

Doing Business 2011

Indonesia

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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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 Indonesia. 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).

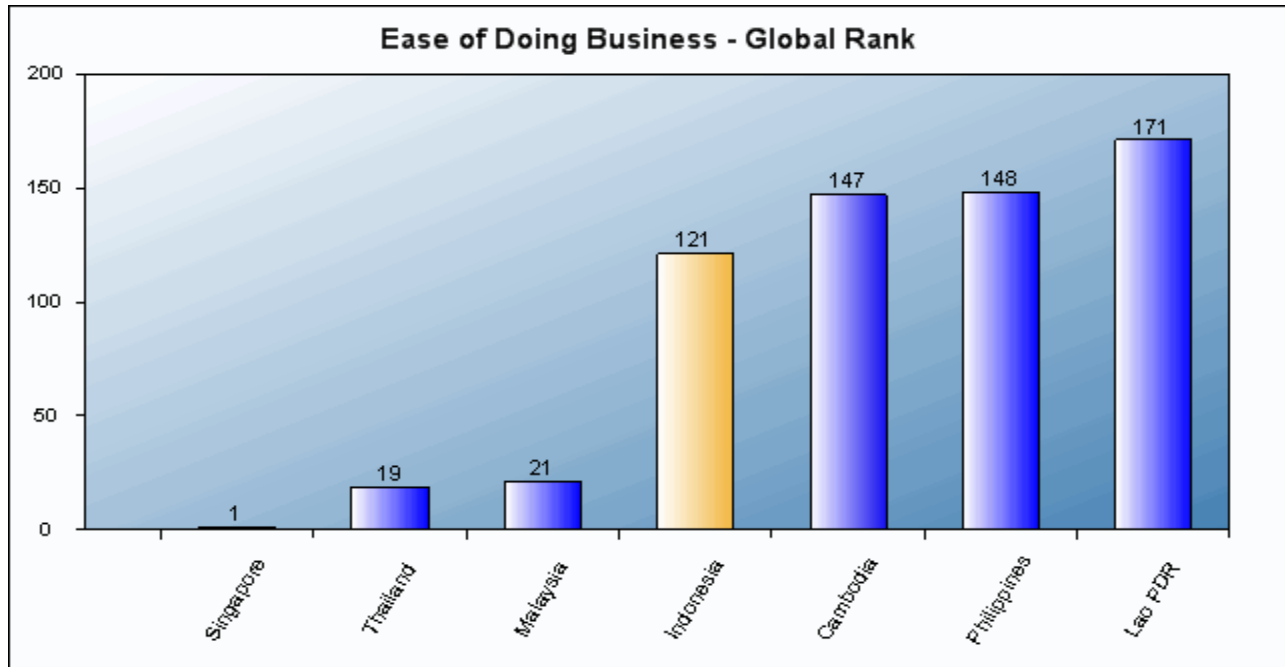
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Indonesia is ranked 121 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Indonesia's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	121
Starting a Business	155
Dealing with Construction Permits	60
Registering Property	98
Getting Credit	116
Protecting Investors	44
Paying Taxes	130
Trading Across Borders	47
Enforcing Contracts	154
Closing a Business	142

Summary of Indicators - Indonesia

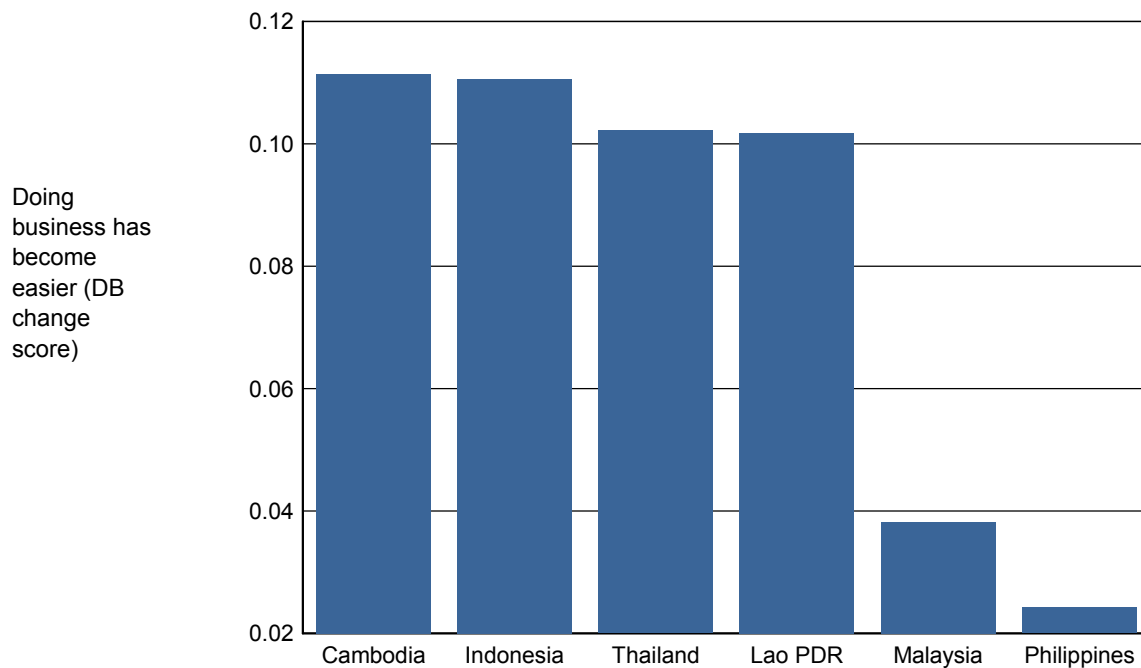
Starting a Business	Procedures (number)	9
	Time (days)	47
	Cost (% of income per capita)	22.3
	Min. capital (% of income per capita)	53.1
Dealing with Construction Permits	Procedures (number)	14
	Time (days)	160
	Cost (% of income per capita)	173.3
Registering Property	Procedures (number)	6
	Time (days)	22
	Cost (% of property value)	10.9
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	25.2
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	10
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	3
	Strength of investor protection index (0-10)	6.0
Paying Taxes	Payments (number per year)	51
	Time (hours per year)	266
	Profit tax (%)	26.6
	Labor tax and contributions (%)	10.6
	Other taxes (%)	0.1
	Total tax rate (% profit)	37.3
Trading Across Borders	Documents to export (number)	5
	Time to export (days)	20
	Cost to export (US\$ per container)	704
	Documents to import (number)	6
	Time to import (days)	27
	Cost to import (US\$ per container)	660

Enforcing Contracts	Procedures (number)	40
	Time (days)	570
	Cost (% of claim)	122.7
Closing a Business	Recovery rate (cents on the dollar)	13.2
	Time (years)	5.5
	Cost (% of estate)	18

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.

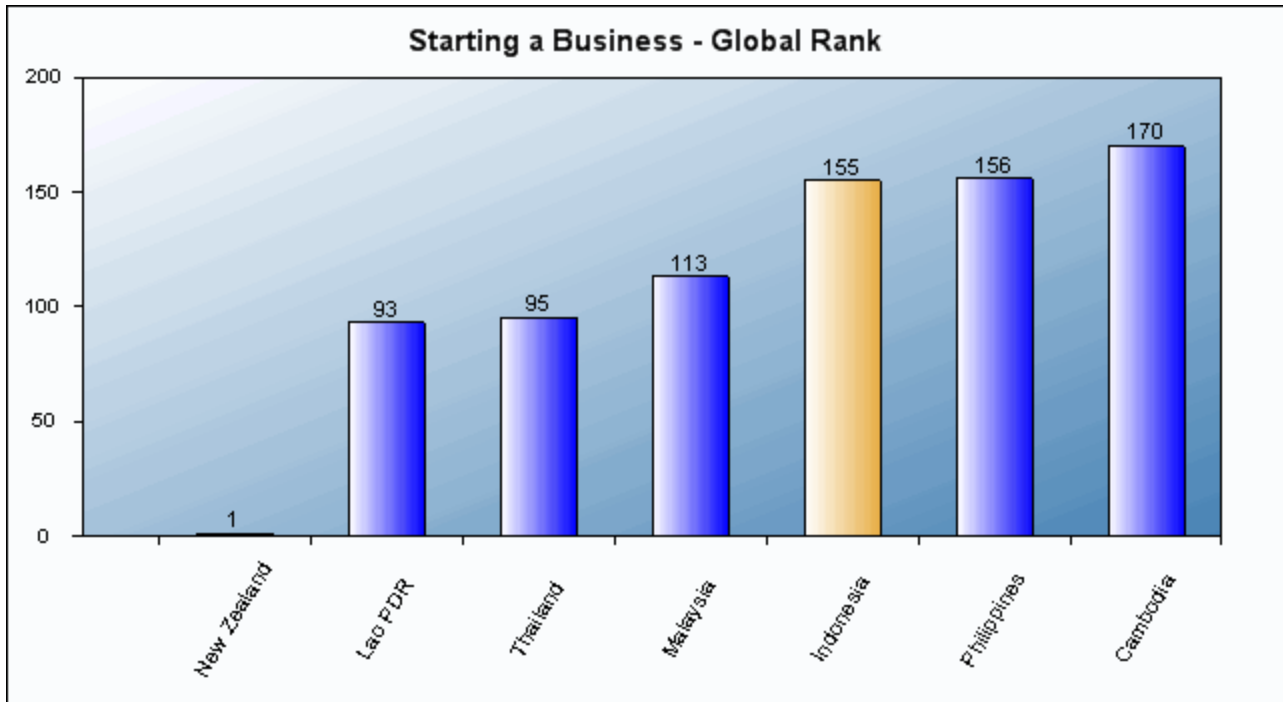
The business:

- 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:

Indonesia is ranked 155 overall for Starting a Business.

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



The following table shows Starting a Business data for Indonesia 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>				
Indonesia	9	47	22.3	53.1

<i>Comparator Economies</i>				
Cambodia	9	85	128.3	37.0
Lao PDR	7	100	11.3	0.0
Malaysia	9	17	17.5	0.0
Philippines	15	38	29.7	6.0
Thailand	7	32	5.6	0.0

* The following economies are also good practice economies for :

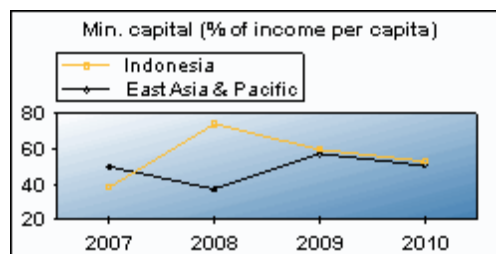
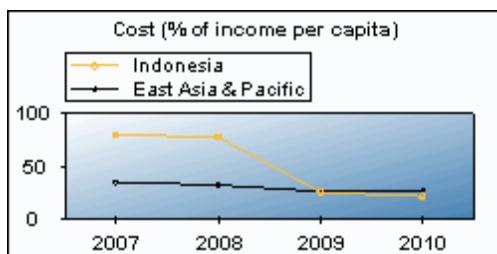
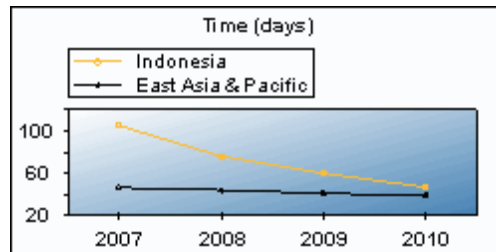
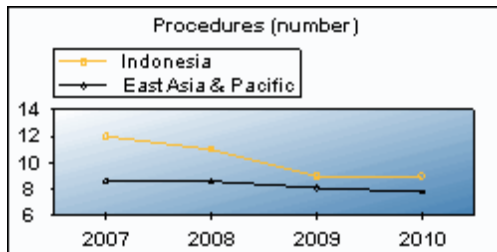
Procedures (number): **Canada**

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

2. Historical data: Starting a Business in Indonesia

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	159	155
Procedures (number)	12	11	9	9
Time (days)	105	76	60	47
Cost (% of income per capita)	80.0	77.9	26.0	22.3
Min. capital (% of income per capita)	38.4	74.2	59.7	53.1

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

STANDARDIZED COMPANY

Legal Form: Perseroan Terbatas (PT)

City: Jakarta

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain the standard form of the company deed ; arrange for a notary electronically; obtain clearance for the Indonesian company's name at the Ministry of Law and Human Rights.	4	IDR 200,000
2	Notarize company documents before a notary public	4	IDR 2,526,816
3	Pay the State Treasury for the non-tax state revenue (PNBP) fees for legal services at a bank	1	IDR 200,000
4	Apply to the Ministry of Law and Human Rights for approval of the deed of establishment	7	IDR 1,580,000
5	Apply for the permanent business trading license (Surat Izin Usaha Perdagangan, SIUP)	5	IDR 250,000
6	* Register with the Ministry of Manpower	14	no charge
7	* Apply for the Workers Social Security Program (Jamsostek Program)	7	no charge

8	Obtain a taxpayer registration number (NPWP) and a VAT collector number (NPPKP)	1	no charge
9	Register with the Company Register (Department of Trade) and obtain a registration certificate (TDP)	15	IDR 500,000

* Takes place simultaneously with another procedure.

