

Doing Business 2011

Israel

**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 Israel. 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).

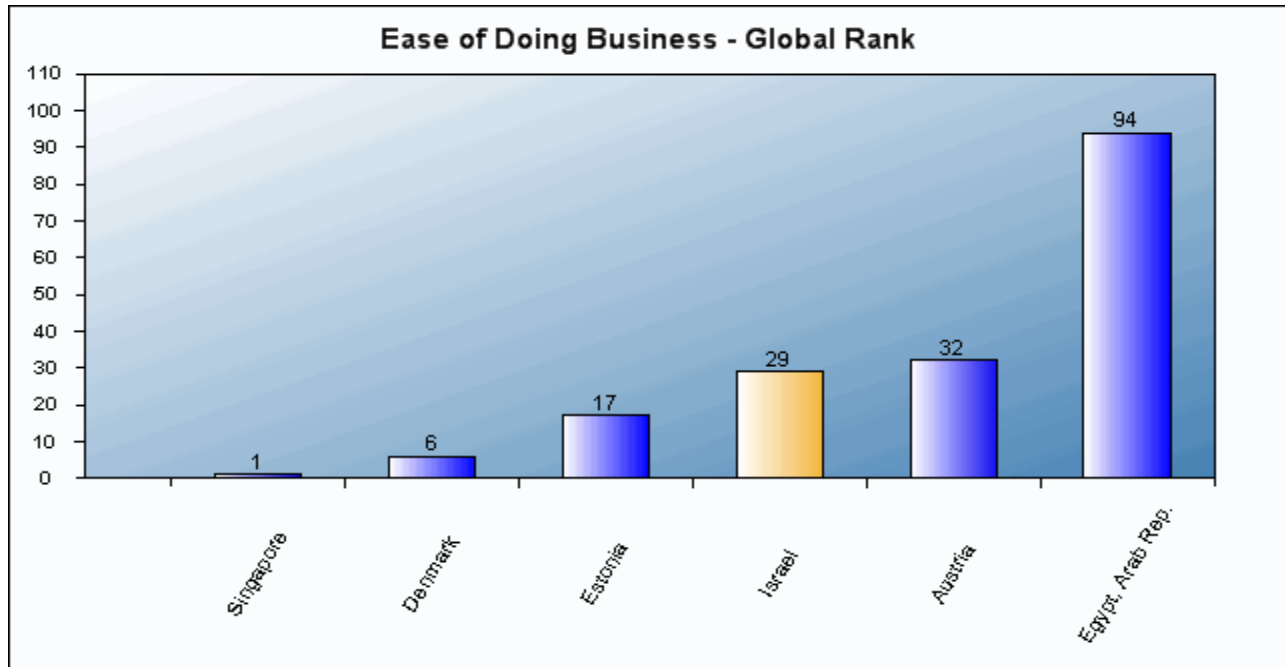
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Israel is ranked 29 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Israel's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	29
Starting a Business	36
Dealing with Construction Permits	121
Registering Property	147
Getting Credit	6
Protecting Investors	5
Paying Taxes	82
Trading Across Borders	10
Enforcing Contracts	96
Closing a Business	40

Summary of Indicators - Israel

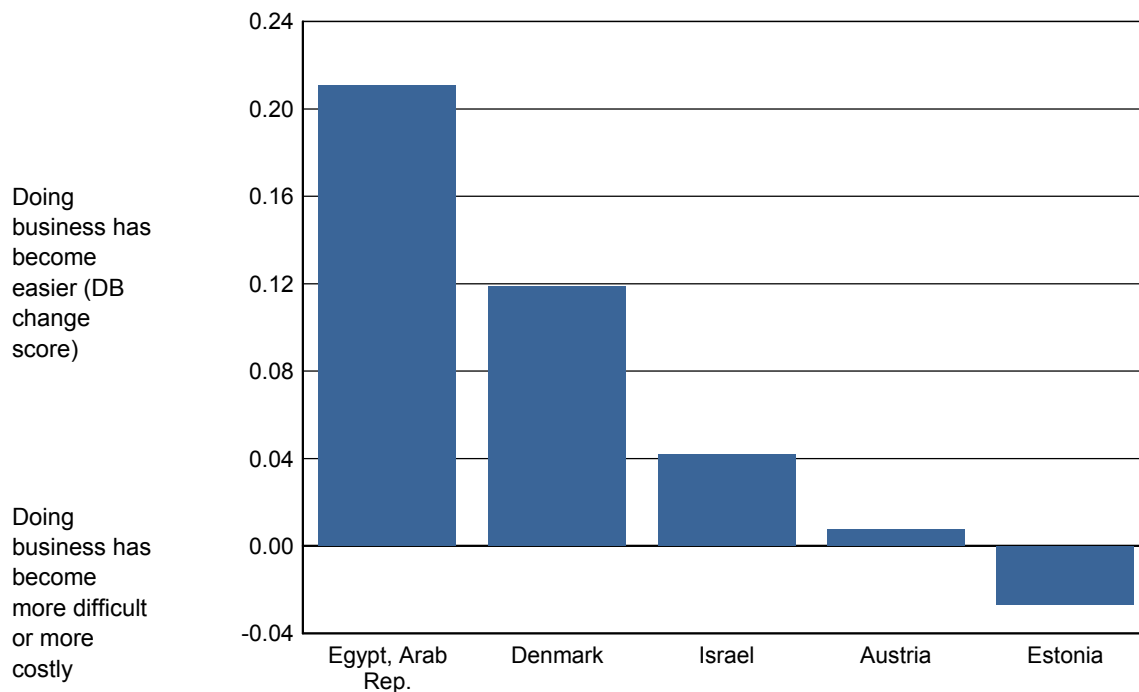
Starting a Business	Procedures (number)	5
	Time (days)	34
	Cost (% of income per capita)	4.3
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	20
	Time (days)	235
	Cost (% of income per capita)	104.0
Registering Property	Procedures (number)	7
	Time (days)	144
	Cost (% of property value)	5.0
Getting Credit	Strength of legal rights index (0-10)	9
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	88.2
Protecting Investors	Extent of disclosure index (0-10)	7
	Extent of director liability index (0-10)	9
	Ease of shareholder suits index (0-10)	9
	Strength of investor protection index (0-10)	8.3
Paying Taxes	Payments (number per year)	33
	Time (hours per year)	235
	Profit tax (%)	23.8
	Labor tax and contributions (%)	5.3
	Other taxes (%)	2.6
	Total tax rate (% profit)	31.7
Trading Across Borders	Documents to export (number)	5
	Time to export (days)	11
	Cost to export (US\$ per container)	670
	Documents to import (number)	4
	Time to import (days)	10
	Cost to import (US\$ per container)	605

Enforcing Contracts	Procedures (number)	35
	Time (days)	890
	Cost (% of claim)	25.3
Closing a Business	Recovery rate (cents on the dollar)	49.1
	Time (years)	4.0
	Cost (% of estate)	23

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.

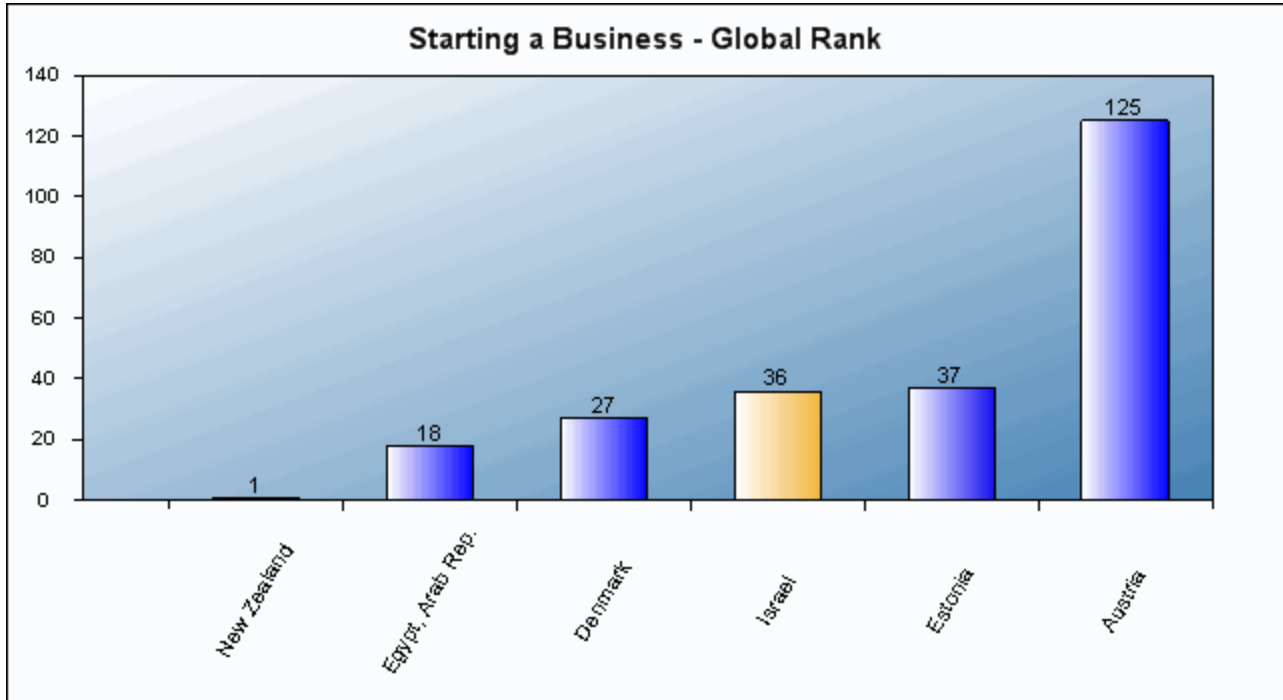
The business:

- 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:

Israel is ranked 36 overall for Starting a Business.

