

Doing Business 2011

Jordan

**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 Jordan. 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).

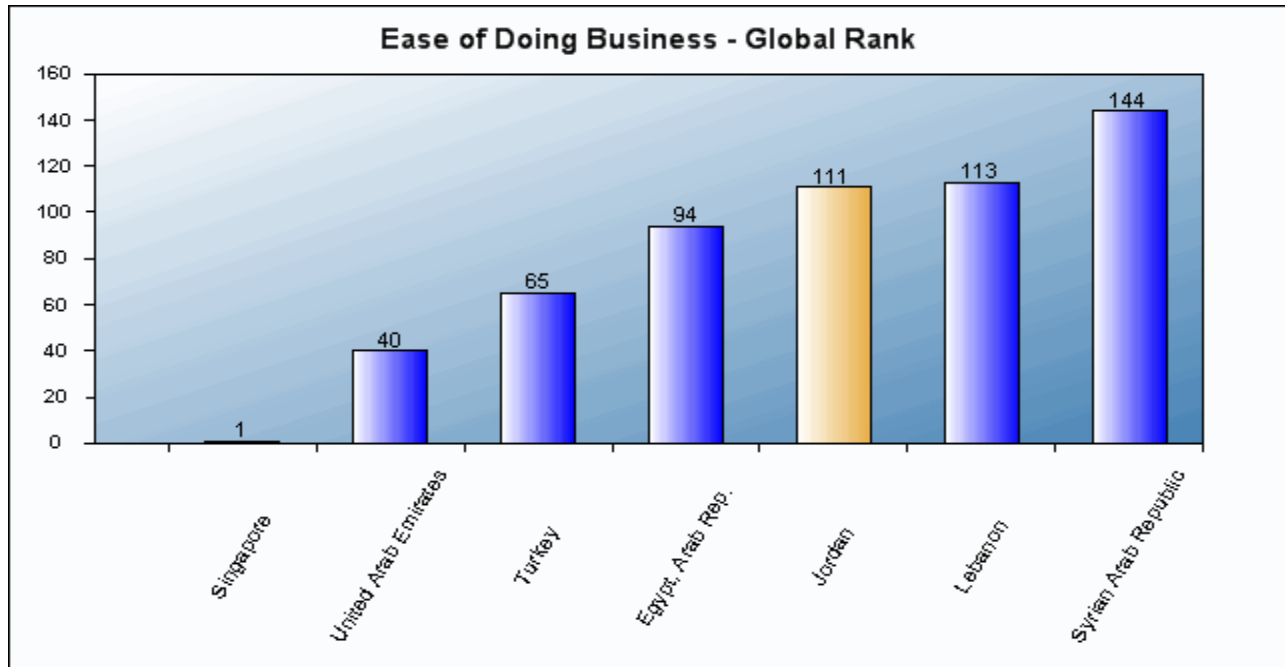
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Jordan is ranked 111 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Jordan's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	111
Starting a Business	127
Dealing with Construction Permits	92
Registering Property	106
Getting Credit	128
Protecting Investors	120
Paying Taxes	29
Trading Across Borders	77
Enforcing Contracts	129
Closing a Business	98

Summary of Indicators - Jordan

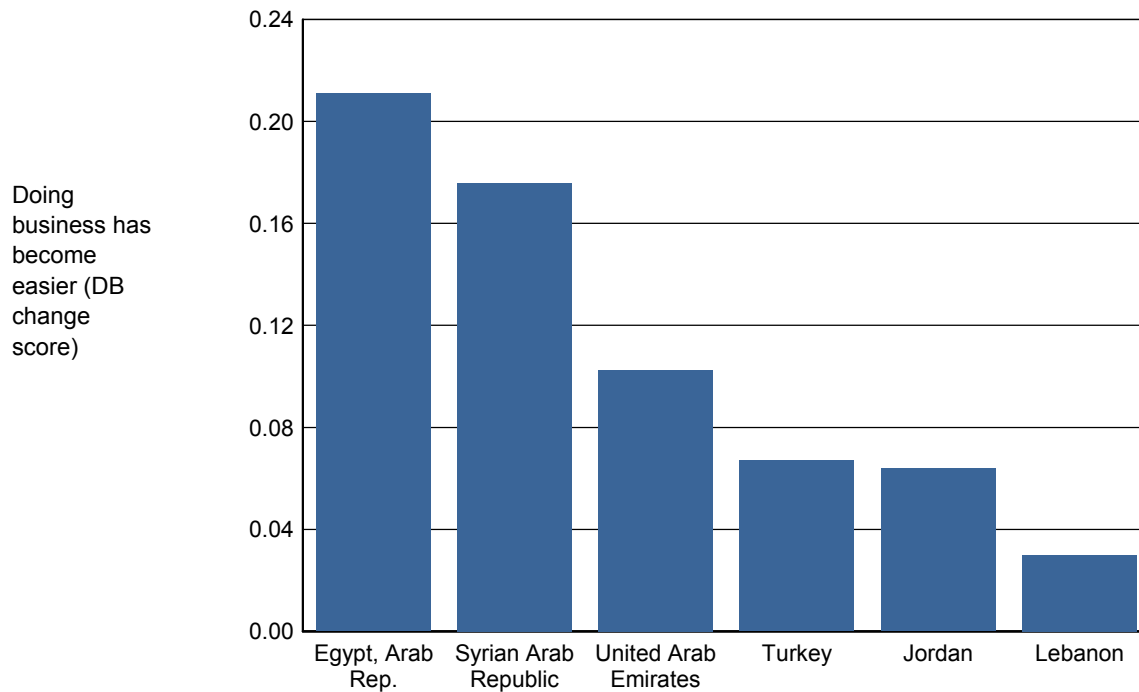
Starting a Business	Procedures (number)	8
	Time (days)	13
	Cost (% of income per capita)	44.6
	Min. capital (% of income per capita)	17.9
Dealing with Construction Permits	Procedures (number)	19
	Time (days)	87
	Cost (% of income per capita)	634.1
Registering Property	Procedures (number)	7
	Time (days)	21
	Cost (% of property value)	7.5
Getting Credit	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	2
	Public registry coverage (% of adults)	1.5
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	4
	Strength of investor protection index (0-10)	4.3
Paying Taxes	Payments (number per year)	26
	Time (hours per year)	101
	Profit tax (%)	15.2
	Labor tax and contributions (%)	12.4
	Other taxes (%)	3.6
	Total tax rate (% profit)	31.2
Trading Across Borders	Documents to export (number)	7
	Time to export (days)	14
	Cost to export (US\$ per container)	825
	Documents to import (number)	7
	Time to import (days)	18
	Cost to import (US\$ per container)	1335

Enforcing Contracts	Procedures (number)	38
	Time (days)	689
	Cost (% of claim)	31.2
Closing a Business	Recovery rate (cents on the dollar)	26.9
	Time (years)	4.3
	Cost (% of estate)	9

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.

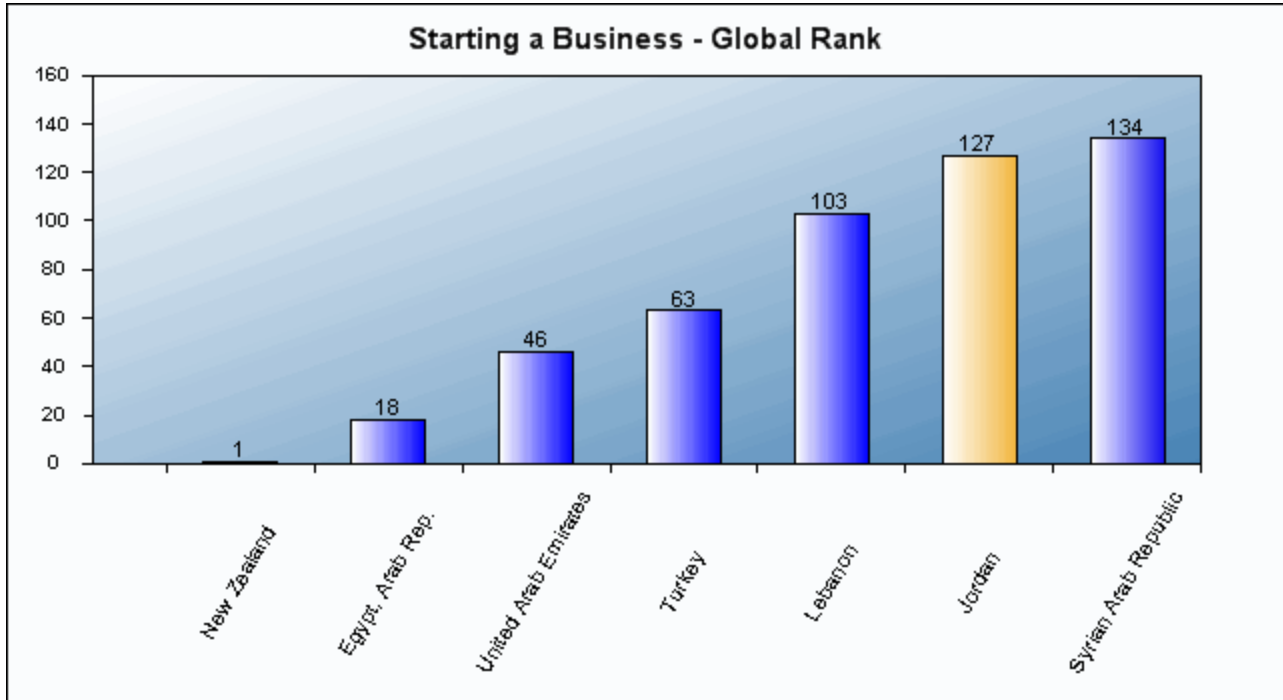
The business:

- 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:

Jordan is ranked 127 overall for Starting a Business.

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



The following table shows Starting a Business data for Jordan 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>				
Jordan	8	13	44.6	17.9

<i>Comparator Economies</i>				
Egypt, Arab Rep.	6	7	6.3	0.0
Lebanon	5	9	75.0	39.8
Syrian Arab Republic	7	13	38.1	355.1
Turkey	6	6	17.2	9.9
United Arab Emirates	8	15	6.4	0.0

* The following economies are also good practice economies for :

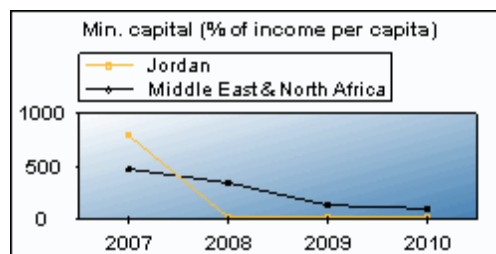
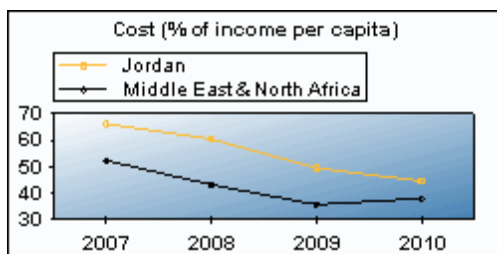
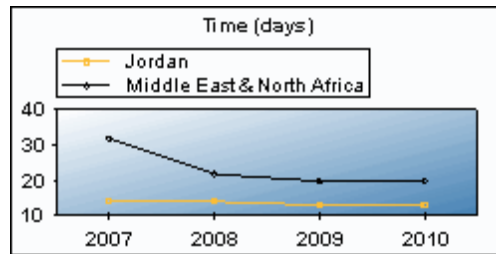
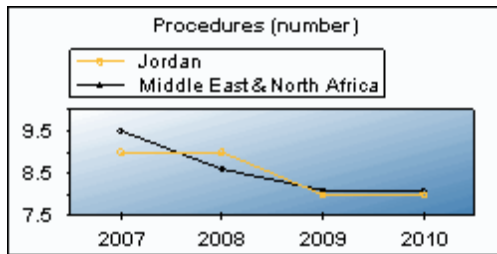
Procedures (number): **Canada**