Starting a Business Details - Indonesia

Procedure	1	Obtain the standard form of the company deed ; arrange for a notary electronically; obtain clearance for the Indonesian company's name at the Ministry of Law and Human Rights.
Time to complete:	4	
Cost to complete:	IDR 200,000	
Comment:		The uniqueness of the company name must be checked to ensure that it has not been used by another Indonesian company, to avoid a rejection by the Ministry of Justice and Human Rights of the company's deed of establishment and articles of association. Because the process must be done through a computerized processing system, the reservation and clearance must be done by a notary public (because the new computerized system for nontax state revenue payments may be accessed only by a notary public). The reserved name will be blocked for 60 days. If the founding shareholders are confident that the same name has not been used by another Indonesian company, this procedure is not necessary.
Procedure	2	Notarize company documents before a notary public
Time to complete:	4	
Cost to complete:	IDR 2,526,816	
Comment:		
Procedure	3	Pay the State Treasury for the non-tax state revenue (PNBP) fees for legal services at a bank
Time to complete:	1	
Cost to complete:	IDR 200,000	
Comment:		Because the new computerized system for nontax state revenue payments (PNBP)—which has been implemented by the Ministry of Justice and Human Rights—may be accessed only by a notary public, payment for registering or establishing a company is normally easier through the notary. The requirement to pay the non-tax state revenue (PNBP) fee for legal services in relation to the establishment of a PT is obtained from the information stated in the website of the Legal Entity Administration System (known as SABH (Sistem Administrasi Badan Hukum) (www.sisminbakum.go.id), where it is informed that there is a PBNP fee to be paid for the purpose of company establishment in the amount of Rp. 200,000 and to be paid through the Notary.
Procedure	4	Apply to the Ministry of Law and Human Rights for approval of the deed of establishment
Time to complete:	7	
Cost to complete:	IDR 1,580,000	
Comment:		Based on Article 9, 10, 29 and 30 Indonesian Company Law No. 40 year 2007, the application for approval of Ministry of Law and Human Right (the "Ministry of Law") on establishment of company should be be able to file electronically by attaching with the certificate of bank account, copy of the relevant bank transmittal advice, NPWP (Tax Registration Number), Certificate of

Company Domicile. the process will be taken as follows:

- The application should be filled at the latest 60 days since the date of establishment deed;
- Since the application has already fulfilled, the Ministry of Law directly electronically stated no objection on said application. However, if the application is not fulfilled, the Ministry of Law will directly electronically stated his objection on said application.
- in 30 days since the date of no objection by Ministry of Law, the applicant should submit the original application and supporting documents;
- 14 days after fulfillment of above requirements, Ministry of Law will issue the legalisation on the establishment of the company.
- Data of company which its establishment has been approved by Ministry of Law i.e name, domicile, object and purpose, period, capital company will be inserted into Company Registry.
- The Ministry of Law will announce the establishment of company in Supplement State Gazette (TBNRI) within 14 days of the Ministry's Approval Letter.

The cost of this procedure is based on the Schedule to the Government Regulation Number 38 of 2009 concerning Types and Tariffs on Non-Tax State Revenues Applied for in the Department of Law and Human Rights which comes into effect on 28 May 2009.

Procedure 5 Apply for the permanent business trading license (Surat Izin Usaha Perdagangan, SIUP)

Time to complete: 5

Cost to complete: IDR 250,000

Comment: The Surat Izin Usaha Perdagangan (SIUP) constitutes the business license for a non-facility company engaging in trading business. The SIUP contains details about the company activities and the person in charge of the company (normally the President Director). The Ministry of Industry and Trade, which issues the SIUP for a nonfacility company, may require a letter of good conduct from the Indonesian police in support of the person in charge of the company. Normally, the following copy of documents should be attached for the application for a SIUP:

- The articles of association (copy).
- An attestation of location and address of the company's offices.
- Identity card of the company President Director.
- Notary deeds

After reviewing the application, the Municipality passes it to the technical agency at the regional office for cooperatives for further review- it takes 2 days to get the signature of the head of that office as the authority is not delegated. Once the application is back, the SIUP is provided.

Although there is no official charge, there is usually an unofficial administrative fee. Fees depend on negotiation and usually start from IDR 400,000 to 500,000 for a small company, IDR 600,000 to IDR 700,000 for a medium-size company; and IDR 750,000 to IDR 1,000,000 for a large company. the cost is included in procedure 2.

Based on Regulation of Ministry of Trading No. 36/M-Dag/PER/9/2007 on Issuing Business Trading License (SIUP), the SIUP will be issued in 3 days since the receiving of completed documents but in practice it takes 3-7 days.

Procedure 6 Register with the Ministry of Manpower

Time to complete: 14

Cost to complete: no charge

Comment: According to Law No. 7/1981, companies with more than 10 workers or a monthly payroll of IDR 1 million must register with the Ministry of Manpower. This procedure can be completed concurrently with other post-registration procedures by filing the manpower compulsory report and company regulations with the Ministry of Manpower. Although there is no official fee, there may an unofficial administrative fee that depends on negotiation and usually starts at IDR 100,000.

Procedure 7 Apply for the Workers Social Security Program (Jamsostek Program)

Time to complete: 7

Cost to complete: no charge

Comment: According to legal provisions on workers' social security (Law No. 3/1992), it is mandatory for every company or individual employing 10 workers or more or generating a monthly payroll of at least IDR 1 million a month to apply for the Workers Social Security Program (Jamsostek), operated by the executing agency. This social security program covers occupational accident security, death security, old age security, and health maintenance.

A company or an individual is not obligated to enroll its employees in the social security program if it offers an independent employee social security program with benefits comparable or better than those offered by the Package of Basic Health Maintenance Security (according to Government Regulation No. 14/1993, as amended by Government Regulation No. 28 /2002).

Procedure 8 Obtain a taxpayer registration number (NPWP) and a VAT collector number (NPPKP)

Time to complete: 1

Cost to complete: no charge

Comment: Regulation of Directorate General of Taxation No. 44/PJ/2008 which comes into effect on 20 October 2008 concerning Procedures of Application of Taxpayer Registration and/or Taxable Entrepreneur Number, Amendment of Data and Transfer of Taxpayer and/or Taxable Entrepreneur aimed to increase the service to the taxpayer. The regulation states that within 1 year as of the issuance of NPWP, the relevant Tax Office will conduct field confirmation regarding the correct data/identity of the taxpayer a. The person/entity can apply for NPWP in the relevant tax office where the company is located or can apply it online through <http://www.pajak.go.id>, choose e-registration to make account as a taxpayer and then follow the procedures therein, by filling the form and attaching copies of deed of establishment and its amendment if any, identity card/KTP of one of active Director, statement letter regarding confirmation on place of business from one of the active Director (form is provided), POA and identity card/KTP of the authorizee. The NPWP card and Registered Statement Letter is obtained within 1 calendar day upon the completeness of the required document without and fee, charge and/or retribution.

Procedure 9 Register with the Company Register (Department of Trade) and obtain a registration certificate (TDP)

Time to complete: 15

Cost to complete: IDR 500,000

Comment: Under Regulation of the Minister of Trade of the Republic of Indonesia Number 37/M-DAG/PER/9/ 2007 concerning Operation of Company Registration Certificate (Tanda Daftar Perusahaan/TDP) which came into effect on 4 September 2007 ("Regulation No.37 on TDP"), no official fee is charged for the application in obtaining new TDP and official fee is charged for the purpose of renewal of TDP and time is subject to the completeness of the required documents. Although there is no official fee, there may be an unofficial administrative fee. The amount varies based on negotiation. Although the typical cost is about IDR 500,000, if a firm is located in a village in Southern Jakarta, for example, the registration fee might be cheaper (about IDR 100,000).

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

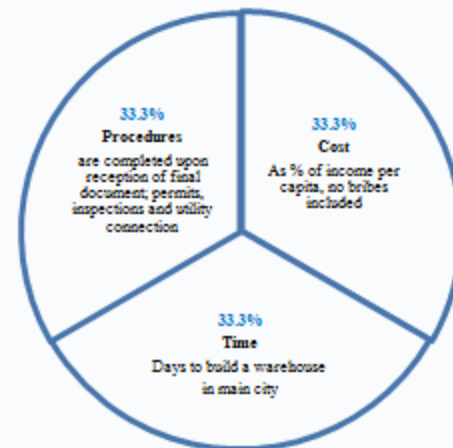
The warehouse:

- 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

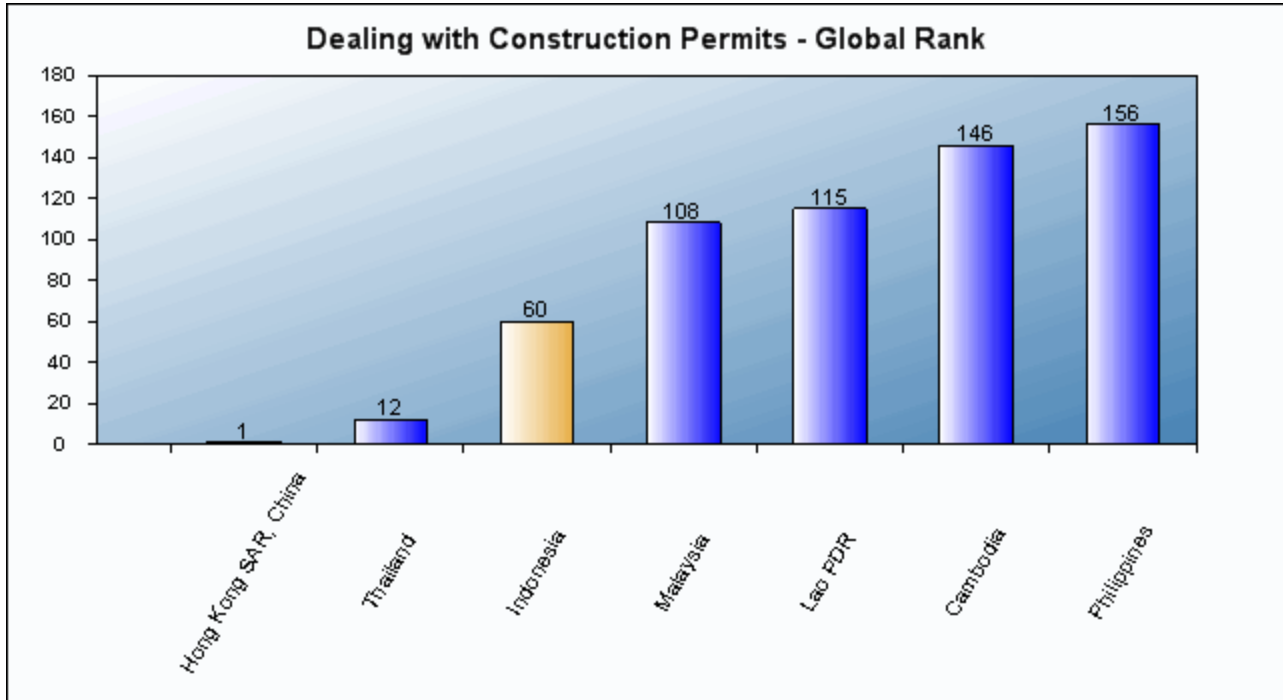
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Indonesia is ranked 60 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Indonesia 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	

