

Doing Business 2011

Georgia

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Interactive map on the ease of doing business

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

Contents

Introduction
and Aggregate Rankings

5 - Year Measure of
Cumulative Change

Starting a Business

Dealing with
Construction Permits

Registering Property

Getting Credit

Protecting Investors

Paying Taxes

Trading Across Borders

Enforcing Contracts

Closing a Business

Doing Business 2011
Business Reforms

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

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

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

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

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

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

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

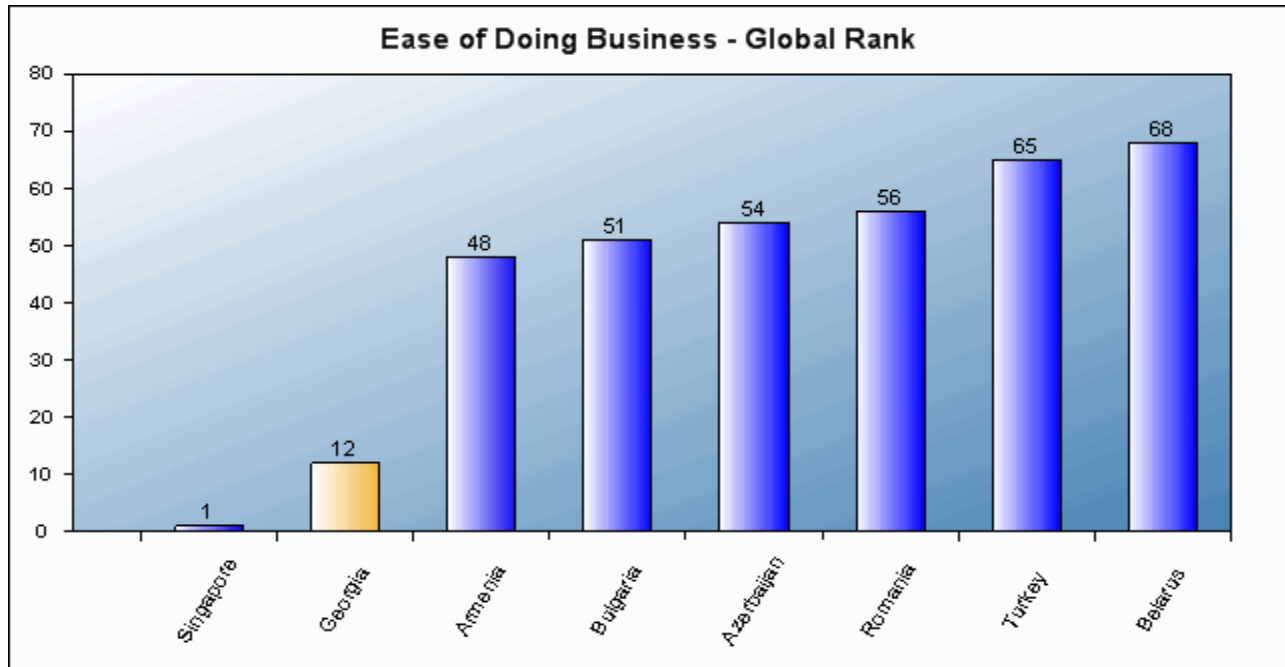
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Georgia is ranked 12 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Georgia's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	12
Starting a Business	8
Dealing with Construction Permits	7
Registering Property	2
Getting Credit	15
Protecting Investors	20
Paying Taxes	61
Trading Across Borders	35
Enforcing Contracts	41
Closing a Business	105

Summary of Indicators - Georgia

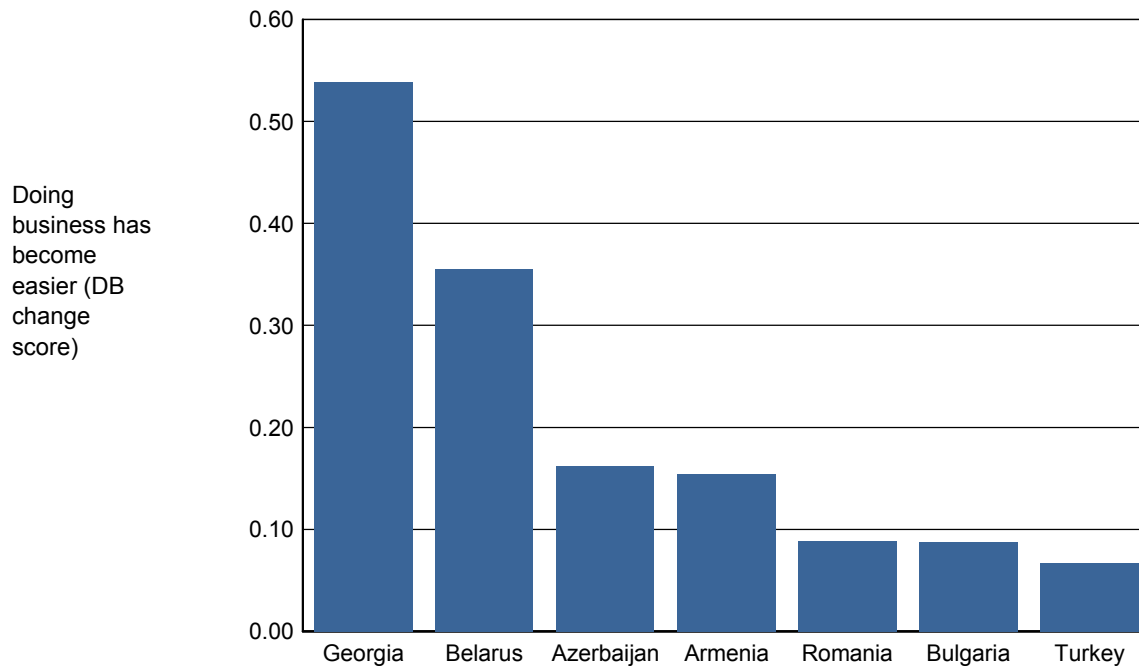
Starting a Business	Procedures (number)	3
	Time (days)	3
	Cost (% of income per capita)	5.0
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	10
	Time (days)	98
	Cost (% of income per capita)	23.2
Registering Property	Procedures (number)	1
	Time (days)	2
	Cost (% of property value)	0.1
Getting Credit	Strength of legal rights index (0-10)	7
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	16.4
Protecting Investors	Extent of disclosure index (0-10)	8
	Extent of director liability index (0-10)	6
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	6.7
Paying Taxes	Payments (number per year)	18
	Time (hours per year)	387
	Profit tax (%)	13.3
	Labor tax and contributions (%)	0.0
	Other taxes (%)	2.0
	Total tax rate (% profit)	15.3
Trading Across Borders	Documents to export (number)	4
	Time to export (days)	10
	Cost to export (US\$ per container)	1329
	Documents to import (number)	4
	Time to import (days)	13
	Cost to import (US\$ per container)	1316

Enforcing Contracts	Procedures (number)	36
	Time (days)	285
	Cost (% of claim)	29.9
Closing a Business	Recovery rate (cents on the dollar)	25.1
	Time (years)	3.3
	Cost (% of estate)	4

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

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

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



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

Some reform outcomes

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

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

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

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

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

Time required to complete each procedure (calendar days)

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

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

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

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

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

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



Case Study Assumptions

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

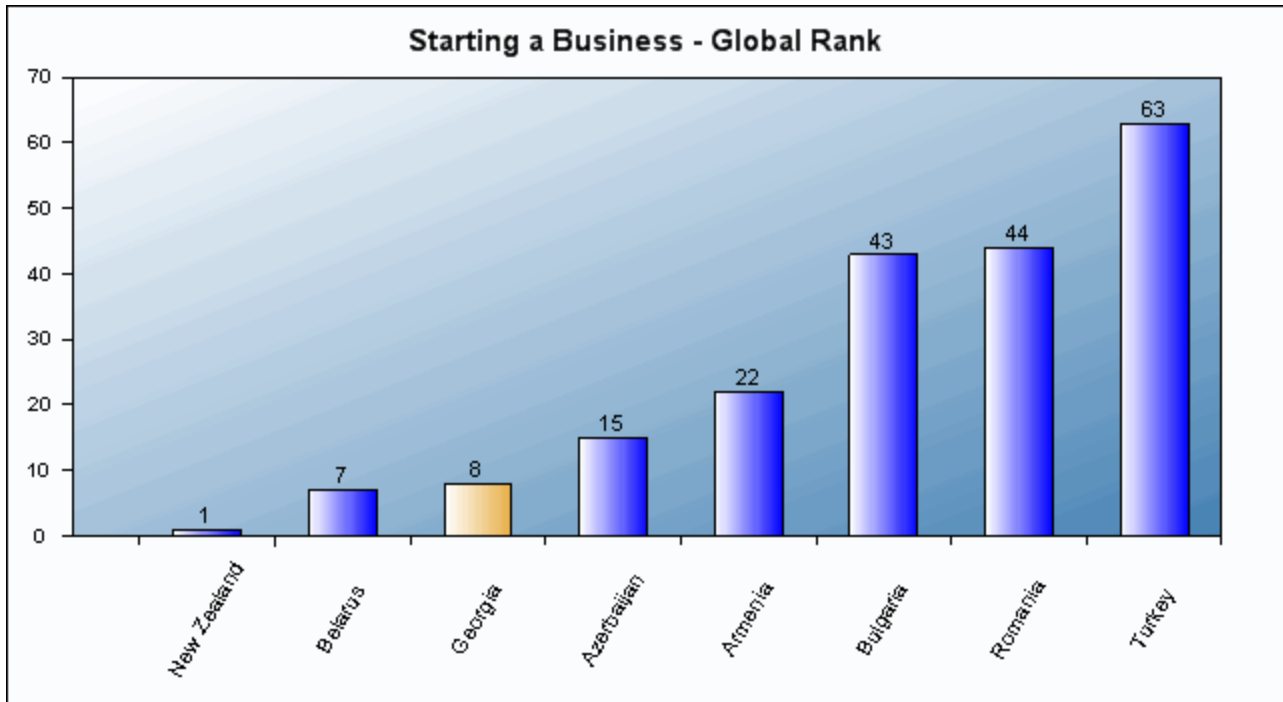
The business:

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

1. Benchmarking Starting a Business Regulations:

Georgia is ranked 8 overall for Starting a Business.

