Agency: Chamber of Commerce</i></p>		
<p>5</p>	<p><b>File for the National Taxpayers Registry at the Internal Revenue Service (DGII) and apply for fiscal receipts</b></p> <p>According to Decree 254-06, companies that render services or whose operations require the transfer of goods must issue receipts with a fiscal number (numero de comprobante fiscal). The application can be made online. Within 5 working days, the Internal Tax Directorate must analyze the information and notify the taxpayer (either physically or electronically) of the administrative resolution of the authorization to issue the fiscal receipts.</p> <p>Even in the case that the application for the National Taxpayers Registry is made online, through the Internal Revenue Service's webpage, physical documents still need to be filed at the Internal Revenue Service. Additionally, even if the incorporation is undertaken via the virtual portal <a href="http://www.creatuempresa.gob.do">www.creatuempresa.gob.do</a>, physical documents still need to be filed both at the Mercantile Registry and the Internal Revenue Service.</p> <p><i>Agency: General Agency of Internal Revenue</i></p>	<p>2 days</p>	<p>no charge</p>
<p>6</p>	<p><b>Register local employees with the Department of Labor</b></p> <p>Forms DGT-3 must be completed within the first week of employment. The following forms, found at the local Department of Labor office, must be filed: a list of permanent personnel and employee work schedules and vacation periods. This procedure can be completed only once the taxpayer's identification number has been obtained.</p> <p><i>Agency: Department of Labor</i></p>	<p>2 days</p>	<p>DOP 500</p>

No.	Procedure	Time to complete	Cost to complete
7	<p><b>* Register employees at the Social Security Office (Tesorería de la Seguridad Social)</b></p> <p>The company shall registered and file the list of its employees at the Social Security National Treasury (Tesorería Nacional de la Seguridad Social, TNSS), a dependency of the main social security office (Consejo Nacional de Seguridad Social, CNSS).</p> <p>According to the Law 188-07 dated August 2007 the TNSS is under the obligation of updating the above mentioned percentages. Under Law 87-01, employers must register employees at the CNSS within 3 days of hiring them or upon the start of business. This procedure can be done online: <a href="http://www.tss.gov.do/">http://www.tss.gov.do/</a> or at the Tesorería Nacional de la Seguridad Social.</p> <p><i>Agency: Social security office (Tesorería de la Seguridad Social)</i></p>	<p>1 day (simultaneous with previous procedure)</p>	<p>no charge</p>

\* Takes place simultaneously with another procedure.

*Note:* Online procedures account for 0.5 days in the total time calculation.

*Source:* Doing Business database.

## DEALING WITH CONSTRUCTION PERMITS

Regulation of construction is critical to protect the public. But it needs to be efficient, to avoid excessive constraints on a sector that plays an important part in every economy. Where complying with building regulations is excessively costly in time and money, many builders opt out. They may pay bribes to pass inspections or simply build illegally, leading to hazardous construction that puts public safety at risk. Where compliance is simple, straightforward and inexpensive, everyone is better off.

### What do the indicators cover?

*Doing Business* records the procedures, time and cost for a business in the construction industry to obtain all the necessary approvals to build a warehouse in the economy's largest business city, connect it to basic utilities and register the warehouse so that it can be used as collateral or transferred to another entity.

The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the warehouse, including the utility connections.

The business:

- Is a limited liability company operating in the construction business and located in the largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added. Is domestically owned and operated.
- Has 60 builders and other employees.

The warehouse:

- Is valued at 50 times income per capita.
- Is a new construction (there was no previous construction on the land).

### WHAT THE DEALING WITH CONSTRUCTION PERMITS INDICATORS MEASURE

#### Procedures to legally build a warehouse (number)

Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates

Submitting all required notifications and receiving all necessary inspections

Obtaining utility connections for water and sewerage

Registering the warehouse after its completion (if required for use as collateral or for transfer of the warehouse)

#### Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day. Procedures that can be fully completed online are recorded as ½ day.

Procedure considered completed once final document is received

No prior contact with officials

#### Cost required to complete each procedure (% of warehouse value)

Official costs only, no bribes

- Will have complete architectural and technical plans prepared by a licensed architect or engineer.
- Will be connected to water and sewerage (sewage system, septic tank or their equivalent). The connection to each utility network will be 150 meters (492 feet) long.
- Will be used for general storage, such as of books or stationery (not for goods requiring special conditions).
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).



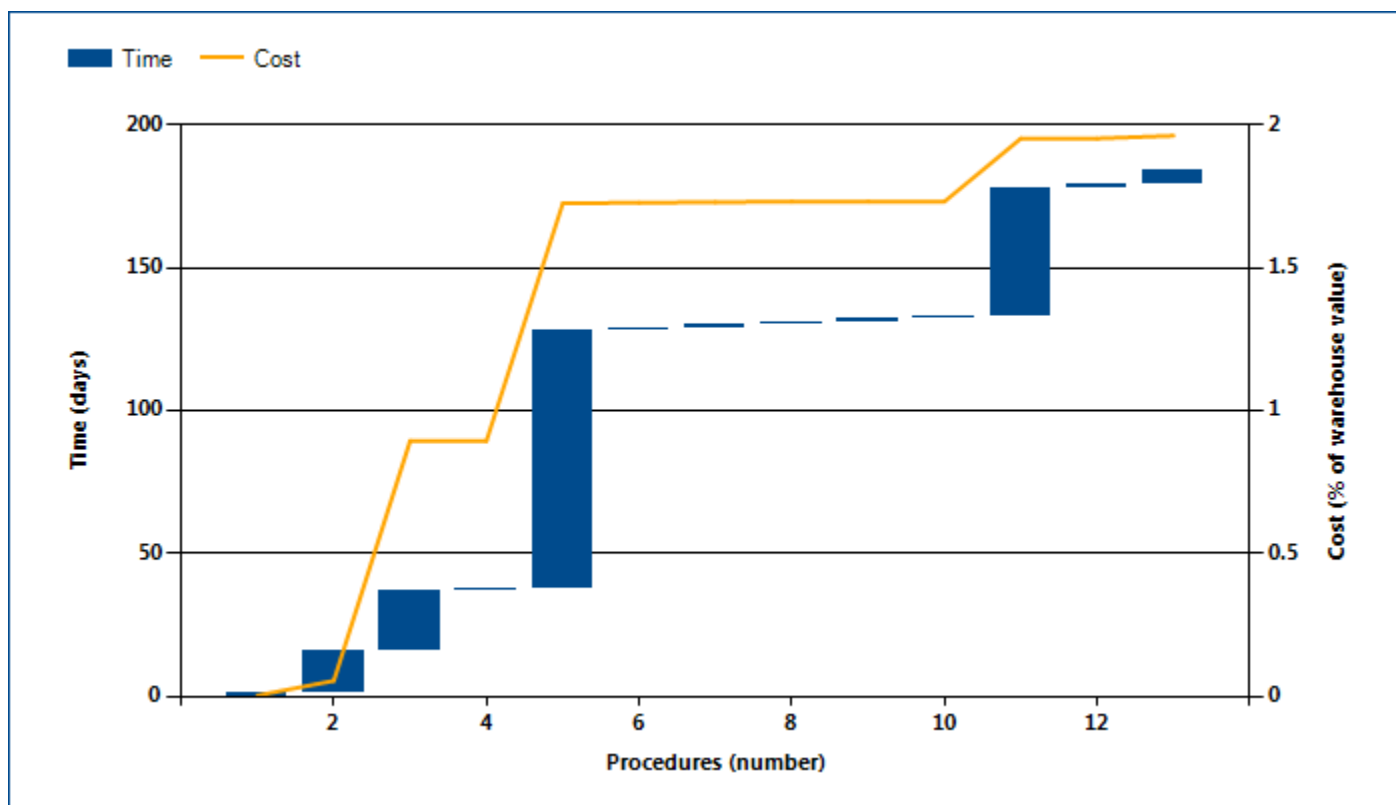
## DEALING WITH CONSTRUCTION PERMITS

### Where does the economy stand today?

What does it take to comply with the formalities to build a warehouse in Dominican Republic? According to data collected by *Doing Business*, dealing with construction permits there requires 13.0 procedures, takes 184.0 days and costs 2.0% of the warehouse value (figure 3.1). Most indicator sets refer to a case scenario in the largest

business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 3.1 What it takes to comply with formalities to build a warehouse in Dominican Republic -



Note: Time shown in the figure above may not reflect simultaneity of procedures. Online procedures account for 0.5 days in the total time calculation. For more information on the methodology of the dealing with construction permits indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter.

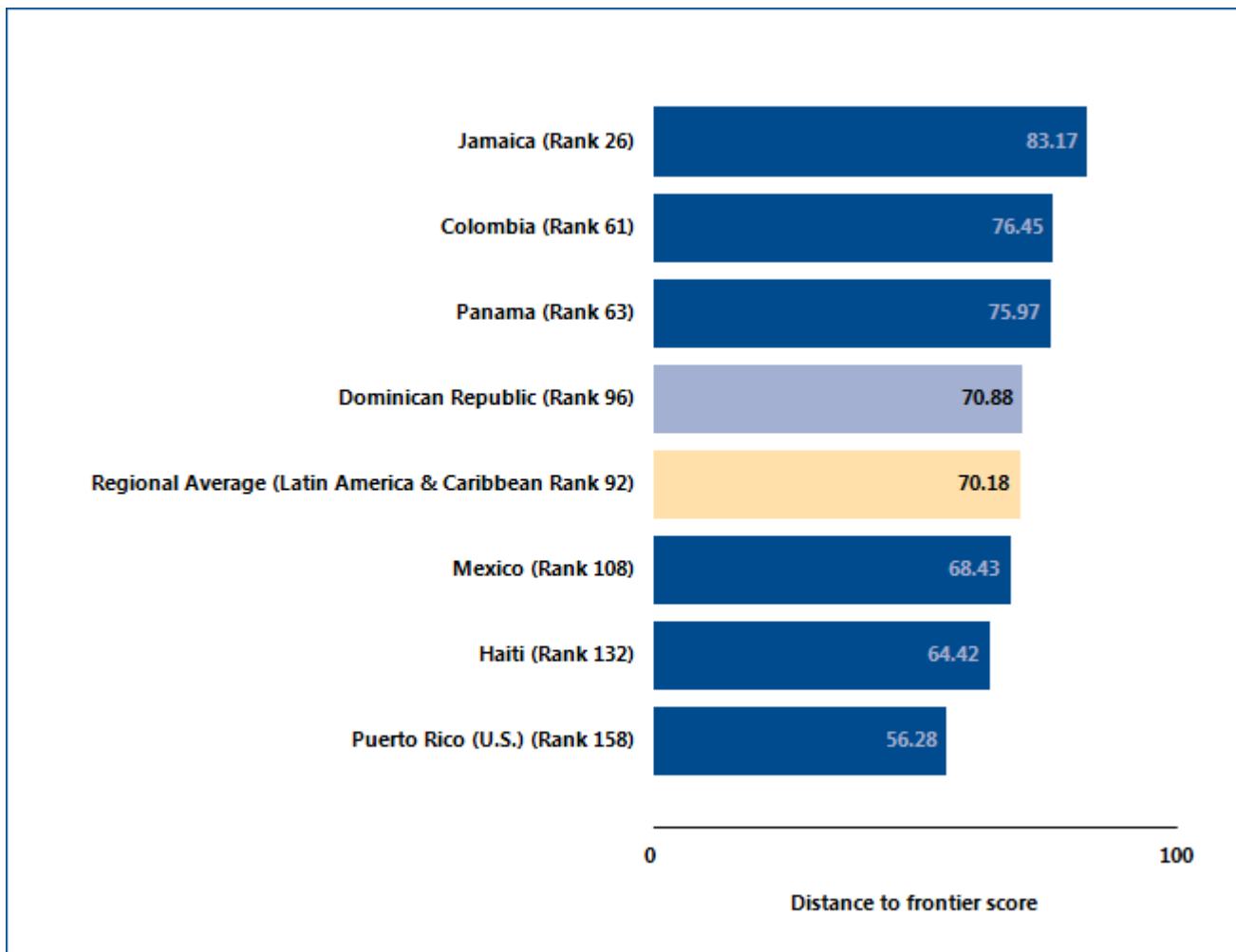
Source: *Doing Business* database.

### DEALING WITH CONSTRUCTION PERMITS

Globally, Dominican Republic stands at 96 in the ranking of 189 economies on the ease of dealing with construction permits (figure 3.2). The rankings for comparator economies and the regional average ranking

provide other useful information for assessing how easy it is for an entrepreneur in Dominican Republic to legally build a warehouse.

Figure 3.2 How Dominican Republic and comparator economies rank on the ease of dealing with construction permits



Source: Doing Business database.

## DEALING WITH CONSTRUCTION PERMITS

Smart regulation ensures that standards are met while making compliance easy and accessible to all. Coherent and transparent rules, efficient processes and adequate allocation of resources are especially important in sectors where safety is at stake. Construction is one of them. In an effort to ensure building safety while keeping

compliance costs reasonable, governments around the world have worked on consolidating permitting requirements. What construction permitting reforms has *Doing Business* recorded in Dominican Republic (table 3.1)?

Table 3.1 How has Dominican Republic made dealing with construction permits easier—or not?

By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
<b>DB2015</b>	The Dominican Republic made dealing with construction permits more costly by increasing the building permit fees.

*Note:* For information on reforms in earlier years (back to DB2006), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## DEALING WITH CONSTRUCTION PERMITS

### What are the details?

The indicators reported here for Dominican Republic are based on a set of specific procedures—the steps that a company must complete to legally build a warehouse—identified by *Doing Business* through information collected from experts in construction licensing, including architects, civil engineers, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations. These procedures are those that apply to a company and structure matching the standard assumptions used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover).

#### BUILDING A WAREHOUSE

**Estimated cost of construction :** **DOP 11,624,559**

**City :** **Santo Domingo**

The procedures, along with the associated time and cost, are summarized below.

Table 3.2 Summary of time, cost and procedures for dealing with construction permits in Dominican Republic

No.	Procedure	Time to complete	Cost to complete
1	<p><b>Request a certificate to use the land and a certificate of no objection ("Certificado de uso de suelo", "certificado de no objecion") and receive inspection by the Municipal Council (Departamento de Planeamiento Urbano)</b></p> <p>Following the Doing Business case study assumptions and based on Resolution 5/2004 one needs to request a certificate to use the land and also obtain a certificate of no objection prior to obtaining the construction permit. Moreover, in order to obtain the certificate to use the land an inspection by the Municipal Council is required (the official cost for this inspection is DOP 500.00.).</p> <p>The land-use certificate confers the right to build on the plot, but it does not authorize construction. The certificate ensures that the project conforms to zoning regulations.</p> <p>The certificate of no objection is a certificate which according to your project plans, elevations and sections approves and appoints the urban design parameters.</p> <p>The request must be accompanied by several documents related to the land, including:</p> <ul style="list-style-type: none"> <li>• A copy (simple, unnotarized) of the real property deed for the plot (does not have to be recently obtained)</li> <li>• A cadastral plan</li> <li>• A map of the project's location and a first draft of the project design drawings</li> </ul> <p><i>Agency: Municipal Council (Departamento de Planeamiento Urbano)</i></p>	1 day	DOP 500

No.	Procedure	Time to complete	Cost to complete
2	<p><b>Obtain a certificate to use the land and a certificate of no objection ("certificación de uso de suelo" y "certificación de no objeción" )</b></p> <p>According to Resolution 5/2004, the cost to obtain a certificate to use the land is DOP 1,000 and the cost to obtain the certificate of no objection is DOP 5,000.</p> <p><i>Agency: Municipal Council (Departamento de Planeamiento Urbano)</i></p>	15 days	DOP 6,000
3	<p><b>Request and obtain approval of project design drawings by the Municipal Council</b></p> <p>The request for approval of the project design drawings must be accompanied by several documents, including the property deed, the cadastral plan, and project design drawings, certified by an architect or engineer registered at the Dominican College of Engineers and Architects (CODIA) by the corresponding Municipal Council. BuildCo must request an inspection upon filing the project drawings. This is a prerequisite for other procedures.</p> <p>Once the request is approved by the Municipal Council, the Municipality forwards the request to the Ministry of Public Works and Communications. The Ministry then grants a construction license for the project. The license is granted to the project itself and not to BuildCo. During this process, BuildCo must follow up with both agencies to ensure license processing. Construction must commence within 1 year from the date of issuance of the license.</p> <p>According to Resolution #5 2004 of the National District Office (Ayuntamiento del Distrito Nacional de Santo Domingo) the official cost for the construction of a warehouse is DOP 75.00 per sq. m. For a warehouse of 1300.6 sq. m. the total cost will be DOP 97,545.00.</p> <p><i>Agency: Municipal Council (Departamento de Planeamiento Urbano del Ayuntamiento de la jurisdicción correspondiente)</i></p>	21 days	DOP 97,545
4	<p><b>Receive inspection by the Ministry of Public Works and Communications</b></p> <p>An inspector from the Inspection Department of the Ministry of Public Works (Departamento de Inspección de la Secretaría de Estado de Obras Públicas) inspects the site to determine the project's magnitude, taxes and license fees.</p> <p><i>Agency: Ministry of Public Works and Communications (Inspectorate)</i></p>	1 day	no charge
5	<p><b>Request and obtain construction permit from the Ministry of Public Works and Communications</b></p> <p>Fees are paid once the license has been approved and the inspector has valued the project. The formula used by the Ministry of Public</p>	90 days	DOP 96,629

