

# Doing Business 2011

Kazakhstan

**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 Kazakhstan. 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](http://www.doingbusiness.org)).

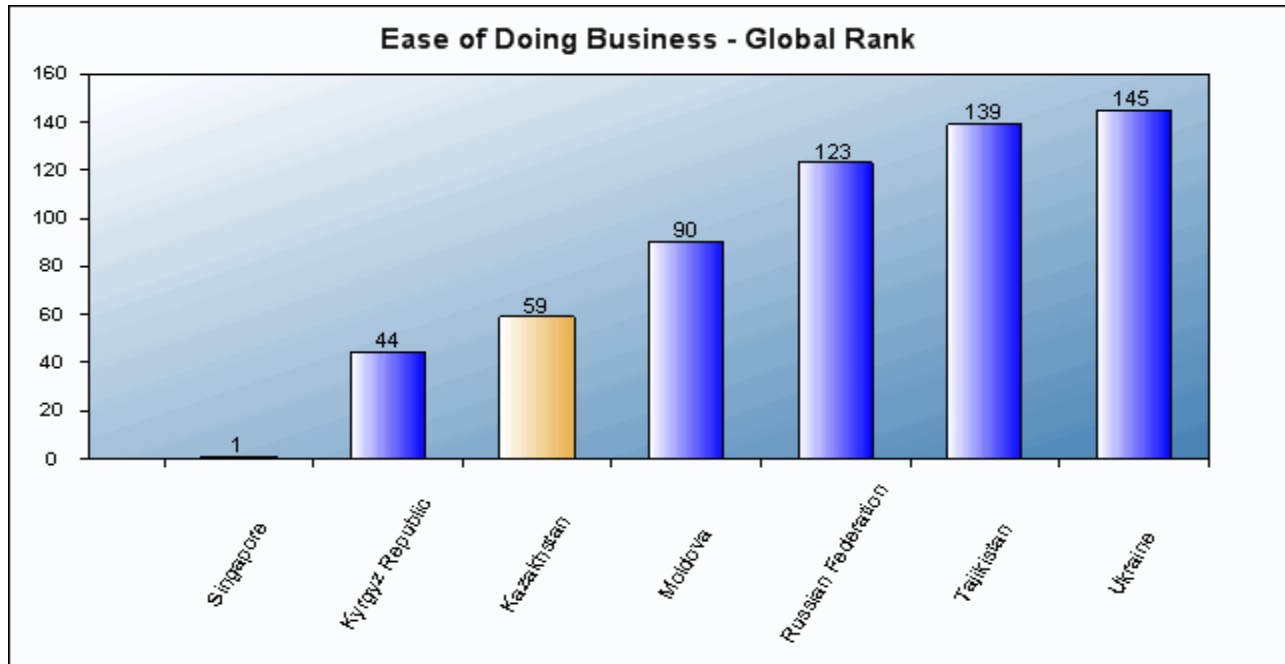
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Kazakhstan is ranked 59 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Kazakhstan's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	59
Starting a Business	47
Dealing with Construction Permits	147
Registering Property	28
Getting Credit	72
Protecting Investors	44
Paying Taxes	39
Trading Across Borders	181
Enforcing Contracts	36
Closing a Business	48

## Summary of Indicators - Kazakhstan

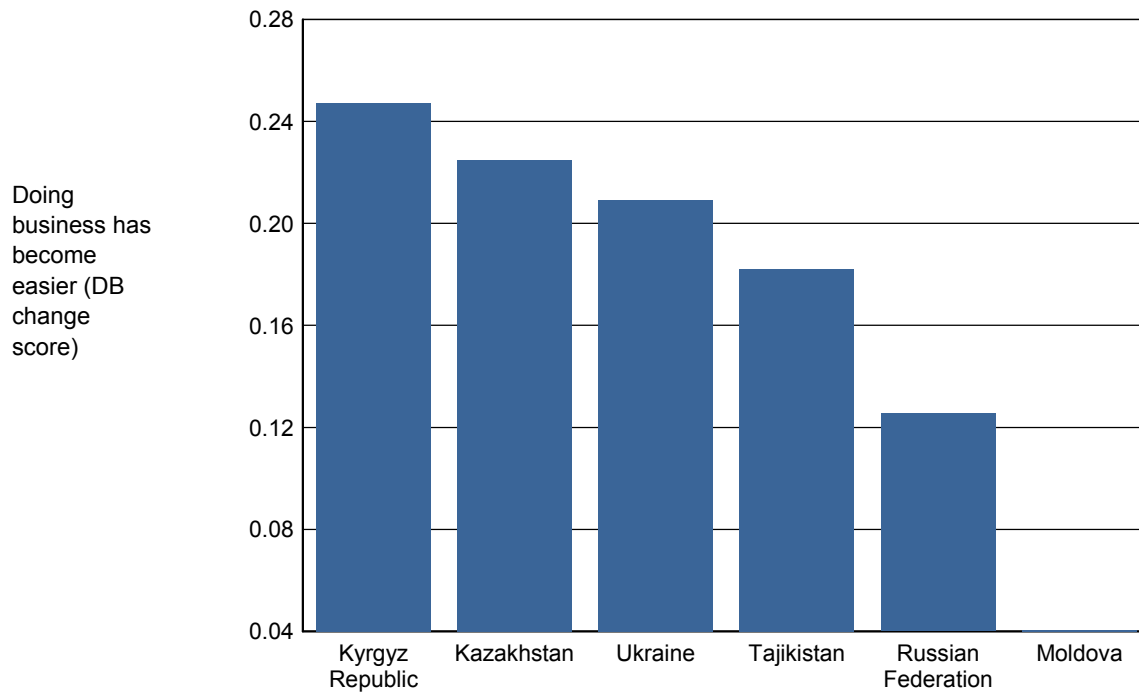
<b>Starting a Business</b>	Procedures (number)	6
	Time (days)	19
	Cost (% of income per capita)	1.0
	Min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b>	Procedures (number)	34
	Time (days)	219
	Cost (% of income per capita)	119.8
<b>Registering Property</b>	Procedures (number)	4
	Time (days)	40
	Cost (% of property value)	0.1
<b>Getting Credit</b>	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	29.9
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	8
	Extent of director liability index (0-10)	1
	Ease of shareholder suits index (0-10)	9
	Strength of investor protection index (0-10)	6.0
<b>Paying Taxes</b>	Payments (number per year)	9
	Time (hours per year)	271
	Profit tax (%)	16.3
	Labor tax and contributions (%)	11.5
	Other taxes (%)	1.9
	Total tax rate (% profit)	29.6
<b>Trading Across Borders</b>	Documents to export (number)	10
	Time to export (days)	81
	Cost to export (US\$ per container)	3005
	Documents to import (number)	12
	Time to import (days)	67
	Cost to import (US\$ per container)	3055