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

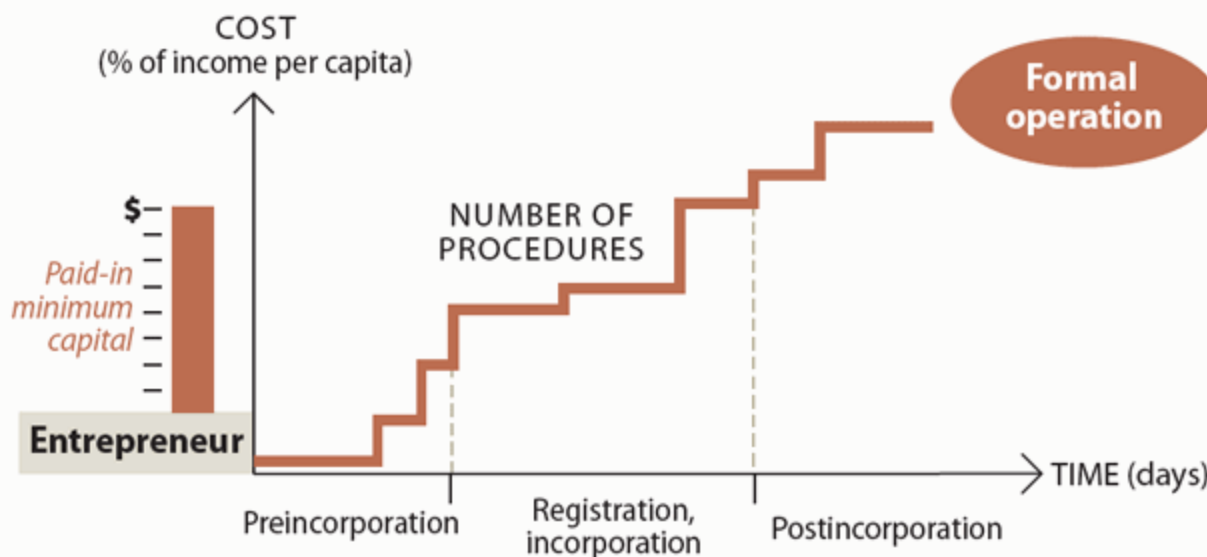
2. Historical data: Starting a Business in Jordan

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	129	127
Procedures (number)	9	9	8	8
Time (days)	14	14	13	13
Cost (% of income per capita)	66.2	60.4	49.5	44.6
Min. capital (% of income per capita)	795.4	24.2	19.9	17.9

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

STANDARDIZED COMPANY

Legal Form: Limited Liability Company

City: Amman

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Execute the company's formation contract and the memorandum and articles of association.	1	JOD 800
2	Open bank account; deposit 50% of the capital	1	no charge
3	Register the company; obtain registration certificate, and file general assembly first meeting and board of directors' minutes of meeting at the Ministry of Industry and Trade	1	JOD 81
4 *	Register for corporate tax, salary withholding tax, and VAT	1	no charge
5 *	Register with the chamber of industry or chamber of commerce	1	JOD 164
6	Obtain a vocational license from the municipality	8	JOD 200
7 *	Inspection by municipality on safety and health	1	no charge

* Takes place simultaneously with another procedure.

Starting a Business Details - Jordan

Procedure	1	Execute the company's formation contract and the memorandum and articles of association.
Time to complete:	1	
Cost to complete:	JOD 800	
Comment:	The company's formation contract and its memorandum and the articles of association may be executed either before an officer at the Companies Control Directorate (CCD), located at the Ministry of Industry and Trade (MIT), or before a notary public or a licensed Jordanian lawyer. If the documents are executed before the notary public, an additional fee of JOD 15 will apply. The additional fee may range from JOD 500 to JOD 1,500 if done before a licensed Jordanian lawyer.	
Procedure	2	Open bank account; deposit 50% of the capital
Time to complete:	1	
Cost to complete:	no charge	
Comment:		
Procedure	3	Register the company; obtain registration certificate, and file general assembly first meeting and board of directors' minutes of meeting at the Ministry of Industry and Trade
Time to complete:	1	
Cost to complete:	JOD 81	
Comment:	The promoter can complete the following formalities at the one-stop shop at the Company Registry/ Ministry of Trade and Industry (albeit at different counters): company registration, tax registration (including obtaining a company tax number for VAT and income tax), registration with the Chamber of Commerce or Chamber of Industry. In addition, the municipality of Amman maintains a counter for license renewal (though the initial license must still be obtained at the municipality). Upon payment of relevant fees, filing for company registration and obtaining the registration certificate is done at the one the company registration at the newly established reception desk.	
Procedure	4	Register for corporate tax, salary withholding tax, and VAT
Time to complete:	1	
Cost to complete:	no charge	
Comment:	The promoter can register for taxes at the one-stop shop counter at the Company Registry. The company receives a unique tax number.	
Procedure	5	Register with the chamber of industry or chamber of commerce
Time to complete:	1	
Cost to complete:	JOD 164	

Comment: The company documents and the respective authorized signatories required to register with the Chamber of Industry or the Chamber of Commerce are:

- Rental contract.
- Formation contract.
- Registration certificate.
- Certificate of authorized signatories.
- Memorandum and articles of incorporation.

Annual registration fees levied by the Chamber of Industry or the Chamber of Commerce depend on company capital.

Procedure 6 Obtain a vocational license from the municipality

Time to complete: 8

Cost to complete: JOD 200

Comment:

First, an application is filed with the following documents to obtain a vocational license from the municipality:

- planning location map (issued by greater Amman municipality, GAM).
- Occupancy permit (issued by GAM and usually obtained immediately by the landlord upon completing construction).
- A copy of the property deed (usually obtained from the landlord).

Second, the GAM officer verifies that the location is situated in the right zoning area and ensures that no property taxes or fees are due. These procedures are performed in the same building. Third, a municipal officer sets up an appointment to inspect the premises for conformance with set requirements. The time before the inspection may vary. Fourth, the property inspection is conducted.

Fifth, if the premises are deemed in conformity with the requirements, the file is referred to the competent vocational licenses division. At that point, the following documents are required: (a) the company's certificate of registration; (b) a certificate of the company's authorized signatories; (c) the memorandum and articles association; (d) a certificate of registration with either the chamber of commerce or industry; (e) a lease contract (stamped by the GAM); (f) a planning location map (issued by the GAM); and (g) an occupation permit (issued by the GAM).

Sixth, for certain occupations, a representative of the Ministry of Health may conduct a health inspection at the company headquarters.

Seventh, if the company's premises is 150 sq. m. or more, or in certain professions requiring civil defense measures, the GAM sends a letter by fax to the Civil Defense Directorate. If all relevant details required to conduct an inspection are included, and if the Directorate does not respond or conduct an inspection within 4 days, the GAM grants the applicant the required vocational license with a caveat: the applicant must agree, in writing, that if the Civil Defense Department approval is not granted, the vocational license renewal may be declined in a subsequent year.

Procedure 7 Inspection by municipality on safety and health

Time to complete: 1

Cost to complete: no charge

Comment:

Procedure 8 Register for social security

Time to complete: 1

Cost to complete: no charge

Comment: Every business must register with the social security authorities and submit, on a monthly basis, the social security contributions for its employees.

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

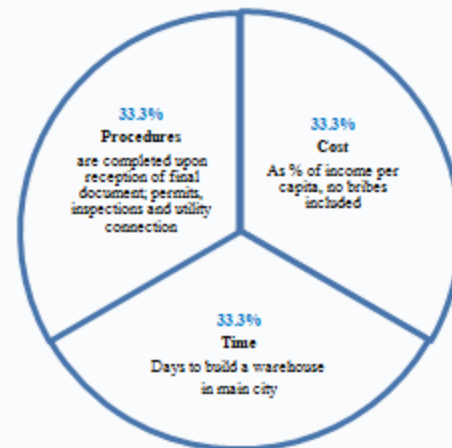
The warehouse:

- 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

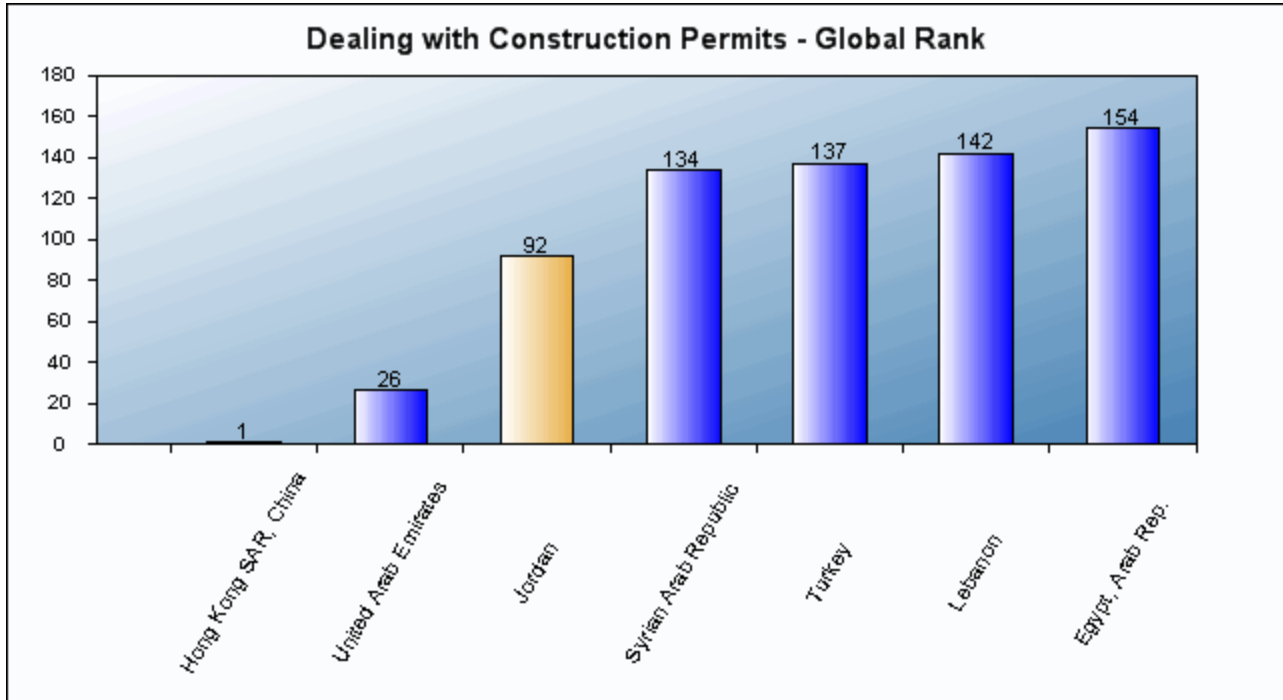
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Jordan is ranked 92 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Jordan 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	

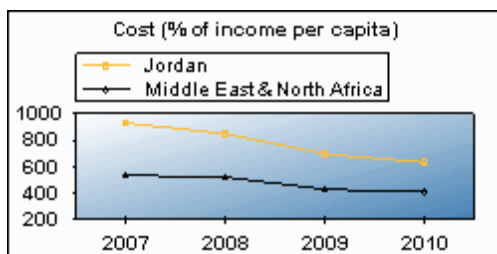
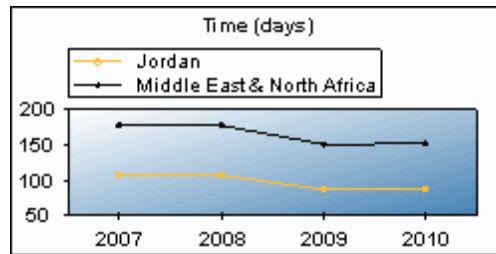
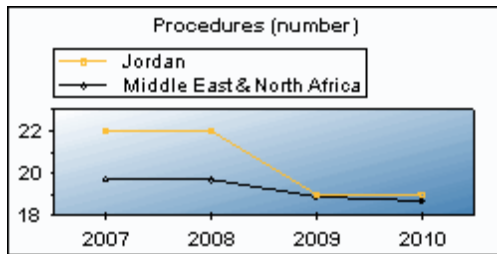
<i>Selected Economy</i>			
Jordan	19	87	634.1

<i>Comparator Economies</i>			
Egypt, Arab Rep.	25	218	293.7
Lebanon	21	218	284.7
Syrian Arab Republic	26	128	568.4
Turkey	25	188	231.4
United Arab Emirates	17	64	35.8