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



The following table shows Starting a Business data for Israel 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>				
Israel	5	34	4.3	0.0

<i>Comparator Economies</i>				
Austria	8	28	5.2	53.1
Denmark	4	6	0.0	26.0
Egypt, Arab Rep.	6	7	6.3	0.0
Estonia	5	7	1.9	25.7

* The following economies are also good practice economies for :

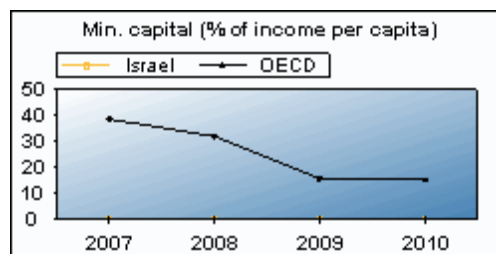
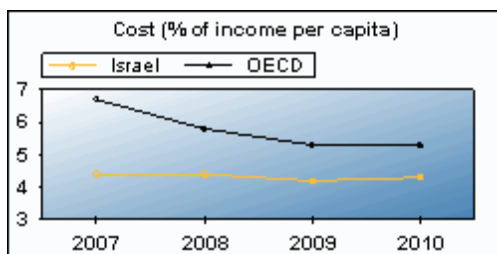
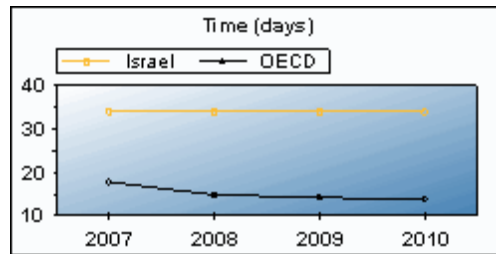
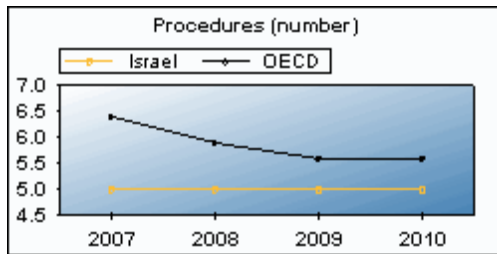
Procedures (number): Canada

Cost (% of income per capita): Slovenia

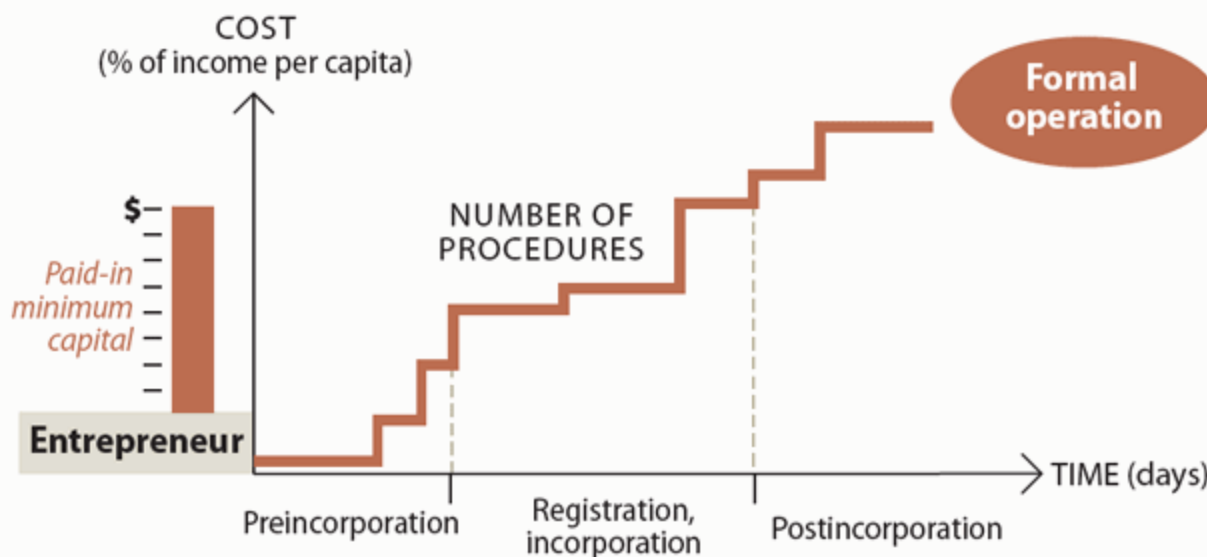
2. Historical data: Starting a Business in Israel

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	32	36
Procedures (number)	5	5	5	5
Time (days)	34	34	34	34
Cost (% of income per capita)	4.4	4.4	4.2	4.3
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

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

STANDARDIZED COMPANY

Legal Form: Private limited company

City: Tel Aviv

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain company registration documents certified by an attorney	3	ILS 1,817
2	File with the registrar of companies, Ministry of Justice	1	ILS 2,456
3	Register for taxes at Ministry of Finance, Income Tax Department	15	no charge
4	Register for VAT at Ministry of Finance, Customs and VAT Department	1	no charge
5	Register with the National Insurance Institute	14	no charge

Starting a Business Details - Israel

Procedure 1 Obtain company registration documents certified by an attorney

Time to complete: 3

Cost to complete: ILS 1,817

Comment: The following company certification documents must be certified by an attorney: - Application to register the company. - Declaration by the initial director(s) of competence to serve. - Initial shareholders' signatures on articles of association.

Procedure 2 File with the registrar of companies, Ministry of Justice

Time to complete: 1

Cost to complete: ILS 2,456

Comment: To register a company, the promoter must file the articles of association, and directors must sign a declaration stating that they have the capacity to serve, and their signatures must be authenticated by an attorney.

Procedure 3 Register for taxes at Ministry of Finance, Income Tax Department

Time to complete: 15

Cost to complete: no charge

Comment: To register for company taxation, the promoter must file the company deed and identity certificate of registration. Final registration confirmation takes up to 28 days.

Procedure 4 Register for VAT at Ministry of Finance, Customs and VAT Department

Time to complete: 1

Cost to complete: no charge

Comment: Although distinct from the regional income tax office, the regional VAT office also operates under Ministry of Finance. To register for VAT, the promoter must file the certificate of incorporation, identity documents for all directors, a lease agreement, and other information. The VAT authority generally asks for a bank account for VAT refund purposes (or for VAT payment). It takes a few minutes to open a bank account, assuming that the company provided all required documents, including a company resolution to open the account and the rights of signature. There are no fees to open the account, but bank commissions may vary according to the bank and bank account features.

Procedure 5 Register with the National Insurance Institute

Time to complete: 14

Cost to complete: no charge

Comment:

The National Insurance Institute program covers all gainfully employed individuals, with provisions including social security, unemployment insurance, severance pay, training funds, health insurance, and pensions.

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

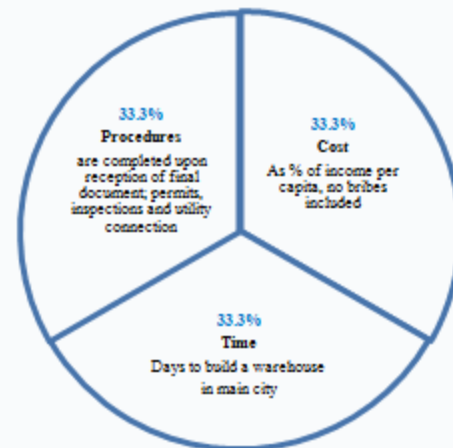
The warehouse:

- 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

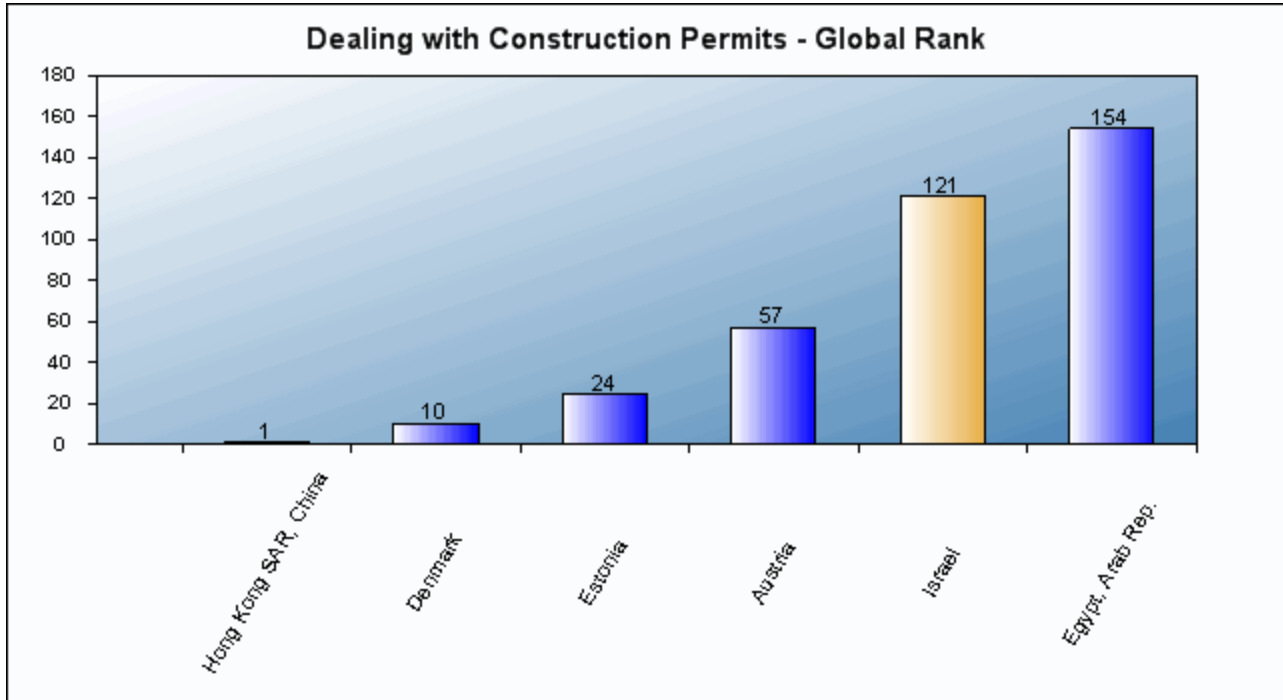
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Israel is ranked 121 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Israel 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	

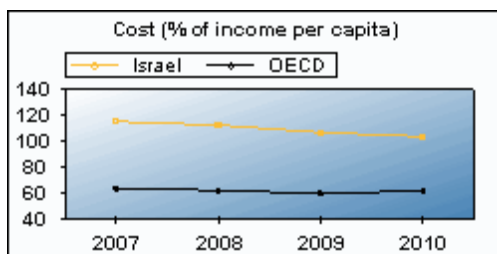
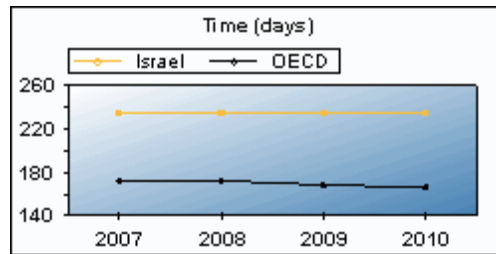
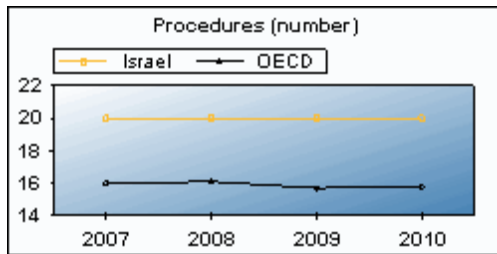
<i>Selected Economy</i>			
Israel	20	235	104.0

<i>Comparator Economies</i>			
Austria	14	194	72.9
Denmark	6	69	61.7
Egypt, Arab Rep.	25	218	293.7
Estonia	14	134	29.9