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



The following table shows Starting a Business data for Georgia compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Georgia	3	3	5.0	0.0

<i>Comparator Economies</i>				
Armenia	6	15	3.1	0.0
Azerbaijan	6	8	3.1	0.0
Belarus	5	5	1.6	0.0
Bulgaria	4	18	1.6	0.0
Romania	6	10	2.6	0.9
Turkey	6	6	17.2	9.9

* The following economies are also good practice economies for :

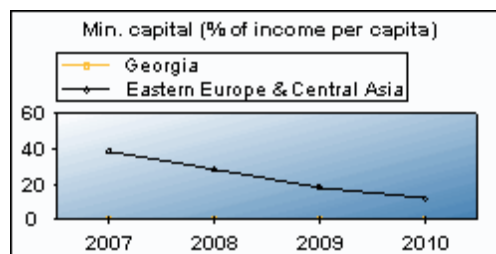
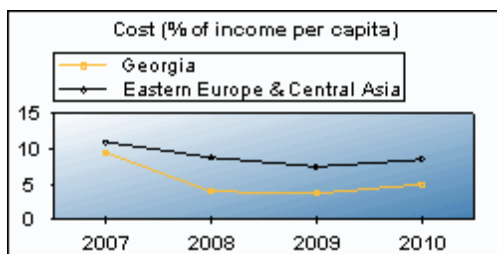
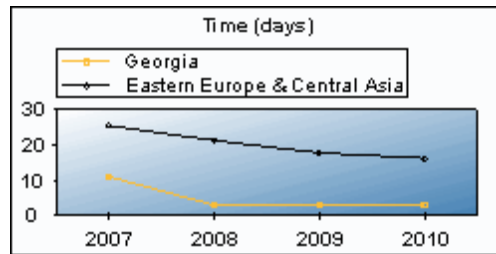
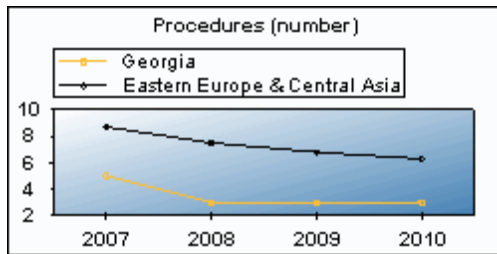
Procedures (number): Canada

Cost (% of income per capita): Slovenia

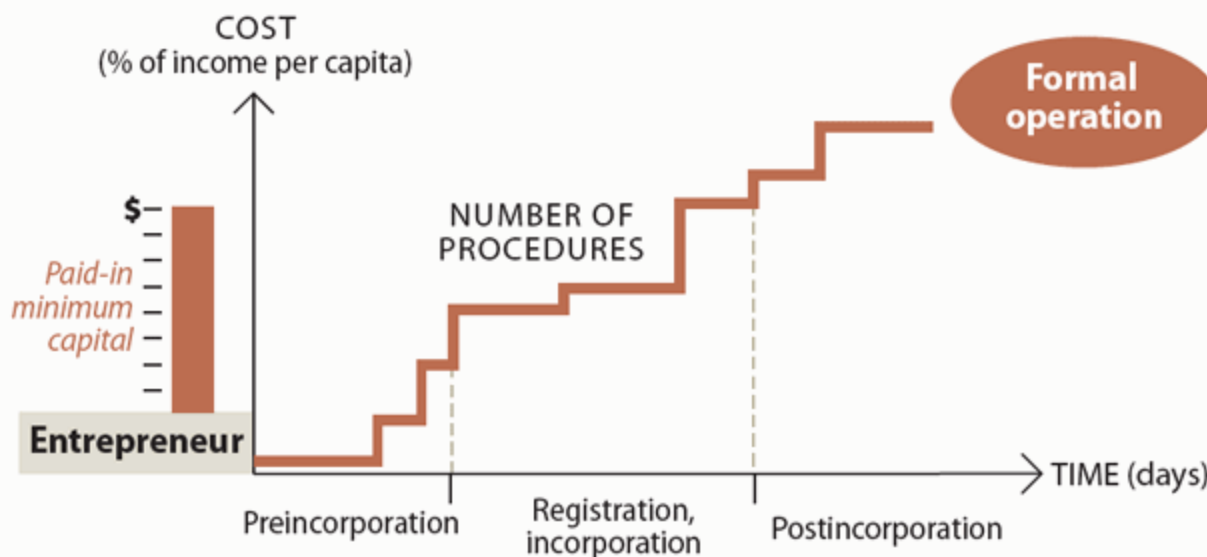
2. Historical data: Starting a Business in Georgia

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	6	8
Procedures (number)	5	3	3	3
Time (days)	11	3	3	3
Cost (% of income per capita)	9.5	4.0	3.7	5.0
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

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



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



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

STANDARDIZED COMPANY

Legal Form: Limited Liability Company

City: Tbilisi

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Pay the registration fee	1	GEL 1
2	Register the company with the Entrepreneurial Register and obtain an identification number and certificate of state and tax registration	1	GEL 200
3	Open a corporate account in the bank	1	no charge

Starting a Business Details - Georgia

Procedure 1 Pay the registration fee

Time to complete:	1
Cost to complete:	GEL 1
Comment:	Banks charge GEL 1 for a transfer

Procedure 2 Register the company with the Entrepreneurial Register and obtain an identification number and certificate of state and tax registration

Time to complete:	1
Cost to complete:	GEL 200
Comment:	<p>Registering the company requires filing the following documents:</p> <ul style="list-style-type: none">(a) Application for registration;(b) Specimen signature(s) of a person(s) authorized for managing a company;(c) Document evidencing payment of a registration fee. <p>Furthermore, application for registration shall include signature(s) of (i) partner(s) and (ii) person(s) authorized for managing and/or representing a company. Such signatures shall be made in presence of a person authorized for company registration. Otherwise the application for registration shall be certified by the notary. As regards the specimen signature(s), it/they shall be either signed in presence of a person authorized for company registration or certified by the notary.</p> <p>Registration of a company shall be carried out upon submission of the above listed documents.</p> <p>The latest amendments in the Law on Entrepreneurs were made on March 14, 2008 and took effect on May 10, 2008. The Order No. 717 of the Finance Minister of Georgia was revoked and a new Order No. 419 on the Approval of Instruction on State and/or Tax Registration Procedure of Taxpayers and Branches was adopted on May 8, 2008. Pursuant to this Order, the 3 days term established for registration of the companies was abolished. Under the new Order a company will to be registered on the same day or the following day of filing. In addition to the foregoing, a new amendment made in the Tax Code of Georgia stipulates that an enterprise should not commence its activities until obtaining tax identification number, otherwise respective penalties and fines will be imposed to the company.</p>

Procedure 3 Open a corporate account in the bank

Time to complete:	1
Cost to complete:	no charge
Comment:	<p>Opening a corporate bank account requires that the following documents be presented to the bank:</p> <ul style="list-style-type: none">(a) the tax administration resolution on company registration;(b) the company charter;(c) the state and tax registration certificate;(d) the director's signature sample; and(e) copies of the identification documentation of each person authorized to represent the company. <p>The bank immediately transforms the temporary account (opened before registration) into a permanent account.</p>

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

Some reform outcomes

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

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

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

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

Time required to complete each procedure (calendar days)

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

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

- Official costs only, no bribes

Case Study Assumptions

The business:

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

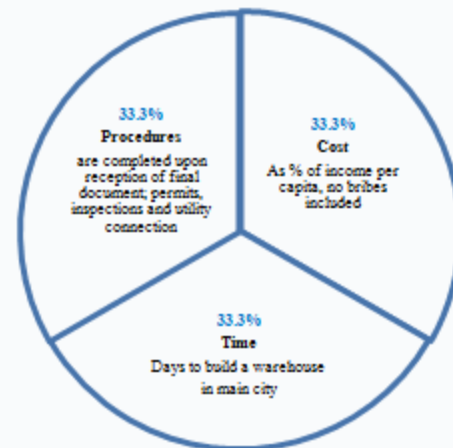
The warehouse:

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

Dealing with Construction Permits:

Building a warehouse

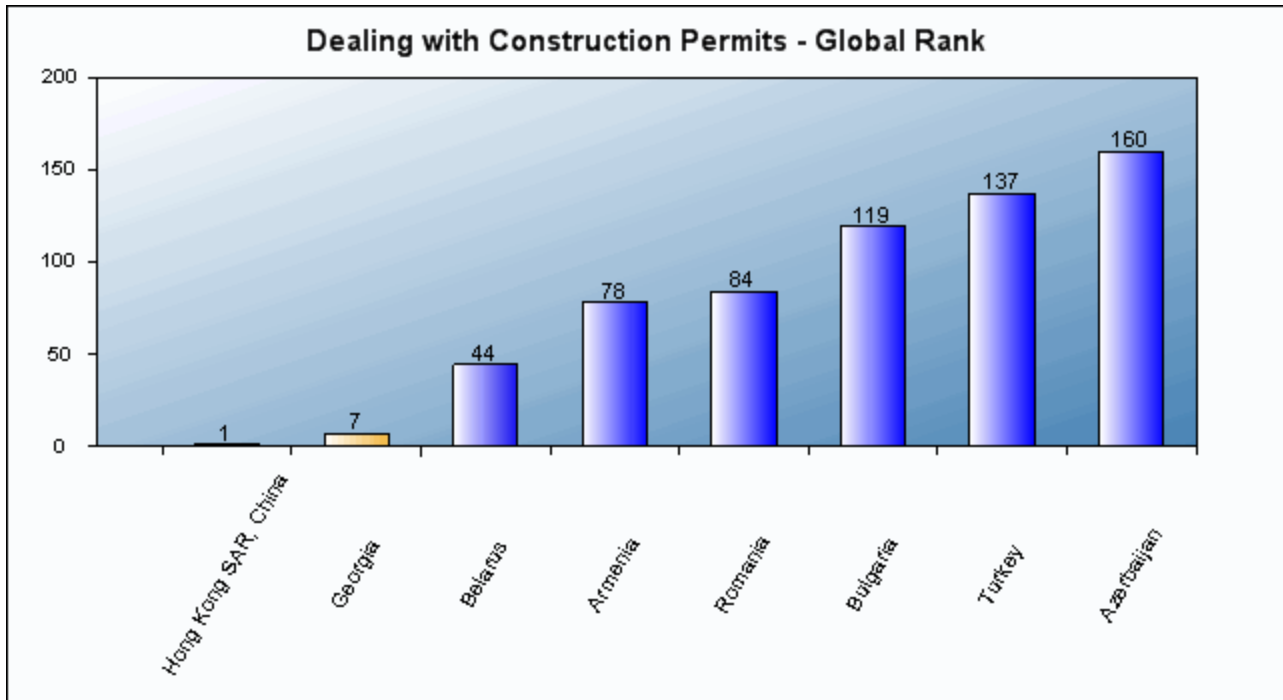
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Georgia is ranked 7 overall for Dealing with Construction Permits.