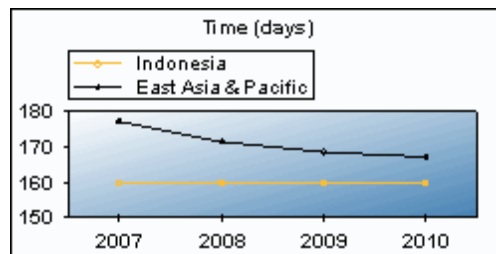
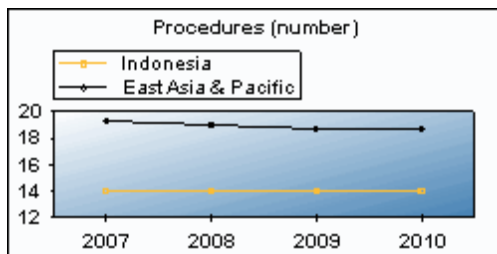
<i>Selected Economy</i>			
Indonesia	14	160	173.3

<i>Comparator Economies</i>			
Cambodia	23	709	54.2
Lao PDR	24	172	131.3
Malaysia	25	261	7.9
Philippines	26	169	778.5
Thailand	11	156	9.5

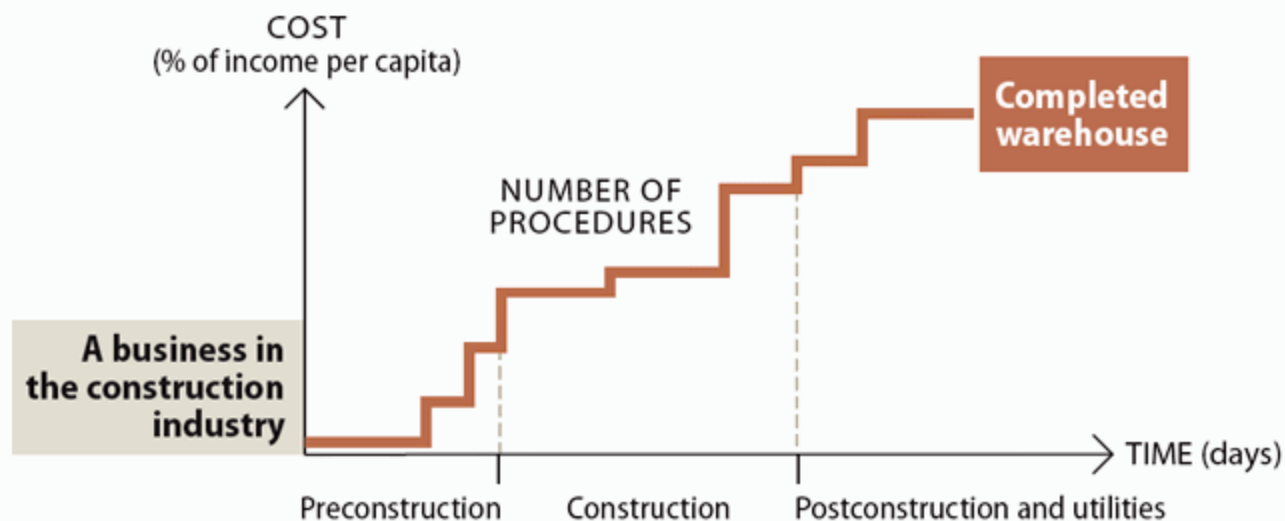
2. Historical data: Dealing with Construction Permits in Indonesia

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	60	60
Procedures (number)	14	14	14	14
Time (days)	160	160	160	160
Cost (% of income per capita)	313.5	242.0	194.8	173.3

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

BUILDING A WAREHOUSE
City: Jakarta

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request Pre-approval letter from Zoning Department	1 day	IDR 1,482,000
2	Receive inspection from Zoning Department	1 day	no charge
3	Obtain Pre-approval letter from Zoning Department	20 days	no charge
4 *	Request and obtain notarized copy of Land Ownership certificate	1 day	IDR 25,000
5	Request and obtain the preparation of the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL)	8 days	IDR 15,000,000
6	Request and obtain the approval for the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL)	10 days	no charge
7	Request and obtain building construction permit (IMB)	21 days	IDR 9,104,200
8	Request and obtain the building completion and compliance minutes	28 days	IDR 62,500

9	Obtain building usage permit (IPB)	49 days	no charge
10	Register with land and building tax office	11 days	no charge
11	Register the warehouse with the regional office of the ministry of industry and trade	9 days	IDR 100,000
12 *	Obtain electricity connection	8 days	IDR 12,500,000
13 *	Obtain water and sewerage connection	8 days	IDR 2,000,000
14 *	Obtain phone connection	4 days	IDR 500,000

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Indonesia

Procedure 1 Request Pre-approval letter from Zoning Department

Time to complete: 1 day

Cost to complete: IDR 1,482,000

Agency: Local Administrative Building Office - Zoning Office

Comment: The total cost to obtain Pre-approval letter is IDR 1,482,000 according to Article 123 of the Regional Regulation No. 1 Year 2006.

The following is the detailed calculation:

- Land measurement (based on the land certificate, namely 500-1,000 m2) a retribution of IDR 750,000
- Print out of the map (scale of 1:10000), a retribution of IDR 1,000/copy x 12 copies or a total of IDR 12,000
- KRK for plans to use of a land for warehouse construction (Karya pergudangan/Kpg) for a land area of up to 1,000 m2 is subject to a fee of IDR 40,000.00
- RTLB for plans to build warehouse construction is subject to a fee of Rp. 40,000.00/ 100 m2 of floor surface, so the total fee for the RTLB: IDR 40,000.00 x 13 (based on a 1,300.6 m2 floor surface) = IDR 520,000.00
- Land marking for city planning implementation purposes (pematokan penerapan rencana kota) is subject to a fee of IDR 80,000 x 2 (because the building exceeds 1,000 m2), or a total of IDR 160,000

Procedure 2 Receive inspection from Zoning Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Local Administrative Building Office - Zoning Office

Comment: Zoning Office inspects the site to confirm that application submitted by the builder meets the requirements

Procedure 3 Obtain Pre-approval letter from Zoning Department

Time to complete: 20 days

Cost to complete: no charge

Agency: Local Administrative Building Office - Zoning Office

Comment: After the inspection, the application is forwarded to different offices within the Zoning Office for approval. The location officer, the roads officer and the architectural officer approve the application. When internal procedure is completed, builder is notified (by phone, mail or electronically) and can pick up the Pre-approval letter. The recommendation letter includes the documents listed in procedure 1.

Procedure 4 Request and obtain notarized copy of Land Ownership certificate

Time to complete: 1 day

Cost to complete: IDR 25,000

Agency: Notary

Comment: Builder needs to notarize a copy of the Land Ownership certificate before applying for the building permit.

Procedure 5 Request and obtain the preparation of the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL)

Time to complete: 8 days

Cost to complete: IDR 15,000,000

Agency: Zoning and Road Construction Division

Comment: BuildCo hires an external consultant that will prepare the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL). When this is ready BuildCo will submit the documents to the Local Environmental Management Agency (BPLHD) for the Province of DKI Jakarta for approval.

Procedure 6 Request and obtain the approval for the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL)

Time to complete: 10 days

Cost to complete: no charge

Agency: Regional Environmental Control Agency (BPLHD)

Comment: The legal basis for this procedure is:
- Decree of the Governor of the Province of DKI Jakarta No. 76 Year 2000, Article 2 paragraph (2) b
- Regulation of the Head of the Local Building Supervision and Control (P2B) Office No. 21 Year 2009, Annex I point I.b

Procedure 7 Request and obtain building construction permit (IMB)

Time to complete: 21 days

Cost to complete: IDR 9,104,200

Agency: Local Administrative Building Office - Permit Office

Comment: When applicant has the complete set of documents (see below) and application is submitted, the Permit Office will conduct an inspection. Given that the plot where the warehouse will be built is empty, no representative from BuildCo needs to be present. Officials from the Permit Office will only verify that the plot is vacant.

The legal basis for this procedure is:
- Decree of the Governor of the Province of DKI Jakarta No. 76 Year 2000, Article 2 paragraph (2) b
- Regulation of the Head of the Local Building Supervision and Control (P2B) Office No. 21 Year 2009, Annex I point I.b
- The legal basis for the time to complete this step in 14 days working days (21 calendar days) is the Regulation of the Governor of DKI Jakarta Number 85 of 2006, article 11 paragraph
- According to the Regional Regulation of the Province of DKI Jakarta Number 1 Year 2006 concerning Regional Retribution, the formula to calculate the fee for this permit is IDR 7,000 per square meter. Since the warehouse considered in the case study has an area of 1,300.6 square meters the cost then will be $7,000 * 1,300.6 = \text{IDR } 9,104,200$.

The supporting documents required are:

- Photocopy of the ID Card
- Photocopy of the Land Certificate (notarized)
- KRK and RTLB from City Planning Office from the Local City Zoning Office (included in Pre-approval letter)
- As Built Drawing (Architecture; Construction, and Installation) for the Warehouse Construction to be built
- Photocopy of the license to operate as a Building Planner
- Statement of uncontested ownership of the land for which IMB is applied
- Company's Deed of Establishment
- Completed Application Form
- Receipt of UKL-UPL or UKL-UPL Recommendation from the BPLHD

Procedure 8 Request and obtain the building completion and compliance minutes

Time to complete: 28 days

Cost to complete: IDR 62,500

Agency: Land and Building Tax Office

Comment: The construction completion and compliance report is a prerequisite for obtaining a usage permit. The party issuing the official report on the completion of the construction and compliance with the building permit is the Supervising Director, who can be an individual, a group of experts, or an entity appointed by the project owner to supervise the construction work. The individual or group of experts must be independent of BuildCo and cannot be its employees.

Procedure 9 Obtain building usage permit (IPB)

Time to complete: 49 days

Cost to complete: no charge

Agency: City Planning Office

Comment: BuildCo must submit the following documents to the City Planning Office:
The supporting documents required are:
- Building drawings
- Copy of the IMB
- Warehouse Construction Completion Report from the Supervising Directors/Consultant appointed by BuildCo
- An official report from the Supervising Director comprising (Minutes of completion of the warehouse construction and compliance):
-- A copy of the letter of appointment of the contractor and Supervising Director and the Coordinator of the Supervising Director.
-- A copy of the TDR of the contractor and work permit of the Supervising Director.
-- A report on construction stages from the Supervising Director.
-- A statement from the Coordinator of the Supervising Director that the warehouse has been completed in accordance with the building permit (IMB).

The legal basis for this procedure is:

- Decree of the Governor of the Province of DKI Jakarta No. 76 Year 2000, Article 9 paragraph (4) b
- Regulation of the Head of the Local Building Supervision and Control Office No. 21 Year 2009, Annex I point II.b

Procedure 10 Register with land and building tax office

Time to complete:	11 days
Cost to complete:	no charge
Agency:	Land and Building Tax Office
Comment:	After the warehouse is built BuildCo needs to update its records at the Land and Building Tax Office. Even if this update is supposed to be done automatically, many builders do it personally to avoid delays. This is critical when builder wants to sell or obtain a loan with the property.

Procedure 11 Register the warehouse with the regional office of the ministry of industry and trade

Time to complete:	9 days
Cost to complete:	IDR 100,000
Agency:	Ministry of Industry and Trade (Regional Office)
Comment:	<p>The company must submit the following documents: a copy of the trade business license; a copy of company registration code; a copy of the owner's or shareholders' identity card(s); a copy of the taxpayer number; a copy of warehouse lease agreement (if the warehouse is leased); a copy of the building permit (IMB); a copy of the map of the warehouse. Warehouses in a privately owned port, warehouses in a bonded zone, and warehouses adjacent to the plant are exempted from the registration requirement.</p> <p>Under the new government, the Ministry of Industry and Trade has been divided into the Ministry of Industry and the Ministry of Trade. The warehouse registration is conducted with the regional office of the Ministry of Trade.</p>

Procedure 12 Obtain electricity connection

Time to complete:	8 days
Cost to complete:	IDR 12,500,000
Agency:	Perusahaan Listrik Negara, PT
Comment:	The company notifies the industrial manager that the warehouse is ready for utility hook-ups.

Procedure 13 Obtain water and sewerage connection

Time to complete:	8 days
Cost to complete:	IDR 2,000,000
Agency:	PAM Jaya
Comment:	The company notifies the industrial manager that the warehouse is ready for utility hook-ups.