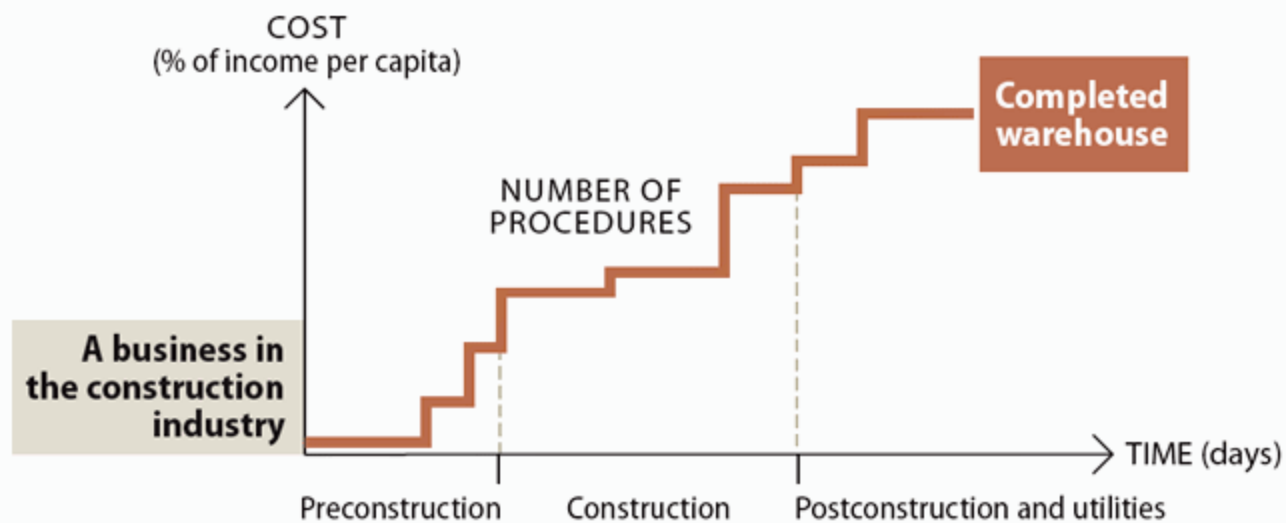
2. Historical data: Dealing with Construction Permits in Israel

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	122	121
Procedures (number)	20	20	20	20
Time (days)	235	235	235	235
Cost (% of income per capita)	115.5	112.8	107.2	104.0

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

BUILDING A WAREHOUSE

City: Tel Aviv

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	File a request for information regarding the land	30 days	ILS 64
2 *	Obtain a survey of the land by an authorized surveyor	1 day	ILS 1
3	Obtain a land extract from the Land Registry	1 day	ILS 60
4	Obtain a printout of BuildCo's details from the Companies Registry	1 day	ILS 55
5	Obtain a building permit from the Local Committee	135 days	ILS 35,116
6	Obtain a marking report from an authorized surveyor	7 days	ILS 1,710
7	Receive concrete inspection	1 day	no charge
8	Receive pipe inspection	1 day	no charge

9	Receive sanitation inspection	1 day	no charge
10	Obtain certification from a certified laboratory	1 day	no charge
11	Apply for a certificate of completion from the Local Committee	1 day	no charge
12	Receive an inspection by Fire Department	1 day	no charge
13	Obtain certification from the Fire Department	2 days	no charge
14	Obtain telephone company certification of a telephone line installation	1 day	no charge
15 *	Receive final inspection by the local authority	1 day	no charge
16	Obtain certification of completion from the local authority	7 days	no charge
17	Obtain occupancy certificate	7 days	no charge
18	Obtain electricity connection	37 days	ILS 10,358
19 *	Obtain water and sewerage connection	14 days	ILS 57,000
20 *	Obtain telephone line connection	3 days	ILS 230

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Israel

Procedure 1 File a request for information regarding the land

Time to complete: 30 days

Cost to complete: ILS 64

Comment: BuildCo should file a request for information regarding the land. An updated survey of the land, signed by an authorized surveyor, should be attached to the request. The survey should be marked by the local committee engineer and sent back to BuildCo, together with the requested information.

Procedure 2 Obtain a survey of the land by an authorized surveyor

Time to complete: 1 day

Cost to complete: ILS 1

Agency: Authorized Surveyor

Comment:

Procedure 3 Obtain a land extract from the Land Registry

Time to complete: 1 day

Cost to complete: ILS 60

Agency: Land Registry

Comment:

Procedure 4 Obtain a printout of BuildCo's details from the Companies Registry

Time to complete: 1 day

Cost to complete: ILS 55

Agency: Companies Registry

Comment:

Procedure 5 Obtain a building permit from the Local Committee

Time to complete: 135 days

Cost to complete: ILS 35,116

Agency: Local Committee

Comment: BuildCo must file an application for a building permit. The application should be signed by (a) BuildCo, (b) an authorized engineer, (c) the planner of the frame of the building, (d) the person in charge of frame construction, and (e) the person in charge of the audit. The documents obtained in the previous procedures should also be attached to the application, as should the building scheme and a schematic diagram of the construction area.

According to the Planning and Building Regulations (Request for Building Permit, Conditions and Fees) of 1970, the fee is ILS 27 for each square meter. BuildCo must notify the regional Work Supervisor at the Local Committee and the person(s) in charge of the supervision.

Procedure 6 Obtain a marking report from an authorized surveyor

Time to complete: 7 days
Cost to complete: ILS 1,710
Agency: Authorized Surveyor
Comment:

Procedure 7 Receive concrete inspection

Time to complete: 1 day
Cost to complete: no charge
Agency: Certified Laboratory
Comment: The concrete inspection takes place during construction. The certified laboratory can conduct several inspections during construction to test the quality of the concrete, the system of pipes, and the sanitation plans. Only three inspections are included in this case.

Procedure 8 Receive pipe inspection

Time to complete: 1 day
Cost to complete: no charge
Agency: Certified Laboratory
Comment:

Procedure 9 Receive sanitation inspection

Time to complete: 1 day
Cost to complete: no charge
Agency: Certified Laboratory
Comment:

Procedure 10 Obtain certification from a certified laboratory

Time to complete: 1 day

Cost to complete: no charge

Agency: Certified Laboratory

Comment: BuildCo must obtain certification from a certified laboratory regarding (a) the quality of the concrete, (b) the pipe system, and (c) sanitation plans.

Procedure 11 Apply for a certificate of completion from the Local Committee

Time to complete: 1 day

Cost to complete: no charge

Agency: Local Committee

Comment: An authorized engineer or architect conducts several inspections during the construction period and produces reports on the outline of the building, on the foundations, on the frame, and on completion of the building. Those reports are submitted when filing for this certificate. The application must be signed by BuildCo, the engineer, and the architect.

Procedure 12 Receive an inspection by Fire Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Fire Department

Comment:

Procedure 13 Obtain certification from the Fire Department

Time to complete: 2 days

Cost to complete: no charge

Agency: Fire Department

Comment:

Procedure 14 Obtain telephone company certification of a telephone line installation

Time to complete: 1 day

Cost to complete: no charge

Agency: Israel Telephone Company (BEZEQ)

Comment:

Procedure 15 Receive final inspection by the local authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Local Authority

Comment: Before issuing the final certification, the local authority inspects the building.

Procedure 16 Obtain certification of completion from the local authority

Time to complete: 7 days

Cost to complete: no charge

Agency: Local Authority

Comment:

Procedure 17 Obtain occupancy certificate

Time to complete: 7 days

Cost to complete: no charge

Agency: Local Authority

Comment: All the documents listed in previous procedures should be attached to the application for an occupancy certificate. This certificate is required for installing water and electricity.

Procedure 18 Obtain electricity connection

Time to complete: 37 days

Cost to complete: ILS 10,358

Agency: Electric Corp. Ltd.

Comment: The cost ranges from ILS 5,360 to ILS 88,535 depending on the amount of work involved in the installation.

Procedure 19 Obtain water and sewerage connection

Time to complete: 14 days

Cost to complete: ILS 57,000

Agency: Israel Water Company (MEKOROT)

Comment: The cost of installing water and sewerage connections ranges from ILS 2,000 to more than approximately ILS 60,000, depending on the specific installation requirements.

Procedure 20 Obtain telephone line connection

Time to complete: 3 days

Cost to complete: ILS 230

Agency: Israel Telephone Company (BEZEQ)

Comment:

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

Some reform outcomes

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

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

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

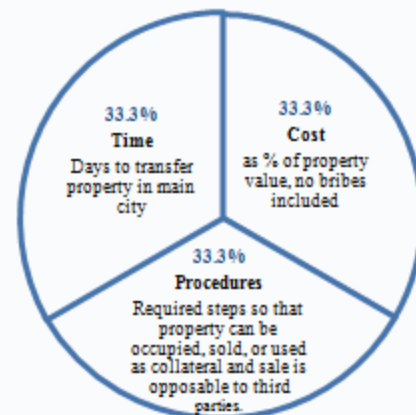
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

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

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

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



Case Study Assumptions

The parties (buyer and seller):

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

The property (fully owned by the seller):

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

1. Benchmarking Registering Property Regulations:

Israel is ranked 147 overall for Registering Property.

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



The following table shows Registering Property data for Israel 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>			
Israel	7	144	5.0

<i>Comparator Economies</i>			
Austria	3	21	4.5
Denmark	3	42	0.6
Egypt, Arab Rep.	7	72	0.8
Estonia	3	18	0.5

* The following economies are also good practice economies for :

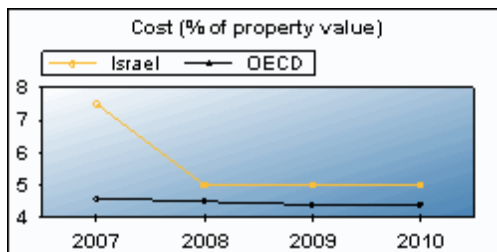
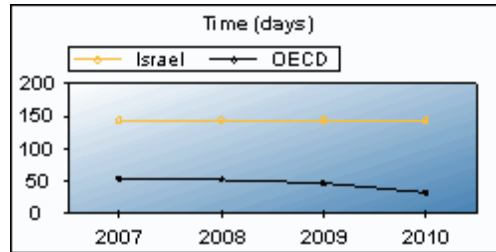
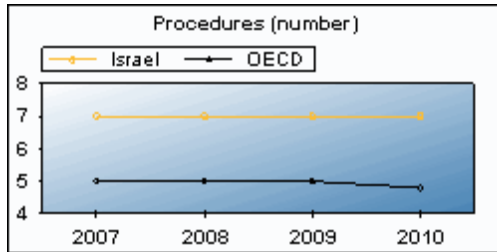
Procedures (number): United Arab Emirates

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

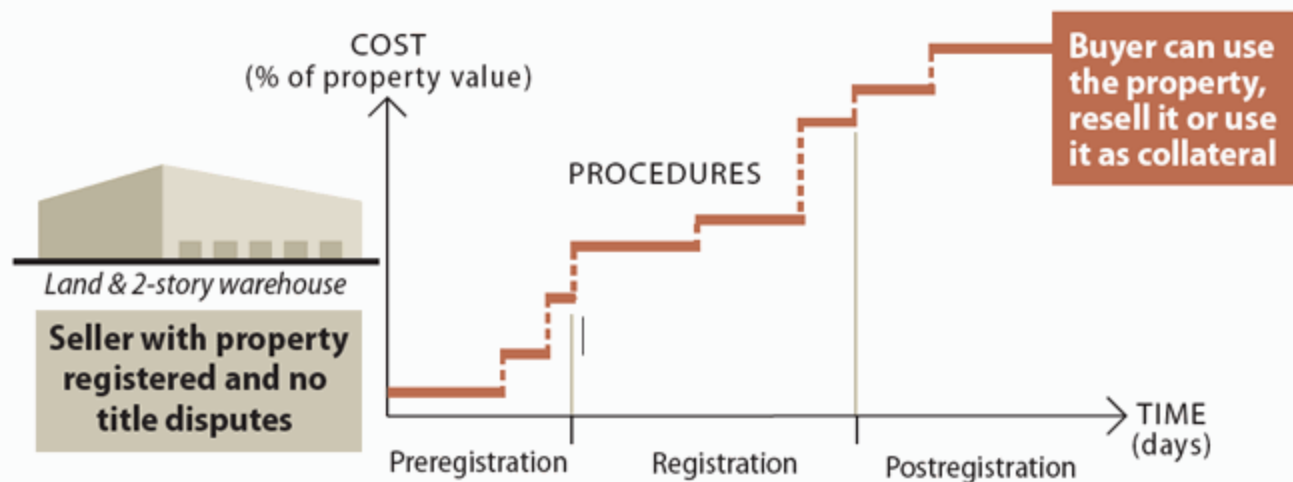
2. Historical data: Registering Property in Israel

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	147	147
Procedures (number)	7	7	7	7
Time (days)	144	144	144	144
Cost (% of property value)	7.5	5.0	5.0	5.0

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

STANDARDIZED PROPERTY

Property Value: 5,026,801.42

City: Tel Aviv

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a land registration extract from the Land Registry Office	1 day (simultaneous with procedures 2 and 3)	NIS 64
2 *	Check the Municipality record relating to the property	1 day (simultaneous with procedures 1 and 3)	NIS 172
3 *	File a report on the transaction with the tax authority	1 day (simultaneous with procedures 1 and 2)	no cost
4	Pay taxes at a commercial bank	1 day	5% of purchase price (Purchase Tax)
5 *	Obtain the Tax Authorities Certificates confirming tax payments for registration of the transfer of title at the Land Registry	90 - 180 days (simultaneous with procedure 6)	no cost
6 *	Obtain tax clearance from the Municipality	3 - 10 days (simultaneous with procedure 5)	NIS 85

7	Apply for registration at the regional Land Registry Office	7 days	NIS 29
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* Takes place simultaneously with another procedure.