No.	Procedure	Time to complete	Cost to complete
	<p>Works and Communications to determine the project value is DOP 16,510.20 per sq. m (1,300.6 sq. m. x DOP 16,510 = DOP 21,473,166.12).</p> <p>Thus, the applicable administrative fees (based on a project value of 21,473,166.12 DOP ) for this procedure are as follows:</p> <ul style="list-style-type: none"> <li>• Construction permit, equivalent to 2.5 X 1,000 of the construction cost: DOP 53,682.9</li> <li>• Fee for the Dominican College of Engineers and Architects (CODIA), equivalent to 2 X 1,000 of the construction cost: DOP 42,946.3</li> </ul> <p>TOTAL: DOP 96,629.2</p> <p><i>Agency: Ministry of Public Works and Communications (Ministerio de Obras Publicas y Comunicaciones)</i></p>		
6	<p><b>Receive an inspection before the lintel (zapata) of the project is made</b></p> <p>The inspection is carried out by an inspector from the Inspection Department of the Ministry of Public Works and Communications (Departamento de Inspeccion de la Secretaria de Estado de Obras Publicas y Comunicaciones).</p> <p><i>Agency: Ministry of Public Works and Communications</i></p>	1 day	DOP 232
7	<p><b>Receive an inspection before the space between galleries (entrepiso) is completed</b></p> <p><i>Agency: Ministry of Public Works and Communications</i></p>	1 day	DOP 232
8	<p><b>Receive an inspection before the roof of the project is completed</b></p> <p><i>Agency: Ministry of Public Works and Communications</i></p>	1 day	DOP 232
9	<p><b>Request water and sewage connection</b></p> <p><i>Agency: Corporation of Aqueduct and Sewage System of Santo Domingo (CAASD)</i></p>	1 day	no charge

No.	Procedure	Time to complete	Cost to complete
10	<p><b>Receive on-site inspection for water and sewage connection</b></p> <p>Agency: Corporation of Aqueduct and Sewage System of Santo Domingo (CAASD)</p>	1 day	no charge
11	<p><b>Receive water and sewage connection</b></p> <p>A contract must be executed with the Corporation of Aqueducts and Sewage System of Santo Domingo.</p> <p>Agency: Corporation of Aqueduct and Sewage System of Santo Domingo (CAASD)</p>	45 days	DOP 25,632
12	<p><b>Notify the Ministry of Public Works and Communications of building completion</b></p> <p>Agency: Ministry of Public Works and Communications (Dirección de Edificación de la Secretaría de Estado de Obras Públicas)</p>	1 day	no charge
13	<p><b>Receive final inspection</b></p> <p>Once notified of construction completion, the Ministry of Public Works undertakes a final on-site inspection. Usually, the inspectors visit the site in about a week or so. To obtain the final inspection, BuildCo must pay internal taxes of DOP 1,160.00 (five times the tax of DOP 232.00). This inspection verifies if the transit regulations have been fulfilled and examines the roof's impermeability, the sanitary installations, the electrical installations, the door, floor, and window installations, and security safety (fire).</p> <p>Agency: Ministry of Public Works and Communications</p>	5 days	DOP 1,160

\* Takes place simultaneously with another procedure.

Note: Online procedures account for 0.5 days in the total time calculation.

Source: Doing Business database.

## GETTING ELECTRICITY

Access to reliable and affordable electricity is vital for businesses. To counter weak electricity supply, many firms in developing economies have to rely on self-supply, often at a prohibitively high cost. Whether electricity is reliably available or not, the first step for a customer is always to gain access by obtaining a connection.

*What do the indicators cover?*

*Doing Business* records all procedures required for a local business to obtain a permanent electricity connection and supply for a standardized warehouse, as well as the time and cost to complete them. These procedures include applications and contracts with electricity utilities, clearances from other agencies and the external and final connection works. The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, several assumptions are used.

The warehouse:

- Is owned by a local entrepreneur, located in the economy's largest business city, in an area where other warehouses are located. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- Is not in a special economic zone where the connection would be eligible for subsidization or faster service.
- Is located in an area with no physical constraints (ie. property not near a railway).
- Is a new construction being connected to electricity for the first time.
- Is 2 stories, both above ground, with a total surface of about 1,300.6 square meters (14,000 square feet), is built on a plot of 929 square meters (10,000 square feet), is used for storage of refrigerated goods

The electricity connection:

- Is 150 meters long and is a 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity) connection.

### WHAT THE GETTING ELECTRICITY INDICATORS MEASURE

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

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

- Official costs only, no bribes
- Excludes value added tax
- Is to either the low-voltage or the medium-voltage distribution network and either overhead or underground, whichever is more common in the area where the warehouse is located. Included only negligible length in the customer's private domain.
- Requires crossing of a 10-meter road but all the works are carried out in a public land, so there is no crossing into other people's private property.
- Involves installing one electricity meter. The monthly electricity consumption will be 26880 kilowatt hour (kWh). The internal electrical wiring has been completed.



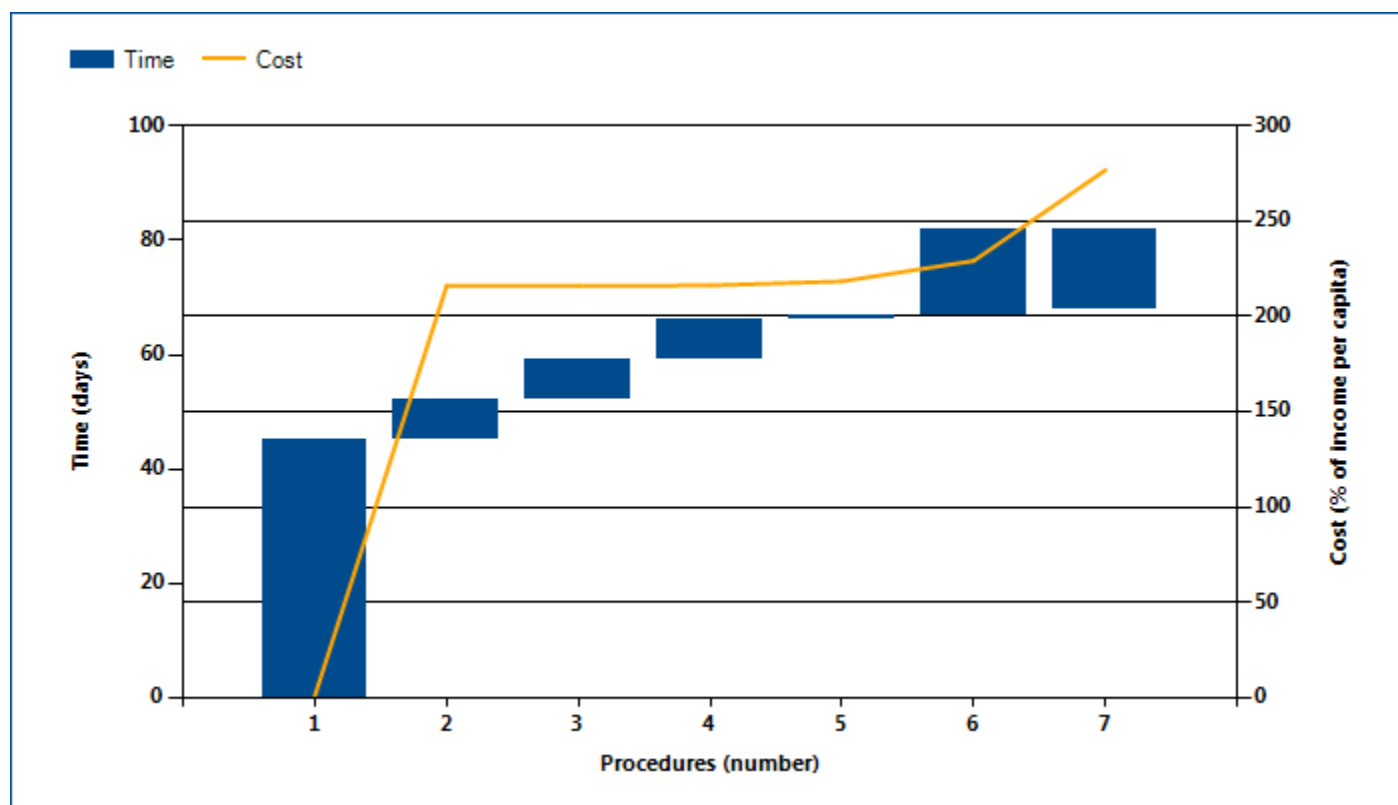
## GETTING ELECTRICITY

### Where does the economy stand today?

What does it take to obtain a new electricity connection in Dominican Republic? According to data collected by *Doing Business*, getting electricity there requires 7.0 procedures, takes 82.0 days and costs 276.9% of income per capita (figure 4.1).

Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 4.1 What it takes to obtain an electricity connection in Dominican Republic -



Note: Time shown in the figure above may not reflect simultaneity of procedures. For more information on the methodology of the getting electricity indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter.

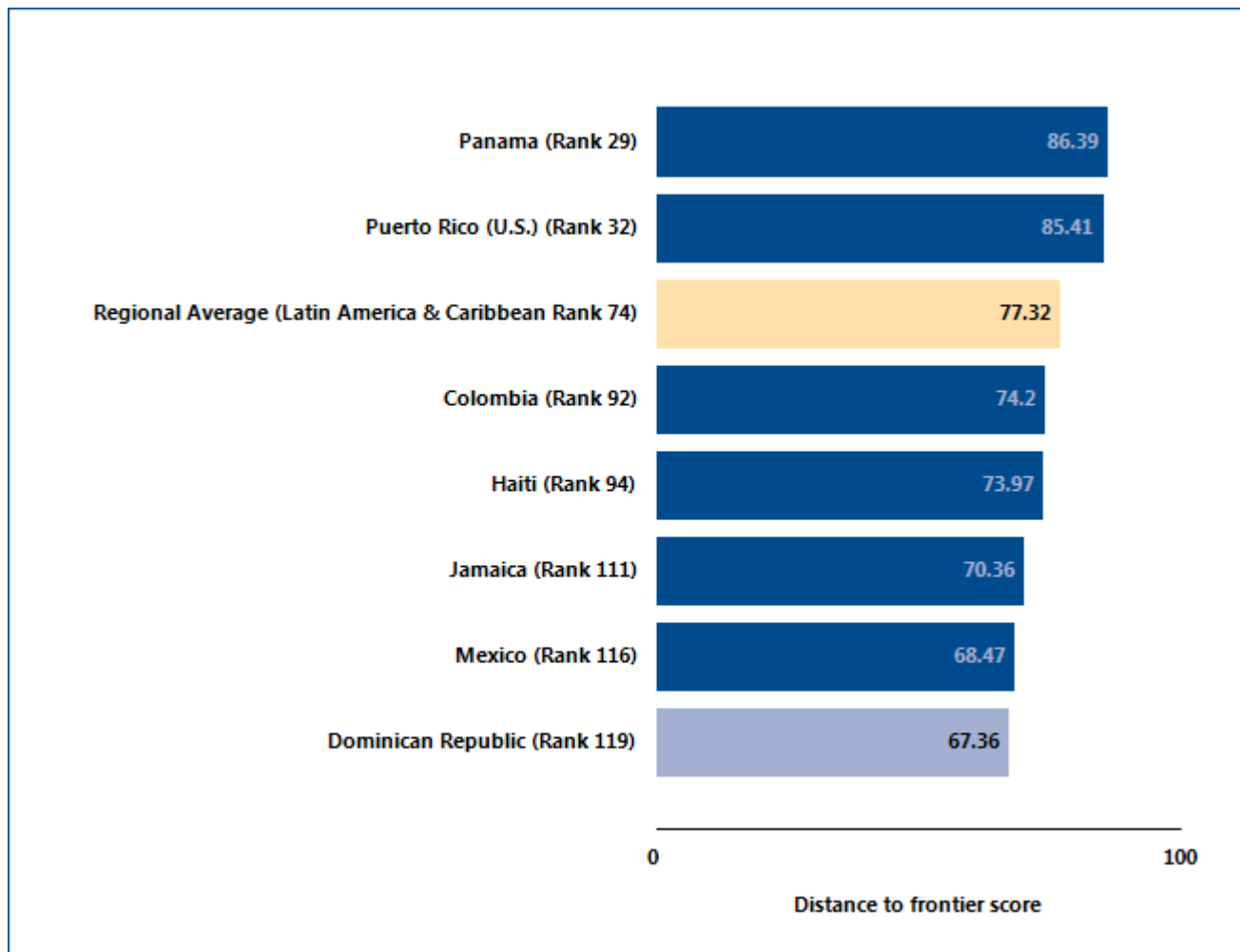
Source: *Doing Business* database.

### GETTING ELECTRICITY

Globally, Dominican Republic stands at 119 in the ranking of 189 economies on the ease of getting electricity (figure 4.2). The rankings for comparator economies and the regional average ranking provide

another perspective in assessing how easy it is for an entrepreneur in Dominican Republic to connect a warehouse to electricity.

Figure 4.2 How Dominican Republic and comparator economies rank on the ease of getting electricity



Source: Doing Business database.

## GETTING ELECTRICITY

### What are the details?

The indicators reported here for Dominican Republic are based on a set of specific procedures—the steps that an entrepreneur must complete to get a warehouse connected to electricity by the local distribution utility—identified by *Doing Business*. Data are collected from the distribution utility, then completed and verified by electricity regulatory agencies and independent professionals such as electrical engineers, electrical contractors and construction companies. The electricity distribution utility surveyed is the one serving the area (or areas) in which warehouses are located. If there is a choice of distribution utilities, the one serving the largest number of customers is selected.

#### OBTAINING AN ELECTRICITY CONNECTION

**Name of utility:** EdeSur

**City:** Santo Domingo

The procedures are those that apply to a warehouse and electricity connection matching the standard assumptions used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover). The procedures, along with the associated time and cost, are summarized below.

Table 4.2 Summary of time, cost and procedures for getting electricity in Dominican Republic -

No.	Procedure	Time to complete	Cost to complete
1	<p><b>Obtain approval of electrical plans from EDESUR</b></p> <p>A certified electrician of the client designs the interconnection plans and sends them to EDESUR for approval. In those plans the electrician specifies the nature of the transformer to be installed. Two copies of the plans need to be submitted to nearest commercial office of EDESUR to the neighborhood of the warehouse. EDESUR analyses the interconnection plans and suggest corrections. Two or three visits to EDESUR to correct plans are usual. A tax of RD\$ 1,500 must be paid at the time of submission of the application by the client and RD\$ 500 for any further visit for submission of corrected plans. When the final connections have been approved, the client will have to submit 6 copies of the plans and will get back 5 of them duly stamped by EDESUR.</p> <p><i>Agency: EDESUR</i></p>	45 calendar days	DOP 2,500
2	<p><b>An electrician hired by the client does the external works</b></p> <p>Once the interconnection plans have been approved by EDESUR, the client hires an electrician to build the electric system (medium voltage net, substation, meter, etc.)</p> <p><i>Agency: Electrician</i></p>	7 calendar days	DOP 500,000

No.	Procedure	Time to complete	Cost to complete
3	<p><b>Receive external inspection by EDESUR</b></p> <p>EDESUR comes to check that the works follow the approved plan and raises observations to correct those works which do not follow the approved plans. The client must request the inspection when he considers everything is ready for interconnection. The first inspections do not bear any cost, but EDESUR charges RD\$ 500 for each inspection after the third one. EDESUR delivers a letter of approval (carta de Aceptación de la Obra).</p> <p><i>Agency: Edesur</i></p>	7 calendar days	DOP 0
4	<p><b>Receive interconnection estimate by EDESUR</b></p> <p>The interconnection estimate contains the cost that the client must pay to EDESUR to carry out the interconnection works to the electricity distribution network. The client must submit the final letter of approval of EDESUR, two copies of the approved plans, a CD with the approved plan in DWG, a letter of request of estimate and he has to pay a stamp duty of RD\$ 500.</p> <p><i>Agency: Edesur</i></p>	7 calendar days	DOP 500
5	<p><b>Client pays taxes to CODIA</b></p> <p>After receiving the interconnection estimate from EDESUR, the client must pay the stamp duty of CODIA. The client must pay within 3 months. After payment has been done, EDESUR will carry out the interconnection works.</p> <p><i>Agency: CODIA</i></p>	1 calendar day	DOP 5,000
6	<p><b>Receive external works by EDESUR</b></p> <p>Interconnection works are carried out by EDESUR with a TCT team (Brigada de Trabajo Con Tensión). If the works cannot be carried out with full voltage, EDESUR will stop the energy in the circuit and will charge that cost to the client.</p> <p><i>Agency: Edesur</i></p>	15 calendar days	DOP 25,000
7	<p><b>* Client signs supply contract with EDESUR and meter is installed</b></p> <p>The client has to open a user account with EDESUR. The client has to deposit an amount which is reimbursed at the cancelation of the contract. The deposit equals twice the client's bill in RD\$. That is</p>	7 calendar days	DOP 110,735.16

No.	Procedure	Time to complete	Cost to complete
	<p>calculated on the basis of the capacity declared by the client or as a percentage of the substation capacity which would go between 60 to 80%. Law 125-01 establishes a payment of monthly interest for the deposit but this dispositions have not been implemented yet.</p> <p><i>Agency: Edesur</i></p>		

\* Takes place simultaneously with another procedure.

