

Doing Business 2011

Guatemala

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



© 2010 The International Bank for Reconstruction and Development / The World Bank
1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org

All rights reserved.
1 2 3 4 08 07 06 05

A copublication of The World Bank and the International Finance Corporation.

This volume is a product of the staff of the World Bank Group. The findings, interpretations and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work.

Rights and Permissions

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; telephone 978-750-8400; fax 978-750-4470; Internet www.copyright.com.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax 202-522-2422; e-mail pubrights@worldbank.org.

Additional copies of *Doing Business 2011: Making a Difference for Entrepreneurs*, *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at www.doingbusiness.org.

ISBN: 978-0-8213-7960-8
E-ISBN: 978-0-8213-8630-9
DOI: 10.1596/978-0-8213-7960-8
ISSN: 1729-2638

Library of Congress Cataloging-in-Publication data has been applied for.
Printed in the United States

Current features

News on the *Doing Business* project

<http://www.doingbusiness.org>

Rankings

How economies rank-from 1 to 183

<http://www.doingbusiness.org/rankings/>

Reformers

Short summaries of DB2011 reforms, lists of reformers since DB2004 and a ranking simulation tool

<http://www.doingbusiness.org/reforms/>

Historical data

Customized data sets since DB2004

<http://www.doingbusiness.org/custom-query/>

Methodology and research

The methodologies and research papers underlying *Doing Business*

<http://www.doingbusiness.org/Methodology/>

Download reports

Access to *Doing Business* reports as well as subnational and regional reports, reform case studies and customized country and regional profiles

<http://www.doingbusiness.org/reports/>

Subnational and regional projects

Differences in business regulations at the subnational and regional level

<http://www.doingbusiness.org/subnational-reports/>

Law Library

Online collection of business laws and regulations relating to business and gender issues

<http://www.doingbusiness.org/law-library/>

<http://wbl.worldbank.org/>

Local partners

More than 8,200 specialists in 183 economies who participate in *Doing Business*

<http://www.doingbusiness.org/Local-Partners/Doing-Business/>

Business Planet

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 Guatemala. 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).

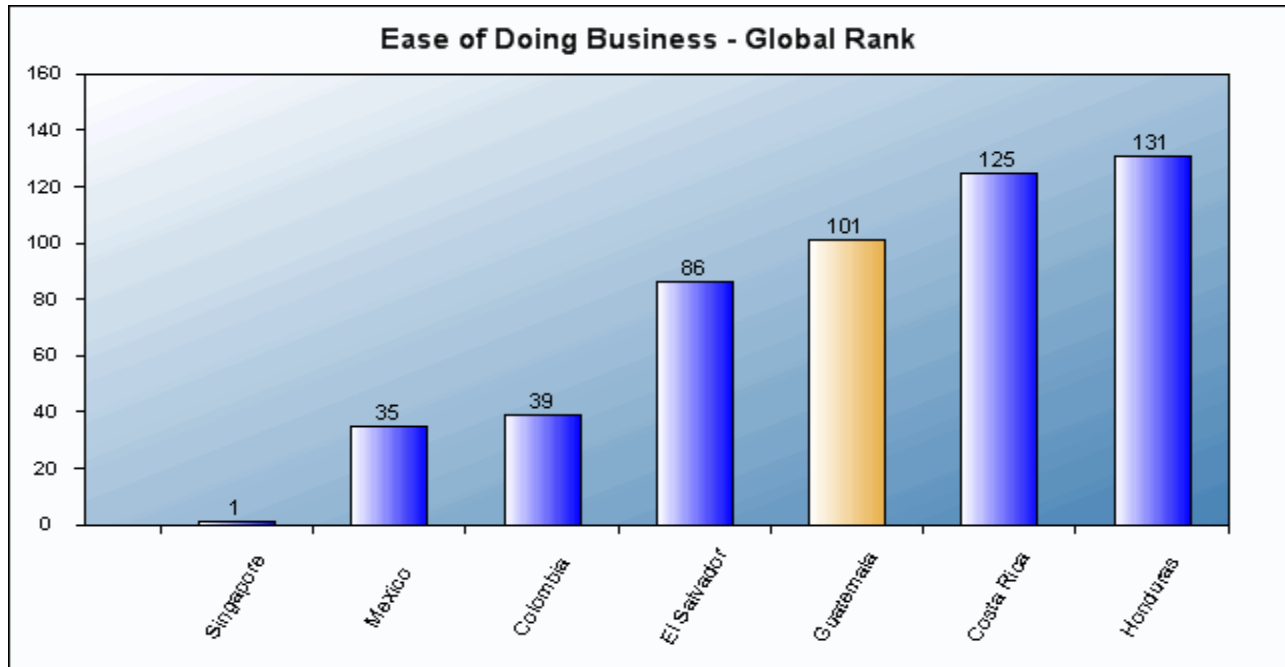
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Guatemala is ranked 101 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Guatemala's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	101
Starting a Business	162
Dealing with Construction Permits	144
Registering Property	23
Getting Credit	6
Protecting Investors	132
Paying Taxes	116
Trading Across Borders	122
Enforcing Contracts	101
Closing a Business	94

Summary of Indicators - Guatemala

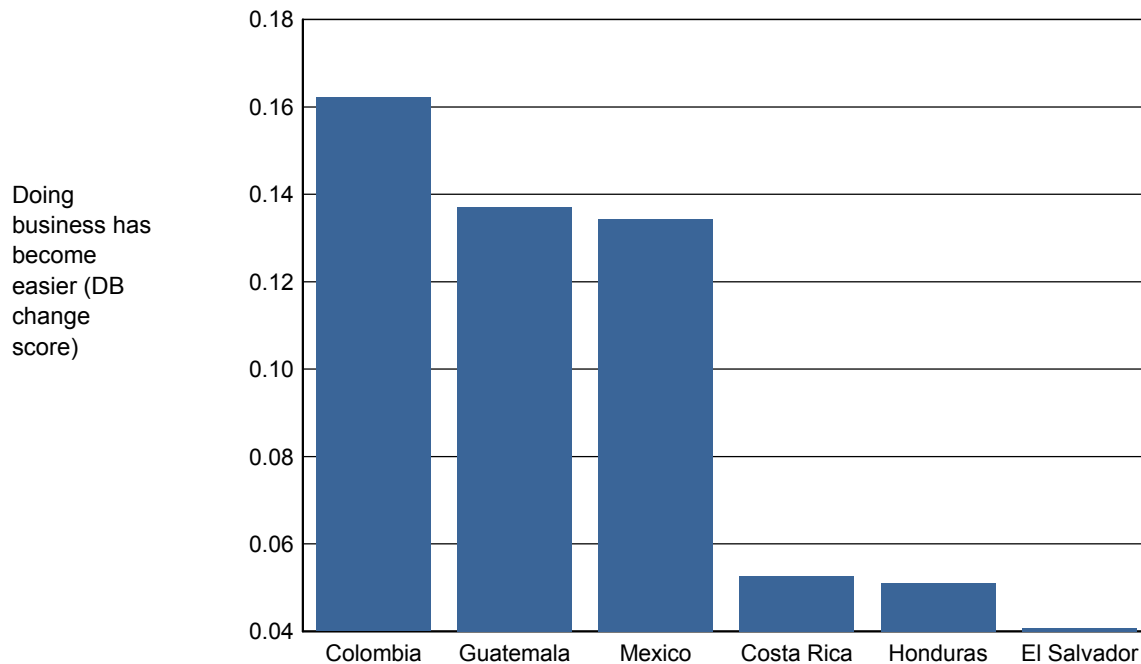
Starting a Business	Procedures (number)	12
	Time (days)	37
	Cost (% of income per capita)	49.1
	Min. capital (% of income per capita)	24.2
Dealing with Construction Permits	Procedures (number)	22
	Time (days)	178
	Cost (% of income per capita)	599.4
Registering Property	Procedures (number)	4
	Time (days)	23
	Cost (% of property value)	1.0
Getting Credit	Strength of legal rights index (0-10)	8
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	16.4
	Private bureau coverage (% of adults)	8.8
Protecting Investors	Extent of disclosure index (0-10)	3
	Extent of director liability index (0-10)	3
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	4.0
Paying Taxes	Payments (number per year)	24
	Time (hours per year)	344
	Profit tax (%)	25.9
	Labor tax and contributions (%)	14.3
	Other taxes (%)	0.7
	Total tax rate (% profit)	40.9
Trading Across Borders	Documents to export (number)	10
	Time to export (days)	17
	Cost to export (US\$ per container)	1182
	Documents to import (number)	10
	Time to import (days)	17
	Cost to import (US\$ per container)	1302

Enforcing Contracts	Procedures (number)	31
	Time (days)	1459
	Cost (% of claim)	26.5
Closing a Business	Recovery rate (cents on the dollar)	27.5
	Time (years)	3.0
	Cost (% of estate)	15

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.

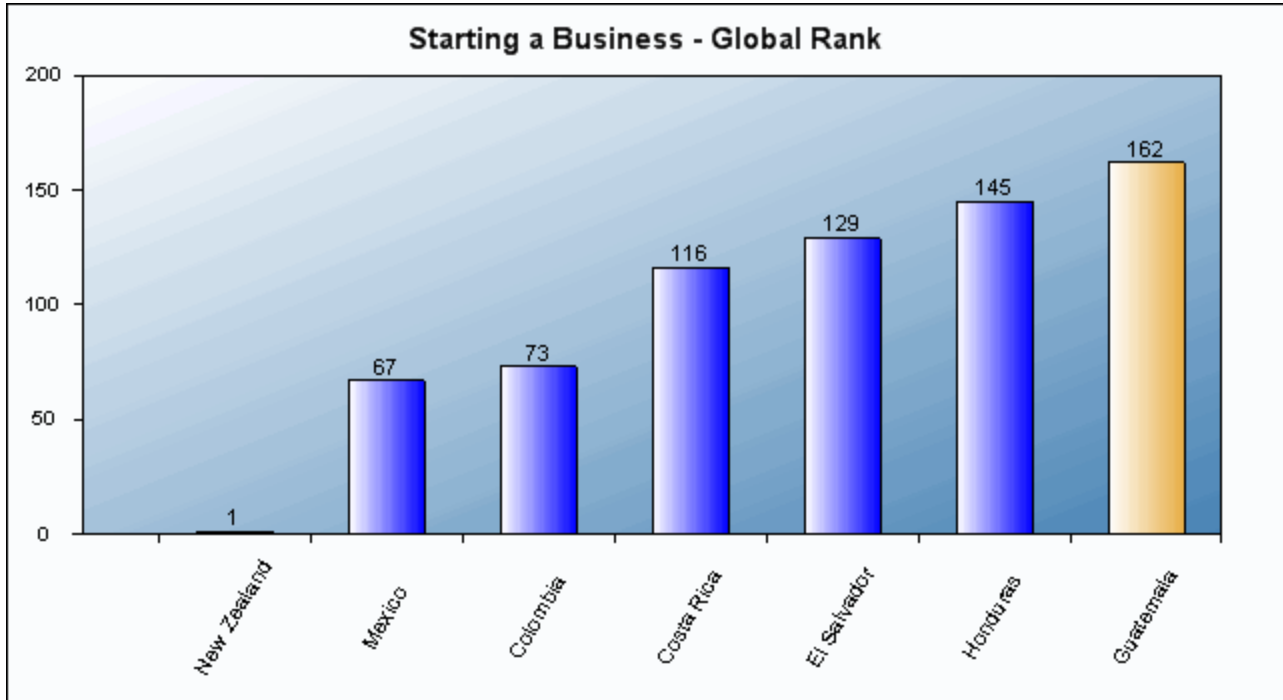
The business:

- 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:

Guatemala is ranked 162 overall for Starting a Business.