<b>Enforcing Contracts</b>	Procedures (number)	38
	Time (days)	390
	Cost (% of claim)	22.0
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	43.3
	Time (years)	1.5
	Cost (% of estate)	15

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

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

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





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

#### Some reform outcomes

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

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

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

#### What does Starting a Business measure?

##### Procedures to legally start and operate a company (number)

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

##### Time required to complete each procedure (calendar days)

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

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

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

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

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

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



#### Case Study Assumptions

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

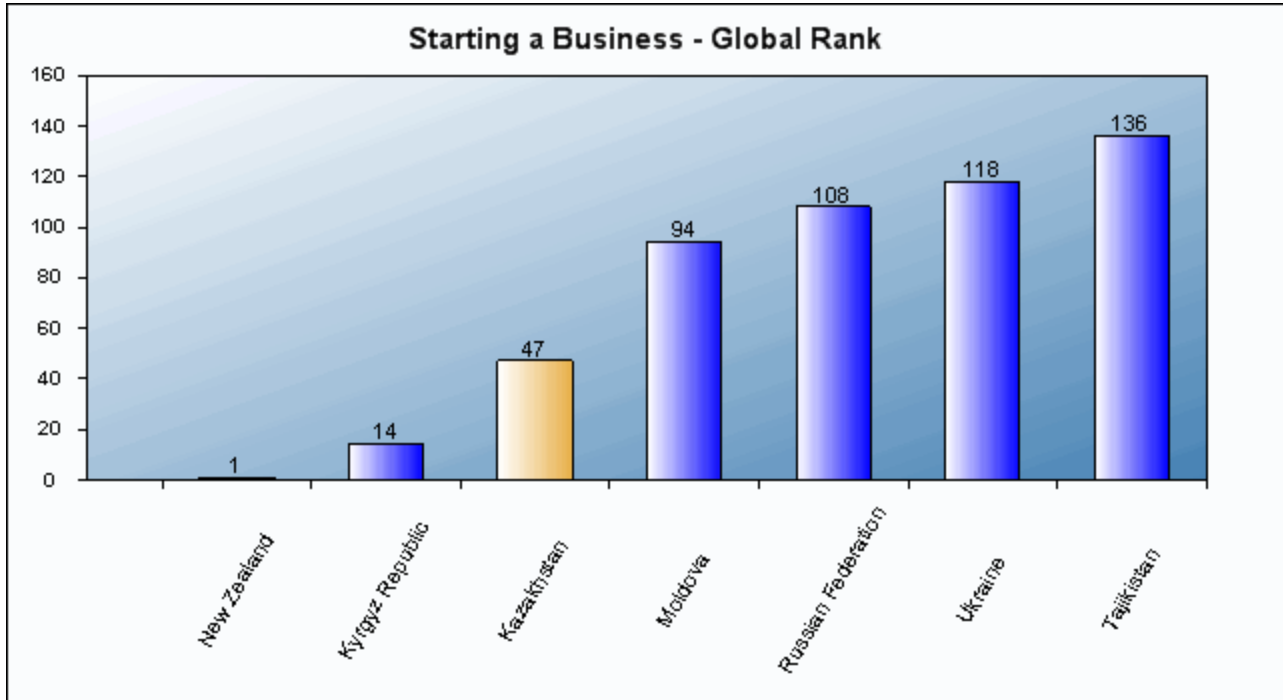
#### The business:

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

## 1. Benchmarking Starting a Business Regulations:

Kazakhstan is ranked 47 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
<b>Kazakhstan</b>	<b>6</b>	<b>19</b>	<b>1.0</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Kyrgyz Republic</b>	2	10	3.7	0.0
<b>Moldova</b>	8	10	10.9	11.9
<b>Russian Federation</b>	9	30	3.6	1.9
<b>Tajikistan</b>	8	27	36.9	8.5
<b>Ukraine</b>	10	27	6.1	2.2

\* The following economies are also good practice economies for :