Source: *Doing Business* database.

## REGISTERING PROPERTY

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. And where property is informal or poorly administered, it has little chance of being accepted as collateral for loans—limiting access to finance.

### What do the indicators cover?

*Doing Business* records the full sequence of procedures necessary for a business to purchase property from another business and transfer the property title to the buyer's name. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it. The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned and perform general commercial activities.
- Are located in the economy's largest business city<sup>2</sup>.
- Have 50 employees each, all of whom are nationals.

The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Is registered in the land registry or cadastral, or both, and is free of title disputes.
- Property will be transferred in its entirety.

### WHAT THE REGISTERING PROPERTY INDICATORS MEASURE

#### 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<sup>2</sup>

Postregistration (for example, filing title with the municipality)

#### Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day. Procedures that can be fully completed online are recorded as ½ day.

Procedure considered completed once final document is received

No prior 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

- Is located in a periurban commercial zone, and no rezoning is required.
- Has no mortgages attached, has been under the same ownership for the past 10 years.
- Consists of 557.4 square meters (6,000 square feet) of land and a 10-year-old, 2-story warehouse of 929 square meters (10,000 square feet). The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. There is no heating system.

<sup>2</sup> For the 11 economies with a population of more than 100 million, data for a second city have been added.

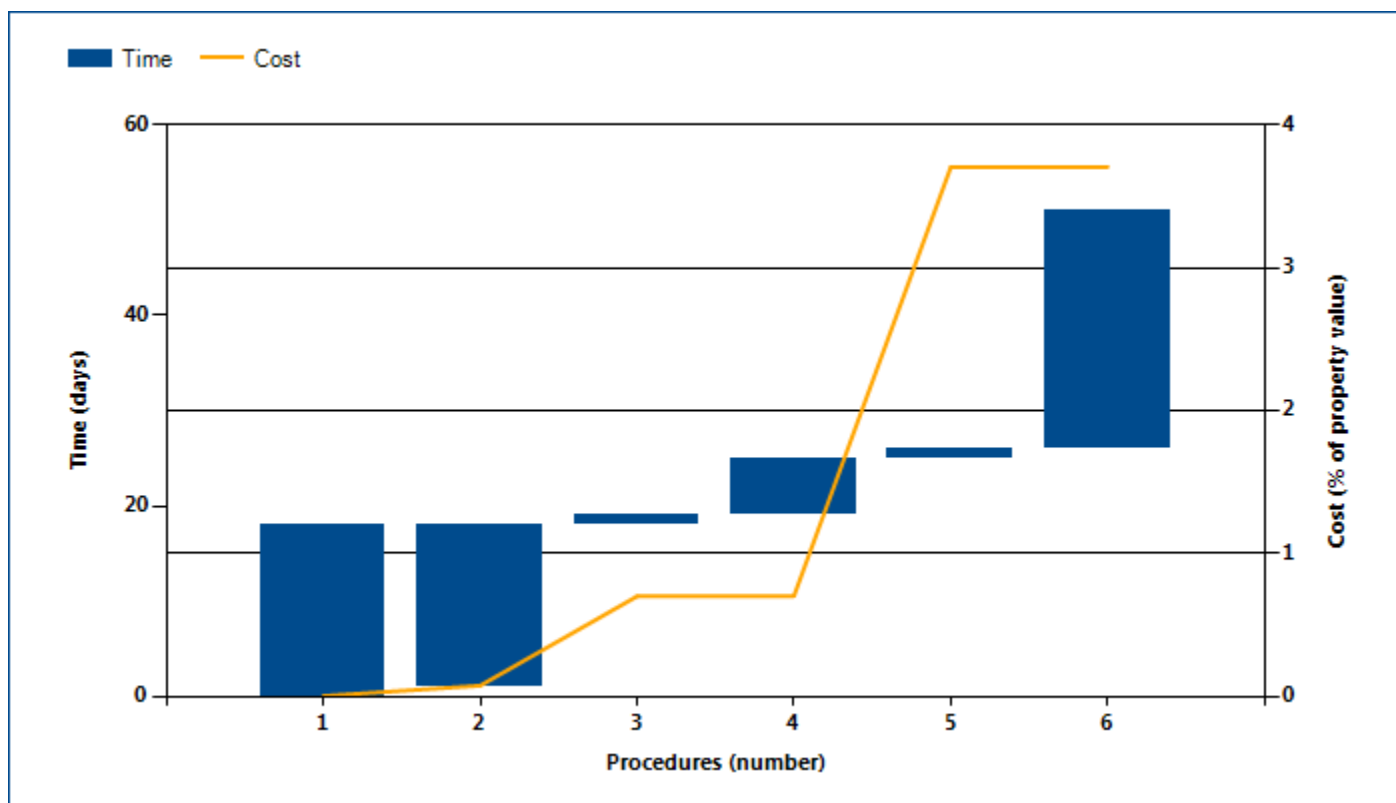
## REGISTERING PROPERTY

### Where does the economy stand today?

What does it take to complete a property transfer in Dominican Republic? According to data collected by *Doing Business*, registering property there requires 6.0 procedures, takes 51.0 days and costs 3.7% of the property value (figure 5.1).

Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 5.1 What it takes to register property in Dominican Republic -



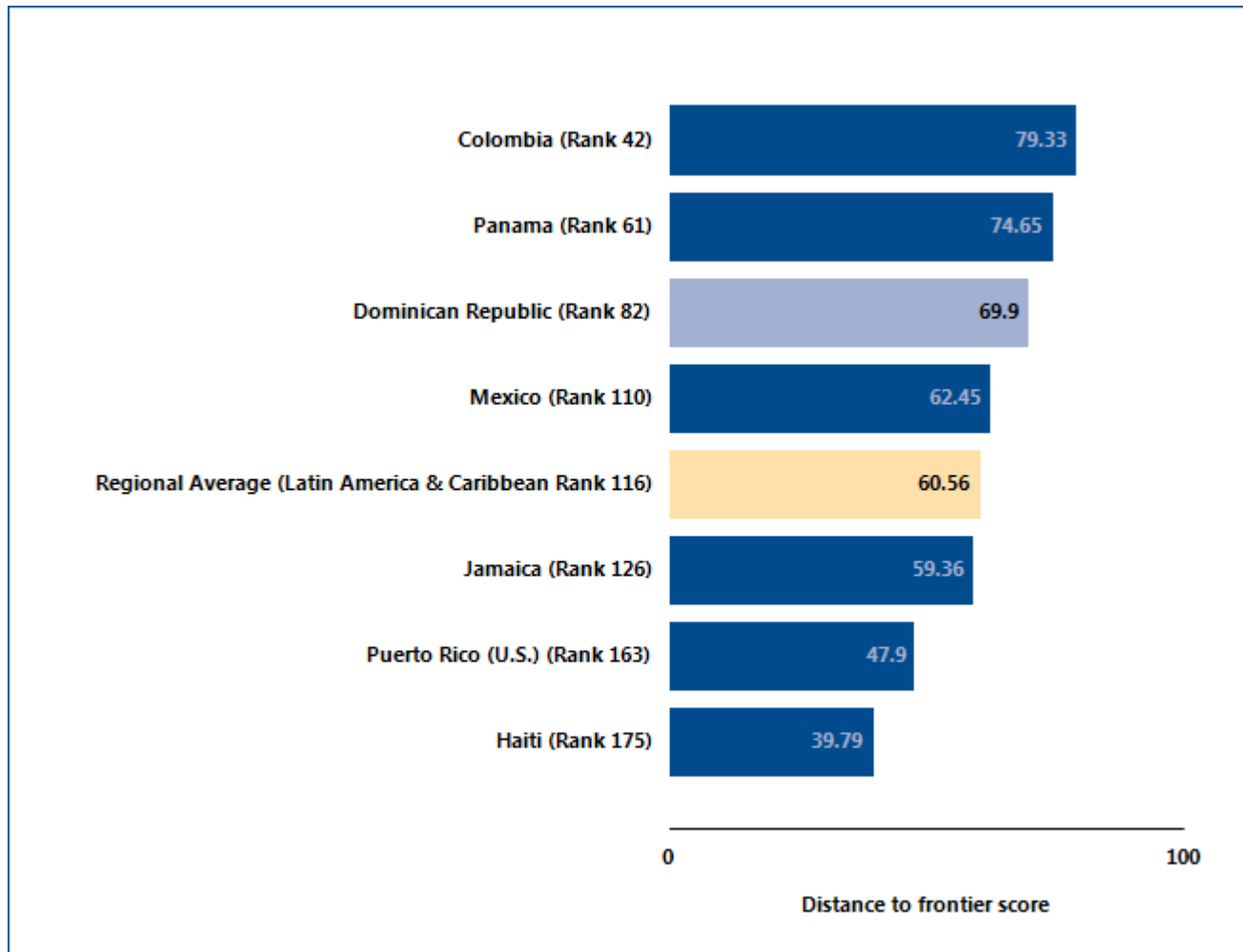
Note: Time shown in the figure above may not reflect simultaneity of procedures. Online procedures account for 0.5 days in the total time calculation. For more information on the methodology of the registering property indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter. Source: *Doing Business* database.

### REGISTERING PROPERTY

Globally, Dominican Republic stands at 82 in the ranking of 189 economies on the ease of registering property (figure 5.2). The rankings for comparator economies and

the regional average ranking provide other useful information for assessing how easy it is for an entrepreneur in Dominican Republic to transfer property.

Figure 5.2 How Dominican Republic and comparator economies rank on the ease of registering property



Source: Doing Business database.



## REGISTERING PROPERTY

### What are the details?

The indicators reported here are based on a set of specific procedures—the steps that a buyer and seller must complete to transfer the property to the buyer’s name—identified by *Doing Business* through information collected from local property lawyers, notaries and property registries. These procedures are those that apply to a transaction matching the standard assumptions used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover).

STANDARD PROPERTY TRANSFER	
<b>Property value:</b>	<b>DOP 11,624,559</b>
<b>City:</b>	<b>Santo Domingo</b>

The procedures, along with the associated time and cost, are summarized below.

Table 5.2 Summary of time, cost and procedures for registering property in Dominican Republic

No.	Procedure	Time to complete	Cost to complete
1	<p><b>Obtain a judicial status certificate from the title Registry Office.</b></p> <p>A non-encumbrance certificate ("Certificado del Estado de la Propiedad") must be obtained from the Property Registry in order to ensure that the property has no liens and there are no other conflicts related to it. The time varies in each district. In Santo Domingo it takes about 15-20 days, while in the interior of the country it is faster. The fees since January 2012 are established in Resolution No. 11-2011 of the Council of the Judiciary Branch of December 14, 2011.</p> <p><i>Agency: Title Registry Office</i></p>	15 - 20 days (simultaneous with Procedure 2)	DOP 540 (DOP 500, plus stamp duties for DOP 30 and DOP 10)
2	<p><b>* Site inspection to establish the exact location of the property</b></p> <p>A surveyor ("agrimensor") inspects the site in order to establish the exact location of the property. This is not mandatory, but a way the buyer has to protect against potential problems.</p> <p><i>Agency: Surveyor (agrimensor)</i></p>	2 days (simultaneous with Procedure 1)	DOP 5,000 – 12,000
3	<p><b>Notarization of the sale purchase agreement</b></p> <p>After the agreement is reached and the documentation has been exchanged by the parties, the sale purchase agreement must be notarized by the public notary. The notary freely establishes its fees.</p> <p><i>Agency: Notary</i></p>	1 day	0.25 – 1% of the property price

No.	Procedure	Time to complete	Cost to complete
4	<p><b>Obtain the appraisal of the property and the tax certificate at the Dirección General de Impuestos Internos (Tax Authority)</b></p> <p>The parties must request the valuation of the property for the payment of the transfer tax. A certificate is also obtained at the DGI stating that the real estate taxes are up to date.</p> <p><i>Agency: Tax Authority (Dirección General de Impuestos Internos)</i></p>	5 to 7 days	DOP 300 to obtain the tax certificate
5	<p><b>Payment of taxes at the Dirección General de Impuestos (Tax Authority)</b></p> <p>After the inspection is over and the value of the property is calculated, a tax of 3% of the property value must be paid before the Dirección General de Impuestos (Tax Authority) before registering the property transfer, by virtue of de "Eficiencia Recaudatoria" Law No. 173-07 dated July 17th, 2007.</p> <p>Transfer tax: 3% of property value (if there is a difference between the property value indicated in the purchase agreement and the one estimated by the Internal Revenue Department upon valuation, the higher value will be the one considered as valid for calculation of this transfer tax).</p> <p>However, said law provides an exemption of this tax in cases of transfer of real estate properties acquired by means of loans with financial institutions and cooperatives, if such real estate property has a value under DOP\$1,000,000.00 adjustable upon inflation (approximately USD\$28,572).</p> <p>The property tax must be paid within the six (6) months following to the Sale and Purchase Agreement entered by the parties. Otherwise, surcharges will be applied. Surcharges amount to 10% of the sum not paid (the corresponding transfer taxes) for the first month or fraction of the month. To any additional delays the Tax authorities will charge a 4% (per month or fraction) over the 10% plus a 1.73% indemnity (per month or fraction).</p> <p>Moreover, on July 10, 2009, Law 182-09 was enacted granting a tax exemption on the 2% that must be paid to record a mortgage. This exemption only applies when it is proved that a new loan/mortgage has been obtained to pay off an existing loan secured with the same land. Consequently, the former mortgage would be cancelled to record the new one, with no additional cost.</p> <p><i>Agency: Tax Authority (Dirección General de Impuestos Internos)</i></p>	1 day	3% of property value (transfer tax)

No.	Procedure	Time to complete	Cost to complete
6	<p><b>Buyer files the property transfer request before the Title Registrar’s Office</b></p> <p>When filing request for property registration before the Title Registrar’s Office, stamp duties are paid. After all payments have been made and all documents are ready, the buyer will apply for registration of the property under his name at the Property Registry.</p> <p>The registrar will analyze the documentation and, if everything is correct, will register the property under the name of the buyer, issue a new Certificate of Title in the name of the buyer, cancel the old Certificate and will set the date for giving the new title to the buyer. Because of the higher workload, this procedure takes longer in Santo Domingo and Santiago than in other provinces. Registration can take at the most up to 90-180 days in Santo Domingo and Santiago and 60-90 days in other provinces.</p> <p>However, the new “Ley de Registro de la Propiedad Inmobiliaria”, passed on March 2005 to replace the previous law from 1947, introduced changes into the system seen up to now. The registrar has no more than 15 days to qualify the transfer.</p> <p>The filed documentation shall include:</p> <ul style="list-style-type: none"> <li>-Notarized purchase agreement (obtained in Procedure 3)</li> <li>- Real estate property taxes declaration and receipt of payment (obtained in Procedure 6).</li> <li>-Payment of stamp duties (obtained in Procedure 7).</li> <li>- Copy of identity documents for seller and buyer (such documents may vary whether seller and buyer are natural persons or companies).</li> </ul> <p>The land registry operates with the Torrens title system and is being digitalized since 2005. All new transactions are completed digitally, but all titles created before 2005 are not computerized yet. The registry has consultation room units (“Departamento de sala de consultas”) where the registry’s electronic database is available.</p> <p>It should also be noted that the Buyer is also required to file the original copy of the Title Certificate as well as a Certification issued by the Tax Authority stating the Seller is up to date on the payment of taxes on the real estate property.</p> <p>Furthermore, if either Buyer and/or Seller are companies or legal entities, the authorities will require evidence of the corporate approval of the transaction (i.e. minutes of the meeting of the corporate body that has authorized the purchase/sale).</p> <p>Another relevant point is that if the Buyer and/or Seller are foreigners, they must present two different copy of their identity documents: their passport and any official identification from their country of origin.</p>	20 - 30 days	DOP 150

No.	Procedure	Time to complete	Cost to complete
	<i>Agency: Property Registry ("Oficina de Registro de Titulos")</i>		

\* Takes place simultaneously with another procedure.

*Note:* Online procedures account for 0.5 days in the total time calculation.

*Source:* Doing Business database.

## GETTING CREDIT

Two types of frameworks can facilitate access to credit and improve its allocation: credit information systems and borrowers and lenders in collateral and bankruptcy laws. Credit information systems enable lenders' rights to view a potential borrower's financial history (positive or negative)—valuable information to consider when assessing risk. And they permit borrowers to establish a good credit history that will allow easier access to credit. Sound collateral laws enable businesses to use their assets, especially movable property, as security to generate capital—while strong creditors' rights have been associated with higher ratios of private sector credit to GDP.