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



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

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

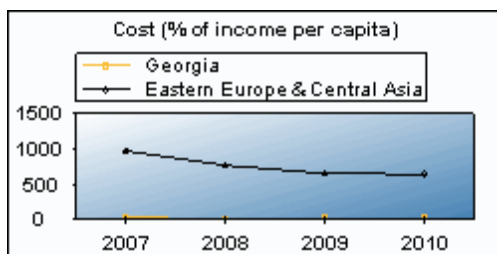
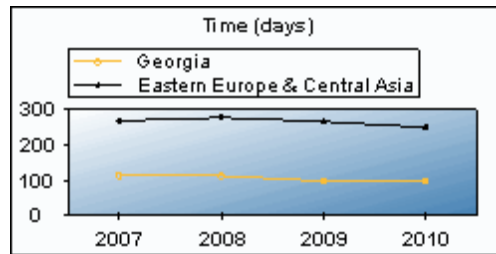
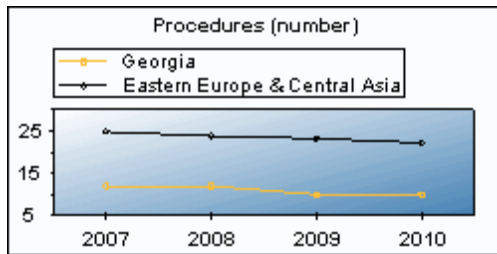
<i>Selected Economy</i>			
Georgia	10	98	23.2

<i>Comparator Economies</i>			
Armenia	20	137	122.7
Azerbaijan	31	207	388.9
Belarus	16	151	50.9
Bulgaria	24	139	442.3
Romania	17	228	73.9
Turkey	25	188	231.4

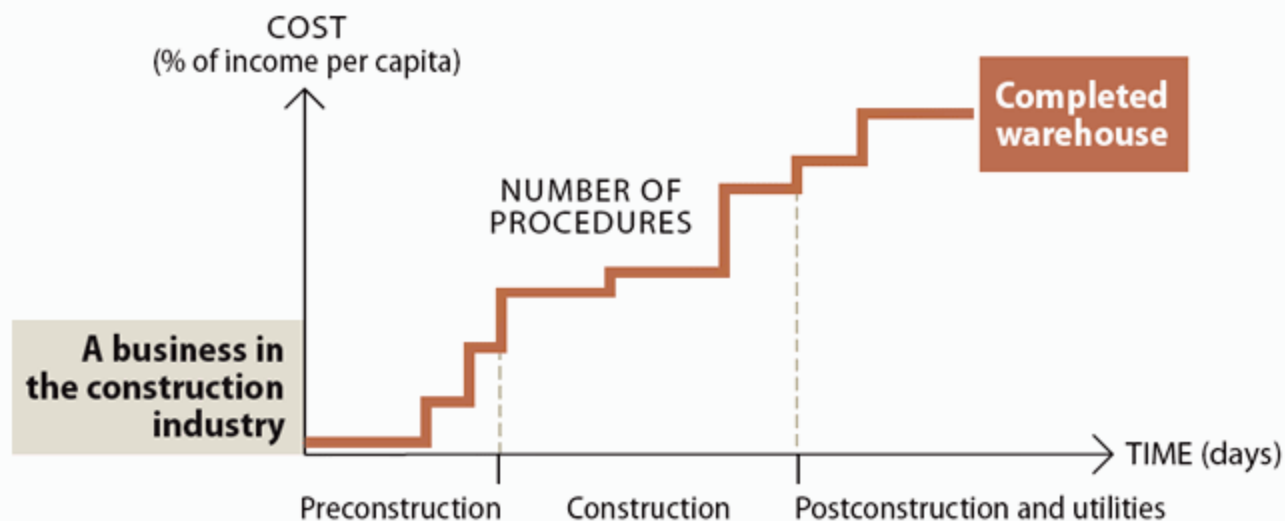
2. Historical data: Dealing with Construction Permits in Georgia

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	7	7
Procedures (number)	12	12	10	10
Time (days)	113	113	98	98
Cost (% of income per capita)	28.9	20.3	21.6	23.2

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



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



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

BUILDING A WAREHOUSE

City: Tbilisi

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain an extract from the National Public Registry	1 day	GEL 15
2	Request and obtain terms of construction from Tbilisi Urban Planning Service	30 days	no charge
3	Request and obtain a building permit from Tbilisi Urban Planning Service	10 days	GEL 650
4	Request and receive an inspection to confirm water connection	10 days	no charge
5	Request and receive an inspection to confirm electricity connection	38 days	no charge
6	Request and receive connection to telephone	5 days	GEL 120
7	Request and obtain a layout survey and protocol from Archmshen Inspection (Architectural Inspection Agency)	1 day	no charge
8	Request and obtain a protocol of completion of major building structure from Archmshen Inspection	1 day	no charge

9	Request and obtain exploitation of building- construction certificate from the Special Commission	15 days	no charge
10	Register the building with the National Public Registry	1 day	GEL 150

Dealing with Construction Permits Details - Georgia

Procedure 1 Request and obtain an extract from the National Public Registry

Time to complete: 1 day

Cost to complete: GEL 15

Agency: National Public Registry

Comment: The extract is proof of the registered ownership right and is the basis for the right to build on a plot. It is valid for 10 days.

In a reform according to Regulation No. 140 of March 27, 2007, the previous requirement that the National Public Registry extract be presented three times during the permit process has been abolished. The extract is presented only once, at the beginning of the permitting process.

Procedure 2 Request and obtain terms of construction from Tbilisi Urban Planning Service

Time to complete: 30 days

Cost to complete: no charge

Agency: Tbilisi Urban Planning Service

Comment: The application must be filled out to obtain the terms of construction. The statutory time is 30 days.

In a reform that made changes to Regulation No. 140 (dated March 27, 2007), the water authority (Tbilisi Tskali) and the electricity provider (Telasi) have become administrative bodies, and Tbilisi Urban Planning Service obtains technical conditions from them as a one-stop shop.

According to amendments as of August 11, 2008, #176 to GOG Resolution #140, confirmation of technical conditions is no longer connected to the process of issuance of building and occupancy permits.

The law provides that an applicant has freedom to choose the option of soliciting the technical condition confirmation personally and independently. The old principle of obtaining the confirmation through Tbilisi Urban Planning Service is still operational, should the applicant decide to use it. The application can be submitted along with project documents submitted for confirmation.

In 2008, the Government of Georgia has finalized its process of developing and updating the city master plans and other city planning and construction documentation. As a result, as of October 27, 2008 by Resolution #214 new amendments to GOG Resolution #140 were made. Under the new amendments, the Tbilisi Urban Planning Service only confirms the conditions of city-planning and construction specifications. The responsibility of drafting and elaborating the city planning conditions for drawings and plans is now on architects and project managers.

Under the GOG Resolution #226, as of November 21, 2008 which amended the GOG Resolution #140, projects that are not located in cultural heritage zones do not require approval of Architectural-Construction Design from Tbilisi Planning Service. Before this approval, also known as Stage –II, was required for all projects.

Procedure 3 Request and obtain a building permit from Tbilisi Urban Planning Service

Time to complete: 10 days

Cost to complete: GEL 650

Agency: Tbilisi Urban Planning Service

Comment: The cost is determined by the project value. According Tbilisi Government Resolution No 2-21, As of February 28, 2008, the fee has been increased to GEL 1 per square meter and only the ground floor space is counted. Thus, the breakdown in the case considered here is $1300.6/2 \times 1 = 650.3$

GOG Resolution # 261 as of December 29, 2008 introduced amendments to GOG Resolution #140. The changes introduce risk based classification of construction projects according to five categories. Depending on complexity of each category different types of procedures are to be followed by applicants. The first category is the low risk one, and the fifth being the most complex one. BuildCo case fits the category –III. Which does not require project expertise, simplified process of approval that also excludes the need for approval of Architectural-Construction Design. It also reduced the time-limit from 30 days to 15 days for obtaining the certificate of completion from Special Commission.

Procedure 4 Request and receive an inspection to confirm water connection

Time to complete: 10 days

Cost to complete: no charge

Agency: Tbilisi Tskali

Comment: BuildCo, having obtained the conditions from the water authority, starts building the water and sewage pipes to the main water pipeline. Once there is a connection to the main pipeline, the inspector from the water authority (Tbilisi Tskali) comes to confirm the connection and sign the protocol. It takes 2 days from the request to when they the water authority comes and connects.

Procedure 5 Request and receive an inspection to confirm electricity connection

Time to complete: 38 days

Cost to complete: no charge

Agency: Telasi

Comment: Once BuildCo has obtained the conditions from the electricity authorities, it starts laying the cables in line with the company’s design plans. In the phase of connecting to the main cable lines, the inspector from the electricity provider (Telasi) comes to confirm the connection and sign the protocol. It takes 2 days from the request to receive connection.

Procedure 6 Request and receive connection to telephone

Time to complete: 5 days

Cost to complete: GEL 120

Agency: Private Telecom Company

Comment: The companies are privatized, and, on average, the price for subscription is GEL 120.

Procedure 7 Request and obtain a layout survey and protocol from Archmshen Inspection (Architectural Inspection Agency)

Time to complete: 1 day

Cost to complete: no charge

Agency: Archmshen Inspection

Comment: This procedure is part of the architectural planning contract.

Procedure 8 Request and obtain a protocol of completion of major building structure from Archmshen Inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Archmshen Inspection

Comment: At the end of construction, the company must request this permit and submit all the inspection certificates obtained in the previous procedures.

Procedure 9 Request and obtain exploitation of building- construction certificate from the Special Commission

Time to complete: 15 days

Cost to complete: no charge

Agency: Special Commission

Comment: The procedure for issuing the building exploitation certificate has been streamlined pursuant to a change to Regulation No. 140, Article 20,1 dated June 20, 2006. Under the regulation, the statutory time limit is 30 days. The construction permit holder must present the protocols of completion of each construction stage as specified in the terms of construction. The protocols are signed by the permit holder, contractor, and the Architectural Construction Supervision Service (ACSS) representative. The presence and signature of the ACSS is not mandatory. Protocols of completion are considered valid if signed by the permit holder and contractor and if the copies are submitted to the permit issuing agency.

GOG Resolution # 261 as of December 29, 2008 introduced amendments to GOG Resolution #140. The changes introduce risk based classification of construction projects according to five categories. Depending on complexity of each category different types of procedures are to be followed by applicants. The first category is the low risk one, and the fifth being the most complex one. BuildCo case fits the category –III. Which does not require project expertise, simplified process of approval that also excludes the need for approval of Architectural-Construction Design. It also reduced the time-limit from 30 days to 15 days for obtaining the certificate of completion from Special Commission.

Procedure 10 Register the building with the National Public Registry

Time to complete: 1 day

Cost to complete: GEL 150

Agency: National Public Registry

Comment: The company must submit the document obtained in the previous procedure and the exploitation permit. The time line is faster under the Georgian Law on Registration of Rights on Immovable Property (December 28, 2005).

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

Some reform outcomes

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

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

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

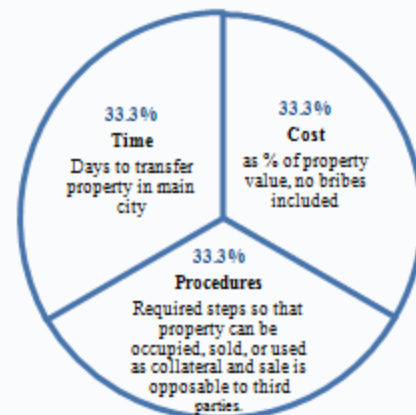
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

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

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

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



Case Study Assumptions

The parties (buyer and seller):

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

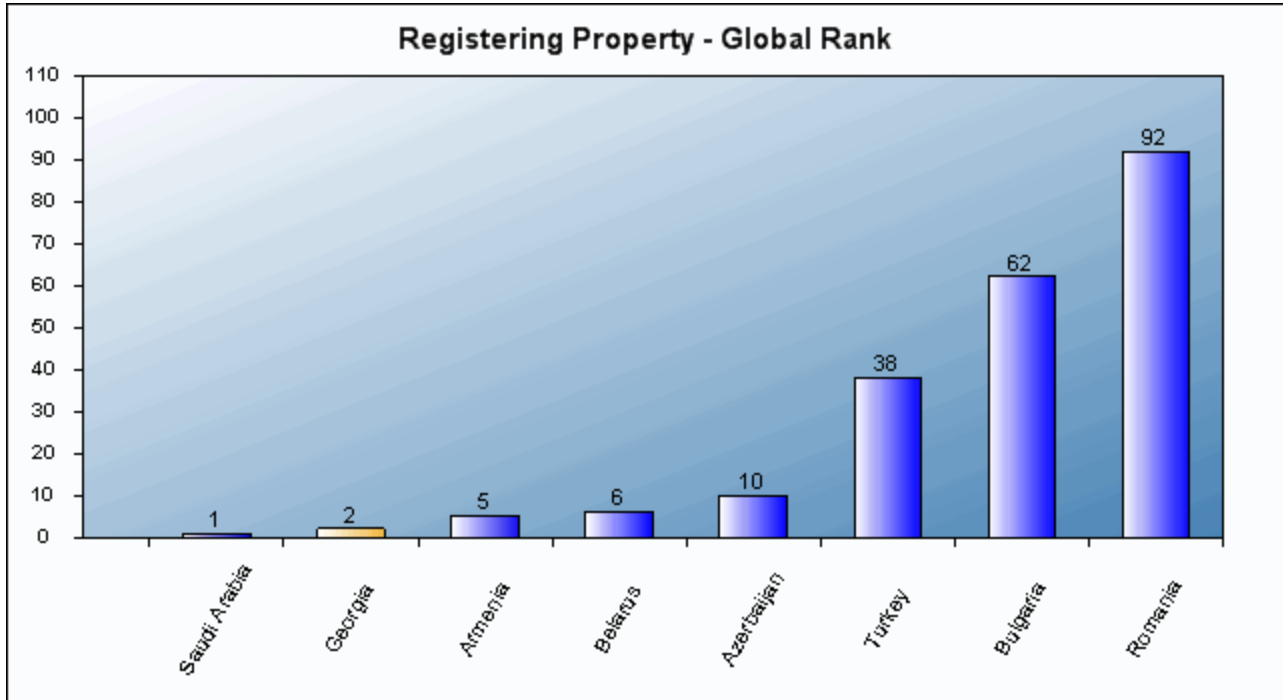
The property (fully owned by the seller):

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

1. Benchmarking Registering Property Regulations:

Georgia is ranked 2 overall for Registering Property.