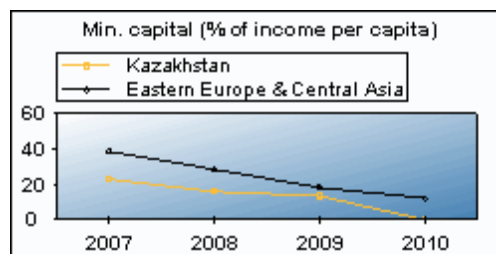
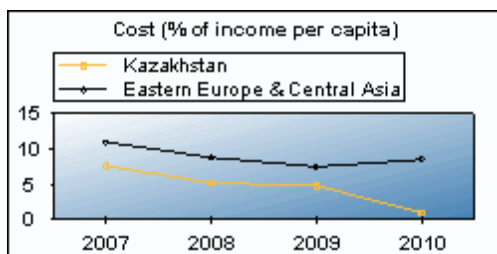
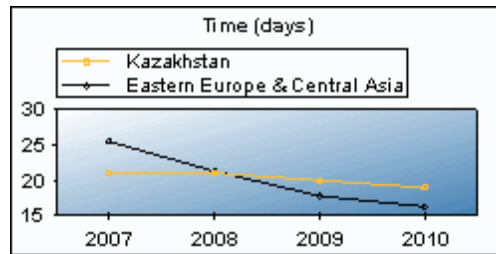
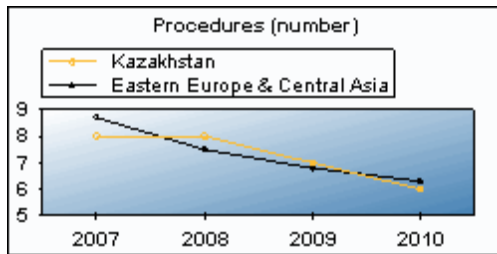
**Procedures (number):** **Canada**

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

## 2. Historical data: Starting a Business in Kazakhstan

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	85	47
Procedures (number)	8	8	7	6
Time (days)	21	21	20	19
Cost (% of income per capita)	7.6	5.2	4.8	1.0
Min. capital (% of income per capita)	22.9	15.9	13.4	0.0

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

### STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Almaty

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Open bank account and deposit initial capital; pay registration fee into the account of the Ministry of Justice	1	KZT 303
2	State registration of legal entity, statistical, and tax registration at the Public Registration Center	14	KZT 2,826
3	Make a company seal	1	KZT 3,250
4	Notarize certificate of state registration and other post-registration documents	1	KZT 2,261
5	Open the current account in the bank	1	no charge
6	Register for the obligatory insurance of life and health for employees	1	no charge

## Starting a Business Details - Kazakhstan

<b>Procedure</b>	<b>1</b>	<b>Open bank account and deposit initial capital; pay registration fee into the account of the Ministry of Justice</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	KZT 303	
<b>Comment:</b>	Founders must pay at least 100 KZT prior to state registration with the Public Registration Center. The entire charter capital must be paid within the term established by the general meeting of founders, but no later a year from state registration of the company.	
<b>Procedure</b>	<b>2</b>	<b>State registration of legal entity, statistical, and tax registration at the Public Registration Center</b>
<b>Time to complete:</b>	14	
<b>Cost to complete:</b>	KZT 2,826	
<b>Comment:</b>	<p>In accordance with the Law "On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Simplification of State Registration Procedures for Legal Entities and their Branches and Representative Offices dated 8 December 2009: Within 5 days the registration certificate is issued and within 9 days the statistics and health certificates are issued. The following documents should be submitted to the registrar:</p> <ul style="list-style-type: none"><li>- Application form;</li><li>- standard articles of association (3 copies);</li><li>- copies of ID;</li><li>- document confirming the payment of the state registration fee (KZT 2826);</li></ul> <p>If necessary the Power of attorney on the representative shall be presented also.</p> <p>Registration fees are 2 times the Index (1 MCI = KZT 1413).</p>	
<b>Procedure</b>	<b>3</b>	<b>Make a company seal</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	KZT 3,250	
<b>Comment:</b>	To make a company seal, promoters must file a copy of certificate of state registration of the company; a power of attorney, if the person is not the director; a copy of the statistics card and the taxpayer registration certificate; and a letter of application requesting the seal, with required information about the seal content.	
<b>Procedure</b>	<b>4</b>	<b>Notarize certificate of state registration and other post-registration documents</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	KZT 2,261	
<b>Comment:</b>	Under the Tax Code of January 1, 2009 Article 536(15), the notary fee for certifying copies of the state registration and other postregistration documents shall be 10% of the MCI per page. Each registration document is a two-page document, and the total for one set of certified copies (if the charter had 10 pages) would be 10% of MCI x 16 pages. One set of notarized copies of the registration documents and the charter is usually required to open a bank account, and one set is	

usually required for recording the company with the local tax office. Additional copies would be needed if the company were to apply for work permits to employ expatriates, obtain licenses and other operational permits, open branches or representative offices, or set up subsidiaries or acquire shares or ownership interests in other legal entities.

#### **Procedure 5 Open the current account in the bank**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** To open a current account, the founder must provide the bank with the following documents:

- Cards with sample signatures and an imprint of the company seal.
- Copy of a document, distributed by the tax authority, confirming registration with the tax authority.
- Copy of the state registration certificate of legal entity from the registration body of the Ministry of Justice of the Republic of Kazakhstan.
- Copy of the statistical card of legal entity.
- Notarized copy of the charter, or other document confirming activity of the legal entity operating on the basis of a standard charter.
- Copies of identity documents for person(s) listed on the signature card(s) and company founders.
- Application for bank account setup (bank-provided form).