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



The following table shows Starting a Business data for Guatemala 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>				
Guatemala	12	37	49.1	24.2

<i>Comparator Economies</i>				
Colombia	9	14	14.7	0.0
Costa Rica	12	60	10.5	0.0
El Salvador	8	17	45.0	3.0
Honduras	13	14	47.2	17.5
Mexico	6	9	12.3	9.2

* The following economies are also good practice economies for :

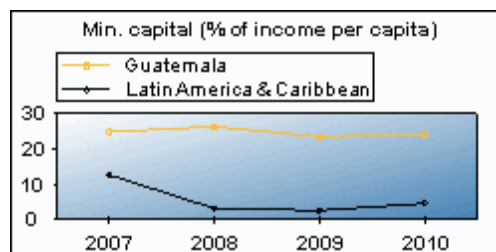
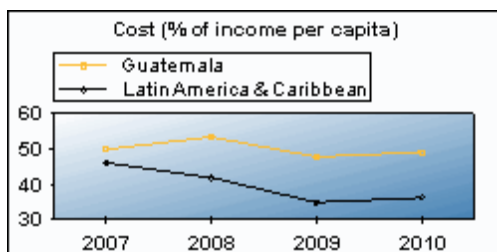
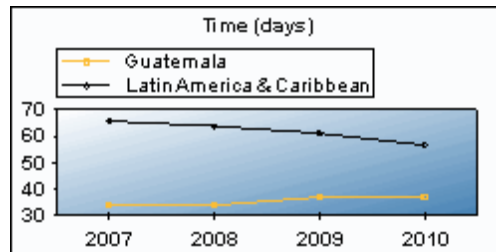
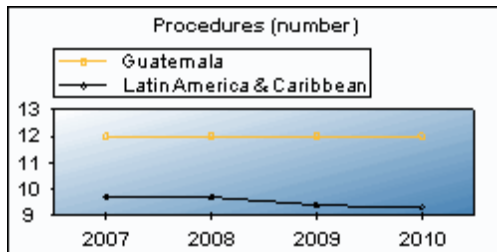
Procedures (number): **Canada**

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

2. Historical data: Starting a Business in Guatemala

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	162	162
Procedures (number)	12	12	12	12
Time (days)	34	34	37	37
Cost (% of income per capita)	49.9	53.4	47.8	49.1
Min. capital (% of income per capita)	24.9	26.3	23.5	24.2

3. The following graphs illustrate the Starting a Business sub indicators in Guatemala 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 Guatemala.

STANDARDIZED COMPANY

Legal Form: Sociedad Anónima (SA) - Corporation

City: Guatemala City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check the proposed company name at the Mercantile Registry of Guatemala	1	no charge
2	Obtain letter from a Guatemalan notary public to open bank account	1	no charge
3	Deposit the subscribed capital in a bank and obtain a receipt	1	no charge
4	A notary public draws the deed of constitution	3	GTQ 6,800
5	The notary buys the fiscal stamps and issues a certified copy of the deed of incorporation for filing with the commercial register	1	GTQ 650
6	File notarized unique registration form and documents with the Commercial Register (Registro Mercantil)	4	GTQ 2,000
7	Publication of notice in Diario de Centro América	8	GTQ 526
8	Registration of the appointment of legal representative of the company	1	no charge

9	Obtain the definitive registration, tax and social security numbers, and authorization to print invoices	14	no charge
10	Application for trading license	1	GTQ 165
11 *	Submit to the Commercial Registry for their authorisation, company accounting books and books of minutes of shareholder and board of directors meetings	1	GTQ 15
12 *	Application for book of salaries authorisation from the Inspection of the Department of Labour	1	GTQ 5

* Takes place simultaneously with another procedure.

Starting a Business Details - Guatemala

Procedure 1 Check the proposed company name at the Mercantile Registry of Guatemala

Time to complete: 1

Cost to complete: no charge

Comment: Before initiating the incorporation process, the parties may conduct a company name availability search in order to avoid submitting a preexisting name. Since June 2006, the Commercial Registry provides the option of carrying out the search via the Internet at no cost. The manual search system at the Registry is still available.

Procedure 2 Obtain letter from a Guatemalan notary public to open bank account

Time to complete: 1

Cost to complete: no charge

Comment: The minimum paid capital requirement of GTQ 5,000 must be deposited in a local bank before the articles of incorporation are signed. For this purpose, a notary public must issue a letter confirming that he or she has been requested to draw up and register the company's deed of constitution. This letter allows for the opening of a temporary bank account while registration is completed. If the company capital is composed of an asset instead of cash, this procedure is not required.

Procedure 3 Deposit the subscribed capital in a bank and obtain a receipt

Time to complete: 1

Cost to complete: no charge

Comment: The Registry does not require filing of the deposit slip or the bank statement. The notary public transcribes the deposit of paid in capital in the articles of incorporation.

Procedure 4 A notary public draws the deed of constitution

Time to complete: 3

Cost to complete: GTQ 6,800

Comment: The deed is executed by the founding shareholders and attested by the notary public, and provisional stock certificates are issued. Once the company is duly registered, definitive stock certificates are issued and substituted for the provisional stock certificates.

The notary public generally charges a package fee (up to USD 2,000) for the entire process of setting up a company, including the preparation of the provisional stock certificates, the value depends on the authorized capital of the corporation. They will be issued and signed by the company's president and the secretary of the initial board of directors, which is appointed in the deed of incorporation.

Procedure 5 The notary buys the fiscal stamps and issues a certified copy of the deed of incorporation for filing with the commercial register

Time to complete: 1

Cost to complete: GTQ 650

Comment: Only a notary public can buy the fiscal stamps at the Superintendency of Tax Administration.

Procedure 6 File notarized unique registration form and documents with the Commercial Register (Registro Mercantil)

Time to complete: 4

Cost to complete: GTQ 2,000

Comment: A new fast-track system was introduced in May 2006 and fully implemented in September, requiring only a single registration form (which must be legalized either by a lawyer or notary public) for several applications which used to be filed separately: notice of issuance of stock certificates, notice of appointment of legal representative, commercial registration, application for business license (patente), and tax and social security registration (which can be processed, together with the other formalities, through a single registration form).
The fast-track system did not work efficiently and it is not in use any more. The Registro Mercantil now takes approximately 5 business days to analyze the legal documents and providing a provisional registration number.
The same documents as the fast-track system are still required : (1) form of the commercial registry (sold for GTQ 2); and (2) the deed of constitution (original and simple photocopy of the certified notarized copy). The Registry analyzes the documents presented, and if they fulfill legal requirements, it issues the public notice of authorization or edict (edicto) and assigns a provisional registration number. Once the provisional registration number is assigned by the Commercial Registry, it allows to register the appointment of the legal representative. The Registry then coordinates the publication of the edict, as well as tax registration, the authorization to print invoices, and social security registration.

A single fee payment is necessary and includes:

- Registration fee: GTQ 275 plus 0.6% of the authorized capital (up to a maximum cost of GTQ 25,000) and plus GTQ 15 (for issuance of the public notice, or edicto).
- Edict publication fee: GTQ 525.62 for publication in the Diario de Centro America.
- Authorization to print invoices: GTQ 0.5/page (assuming 100 pages).

Procedure 7 Publication of notice in Diario de Centro América

Time to complete: 8

Cost to complete: GTQ 526

Comment: Once the Commercial Register issues the Provisional Registration Notice for Publication, then the applicant must go to the Official Gazette and pay the publication cost. After publication, the applicant must go back to the Official Gazette to pick up a copy of the publication which he needs to submit to the Commercial Register.

Procedure 8 Registration of the appointment of legal representative of the company

Time to complete: 1

Cost to complete: no charge

Comment: Once the provisional registration number has been assigned, the Commercial Registry calls the applicant or his/her representative (e.g., notary public), in order to record the appointment of the company's legal representative.

Procedure 9 Obtain the definitive registration, tax and social security numbers, and authorization to print invoices

Time to complete: 14

Cost to complete: no charge

Comment: Provisional registration at the Commercial Registry with the tax and social security authorities can be completed in 2–3 days. Following the publication of the edict, a protest period of 8 days applies before the Commercial Registry can finalize the registration. Once registration is completed, tax and social security identification numbers can be obtained.

Procedure 10 Application for trading license

Time to complete: 1

Cost to complete: GTQ 165

Comment:

Procedure 11 Submit to the Commercial Registry for their authorisation, company accounting books and books of minutes of shareholder and board of directors meetings

Time to complete: 1

Cost to complete: GTQ 15

Comment:

Procedure 12 Application for book of salaries authorisation from the Inspection of the Department of Labour

Time to complete: 1

Cost to complete: GTQ 5

Comment: This requirement to obtain authorization of the book of salaries applies to entities employing more than 10 workers.

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

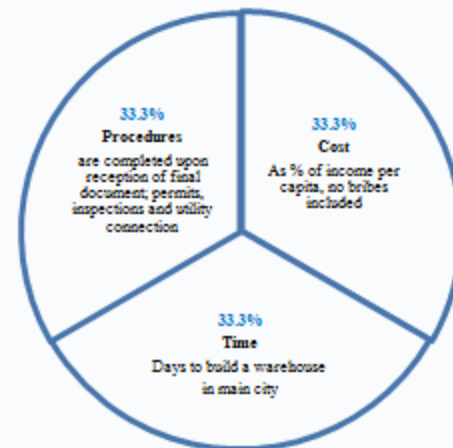
The warehouse:

- 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:

Guatemala is ranked 144 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Guatemala 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	

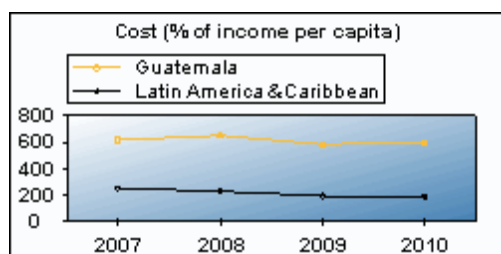
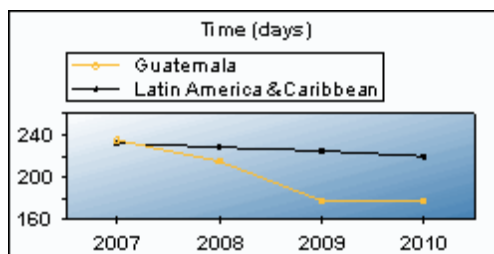
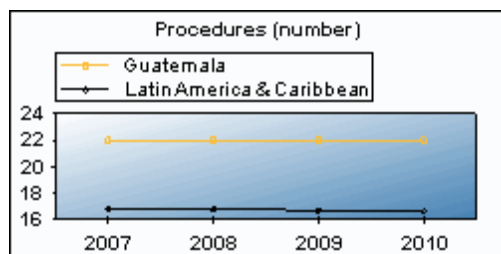
<i>Selected Economy</i>			
Guatemala	22	178	599.4

<i>Comparator Economies</i>			
Colombia	10	50	405.9
Costa Rica	23	191	172.2
El Salvador	34	155	171.7
Honduras	17	106	469.3
Mexico	11	105	117.0

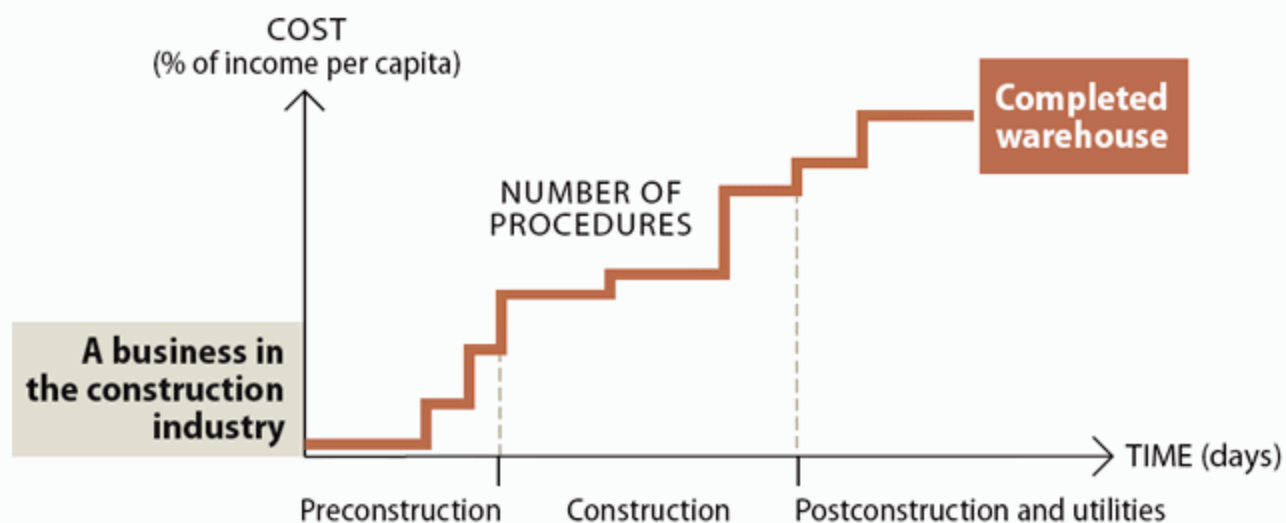
2. Historical data: Dealing with Construction Permits in Guatemala

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	141	144
Procedures (number)	22	22	22	22
Time (days)	235	215	178	178
Cost (% of income per capita)	617.3	650.8	583.3	599.4

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Guatemala 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 Guatemala.