Procedure 14 Obtain phone connection

Time to complete:	4 days
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Cost to complete: IDR 500,000

Agency: PT. Telekomunikasi Indonesia Tbk (Telkom)

Comment: The company notifies the industrial manager that the warehouse is ready for utility hook-ups.

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)

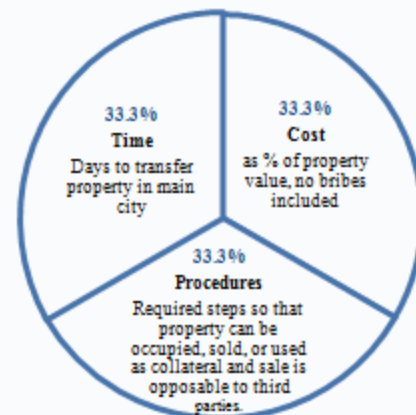
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

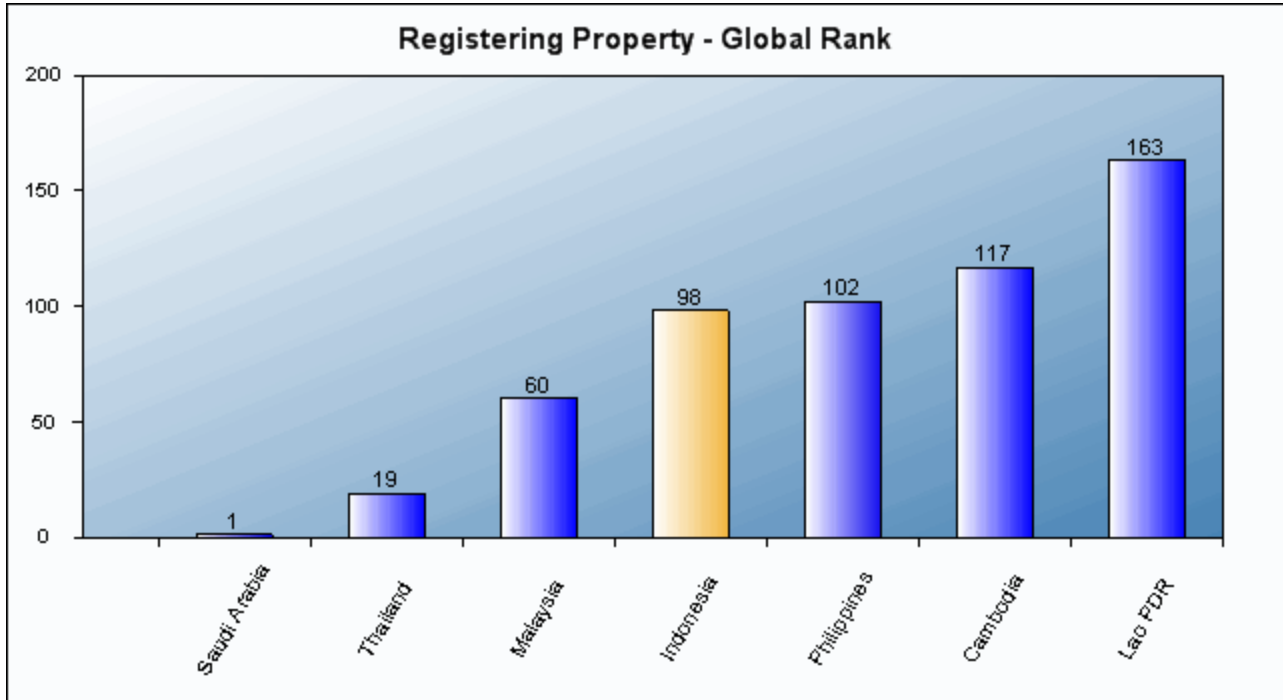
The property (fully owned by the seller):

- 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:

Indonesia is ranked 98 overall for Registering Property.

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



The following table shows Registering Property data for Indonesia 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>			
Indonesia	6	22	10.9

<i>Comparator Economies</i>			
Cambodia	7	56	4.3
Lao PDR	9	135	4.1
Malaysia	5	56	2.5
Philippines	8	33	4.3
Thailand	2	2	4.3

* The following economies are also good practice economies for :

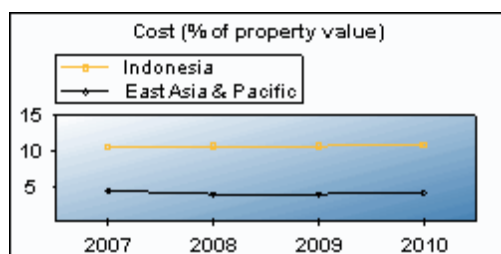
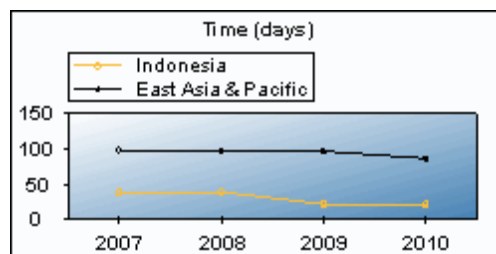
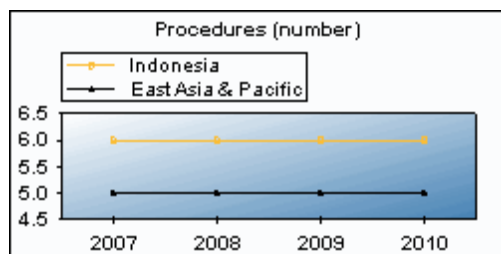
Procedures (number): United Arab Emirates

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

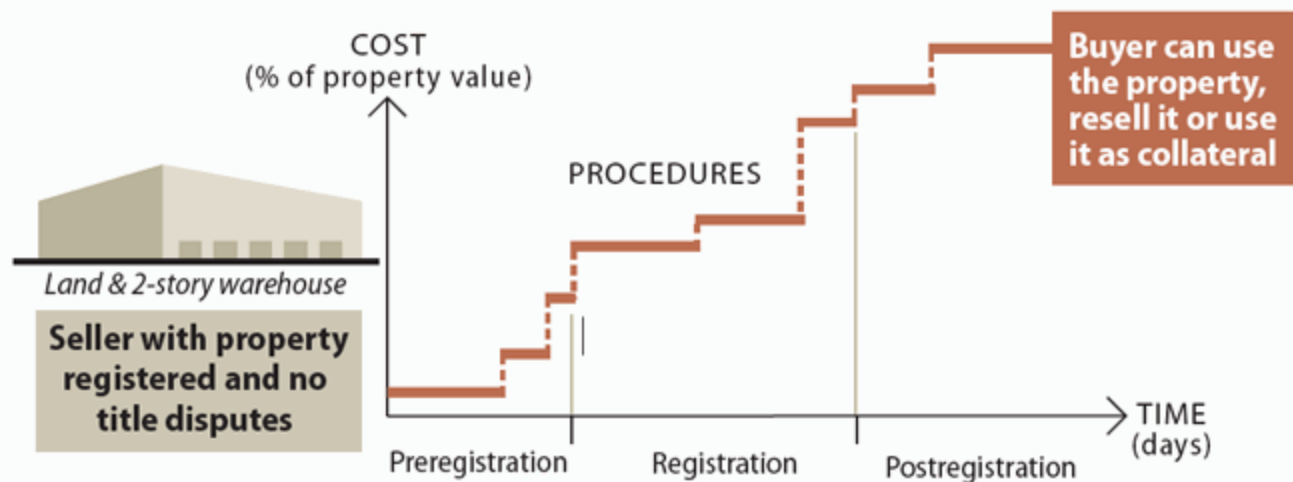
2. Historical data: Registering Property in Indonesia

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	94	98
Procedures (number)	6	6	6	6
Time (days)	39	39	22	22
Cost (% of property value)	10.5	10.7	10.7	10.9

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

STANDARDIZED PROPERTY

Property Value: 1,176,610,733.54

City: Jakarta

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Land certificate examination at the Land Office	1 day	Rp. 50,000
2 *	Seller pays transfer tax at a bank	1 day (simultaneous with procedure 3)	5% of property price (Transfer Tax)
3 *	Buyer pays Tax on Acquisition on Land and Building	1 day (simultaneous with procedure 2)	5% of (property price minus Rp. 60,000,000 which is tax-free) (Tax on Acquisition of Land and Building)
4	Execution of sale and purchase of Land Deed by a PPAT official	3 days	1% of the property value
5	Registration of the Land Deed at the local Land Office under the name of the buyer	15 days	1/1000 of the property value + Rs. 50,000 (administrative fee) + Stamp duty of Rp. 6,000 per document (2 required)

6	Registration of the Land Deed at the Tax on Land and Building Office (PBB) under the name of the buyer	1 day	no cost
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* Takes place simultaneously with another procedure.

Registering Property Details - Indonesia

Procedure	1	Land certificate examination at the Land Office
Time to complete:	1 day	
Cost to complete:	Rp. 50,000	
Agency:	Land Office	
Comment:	<p>A land certificate examination is carried out by a Land Deed Official. If the land book concerned is available at the Land Office, it usually takes a few hours to 1 day. However, sometimes the land book is unavailable, misplaced or being used by another division of the Land Office, so then the examination process will be pending and it usually takes a few days to obtain the information from the Land Office.</p> <p>The land title search would also involve a check at the local city planning office located at the local government office to determine the intended use of the said plot of land, whether for residences, industry or green belt. No written statement is given, but a note made on the certificate saying 'Has been examined and according to the Land Registry/Land Book at the Land Office, dated _____, time _____' and initialled by the officer at the Land Office.</p>	
Procedure	2	Seller pays transfer tax at a bank
Time to complete:	1 day (simultaneous with procedure 3)	
Cost to complete:	5% of property price (Transfer Tax)	
Agency:	Bank	
Comment:	<p>The seller must pay the Transfer Tax prior to the execution of the transfer deed. The tax on Transfer of Land and Building (Transfer Tax) in the amount of 5% which is calculated on the sale or transfer value. In case the sale value is lower than the Sales Value of the Tax Object ("NJOP"), then the NJOP price will be used. But the sale value is higher than the NJOP, then the sale value will be used.</p> <p>The Transfer Tax is paid to a Bank Persepsi - bank appointed by the Ministry of Finance to accept tax payments. Tax to local government are paid at the Local Government Bank (Bank Badan Usaha Milik Daerah) and/or other private commercial bank (Article 4.2 of Law No. 7/1983, amended by Law No. 10/1994 and Law 17/2000 concerning Income Tax) and Parts 2.1 and 5.1 of the Director General of Taxation Circular No. SE-04/P.J.33/1996 dated August 26, 1996.</p>	
Procedure	3	Buyer pays Tax on Acquisition on Land and Building
Time to complete:	1 day (simultaneous with procedure 2)	
Cost to complete:	5% of (property price minus Rp. 60,000,000 which is tax-free) (Tax on Acquisition of Land and Building)	
Agency:	Bank	
Comment:	<p>The buyer pays the Tax on Acquisition of Land and Building (BPHTB) in the amount of 5% of the sale value or transfer value.</p> <p>The BPHTB Formula: The buyer pays the BPHTB in the amount of 5% x (Sale value or Transfer value or Nilai Perolehan Obyek Pajak or NPOP – Non-Taxable Sale Value or Nilai</p>	

Perolehan Obyek Pajak Tidak Kena Pajak or NPOPTKP which is determined regionally, maximum is up to Rp. 60,000,000.) (According to Article 7 of Law No. 20/2000, concerning the amendment of law No. 21/1997 concerning the Tax on Acquisition of Land and Building). In Jakarta, the NPOPTKP is Rp. 60,000,000.

This tax is paid at a Bank Persepsi, appointed by the State Treasury to accept tax payments, or at a post office where the land is located.

Procedure 4 Execution of sale and purchase of Land Deed by a PPAT official

Time to complete: 3 days

Cost to complete: 1% of the property value

Agency: Land Deed/PPAT Official

Comment: The execution of the sale and purchase of Land Deed is made before Land Officials (who are often public notaries as well) appointed by the Head of the National Land Office (PPAT) or a local Head of a District (Camat PPAT), after the taxes in procedures 3 and 4 have been paid. For convenience, those payments are usually made by the notary three days before the execution of the sale-purchase deed.