Registering Property Details - Israel

Procedure	1	Obtain a land registration extract from the Land Registry Office
Time to complete:	1 day (simultaneous with procedures 2 and 3)	
Cost to complete:	NIS 64	
Agency:	Land Registry office	
Comment:	In order to verify that the property is registered in the name of the seller and that no other rights of any kind of third parties are registered, the buyer obtains a land registration extract relating to the property from the regional land registry office. It is possible to retrieve an extract online (costing approximately NIS 15) but this would not be a legally binding paper.	
Procedure	2	Check the Municipality record relating to the property
Time to complete:	1 day (simultaneous with procedures 1 and 3)	
Cost to complete:	NIS 172	
Agency:	Municipality	
Comment:	The Municipality records show the right to build on the land of the property, and can indicate whether the building was constructed according to the applicable building permits, whether there are any legal proceedings relating to the construction and use of the building, etc.	
Procedure	3	File a report on the transaction with the tax authority
Time to complete:	1 day (simultaneous with procedures 1 and 2)	
Cost to complete:	no cost	
Agency:	Tax Authority	
Comment:	<p>After the sale agreement has been prepared and signed by the parties, they have 50 days to file a report on the transaction based on self-assessment with the tax authorities. Following the filing of the report on the transaction a voucher based on the self assessment will be sent by the tax authority. Usually the self-assessment is prepared by the company's lawyers and accountants and the report on the transaction is filed by the lawyer that handles the transaction.</p> <p>It is possible, though less common, to file a report on the transaction without self-assessment (a "Regular Statement"). In that case the parties have 30 days to file a report on the transaction and the tax will be paid within the time provided in the voucher for payment received from the tax authority (the voucher is received within 45 days from the filing of the report).</p>	
Procedure	4	Pay taxes at a commercial bank
Time to complete:	1 day	
Cost to complete:	5% of purchase price (Purchase Tax)	

Agency: Commercial Bank

Comment: After filing a report on the transaction with the relevant tax authorities, the following tax, based on self-assessments, must be paid:

- (1) Betterment Tax (Hetal Hashbacha) - only if there has been a change of zoning for a neighborhood which causes the value of the property to rise.
- (2) Capital Gains Tax (Mas Shevach) - paid by the seller on the difference between the purchase price and the original purchase price paid by the buyer in the current transaction. Please note that when the seller is a company, the payment of the Land Betterment Tax will only serve as an advance payment on account of the general company taxes paid by the company. The tax is up to 25 % for companies (Land Betterment Tax).
- (3) Purchase Tax (Mas Rechisha)- paid by the purchaser is a flat rate of 5% for a commercial property.

Consent Fees - when a capitalized sum of the periodic contractual lease payments under 49 Year Lease has not been paid, in addition to the aforesaid taxes, Consent Fees should be paid to the Israel Lands Administration. The rate of Consent Fees payable varies based on the value of the property. The whole procedure relating to Consent Fees may take a few weeks.

Sales Tax (Mas Mechira) - was abolished in February 2008 amendment no. 61 to the relevant Act

Procedure 5 Obtain the Tax Authorities Certificates confirming tax payments for registration of the transfer of title at the Land Registry

Time to complete: 90 - 180 days (simultaneous with procedure 6)

Cost to complete: no cost

Comment: The Tax Authorities Certificates (confirming the payment of the taxes) are obtained from the relevant tax authorities: (1) Land Betterment Tax (Capital Gains Tax on real-estate); (2) Sales Tax; and (3) Purchase Tax; and (4) property tax.

The parties need to wait up to 180 days from the date the report was filed. Within that time the tax authority decides whether to accept the self-assessment filed with it, or to reject it and issue a different assessment.

If any of the tax authorities rejects the self-assessment filed with it, and issues a higher assessment, the balance of tax must be paid or an objection filed, in which case a bank guarantee covering the assessments difference should be provided to obtain the Tax Authorities Certificates. Legal proceedings to change the tax authority's assessment may be initiated.

Procedure 6 Obtain tax clearance from the Municipality

Time to complete: 3 – 10 days (simultaneous with procedure 5)

Cost to complete: NIS 85

Agency: Municipality

Comment: The Municipal Certificate for transfer of title confirms that all the Municipal Taxes relating to the use of the property were paid and that there is no Municipality Appreciation Levy liability or that such liability was discharged.

The Municipality Appreciation Levy is paid on the appreciation in the value of the property due to change of the permitted use of the property ("the Appreciation"). The assumptions in this case study do not indicate that such a change was made, so there is no Municipality Appreciation Levy liability. The rate of the Municipal Appreciation Levy payable is 50% of the Appreciation.

Time to complete: 7 days

Cost to complete: NIS 29

Agency: Land Registry office

Comment: When all the certificates mentioned in Procedures 5 and 6 are obtained, the sale deed is prepared by the parties or their lawyers and signed by both parties. The parties can, if they want, prepare the deed by themselves and sign it before the Land Registrar. Lawyer fees will increase costs by about 1% of the transaction value. When the registration is made in the Land Registry, the signature of the parties on the deeds and other certain details relating thereto are required to be authenticated by a lawyer or the Land Registrar, after the nature of the transaction and the consequences thereof were explained to the parties and it was clear that the parties willingly signed it.

The transaction is subject to a 16% VAT, paid normally on the 15th day of the month following the date of receipt of payment

The documentation shall include:

- Transfer deed (prepared by the parties or a lawyer)
- Tax Authorities Certificates confirming tax payments (obtained in Procedure 5)
- Municipal tax clearance (obtained in Procedure 6)
- Certificate of incorporation of the parties
- Minutes of the companies' board of directors with resolution to execute the transaction. (If a power of attorney was executed by the company and authorized by a notary that the subscriber is empowered to execute on behalf of the company- there is no need to attach the minutes).
- Counsel's or accountant's certificate regarding both companies including the following details: existence of the company; the company is authorized to execute the transaction according to its articles of association; and the participants at the board of directors meeting as detailed in the abovementioned minutes are the directors of the company and empowered to act on behalf the company and to sign the deed of transaction.

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

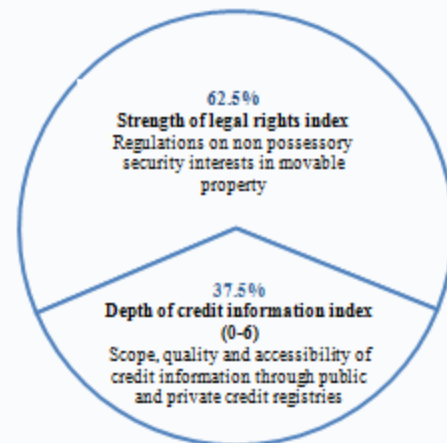
Public credit registry coverage (% of adults)

- 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)

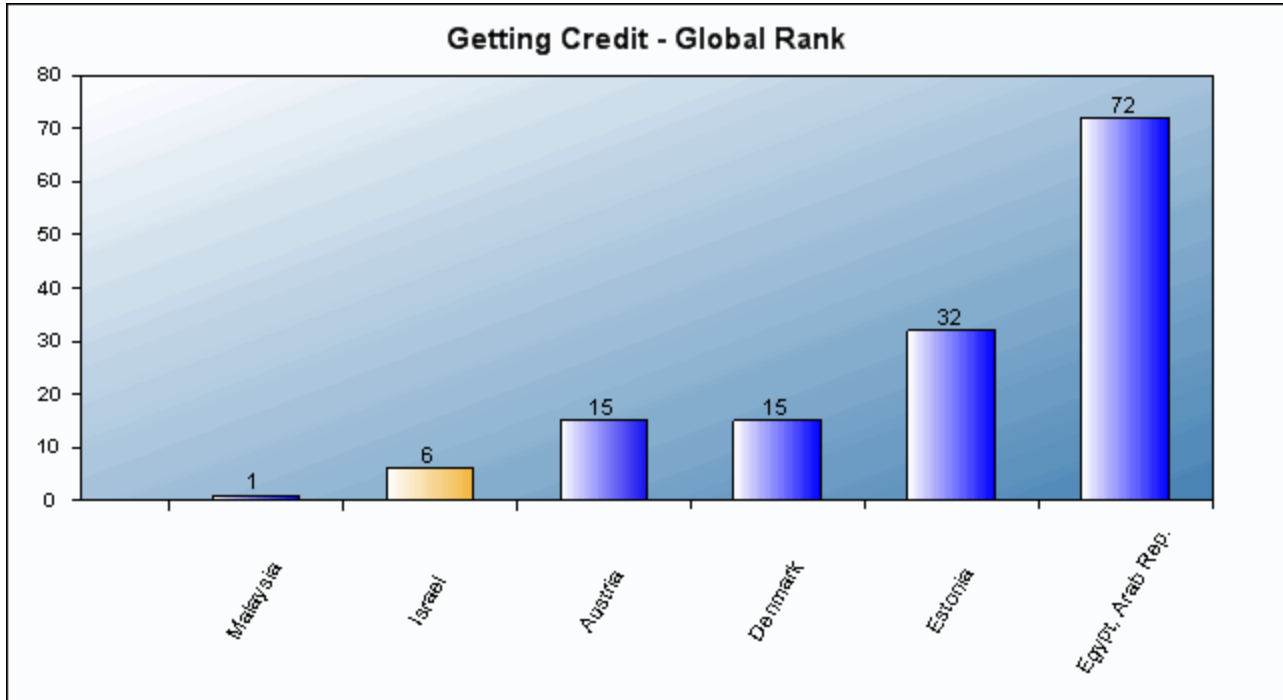
The Debtor

- 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:

Israel is ranked 6 overall for Getting Credit.