BUILDING A WAREHOUSE
City: Guatemala City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain a certificate of land ownership for the property where the warehouse is to be built	10 days	GTQ 50
2 *	Hire an environmental specialist and prepare an environmental impact assessment	30 days	GTQ 40,000
3 *	Request and obtain a favorable resolution by the Infrastructure Department (Dirección de General de Caminos) based on a road system impact assessment	18 days	GTQ 1,700
4 *	Submit a brief or simple industrial report	1 day	no charge
5	Request and obtain a favorable decision by the Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales) based on an environmental impact assessment	40 days	no charge
6	Request and obtain a construction license	14 days	GTQ 70,232
7	Receive an inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - I	1 day	no charge

8	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - II	1 day	no charge
9	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - III	1 day	no charge
10	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - IV	1 day	no charge
11	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - V	1 day	no charge
12	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VI	1 day	no charge
13	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VII	1 day	no charge
14	Notify the Construction Licensing Department on construction completion and return the license	1 day	no charge
15	Receive final inspection and obtain occupancy permit	14 days	no charge
16 *	Request sewerage connection and receive requirements from EMPAGUA	20 days	no charge
17 *	Request and obtain a feasibility study by EMPAGUA	70 days	no charge
18 *	Receive water connection	60 days	GTQ 8,800
19 *	Request and receive installation of the transformer	30 days	no charge
20 *	Request electricity connection	1 day	GTQ 2,500
21 *	Receive inspection and connection by the electric power company (Empresa Eléctrica de Guatemala)	30 days	no charge
22 *	Obtain a telephone line	1 day	GTQ 625

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Guatemala

Procedure 1 Request and obtain a certificate of land ownership for the property where the warehouse is to be built

Time to complete:	10 days
Cost to complete:	GTQ 50
Agency:	General Property Registry (Registro General de la Propiedad)
Comment:	The certificate is valid for 3 months. Since August 2007 the fee related to obtaining the certificate of land ownership has been increased from 35 GTQ to GTQ 50.

Procedure 2 Hire an environmental specialist and prepare an environmental impact assessment

Time to complete:	30 days
Cost to complete:	GTQ 40,000
Agency:	Independent specialist
Comment:	The environmental impact assessment must be prepared by a professional (engineer/architect) authorized to do so. The company owning the project must hire the professional, and the cost will vary depending on the type of assessment to be completed, based on project characteristics. In many cases technical opinions or analyses by several professionals are required. The minimum cost is GTQ 40,000. Projects exceeding 1,000 sqm require an Environmental Impact Assessment.

Procedure 3 Request and obtain a favorable resolution by the Infrastructure Department (Dirección de General de Caminos) based on a road system impact assessment

Time to complete:	18 days
Cost to complete:	GTQ 1,700
Agency:	Departamento de Planificación y Diseño, Dirección General de Caminos
Comment:	The road system impact assessment has to be completed by the Planning and Design Unit (Dirección de Planificación y Diseño). Professional personnel in this unit perform the assessment and issue a resolution regarding the aspects that must be emphasized during project execution. The resolution may be issued as “not authorized” until the necessary corrections are submitted, after which the resolution can be changed to “authorized.” According to the applicable regulation, the cost may be up to GTQ 1,700 depending on the project’s complexity.

Procedure 4 Submit a brief or simple industrial report

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Environment and Industry Unit (Sección de Ambiente e Industria), Construction Licensing Department (Departamento de Licencias de Construcción)
Comment:	This report contains an affidavit regarding storage use and any industrial process to be carried out in the warehouse.

Procedure 5 Request and obtain a favorable decision by the Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales) based on an environmental impact assessment

Time to complete: 40 days

Cost to complete: no charge

Agency: Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales) /Municipality of Guatemala

Comment: The environmental impact assessment along with application is submitted to the Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales, MARN) personnel. Then the documents are forwarded to Guatemala Municipality Delegate at the MARN who reviews the proposal. This professional is hired by MARN but paid for by Municipality of Guatemala City. As soon as the documents are submitted to delegate BuildCo would have to publish the information about upcoming project in the local newspaper. After 20 working days of wait, which are given for public to respond upon the project, the delegate proceeds with approval of the impact assessment. The favorable decision, provided everything is correct will be issued 7 working days after that. If the judgment is unfavorable, the company owning the project must make the necessary corrections for the project to be approved. Previous to reform this procedure would take 60 days and now can be completed in 40 days. There is no fee associated with obtaining the approval.

Procedure 6 Request and obtain a construction license

Time to complete: 14 days

Cost to complete: GTQ 70,232

Agency: Central Territorial Directorate under the Municipality of Guatemala City

Comment: The Municipality of Guatemala City introduced as of January 7, 2009 a new Land Management Plan (Plan de Ordenamiento Territorial- “POT”), and new building control regulations that also regulate the construction permit issuance. According to the new POT of Guatemala City the land use classifications were changed based on the principles of sustainability, certainty, and better quality of life. In the old system the land was divided into industrial, residential, and commercial zones, whereas, the new zoning regimes are established according to general use of land which among others introduced mixed use of zoning regimes. This tool was developed in consultation with both private and public sector and widely publicized. It also introduces a more sophisticated risk based system of approval of construction permit. Before the application had only one process of approval, whereby the application would be classified as complete, and compliant with all requirements. This led to issuance of construction permit. However, if incomplete it would need to be corrected. Under the new implementing regulations of POT this mechanisms is based on three stages: Simplified Procedure (Precedimiento Directo); Approval of Land Management Council (Junta de Ordenamiento Territorial); Approval of Land Management Council and Neighbours’ Consent. Each phase is triggered if previous phase is not complied with.

BuildCo's case would fall into the 'Simplified Procedure' scheme and does not require subsequent procedure with Land Management Council and neighbours. Under this scheme if all requirements established in the regulations are satisfactory and complied with, the application would be approved in 10 working days. As of 28 February, 2009 out of 580 applications for a new construction permit to the Central Territorial Directorate under the Municipality of Guatemala City (Direccion Central Territorial) 40% of cases went under simplified procedure and approved within this time-limit. This procedure is administered under a newly operationalized single window principle. Additionally, the application forms have been substantially simplified and reduced in

volume from 27 pages to mere 3 pages.

BuildCo must submit the corresponding form with all the requested specifics together with all the requirements in the previous procedures, photocopies of the identification cards of its legal agent and the professional responsible for the construction, and a photocopy of the latest Single Real Estate Tax (Impuesto Unico sobre Inmueble) receipt and any other required receipts. An architect or engineer must be responsible for the construction work, signing the submitted form and the plans.

The cost of the license is the estimated based on warehouse value at 4.5%.

There is no time limit. This procedure depends on the time taken by the company applying for the license to complete all the requirements. If any requirements are still pending and there is no action on the record after 60 days, the process is deemed canceled and is sent to the general files, after which the company must start another application. If BuildCo starts the procedures for the license application with all requirements in order and duly authorized (approved decisions and resolutions), the license may be delivered after a minimum of 4 working days.

According to law, required deposits are as follows:

- Article 183: The recipient of a construction license must make a guarantee deposit of GTQ 5 (for buildings up to a cost of GTQ 5,000) or 0.01% of the cost of the building (if the cost exceeds GTQ 5,000). For our case it would be GTQ 380.2. This amount shall be refunded when the building has been completed and the license has been returned after the approval of the Construction Licensing Department. Provided there were no violations upon which the authority would retain the deposit.
- Article 184: If, after a year from the date of license expiration, the interested party does not claim the deposit, it will automatically be incorporated into the municipal treasury

Procedure 7 Receive an inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - I

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Licensing Department (Departamento de Licencias de Construcción)

Comment: The Construction Licensing Department has technical/professional personnel in charge of inspecting how the building is being constructed. Inspections are monthly. There is no average duration for an inspection; each depends on what is considered in the inspection.

Inspections of buildings under construction are unannounced. They focus mainly on verifying that the authorized areas are constructed in accordance with submitted plans, as well as other aspects deemed important pursuant to licensing conditions.

Procedure 8 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - II

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Licensing Department (Departamento de Licencias de Construcción)

Comment:

Procedure 9 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - III

Time to complete: 1 day
Cost to complete: no charge
Agency: Construction Licensing Department (Departamento de Licencias de Construcción)
Comment:

Procedure 10 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - IV

Time to complete: 1 day
Cost to complete: no charge
Agency: Construction Licensing Department (Departamento de Licencias de Construcción)
Comment:

Procedure 11 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - V

Time to complete: 1 day
Cost to complete: no charge
Agency: Construction Licensing Department (Departamento de Licencias de Construcción)
Comment:

Procedure 12 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VI

Time to complete: 1 day
Cost to complete: no charge
Agency: Construction Licensing Department (Departamento de Licencias de Construcción)
Comment:

Procedure 13 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VII

Time to complete: 1 day
Cost to complete: no charge
Agency: Construction Licensing Department (Departamento de Licencias de Construcción)

Comment:

Procedure 14 Notify the Construction Licensing Department on construction completion and return the license

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Licensing Department (Departamento de Licencias de Construcción)

Comment: The license must be returned to the Construction Licensing Department, which performs the last inspection. If the construction work conforms to approved specifications, the occupancy permit is issued. When the license is returned, the municipality notifies the cadastre office about the construction and its cost. Within 7–14 days, the municipality visits the site to verify that the building complies with approved specifications.

Procedure 15 Receive final inspection and obtain occupancy permit

Time to complete: 14 days

Cost to complete: no charge

Agency: Construction Licensing Department (Departamento de Licencias de Construcción)

Comment: According to Article 78, on completion of the construction work, the interested parties shall request final inspection from the Construction Licensing Department. This inspection shall be performed by the supervisor in charge, who shall record the result on an inspection card. If the building does not comply with approved specifications, the card must state the reasons and the appropriate remedies. If all aspects are in order and the card expressly states so, after the return of the respective license, the interested parties may request the building occupancy permit from the head of the office by completing the form stated in Annex 1 of the Regulation.

If no objections are raised during the inspection (meaning that every part of the construction is authorized as complying with the plans submitted to the Construction Licensing Department, the professional in charge of the inspection may immediately go back to the office and issue the occupancy permit to be delivered to the company. After that BuildCo will be given back its deposit of 0,01% of warehouse value that was paid at the stage of building permit approval.

Procedure 16 Request sewerage connection and receive requirements from EMPAGUA

Time to complete: 20 days

Cost to complete: no charge

Agency: Municipality (EMPAGUA)

Comment: BuildCo must fill out the application and receive the requirements at office of the Water and Sewerage Authority (Empresa Municipal de Agua, EMPAGUA). There they will be notified of the fee to be paid as a deposit to cover the completion of the procedure and a service feasibility study that must be carried out by EMPAGUA. EMPAGUA will start the feasibility study within about 15 days.

In 2007 the Municipality of Guatemala unified the application forms and relevant requirements for EMPAGUA, Department of Urban Construction Control (Departamento

de Control de Construcción Urbana) and Infrastructure Directorate (Dirección de Infraestructura). Other change is that approvals from all these entities is given simultaneously. However, has not had any practical impact.

Procedure 17 Request and obtain a feasibility study by EMPAGUA

Time to complete: 70 days

Cost to complete: no charge

Agency: Municipality/EMPAGUA

Comment: According to regulatory changes this procedure should be done in 27 working days. The EMPAGUA must issue a resolution regarding feasibility or nonfeasibility and the steps to be taken by BuildCo for EMPAGUA to make the necessary hook-up connections. On completion of the feasibility study, EMPAGUA notifies the applicant of the amount to be paid to the municipality for the feasibility study and the connections to be made. The cost may vary depending on the work to be done and the estimated required potable water supply and sewage volume to be drained from the project. The inspections performed by EMPAGUA experts may vary depending on the number of inspections needed to determine service feasibility. The human resources of EMPAGUA are overstretched which creates a backlog of projects and approval still takes on average 60-70 days.

Procedure 18 Receive water connection

Time to complete: 60 days

Cost to complete: GTQ 8,800

Agency: Municipality/EMPAGUA

Comment:

Procedure 19 Request and receive installation of the transformer

Time to complete: 30 days

Cost to complete: no charge

Agency: Certified Civil Works Company

Comment: The transformer has to be installed by certified companies. In Guatemala, there are only about 10.

Procedure 20 Request electricity connection

Time to complete: 1 day

Cost to complete: GTQ 2,500

Agency: Empresa Eléctrica de Guatemala

Comment: An application must be submitted to the Electric Power Company of Guatemala (Empresa Eléctrica de Guatemala).

Procedure 21 Receive inspection and connection by the electric power company (Empresa Eléctrica de Guatemala)

Time to complete: 30 days

Cost to complete: no charge

Agency: Empresa Eléctrica de Guatemala

Comment: The Empresa Eléctrica de Guatemala visits the site before approving the electrical power hook-up.