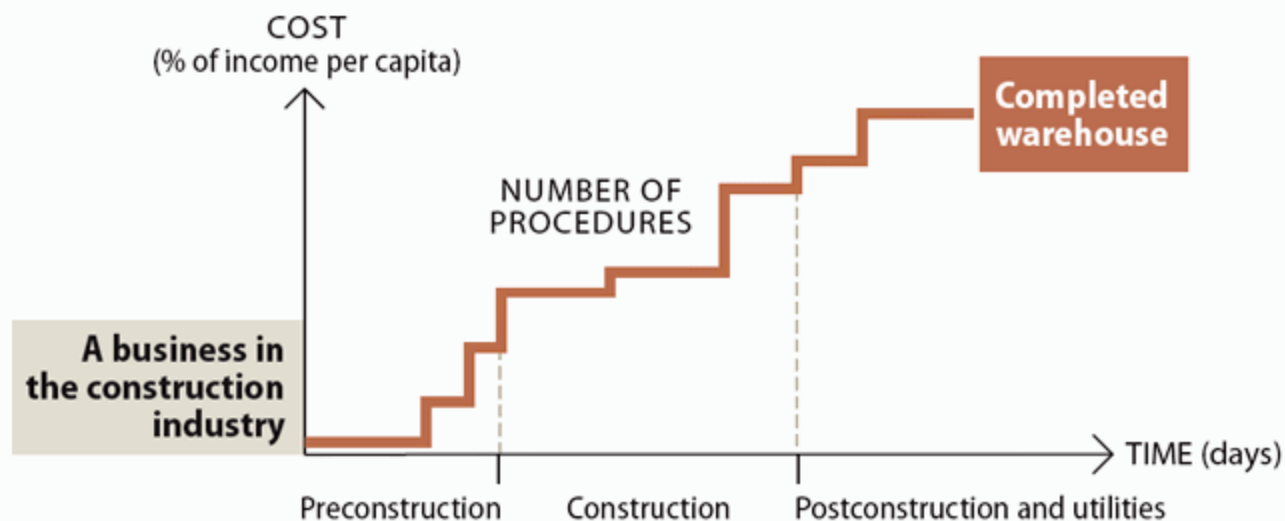
2. Historical data: Dealing with Construction Permits in Jordan

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	95	92
Procedures (number)	22	22	19	19
Time (days)	107	107	87	87
Cost (% of income per capita)	930.3	849.0	697.1	634.1

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

BUILDING A WAREHOUSE

City: Amman

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Receive soil examination by licensed engineering office	4 days	JOD 600
2	Obtain location (land use) permit from the Greater Amman Municipality	1 day	JOD 8
3	Obtain approval of project design drawings by the Engineering Association	3 days	JOD 6,503
4	Apply for building permit from the Greater Amman Municipality	1 day	no charge
5	Obtain project clearance on fire safety from Civil Defense Directorate	2 days	no charge
6	Receive inspection by the City Development Department of the Greater Amman Municipality	1 day	no charge
7	Obtain building permit from Greater Amman Municipality	14 days	JOD 3,253
8	Sign a contract with an authorized engineering office for inspections of the construction site	1 day	JOD 4,747

9	Apply for occupancy permit at the Greater Amman Municipality	1 day	no charge
10	Receive inspection of completed works from Civil Defense Directorate	1 day	no charge
11	Receive final approval from Civil Defense Directorate	2 days	no charge
12	Receive inspection of completed works from Greater Amman Municipality	1 day	no charge
13	Obtain occupancy permit	14 days	no charge
14	Apply for electricity connection from Jordan Electricity Company	1 day	JOD 100
15 *	Apply for water connection from Jordan Water Authority	1 day	no charge
16	Receive electricity inspection and obtain electricity connection	39 days	no charge
17 *	Receive water and sewerage inspection	1 day	no charge
18	Obtain water and sewerage connection	15 days	JOD 2,335
19	Obtain fixed telephone line	7 days	JOD 150

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Jordan

Procedure 1 Receive soil examination by licensed engineering office

Time to complete:	4 days
Cost to complete:	JOD 600
Agency:	Licensed Engineering Office
Comment:	A soil examination is required before construction work can begin.

Procedure 2 Obtain location (land use) permit from the Greater Amman Municipality

Time to complete:	1 day
Cost to complete:	JOD 8
Agency:	Greater Amman Municipality
Comment:	BuildCo must submit a zoning drawing of the land on which the establishment will be built. Five copies of the zoning drawing and the land registration deed should be provided. The location of the land must be in the industrial areas of Amman.

Procedure 3 Obtain approval of project design drawings by the Engineering Association

Time to complete:	3 days
Cost to complete:	JOD 6,503
Agency:	Engineering Association
Comment:	To obtain approval of project design drawings, BuildCo submits the blueprints to the Engineering Association. The contract with the architect who performed the design should be attached. The application and attachments are then referred to the appropriate departments within the Engineering Association for review, and after maximum 7 days, the blueprints are approved by the association, subject to the payment of a security deposit for the appointment an engineer to supervise the execution of the project and to settle the fees due the association when the area to be built exceeds 200 square meters. The Engineering Association also calculates the sales tax due on the design contract (to be collected by the Amman Greater Municipality). The cost consists of (a) JOD 0.010 per square meter (as fees for reviewing the designs); (b) JOD 0.030 per square meter (as a contribution out of the design fees); (c) JOD 0.005 (5 fils) per square meter out of the supervision fees. A total of JOD 0.045 per square meter is paid.

Procedure 4 Apply for building permit from the Greater Amman Municipality

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Greater Amman Municipality
Comment:	All drawings must be submitted to the Greater Amman Municipality. Drawings should be compatible with the regulations and instructions. Architecture designs, civil engineering designs, and mechanical designs, including heating, conditioning, and water pipes, must

also be submitted. The plans are verified and sent to the local building committee to be discussed. After the approval is issued, the plan is sent to the inspectors for examination. The inspectors have the right to object.

Procedure 5 Obtain project clearance on fire safety from Civil Defense Directorate

Time to complete: 2 days

Cost to complete: no charge

Agency: Civil Defense Directorate

Comment: The Civil Defense Directorate stamps the application as part of the procedure for obtaining a building permit.

Procedure 6 Receive inspection by the City Development Department of the Greater Amman Municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Greater Amman Municipality

Comment:

Procedure 7 Obtain building permit from Greater Amman Municipality

Time to complete: 14 days

Cost to complete: JOD 3,253

Agency: Greater Amman Municipality

Comment: A one-stop shop for building permits for certain categories of buildings has just become operational at the Greater Amman Municipality (GAM). The one-stop shop in GAM began handling building permit applications for projects in high-density, mixed-use areas; intensive development corridors, and industrial zones in 2008. In 2009, the GAM one-stop show also began accepting building permit application for simpler commercial construction projects for commercial zones. As a result, builders in Amman now have another option for obtaining building approvals. Builders can either apply through local or district municipalities (where the one-stop shop system has yet to be implemented) or through the GAM one-stop shop which affords them a more streamlined process.

Most recently, the Jordan Water Authority and Jordan Electricity Company have committed to faster approval times for building plans. These new internal deadlines also helped to shorten the overall time to obtain a building permit from the GAM one-stop shop from 28 days on average to 14 days

Before a building permit is issued, a lump-sum refundable fee of JOD 1,000 must be paid for the removal of any debris (JOD 990 will be refunded). The building permit is valid for 2 years.

Procedure 8 Sign a contract with an authorized engineering office for inspections of the construction site

Time to complete: 1 day

Cost to complete: JOD 4,747

Agency: Authorized independent engineer

Comment: An engineering office is in charge of supervising the project. The municipality does not send inspectors to examine the construction. However, inspectors are sent to the site to ensure that there are no violations of the building permit. There is no limit on the number of visits, but they may not occur at all.

Procedure 9 Apply for occupancy permit at the Greater Amman Municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Greater Amman Municipality

Comment: After completing construction, BuildCo must submit an application to the municipality of Amman (GAM) to obtain an occupancy permit. A representative of the municipality conducts an inspection to verify surrounding areas and the parking situation. There is a fine of JOD 30 for buildings with irregularities. Upon receiving the request for an occupancy permit, GAM forwards a notification to the Civil Defense Directorate to inspect and give their approval.

Procedure 10 Receive inspection of completed works from Civil Defense Directorate

Time to complete: 1 day

Cost to complete: no charge

Agency: Civil Defense Directorate

Comment: After the completion of construction, the owner, engineering office, or contractor, as agreed, notifies the Civil Defense Directorate that the work has been completed, and requests examination and granting of all the necessary approvals. The Civil Defense Directorate inspects the premises and grants an approval, which is required for obtaining an occupancy permit.

Procedure 11 Receive final approval from Civil Defense Directorate

Time to complete: 2 days

Cost to complete: no charge

Agency: Civil Defense Directorate

Comment:

Procedure 12 Receive inspection of completed works from Greater Amman Municipality

Time to complete: 1 day

Cost to complete: no charge

Agency: Greater Amman Municipality

Comment:

Procedure 13 Obtain occupancy permit

Time to complete: 14 days

Cost to complete: no charge

Agency: Greater Amman Municipality

Comment:

Procedure 14 Apply for electricity connection from Jordan Electricity Company

Time to complete: 1 day

Cost to complete: JOD 100

Agency: Jordan Electricity Company

Comment: An application form is submitted to Jordan Electricity Company. The following documents are attached to the application: - Proof of the authority of the person signing the application on behalf of the company. - Property deed. - A land map (issued by the Land Registration Department. - Planning Location Map (issued by Greater Amman Municipality, GAM). - Occupancy permit. - Vocational license issued by the GAM. The exact address of the premises is given to the Jordan Electricity Company in addition to the number of an electricity meter situated in the same street/area (or a copy of an electricity bill) to enable them to identify the closest connection point.

Procedure 15 Apply for water connection from Jordan Water Authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Water Authority of Jordan (WAJ)

Comment: An application form is submitted to Jordan Water Authority (WAJ). The following documents are attached to the application: - Registration certificate of the company and a certificate naming the persons authorized to sign on behalf of the company. - Planning location map (issued by the GAM). - Property deed. - Occupancy permit. The exact address of the premises is given to the WAJ, along with the number of a water meter situated in the same street/area (or a copy of a water bill) in order to enable them to identify the closest connection point. The WAJ conducts an inspection within 14 days and then charges the fees and makes the connection.

Procedure 16 Receive electricity inspection and obtain electricity connection

Time to complete: 39 days

Cost to complete: no charge

Agency: Jordan Electricity Company

Comment: The Jordan Electricity Company reviews the application and conducts an inspection within 21 days and then charges the fees and makes the connection. After the inspection, the company pays the fees determined during inspection.

Procedure 17 Receive water and sewerage inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Water Authority of Jordan (WAJ)

Comment:

Procedure 18 Obtain water and sewerage connection

Time to complete: 15 days

Cost to complete: JOD 2,335

Agency: Water Authority of Jordan (WAJ)

Comment: The cost of water and sewerage connections depends on the contractor and does not include the connections and pipes inside the warehouse. The cost includes a stamp duty of JOD 10, a JOD 275 connection fee (for all buildings larger than 100 square meters), and the price of the water meter.