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



The following table shows Registering Property data for Georgia compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia			0.0

<i>Selected Economy</i>			
Georgia	1	2	0.1

<i>Comparator Economies</i>			
Armenia	3	7	0.3
Azerbaijan	4	11	0.2
Belarus	3	15	0.0
Bulgaria	8	15	3.0
Romania	8	48	1.3
Turkey	6	6	3.0

* The following economies are also good practice economies for :

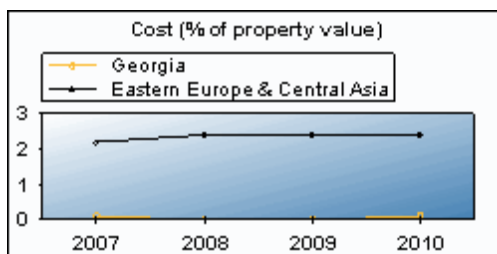
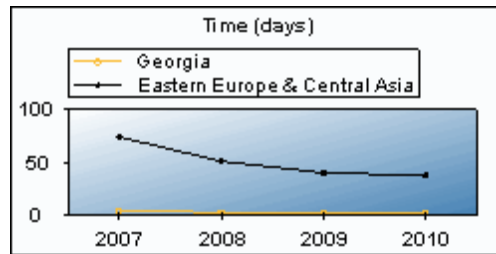
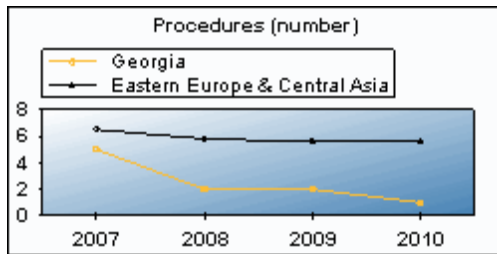
Procedures (number): United Arab Emirates

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

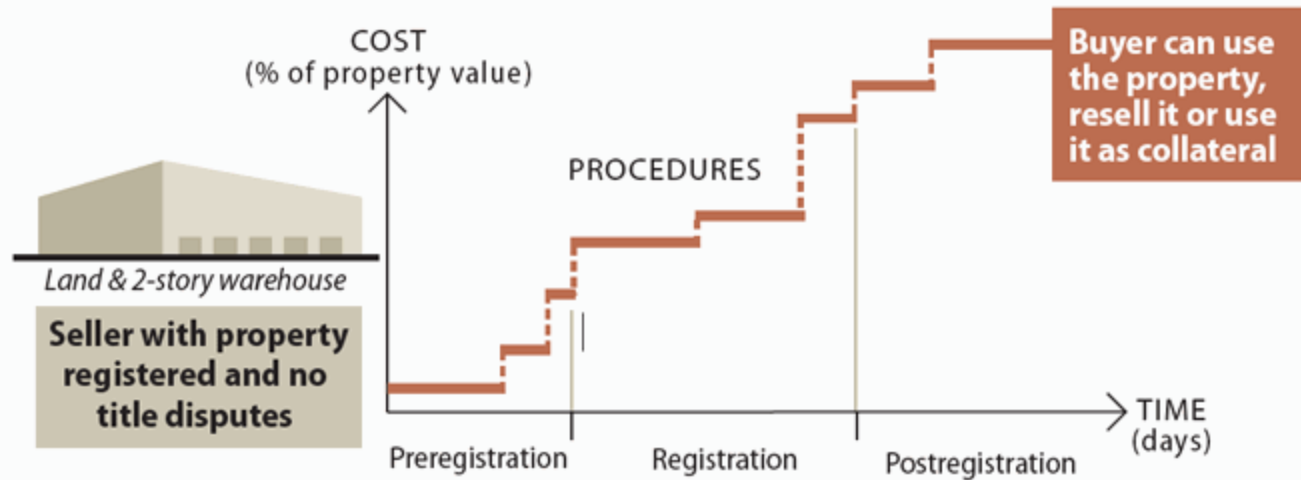
2. Historical data: Registering Property in Georgia

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	2	2
Procedures (number)	5	2	2	1
Time (days)	5	3	3	2
Cost (% of property value)	0.1	0.0	0.0	0.1

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



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



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

STANDARDIZED PROPERTY

Property Value: 201,610.94

City: Tbilisi

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Register the purchaser’s title with the district Public Registry	2 days	Gel 200 (expedited procedure 1 day); GEL 150 (ordinary procedure, 4 business days)

Registering Property Details - Georgia

Procedure	1	Register the purchaser's title with the district Public Registry
Time to complete:		2 days
Cost to complete:		Gel 200 (expedited procedure 1 day); GEL 150 (ordinary procedure, 4 business days)
Agency:		National Public Registry
Comment:		<p>The sale purchase agreement is not required to be notarized, as of the amended Civil Code of March 2007, clause 183. The extract can be obtained online prior to the visit to the Registry or the clerks can check it through their databases on the spot.</p> <p>The new online business registry launched in 2007-2008 by the Georgian National Agency of Public Registry (NAPR) is widely used. Registration fees may be paid at any commercial bank in Georgia. If registration is completed at NAPR, one can make the payment with a bank representative, who is always present at every registering office. If registration is conducted by an authorized user (Bank -JSC Liberty Bank (former People's Bank), notary, real estate company) the registration fee is paid online.</p> <p>All properties in Tbilisi have been being systematically transferred into the electronic database. All the system operations are fully informatized, including Old Bureau of Technical Inventory files that have been scanned.</p> <p>The Public Registry NAPR may take up to 4 business days following the date of filing to conduct registration and issue an Ownership Certificate.</p> <p>Property transfers were subject to a 20% VAT until July 2005. Then, it was cut to 18%. The transfer of land without buildings is not subject to VAT.</p> <p>The documentation shall include:</p> <ol style="list-style-type: none">1) Sale and Purchase agreement2) Copy of ID document of seller and buyer3) Receipt confirming payment of Public Registry registration fee. <p>It is also possible to submit the transaction at one of the 500 authorized users. These can be banks, notaries or real estate companies. These entities can verify the transaction and submit the purchase and sale agreement to the National Public Registry. The employees dealing with these transactions receive a training provided by the National Public Registry and a memorandum is signed between the National Public Registry and the entity. The most commonly used authorized users are banks.</p> <p>The authorized entity receiving the application will verify the identity of the buyer and seller, as well as the ownership of the property. Once the information is submitted through a specific software, the National public registry employee will verify again the ownership and the existence of the individuals (in the Civil registry database that they can access electronically) and process the transfer. Another software is used at this stage.</p> <p>Georgian legislation provides for the possibility of accelerated proceedings, therefore if the buyer wishes to register property transfer on the same day of submission of all necessary documents, the fee is respectively GEL 200. If registration is carried out on the day following the day of submission, the fee totals to GEL 150. GEL 150 is a fee paid for ordinary registration procedures, which take 4 business days following the submission of all required documents to the Public Registry. The payment is done at any commercial bank.</p> <p>The 2% Immovable Property Transfer Tax has been abolished with the introduction of the</p>

new Land Code of Georgia. It has been replaced by the “Income Tax” for physical persons, and the “Profit Tax” for legal entities. These are capital gains taxes. According to changes in tax code (Law of Georgia-changes and additions in Tax Code enforced 2006, 8 December), for persons, the income tax is 12% of the difference between the sell and purchase price in case the time period between the purchase and sales of the property is less than 2 years; for enterprises, the profit tax is 15% of the income gained from the sale of the property.

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

Some reform outcomes

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

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

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

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

Depth of credit information index (0–6)

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

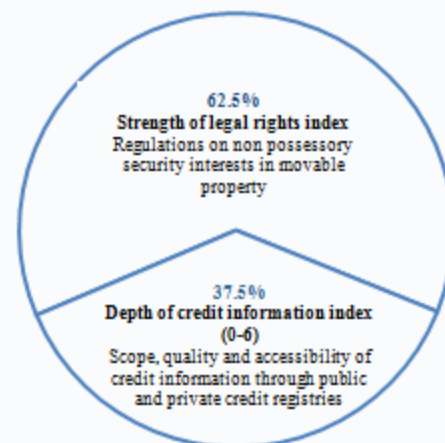
Public credit registry coverage (% of adults)

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

Private credit bureau coverage (% of adults)

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

Getting Credit: collateral rules and credit information



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

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

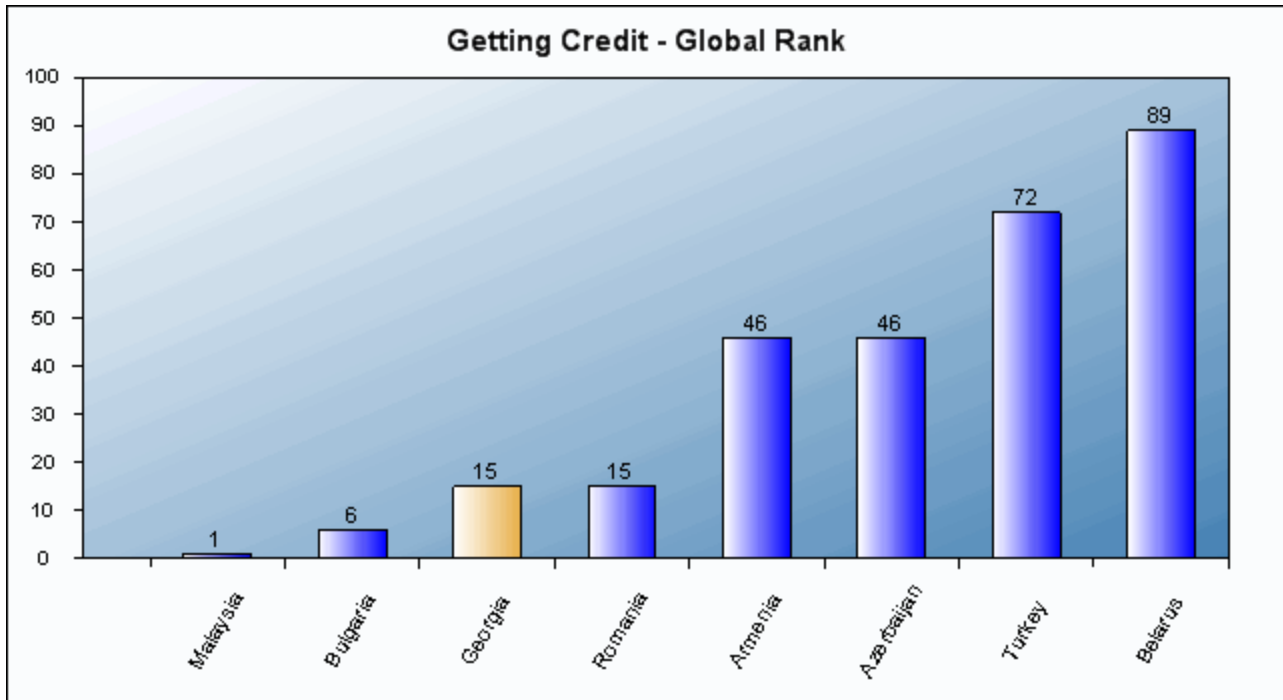
The Debtor

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

1. Benchmarking Getting Credit Regulations:

Georgia is ranked 15 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Georgia	7	6	0.0	16.4