Procedure 22 Obtain a telephone line

Time to complete: 1 day

Cost to complete: GTQ 625

Agency: Any of the 4 private telephone companies

Comment:

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)

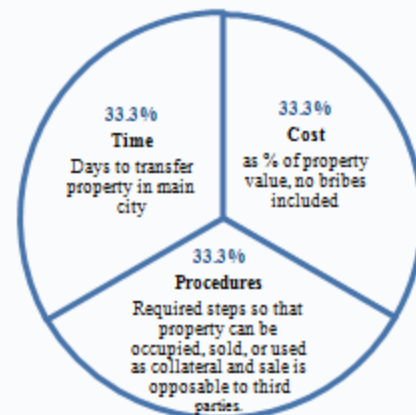
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

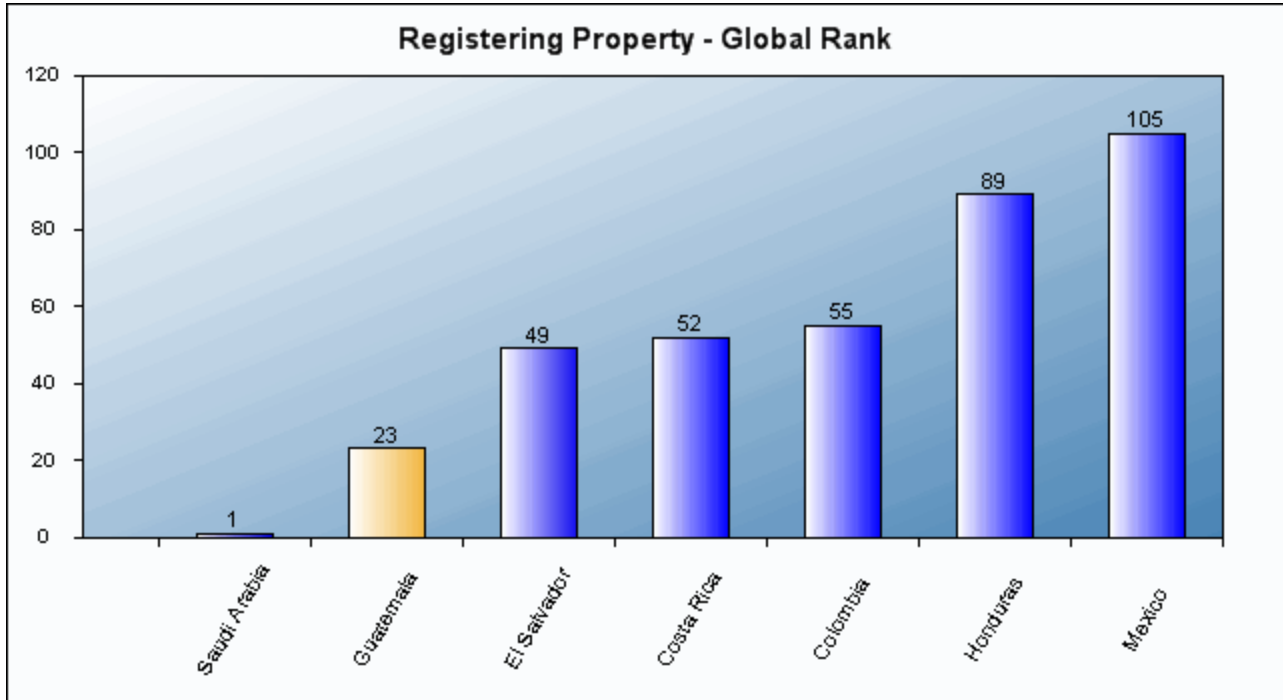
The property (fully owned by the seller):

- 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:

Guatemala is ranked 23 overall for Registering Property.

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



The following table shows Registering Property data for Guatemala 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>			
Guatemala	4	23	1.0

<i>Comparator Economies</i>			
Colombia	7	20	2.0
Costa Rica	6	21	3.4
El Salvador	5	31	3.8
Honduras	7	23	5.5
Mexico	5	74	5.2

* The following economies are also good practice economies for :

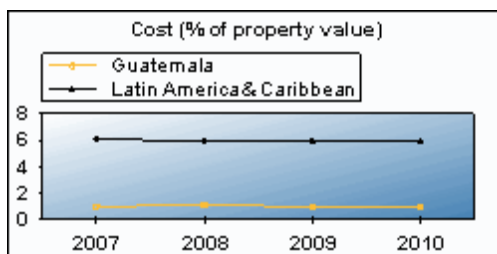
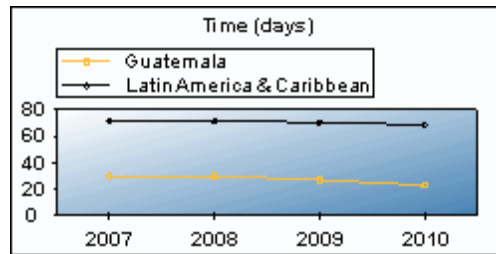
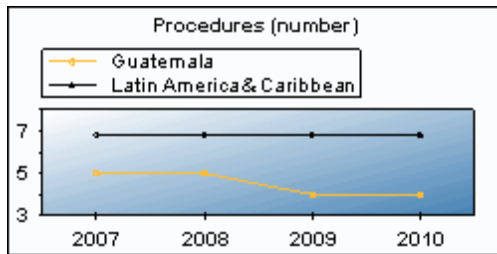
Procedures (number): United Arab Emirates

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

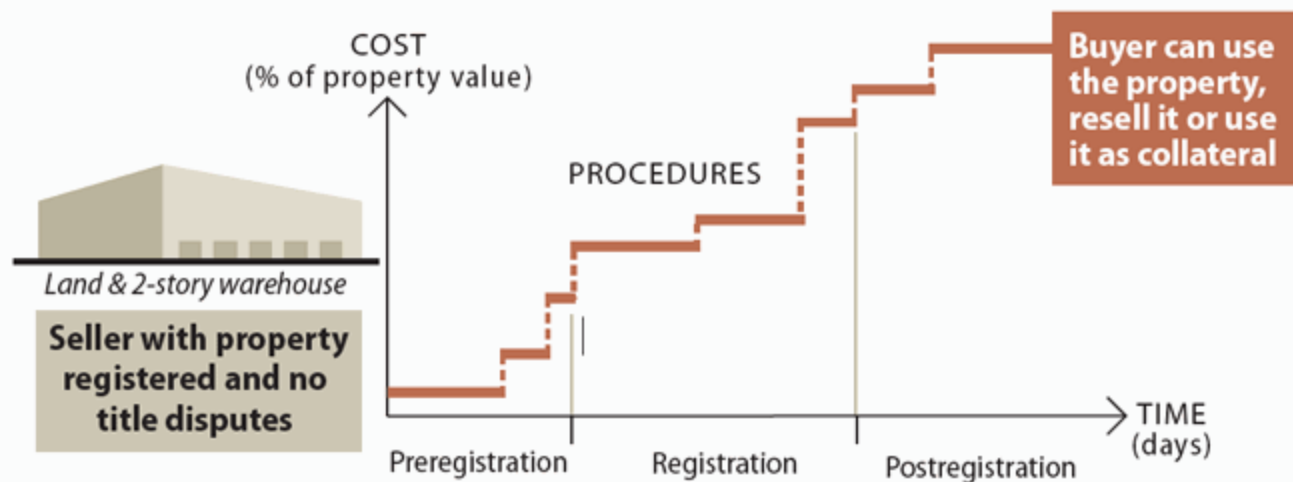
2. Historical data: Registering Property in Guatemala

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	24	23
Procedures (number)	5	5	4	4
Time (days)	30	30	27	23
Cost (% of property value)	1.0	1.1	1.0	1.0

3. The following graphs illustrate the Registering Property sub indicators in Guatemala 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 Guatemala.

STANDARDIZED PROPERTY

Property Value: 1,033,647.13

City: Guatemala City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain an property certificate ("Certificacion del historial de la finca") and the cadastral value certificate ("Valor de matricula")	3-5 days (depending on length of the real estate file or if it is digitalized) (simultaneous with procedure 2)	USD 7 (expenses, depending on length of the real estate file) + USD 20 (legal fees)
2	Lawyer/notary prepares the sale agreement and notarizes it, along with the public deed	2 days	USD 62.50 + (USD800 - USD1000) (notary fees) + USD 65 (tax stamps, copies, and others)
3	Public deed is delivered to the Property Registry for its recording	7 days	QTG 160 + 0.15% of transaction value (registration fees)
4	Notify the Municipality and/or DICABI of the transaction	10 days	no cost

Registering Property Details - Guatemala

Procedure	1	Obtain an property certificate ("Certificacion del historial de la finca") and the cadastral value certificate ("Valor de matricula")
Time to complete:		3-5 days (depending on length of the real estate file or if it is digitalized) (simultaneous with procedure 2)
Cost to complete:		USD 7 (expenses, depending on length of the real estate file) + USD 20 (legal fees)
Agency:		Property Registry (Registro General de la Propiedad de Guatemala) (www.registro-propiedad.org.gt)
Comment:		<p>The seller obtains a certificate at the Property Registry in which the buyer can verify that the property is free from mortgages and encumbrances, and to verify that the property is owned by the seller. In order to obtain the certificate the buyer needs to know the registry numbers where the property is registered. Usually this information is provided by the seller. It is usually the lawyer who verifies the books at the registry and obtains this information. This updated certificate of the property will be used later by the lawyer/notary to prepare the public deed.</p> <p>The seller must obtain the cadastral value of the property from DICABI (Dirección de Catastro y Avalúo de Bienes Inmuebles). DICABI is a national institution containing information based on a "personal registry type" on all the regional registries in the country. In any case, it is very important also to obtain property's value information at DICABI as the price in the contract for VAT purposes must be set at least equal to the value registered at DICABI.</p> <p>Both certificates can be requested at the Land registry. Notaries can request them by email and then pick them up.</p>
Procedure	2	Lawyer/notary prepares the sale agreement and notarizes it, along with the public deed
Time to complete:		2 days
Cost to complete:		USD 62.50 + (USD800 - USD1000) (notary fees) + USD 65 (tax stamps, copies, and others)
Comment:		<p>If the seller is a registered VAT Taxpayer, the tax must be paid with an invoice, in which the tax is charged.</p> <p>The lawyer/notary (In Guatemala, the lawyer is also the notary public) prepares the sale agreement and notarizes it by preparing the public deed.</p> <p>There is a scale in the Notary Bill that regulates the fees, but nowadays since the market has driven prices for notary services down, one will likely pay between \$800 and \$1000 for such a transaction. The notary will be in charge of buying the state stamps for VAT payment if necessary (12% of transaction value), and adhere the stamps to the Public Deed; it is safer to the buyer to process VAT payment directly in cash. Payments of registration fees (Q.160.00 plus Q 1.5 for each Q 1,000 of transaction value) are made to the notary, who will then pay the property registry.</p> <p>The documentation shall include:</p> <ul style="list-style-type: none">-Property Title issued by the Real Estate Office (advisable)-Actualized Certificate of the property issued by the Property Registry (Obtained in step 1)-Photocopy of the ID of seller and buyer (passport or local ID). In case the seller/buyer is a Company, photocopy of the appointment in which the Company gives sufficient faculties to proceed with the transfer of property. In some cases, a Board of Director resolution may be required-Invoice issued by the seller or Form in which the Tax Authorities certified that the

consumption tax (VAT that is 12% of the value of the transaction) is paid; Nevertheless, the sale agreement must be formalized with the public deed

-Cadastral value (Obtained in step 2)

Procedure 3 Public deed is delivered to the Property Registry for its recording

Time to complete: 7 days

Cost to complete: QTG 160 + 0.15% of transaction value (registration fees)

Agency: Property Registry (Registro General de la Propiedad de Guatemala)
(www.registro-propiedad.org.gt)

Comment: The public deed is delivered to the Property Registry for its recording under the name of the buyer. It is also advisable to obtain a certificate at the Property Registry to verify that the change of ownership is properly recorded.

The internal procedures conducted by the Property Registry are as follows:

1. Departamento de Reparto –all incoming cases are assigned to the officials (operadores), whose salaries are based on a percentage of the fees. Since 2005, an electronic system is fully implemented to assign cases based on current workload (1 business day).
2. The official registers the property electronically; and issues the case file (expediente)
3. Departamento de Revision (legal assessors) reviews and approves the transaction
4. Accounting department verifies the payment of fees
5. Departamento de Firma Electronica: Registrar or auxiliary registrars (14 full-time and 5 part-time) sign the registration certificate. As of Decree 42-2006, electronic signatures from auxiliary registrars are legally valid. Each one is assigned a unique number by which they can electronically sign, facilitating the registration process.
6. Departamento de Archivo –updates the information in the system
7. Certificate is signed.