Procedure 19 Obtain fixed telephone line

Time to complete: 7 days

Cost to complete: JOD 150

Agency: Jordan Telecom

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)

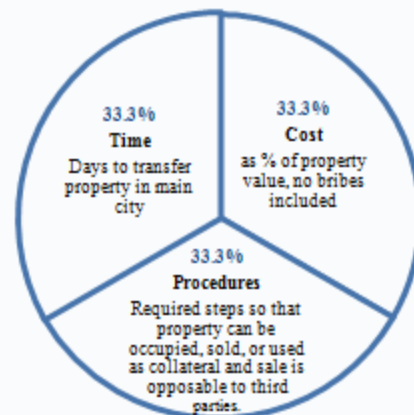
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

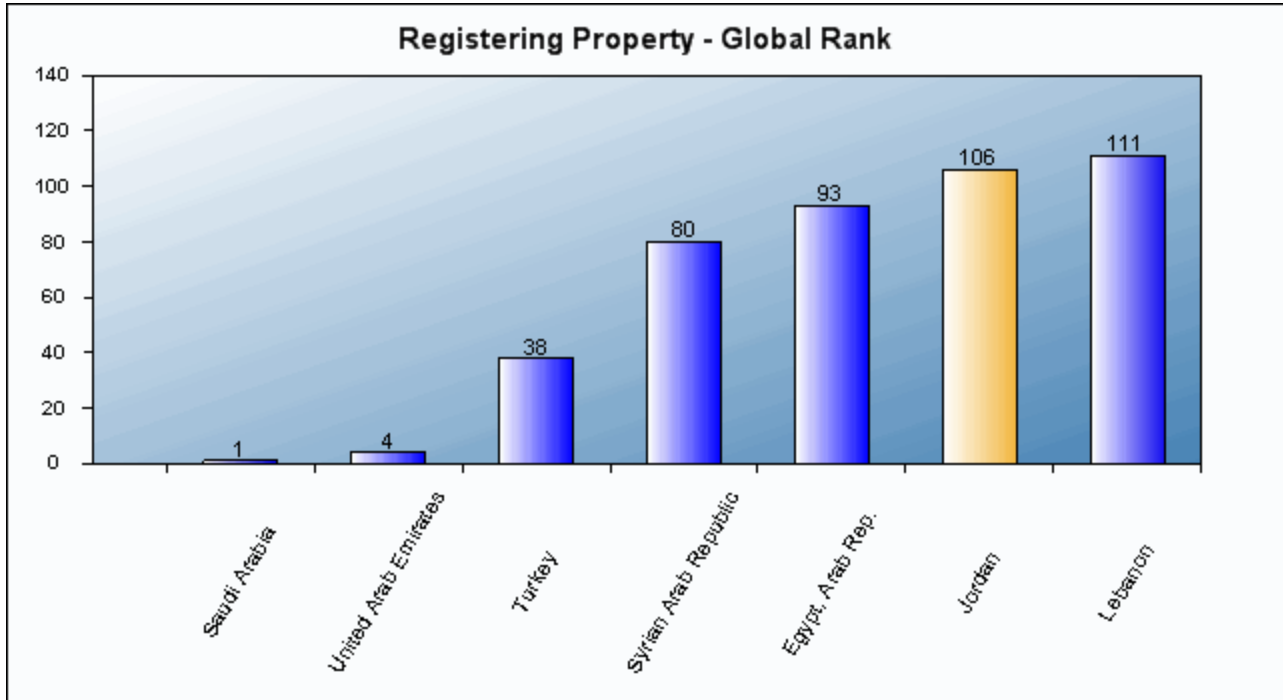
The property (fully owned by the seller):

- 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:

Jordan is ranked 106 overall for Registering Property.

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



The following table shows Registering Property data for Jordan 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>			
Jordan	7	21	7.5

<i>Comparator Economies</i>			
Egypt, Arab Rep.	7	72	0.8
Lebanon	8	25	5.8
Syrian Arab Republic	4	19	27.9
Turkey	6	6	3.0
United Arab Emirates	1	2	2.0

* The following economies are also good practice economies for :

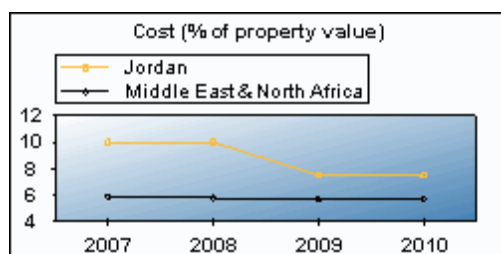
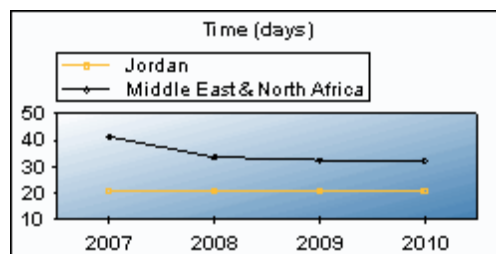
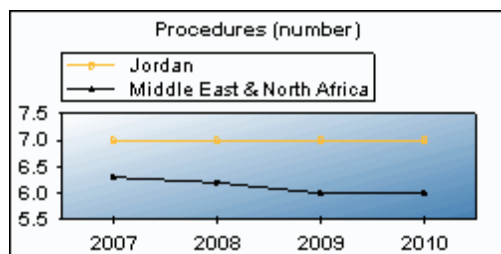
Procedures (number): United Arab Emirates

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

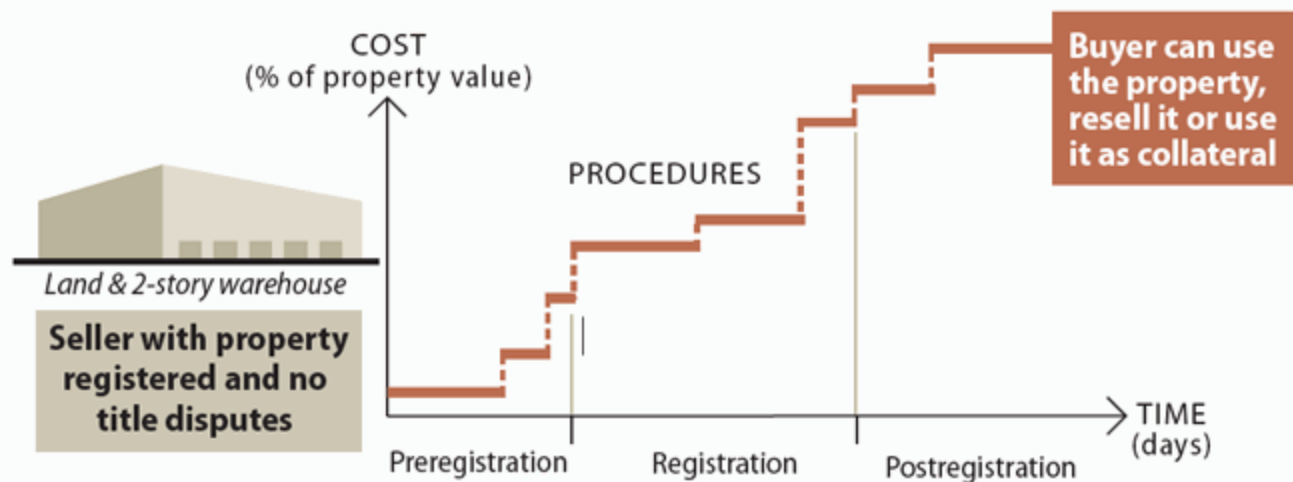
2. Historical data: Registering Property in Jordan

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	106	106
Procedures (number)	7	7	7	7
Time (days)	21	21	21	21
Cost (% of property value)	10.0	10.0	7.5	7.5

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

STANDARDIZED PROPERTY

Property Value: 139,539.37

City: Amman

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a sale form, certificate of ownership and a cadastral map from the Land and Survey Directorate	8 - 12 days	JOD 6.55 for property deed; JOD 3.5 for land map; JOD 10 for zoning map
2	Obtain from the Local Municipality a copy of the Zoning Map for the district and a Contravention Clearance Statement on the official sale form	3 days	JOD 10 (included in previous)
3	Obtain building tax clearance from the relevant Municipality	1 day	no cost
4	Present the file to the Land Department to request the transfer of ownership of the property to the buyer	1 day	no cost
5	Field Inspection by the state architect and assessment of the property value	4 days	no cost
6	Pay fees and conduct sale hearing session at Head of Land Registration Department	1 day	7.5% property value
7	Final transfer of property and issuance of a new ownership certificate	1 day	already paid in procedure 6



Registering Property Details - Jordan

Procedure	1	Obtain a sale form, certificate of ownership and a cadastral map from the Land and Survey Directorate
Time to complete:		8 - 12 days
Cost to complete:		JOD 6.55 for property deed; JOD 3.5 for land map; JOD 10 for zoning map
Agency:		Land and Survey Directorate
Comment:		<p>The standard form is readily available. The land is also already registered in Land Registry with an updated certificate of ownership and a cadastral map. The clerk has only to make a copy of these documents and certify them as official copies.</p> <p>After the issuance of the Sale Form, the director of the Land and Survey Directorate sends a letter to the office of the finance minister asking that the Minister approve the company's request to buy land.</p> <p>The procedure consists of: (i) filling in the application at the Land and Survey Directorate , (ii) recording the sale application in a record kept by the Land and Survey Directorate, (iii) filling in the sale form according to the information provided by the parties concerned including ascertaining that there are no obstacles that would obstruct the sale at a later stage of the procedures, and (iv) requesting from the Land and Survey Directorate to send a letter addressed to the Minister of Finance soliciting his approval on the sale.</p> <p>The documents to be submitted with the application are as follows: (i) a property deed, (ii) A Land Map, (iii) a Zoning Map, (iv) a clearance from the Property Tax Department in the Greater Amman Municipality , (v) a clearance from the Greater Amman Municipality on all planning taxes due on property, (vi) a certificate evidencing that the persons signing the sale/purchase are authorized on behalf of the seller/buyer, and a copy of their ID cards.</p> <p>The Company's statute must clearly state that the company can own lands, even if owning lands is not the company's main objective and even if the company tends to own land to achieve other stated objectives in its founding statutes. Many lawyers always include, when drafting the company's statutes, the right to own land. In case the company does not have this objective clearly stated in its statutes, an extraordinary session of shareholders should be invited to amend the company's regime for this purpose. The new statutes had to be taken to the Ministry of Trade and Industry to obtain the final clearance (simple administrative procedure), but according to recent practice, this is no longer required by the Land Registry. In addition to the above it is necessary to have a certificate evidencing that the person signing the sale/purchase is authorized on behalf of the seller/buyer, as well as a copy of their ID cards.</p>
Procedure	2	Obtain from the Local Municipality a copy of the Zoning Map for the district and a Contravention Clearance Statement on the official sale form
Time to complete:		3 days
Cost to complete:		JOD 10 (included in previous)
Agency:		Municipality
Comment:		The parties should also ask the municipal official to sign a statement (free of cost) on the official form of sale previously obtained from the Land and Survey Directorate, claiming that the property sold is not in contravention of any relevant law or regulation. In case the property was in contravention, a fine must be paid and the contravention removed.

The documentation shall include:
 The company's statute
 The Ministry of Trade and Industry Authorization (obtained in Procedure 1)
 Certificate of Property (obtained in Procedure 2)
 Official Sale Form (obtained in Procedure 2)
 Cadastral Map (obtained in Procedure 2)

Procedure 3 Obtain building tax clearance from the relevant Municipality

Time to complete: 1 day

Cost to complete: no cost

Agency: Municipality

Comment: The parties should take the official sale form with all the documents stated above to the Ministry of Finance and request the ministry to sign the statement on the form, assuring that the property does not have any unpaid building taxes. In case the building has unpaid taxes, they should be paid or else the sale cannot continue.

Procedure 4 Present the file to the Land Department to request the transfer of ownership of the property to the buyer

Time to complete: 1 day

Cost to complete: no cost

Agency: Land Department

Comment: The application is filed for registration at the competent Land Department. The Land department does not take the mentioned price of sale on its face value, but forwards the whole file to the division of "area statistics", which assesses the true value of the property. The registration fees are paid based only on this assessment.

Procedure 5 Field Inspection by the state architect and assessment of the property value

Time to complete: 4 days

Cost to complete: no cost

Agency: State Architect

Comment: An architect of the Land Department makes a physical inspection of the property and its premises. The architect must estimate the property's value, taking into consideration the cost of the building erected on the land and the rental value of the premises. The architect will then prepare a report where he provides the estimated value that should serve as basis for the registration fees and duties. If the parties are not satisfied with the results of the evaluation, they can reject the decision and petition the chairman of the land and property department, who will have the final say.

Procedure 6 Pay fees and conduct sale hearing session at Head of Land Registration Department

Time to complete: 1 day

Cost to complete: 7.5% property value

Agency: Land Registration Department

Comment: After the cadastral value of the property is determined, the registration fee must be paid according to the evaluation made by the land and property department. The fee was reduced on May 25 2009 according to decision from Council of Ministers in a letter addressed from the General Manager of Lands and Survey Department/ Ministry of Finance (LSD) to the Ministry of Planning and International Cooperation (MoP) (used to be 10% in which the buyer pays 6% and the seller 4% if the parties did not decide on another scheme). The registration fee is paid at the Lands Department.