<i>Comparator Economies</i>				
Armenia	6	5	16.9	38.3
Azerbaijan	6	5	7.0	0.0
Belarus	3	5	33.5	0.0
Bulgaria	8	6	37.0	13.1
Romania	8	5	13.0	33.3
Turkey	4	5	18.3	42.2

* The following economies are also good practice economies for :

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

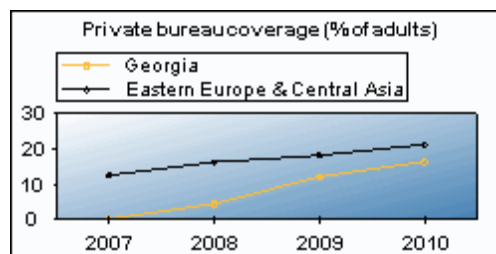
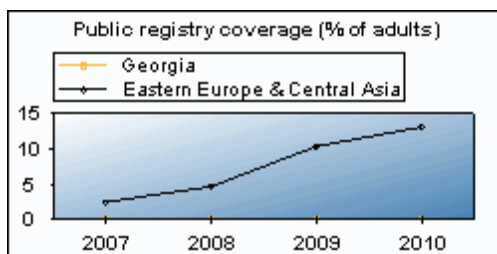
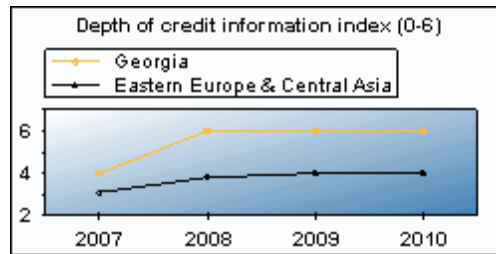
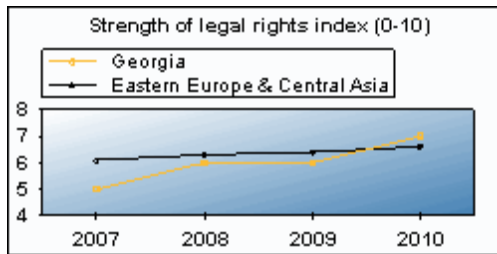
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

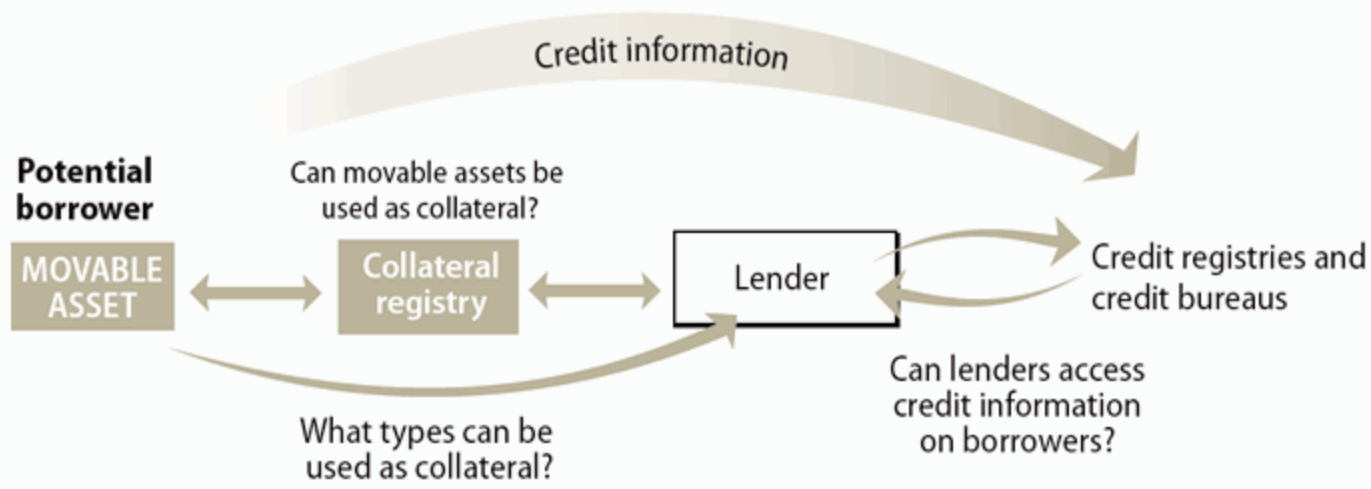
2. Historical data: Getting Credit in Georgia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	30	15
Strength of legal rights index (0-10)	5	6	6	7
Depth of credit information index (0-6)	4	6	6	6
Private bureau coverage (% of adults)	0.2	4.5	12.2	16.4
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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



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



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	16.4	0.0	
Number of individuals	569,333		0
Number of firms	9,151		0

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

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

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?

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?

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 ?

Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?

Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?

Do secured creditors have absolute priority to their collateral in bankruptcy procedures?

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

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

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

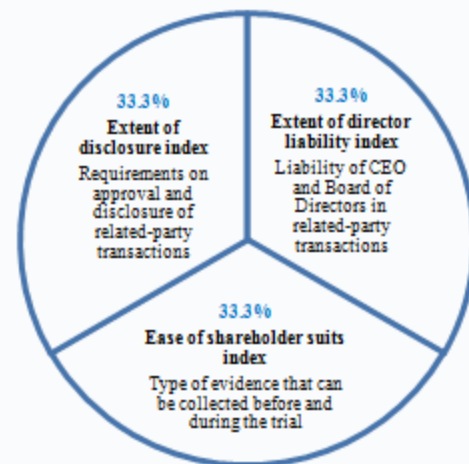
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

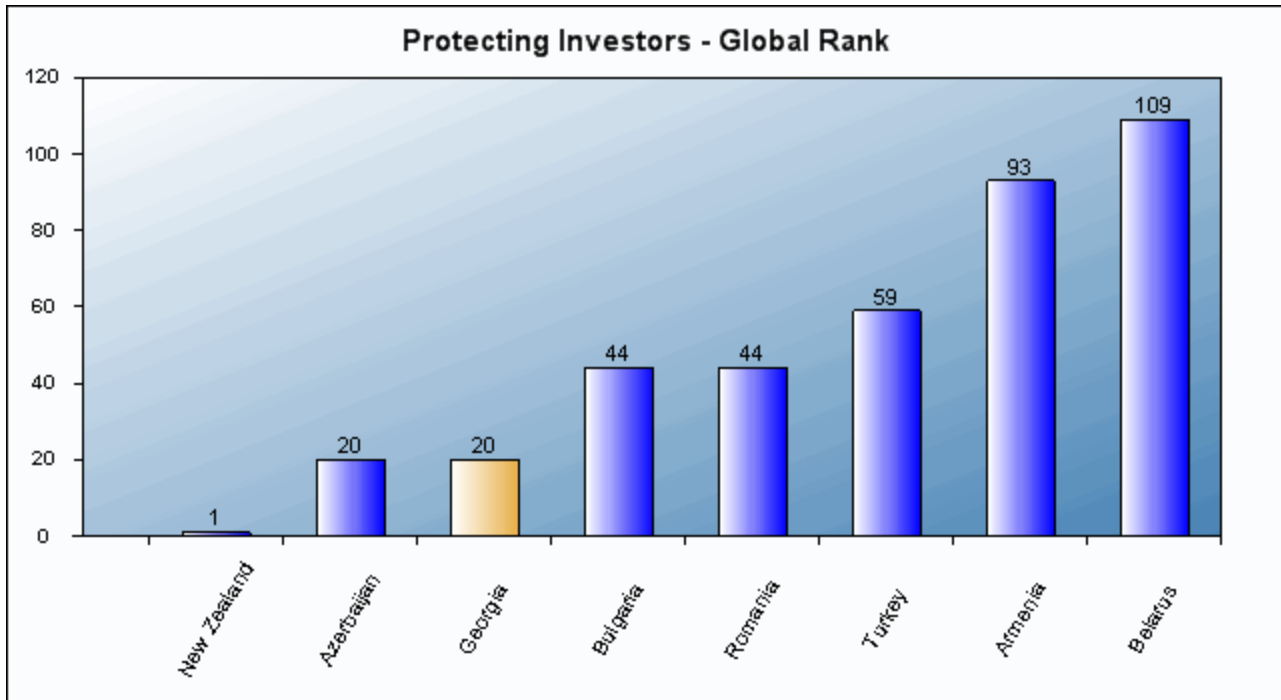
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Georgia is ranked 20 overall for Protecting Investors.