Procedure 4 Notify the Municipality and/or DICABI of the transaction

Time to complete: 10 days

Cost to complete: no cost

Agency: Municipality and/or DICABI (Dirección de Catastro y Avalúo de Bienes Inmuebles)

Comment: Notification to the Municipality and/or DICABI of the transaction. Sometimes this information is not updated, so in order to register the transaction it is mandatory to update prior information.

This step is important to update the cadastral value of the property for the purpose of tax collection. There is a small fine if this procedure is not fulfilled, but it has no effect on the validity of the title obtained in the previous step. In 2009, the land registry has started informing electronically the municipalities of the transaction, and plans to implement a similar process with the DICABI in the future.

In the future it will also be necessary to obtain cadastral certificates of the property in order to comply with the recently approved Decreto No. 41-2005 (Ley de Registro de Información Catastral). The cadastral certificate is a document issued by the Registrar of the Cadastral Information which contains the cadastral information of a determined piece of land.

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

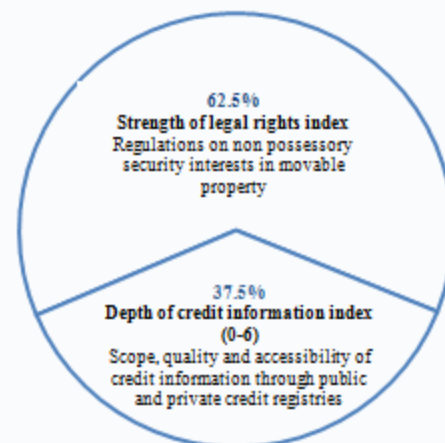
Public credit registry coverage (% of adults)

- 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)

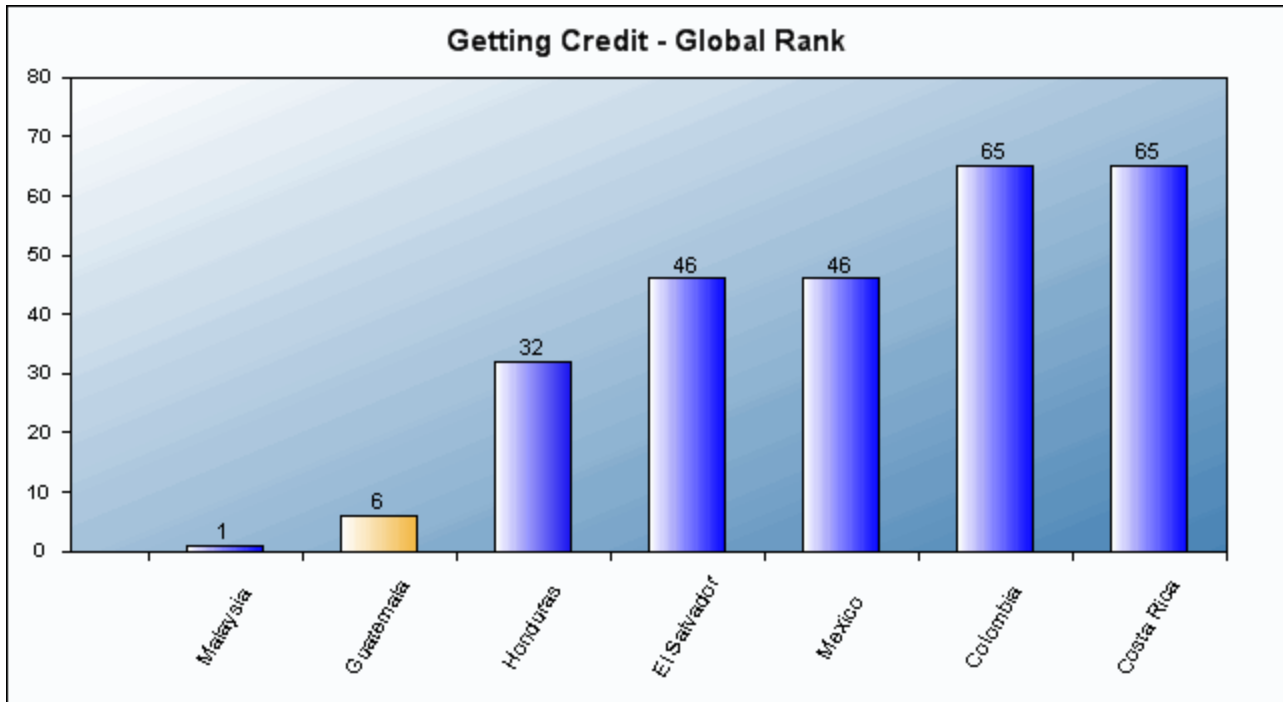
The Debtor

- 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:

Guatemala is ranked 6 overall for Getting Credit.

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



The following table shows Getting Credit data for Guatemala 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>				
Guatemala	8	6	16.4	8.8

<i>Comparator Economies</i>				
Colombia	5	5	0.0	63.1
Costa Rica	5	5	23.3	64.8
El Salvador	5	6	21.8	95.0
Honduras	6	6	22.7	100.0
Mexico	5	6	0.0	71.6

* The following economies are also good practice economies for :

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

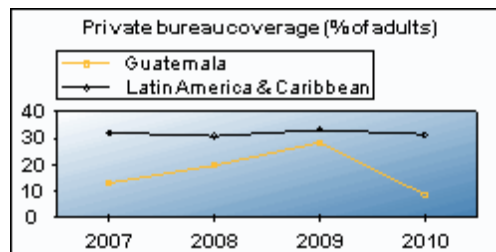
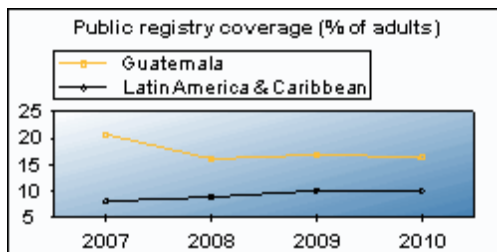
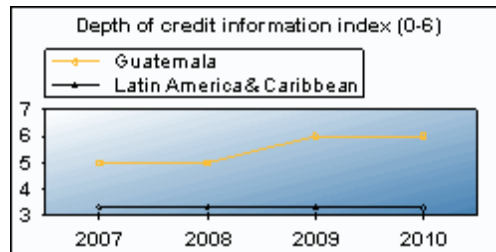
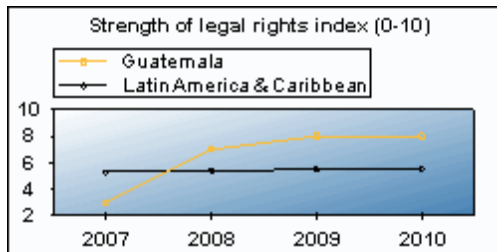
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

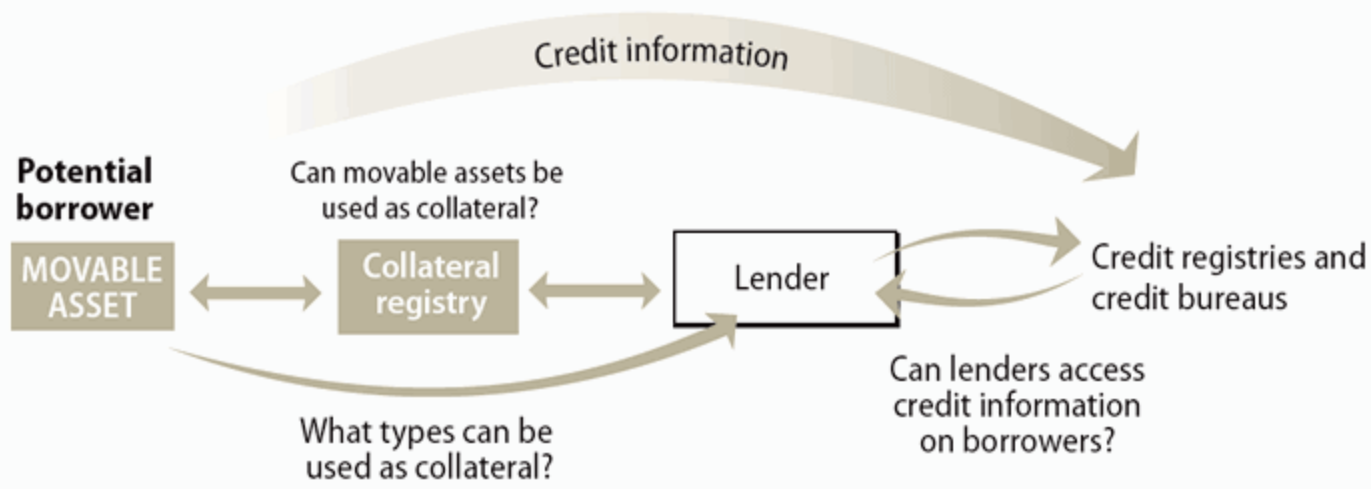
2. Historical data: Getting Credit in Guatemala

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	6	6
Strength of legal rights index (0-10)	3	7	8	8
Depth of credit information index (0-6)	5	5	6	6
Private bureau coverage (% of adults)	13.1	19.7	28.4	8.8
Public registry coverage (% of adults)	20.7	16.1	16.9	16.4

3. The following graphs illustrate the Getting Credit sub indicators in Guatemala 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 Guatemala.

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	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	Yes	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Coverage	8.8	16.4	
Number of individuals	710,543	1,315,370	
Number of firms	2,010	9,607	

Strength of legal rights index (0-10)**8**

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)

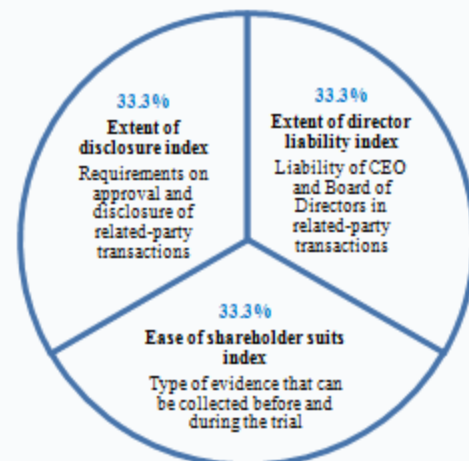
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

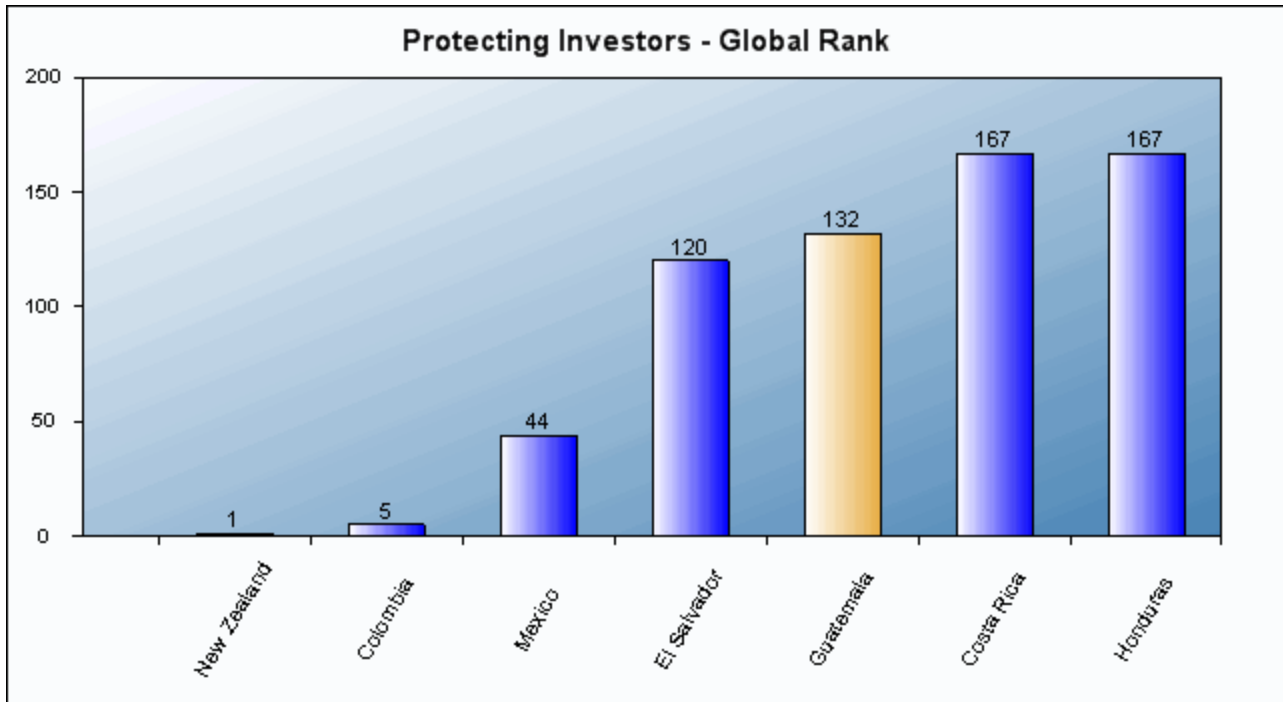
The transaction

- 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:

Guatemala is ranked 132 overall for Protecting Investors.