### What do the indicators cover?

*Doing Business* assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures whether certain features that facilitate lending exist within the applicable collateral and bankruptcy laws. *Doing Business* uses two case scenarios, Case A and Case B, to determine the scope of the secured transactions system, involving a secured borrower and a secured lender and examining legal restrictions on the use of movable collateral (for more details on each case, see the Data Notes section of the *Doing Business 2015* report). These scenarios assume that the borrower:

- Is a private limited liability company.
- Has its headquarters and only base of operations in the largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.

### WHAT THE GETTING CREDIT INDICATORS MEASURE

#### Strength of legal rights index (0–12)<sup>3</sup>

Rights of borrowers and lenders through collateral laws

Protection of secured creditors' rights through bankruptcy laws

#### Depth of credit information index (0–8)<sup>4</sup>

Scope and accessibility of credit information distributed by credit bureaus and credit registries

#### Credit bureau coverage (% of adults)

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

#### Credit registry coverage (% of adults)

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

- Has up to 50 employees.
- Is 100% domestically owned, as is the lender.

The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the strength of legal rights index and the depth of credit information index.

<sup>3</sup> For the legal rights index, 2 new points are added in *Doing Business 2015* for new data collected to assess the overall legal framework for secured transactions and the functioning of the collateral registry.

<sup>4</sup> For the credit information index, 2 new points are added in *Doing Business 2015* for new data collected on accessing borrowers' credit information online and availability of credit scores.

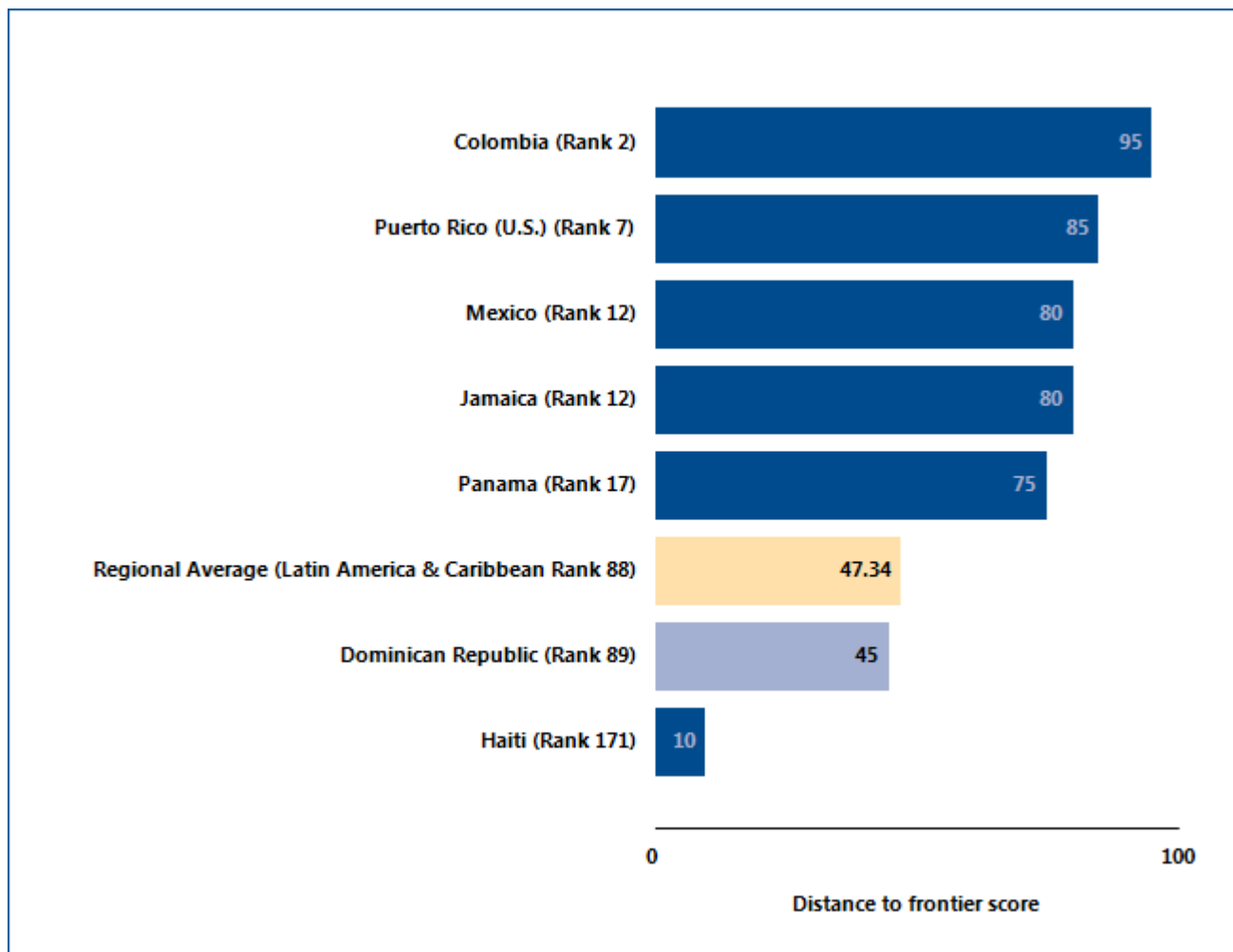
## GETTING CREDIT

### Where does the economy stand today?

How well do the credit information system and collateral and bankruptcy laws in Dominican Republic facilitate access to credit? The economy has a score of 8 on the depth of credit information index and a score of 1 on the strength of legal rights index (see the summary of scoring at the end of this chapter for details). Higher scores indicate more credit information and stronger legal rights for borrowers and lenders.

Globally, Dominican Republic stands at 89 in the ranking of 189 economies on the ease of getting credit (figure 6.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing how well regulations and institutions in Dominican Republic support lending and borrowing.

Figure 6.1 How Dominican Republic and comparator economies rank on the ease of getting credit



Source: Doing Business database.

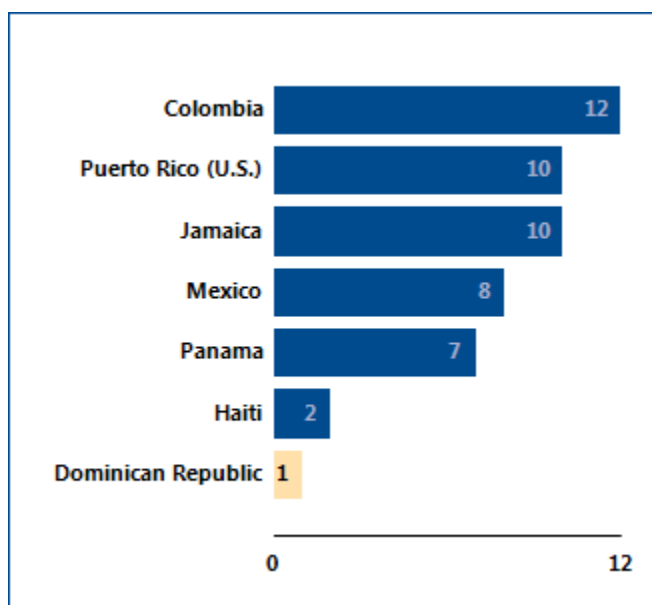
### GETTING CREDIT

One way to put an economy’s score on the getting credit indicators into context is to see where the economy stands in the distribution of scores across economies. Figure 6.2 highlights the score on the strength of legal

rights index for Dominican Republic and shows the scores for comparator economies as well as the regional average score. Figure 6.3 shows the same for the depth of credit information index.

Figure 6.2 How strong are legal rights for borrowers and lenders?

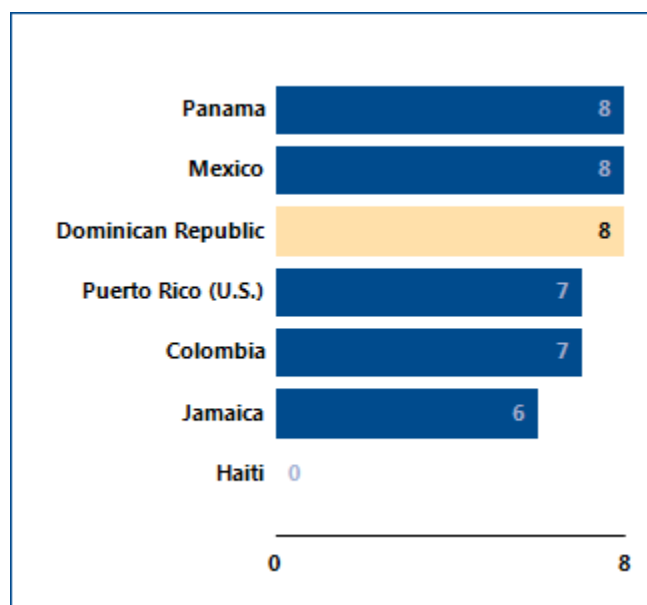
Economy scores on strength of legal rights index



Note: Higher scores indicate that collateral and bankruptcy laws are better designed to facilitate access to credit.  
Source: *Doing Business* database.

Figure 6.3 How much credit information is shared—and how widely?

Economy scores on depth of credit information index



Note: Higher scores indicate the availability of more credit information, from either a credit registry or a credit bureau, to facilitate lending decisions. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.  
Source: *Doing Business* database.

## GETTING CREDIT

When economies strengthen the legal rights of lenders and borrowers under collateral and bankruptcy laws, and increase the scope, coverage and accessibility of credit

information, they can increase entrepreneurs' access to credit. What credit reforms has *Doing Business* recorded in Dominican Republic (table 6.1)?

Table 6.1 How has Dominican Republic made getting credit easier—or not?  
By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
<b>DB2015</b>	The Dominican Republic improved its credit information system by enacting a new law regulating the protection of personal data and the operation of credit reporting institutions.

*Note:* For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.



## GETTING CREDIT

### What are the details?

The getting credit indicators reported here for Dominican Republic are based on detailed information collected in that economy. The data on credit information sharing are collected through a survey of a credit registry and/or credit bureau (if one exists). To construct the depth of credit information index, a score of 1 is assigned for each of 8 features of the credit registry or credit bureau (see summary of scoring below).

The data on the legal rights of borrowers and lenders are gathered through a survey of financial lawyers and verified through analysis of laws and regulations as well as public sources of information on collateral and bankruptcy laws. For the strength of legal rights index, a score of 1 is assigned for each of 10 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law.

Strength of legal rights index (0–12)	Index score: 1
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	No
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?	No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	No
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and/or sets a time limit for it?	No

Strength of legal rights index (0–12)	Index score: 1
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction and private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	No

Depth of credit information index (0–8)	Credit bureau	Credit registry	Index score: 8
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative credit data distributed?	Yes	Yes	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	Yes	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1

Note: Prior to *Doing Business 2015*, the depth of credit information index covered only the first 6 features listed above. An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau (% of adults)	Credit registry (% of adults)
Number of firms	55,781	38,233
Number of individuals	4,110,364	2,480,420
Percent of total	63.1	38.1

*Source: Doing Business database.*

## PROTECTING MINORITY INVESTORS

Protecting minority investors matters for the ability of companies to raise the capital they need to grow, innovate, diversify and compete. Effective regulations define related-party transactions precisely, promote clear and efficient disclosure requirements, require shareholder participation in major decisions of the company and set detailed standards of accountability for company insiders.

### What do the indicators cover?

*Doing Business* measures the protection of minority investors from conflicts of interest through one set of indicators and shareholders' rights in corporate governance through another. The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index. To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

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 involves the following details:

- 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 Buyer.
- Shareholders sue the interested parties and the members of the board of directors.

### WHAT THE PROTECTING MINORITY INVESTORS INDICATORS MEASURE

#### Extent of disclosure index (0–10)

Review and approval requirements for related-party transactions ; Disclosure requirements for related-party transactions

#### Extent of director liability index (0–10)

Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)

#### Ease of shareholder suits index (0–10)

Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses

#### Extent of conflict of interest regulation index (0–10)

Sum of the extent of disclosure, extent of director liability and ease of shareholder indices, divided by 3

#### Extent of shareholder rights index (0-10.5)

Shareholders' rights and role in major corporate decisions

#### Strength of governance structure index (0-10.5)

Governance safeguards protecting shareholders from undue board control and entrenchment

#### Extent of corporate transparency index (0-9)

Corporate transparency on ownership stakes, compensation, audits and financial prospects

#### Extent of shareholder governance index (0–10)

Sum of the extent of shareholders rights, strength of governance structure and extent of corporate transparency indices, divided by 3

#### Strength of investor protection index (0–10)

Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

## PROTECTING MINORITY INVESTORS

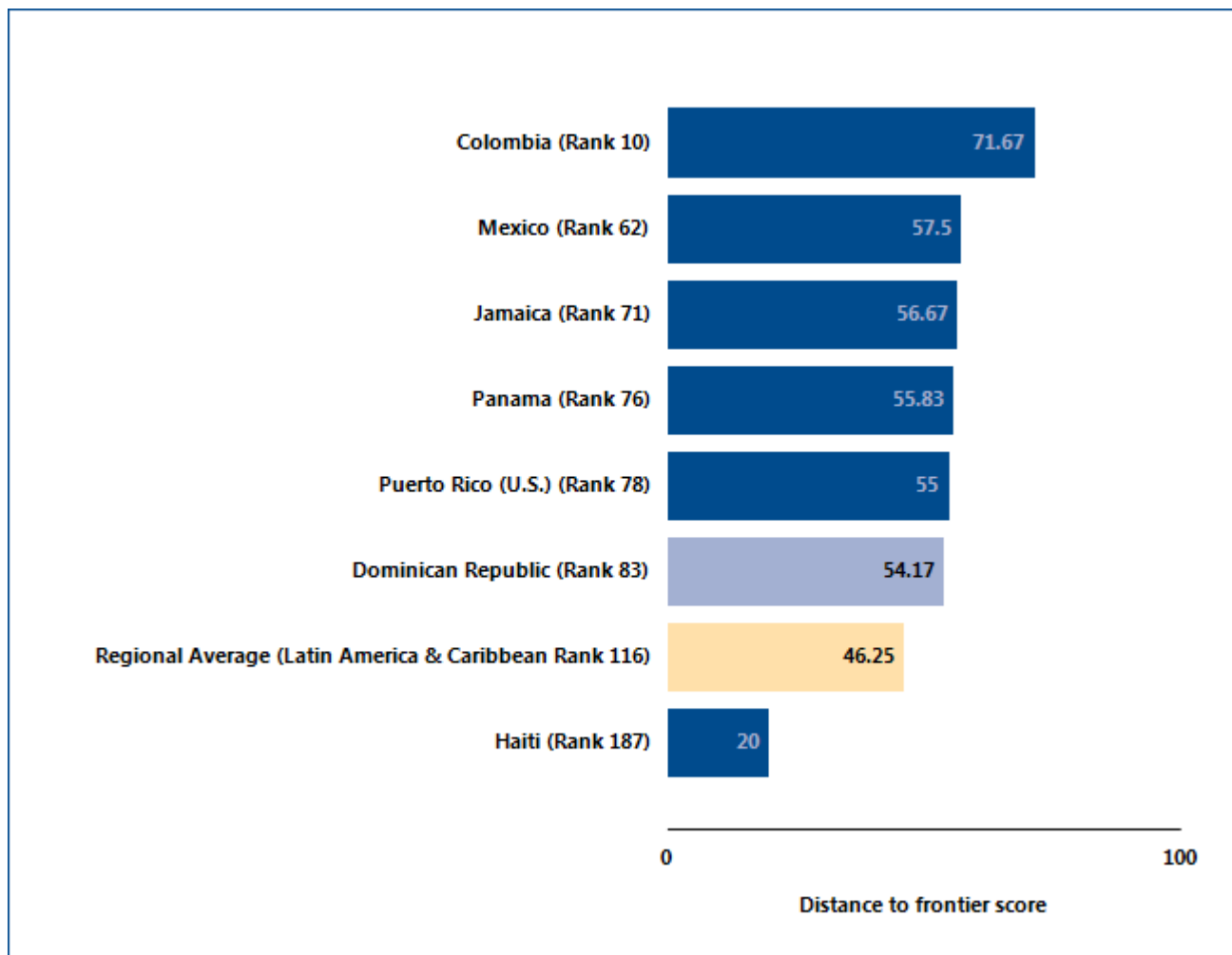
### Where does the economy stand today?

How strong are minority investor protections against self-dealing in Dominican Republic? The economy has a score of 5.4 on the strength of minority investor protection index, with a higher score indicating stronger protections.

Globally, Dominican Republic stands at 83 in the ranking of 189 economies on the strength of minority investor

protection index (figure 7.1). While the indicator does not measure all aspects related to the protection of minority investors, a higher ranking does indicate that an economy’s regulations offer stronger minority investor protections against self-dealing in the areas measured.

Figure 7.1 How Dominican Republic and comparator economies perform on the strength of minority investor protection index



Source: Doing Business database.