#### **Procedure 6 Register for the obligatory insurance of life and health for employees**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** Each employee should have employer-paid insurance according to the Law On Obligatory Insurance of The Liability of the Employer for Life and Health Tort to The Employee in Discharge of Labor and (Official) Duties (February 7, 2005) that became effective on July 1, 2005. The amount of insurance premium payable by an employer depends on insurance risks and wages. To assess risks, the insurance companies place all insurable personnel into three categories: administrative, operational, and support. Amounts of the insurance premium vary from 0.04% to 9.99%. According to 7 May 2007 amendments to the law on obligatory insurance, an employer is required to get an insurance policy within 10 business days from the date of state registration indicated in the company's Certificate of State Registration

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

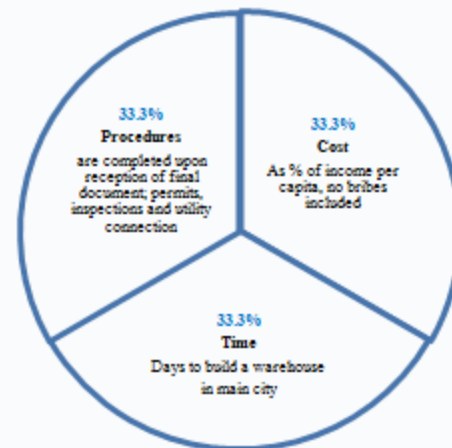
#### The warehouse:

- 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

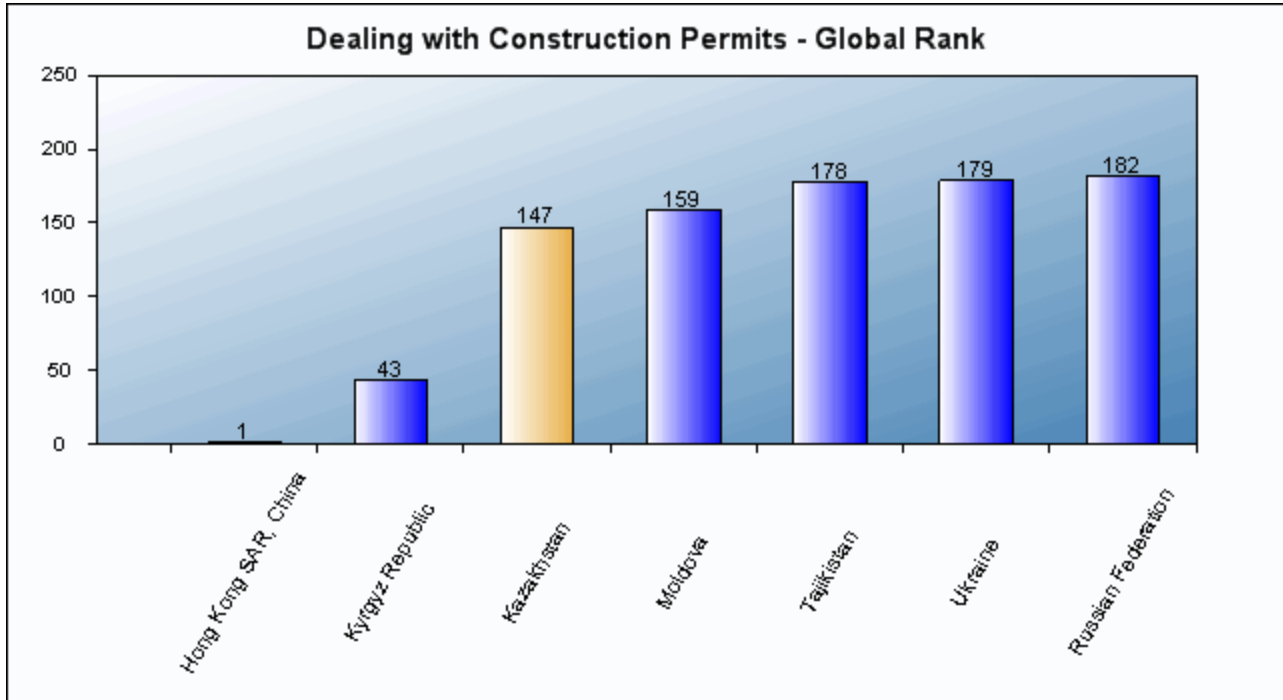




## 1. Benchmarking Dealing with Construction Permits Regulations:

Kazakhstan is ranked 147 overall for Dealing with Construction Permits.

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



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

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

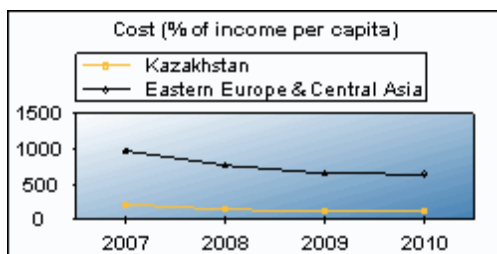
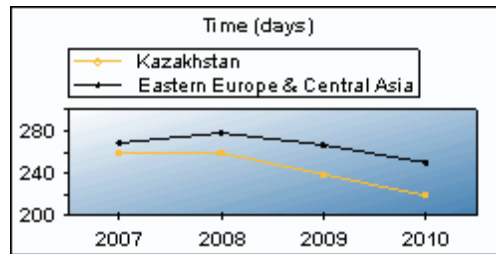
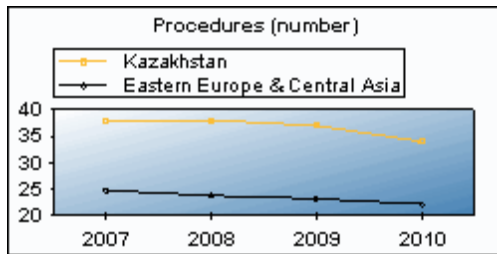
<i>Selected Economy</i>			
<b>Kazakhstan</b>	<b>34</b>	<b>219</b>	<b>119.8</b>