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



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

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

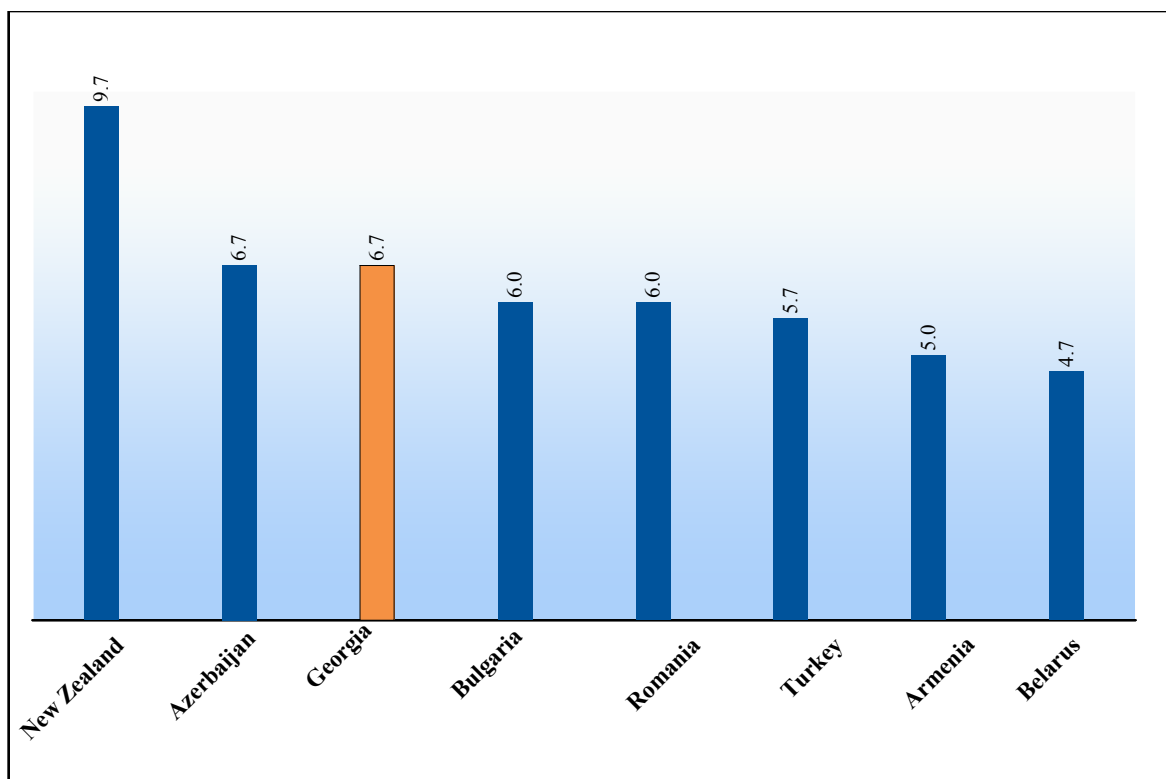
<i>Selected Economy</i>	
Georgia	6.7

<i>Comparator Economies</i>	
Armenia	5.0
Azerbaijan	6.7
Belarus	4.7
Bulgaria	6.0
Romania	6.0
Turkey	5.7

2. Historical data: Protecting Investors in Georgia

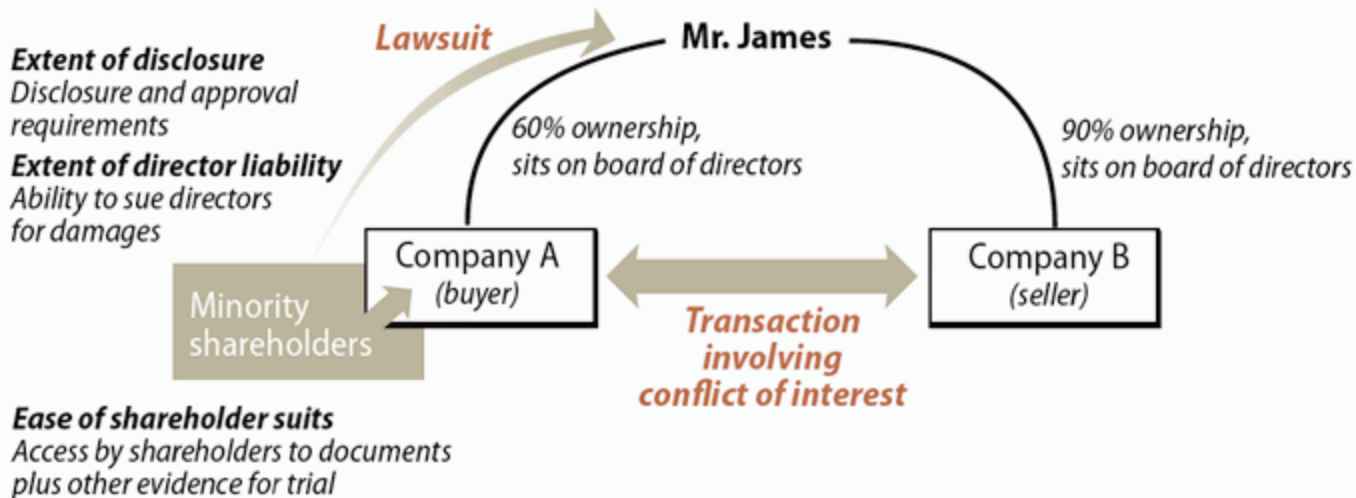
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	20
Strength of investor protection index (0-10)	6.0	6.0	6.0	6.7

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



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

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



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	8
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	6
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	6
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	6.7

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

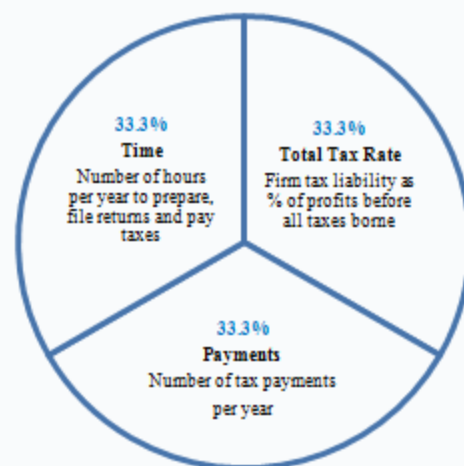
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



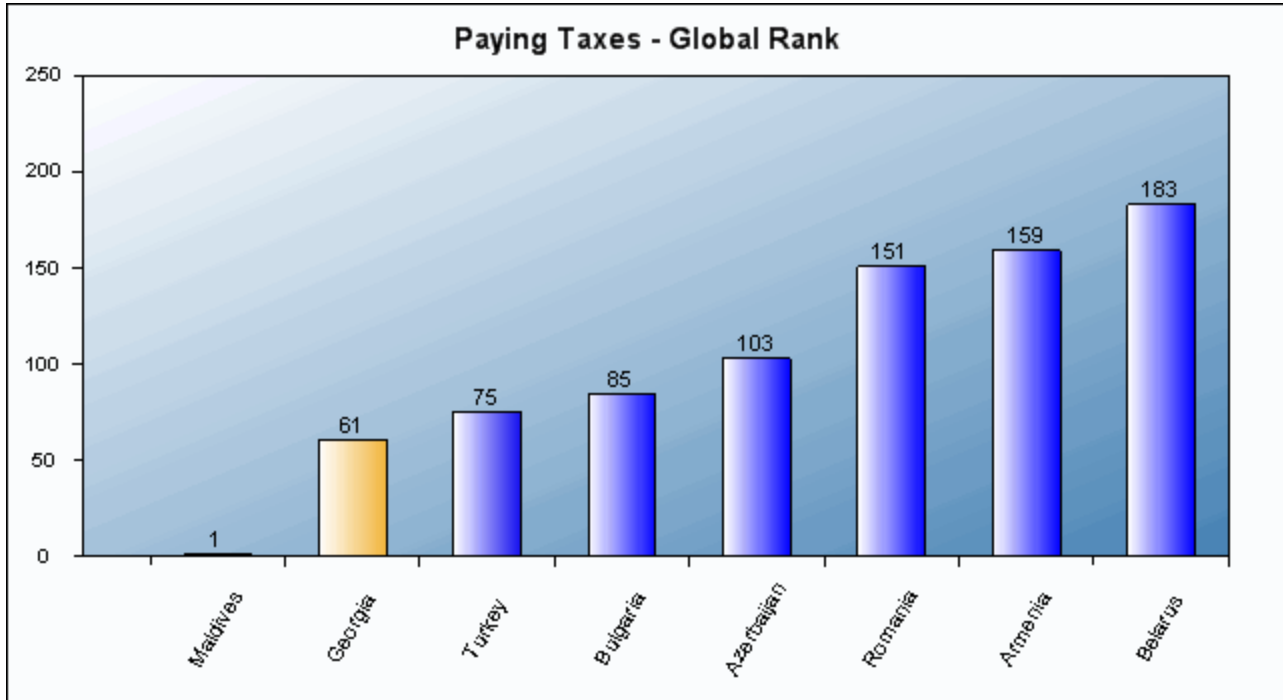
Case Study Assumptions

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

1. Benchmarking Paying Taxes Regulations:

Georgia is ranked 61 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Georgia	18	387	15.3

<i>Comparator Economies</i>			
Armenia	50	581	40.7
Azerbaijan	18	306	40.9
Belarus	82	798	80.4
Bulgaria	17	616	29.0
Romania	113	222	44.9
Turkey	15	223	44.5

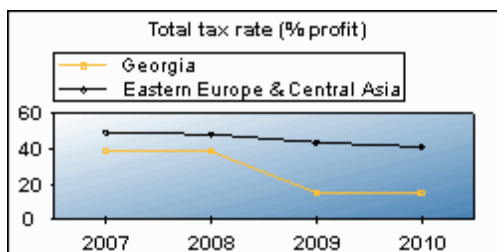
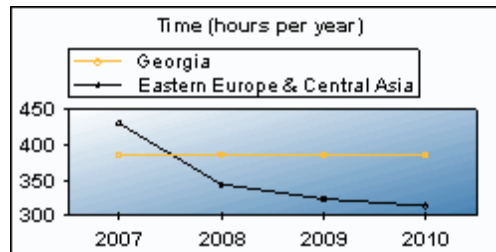
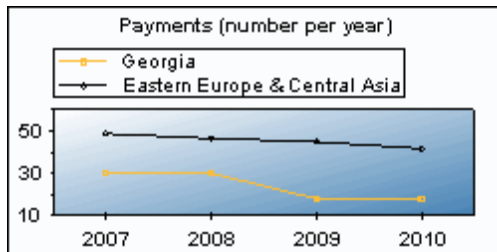
* The following economies are also good practice economies for :

Payments (number per year): Qatar

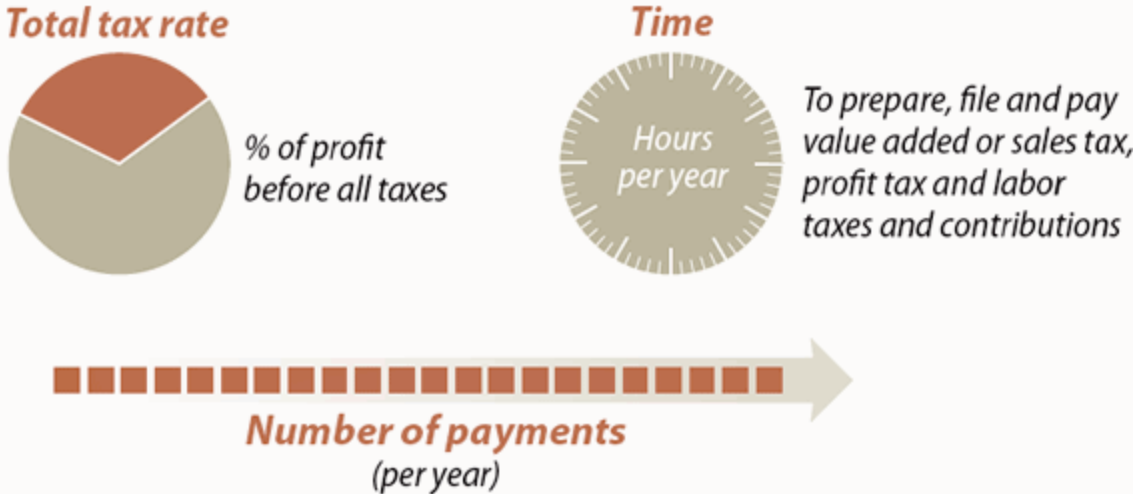
2. Historical data: Paying Taxes in Georgia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	61	61
Total tax rate (% profit)	38.6	38.6	15.3	15.3
Payments (number per year)	30	30	18	18
Time (hours per year)	387	387	387	387

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



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



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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		180	18.0%	value added		
Personal income tax	0		67				
Land tax	1			0.24 per sq. meter	land area	0.20	
Property tax	1			1.0%	all fixed assets minus land	1.80	
Corporate income tax	4		140	15.0%	taxable profit	13.30	
Totals	18		387			15.3	