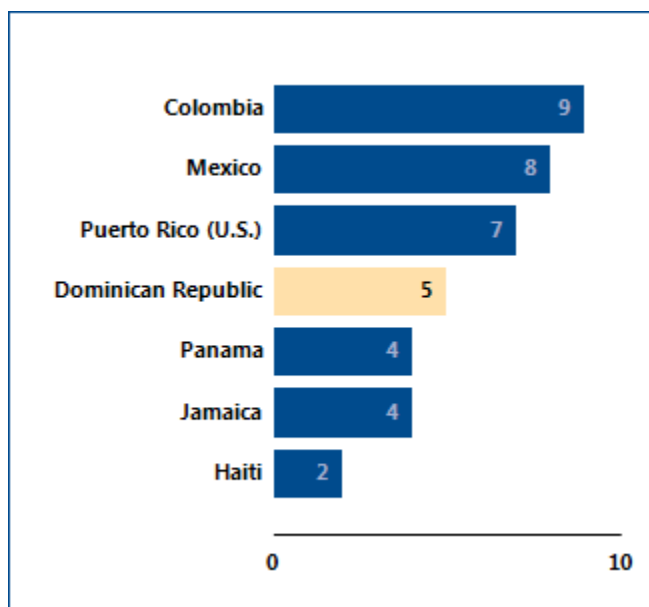
### PROTECTING MINORITY INVESTORS

One way to put an economy's scores on the protecting minority investors indicators into context is to see where the economy stands in the distribution of scores across comparator economies. Figures 7.2 through 7.7 highlight the scores on the various minority investor protection

indices for Dominican Republic in 2014. A summary of scoring for the protecting minority investors indicators at the end of this chapter provides details on how the indices were calculated.

Figure 7.2 How extensive are disclosure requirements?

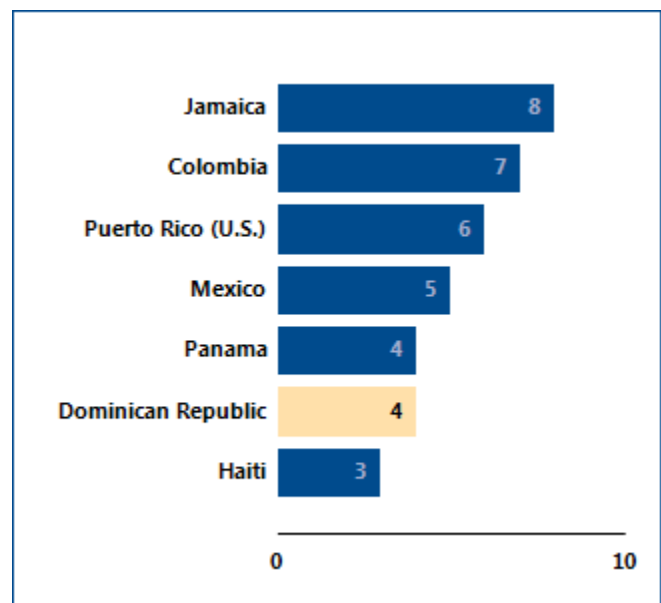
#### Extent of disclosure index (0-10)



Note: Higher scores indicate greater disclosure.  
Source: Doing Business database.

Figure 7.3 How extensive is the liability regime for directors?

#### Extent of director liability index (0-10)

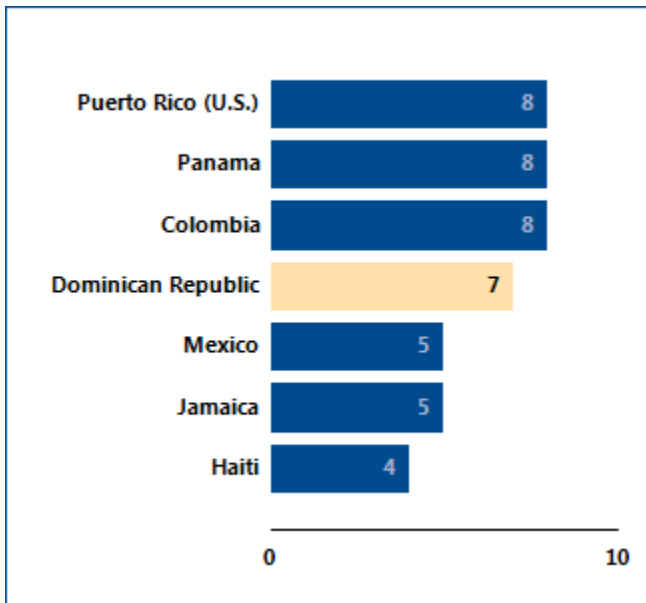


Note: Higher scores indicate greater liability of directors.  
Source: Doing Business database.

## PROTECTING MINORITY INVESTORS

Figure 7.4 How easy is accessing internal corporate documents?

### Ease of shareholder suits index (0-10)



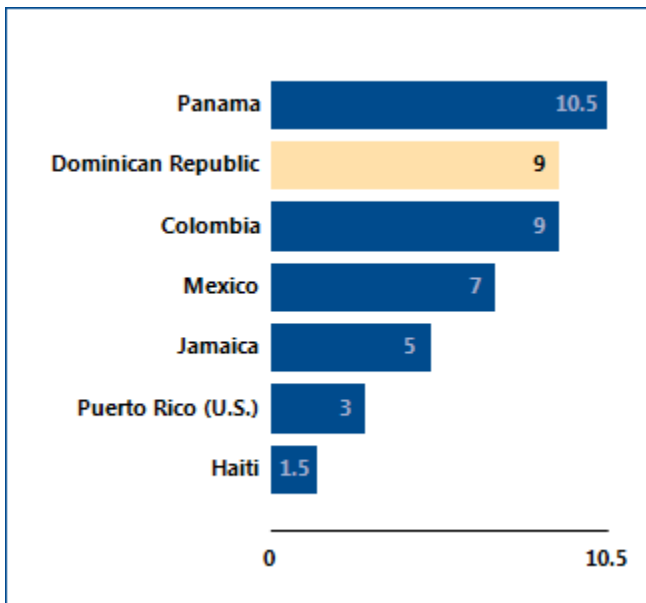
Note: Higher scores indicate greater minority shareholder access to evidence before and during trial.

Source: Doing Business database.

## PROTECTING MINORITY INVESTORS

Figure 7.5 How extensive are shareholder rights?

### Extent of shareholder rights index (0-10.5)

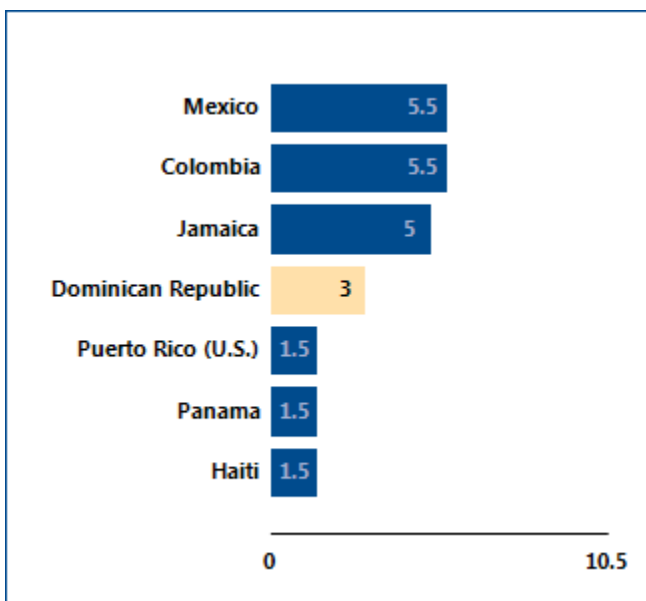


Note: The higher the score, the stronger the protections.

Source: *Doing Business* database.

Figure 7.6 How strong is the governance structure?

### Strength of governance structure index (0-10.5)



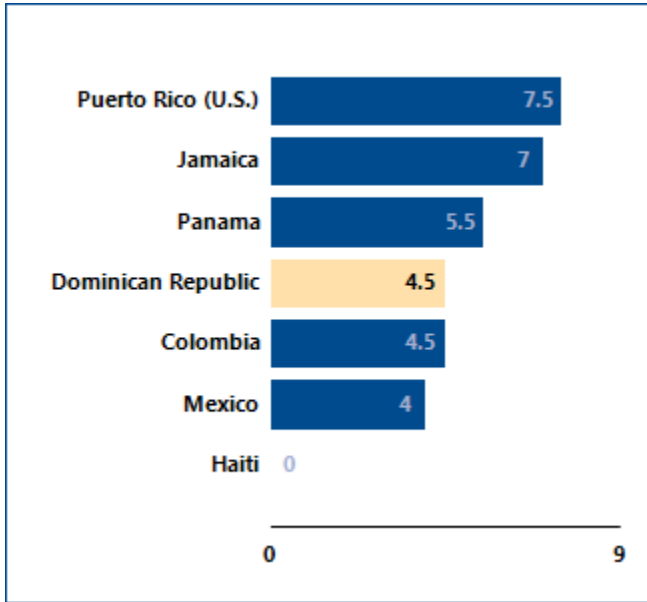
Note: Higher scores indicate more stringent governance structure requirements.

Source: *Doing Business* database.



Figure 7.7 How extensive is corporate transparency?

**Extent of corporate transparency index (0-9)**



Note: Higher scores indicate greater transparency.  
 Source: Doing Business database.

## PROTECTING MINORITY INVESTORS

Economies with the strongest protections of minority investors from self-dealing require detailed disclosure and define clear duties for directors. They also have well-functioning courts and up-to-date procedural rules that give minority shareholders the means to prove their case and obtain a judgment within a reasonable time. As a

result, reforms to strengthen minority investor protections may move ahead on different fronts—such as through new or amended company laws, securities regulations or civil procedure rules. What minority investor protection reforms has *Doing Business* recorded in Dominican Republic (table 7.1)?

Table 7.1 How has Dominican Republic strengthened minority investor protections—or not? By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
<b>DB2010</b>	The Dominican Republic strengthened investor protections through a new company law requiring greater corporate disclosure, director liability and shareholder access to information.
<b>DB2015</b>	The Dominican Republic strengthened minority investor protections by introducing greater shareholder rights and requirements for greater corporate transparency.

*Note:* For information on reforms in earlier years (back to DB2006), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## PROTECTING MINORITY INVESTORS

### What are the details?

The protecting minority investors indicators reported here for Dominican Republic are based on detailed information collected through a survey of corporate and securities lawyers about securities regulations, company laws and court rules of evidence and procedure. To construct the six indicators on minority investor protection, scores are assigned to each based on a range

of conditions relating to disclosure, director liability, shareholder suits, shareholder rights, governance structure and corporate transparency in a standard case study (for more details, see the Data Notes section of the *Doing Business 2015* report). The summary below shows the details underlying the scores for Dominican Republic.

Table 7.2 Summary of scoring for the protecting minority investors indicators in Dominican Republic

	Answer	Score
<b>Extent of disclosure index (0-10)</b>		5.0
Which corporate body can provide legally sufficient approval for the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2
Is disclosure by the interested director to the board of directors required? (0-2)	Existence of a conflict without any specifics	1
Is disclosure of the transaction in published periodic filings (annual reports) required? (0-2)	Disclosure on the transaction and on the conflict of interest	2
Is immediate disclosure of the transaction to the public and/or shareholders required? (0-2)	No disclosure obligation	0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0
<b>Extent of director liability index (0-10)</b>		4.0
Can shareholders sue directly or derivatively for the damage caused by the Buyer-Seller transaction to the company? (0-1)	Yes	1
Can shareholders hold the interested director liable for the damage caused by the transaction to the company? (0-2)	Liable if negligent	1
Can shareholders hold members of the approving body liable for the damage cause by the transaction to the company? (0-2)	Liable if negligent	1
Must the interested director pay damages for the harm caused to the company upon a successful claim by a shareholder plaintiff? (0-1)	Yes	1
Must the interested director repay profits made from the transaction upon a successful claim by a shareholder plaintiff? (0-1)	No	0
Can both fines and imprisonment be applied against the interested indrector? (0-1)	No	0
Can a court void the transaction upon a successful claim by a shareholder plaintiff? (0-2)	Only in case of fraud or bad faith	0
<b>Ease of shareholder suits index (0-10)</b>		7.0
Before filing suit, can shareholders owning 10% of the company's share capital inspect the transaction documents? (0-1)	No	0
Can the plaintiff obtain any documents from the defendant	Any relevant document	3

and witnesses during trial? (0-3)		
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0
Can the plaintiff directly question the defendant and witnesses during trial? (0-2)	Yes	2
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1
<b>Strength of minority investor protection index (0-10)</b>		5.4
<b>Extent of conflict of interest regulation index (0-10)</b>		5.3
<b>Extent of shareholder rights index (0-10.5)</b>		9.0
Can shareholders amend company bylaws or statutes with a simple majority?	Yes	1.5
Can shareholders owning 10% of the company's share capital call for an extraordinary meeting of shareholders?	Yes	1.5
Can shareholders remove members of the board of directors before the end of their term.	Yes	1.5
Must a company obtain its shareholders' approval every time it issues new shares?	Yes	1.5
Are shareholders automatically granted subscription rights on new shares?	Yes	1.5
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.5
Can shareholders freely trade shares prior to a major corporate action or meeting of shareholders?	No	0
<b>Strength of governance structure index (0-10.5)</b>		3.0
Is the CEO barred from also serving as chair of the board of directors?	Yes	1.5
Must the board of directors include independent board members?	No	0
Must a company have a separate audit committee?	No	0
Must changes to the voting rights of a series or class of shares be approved only by the holders of the affected shares?	Yes	1.5
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of a company?	No	0
Is cross-shareholding between 2 independent companies limited to 10% of outstanding shares?	Yes	1.5
Is a subsidiary barred from acquiring shares issued by its parent company?	Yes	1.5
<b>Extent of corporate transparency index (0-9)</b>		4.5
Must ownership stakes representing 10% be disclosed?	Yes	1.5
Must information about board members' other directorships as well as basic information on their primary employment be disclosed?	No	0
Must the compensation of individual managers be disclosed?	No	0
Must financial statements contain explanatory notes on significant accounting policies, trends, risks, uncertainties and other factors influencing the reporting?	Yes	1.5
Must annual financial statements be audited by an external	Yes	1.5

auditor?		
Must audit reports be disclosed to the public?	No	0
<b>Extent of shareholder governance index (0-10)</b>		5.5

Source: *Doing Business* database.

## PAYING TAXES

Taxes are essential. The level of tax rates needs to be carefully chosen—and needless complexity in tax rules avoided. Firms in economies that rank better on the ease of paying taxes in the *Doing Business* study tend to perceive both tax rates and tax administration as less of an obstacle to business according to the World Bank Enterprise Survey research.

### What do the indicators cover?

Using a case scenario, *Doing Business* measures the taxes and mandatory contributions that a medium-size company must pay in a given year as well as the administrative burden of paying taxes and contributions. This case scenario uses a set of financial statements and assumptions about transactions made over the year. Information is also compiled on the frequency of filing and payments as well as time taken to comply with tax laws. The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate<sup>5</sup>. The financial statement variables have been updated to be proportional to 2012 income per capita; previously they were proportional to 2005 income per capita. To make the data comparable across economies, several assumptions are used.

- TaxpayerCo is a medium-size business that started operations on January 1, 2012.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions are recorded at all levels of government.

<sup>5</sup> The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate if the total tax rate is greater than the threshold and equal to the threshold if the total tax rate is less than the threshold. The threshold is defined as the total tax rate of the 15th percentile of the distribution for all economies included in the analysis. It is calculated and adjusted on a yearly basis. The second year of operation is recorded at the lower end of the distribution of tax rates. A range of standard deductions and exemptions are also recorded. Instead, it is mainly empirical in nature, set at the lower end of the distribution of tax rates. Taxes and mandatory contributions are recorded at all levels of government. The *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology). This year's threshold is 26.1%.