Also, all apartment of less than 120 meter will be permanently exempted the registration fees (previously there was a temporary exemption). Properties exceeding 300 meter have to pay full registration fees. For properties between 120 meter to 300 meter, only the size exceeding 300 meters should be paid.

There were discussions in the government to pass a new tax law in the last few months, but finally the law project was withdrawn from Parliament. The projects discussed lowering the fee to 6 or 7%.

The sale agreement is presented to the chairman of the land and property department and signed by the representatives of the two parties. The parties signing the agreement should be duly allowed to represent and engage the company. Two witnesses, other than the chairman, must also be present during the signing ceremony. The name of the seller will be deleted from the department's files and the new owner's name will be recorded.

Procedure 7 Final transfer of property and issuance of a new ownership certificate

Time to complete: 1 day

Cost to complete: already paid in procedure 6

Comment: A new certificate stating the name of the new owner will be issued and provided to the buyer.

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

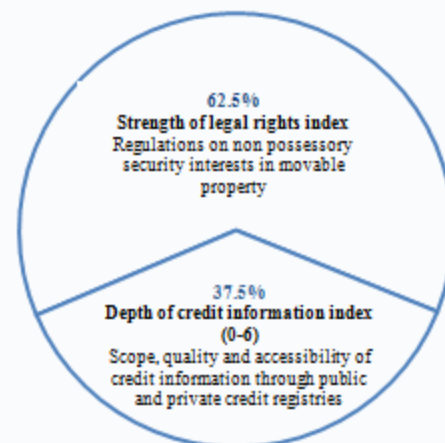
Public credit registry coverage (% of adults)

- 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)

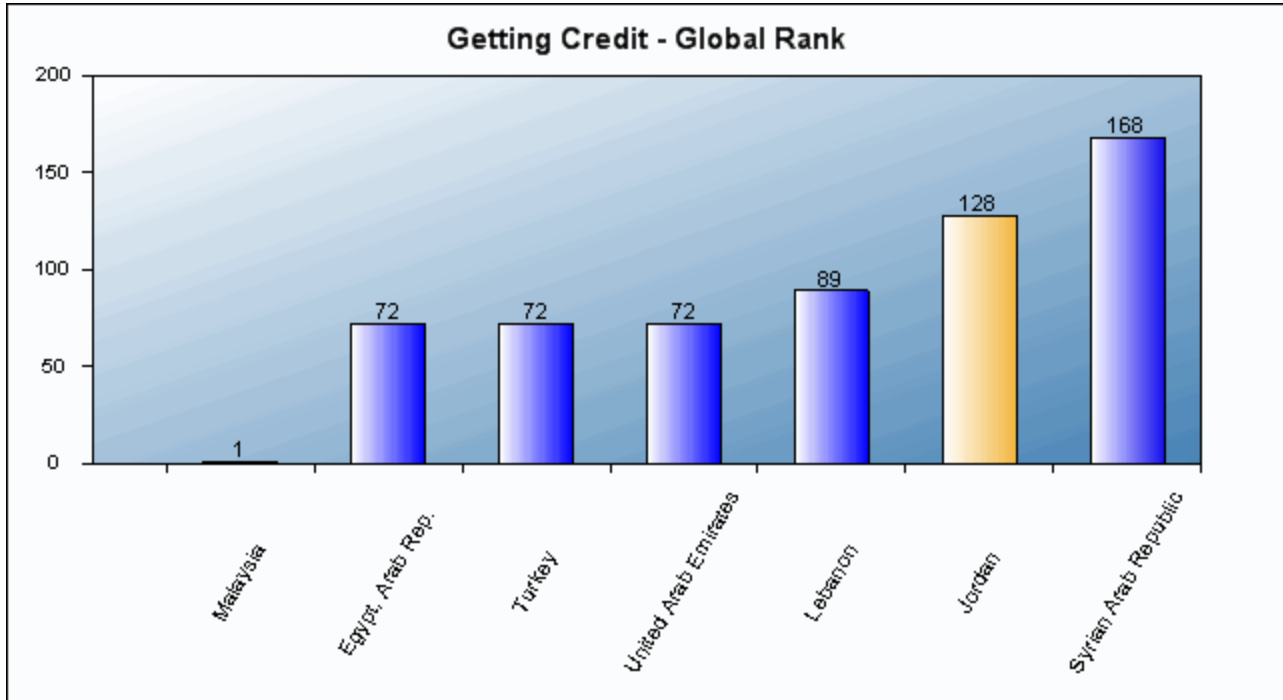
The Debtor

- 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:

Jordan is ranked 128 overall for Getting Credit.

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



The following table shows Getting Credit data for Jordan 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>				
Jordan	4	2	1.5	0.0

<i>Comparator Economies</i>				
Egypt, Arab Rep.	3	6	2.9	10.3
Lebanon	3	5	8.7	0.0
Syrian Arab Republic	1	2	2.2	0.0
Turkey	4	5	18.3	42.2
United Arab Emirates	4	5	8.4	17.7

* The following economies are also good practice economies for :

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

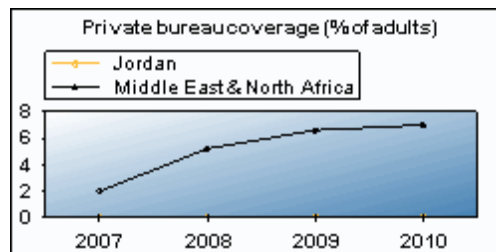
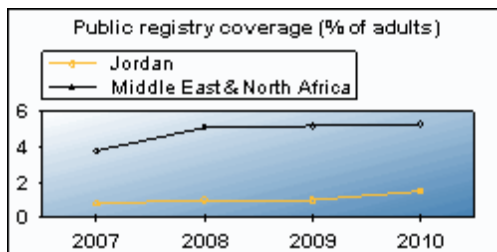
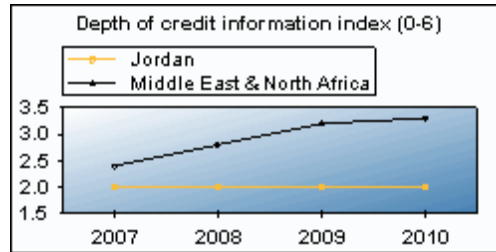
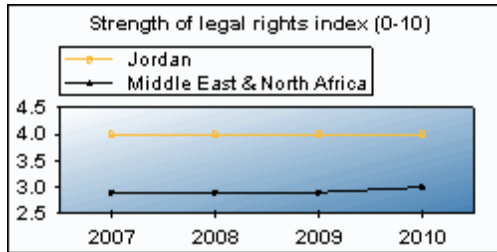
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

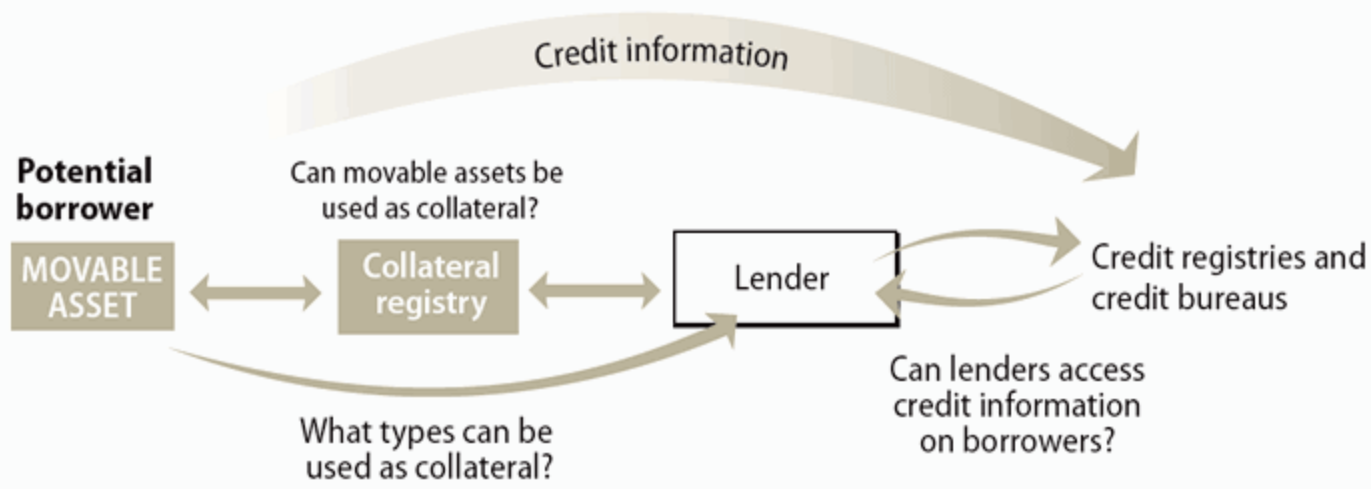
2. Historical data: Getting Credit in Jordan

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	125	128
Strength of legal rights index (0-10)	4	4	4	4
Depth of credit information index (0-6)	2	2	2	2
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	0.8	1.0	1.0	1.5

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	2
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	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	0.0	1.5	
Number of individuals		0	..
Number of firms		0	..

Strength of legal rights index (0-10)**4**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	No
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 ?	No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	Yes
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	Yes
Does the law authorize parties to agree on out of court enforcement?	No

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)

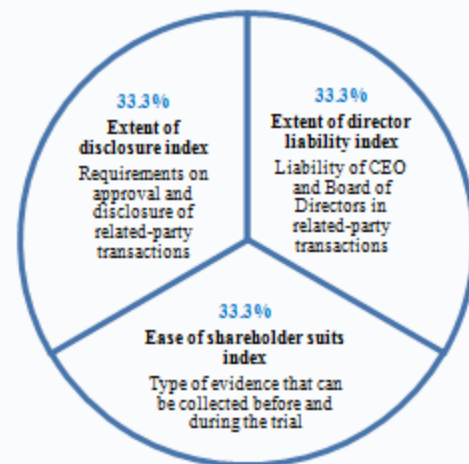
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

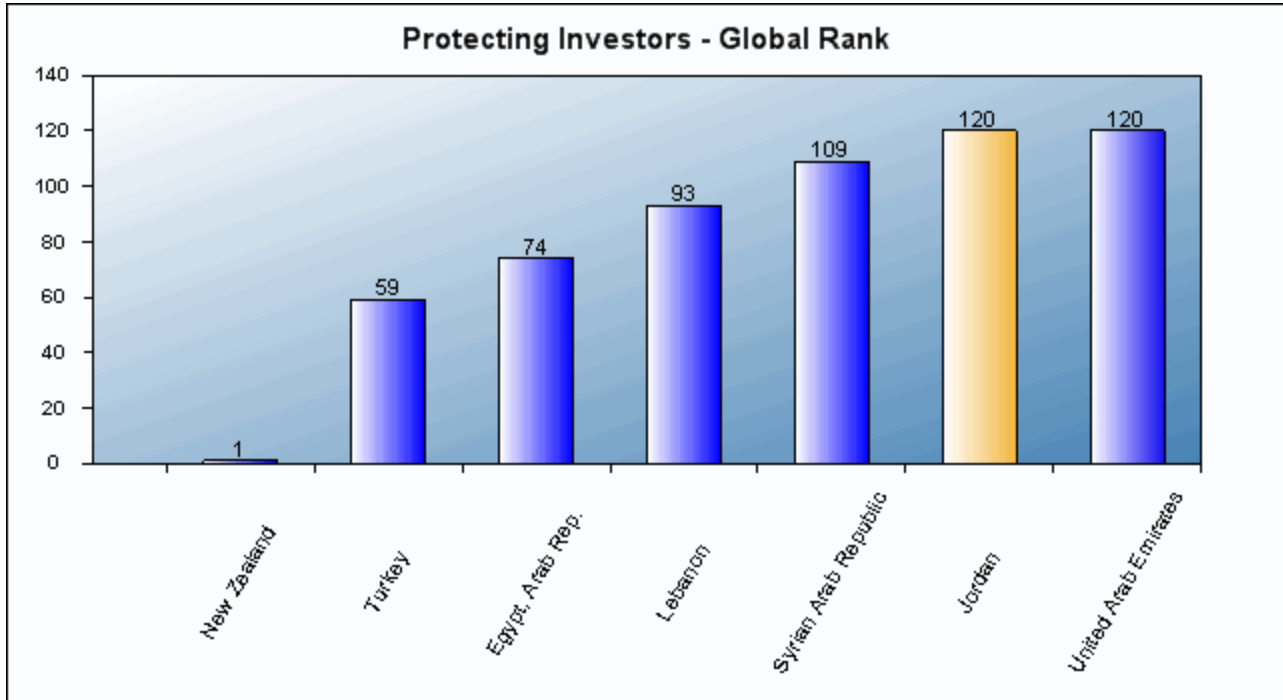
The transaction

- 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:

Jordan is ranked 120 overall for Protecting Investors.