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

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

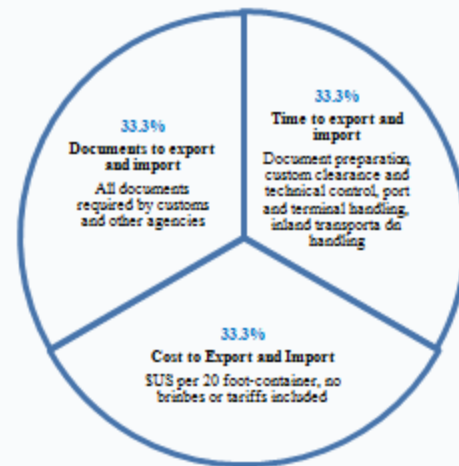
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

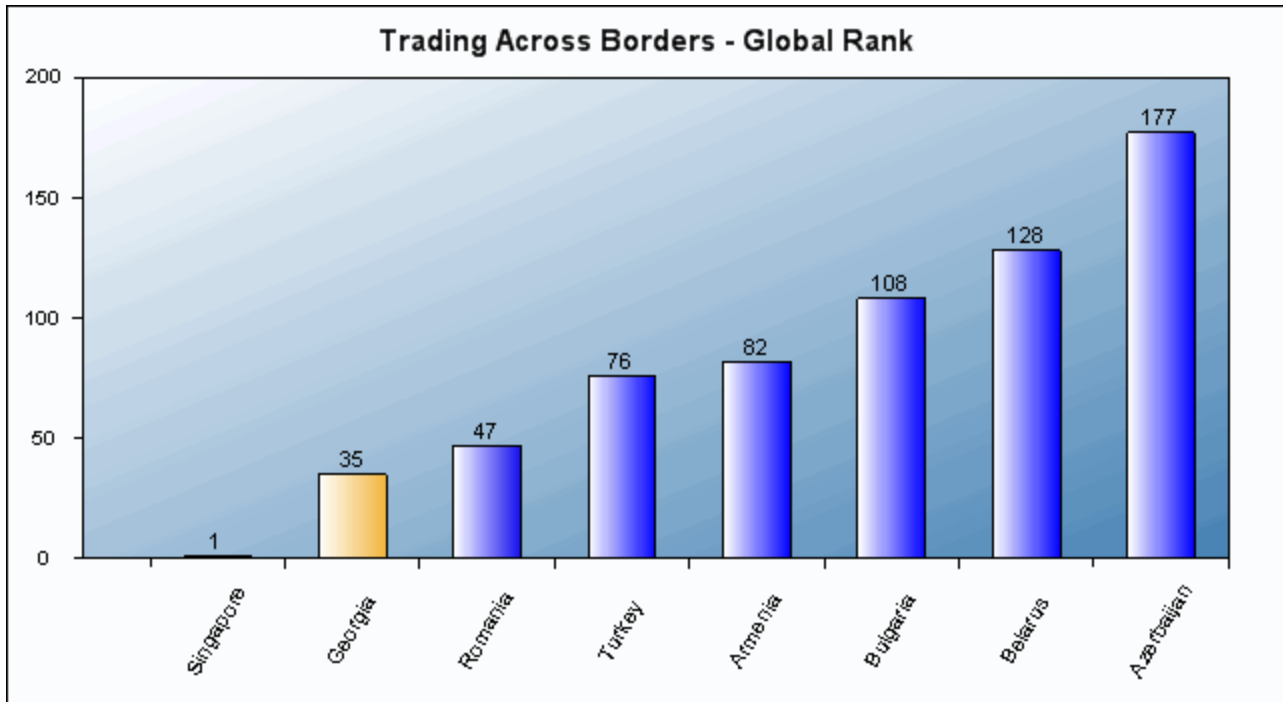
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Georgia is ranked 35 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Georgia	4	10	1329	4	13	1316

<i>Comparator Economies</i>						
Armenia	3	13	1665	6	18	2045
Azerbaijan	9	43	2980	14	46	3480
Belarus	8	15	1772	8	20	1770
Bulgaria	5	23	1551	7	21	1666
Romania	5	12	1275	6	13	1175
Turkey	7	14	990	8	15	1063

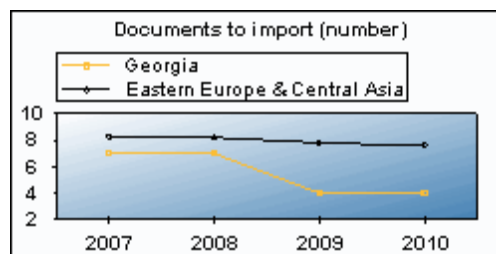
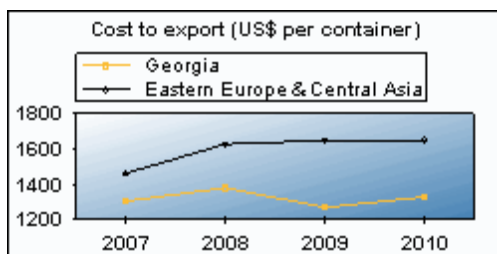
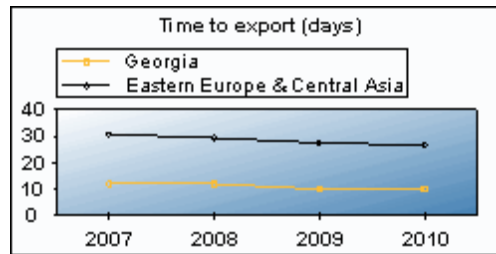
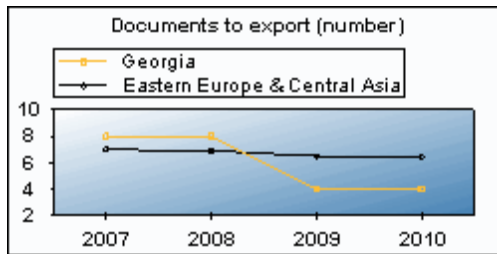
* The following economies are also good practice economies for :

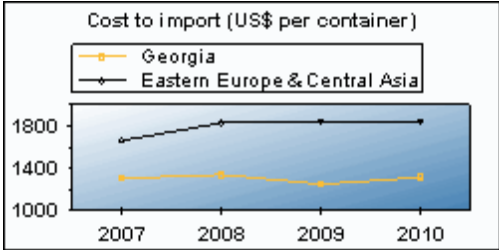
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Georgia

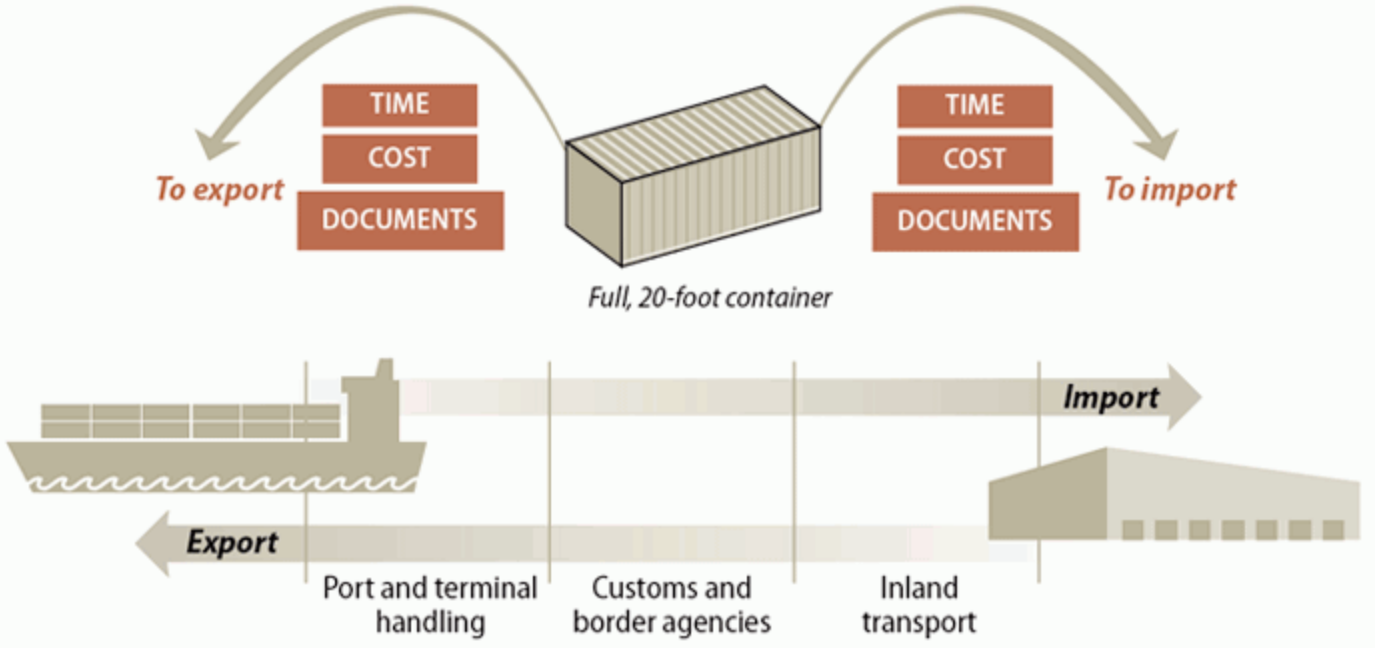
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	31	35
Cost to export (US\$ per container)	1305	1380	1270	1329
Cost to import (US\$ per container)	1305	1340	1250	1316
Documents to export (number)	8	8	4	4
Documents to import (number)	7	7	4	4
Time to export (days)	12	12	10	10
Time to import (days)	14	14	13	13

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





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



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	255
Customs clearance and technical control	2	39
Ports and terminal handling	2	235
Inland transportation and handling	2	800
Totals	10	1329

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	255
Customs clearance and technical control	1	111
Ports and terminal handling	2	250
Inland transportation and handling	2	700
Totals	13	1316

Documents for Export and Import

Export

Bill of lading

Power of attorney

Commercial invoice

Customs export declaration

Import

Bill of lading

Power of attorney

Commercial invoice

Customs import declaration

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

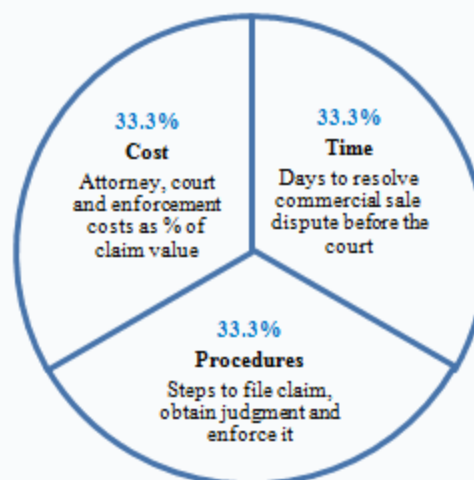
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