<i>Comparator Economies</i>			
<b>Kyrgyz Republic</b>	13	143	153.9
<b>Moldova</b>	30	292	120.9
<b>Russian Federation</b>	53	540	4141.0
<b>Tajikistan</b>	30	228	996.1
<b>Ukraine</b>	22	374	1737.6

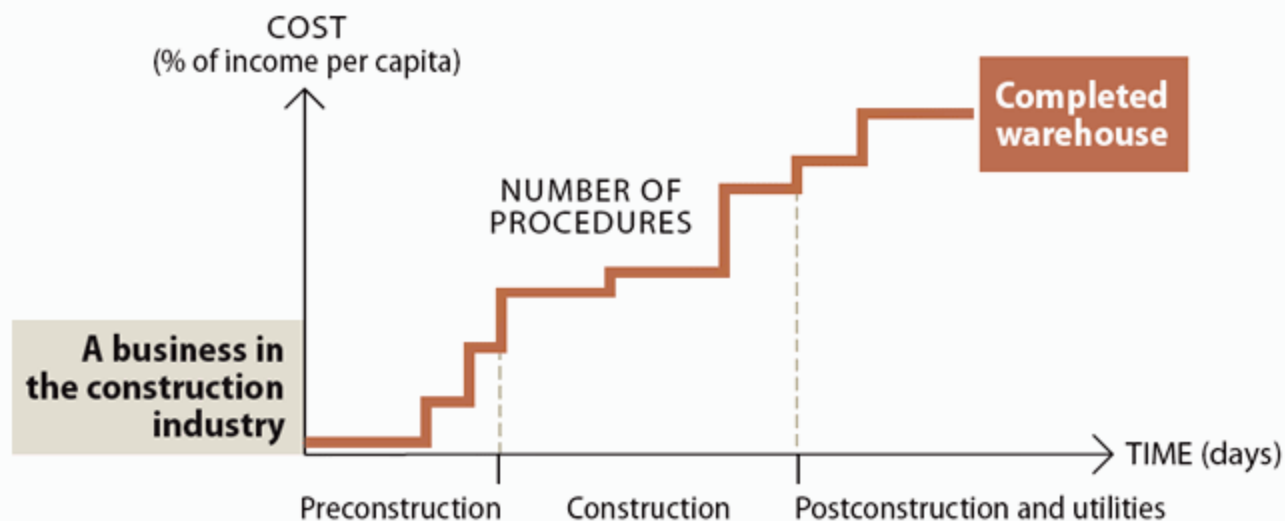
## 2. Historical data: Dealing with Construction Permits in Kazakhstan

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	156	147
Procedures (number)	38	38	37	34
Time (days)	259	259	239	219
Cost (% of income per capita)	215.0	142.9	123.7	119.8

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

### BUILDING A WAREHOUSE

City: Almaty

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain land allocation permit from Akim of Almaty City	10 days	no charge
2 *	Notarize documents	1 day	KZT 989
3	Request and obtain architectural-planning assignment (APZ)	30 days	no charge
4 *	Hire a topographic specialist and obtain a topographic survey	1 day	KZT 14,500
5 *	Receive on-site inspection	1 day	no charge
6 *	Request and obtain project clearance from Sanitation and Epidemiological Authority (SES)	30 days	KZT 30,000
7 *	Request and obtain approval from the local fire department	21 days	no charge
8 *	Request and obtain approval from the water authority	24 days	no charge

9 *	Request and obtain environmental expertise of documentation	25 days	no charge
10 *	Request and obtain opinion of the seismological agency on the project from Republican Enterprise Kazakhstan Scientific Institute "Kaz NIISA"	16 days	KZT 10,000
11	Request and obtain expert examination of project documentation	15 days	KZT 321,248
12	Request and obtain project clearance from the local architecture and town-planning authorities	30 days	no charge
13	Request and obtain rendering building and assembly jobs permit from the State Architectural Supervision Authorities	11 days	no charge
14	Receive an inspection by the Sanitary and Epidemiology Service - I	1 day	KZT 3,000
15	Receive an inspection by the Fire Service - III	1 day	no charge
16	Receive inspection by the Social Protection - III	1 day	no charge
17	Request and receive an inspection by the State Architectural Construction Control after construction of the foundation - V	1 day	no charge
18	Request and receive an inspection by State Architectural Construction Control after floor construction - VI	1 day	no charge
19	Request and receive an inspection by State Architectural Construction Control after roof construction - VII	1 day	no charge
20	Hire a construction engineering supervision company	1 day	KZT 491,652
21 *	Receive an inspection by water authorities	1 day	no charge
22 *	Connect to water services	6 days	no charge
23 *	Receive an on-site electricity inspection	1 day	no charge
24 *	Receive connection to electricity	5 days	no charge
25 *	Request and receive connection to telephone	3 days	KZT 26,800
26	Request approval of the building from Working Commission	1 day	KZT 28,844
27	Receive an inspection by the Working Commission	1 day	no charge
28	Obtain Approval Act from Working Commission	20 days	no charge