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



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

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

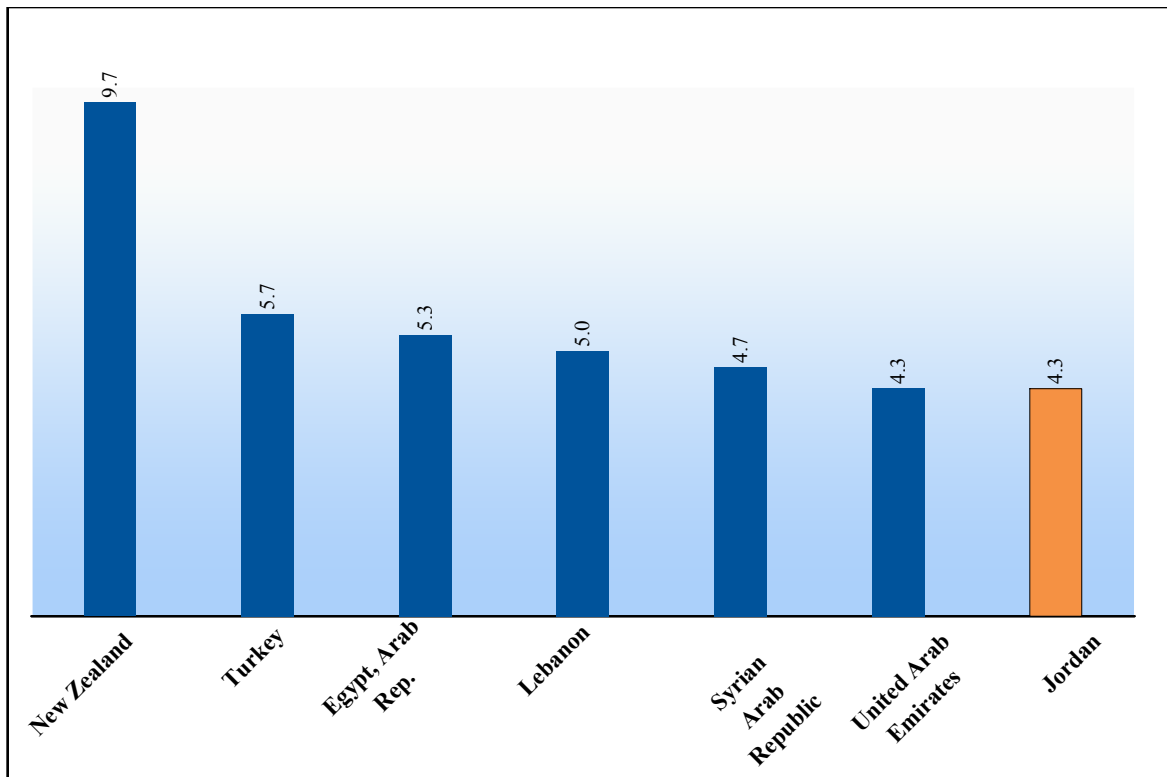
<i>Selected Economy</i>	
Jordan	4.3

<i>Comparator Economies</i>	
Egypt, Arab Rep.	5.3
Lebanon	5.0
Syrian Arab Republic	4.7
Turkey	5.7
United Arab Emirates	4.3

2. Historical data: Protecting Investors in Jordan

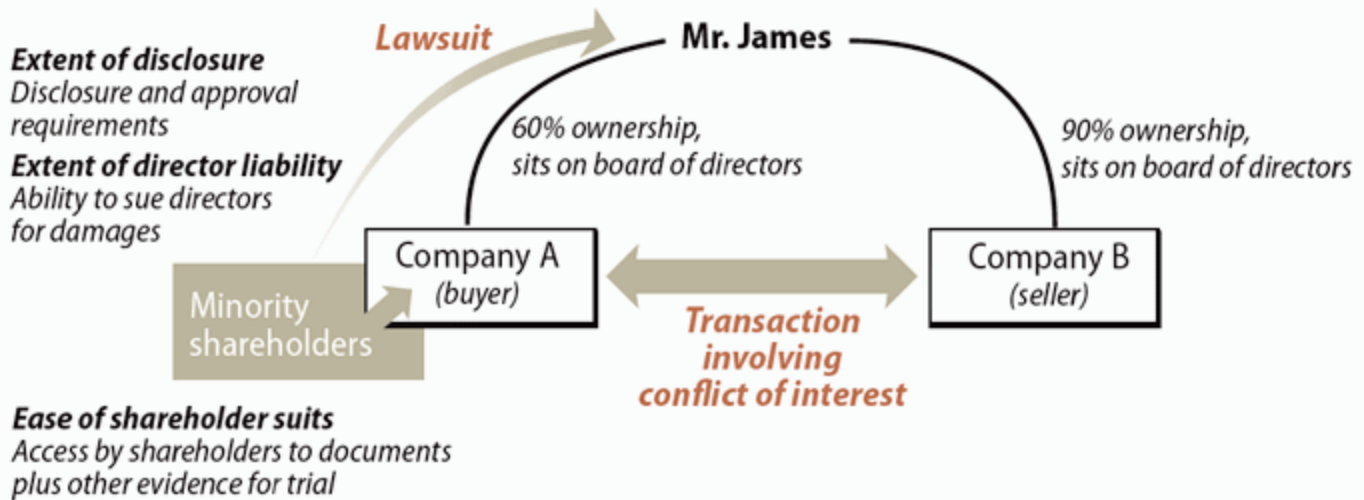
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	119	120
Strength of investor protection index (0-10)	4.3	4.3	4.3	4.3

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	5
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	4
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?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	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)	4
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	4.3

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)

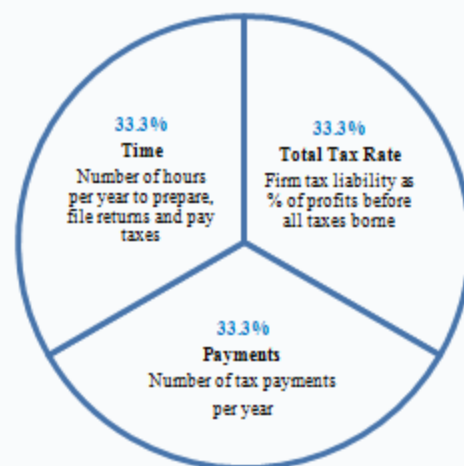
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



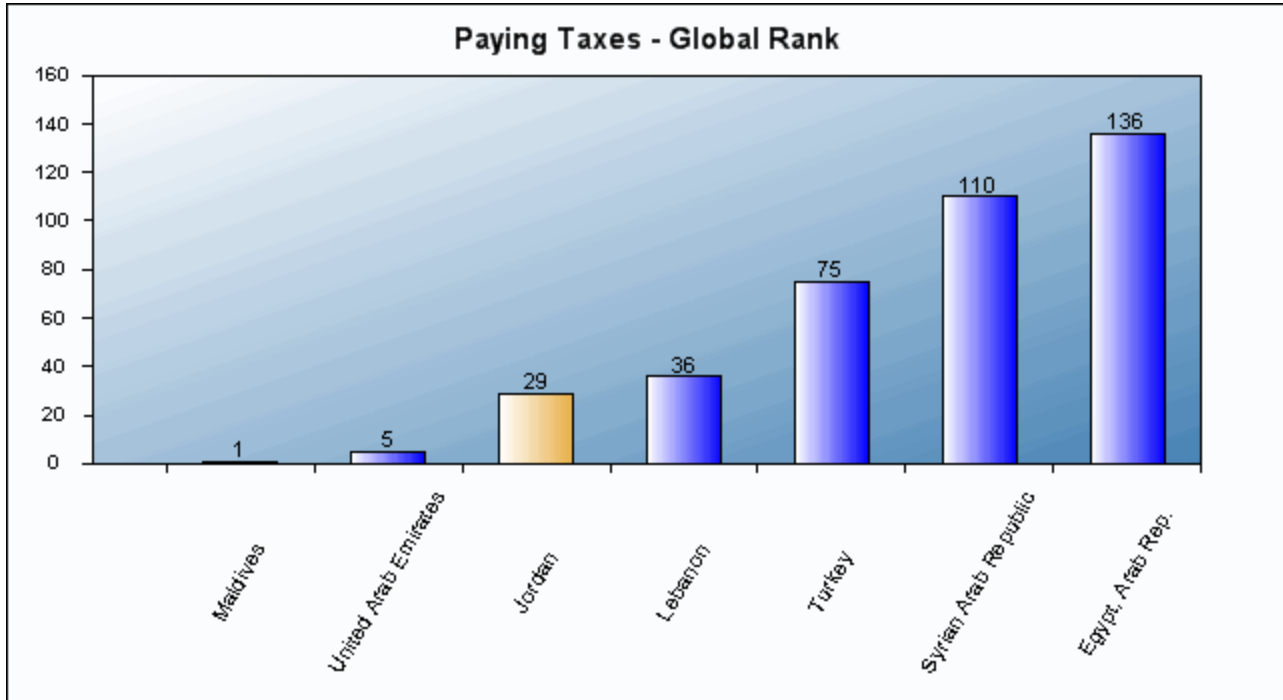
Case Study Assumptions

- 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:

Jordan is ranked 29 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Jordan 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>			
Jordan	26	101	31.2

<i>Comparator Economies</i>			
Egypt, Arab Rep.	29	433	42.6
Lebanon	19	180	30.2
Syrian Arab Republic	20	336	42.9
Turkey	15	223	44.5
United Arab Emirates	14	12	14.1

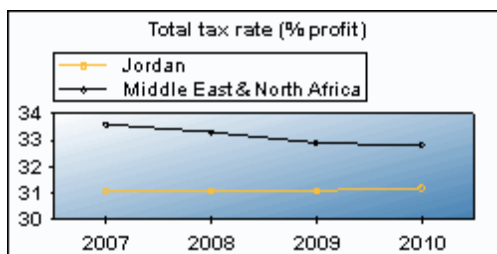
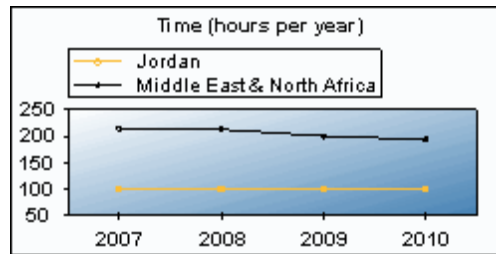
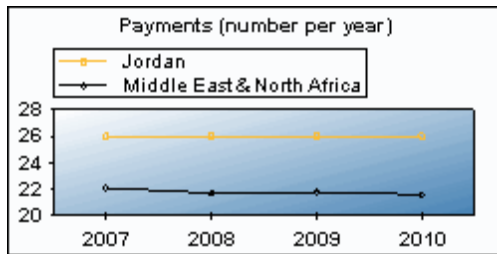
* The following economies are also good practice economies for :