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



The following table shows Getting Credit data for Israel 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>				
Israel	9	5	0.0	88.2

<i>Comparator Economies</i>				
Austria	7	6	1.4	40.6
Denmark	9	4	0.0	5.4
Egypt, Arab Rep.	3	6	2.9	10.3
Estonia	7	5	0.0	22.4

* The following economies are also good practice economies for :

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

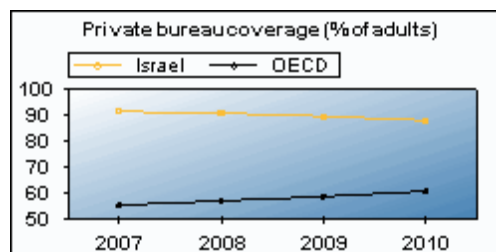
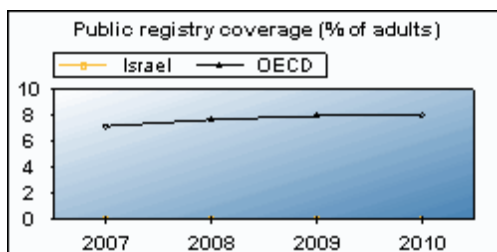
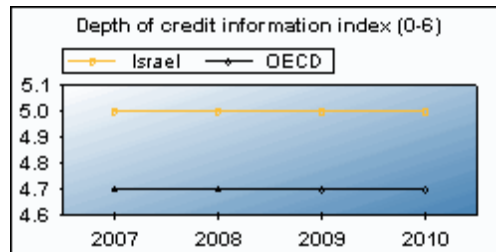
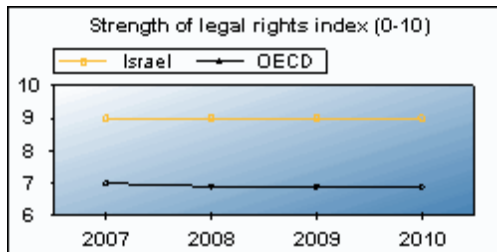
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

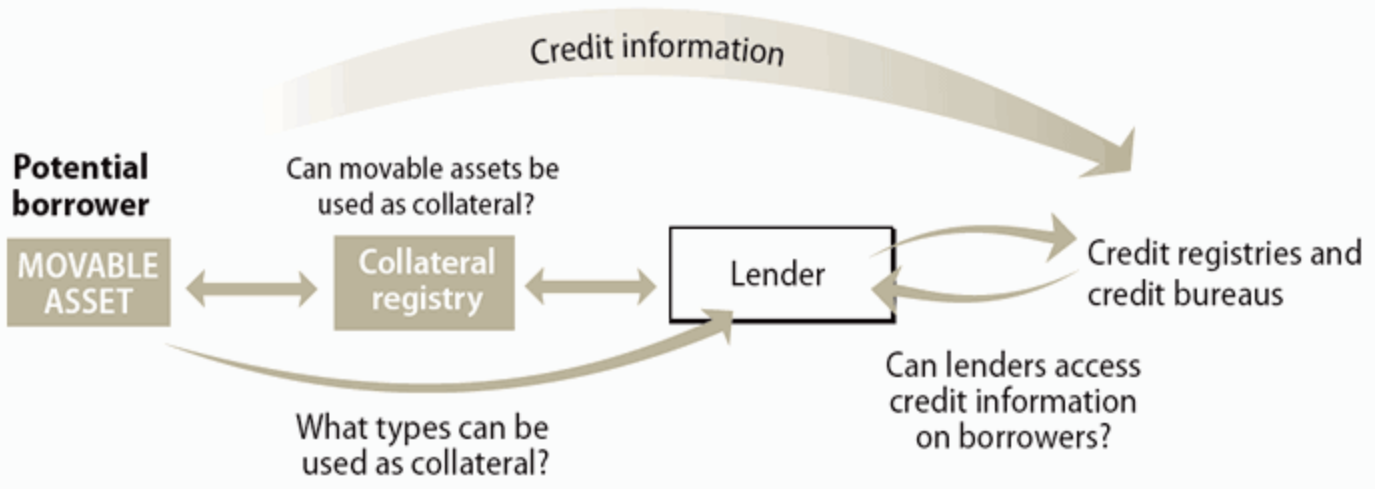
2. Historical data: Getting Credit in Israel

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	6	6
Strength of legal rights index (0-10)	9	9	9	9
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	91.6	91.0	89.8	88.2
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	88.2	0.0	
Number of individuals	4,290,000		0
Number of firms	450,000		0

Strength of legal rights index (0-10)**9**

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)

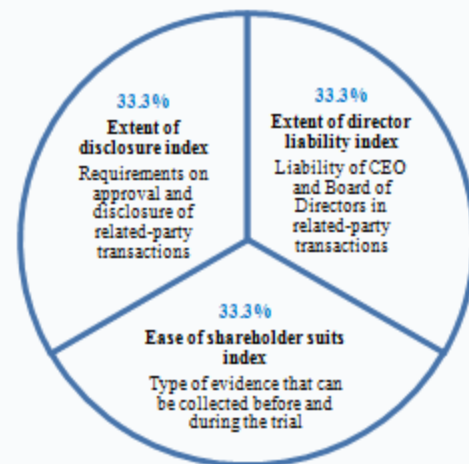
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

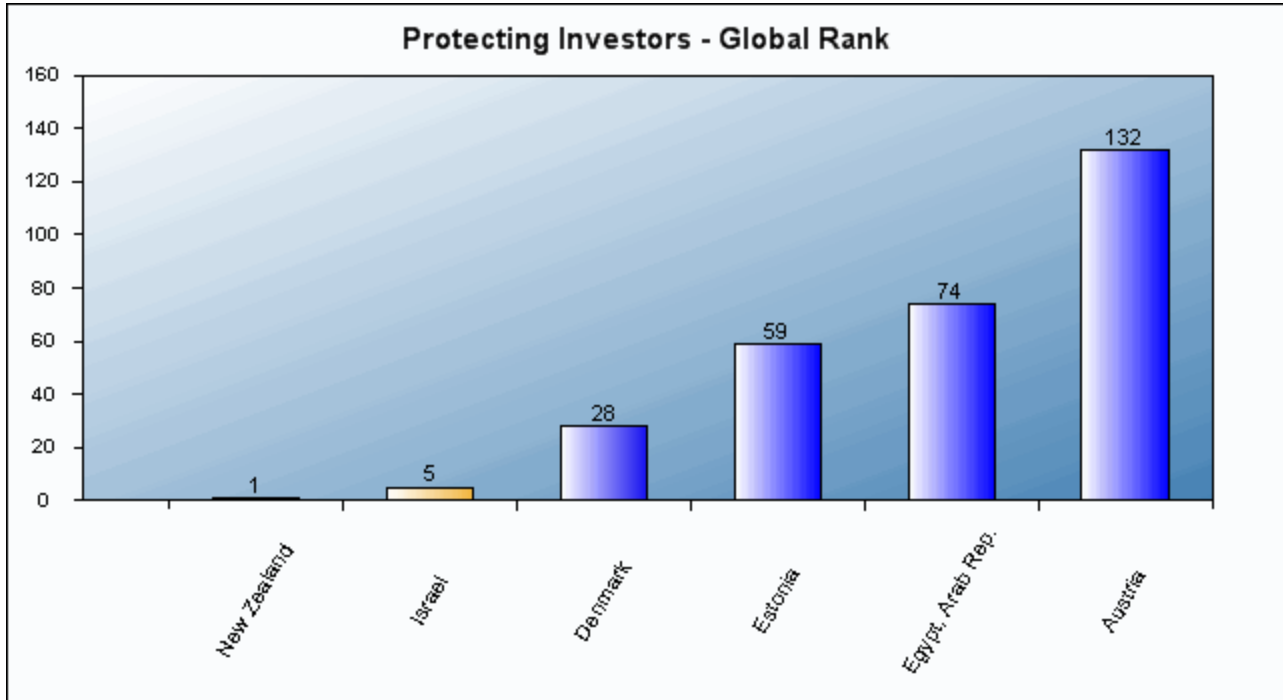
The transaction

- 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:

Israel is ranked 5 overall for Protecting Investors.

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



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

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

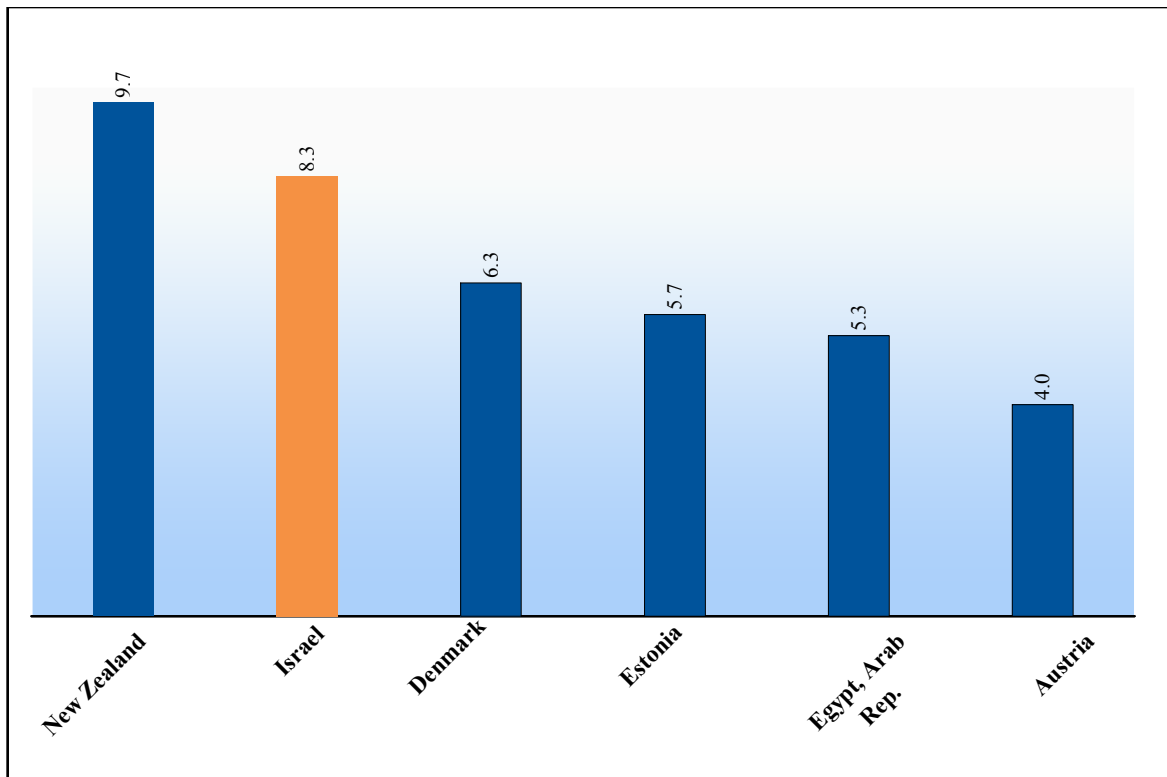
<i>Selected Economy</i>	
Israel	8.3

<i>Comparator Economies</i>	
Austria	4.0
Denmark	6.3
Egypt, Arab Rep.	5.3
Estonia	5.7