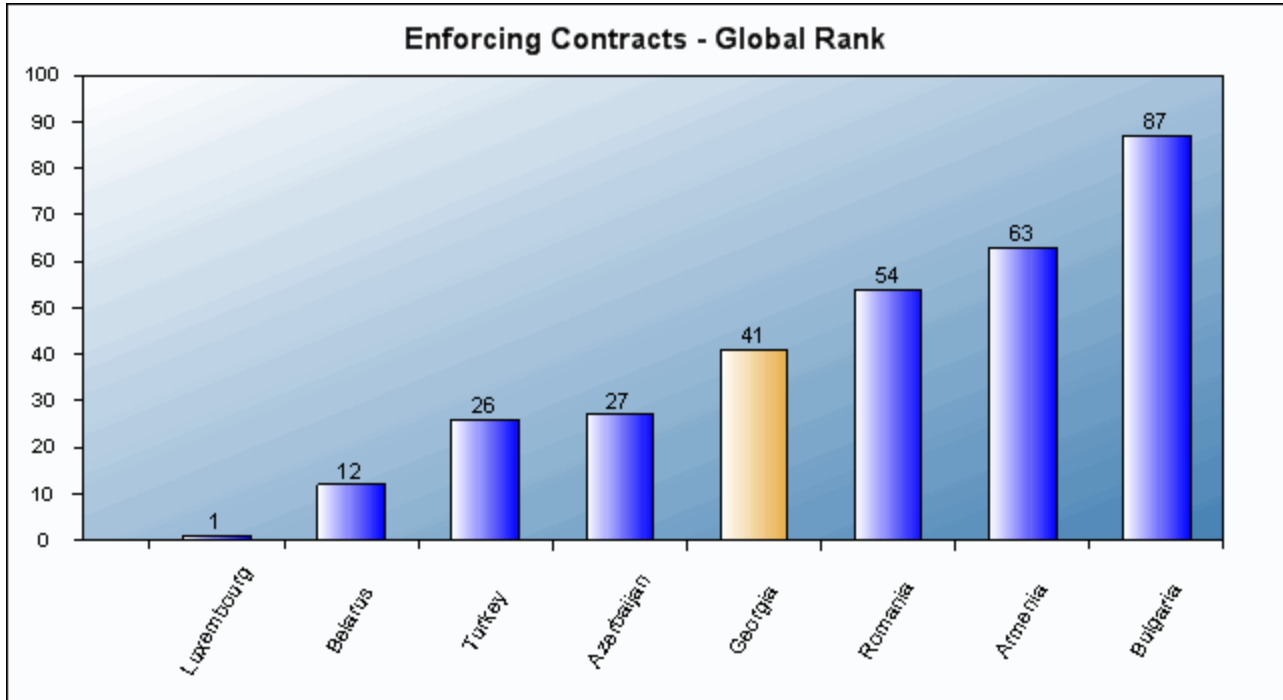
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Georgia is ranked 41 overall for Enforcing Contracts.

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



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

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

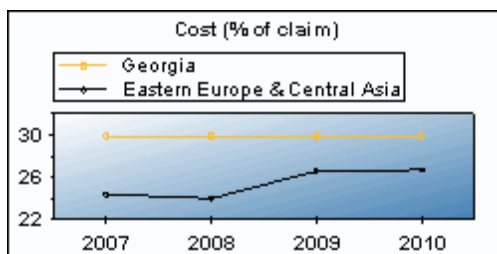
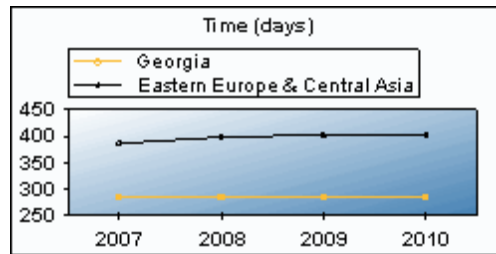
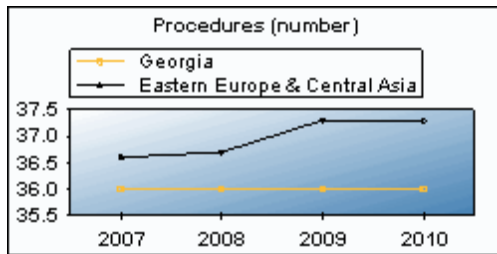
<i>Selected Economy</i>			
Georgia	36	285	29.9

<i>Comparator Economies</i>			
Armenia	49	285	19.0
Azerbaijan	39	237	18.5
Belarus	28	225	23.4
Bulgaria	39	564	23.8
Romania	31	512	28.9
Turkey	35	420	18.8

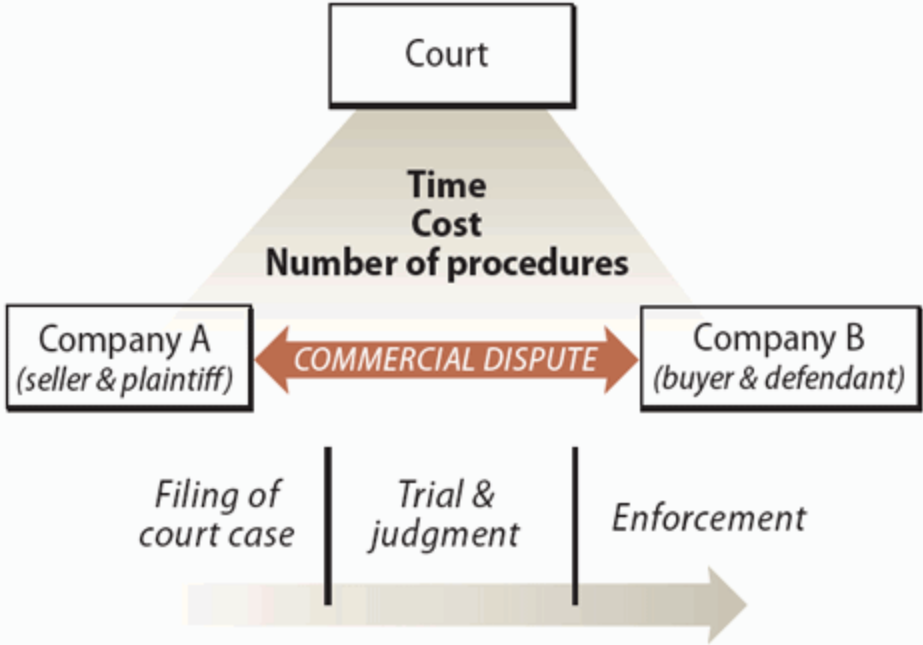
2. Historical data: Enforcing Contracts in Georgia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	41
Procedures (number)	36	36	36	36
Time (days)	285	285	285	285
Cost (% of claim)	29.9	29.9	29.9	29.9

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



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



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

Nature of Procedure (2010)	Indicator
Procedures (number)	36
Time (days)	285
Filing and service	35.0
Trial and judgment	100.0
Enforcement of judgment	150.0
Cost (% of claim)*	29.90
Attorney cost (% of claim)	18.0
Court cost (% of claim)	5.0
Enforcement Cost (% of claim)	6.9

Court information: Tbilisi Civil Court ("Qalaq tbilisis samoqalaqo saqmeta kolegia")

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

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

Some reform outcomes

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

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

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

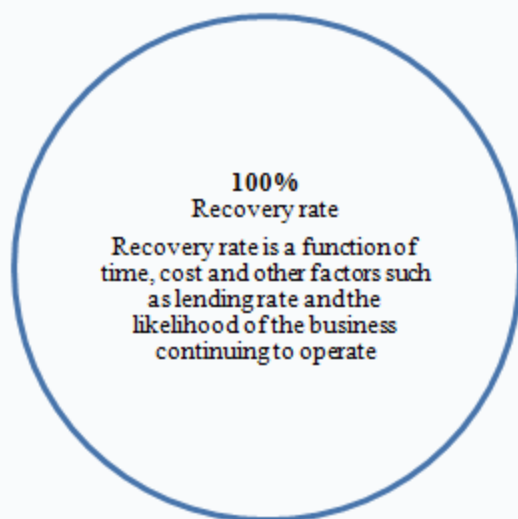
- Measured in calendar years
- Appeals and requests for extension are included

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

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

Recovery rate for creditors (cents on the dollar)

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



Case Study Assumptions

The Company

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

1. Benchmarking Closing Business Regulations:

Georgia is ranked 105 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Georgia	25.1	3.3	4

<i>Comparator Economies</i>			
Armenia	40.6	1.9	4
Azerbaijan	28.8	2.7	8
Belarus	28.0	5.8	22
Bulgaria	31.0	3.3	9
Romania	25.7	3.3	11
Turkey	21.1	3.3	15

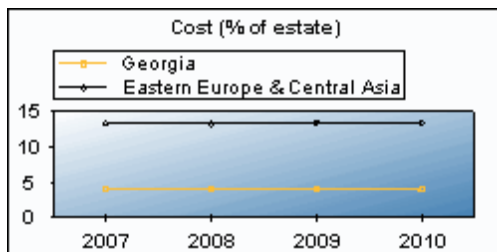
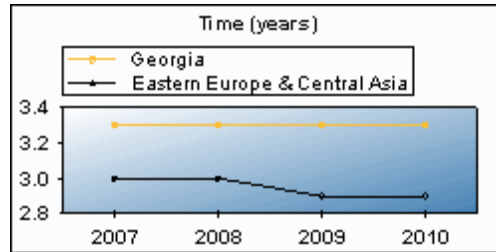
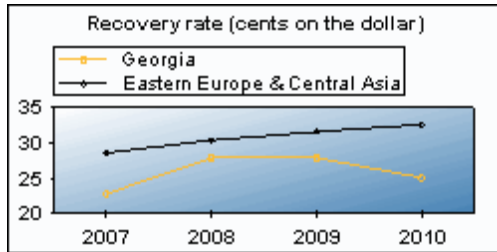
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Georgia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	96	105
Time (years)	3.3	3.3	3.3	3.3
Cost (% of estate)	4	4	4	4
Recovery rate (cents on the dollar)	22.8	27.9	27.9	25.1

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



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

The top 10 most-improved in Doing Business 2011

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

✓ Positive Change
 ✗ Negative Change

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

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

Armenia	Armenia made trading easier by introducing self-declaration desks at customs houses and warehouses, investing in new equipment to improve border operations and introducing a risk management system.
Azerbaijan	Azerbaijan improved access to credit by establishing an online platform allowing financial institutions to provide information to, and retrieve it from, the public credit registry. A revision of Azerbaijan's tax code lowered several tax rates, including the profit tax rate, and simplified the process of paying corporate income tax and value added tax.
Belarus	Belarus enhanced access to credit by facilitating the use of the pledge as a security arrangement and providing for out-of-court enforcement of the pledge on default. Reductions in the turnover tax, social security contributions and the base for property taxes along with continued efforts to encourage electronic filing made it easier and less costly for companies in Belarus to pay taxes. Belarus reduced the time to trade by introducing electronic declaration of exports and imports. Belarus amended regulations governing the activities of insolvency administrators and strengthened the protection of creditor rights in bankruptcy.
Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Bulgaria	Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva (\$3,250) to 2 leva (\$1.30). Bulgaria reduced employer contribution rates for social security.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Georgia	Georgia improved access to credit by implementing a central collateral registry with an electronic database accessible online. Georgia strengthened investor protections by allowing greater access to corporate information during the trial. Georgia made the enforcement of contracts easier by streamlining the procedures for public auctions, introducing private enforcement officers and modernizing its dispute resolution system. Georgia improved insolvency proceedings by streamlining the regulation of auction sales.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.

Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Romania	Romania amended regulations related to construction permitting to reduce fees and expedite the process. Romania introduced tax changes, including a new minimum tax on profit, that made paying taxes more costly for companies. Substantial amendments to Romania's bankruptcy laws—introducing, among other things, a procedure for out-of-court workouts—made dealing with insolvency easier.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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