Payments (number per year): Qatar

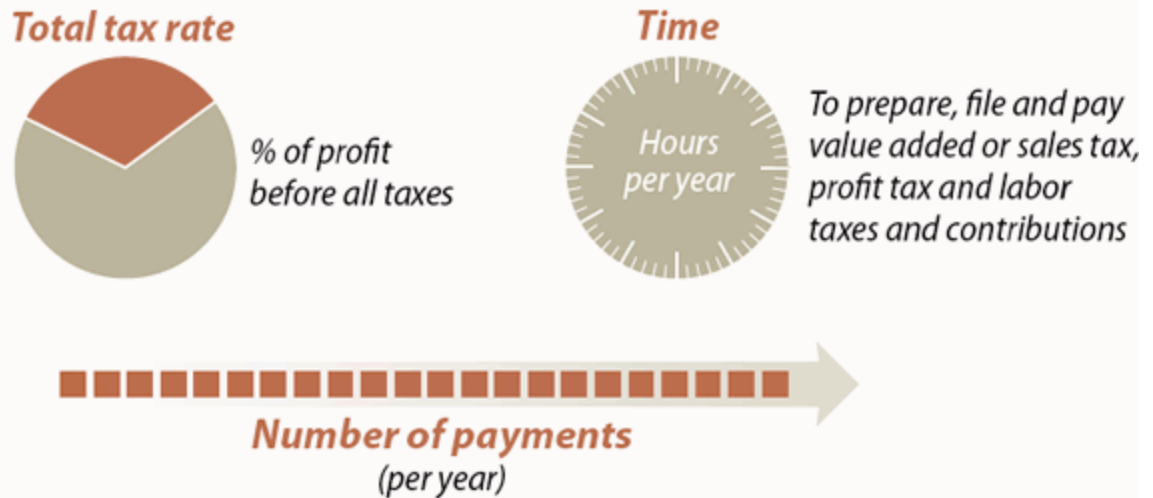
2. Historical data: Paying Taxes in Jordan

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	26	29
Total tax rate (% profit)	31.1	31.1	31.1	31.2
Payments (number per year)	26	26	26	26
Time (hours per year)	101	101	101	101

3. The following graphs illustrate the Paying Taxes sub indicators in Jordan 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 Jordan, 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
GST (VAT)	6		36	16.0%	value added		
Stamp duty	1			0.3% to 0.6%	contract value		
Fuel tax	1						
Tax on interest	0	withheld		5.0%	interest income	0.10	
Municipal business tax	1			fixed fee (JOD 200)		0.20	
Vehicle tax	1			fixed fee (JOD 500)		0.50	
Property tax	1			10% (there's an 8% discount is the tax is paid ahead)	assessed annual rental value	0.50	
Educational & Vocational & Technical Training Support Fund on distributable funds	1			1.0%	distributable profit	0.80	

Property transfer tax	1		10% (the seller pays only 4%)	estimated property value	2.40
Social security contribution	12	60	11.0%	gross salaries	12.40
Corporate income tax	1	5	15.0%	taxable profit	14.40
Totals	26	101			31.2

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)

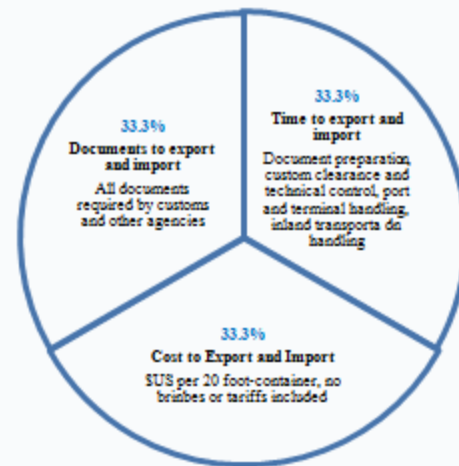
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

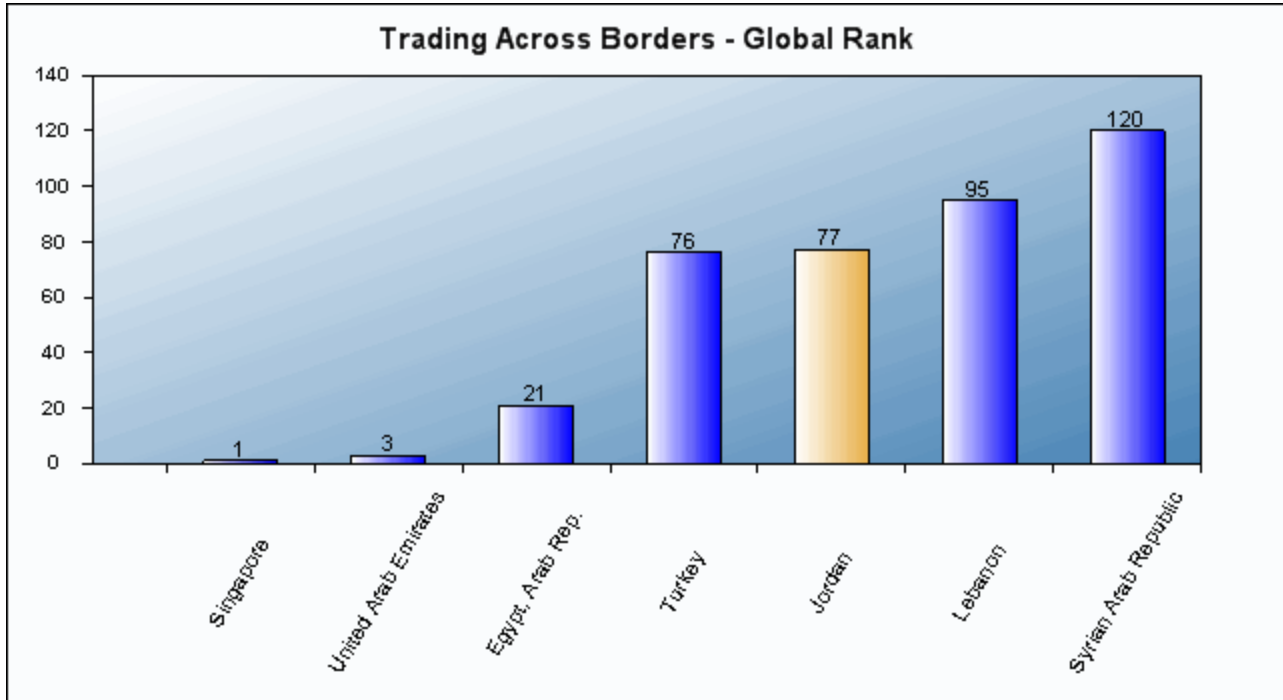
The traded product

- 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:

Jordan is ranked 77 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Jordan 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>						
Jordan	7	14	825	7	18	1335

<i>Comparator Economies</i>						
Egypt, Arab Rep.	6	12	613	6	12	698
Lebanon	5	26	1000	7	35	1200
Syrian Arab Republic	8	15	1190	9	21	1625
Turkey	7	14	990	8	15	1063
United Arab Emirates	4	7	521	5	7	542

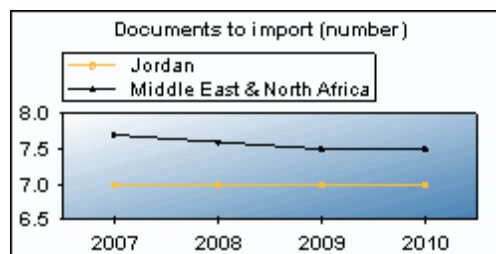
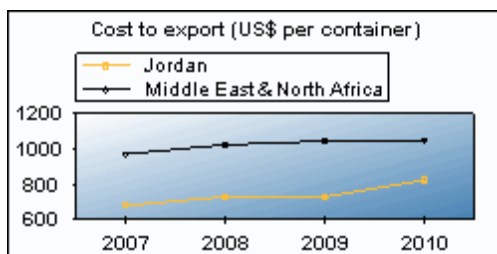
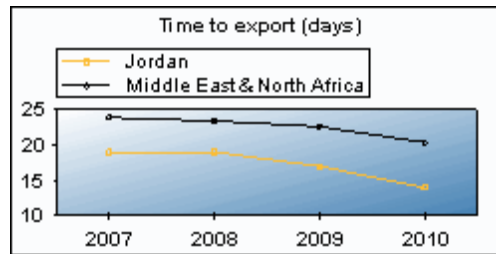
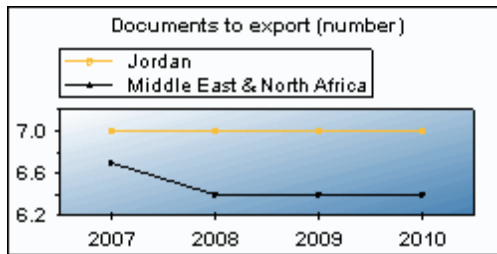
* The following economies are also good practice economies for :

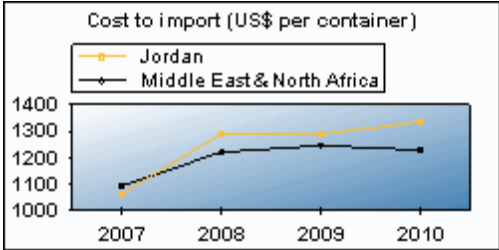
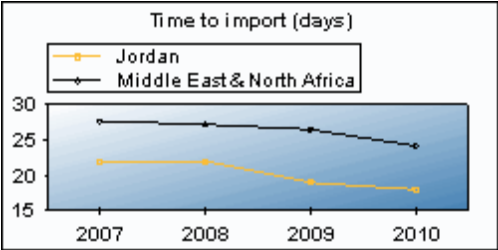
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Jordan

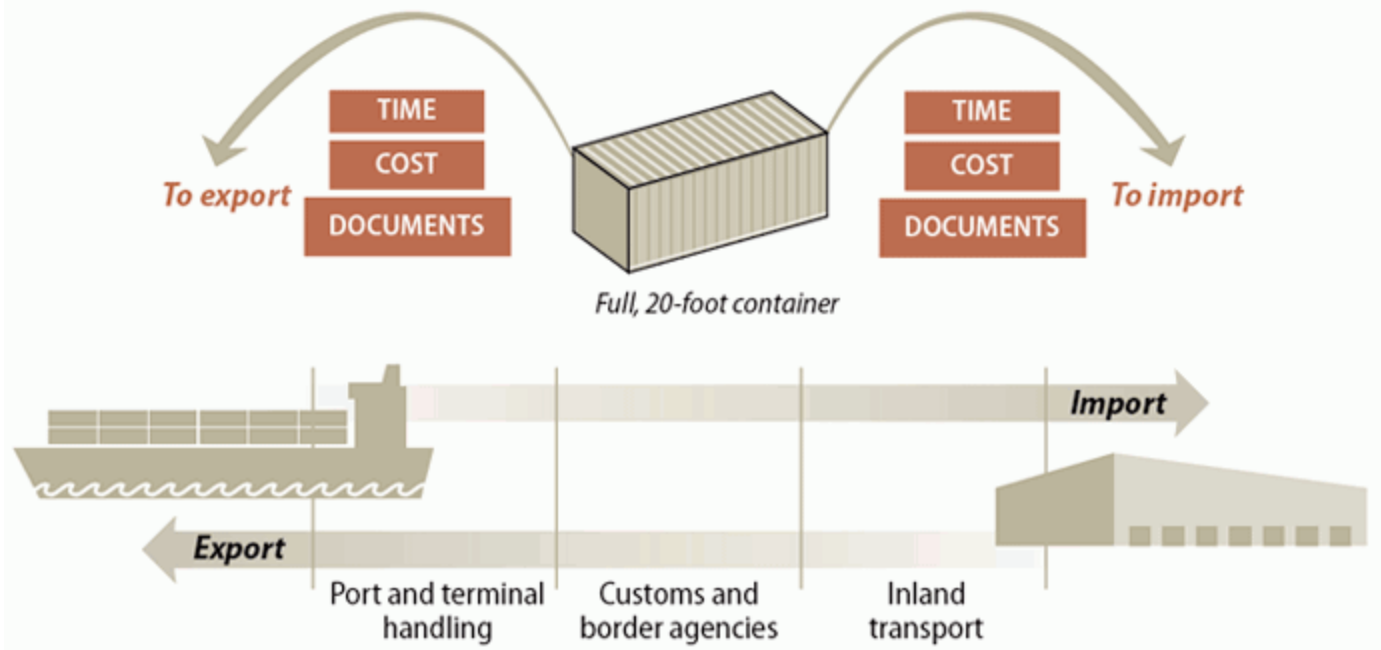
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	74	77
Cost to export (US\$ per container)	680	730	730	825
Cost to import (US\$ per container)	1065	1290	1290	1335
Documents to export (number)	7	7	7	7
Documents to import (number)	7	7	7	7
Time to export (days)	19	19	17	14
Time to import (days)	22	22	19	18

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	7	135
Customs clearance and technical control	2	80
Ports and terminal handling	3	110
Inland transportation and handling	2	500
Totals	14	825