### WHAT THE PAYING TAXES INDICATORS MEASURE

#### Tax payments for a manufacturing company in 2013 (number per year adjusted for electronic and 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 before all taxes)

Profit or corporate income tax

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

- Taxes and mandatory contributions include corporate income tax, turnover tax and all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

## PAYING TAXES

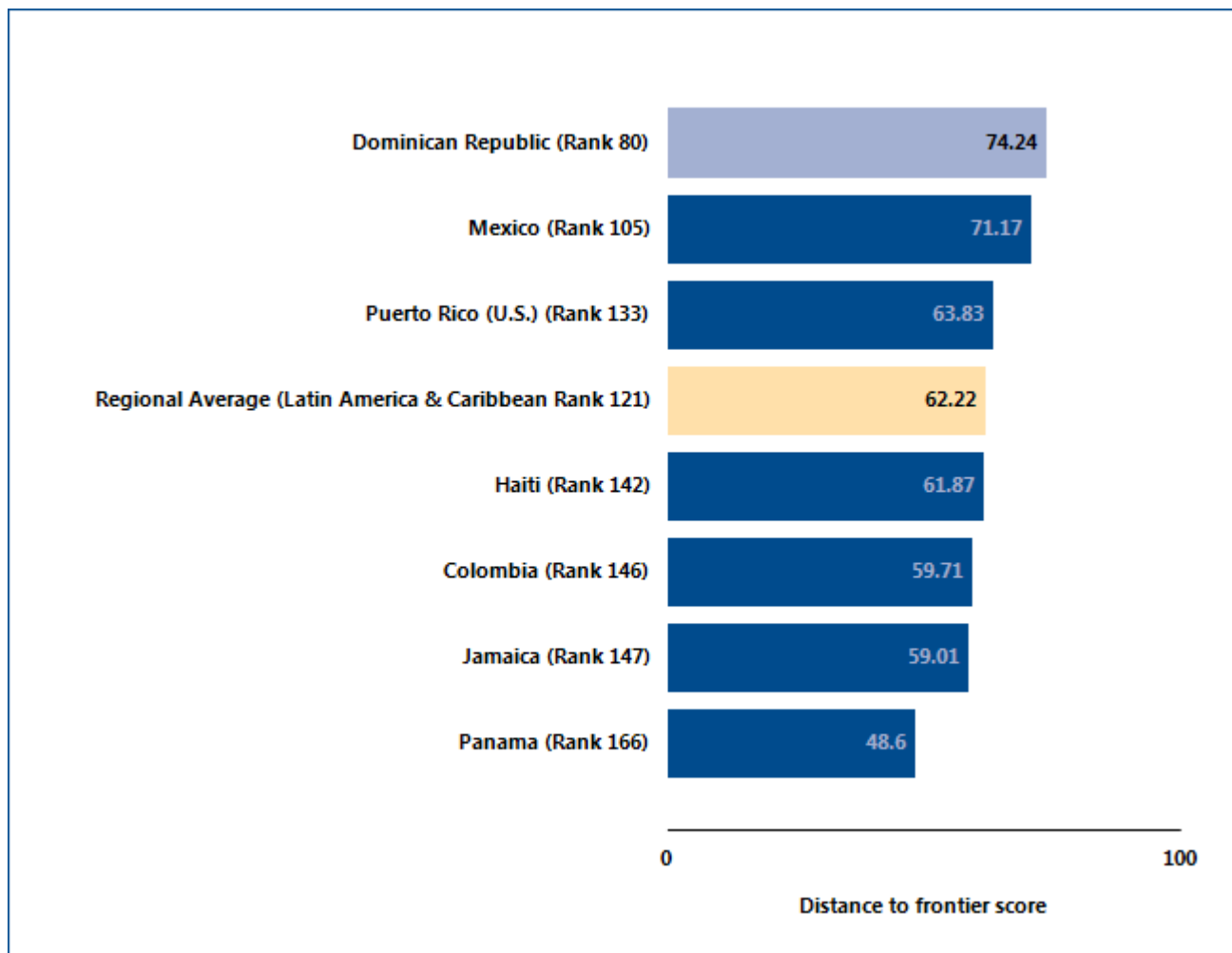
### Where does the economy stand today?

What is the administrative burden of complying with taxes in Dominican Republic—and how much do firms pay in taxes? On average, firms make 9.0 tax payments a year, spend 324.0 hours a year filing, preparing and paying taxes and pay total taxes amounting to 43.4% of profit (see the summary at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted

average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, Dominican Republic stands at 80 in the ranking of 189 economies on the ease of paying taxes (figure 8.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing the tax compliance burden for businesses in Dominican Republic.

Figure 8.1 How Dominican Republic and comparator economies rank on the ease of paying taxes



Source: Doing Business database.

## PAYING TAXES

Economies around the world have made paying taxes faster and easier for businesses—such as by consolidating filings, reducing the frequency of payments or offering electronic filing and payment. Many have lowered tax rates. Changes have brought

concrete results. Some economies simplifying tax payment and reducing rates have seen tax revenue rise. What tax reforms has *Doing Business* recorded in Dominican Republic (table 8.1)?

Table 8.1 How has Dominican Republic made paying taxes easier—or not?  
By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
DB2013	The Dominican Republic increased the corporate income tax rate.

*Note:* For information on reforms in earlier years (back to DB2006), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## PAYING TAXES

### What are the details?

The indicators reported here for Dominican Republic are based on the taxes and contributions that would be paid by a standardized case study company used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover). Tax practitioners are asked to review a set of financial statements as well as a standardized list of assumptions and transactions that the company completed during its 2nd year of operation. Respondents are asked how much taxes and mandatory contributions the business must pay and how these taxes are filed and paid.

#### LOCATION OF STANDARDIZED COMPANY

**City: Santo Domingo**

The taxes and contributions paid are listed in the summary below, along with the associated number of payments, time and tax rate.

Table 8.2 Summary of tax rates and administration

Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Corporate income tax	1	online filing	82	29%	taxable profit	23.7	
Employer paid - Pension contributions	1	online filing	80	7.1%	gross salaries	15.6	
Employer paid - Labor risk insurance contributions	1	online filing	0	1.3%	gross salaries	1.5	
Employer paid - Training tax (INFOTEP)	1	online filing	0	1%	gross salaries	1.1	
Tax on electronic transfers	1	online filing	0	0.15%	payments via check or electronic means	1.1	
Employer paid - Health insurance contributions	1	online filing	0	7.09%	gross salaries	0.4	
Vehicle tax	1		0	RD\$ 2,500	fixed fee	0	
Fuel tax	1		0	RD\$ 6.3 per gallon	fuel consumption	0	



Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Employer paid - Health insurance contributions	0	paid jointly	0	3.04%	gross salaries	0	withheld
Employer paid - Pension contributions	0	paid jointly	0	2.87%	gross salaries	0	withheld
Value added tax (VAT)	1	online filing	162	18%	value added	0	not included
Totals	9.0		324.0			43.4	

Source: Doing Business database.

## TRADING ACROSS BORDERS

In today's globalized world, making trade between economies easier is increasingly important for business. 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. Research shows that exporters in developing countries gain more from a 10% drop in their trading costs than from a similar reduction in the tariffs applied to their products in global markets.

### What do the indicators cover?

*Doing Business* measures the time and cost (excluding tariffs and the time and cost for sea transport) associated with exporting and importing a standard shipment of goods by sea transport, and the number of documents necessary to complete the transaction. The indicators cover predefined stages such as documentation requirements and procedures at customs and other regulatory agencies as well as at the port. They also cover trade logistics, including the time and cost of inland transport to the largest business city. The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the traded goods.

The business:

- Is located in the economy's largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- Is a private, limited liability company, domestically owned and does not operate with special export or import privileges.
- Conducts export and import activities, but does not have any special accreditation such as an authorized economic operator status.

### WHAT THE TRADING ACROSS BORDERS INDICATORS MEASURE

#### 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, filling out and submitting all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include sea 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

The traded product:

- Is not hazardous nor includes military items.
- Does not require refrigeration or any other special environment.
- Do not require any special phytosanitary or environmental safety standards other than accepted international standards.
- Is one of the economy's leading export or import products.
- Is transported in a dry-cargo, 20-foot full container load.

## TRADING ACROSS BORDERS

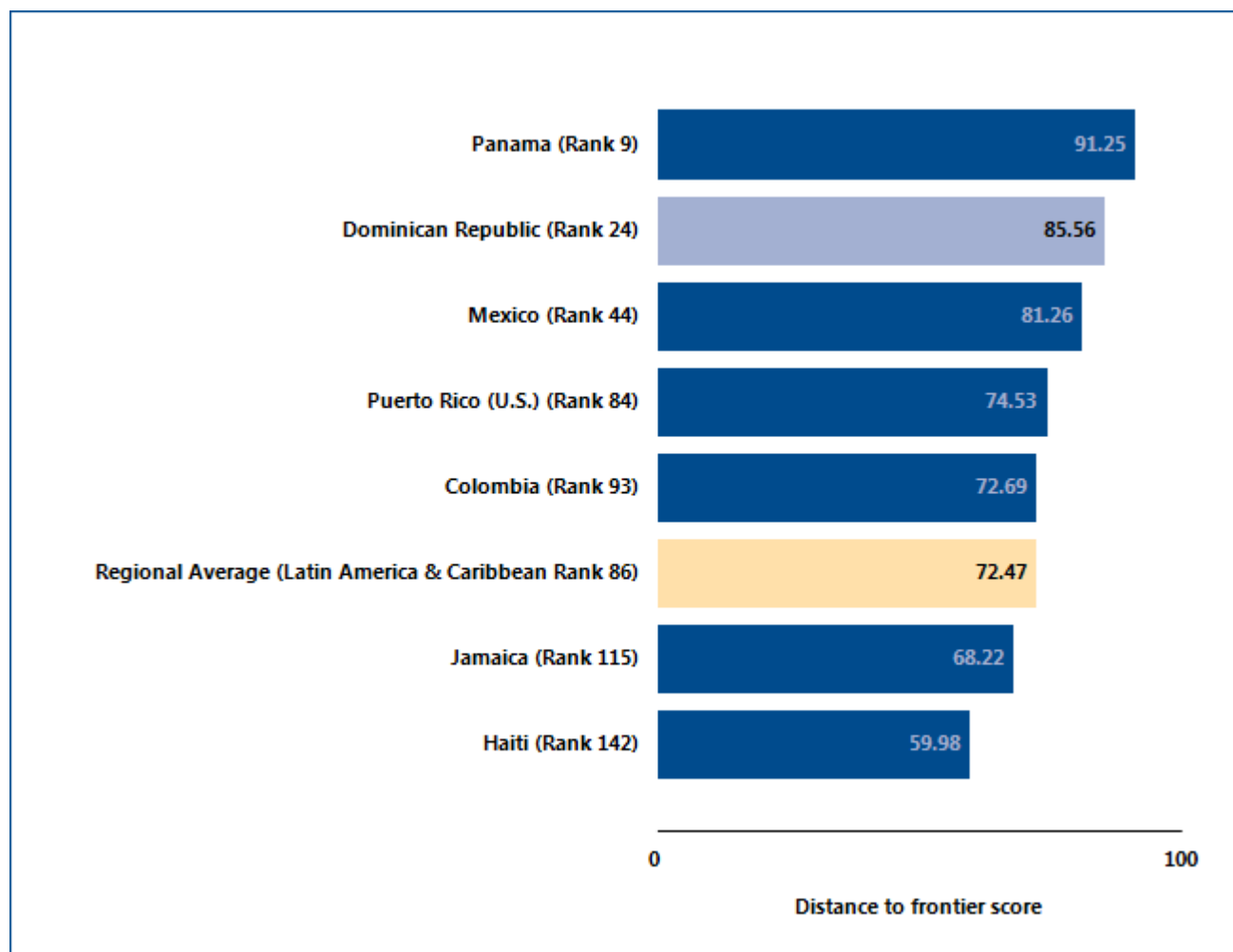
### Where does the economy stand today?

What does it take to export or import in Dominican Republic? According to data collected by *Doing Business*, exporting a standard container of goods requires 4 documents, takes 8.0 days and costs \$1040.0. Importing the same container of goods requires 5 documents, takes 10.0 days and costs \$1145.0 (see the summary of four predefined stages and documents at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a

population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, Dominican Republic stands at 24 in the ranking of 189 economies on the ease of trading across borders (figure 9.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing how easy it is for a business in Dominican Republic to export and import goods.

Figure 9.1 How Dominican Republic and comparator economies rank on the ease of trading across borders



Source: *Doing Business* database.

## TRADING ACROSS BORDERS

In economies around the world, trading across borders as measured by *Doing Business* has become faster and easier over the years. Governments have introduced tools to facilitate trade—including single windows, risk-based inspections and electronic data interchange

systems. These changes help improve the trading environment and boost firms' international competitiveness. What trade reforms has *Doing Business* recorded in Dominican Republic (table 9.1)?

Table 9.1 How has Dominican Republic made trading across borders easier—or not?  
By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
<b>DB2015</b>	The Dominican Republic made trading across borders easier by reducing the number of documents required for exports and imports.

*Note:* For information on reforms in earlier years (back to DB2006), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

*Source:* *Doing Business* database.

## TRADING ACROSS BORDERS

### What are the details?

The indicators reported here for Dominican Republic are based on a set of specific predefined stages for trading a standard shipment of goods by ocean transport (see the section in this chapter on what the indicators cover). Information on the required documents and the time and cost to complete export and import is collected from local freight forwarders, shipping lines, customs brokers, port officials and banks.

#### LOCATION OF STANDARDIZED COMPANY

**Port Name:** Caucedo

**City:** Santo Domingo

The predefined stages, and the associated time and cost, for exporting and importing a standard shipment of goods are listed in the summary below, along with the required documents.

Table 9.2 Summary of predefined stages and documents for trading across borders in Dominican Republic

Stages to export	Time (days)	Cost (US\$)
Customs clearance and inspections	2	200
Documents preparation	3	215
Inland transportation and handling	2	300
Ports and terminal handling	1	325
Totals	8	1,040

Stages to import	Time (days)	Cost (US\$)
Customs clearance and inspections	2	200
Documents preparation	5	235
Inland transportation and handling	1	300
Ports and terminal handling	2	410
Totals	10	1,145

**Documents to export**

Bill of lading
Commercial Invoice
Customs export declaration
Pre-shipment inspection clean report of findings

**Documents to import**

Bill of lading
Cargo release order
Commercial invoice
Customs import declaration (Declaración Unica Aduanera)
Terminal handling receipts

Source: Doing Business database.

## ENFORCING CONTRACTS

Effective commercial dispute resolution has many benefits. Courts are essential for entrepreneurs because they interpret the rules of the market and protect economic rights. Efficient and transparent courts encourage new business relationships because businesses know they can rely on the courts if a new customer fails to pay. Speedy trials are essential for small enterprises, which may lack the resources to stay in business while awaiting the outcome of a long court dispute.

*What do the indicators cover?*

*Doing Business* measures the efficiency of the judicial system in resolving a commercial dispute before local courts. Following the step-by-step evolution of a standardized case study, it collects data relating to the time, cost and procedural complexity of resolving a commercial lawsuit. The ranking on the ease of enforcing contracts is the simple average of the percentile rankings on its component indicators: procedures, time and cost.

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement. To make the data comparable across economies, *Doing Business* uses several assumptions about the case:

- The seller and buyer are located in the economy's largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- The buyer orders custom-made goods, then fails to pay.
- The seller sues the buyer before a competent court.
- The value of the claim is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.

### WHAT THE ENFORCING CONTRACTS

#### INDICATORS MEASURE

##### Procedures to enforce a contract through the courts (number)

- Steps to file and serve 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)

- Average attorney fees
- Court costs
- Enforcement costs

- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

## ENFORCING CONTRACTS

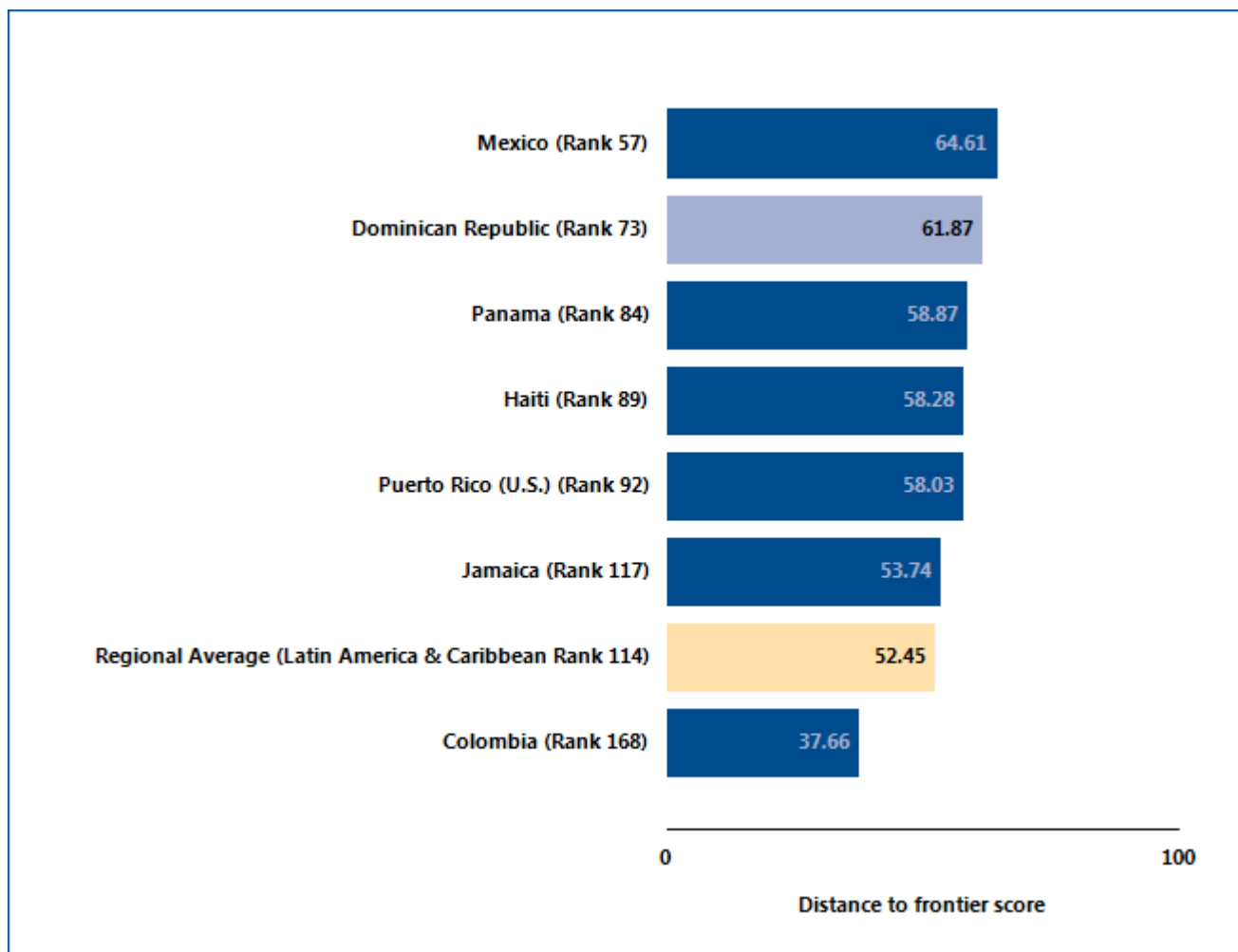
### Where does the economy stand today?