2. Historical data: Protecting Investors in Israel

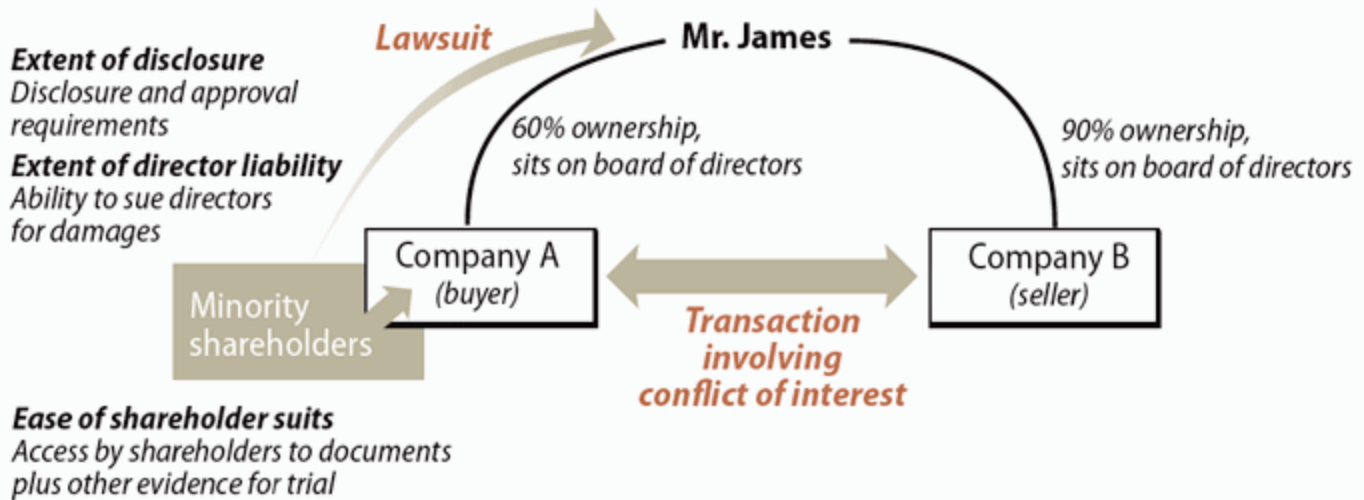
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	5	5
Strength of investor protection index (0-10)	8.3	8.3	8.3	8.3

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	7
What corporate body provides legally sufficient approval for the transaction?	1
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	9
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	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?	1
Whether fines and imprisonment can be applied against Mr. James?	1
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)	9
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
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?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	8.3

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)

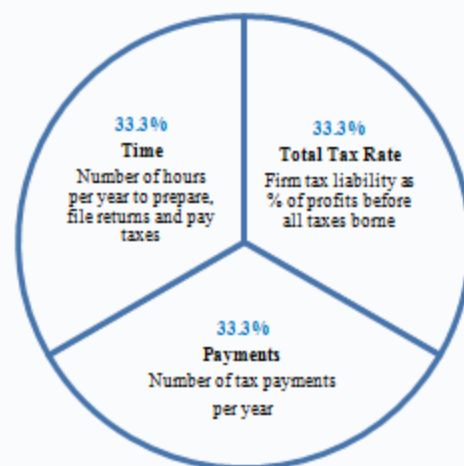
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



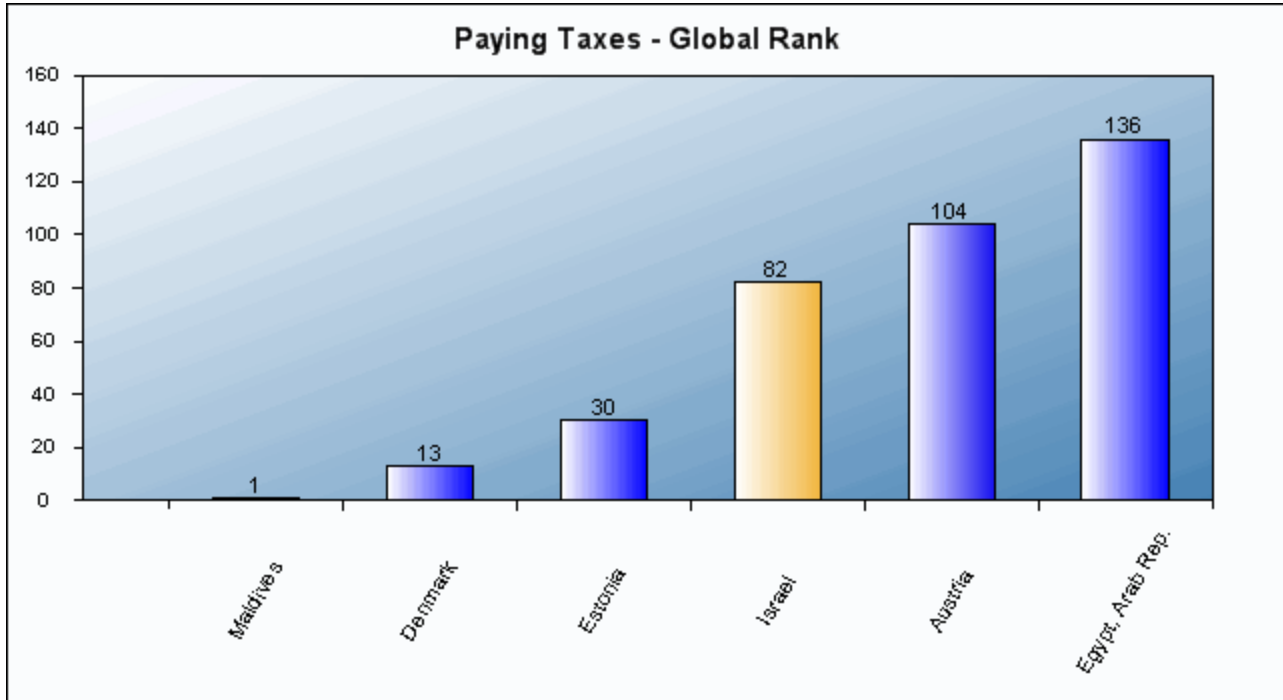
Case Study Assumptions

- 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:

Israel is ranked 82 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Israel 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>			
Israel	33	235	31.7

<i>Comparator Economies</i>			
Austria	22	170	55.5
Denmark	9	135	29.2
Egypt, Arab Rep.	29	433	42.6
Estonia	7	81	49.6

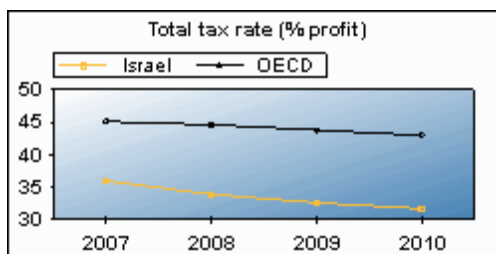
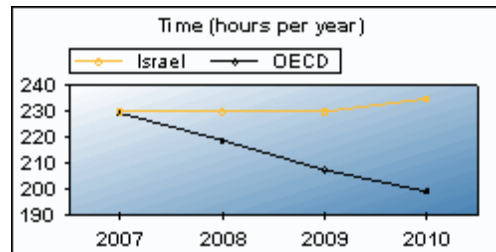
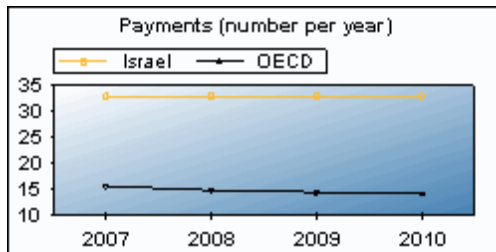
* The following economies are also good practice economies for :

Payments (number per year): Qatar

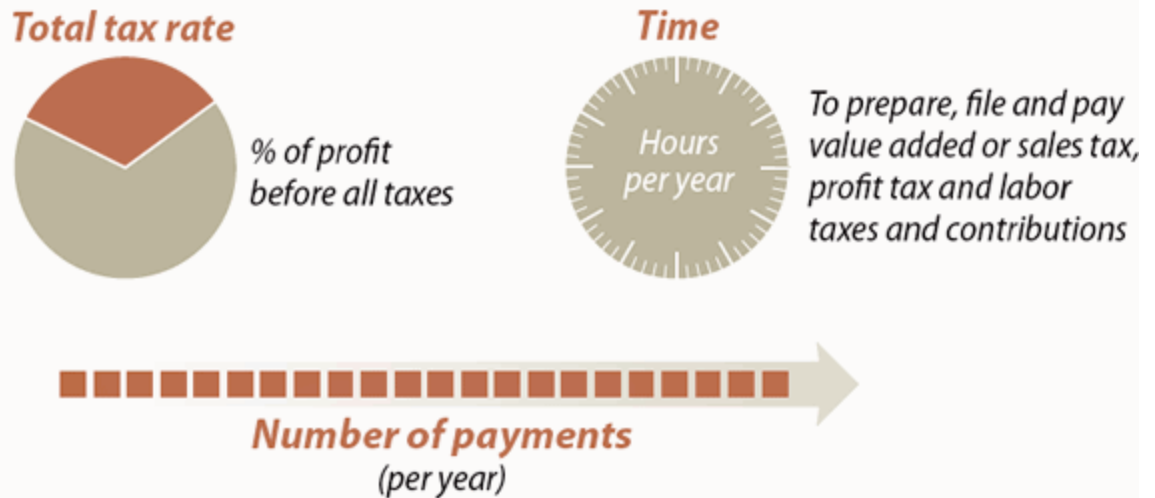
2. Historical data: Paying Taxes in Israel

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	82	82
Total tax rate (% profit)	36.0	33.9	32.6	31.7
Payments (number per year)	33	33	33	33
Time (hours per year)	230	230	230	235

3. The following graphs illustrate the Paying Taxes sub indicators in Israel 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 Israel, 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		65	16.5% and 15.5%	value added		
Fuel tax	1			ILS 1.325	per liter	0.90	
Capital gains tax	1			25.0%	capital gains	1.30	
Municipal tax	6			various rates	property area	1.80	
Social security tax	12		60	3.85% and 5.43%	gross salaries	5.30	
Corporate income tax	1		110	26.0%	taxable profit	22.60	
Totals	33		235			31.7	

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)

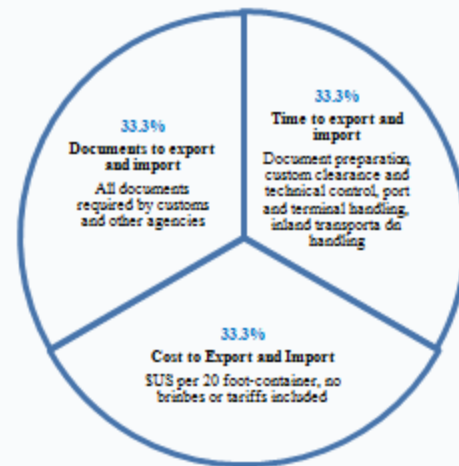
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