The documentation shall include:

- Original land certificate
- Evidence of the latest payment of Tax on Land and Building (PBB). Every year, the local PBB Tax Office issues a tax assessment to land owners. By custom, the buyer usually wants to obtain the original of the payment of PBB for the past three years and utility bills for the last three months--though in practice the office will check the last 10 years. The Land Deed Officer drawing up the sale and purchase deed will only need to see the most recent PBB while the Land Office will need a copy of the most recent PBB for registering the land into the name of the new owner.
- Evidence of payment of Tax on Transfer of Land and Building (Transfer Tax) (obtained in Procedure 2)
- Evidence of payment of the Tax on Acquisition of Land and Building (BPHTB) (obtained in Procedure 3)
- Evidence of deed of Company Establishment which was already authorized by the Ministry of Justice
- Company Tax-Registration Numbers (NPWP) of the seller and the purchaser (obtained in Procedure 4)
- Deed of Establishment and its amendments of both the seller and purchaser;
- Corporate approvals of the seller to dispose of the land and the purchaser to acquire the land as required in the Articles of Association of both the seller and purchaser
- Advise Planning from the City Administration Institution
- Permit for Building Establishment

Procedure 5 Registration of the Land Deed at the local Land Office under the name of the buyer

Time to complete: 15 days

Cost to complete: 1/1000 of the property value + Rs. 50,000 (administrative fee) + Stamp duty of Rp. 6,000 per document (2 required)

Agency: Land Office

Comment: Registration of the Land Deed at the local Land Office to have the purchaser's name registered and recorded in the land certificate.

At the latest of 7 (seven) days as of the signing date of the sale and purchase of Land Deed, the notary submits such deed including its supporting documents to the Land Office, but in

practice the wait is much longer because of the backlog. (Article 40 sub 1 of Government Regulation No. 24/1997 concerning the Land Registration.) In theory, the registration process should be completed within the 5 days statutory time limit. The Land Office crosses out the name of the previous owner and inserts the name of the buyer, stamps and signs it.

Procedure	6	Registration of the Land Deed at the Tax on Land and Building Office (PBB) under the name of the buyer
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Time to complete: 1 day

Cost to complete: no cost

Agency: Land and Building Tax Office (PBB)

Comment: In connection to the registration of the Land Deed at the Tax on Land and Building Office, the change of ownership must be registered with the Tax Office. The taxpayer should report manually to the Tax Office with regard to the transfer of land title.

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

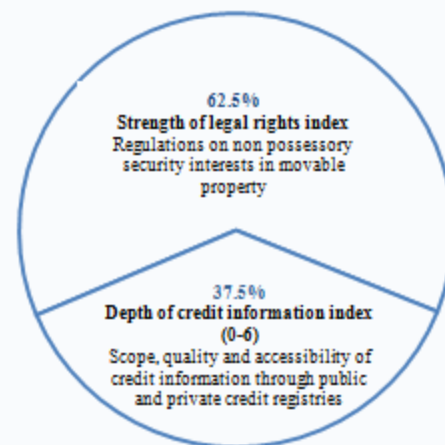
Public credit registry coverage (% of adults)

- 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)

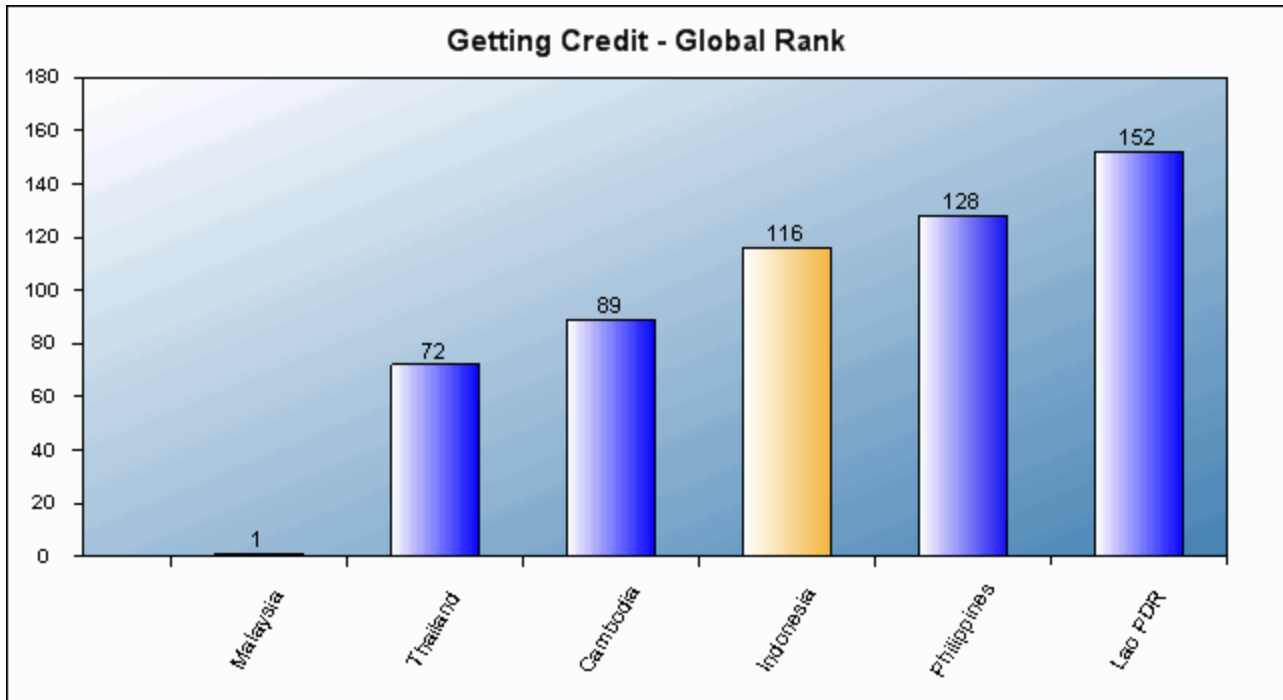
The Debtor

- 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:

Indonesia is ranked 116 overall for Getting Credit.

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



The following table shows Getting Credit data for Indonesia 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>				
Indonesia	3	4	25.2	0.0

<i>Comparator Economies</i>				
Cambodia	8	0	0.0	0.0
Lao PDR	4	0	0.0	0.0
Malaysia	10	6	62.0	100.0
Philippines	3	3	0.0	7.4
Thailand	4	5	0.0	35.7

* The following economies are also good practice economies for :

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

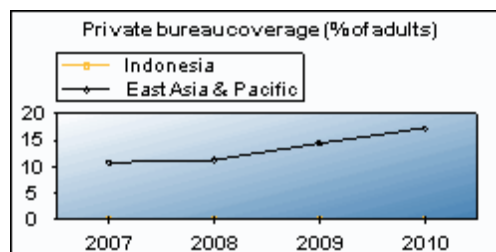
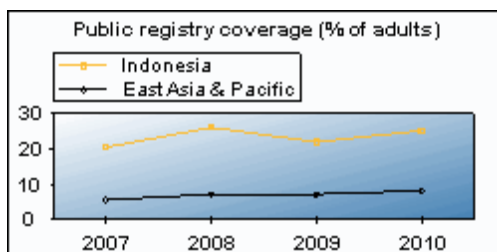
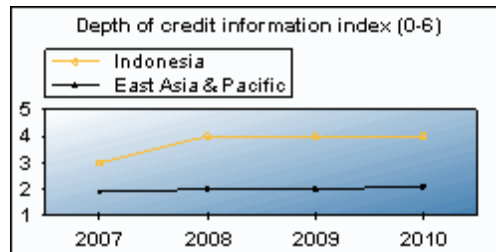
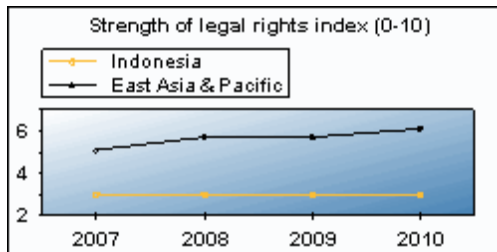
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

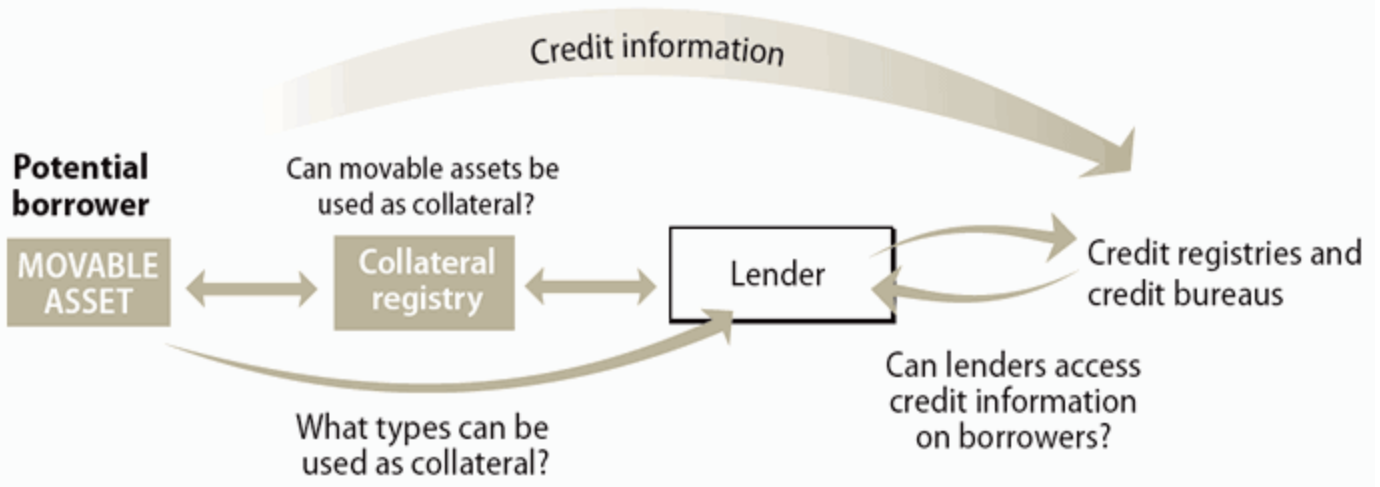
2. Historical data: Getting Credit in Indonesia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	109	116
Strength of legal rights index (0-10)	3	3	3	3
Depth of credit information index (0-6)	3	4	4	4
Private bureau coverage (% of adults)	0.2	0.0	0.0	0.0
Public registry coverage (% of adults)	20.5	26.1	22.0	25.2

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	4
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Coverage	0.0	25.2	
Number of individuals		0	41,748,300
Number of firms		0	325,195

Strength of legal rights index (0-10)**3**

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)

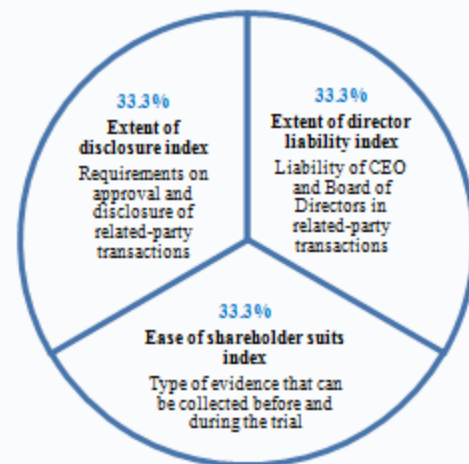
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