How efficient is the process of resolving a commercial dispute through the courts in Dominican Republic? According to data collected by *Doing Business*, contract enforcement takes 460.0 days, costs 40.9% of the value of the claim and requires 34.0 procedures (see the summary at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the

2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, Dominican Republic stands at 73 in the ranking of 189 economies on the ease of enforcing contracts (figure 10.1). The rankings for comparator economies and the regional average ranking provide other useful benchmarks for assessing the efficiency of contract enforcement in Dominican Republic.

Figure 10.1 How Dominican Republic and comparator economies rank on the ease of enforcing contracts



Source: *Doing Business* database.



## ENFORCING CONTRACTS

### What are the details?

The indicators reported here for Dominican Republic are based on a set of specific procedural steps required to resolve a standardized commercial dispute through the courts (see the section in this chapter on what the indicators cover). These procedures, and the time and cost of completing them, are identified through study of the codes of civil procedure and other court regulations, as well as through questionnaires completed by local litigation lawyers (and, in a quarter of the economies covered by *Doing Business*, by judges as well).

COURT NAME	
<b>Claim value:</b>	<b>DOP 434,353</b>
<b>Court name:</b>	<b>Civil and Commercial Court of First Instance of the National District</b>
<b>City:</b>	<b>Santo Domingo</b>

Table 10.2 Summary of time, cost and procedures for enforcing a contract in Dominican Republic

Indicator	Dominican Republic	Latin America & Caribbean average
<b>Time (days)</b>	460	737
Filing and service	20	
Trial and judgment	320	
Enforcement of judgment	120	
<b>Cost (% of claim)</b>	40.9	30.6
Attorney cost (% of claim)	25.0	
Court cost (% of claim)	7.5	
Enforcement Cost (% of claim)	8.4	
<b>Procedures (number)</b>	34	40
Number of procedures (without bonus points)	34	
Total number of procedures (including bonus points)	34	

No.	Procedures
	Filing and service:
1	Plaintiff requests payment: Plaintiff or his lawyer asks Defendant orally or in writing to comply with the contract.
2	A third person formally notifies Defendant: A third person formally notifies Defendant. A person other than the Plaintiff or his lawyer, such as a notary public, formally notifies Defendant of Plaintiff's request for payment.
3	Plaintiff hires a lawyer: Plaintiff hires a lawyer.
*	Plaintiff files a summons and complaint: Plaintiff files a summons and complaint with the court (orally or in writing).
*	Plaintiff pays court fees: Plaintiff pays court fees (e.g. court duties, stamp duties, or any other type of court fees). Answer 'yes' even if Plaintiff recovers these costs.
4	Registration of court case: Registration of court case by the court administration (this can include assigning a reference number to the case).
*	Assignment of court case to a judge: Assignment of court case to a judge (through a random procedure, automated system, ruling of an administrative judge, court officer, etc).
*	Arrangements for physical delivery of summons and complaint: Plaintiff takes the necessary steps to arrange for physical service of process on Defendant (e.g. instructing a court officer or a private bailiff).
5	Attempt at physical delivery: An attempt to physically deliver summons and complaint to Defendant is made.
*	Proof of service: Plaintiff submits proof of service to court, as required by law or standard practice.
*	Application for pre-judgment attachment: Plaintiff submits an application in writing for the attachment of Defendant's property prior to judgment.
*	Decision on pre-judgment attachment: Judge decides whether to grant Plaintiff's request for pre-judgment attachment of Defendant's property and notifies Plaintiff and Defendant of the decision.
6	Pre-judgment attachment order: Defendant's property is attached prior to judgment. Attachment order either involves physical attachment, or is achieved by freezing, registering, marking, or otherwise separating and restricting Defendant's movement of specific moveable assets.
7	Custody of assets attached prior to judgment: If physical attachment is ordered, Defendant's attached assets are placed in the custody or control of an enforcement officer or private bailiff.
	Trial and judgment:
*	Defendant files preliminary objections.: Defendant presents preliminary objections to the court. (Preliminary exemptions differ from answers on the merits. Examples of preliminary motions are motions to dismiss on the basis of the statute of limitations or jurisdictional objections, etc.)

No.	Procedures
*	Plaintiff's answer to preliminary motions: Plaintiff responds to preliminary motions raised by Defendant. Checked as 'yes' if preliminary motions are commonly raised (step 30) and if Plaintiff responds to them immediately.
8	Judge's resolution on preliminary objections: Judge decides on preliminary objections separately from the merits of the case. Checked as 'yes' if preliminary objections are commonly made (step 30) and if judge resolves the question before rendering his decision.
9	Defendant files an answer to Plaintiff's claim: Defendant files a written pleading which includes his answer or defense on the merits of the case (see assumption 4).
10	Deadline for Plaintiff to reply to Defendant's defense or answer: Judge sets a deadline for Plaintiff's submission of a reply to the Defendant's defense or answer.
11	Plaintiff's written reply to Defendant's answer: Plaintiff responds to Defendant's answer with a written pleading, which may or may not include witness statements or expert (witness) statements.
12	Filing of written submissions: Plaintiff and Defendant file written pleadings and submissions with the court and transmit copies of the written pleadings or submissions to one another. The pleadings may or may not include witness statements or expert (witness) statements.
*	Court appointment of independent expert: Judge appoints, either at the parties' request or at his own initiative, an independent expert to decide whether the quality of the goods Plaintiff delivered to Defendant is adequate. (see assumption 5-b).
*	Delivery of expert report by court-appointed expert: The independent expert, appointed by the court, delivers his or her expert report to the court (see assumption 5-b).
13	Request for oral hearing or trial: Plaintiff lists the case for trial on the court's calendar or applies for the date(s) for the oral hearing or trial.
*	Setting of date(s) for oral hearing or trial: Judge sets the date(s) for the oral hearing or trial.
14	Adjournments: Court proceedings are delayed because one or both parties request and obtain an adjournment to prepare for the oral hearing or trial as a matter of common practice.
15	Oral hearing (prevalent in civil law): The parties argue the merits of the case at an oral hearing before the judge. Witnesses and a court-appointed independent expert may be heard and questioned at the oral hearing.
16	Adjournments: Court proceedings are delayed because one or both parties request and obtain an adjournment during the oral hearing or trial, resulting in an additional or later trial or hearing date.
17	Notification of judgment in court: The parties are notified of the judgment at a court hearing.
18	Writing of judgment: The judge produces a written copy of the judgment.
19	Registration of judgment: The court office registers the judgment after receiving a written copy of the judgment.
20	Court notification of availability of the written judgment: The court notifies the parties that the written judgment is available at the courthouse.

No.	Procedures
21	Plaintiff receives a copy of the judgment: Plaintiff receives a copy of the written judgment which is 100% in favor of Plaintiff (see assumption 6).
22	Defendant is formally notified of the judgment: Plaintiff or court formally notifies the Defendant of the judgment. The appeal period starts to run from the day the Defendant is formally notified of the judgment.
23	Appeal period: By law Defendant has the opportunity to appeal the judgment during a specified period. Defendant decides not to appeal. Seller decides to start enforcing the judgment when the appeal period ends (see assumption 8).
	Enforcement of judgment:
*	Plaintiff hires a lawyer: Plaintiff hires a lawyer to enforce the judgment or continues to be represented by a lawyer during the enforcement of judgment phase.
24	Plaintiff retains an enforcement agent to enforce the judgment.: Plaintiff retains the services of a court enforcement officer such as a court bailiff or sheriff, or a private bailiff.
25	Plaintiff advances enforcement fees: Plaintiff pays the fees related to the enforcement of the judgment.
*	Plaintiff's request for physical enforcement: As Plaintiff commonly fears that Defendant might physically resist the taking into custody of its previously attached movable assets, Plaintiff requests the judge or the police authorities to obtain police assistance during the physical enforcement of the
26	Judge's order for physical enforcement: Judge orders the police to assist with the physical enforcement of the attachment of Defendant's movable assets. Check as "yes" only if the pretrial order of attachment for Defendant's moveable assets does not ordinarily involve physical seizure of the as
27	Request to Defendant to comply voluntarily with judgment: Plaintiff, a court enforcement officer or a private bailiff requests Defendant to voluntarily comply with the judgment.
28	Plaintiff identifies Defendant's assets for attachment: Plaintiff identifies Defendant's assets for attachment.
29	Creditor notification of intent to attach: A court enforcement officer or private bailiff notifies other creditors of the intent to attach Defendant's goods.
30	Attachment: Defendant's movable goods are attached (physically or by registering, marking or separating assets).
31	Enforcement disputes before court: The enforcement of the judgment is delayed because Defendant opposes aspects of the enforcement process before the judge.
32	Call for public auction: Judge calls a public auction by, for example, advertising or publication in the newspapers.
33	Sale through public auction: The Defendant's movable property is sold at public auction.
34	Reimbursement of Plaintiff's enforcement fees: Defendant reimburses Plaintiff's enforcement fees which Plaintiff had advanced previously.

\* Not counted in the total number of procedures.

Source: *Doing Business* database.

## RESOLVING INSOLVENCY

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 the speedy return of businesses 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.

### What do the indicators cover?

*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recouped by secured creditors through reorganization, liquidation or debt enforcement (foreclosure) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

In addition, *Doing Business* evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests whether economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

The ranking of the Resolving Insolvency indicator is based on the recovery rate and the total score of the strength of insolvency framework index. The Resolving Insolvency indicator does not measure insolvency proceedings of individuals and financial institutions. The data are derived from survey responses by local insolvency practitioners and verified through a study of laws and regulations as well as public information on bankruptcy systems.

### WHAT THE RESOLVING INSOLVENCY INDICATORS MEASURE

#### 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)

Measured as percentage of estate value

Court fees

Fees of insolvency administrators

Lawyers' fees

Assessors' and auctioneers' fees

Other related fees

#### Outcome

Whether business continues operating as a going concern or business assets are sold piecemeal

#### Recovery rate for creditors

Measures the cents on the dollar recovered by secured creditors

Outcome for the business (survival or not) determines the maximum value that can be recovered

Official costs of the insolvency proceedings are deducted

Depreciation of furniture is taken into account

Present value of debt recovered

#### Strength of insolvency framework index (0-16)

Sum of the scores of four component indices:

Commencement of proceedings index (0-3)

Management of debtor's assets index (0-6)

Reorganization proceedings index (0-3)

Creditor participation index (0-4)

## RESOLVING INSOLVENCY

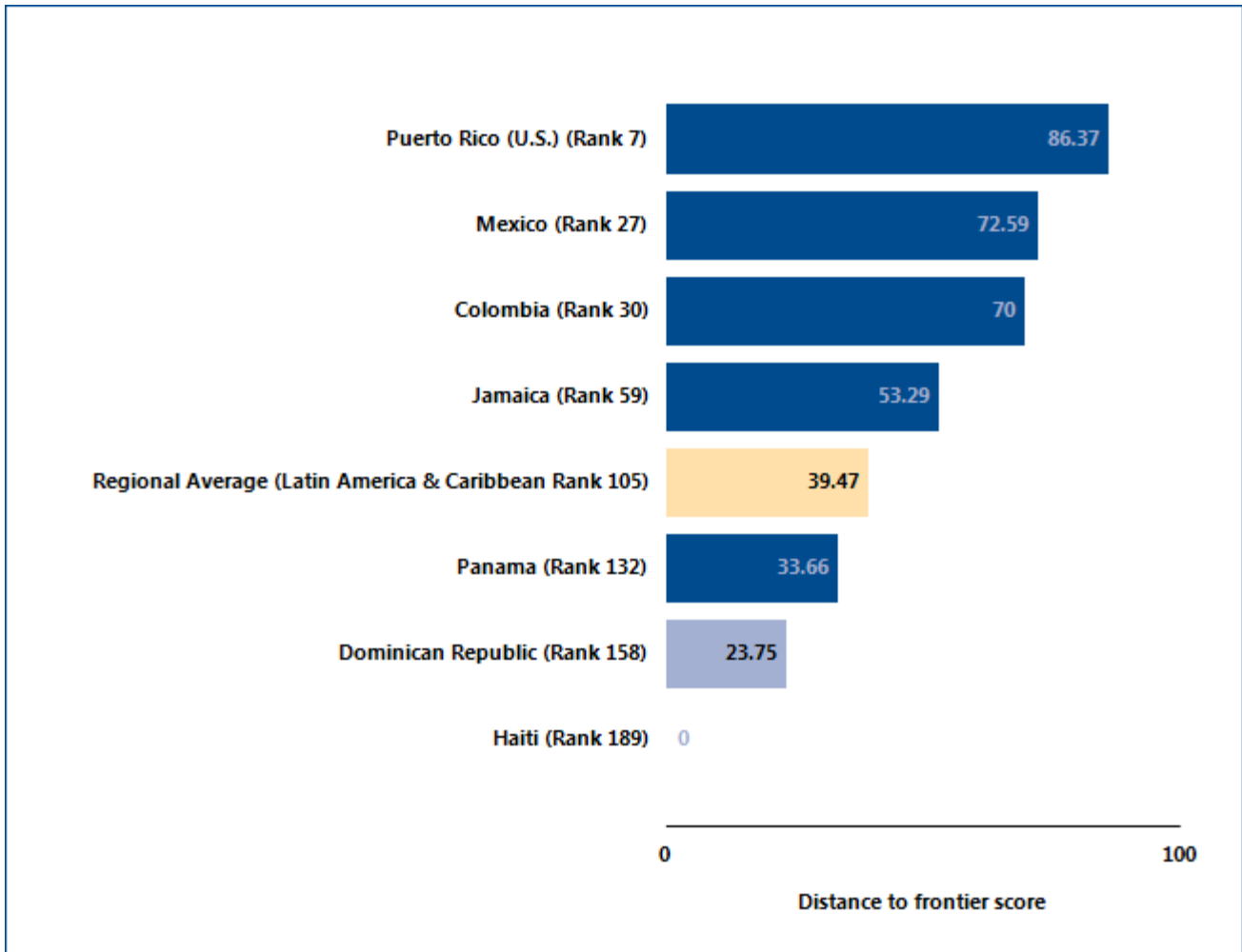
### Where does the economy stand today?

Combination of quality regulations and efficient practice characterize the top-performing economies. How efficient are insolvency proceedings in Dominican Republic? According to data collected by *Doing Business*, resolving insolvency takes 3.5 years on average and costs 38.0% of the debtor's estate, with the most likely outcome being that the company will be sold as piecemeal sale. The average recovery rate is 9.3 cents on the dollar. Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

According to data collected by *Doing Business*, Dominican Republic scores 2.0 out of 3 points on the commencement of proceedings index, 2.0 out of 6 points on the management of debtor's assets index, 0.0 out of 3 points on the reorganization proceedings index, and 2.0 out of 4 points on the creditor participation index. Dominican Republic's total score on the strength of insolvency framework index is 6.0 out of 16.

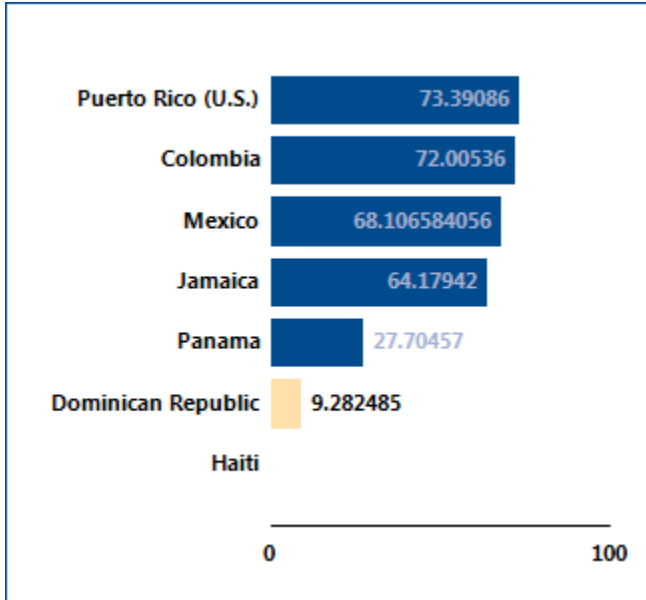
Globally, Dominican Republic stands at 158 in the ranking of 189 economies on the ease of resolving insolvency (figure 11.1). The rankings for comparator economies and the regional average ranking provide other useful benchmarks for assessing the efficiency of insolvency proceedings in Dominican Republic.