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



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

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

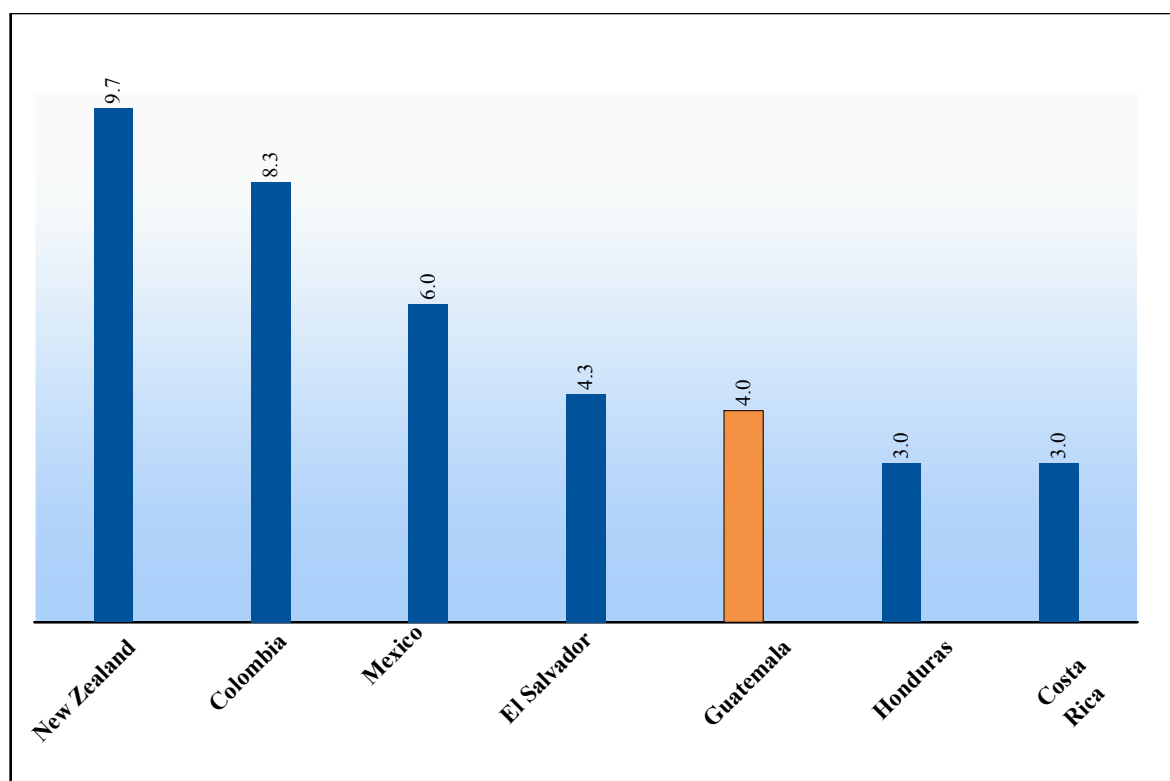
<i>Selected Economy</i>	
Guatemala	4.0

<i>Comparator Economies</i>	
Colombia	8.3
Costa Rica	3.0
El Salvador	4.3
Honduras	3.0
Mexico	6.0

2. Historical data: Protecting Investors in Guatemala

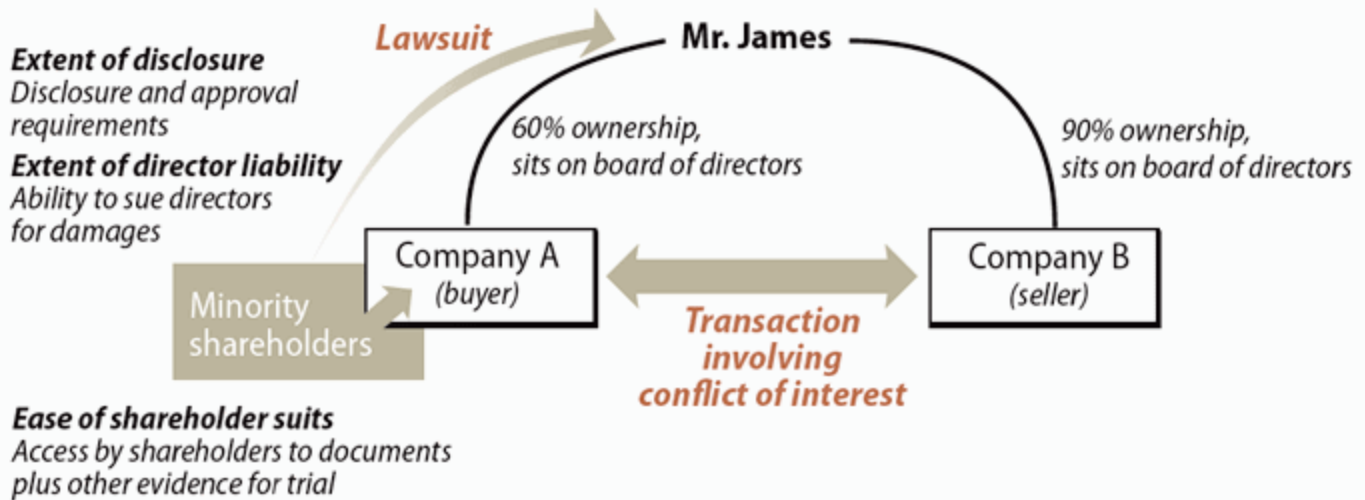
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	132
Strength of investor protection index (0-10)	4.0	4.0	4.0	4.0

3. The following graph illustrates the Protecting Investors index in Guatemala 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 Guatemala.

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

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	6
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	1
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?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	4.0

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)

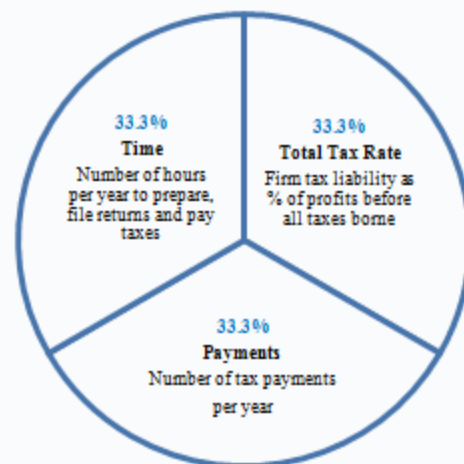
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



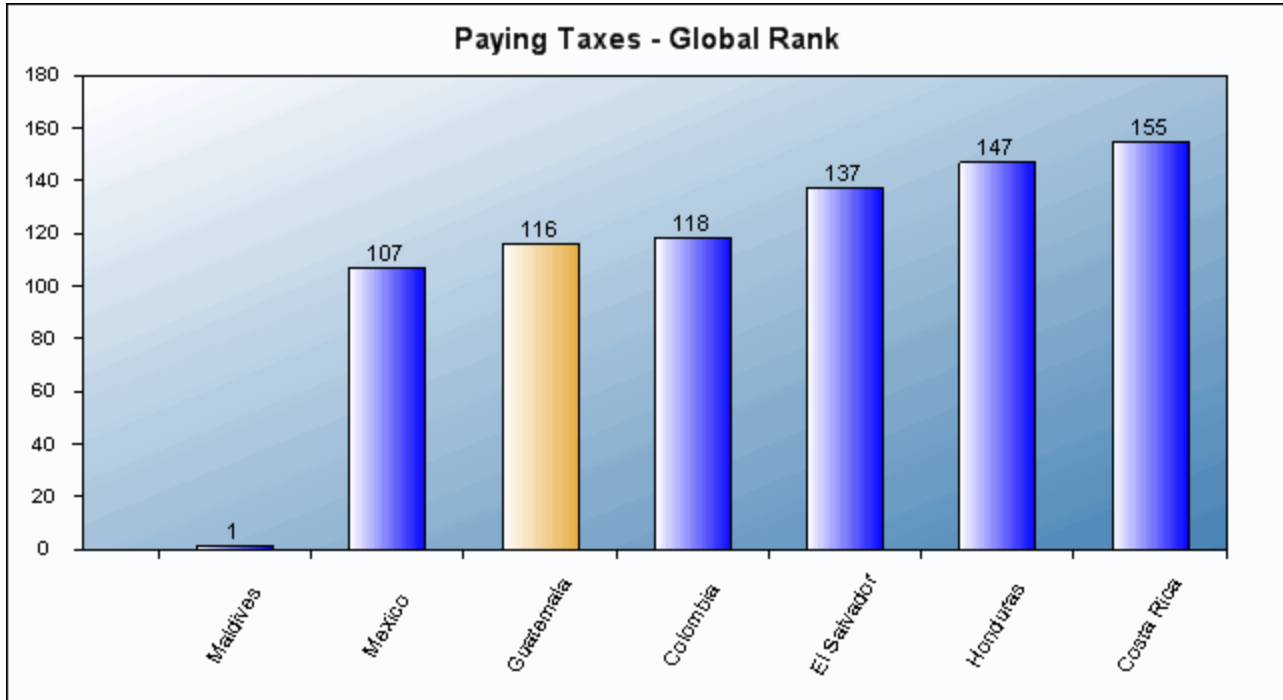
Case Study Assumptions

- 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:

Guatemala is ranked 116 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Guatemala 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>			
Guatemala	24	344	40.9

<i>Comparator Economies</i>			
Colombia	20	208	78.7
Costa Rica	42	272	55.0
El Salvador	53	320	35.0
Honduras	47	224	48.3
Mexico	6	404	50.5

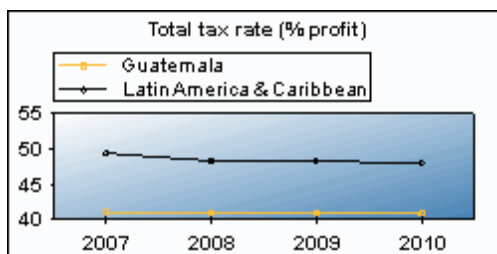
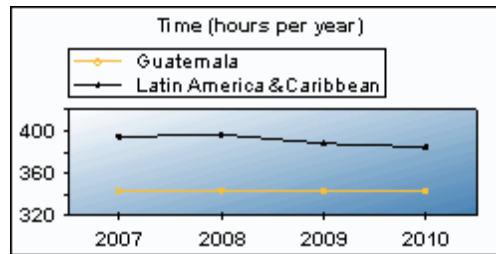
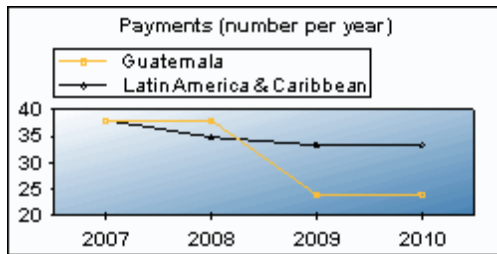
* The following economies are also good practice economies for :

Payments (number per year): Qatar

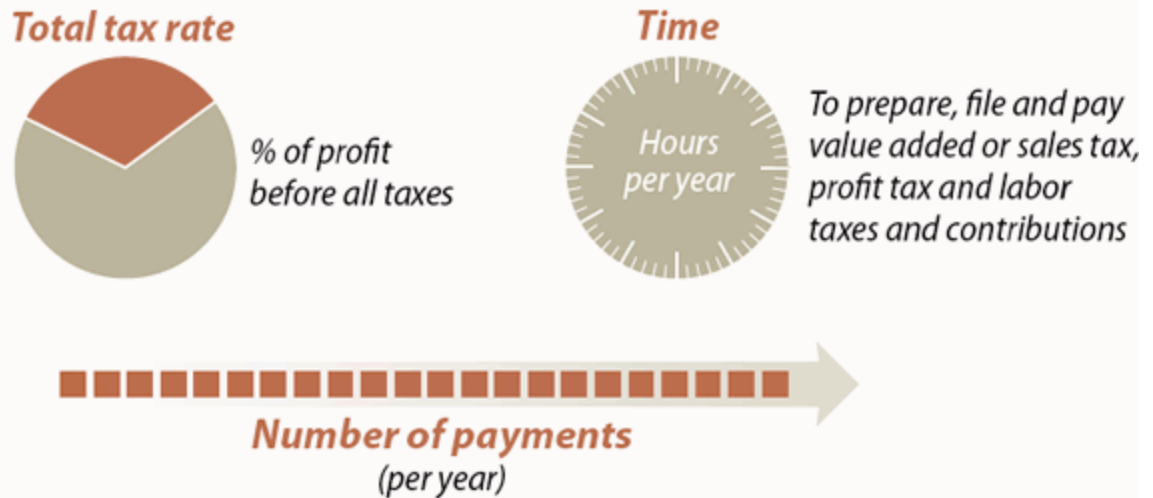
2. Historical data: Paying Taxes in Guatemala