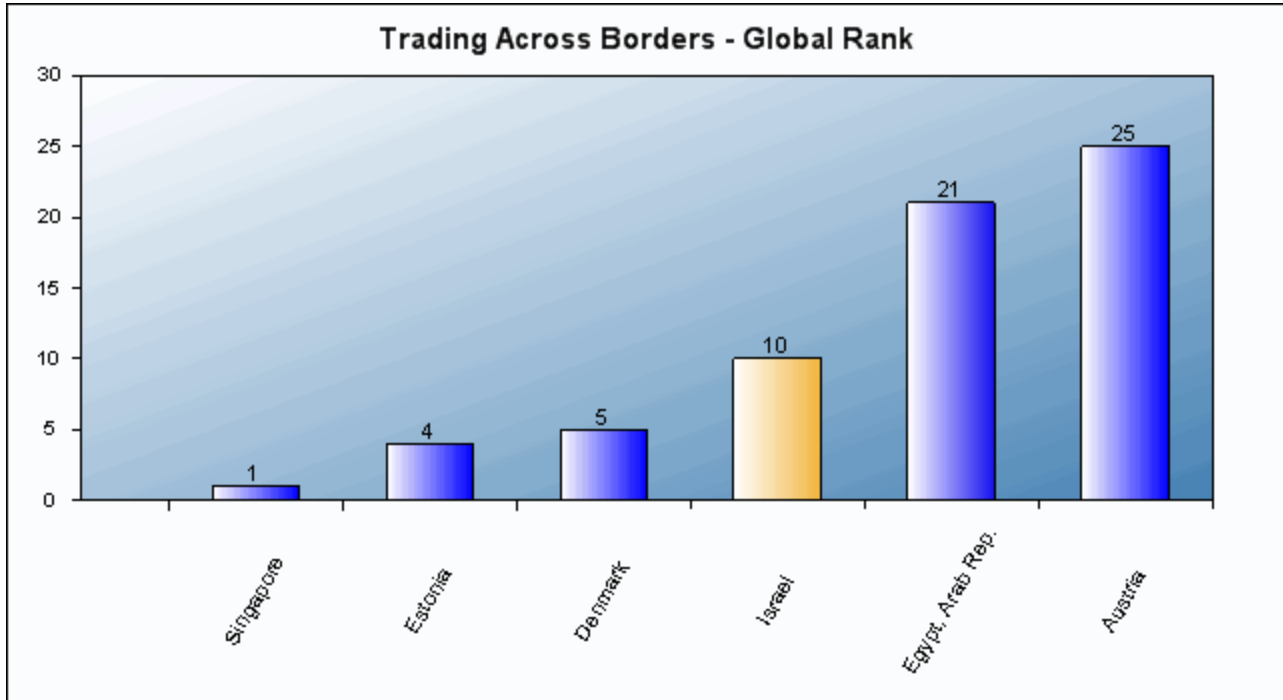
The traded product

- 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:

Israel is ranked 10 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Israel 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>						
Israel	5	11	670	4	10	605

<i>Comparator Economies</i>						
Austria	4	7	1180	5	8	1195
Denmark	4	5	744	3	5	744
Egypt, Arab Rep.	6	12	613	6	12	698
Estonia	3	5	725	4	5	725

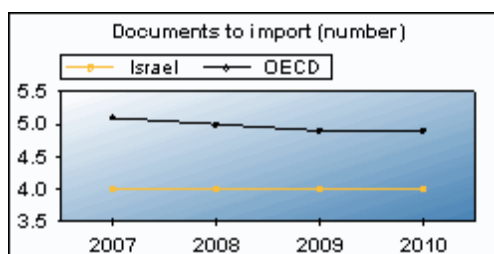
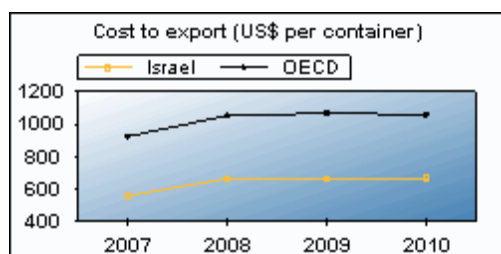
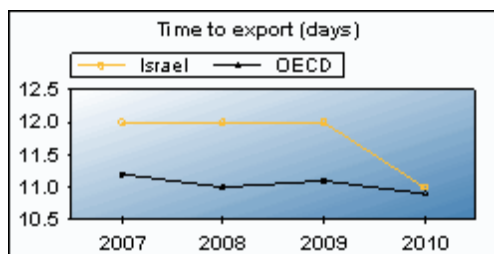
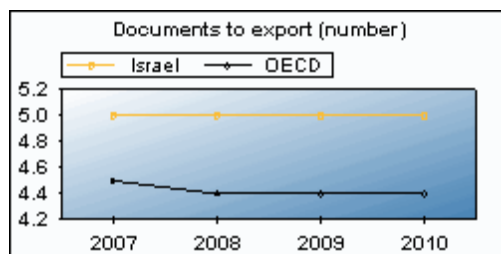
* The following economies are also good practice economies for :

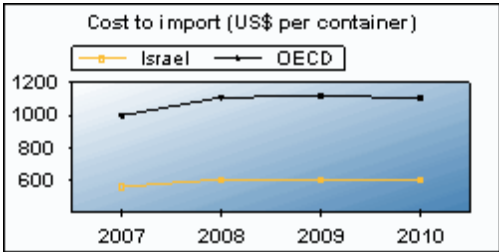
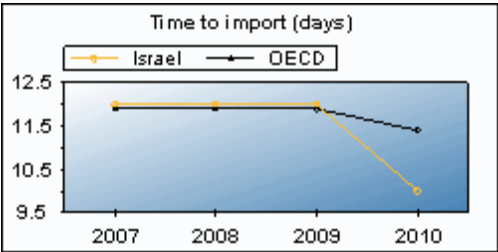
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Israel

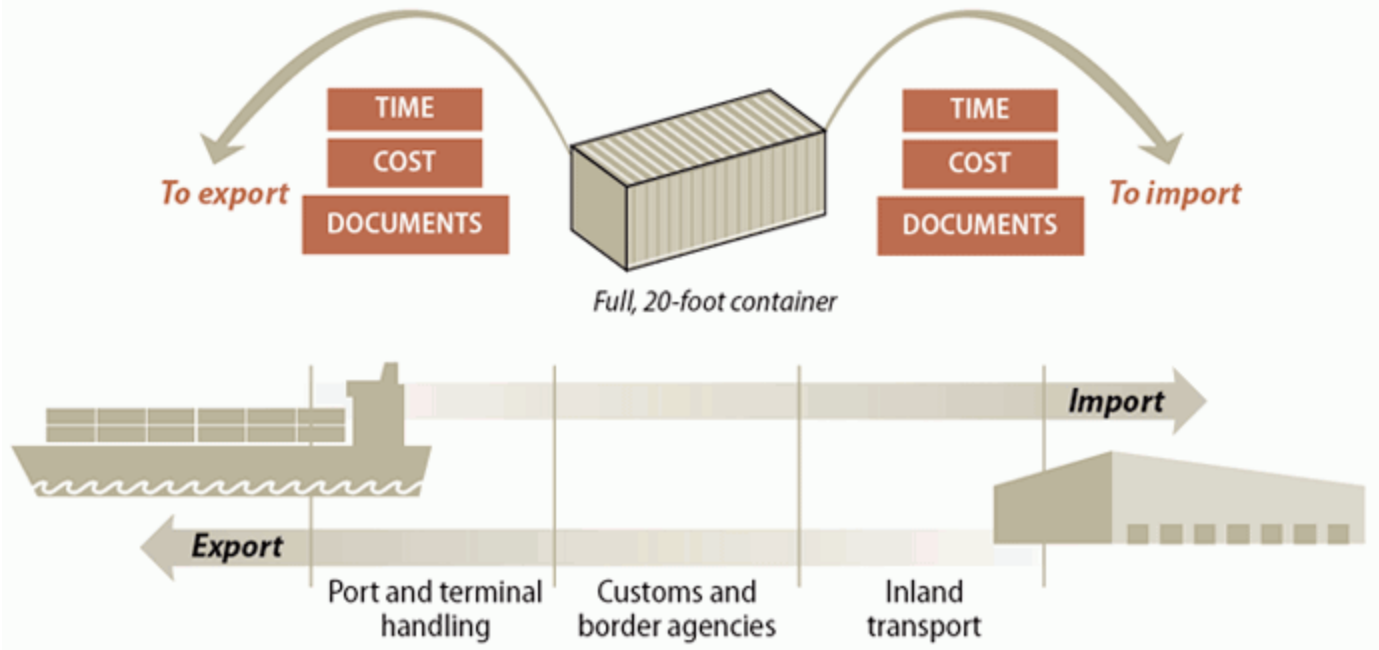
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	11	10
Cost to export (US\$ per container)	560	665	665	670
Cost to import (US\$ per container)	560	605	605	605
Documents to export (number)	5	5	5	5
Documents to import (number)	4	4	4	4
Time to export (days)	12	12	12	11
Time to import (days)	12	12	12	10

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	110
Customs clearance and technical control	1	110
Ports and terminal handling	3	250
Inland transportation and handling	3	200
Totals	11	670

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	120
Customs clearance and technical control	1	60
Ports and terminal handling	3	250
Inland transportation and handling	2	175
Totals	10	605

Documents for Export and Import

Export

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Packing list

Import

- Bill of lading
- Commercial invoice
- Customs import declaration
- Packing list

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

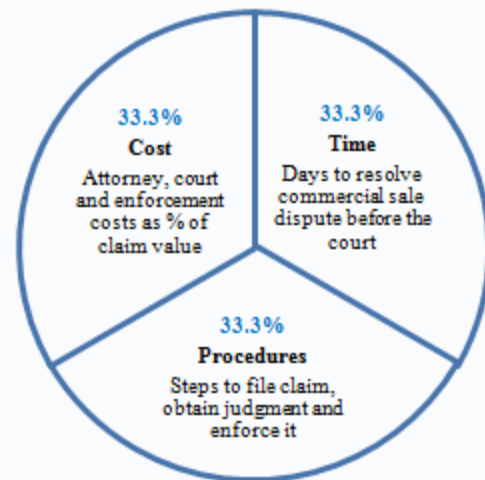
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



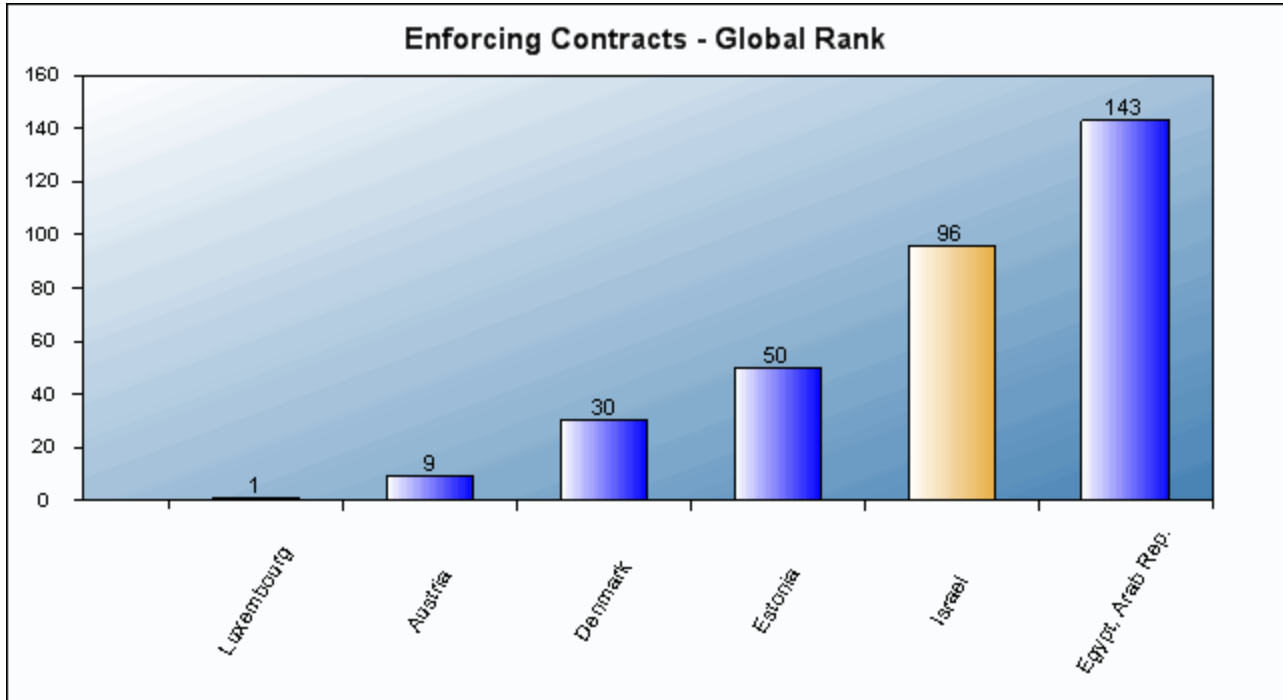
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Israel is ranked 96 overall for Enforcing Contracts.