29	Request approval of the building from State Acceptance Commission	1 day	KZT 34,844
30	Receive inspection by the State Acceptance Commission	1 day	no charge
31	Request and obtain Acceptance Commission approval	20 days	no charge
32	Obtain a technical passport	30 days	KZT 800
33 *	Receive inspection for the technical passport	1 day	KZT 48,428
34	Register BuildCo's title to the warehouse	2 days	KZT 70,650

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Kazakhstan

### Procedure 1 Request and obtain land allocation permit from Akim of Almaty City

<b>Time to complete:</b>	10 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Akimat of Almaty City
<b>Comment:</b>	BuildCo applies to City Akimat to obtain the Decision of Mayor of City of Almaty. The Decision gives the right to design the project for the next 12 months on the specified land. Resolution of Government of Kazakhstan N 425 as of 6 May 2008 provides for a new “Rule of issuance of baseline materials and data for designing of new construction”. According to this Rule all local municipalities must issue the location permit for small and medium companies within 10 days, and for large scale companies within 30 days. However, the Akimat of Almaty continues to issue the location permit regardless of size of companies in 30 days. In some cases in practice this procedure may end up taking up to 12 months.

### Procedure 2 Notarize documents

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	KZT 989
<b>Agency:</b>	Private Notary/ State Notary
<b>Comment:</b>	<p>BuildCo provides a copy of the following four documents totaling seven pages: governmental registration certificate (double sided), statistical card (single sided), taxpayer registration number (double sided), and the deed of ownership of land (two pages).</p> <p>This procedure is required when applicants do not have all the original documents. In case applicants have the original of all documents, they can submit their documents without notarization and can show them for verification.</p> <p>Notarizations may be carried out by private notaries or state notaries. The fees of both private notaries and state notaries are calculated with reference to a monthly calculation index (MCI) which is established by Parliament for each year in the national budget. The MCI for 2010 year is equal to KZT 1,413 in accordance. State notaries charge 10% of the MCI for each side of a page to be notarized. Thus, for 7 pages the charge is KZT 891 (10% of 1,413 X 7 = 989). The fees for private notaries in Almaty were established at 20% of MCI at a meeting of the private notaries on 31 January 2008. It is most likely that companies will opt for public notaries since it is cheaper. Notarization is completed in a day.</p>

### Procedure 3 Request and obtain architectural-planning assignment (APZ)

<b>Time to complete:</b>	30 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Almaty City Architecture and Town-Planning Department
<b>Comment:</b>	To obtain an architectural-planning assignment, the company must submit a business plan and project feasibility study to the city architecture department. The application must include any plans for construction, a description of the business activities to take place on

site, and estimated utility hook-up and consumption requirements. In addition, the company must submit a copy of the property title along with the plot document, approval of engineering-geological estimation of the plot, and company registration documents. The architectural-planning assignment is a permit to develop a building plan/design/project. The design estimates are valid for 3 years from the date of its approval. It includes some provisions and requirements that must be taken into account while developing the project and building, in particular, the requirement that an opinion be obtained on the project from the seismological agency and the sanitary and epidemiologic authorities, as well as project appraisal, and so forth.

After obtaining the architectural-planning assignment, the company should develop a project (design) and must then obtain several agencies' approvals of the project in accordance with the architectural-planning assignment and the applicable laws. Each of these agencies reviews the application documents and the project, and may physically inspect the land.

As a prerequisite to signing the permit, each department signs a technical approval or "contract" with the company. The contract often requires the signatures of several officers in a department. The contract indicates the department's approval of the company's technical proposals and sets forth the responsibilities of the investor to abide by the terms and conditions of the approval.

As of May 6, 2008 Government Resolution N 425 approved new "Rule of issuance of baseline materials and data for designing of new construction". According to it the architectural-planning assignment should be issued within 3 working days for small enterprises, and for all the rest no more than 5 working days. In case of BuildCo it is 5 working days, since it has 60 employees and is considered a medium company. There is no official charge for it. There is no official charge by law, but the architectural-planning assignment is prepared by the commercial organization in the administration which charges KZT 30,000 for the architectural-planning assignment based on the decision of Almaty City Architecture and Town-Planning Department. Based on the technical conditions issued by the utility providers, the Almaty City Architecture and Town-Planning Department issues an architectural-planning assignment, which serves as the authorization to start the development of the project from the design organizations. The applicable law is the Law on Architectural, City Planning, and Construction Activity in the Republic of Kazakhstan," Law No. 232-II, dated July 16, 2001.

On 29 September 2009 amendments were adopted to the regulation approved by the above mentioned Government Resolution No. 425, dated 6 May 2008. Pursuant to these amendments: (i) architectural-planning assignment (APZ) and technical conditions for the connection to sources of engineering and municipal utilities (Technical Conditions) are issued by local Akimat; (ii) in order to obtain APZ and Technical Conditions BuildCo will have to submit to Akimat of Almaty City an application which must include (i) permit to use the land plot for the construction of a warehouse and (ii) assignment for construction approved by BuildCo; (iii) local Akimat is required not later than on the next day following the receipt of an application to forward the request for Technical Conditions to the appropriate utilities providers, and (iv) utilities providers are required to provide the Technical Conditions or, in case of refusal, the motivated explanation of the refusal. The term for the consideration and issue of APZ and Technical Conditions by local Akimat may not exceed 8 business days, except for certain construction projects specified in the regulation where the relevant term may be not more than 15 business days from the date of the application. On average, this takes 30 calendar days.