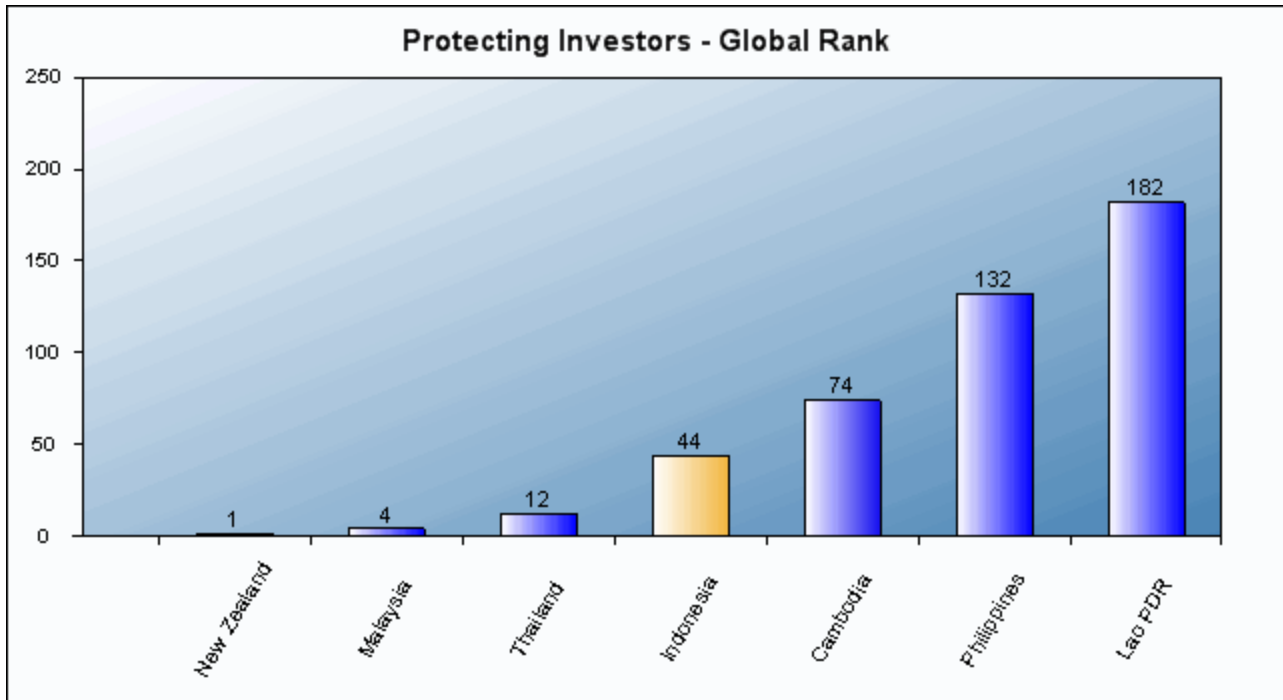
The transaction

- 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:

Indonesia is ranked 44 overall for Protecting Investors.

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



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

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

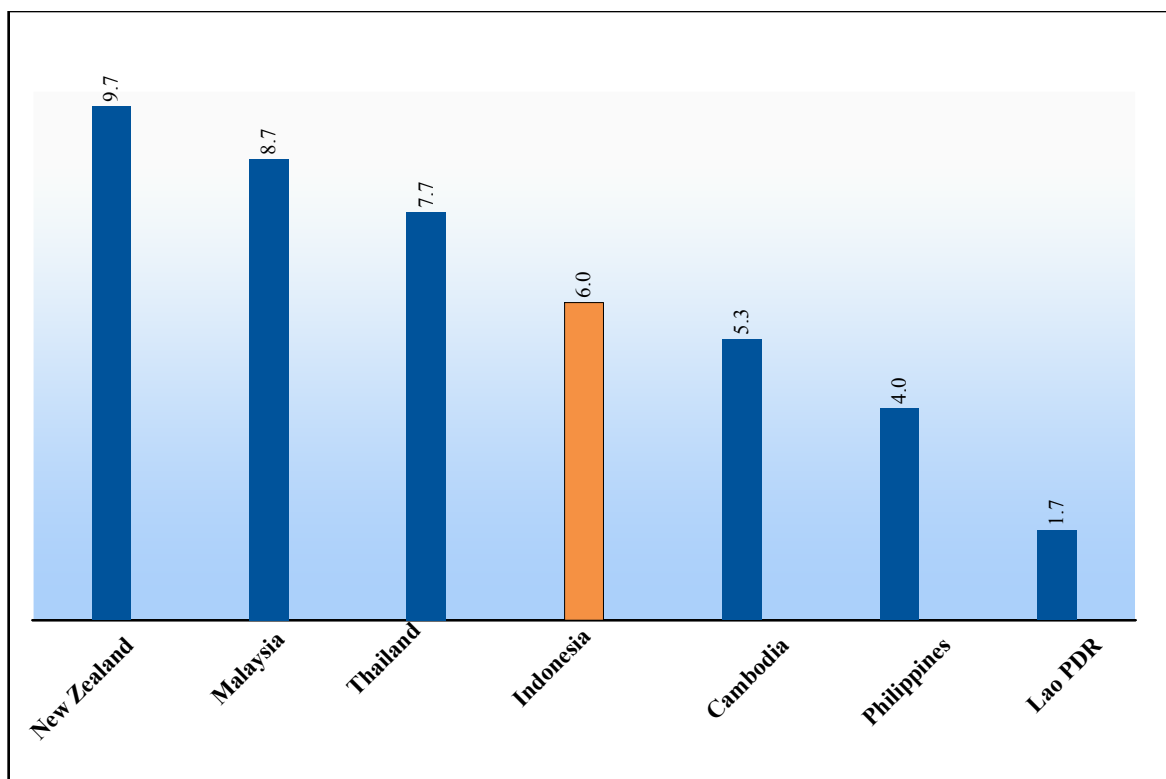
<i>Selected Economy</i>	
Indonesia	6.0

<i>Comparator Economies</i>	
Cambodia	5.3
Lao PDR	1.7
Malaysia	8.7
Philippines	4.0
Thailand	7.7

2. Historical data: Protecting Investors in Indonesia

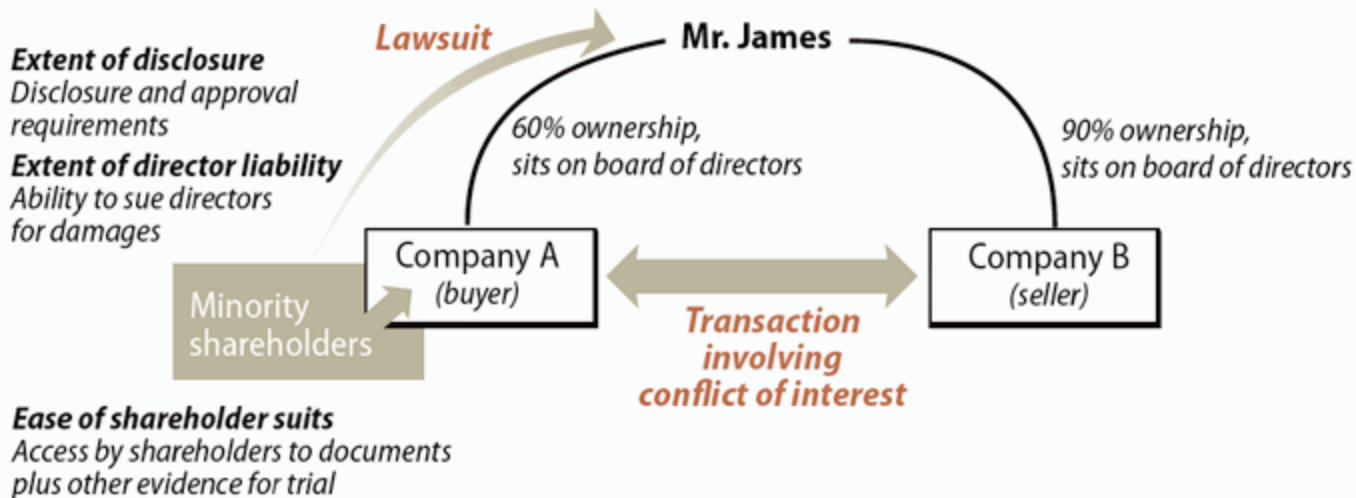
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	44
Strength of investor protection index (0-10)	5.7	5.7	6.0	6.0

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	10
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	1
Extent of director liability index (0-10)	5
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?	2
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)	3
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	0
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?	1
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)	6.0

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)

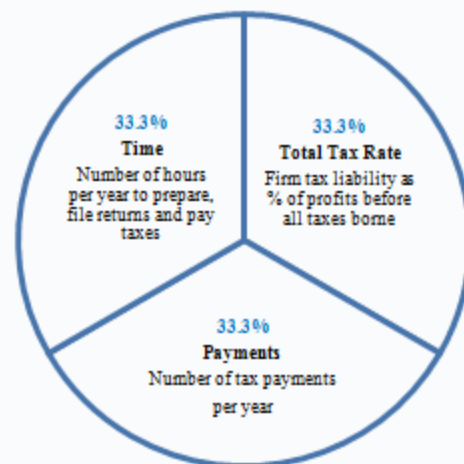
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



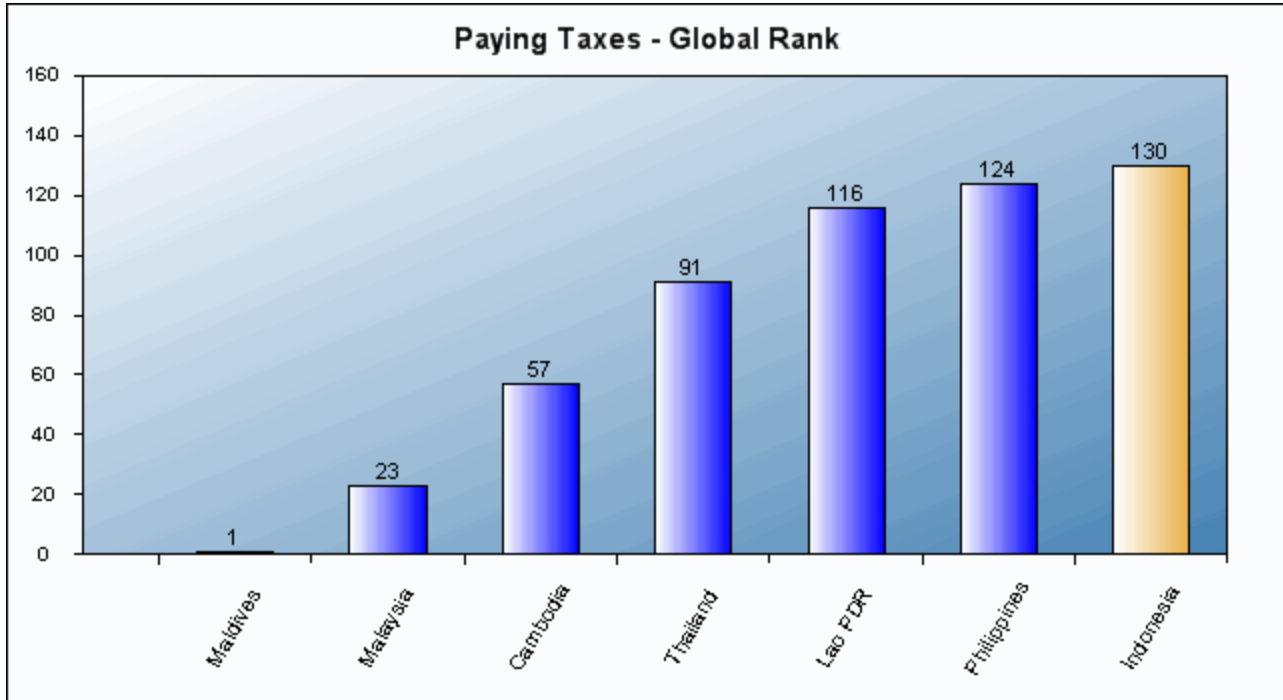
Case Study Assumptions

- 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:

Indonesia is ranked 130 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Indonesia 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>			
Indonesia	51	266	37.3

<i>Comparator Economies</i>			
Cambodia	39	173	22.5
Lao PDR	34	362	33.7
Malaysia	12	145	33.7
Philippines	47	195	45.8
Thailand	23	264	37.4

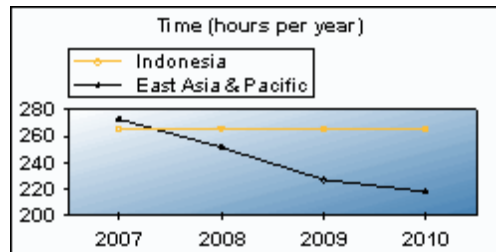
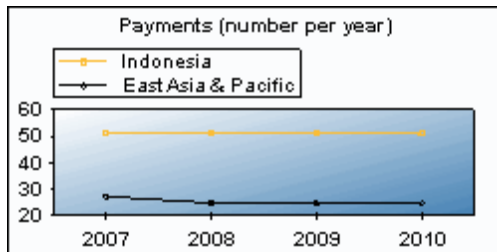
* The following economies are also good practice economies for :