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	108	116
Total tax rate (% profit)	41.1	40.9	40.9	40.9
Payments (number per year)	38	38	24	24
Time (hours per year)	344	344	344	344

3. The following graphs illustrate the Paying Taxes sub indicators in Guatemala 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 Guatemala, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	156	12.0%	value added and land sale		
Advertising tax	1			0.5%	advertising expenses	0.00	
Tax on interest	1			10.0%	interest income	0.30	
Property tax	4			0.9%	property value	0.50	
Social security contributions	12		144	12.7%	gross salaries	14.30	
Extraordinary and temporary tax -IETAAP	4			1.0%	turnover	17.70	
Corporate income tax	1	online filing	44	31% or 5%	taxable profits or gross income	25.90	
Totals	24		344			40.9	

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)

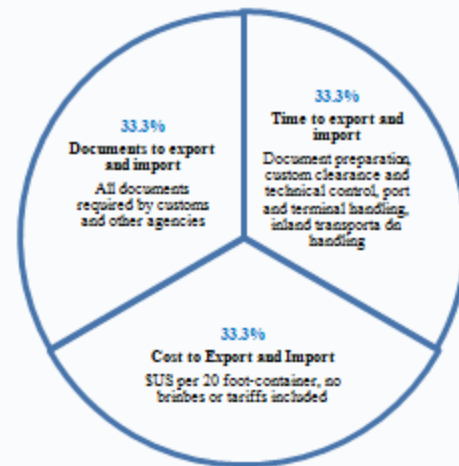
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

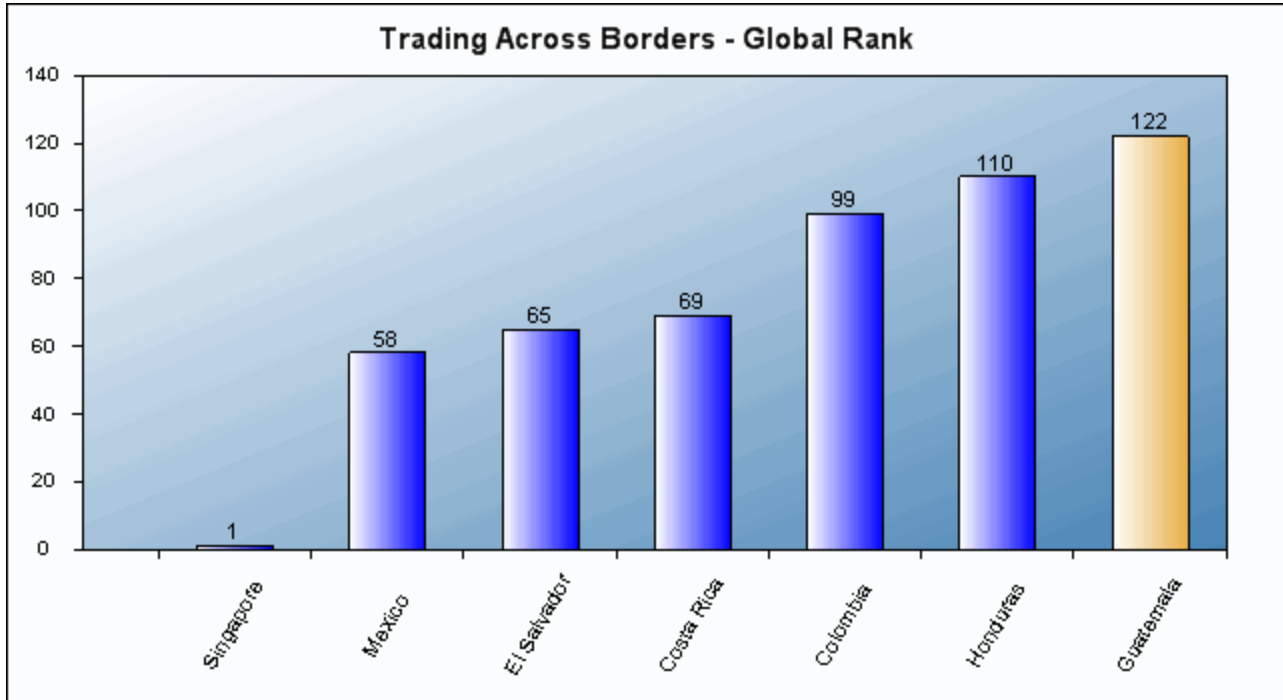
The traded product

- 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:

Guatemala is ranked 122 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Guatemala 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>						
Guatemala	10	17	1182	10	17	1302

<i>Comparator Economies</i>						
Colombia	6	14	1770	8	13	1700
Costa Rica	6	13	1190	7	15	1190
El Salvador	8	14	845	8	10	845
Honduras	6	19	1193	10	23	1205
Mexico	5	12	1420	4	12	1880

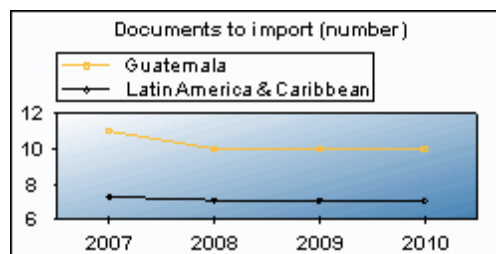
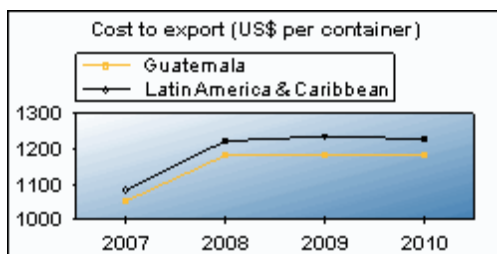
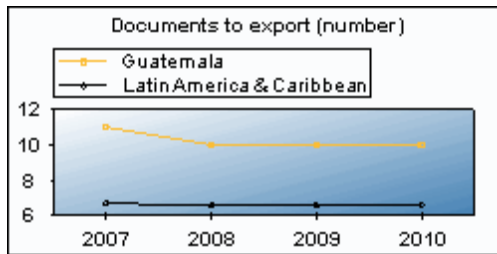
* The following economies are also good practice economies for :

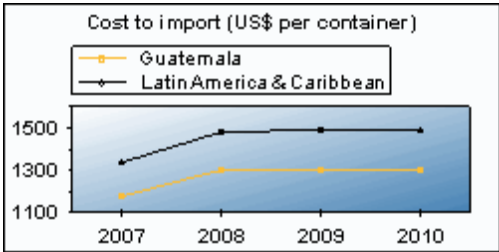
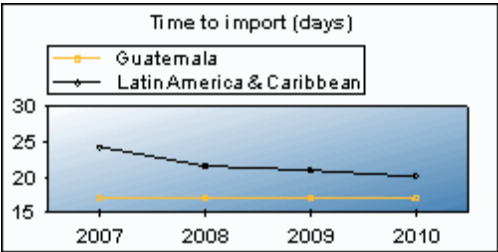
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Guatemala

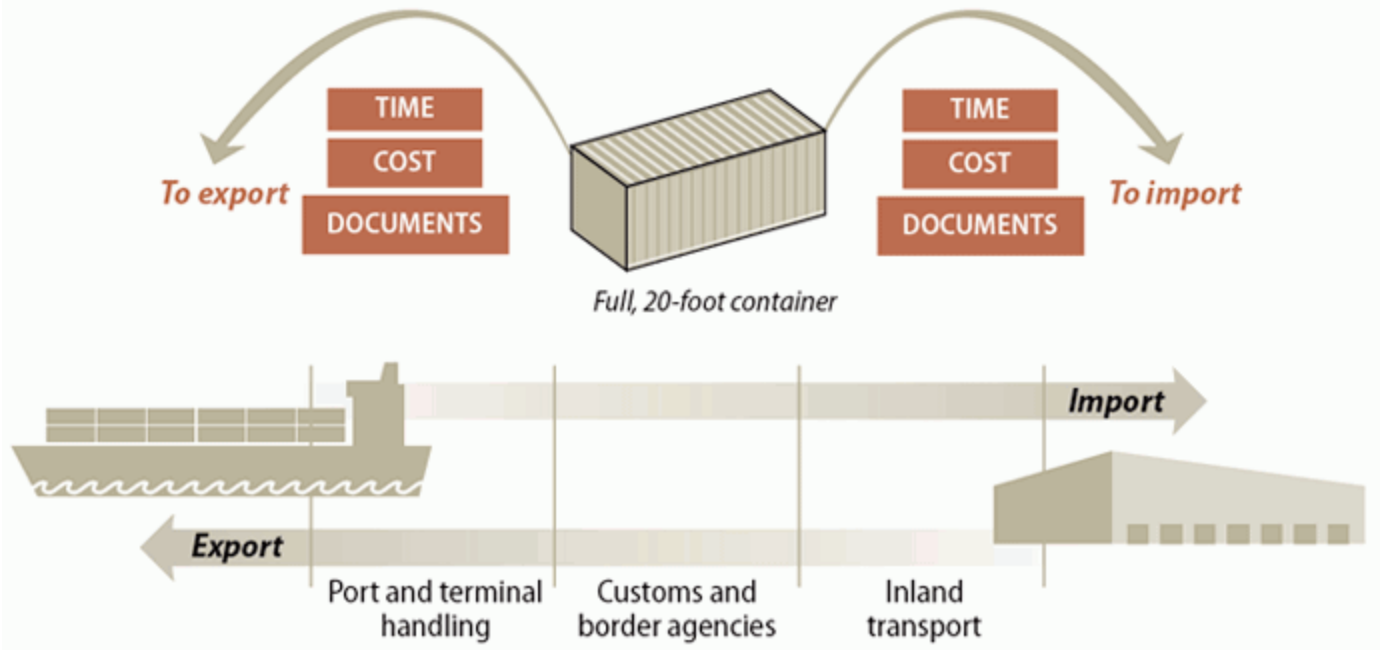
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	120	122
Cost to export (US\$ per container)	1052	1182	1182	1182
Cost to import (US\$ per container)	1177	1302	1302	1302
Documents to export (number)	11	10	10	10
Documents to import (number)	11	10	10	10
Time to export (days)	17	17	17	17
Time to import (days)	17	17	17	17

3. The following graphs illustrate the Trading Across Borders sub indicators in Guatemala 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 Guatemala. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	267
Customs clearance and technical control	2	175
Ports and terminal handling	2	240
Inland transportation and handling	3	500
Totals	17	1182

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	317
Customs clearance and technical control	2	175
Ports and terminal handling	3	260
Inland transportation and handling	2	550
Totals	17	1302

Documents for Export and Import

Export

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Export license
- Foreign exchange authorization
- Inspection report
- Packing list
- Technical standard/health certificate
- Terminal handling receipts

Import

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Foreign exchange authorization
- Import license
- Inspection report
- Packing list
- Technical standard/health certificate
- Terminal handling receipts

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)

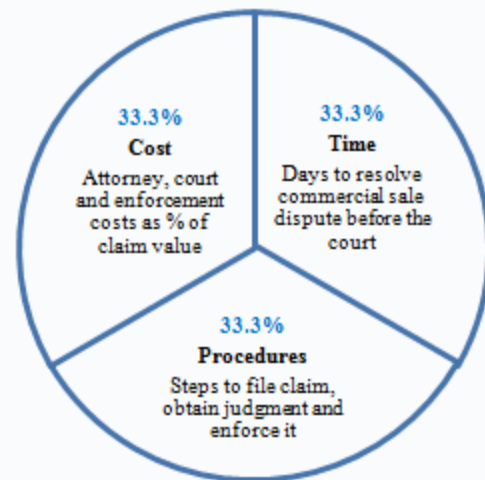
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