<b>Procedure</b>	<b>4</b>	<b>Hire a topographic specialist and obtain a topographic survey</b>
<b>Time to complete:</b>		1 day
<b>Cost to complete:</b>		KZT 14,500
<b>Agency:</b>		Topographical surveying company



**Comment:** Topographical surveying of land is a licensed activity (complex procedure) performed by very few companies. As of January 2009 due to severe construction crisis in Kazakhstan's financial capital Almaty, and decline in demand, topographic surveying companies have reduced their prices. Cost per hectare of conducting a topographic survey now can range anywhere between KZT 9000 to KZT 20,000. This is a significant jump from previous cost of KZT 33,000 to KZT 95,000.

**Procedure 5 Receive on-site inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** This inspection happens parallel to the issuance of Architectural Planning Assignment.

**Procedure 6 Request and obtain project clearance from Sanitation and Epidemiological Authority (SES)**

**Time to complete:** 30 days

**Cost to complete:** KZT 30,000

**Agency:** Sanitary and Epidemiologic Authority

**Comment:** According to Law on Radiological Safety of Population N 219-I as of 23 April 1998 and other by-laws the Sanitation and Epidemiologic Authority (SES) examines the construction projects for their compliance with state radiological, sanitary and hygienic regulations. No specific time limit is expressly provided by law for this procedure. However, according to practice it takes 1-3 months. The SES will conduct an inspection to undertake a radiological measurement. The approval is obtained after the fee is paid. The fee is based on various factors is approximately KZT 30,000.

**Procedure 7 Request and obtain approval from the local fire department**

**Time to complete:** 21 days

**Cost to complete:** no charge

**Agency:** Fire Service Department

**Comment:** This procedure is regulated by the Government Resolution No. 48, as of January 24, 2005 "On approval of the Rules of obtaining approval on projects standards, regulations and rules established requirements of fire protection on construction objects".

The Fire Service Department issues the project clearance to ensure that fire norms have been adequately met in the project design. Comments for revision or endorsement are also issued. There is no time-limit stipulated for this procedure and it can take up to 1 month. Any subsequent consideration would take 15 days.

**Procedure 8 Request and obtain approval from the water authority**

**Time to complete:** 24 days

**Cost to complete:** no charge

**Agency:** JSC Vodokanal

**Comment:** It is the responsibility of the State Expertise Authority to issue the technical conditions for connection to water, heat, and electricity, under the Governmental Decree on the Order of Conducting State Expertise, Decree No. 918, dated August 19, 2002 (with changes and amendments dated July 7, 2006). Yet companies have to consult with the Water and Sewage company. No on-site inspection is required by law; however, in practice, inspections take place. Water and Sewage company examines the submitted project of devices and constructions for the connection and issues its conclusion on it. With inspection this procedure may take 30 days. The state act which regulated specified provision (Instructions for use of municipal water pipe and sewage in cities and settlements of Republic Kazakhstan, adopted by The Order of the Ministry of Economy and Trade of Republic Kazakhstan #80, 30 May 1997) was not registered by Ministry of Justice and has no legal effect but yet is continued to be used.

#### **Procedure 9 Request and obtain environmental expertise of documentation**

**Time to complete:** 25 days

**Cost to complete:** no charge

**Agency:** Environmental Protection Authority

**Comment:** In accordance with the Article 50 of Ecological Code RK No 212-III January 9, 2007 the time for getting approval of local Environment Protection Authority can't be more than 3 months.  
Subjects of environmental expertise are divided into 4 categories depending on the hazard class of the facility to be inspected pursuant to the sanitary classification. The environmental expertise with respect to facilities of the 2nd, 3rd and 4th categories is performed by the Akimats of Almaty City. A warehouse falls under the 4th category. Once the documents are provided for the environmental expertise, the Agency conducts the preliminary examination of the submitted documents as to their completeness and compliance with the legal requirements. The term for the preliminary examination of documents may not exceed 2 weeks from the date of submission of documents. Once the preliminary examination of documents is completed, the environmental expertise is performed which term may not exceed 3 months.

#### **Procedure 10 Request and obtain opinion of the seismological agency on the project from Republican Enterprise Kazakhstan Scientific Institute "Kaz NIISA"**

**Time to complete:** 16 days

**Cost to complete:** KZT 10,000

**Agency:** Republican Enterprise Kazakhstan Scientific Institute "Kaz NIISA"

**Comment:** Republican Enterprise Kazakhstan Scientific Institute (Kaz NIISA) carries out the seismological survey, required for areas subject to dangerous levels of seismic activity. The only document required is the project design. A specialist makes a field visit, reviews the project design documents, and issues a finding that is attached to the project. The minimum time it takes is 10 days and may cost anywhere from KZT 10,000 to KZT 100,000.