Payments (number per year): Qatar

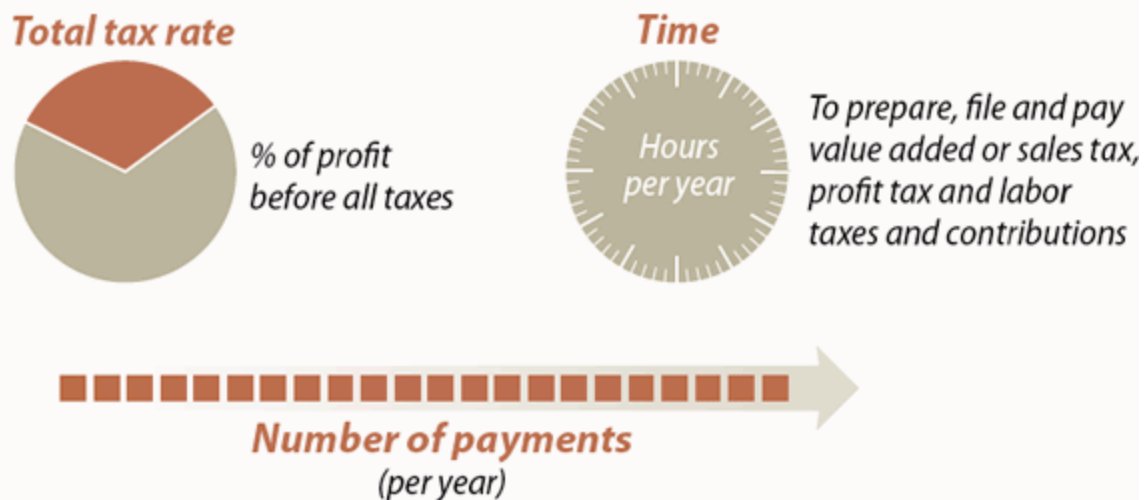
2. Historical data: Paying Taxes in Indonesia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	125	130
Total tax rate (% profit)	37.3	37.3	37.6	37.3
Payments (number per year)	51	51	51	51
Time (hours per year)	266	266	266	266

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		81	10.0%	value added		
Stamp duty	1			fixed fee (Rp 6,000)		0.00	
Property tax	1			1.0%	property value	0.10	
Tax on interest	0	withheld		20.0%	interest income	0.50	
Social security contributions	12		97	4.0%	gross salaries	4.50	
Health Insurance contributions	12			6.0%	gross salaries	6.10	
Corporate income tax	13		88	28.0%	taxable profit	26.60	
Totals	51		266			37.3	

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

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

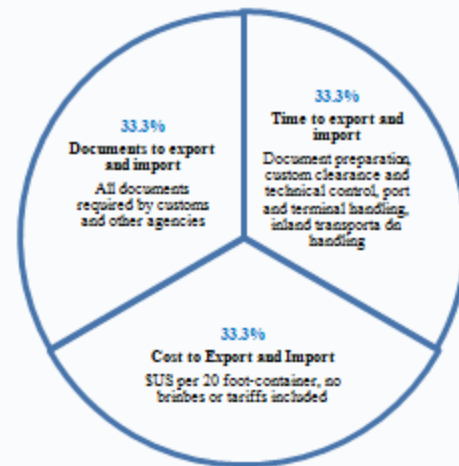
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

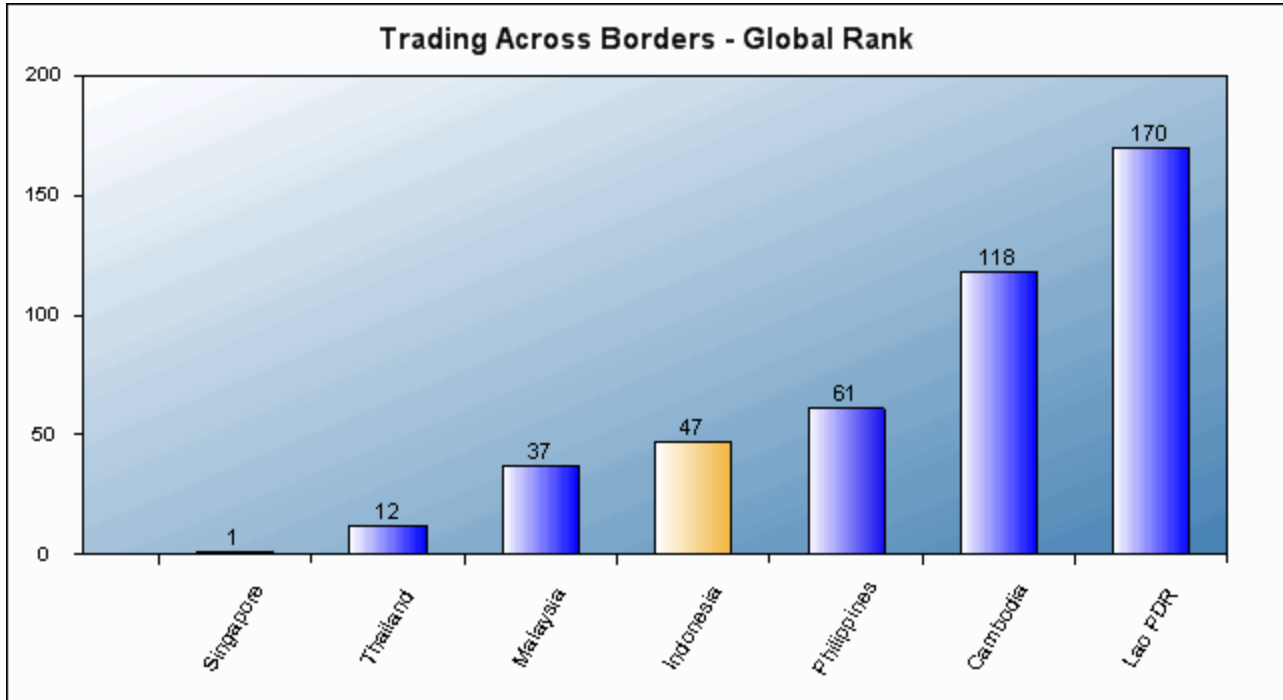
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Indonesia is ranked 47 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Indonesia 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>						
Indonesia	5	20	704	6	27	660

<i>Comparator Economies</i>						
Cambodia	10	22	732	10	26	872
Lao PDR	9	48	1860	10	50	2040
Malaysia	7	18	450	7	14	450
Philippines	8	15	675	8	14	730
Thailand	4	14	625	3	13	795

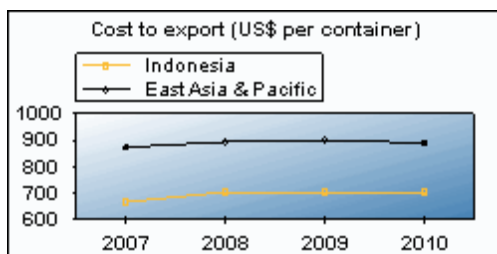
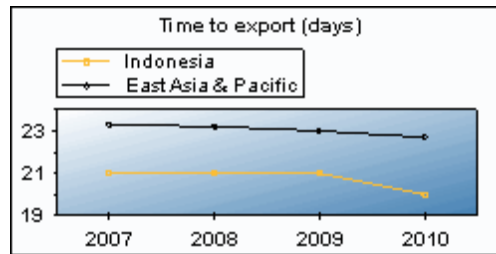
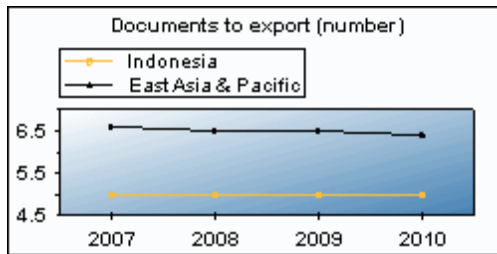
* The following economies are also good practice economies for :

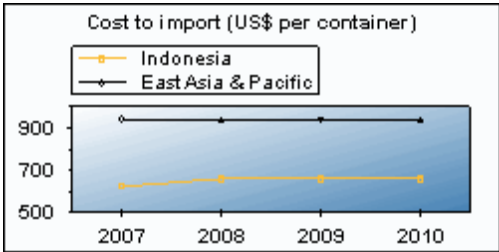
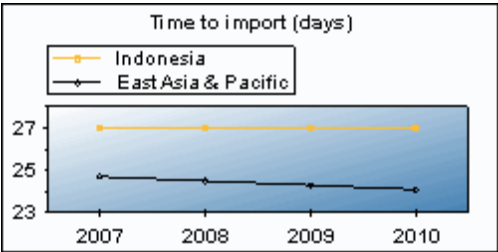
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Indonesia

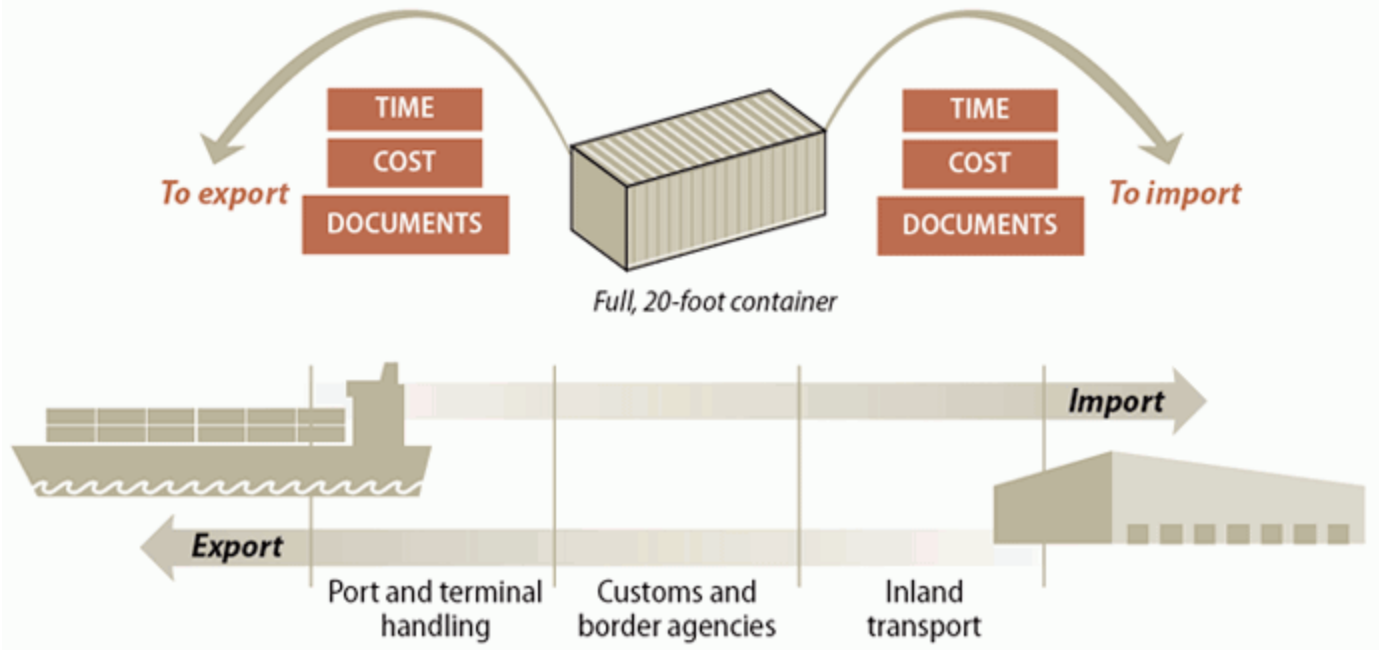
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	49	47
Cost to export (US\$ per container)	667	704	704	704
Cost to import (US\$ per container)	623	660	660	660
Documents to export (number)	5	5	5	5
Documents to import (number)	6	6	6	6
Time to export (days)	21	21	21	20
Time to import (days)	27	27	27	27

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	14	210
Customs clearance and technical control	1	169
Ports and terminal handling	2	165
Inland transportation and handling	3	160
Totals	20	704

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	15	210
Customs clearance and technical control	4	125
Ports and terminal handling	6	165
Inland transportation and handling	2	160
Totals	27	660

Documents for Export and Import

Export

- Memorandum of Understanding
- Packing list
- Bill of lading
- Commercial invoice
- Customs export declaration

Import

- Commercial invoice
- Customs import declaration
- Packing list
- Terminal handling receipts
- Bill of lading
- Cargo release order

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?