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	290
Customs clearance and technical control	4	65
Ports and terminal handling	2	130
Inland transportation and handling	2	850
Totals	18	1335

Documents for Export and Import

Export

Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Consular invoice
Customs export declaration
Packing list

Import

Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Customs import declaration
Packing list
Technical standard/health certificate

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)

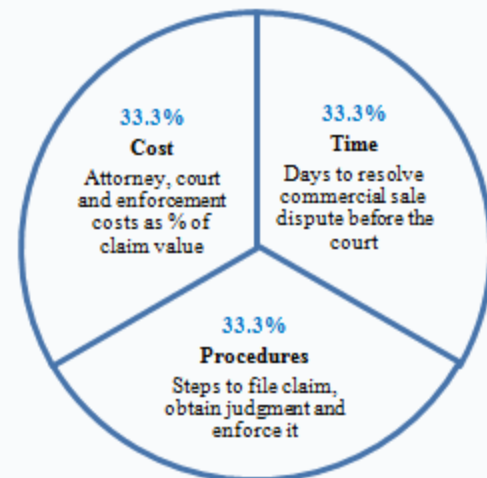
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

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



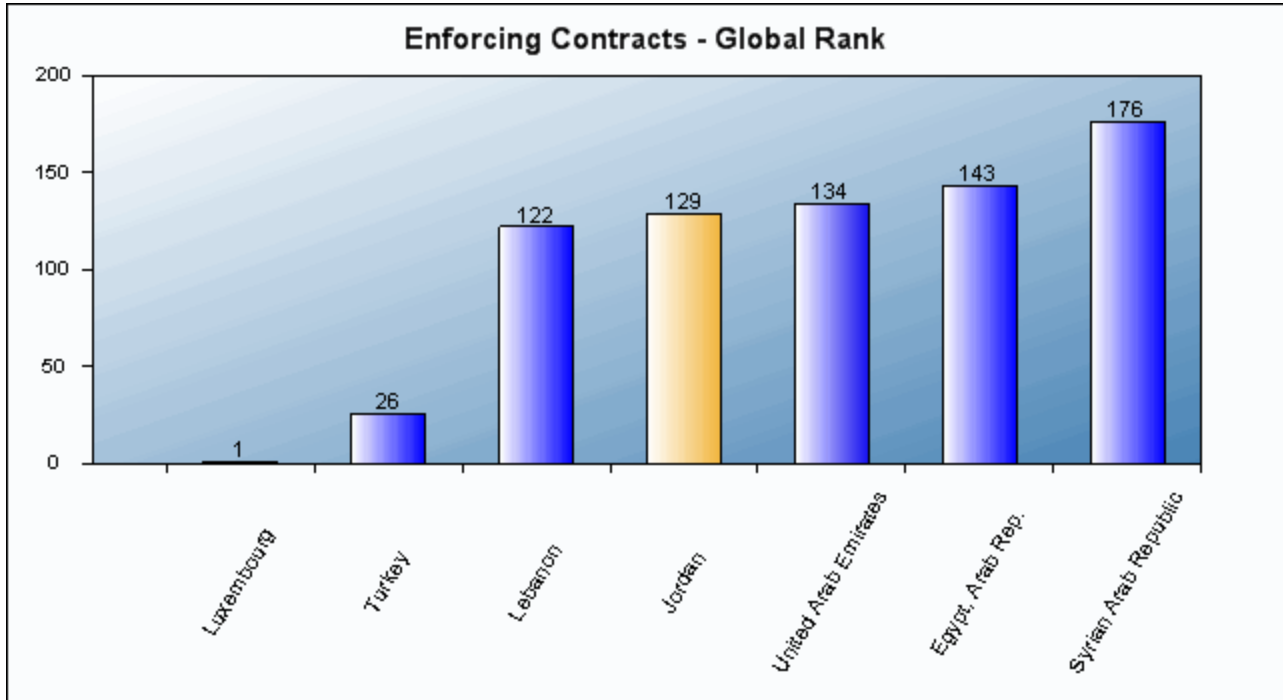
Case Study Assumptions

- 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:

Jordan is ranked 129 overall for Enforcing Contracts.

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



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

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

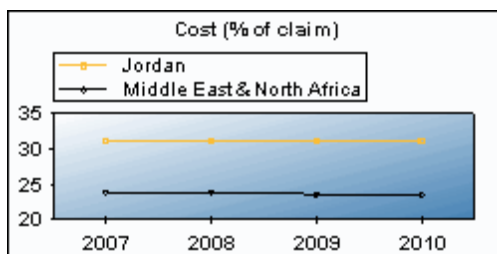
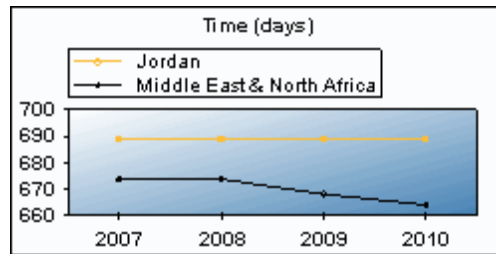
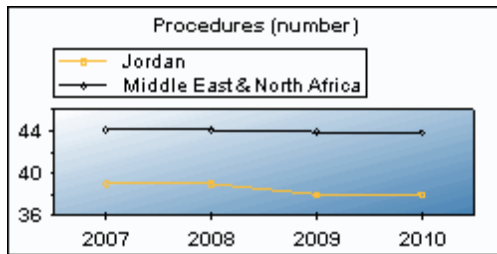
<i>Selected Economy</i>			
Jordan	38	689	31.2

<i>Comparator Economies</i>			
Egypt, Arab Rep.	41	1010	26.2
Lebanon	37	721	30.8
Syrian Arab Republic	55	872	29.3
Turkey	35	420	18.8
United Arab Emirates	49	537	26.2

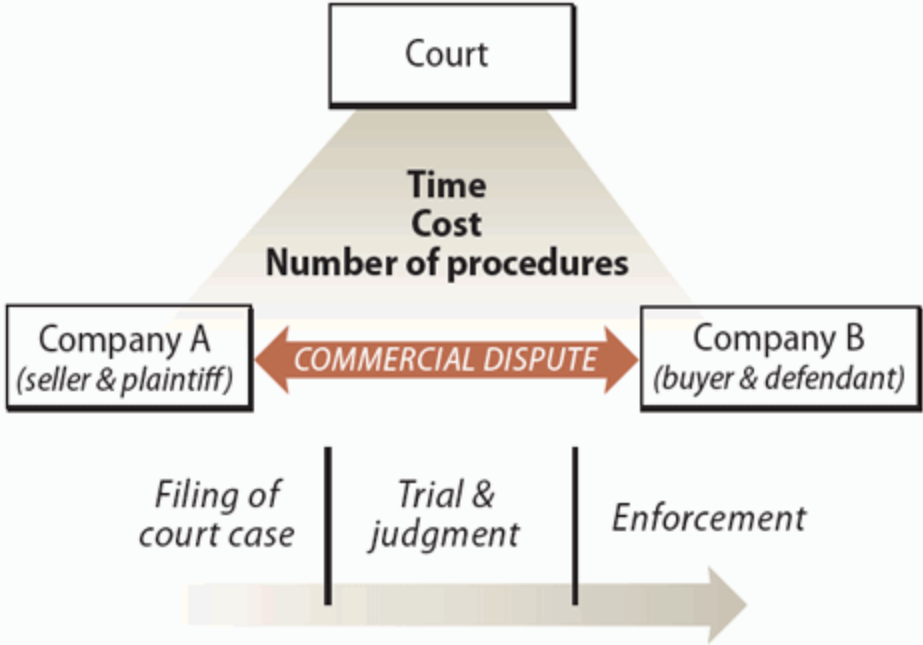
2. Historical data: Enforcing Contracts in Jordan

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	128	129
Procedures (number)	39	39	38	38
Time (days)	689	689	689	689
Cost (% of claim)	31.2	31.2	31.2	31.2

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

Nature of Procedure (2010)	Indicator
Procedures (number)	38
Time (days)	689
Filing and service	37.0
Trial and judgment	462.0
Enforcement of judgment	190.0
Cost (% of claim)*	31.20
Attorney cost (% of claim)	8.0
Court cost (% of claim)	8.2
Enforcement Cost (% of claim)	15.0

Court information: Amman Conciliation Court ("حكمة صلح عمان")

* 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)

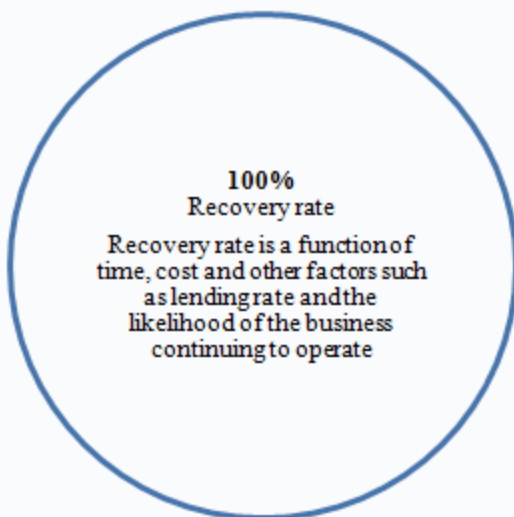
- Measured in calendar years
- Appeals and requests for extension are included

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:

Jordan is ranked 98 overall for Closing a Business.

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



The following table shows Closing Business data for Jordan 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>			
Jordan	26.9	4.3	9

<i>Comparator Economies</i>			
Egypt, Arab Rep.	17.4	4.2	22
Lebanon	19.8	4.0	22
Syrian Arab Republic	27.4	4.1	9
Turkey	21.1	3.3	15
United Arab Emirates	11.2	5.1	30

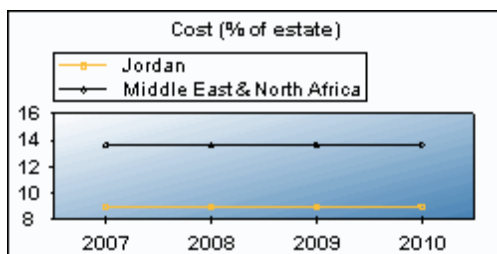
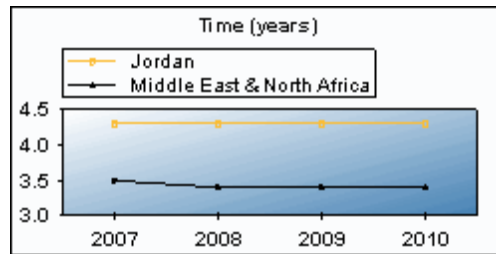
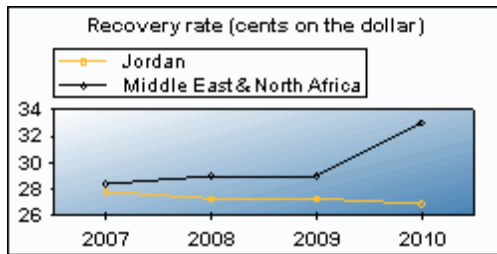
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Jordan

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	97	98
Time (years)	4.3	4.3	4.3	4.3
Cost (% of estate)	9	9	9	9
Recovery rate (cents on the dollar)	27.8	27.3	27.3	26.9

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
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.
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.
Jordan	Jordan improved its credit information system by setting up a regulatory framework for establishing a private credit bureau as well as lowering the threshold for loans to be reported to the public credit registry. Jordan abolished certain taxes and made it possible to file income and sales tax returns electronically.
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.
Lebanon	Lebanon increased the cost of starting a business. Lebanon improved its credit information system by allowing banks online access to the public credit registry's reports.
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.
Syrian Arab Republic	Syria eased business start-up by reducing the minimum capital requirement for limited liability companies by two-thirds. It also decentralized approval of the company memorandum. Syria enhanced access to credit by eliminating the minimum threshold for loans included in the database, which expanded the coverage of individuals and firms to 2.8% of the adult population.

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.
United Arab Emirates	The United Arab Emirates enhanced access to credit by setting up a legal framework for the operation of the private credit bureau and requiring that financial institutions share credit information. The United Arab Emirates streamlined document preparation and reduced the time to trade with the launch of Dubai Customs' comprehensive new customs system, Mirsal 2.
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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