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



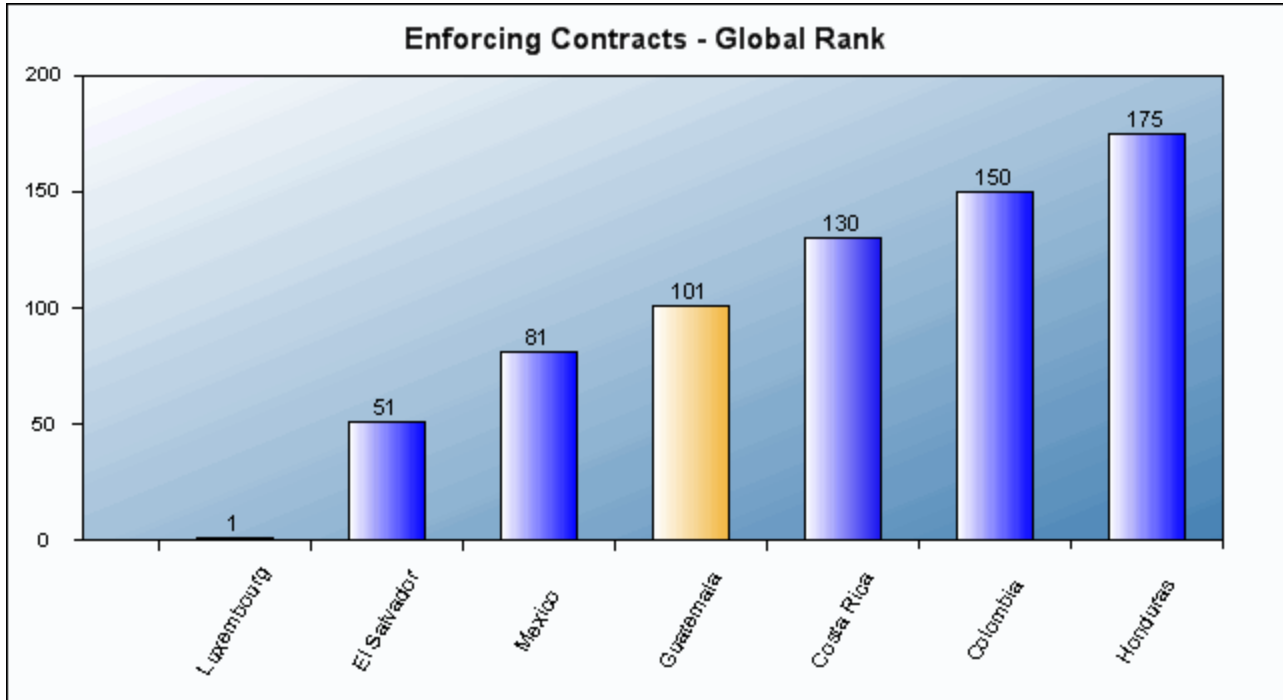
Case Study Assumptions

- 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:

Guatemala is ranked 101 overall for Enforcing Contracts.

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



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

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

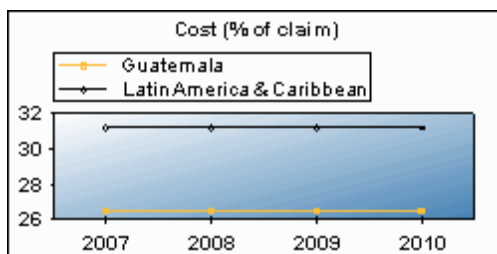
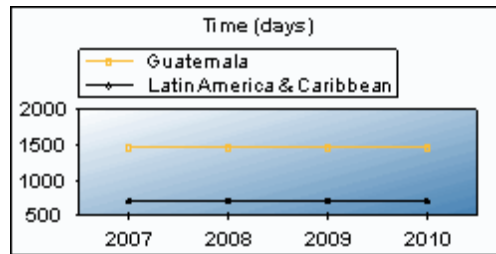
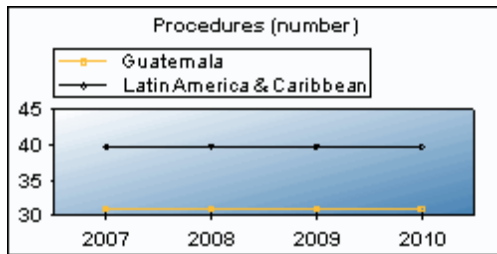
<i>Selected Economy</i>			
Guatemala	31	1459	26.5

<i>Comparator Economies</i>			
Colombia	34	1346	47.9
Costa Rica	40	852	24.3
El Salvador	30	786	19.2
Honduras	45	900	35.2
Mexico	38	415	32.0

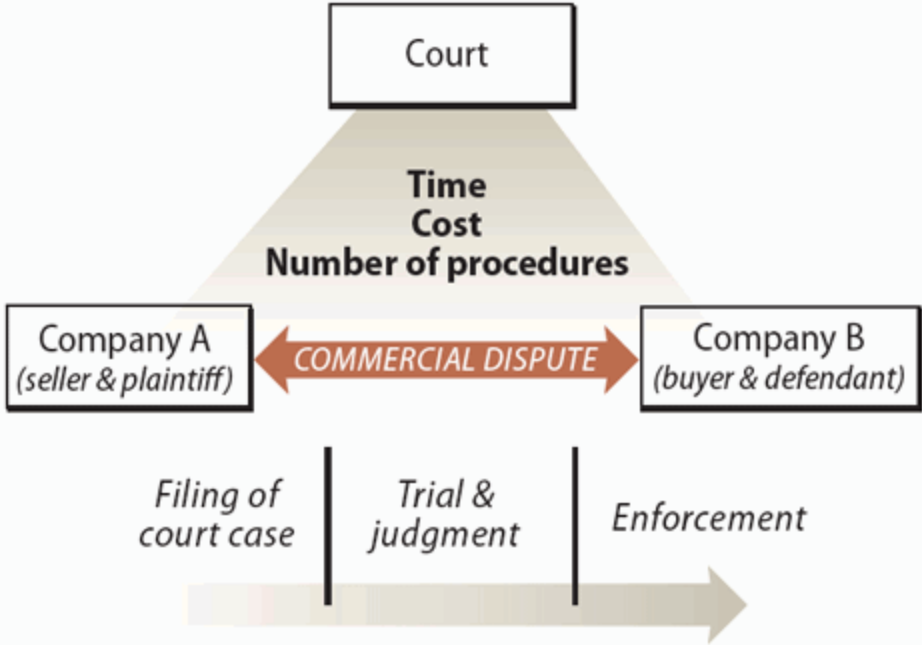
2. Historical data: Enforcing Contracts in Guatemala

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	102	101
Procedures (number)	31	31	31	31
Time (days)	1459	1459	1459	1459
Cost (% of claim)	26.5	26.5	26.5	26.5

3. The following graphs illustrate the Enforcing Contracts sub indicators in Guatemala 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 Guatemala.

Nature of Procedure (2010)	Indicator
Procedures (number)	31
Time (days)	1459
Filing and service	66.0
Trial and judgment	796.0
Enforcement of judgment	597.0
Cost (% of claim)*	26.50
Attorney cost (% of claim)	15.0
Court cost (% of claim)	6.5
Enforcement Cost (% of claim)	5.0

Court information: Guatemala City Justice of the Peace ("Juzgado de Paz")

* 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)

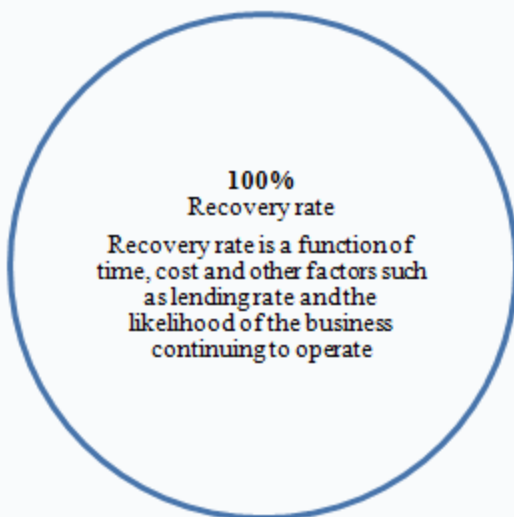
- Measured in calendar years
- Appeals and requests for extension are included

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

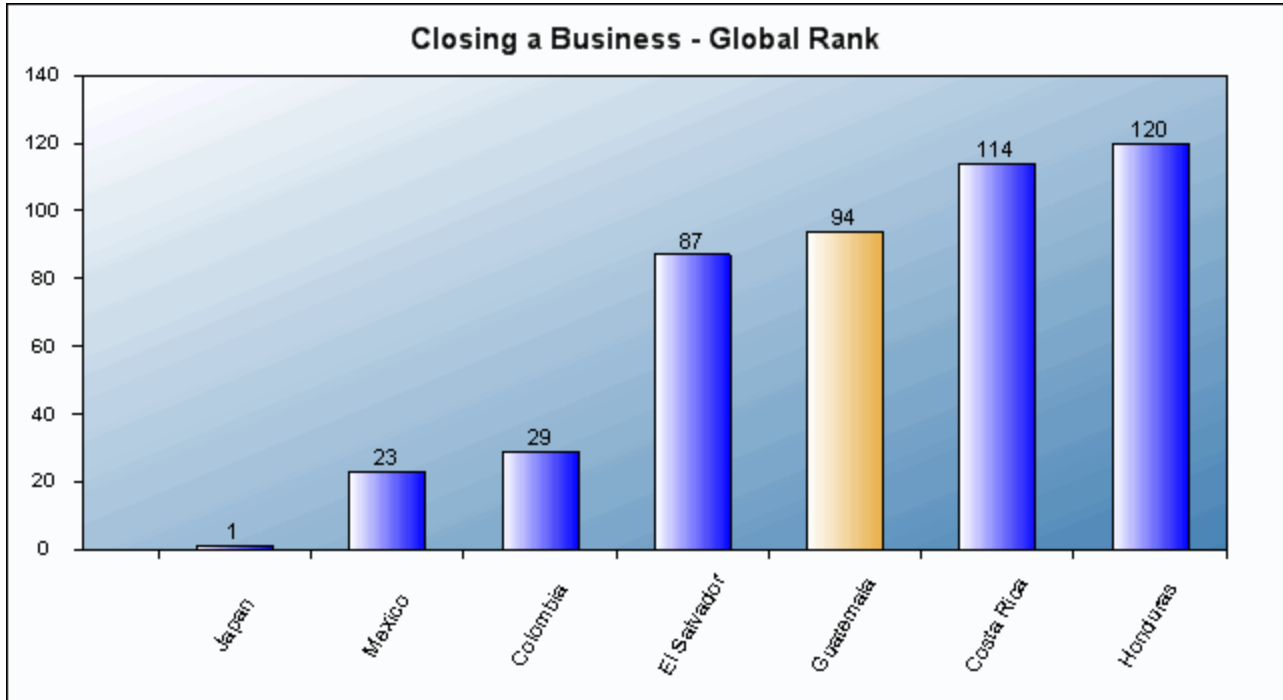
The Company

- 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:

Guatemala is ranked 94 overall for Closing a Business.

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



The following table shows Closing Business data for Guatemala 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>			
Guatemala	27.5	3.0	15

<i>Comparator Economies</i>			
Colombia	62.4	3.0	1
Costa Rica	21.2	3.5	15
El Salvador	29.2	4.0	9
Honduras	19.9	3.8	15
Mexico	66.7	1.8	18

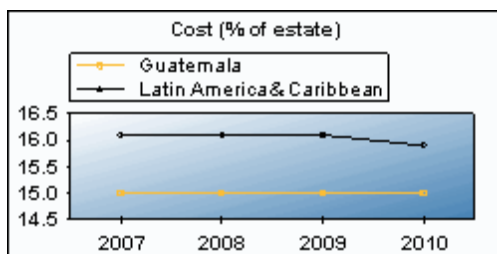
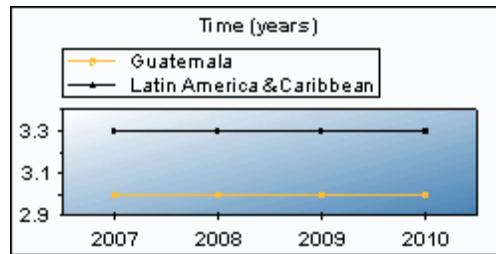
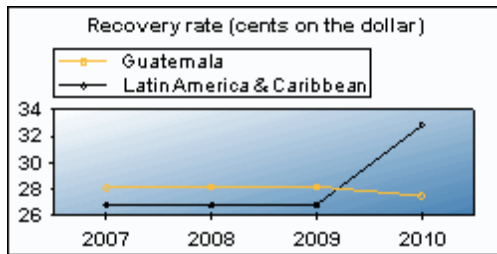
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Guatemala

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	94	94
Time (years)	3.0	3.0	3.0	3.0
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	28.1	28.2	28.2	27.5

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Colombia	Colombia eased construction permitting by improving the electronic verification of prebuilding certificates.
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.
Mexico	Mexico launched an online one-stop shop for initiating business registration. Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities. Mexico increased taxes on companies by raising several tax rates, including the corporate income tax and the rate on cash deposits. At the same time, the administrative burden was reduced slightly with more options for online payment and increased use of accounting software.
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.
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.



WWW.DOINGBUSINESS.ORG