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)

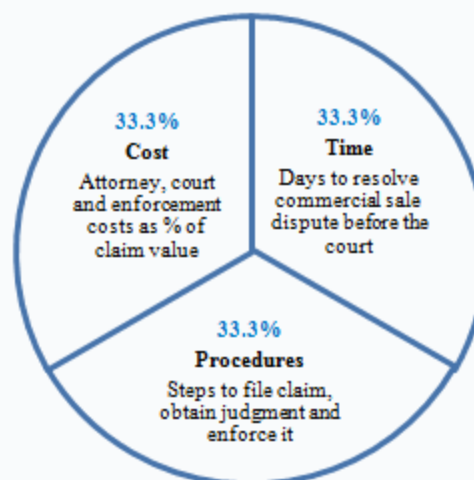
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

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

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators



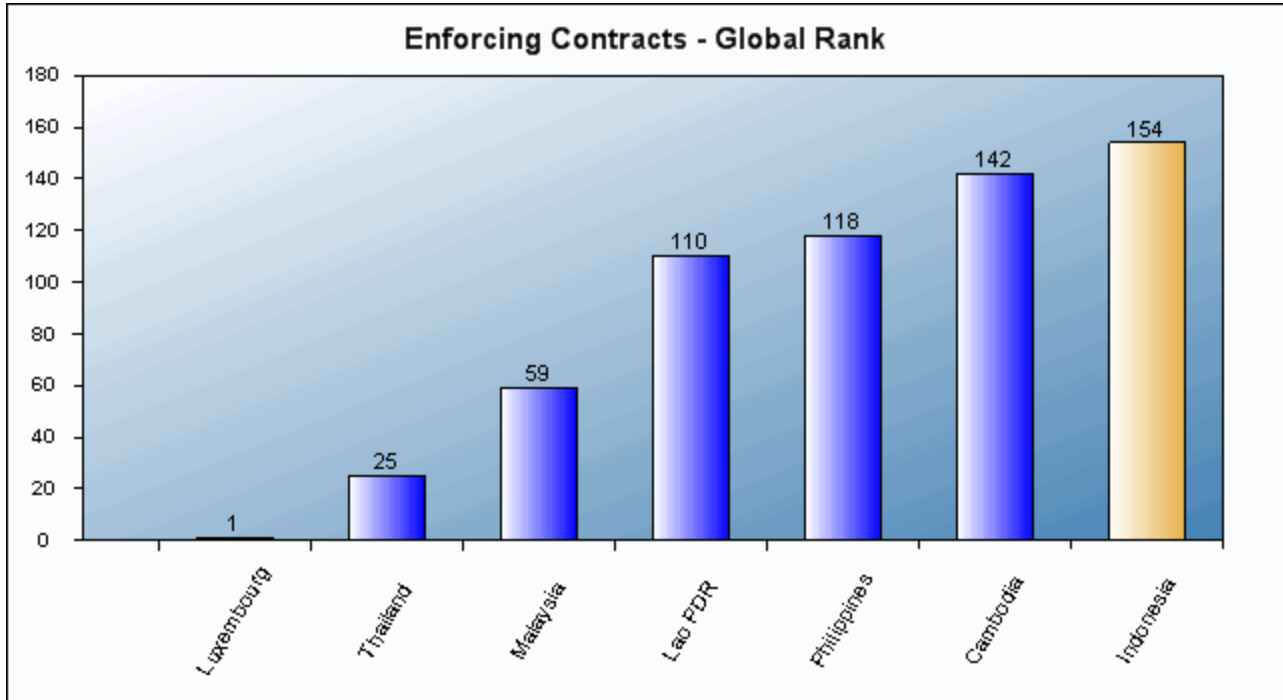
Case Study Assumptions

- 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:

Indonesia is ranked 154 overall for Enforcing Contracts.

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



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

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

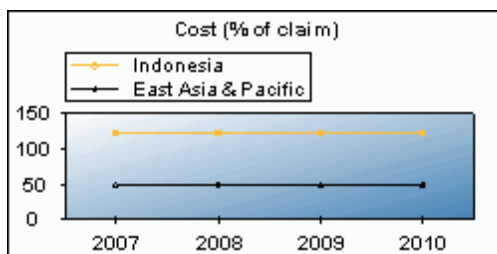
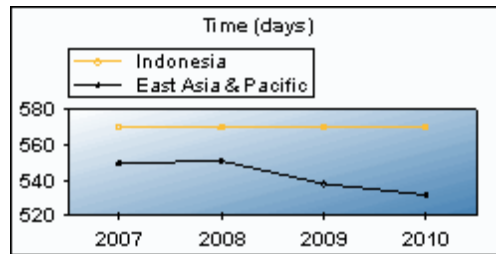
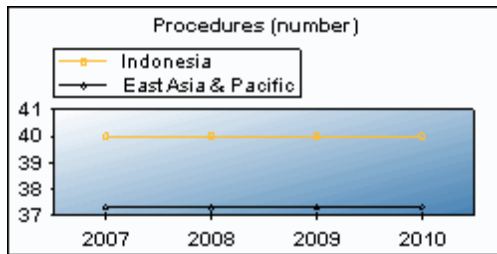
<i>Selected Economy</i>			
Indonesia	40	570	122.7

<i>Comparator Economies</i>			
Cambodia	44	401	102.7
Lao PDR	42	443	31.6
Malaysia	30	585	27.5
Philippines	37	842	26.0
Thailand	36	479	12.3

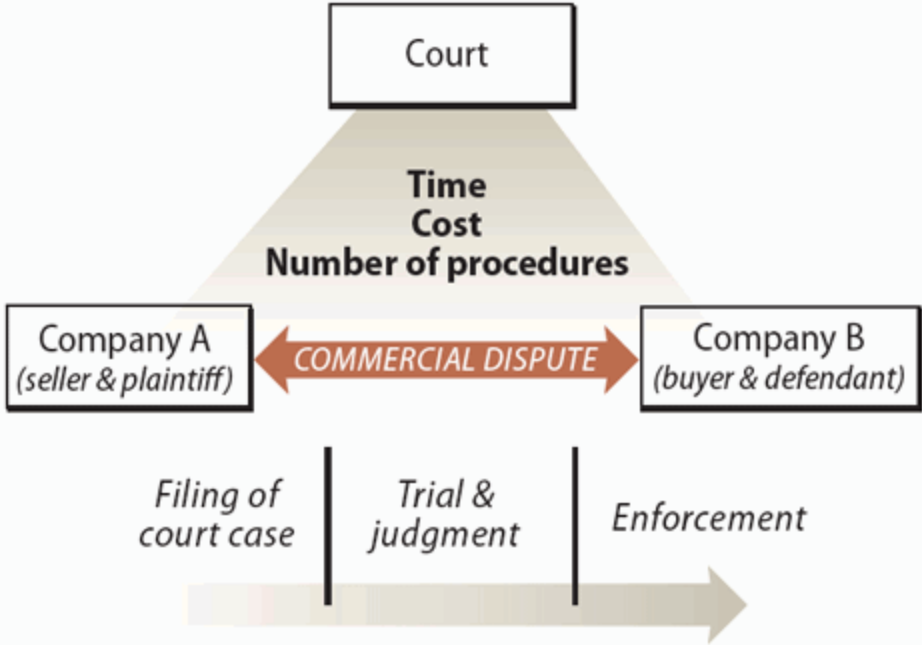
2. Historical data: Enforcing Contracts in Indonesia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	153	154
Procedures (number)	40	40	40	40
Time (days)	570	570	570	570
Cost (% of claim)	122.7	122.7	122.7	122.7

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

Nature of Procedure (2010)	Indicator
Procedures (number)	40
Time (days)	570
Filing and service	170.0
Trial and judgment	220.0
Enforcement of judgment	180.0
Cost (% of claim)*	122.70
Attorney cost (% of claim)	111.3
Court cost (% of claim)	3.1
Enforcement Cost (% of claim)	8.3

Court information: Jakarta District Court ("Hukum Acara Perdata")

* 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)

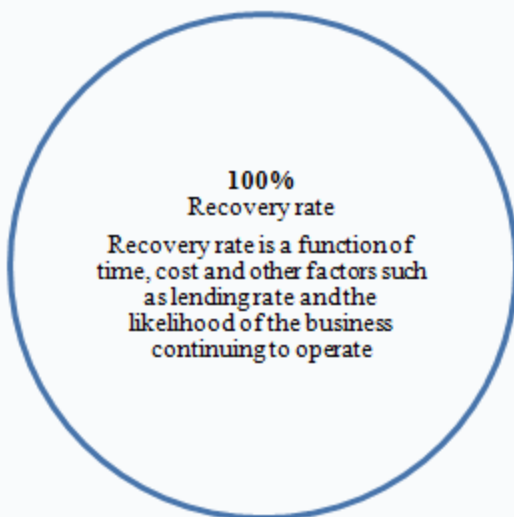
- Measured in calendar years
- Appeals and requests for extension are included

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:

Indonesia is ranked 142 overall for Closing a Business.

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



The following table shows Closing Business data for Indonesia 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>			
Indonesia	13.2	5.5	18

<i>Comparator Economies</i>			
Cambodia	0.0	no practice	no practice
Lao PDR	0.0	no practice	no practice
Malaysia	39.8	2.3	15
Philippines	4.5	5.7	38
Thailand	43.5	2.7	36

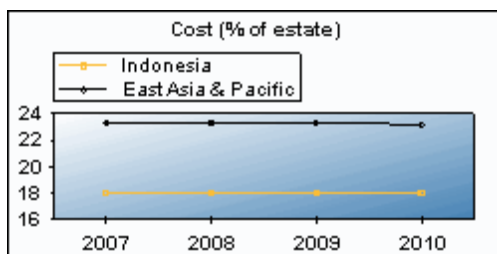
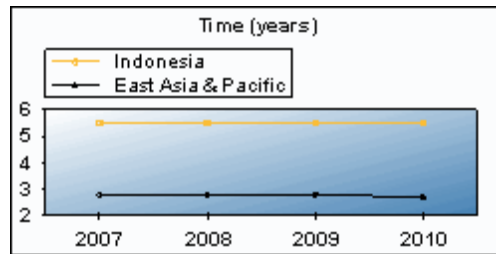
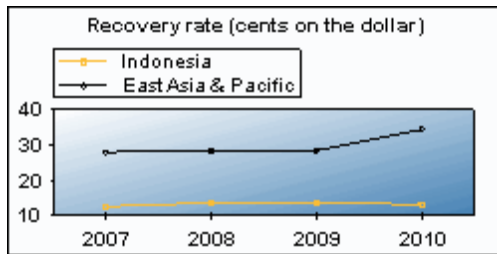
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Indonesia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	141	142
Time (years)	5.5	5.5	5.5	5.5
Cost (% of estate)	18	18	18	18
Recovery rate (cents on the dollar)	12.6	13.7	13.7	13.2

3. The following graphs illustrate the Closing Business sub indicators in Indonesia 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.
Cambodia	Cambodia eliminated preshipment inspections, reducing the time and number of documents required for importing and exporting.
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.
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.
Indonesia	Indonesia eased business start-up by reducing the cost for company name clearance and reservation and the time required to reserve the name and approve the deed of incorporation. Indonesia reduced its corporate income tax rate. Indonesia reduced the time to export by launching a single-window service.
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.
Lao PDR	Lao PDR replaced the business turnover tax with a new value added tax.
Malaysia	Malaysia eased business start-up by introducing more online services. Malaysia's introduction of online stamping reduced the time and cost to transfer property.
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.
Philippines	The Philippines eased business startup by setting up a one-stop shop at the municipal level. The Philippines made construction permitting more cumbersome through updated electricity connection costs. The Philippines reduced the time and cost to trade by improving its electronic customs systems, adding such functions as electronic payments and online submission of declarations.
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.
Thailand	Thailand made registering property more costly by repealing a 2-year temporary tax reduction for property transfers. Thailand temporarily lowered taxes on business by reducing its specific business tax for 12 months.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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