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



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

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

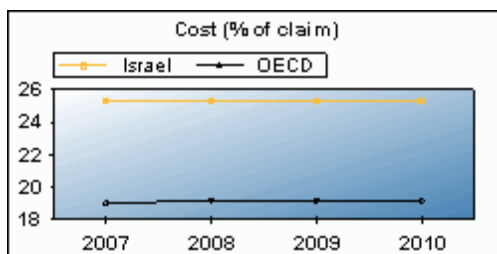
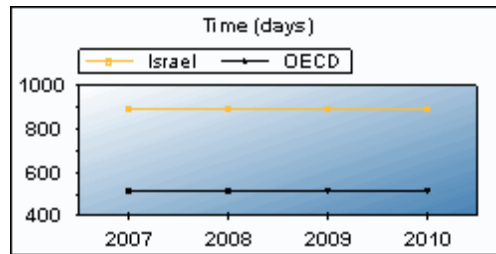
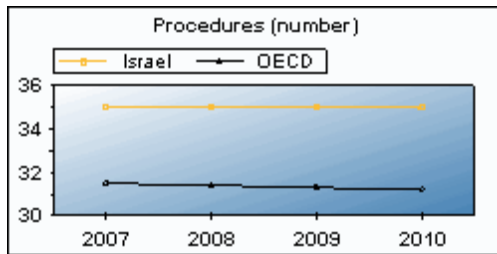
<i>Selected Economy</i>			
Israel	35	890	25.3

<i>Comparator Economies</i>			
Austria	25	397	18.0
Denmark	35	410	23.3
Egypt, Arab Rep.	41	1010	26.2
Estonia	36	425	26.3

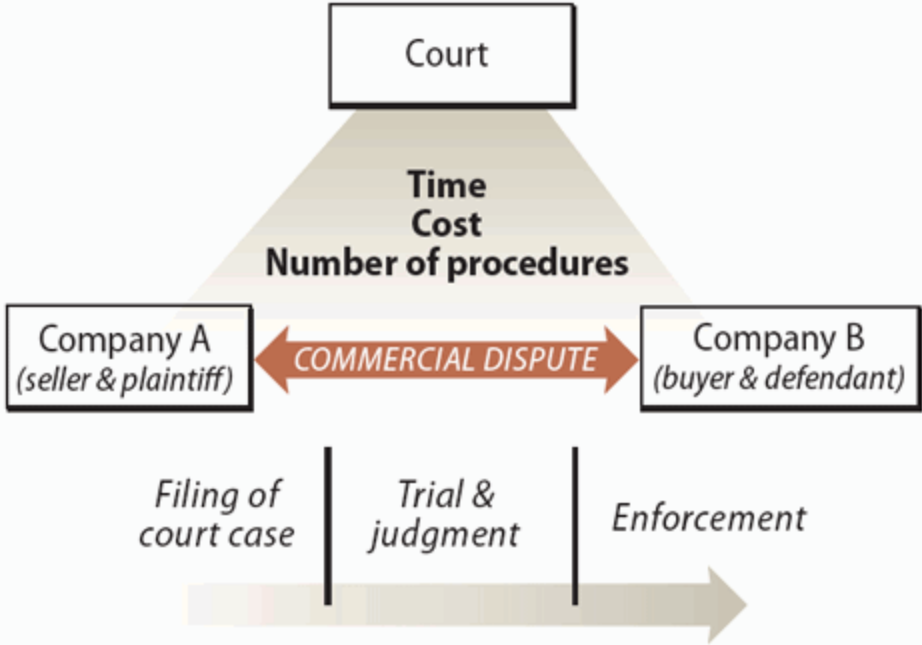
2. Historical data: Enforcing Contracts in Israel

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	96	96
Procedures (number)	35	35	35	35
Time (days)	890	890	890	890
Cost (% of claim)	25.3	25.3	25.3	25.3

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

Nature of Procedure (2010)	Indicator
Procedures (number)	35
Time (days)	890
Filing and service	15.0
Trial and judgment	515.0
Enforcement of judgment	360.0
Cost (% of claim)*	25.30
Attorney cost (% of claim)	15.7
Court cost (% of claim)	6.4
Enforcement Cost (% of claim)	3.2

Court information: Tel-Aviv-Jaffa Magistrates ("Beit Mishpat Ha Shalom")
Court

* 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)

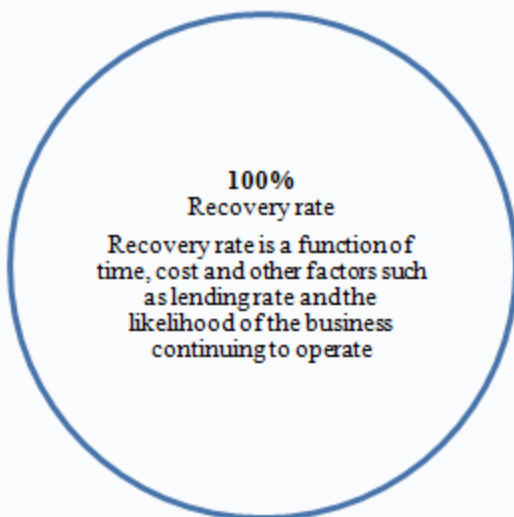
- Measured in calendar years
- Appeals and requests for extension are included

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

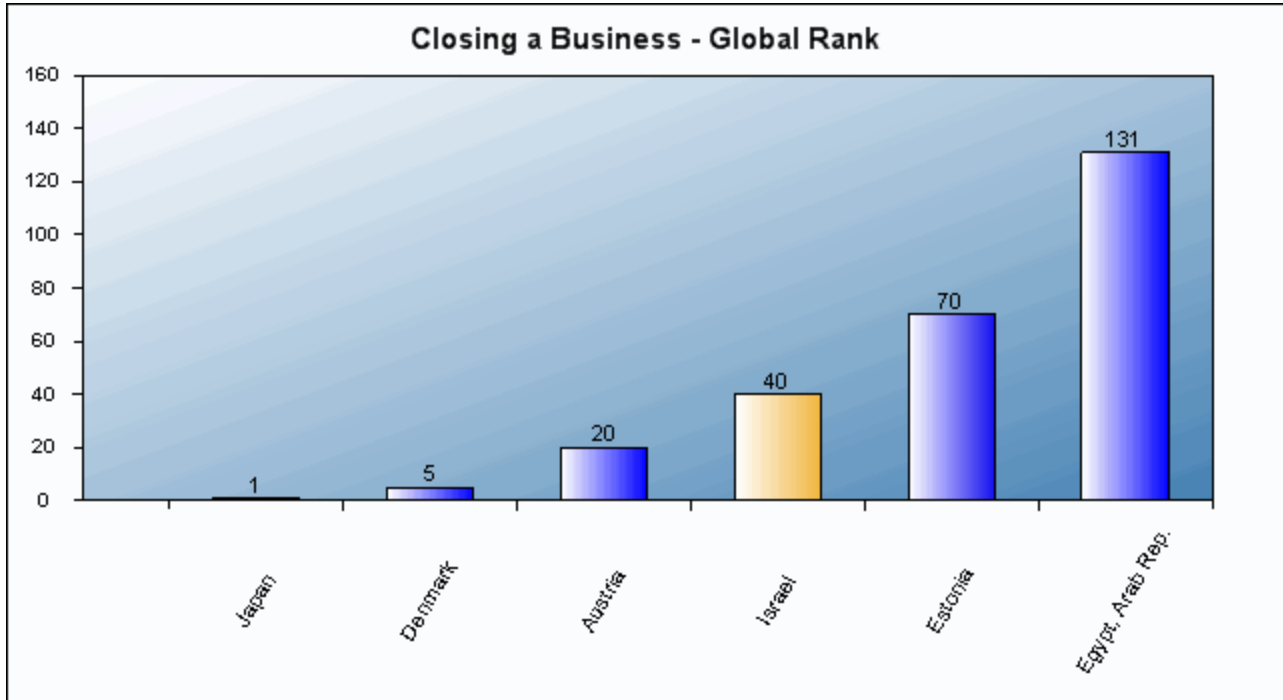
The Company

- 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:

Israel is ranked 40 overall for Closing a Business.

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



The following table shows Closing Business data for Israel 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>			
Israel	49.1	4.0	23

<i>Comparator Economies</i>			
Austria	73.1	1.1	18
Denmark	89.4	1.1	4
Egypt, Arab Rep.	17.4	4.2	22
Estonia	35.5	3.0	9

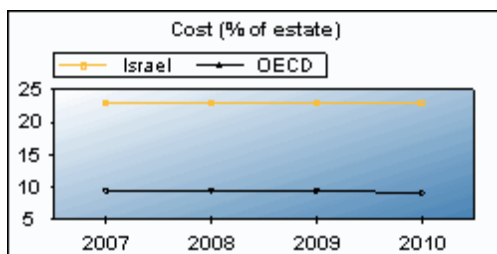
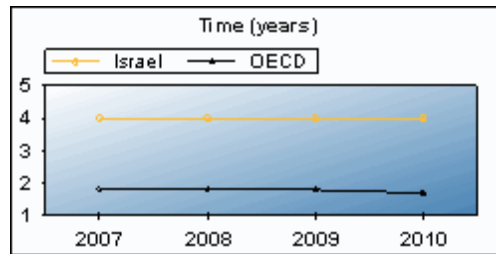
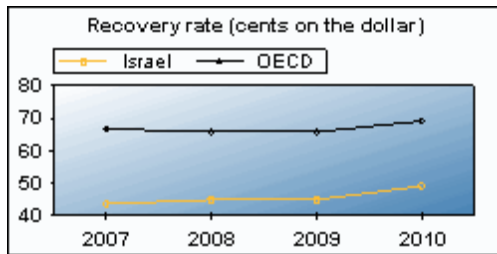
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Israel

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	40
Time (years)	4.0	4.0	4.0	4.0
Cost (% of estate)	23	23	23	23
Recovery rate (cents on the dollar)	43.6	44.9	44.9	49.1

3. The following graphs illustrate the Closing Business sub indicators in Israel 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.

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

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



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