Figure 11.1 How Dominican Republic and comparator economies rank on the ease of resolving insolvency



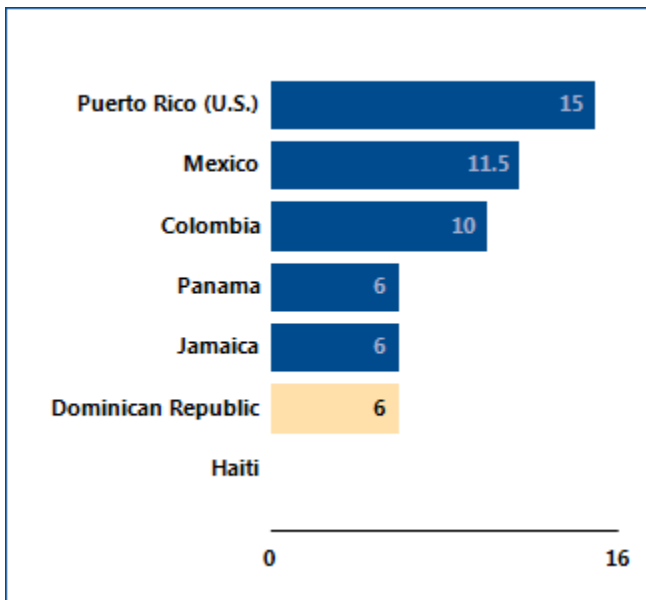
Source: Doing Business database.

Figure 11.2 Recovery Rate (0-100) - Dominican Republic



Source: Doing Business database.

Figure 11.3 Strength of insolvency framework index (0-16) - Dominican Republic



Source: Doing Business database.



## LABOR MARKET REGULATION

*Doing Business* measures flexibility in the regulation of employment, specifically as it affects the hiring and redundancy of workers and the rigidity of working hours. This year, for the first time, the indicators measuring flexibility in labor market regulations focus on those affecting the food retail industry, using a standardized case study of a cashier in a supermarket. Also new is that *Doing Business* collects data on regulations applying to employees hired through temporary-work agencies as well as on those applying to permanent employees or employees hired on fixed-term contracts. The indicators also cover additional areas of labor market regulation, including social protection schemes and benefits as well as labor disputes.

Over the period from 2007 to 2011 improvements were made to align the methodology for the labor market regulation indicators (formerly the employing workers indicators) with the letter and spirit of the International Labour Organization (ILO) conventions. Only 6 of the 188 ILO conventions cover areas measured by *Doing Business*: employee termination, weekend work, holiday with pay, night work, protection against unemployment and medical care and sickness benefits. The *Doing Business* methodology is fully consistent with these 6 conventions. The ILO conventions covering areas related to the labor market regulation indicators do not include the ILO core labor standards—8 conventions covering the right to collective bargaining, the elimination of forced labor, the abolition of child labor and equitable treatment in employment practices.

Between 2009 and 2011 the World Bank Group worked with a consultative group—including labor lawyers, employer and employee representatives, and experts from the ILO, the Organisation for Economic Co-operation and Development (OECD), civil society and the private sector—to review the methodology for the labor market regulation indicators and explore future areas of research.

A full report with the conclusions of the consultative group is available at:  
<http://www.doingbusiness.org/methodology/employing-workers>.

*Doing Business 2015* presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators nor include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulations are available on the *Doing Business* website (<http://www.doingbusiness.org>). The data on labor market regulations are based on a detailed survey of employment regulations that is completed by local lawyers and public officials. Employment laws and regulations as well as secondary sources are reviewed to ensure accuracy. To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or a grocery store
- Is a full-time employee
- Is not a member of the labor union, unless membership is mandatory

The business:

- Is a limited liability company (or the equivalent in the economy) with 60 employees.
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## LABOR MARKET REGULATION

### What are the details?

The data reported here for Dominican Republic are based on a detailed survey of labor market regulation that is completed by local lawyers and public officials.

Employment laws and regulations as well as secondary sources are reviewed to ensure accuracy.

#### Difficulty of hiring index

Difficulty of hiring covers 4 areas: (i) whether fixed-term contracts are prohibited for permanent tasks; (ii) the maximum cumulative duration of fixed-term contracts; (iii) the minimum wage for a cashier, age 19, with 1 year of work experience; and (iv) the ratio of the minimum

wage to the average value added per worker. The average value added per worker is the ratio of an economy's GNI per capita to the working-age population as a percentage of the total population.

Difficulty of hiring index	Data
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	295.71
Ratio of minimum wage to value added per worker	0.40

Source: *Doing Business* database.

## LABOR MARKET REGULATION

### Rigidity of hours index

Rigidity of hours covers 7 areas: (i) whether the workweek can extend to 50 hours or more (including overtime) for 2 months in a year to respond to a seasonal increase in workload; (ii) the maximum number of days allowed in the workweek; (iii) the premium for night work (as a percentage of hourly pay); (iv) the premium for work on a weekly rest day (as a percentage of hourly pay); (v) whether there are restrictions on night work; (vi) whether there are restrictions on weekly holiday work; and (vii) the average paid annual leave for workers with 1 year of tenure, 5 years of tenure and 10 years of tenure.

Rigidity of hours index	Data
50-hour workweek allowed for 2 months a year in case of a seasonal increase in workload?	Yes
Maximum working days per week	5.5
Premium for night work (% of hourly pay)	0%
Premium for work on weekly rest day (% of hourly pay)	100%
Major restrictions on night work?	No
Major restrictions on weekly holiday?	Yes
Paid annual leave for a worker with 1 year of tenure (in working days)	14.0
Paid annual leave for a worker with 5 years of tenure (in working days)	14.0
Paid annual leave for a worker with 10 years of tenure (in working days)	14.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	14.0

Source: *Doing Business* database.

## LABOR MARKET REGULATION

### Difficulty of redundancy index

Difficulty of redundancy index looks at 9 questions: (i) what the length is in months of the maximum probationary period; (ii) whether redundancy is disallowed as a basis for terminating workers; (iii) whether the employer needs to notify a third party (such as a government agency) to terminate 1 redundant worker; (iv) whether the employer needs to notify a third party to terminate a group of 9 redundant workers; (v)

whether the employer needs approval from a third party to terminate 1 redundant worker; (vi) whether the employer needs approval from a third party to terminate a group of 9 redundant workers; (vii) whether the law requires the employer to reassign or retrain a worker before making the worker redundant; (viii) whether priority rules apply for redundancies; and (ix) whether priority rules apply for reemployment.

Difficulty of redundancy index	Data
Maximum length of probationary period (months)	3.0
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if 1 worker is dismissed?	No
Third-party approval if 1 worker is dismissed?	No
Third-party notification if 9 workers are dismissed?	No
Third-party approval if 9 workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No

Source: *Doing Business* database.

## LABOR MARKET REGULATION

### Redundancy cost

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

requirements and severance payments applicable to a worker with 1 year of tenure, a worker with 5 years and a worker with 10 years is considered. One month is recorded as 4 and 1/3 weeks.

Redundancy cost indicator (in salary weeks)	Data
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.0
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.0
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.0
Severance pay for redundancy dismissal for a worker with 1 year of tenure	3.8
Severance pay for redundancy dismissal for a worker with 5 years of tenure	20.9
Severance pay for redundancy dismissal for a worker with 10 years of tenure	41.8
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	22.2

Source: *Doing Business* database.

### Social protection schemes and benefits & Labor disputes

*Doing Business* collects data on the existence of unemployment protection schemes as well as data on whether employers are legally required to provide health insurance for employees with permanent contracts.

*Doing Business* also assesses the mechanisms available to resolve labor disputes. More specifically, it collects data on what courts would be competent to hear labor disputes and whether the competent court is specialized in resolving labor disputes.

Social protection schemes and benefits & Labor disputes indicator	Data
Availability of unemployment protection scheme?	No
Health insurance existing for permanent employees?	Yes
Availability of courts or court sections specializing in labor disputes?	Yes

Source: *Doing Business* database.



## DISTANCE TO FRONTIER AND EASE OF DOING BUSINESS RANKING

This year's report presents results for 2 aggregate measures: the distance to frontier score and the ease of doing business ranking, which for the first time this year is based on the distance to frontier score. The ease of doing business ranking compares economies with one another; the distance to frontier score benchmarks economies with respect to regulatory best practice, showing the absolute distance to the best performance on each *Doing Business* indicator. When compared across years, the distance to frontier score shows how much the regulatory environment for local entrepreneurs in an economy has changed over time in absolute terms, while the ease of doing business ranking can show only how much the regulatory environment has changed relative to that in other economies.

### Distance to Frontier

The distance to frontier score captures the gap between an economy's performance and a measure of best practice across the entire sample of 31 indicators for 10 *Doing Business* topics (the labor market regulation indicators are excluded). For starting a business, for example, Canada and New Zealand have the smallest number of procedures required (1), and New Zealand the shortest time to fulfill them (0.5 days). Slovenia has the lowest cost (0.0), and Australia, Colombia and 110 other economies have no paid-in minimum capital requirement (table 15.1 in the *Doing Business 2015* report).

#### Calculation of the distance to frontier score

Calculating the distance to frontier score for each economy involves 2 main steps. First, individual component indicators are normalized to a common unit where each of the 31 component indicators  $y$  (except for the total tax rate) is rescaled using the linear transformation  $(\text{worst} - y)/(\text{worst} - \text{frontier})$ . In this formulation the frontier represents the best performance on the indicator across all economies since 2005 or the third year after data for the indicator were collected for the first time. For legal indicators such as those on getting credit or protecting minority investors, the frontier is set at the highest possible value. For the total tax rate, consistent with the use of a threshold in calculating the rankings on this indicator, the frontier is

defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis. For the time to pay taxes the frontier is defined as the lowest time recorded among all economies that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and value added tax (VAT) or sales tax. In addition, the cost to export and cost to import for each year are divided by the GDP deflator, to take the general price level into account when benchmarking these absolute-cost indicators across economies with different inflation trends. The base year for the deflator is 2013 for all economies.

In the same formulation, to mitigate the effects of extreme outliers in the distributions of the rescaled data for most component indicators (very few economies need 700 days to complete the procedures to start a business, but many need 9 days), the worst performance is calculated after the removal of outliers. The definition of outliers is based on the distribution for each component indicator. To simplify the process, 2 rules were defined: the 95th percentile is used for the indicators with the most dispersed distributions (including time, cost, minimum capital and number of payments to pay taxes), and the 99th percentile is used for number of procedures and number of documents to trade. No outlier was removed for component indicators bound by definition or construction, including legal index scores (such as the depth of credit information index, extent of conflict of interest regulation index and strength of insolvency framework index) and the recovery rate (figure 15.1 in the *Doing Business 2015* report).

Second, for each economy the scores obtained for individual indicators are aggregated through simple averaging into one distance to frontier score, first for each topic and then across all 10 topics: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. More complex aggregation methods—such as principal components and unobserved components—yield a ranking nearly identical to the simple average used by *Doing Business*<sup>6</sup>. Thus *Doing Business* uses the simplest

<sup>6</sup> See Djankov, Manraj and others (2005). Principal components and unobserved components methods yield a ranking nearly identical to

method: weighting all topics equally and, within each topic, giving equal weight to each of the topic components<sup>7</sup>.

An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. All distance to frontier calculations are based on a maximum of 5 decimals. However, indicator ranking calculations and the ease of doing business ranking calculations are based on 2 decimals. The difference between an economy's distance to frontier score in any previous year and its score in 2014 illustrates the extent to which the economy has closed the gap to the regulatory frontier over time. And in any given year the score measures how far an economy is from the best performance at that time.

#### Treatment of the total tax rate

This year, for the first time, the total tax rate component of the paying taxes indicator set enters the distance to frontier calculation in a different way than any other indicator. The distance to frontier score obtained for the total tax rate is transformed in a nonlinear fashion before it enters the distance to frontier score for paying taxes. As a result of the nonlinear transformation, an increase in the total tax rate has a smaller impact on the distance to frontier score for the total tax rate—and therefore on the distance to frontier score for paying taxes—for economies with a below-average total tax rate than it would have in the calculation done in previous years (line B is smaller than line A in figure 15.2 of the *Doing Business 2015* report). And for economies with an extreme total tax rate (a rate that is very high relative to the average), an increase has a greater impact on both these distance to frontier scores than before (line D is bigger than line C in figure 15.2 of the *Doing Business 2015* report).

The nonlinear transformation is not based on any economic theory of an "optimal tax rate" that minimizes distortions or maximizes efficiency in an economy's

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that from the simple average method because both these methods assign roughly equal weights to the topics, since the pairwise correlations among indicators do not differ much. An alternative to the simple average method is to give different weights to the topics, depending on which are considered of more or less importance in the context of a specific economy.

<sup>7</sup> For getting credit, indicators are weighted proportionally, according to their contribution to the total score, with a weight of 60% assigned to the strength of legal rights index and 40% to the depth of credit information index. Indicators for all other topics are assigned equal weights

overall tax system. Instead, it is mainly empirical in nature. The nonlinear transformation along with the threshold reduces the bias in the indicator toward economies that do not need to levy significant taxes on companies like the *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology). In addition, it acknowledges the need of economies to collect taxes from firms.

#### Calculation of scores for economies with 2 cities covered

For each of the 11 economies for which a second city was added in this year's report, the distance to frontier score is calculated as the population-weighted average of the distance to frontier scores for the 2 cities covered (table 12.1). This is done for the aggregate score, the scores for each topic and the scores for all the component indicators for each topic.

Table 12.1 Weights used in calculating the distance to frontier scores for economies with 2 cities covered

Economy	City	Weight (%)
Bangladesh	Dhaka	78
	Chittagong	22
Brazil	São Paulo	61
	Rio de Janeiro	39
China	Shanghai	55
	Beijing	45
India	Mumbai	47
	Delhi	53
Indonesia	Jakarta	78
	Surabaya	22
Japan	Tokyo	65
	Osaka	35
Mexico	Mexico City	83
	Monterrey	17
Nigeria	Lagos	77
	Kano	23
Pakistan	Karachi	65
	Lahore	35
Russian Federation	Moscow	70
	St. Petersburg	30
United States	New York	60
	Los Angeles	40

Source: United Nations, Department of Economic and Social Affairs, Population Division, World Urbanization Prospects, 2014 Revision. <http://esa.un.org/unpd/wup/CD-ROM/Default.aspx>.



### Economies that improved the most across 3 or more *Doing Business* topics in 2013/14

*Doing Business 2015* uses a simple method to calculate which economies improved the ease of doing business the most. First, it selects the economies that in 2013/14 implemented regulatory reforms making it easier to do business in 3 or more of the 10 topics included in this year's aggregate distance to frontier score. Twenty-one economies meet this criterion: Azerbaijan; Benin; the Democratic Republic of Congo; Côte d'Ivoire; the Czech Republic; Greece; India; Ireland; Kazakhstan; Lithuania; the former Yugoslav Republic of Macedonia; Poland; Senegal; the Seychelles; Spain; Switzerland; Taiwan, China; Tajikistan; Togo; Trinidad and Tobago; and the United Arab Emirates. Second, *Doing Business* sorts these economies on the increase in their distance to frontier score from the previous year using comparable data.

Selecting the economies that implemented regulatory reforms in at least 3 topics and had the biggest improvements in their distance to frontier scores is intended to highlight economies with ongoing, broad-based reform programs. The improvement in the distance to frontier score is used to identify the top improvers because this allows a focus on the absolute improvement—in contrast with the relative improvement shown by a change in rankings—that economies have made in their regulatory environment for business.

### Ease of *Doing Business* ranking

The ease of doing business ranking ranges from 1 to 189. The ranking of economies is determined by sorting the aggregate distance to frontier scores, rounded to 2 decimals.

## RESOURCES ON THE *DOING BUSINESS* WEBSITE

### **Current features**

News on the *Doing Business* project  
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How economies rank—from 1 to 189  
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All the data for 189 economies—topic rankings, indicator values, lists of regulatory procedures and details underlying indicators  
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More than 10,700 specialists in 189 economies who participate in *Doing Business*  
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Data on business density (number of newly registered companies per 1,000 working-age people) for 139 economies  
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### **Distance to frontier**

Data benchmarking 189 economies to the frontier in regulatory practice  
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Showing where the many good practices identified by *Doing Business* have been adopted  
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*Doing Business at a Glance*—presenting the full report, rankings and highlights for each topic for the iPhone, iPad and iPod touch  
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