#### **Procedure 11 Request and obtain expert examination of project documentation**

**Time to complete:** 15 days

**Cost to complete:** KZT 321,248

**Agency:** State Examination Committee/Licensed expert individual or organisation

**Comment:** With limited exceptions provided by law, all projects must undergo expert examination to ascertain if the project conforms to the numerous constructions standards. What might be called state expertise is conducted by Republican State Enterprise "Gosekspertiza" which is authorized by the Government to conduct expertise of state-related projects, projects of high technical complexity, social, transport and recreational infrastructure projects. The projects will be subject to expertise on compliance with regulations on frame stability, frame functioning stability, and labor conditions and protection. In essence, the project is checked against numerous construction standards (SNIPs). Subject to the limited exceptions, the expertise for all other projects may be performed by any duly licensed expert specialist or non-governmental expert organisation. The cost and time for performance of services by private expert individuals or organisations are not established by law and will be subject to negotiation and the circumstances of each project. The cost will be 247 x 1300.6 sq.m = 321,248 KZT.

On 23 October 2009 the Government Resolution No. 1656 established the criteria for determining whether a facility is of high or low technical complexity. According to this regulation, free-standing warehouses which do not require special conditions for the storage of goods are considered to be facilities of low technical complexity. The expert examination of the warehouse construction project be handled by Gosekspertiza, it should not take more than 15 calendar days.

If the project is sent to Gosexpertiza the official timelimit is 45 days. If the project is complex it may be extended to 60 days and for technically simple projects of small business time should not exceed 15 days.

**Procedure 12 Request and obtain project clearance from the local architecture and town-planning authorities**

**Time to complete:** 30 days

**Cost to complete:** no charge

**Agency:** Almaty City Architecture and Town-Planning Department

**Comment:** Project clearance from the local architecture and town-planning authorities involves verifying the project's conformity with the architectural-planning assignment and with the set of technical conditions. The following documents should be submitted: an application to the Architecture and Town-Planning Department Chief Executive; the architectural-planning assignment; documentation confirming the title to the land; topographical survey; approvals and opinions of the seismological, fire, sanitary-and-epidemiologic, and environmental agencies; independent or state experts' examinations; licenses of the developer and the expert organization; and so forth.

**Procedure 13 Request and obtain rendering building and assembly jobs permit from the State Architectural Supervision Authorities**

**Time to complete:** 11 days

**Cost to complete:** no charge

**Agency:** Almaty City Department of Architecture and Town-Planning Control

**Comment:** The following documents should be submitted to obtain this permit: an application form; land plot permit for construction purposes, approved project with a favorable expert examination; a license to perform architectural activities, town-planning and building activity with a list of building types and assembly jobs; approved building general plan; agreement made with the developer to conduct supervision and maintenance of the construction process; a form signed by the general contractor and building owner;

certificates of “earthquake-proof construction” and “geodesy in construction” (if applicable). The applicable law is the Law on Architectural, City Planning, and Construction Activity in the Republic of Kazakhstan,” Law No. 232-II, dated July 16, 2001. Before starting construction work, the company must notify the proper authorities.

Under Government Decree Number 1467, signed on September 29, 2009, amended the Government Decree Number 425 of May 6, 2008 "On Measures for improving the issuance of construction permits", the time for obtaining building and assembly jobs permit has been reduced from 14 days to 11 days.

**Procedure 14 Receive an inspection by the Sanitary and Epidemiology Service - I**

**Time to complete:** 1 day

**Cost to complete:** KZT 3,000

**Agency:** Sanitary and Epidemiology Service

**Comment:** The SES will inspect the site during construction. The inspector issues an inspection report identifying any irregularities and may return to verify that adequate changes have been made. In addition to that SES will charge KZT 3,000 for radiological measurement.

**Procedure 15 Receive an inspection by the Fire Service - III**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Fire Service Department

**Comment:** The Fire Service may inspect the site one or two times during construction. The inspector issues an inspection report identifying any irregularities and may return to verify that adequate changes have been made. Administrative fines could be imposed if mistakes are found. The applicable law is the Law on Architectural, City Planning, and Construction Activity in the Republic of Kazakhstan, Law No. 242-II, dated July 16, 2001; and the Governmental Decree Confirming the Rules of Obtaining Approval Procedures for Construction of New and Reconstruction of Existing Buildings, Decree No. 1313, dated December 13, 2002.

**Procedure 16 Receive inspection by the Social Protection - III**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Social Protection Authority

**Comment:**

**Procedure 17 Request and receive an inspection by the State Architectural Construction Control after construction of the foundation - V**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Almaty City Department of Architecture and Town-Planning Control

**Comment:** BuildCo may receive inspections from the Almaty City Department on Architecture and Town-Planning Control at various stages of the construction process: laying the foundation, finishing the first floor, roofing, and so forth. The inspector issues an inspection report identifying any irregularities and may return to verify that adequate changes have been made. Administrative fines could be imposed if mistakes are found. The building control agency does not require prior request of inspection. The applicable law is the Law of the Republic of Kazakhstan on Architectural, City Planning, and Construction Activity in the Republic of Kazakhstan, Law No. 242-11, dated July 16, 2001. In practice there may be more inspections.

**Procedure 18 Request and receive an inspection by State Architectural Construction Control after floor construction - VI**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Almaty City Department of Architecture and Town-Planning Control

**Comment:** BuildCo receives an inspection from the Almaty City Department on Architecture and Town-Planning Control at various stages of the construction process: laying the foundation, finishing the first floor, roofing, and so forth. The inspector issues an inspection report identifying any irregularities and may return to verify that adequate changes have been made. Administrative fines could be imposed if mistakes are found. The building control agency does not require prior request of inspection. The applicable law is the Law of the Republic of Kazakhstan on Architectural, City Planning, and Construction Activity in the Republic of Kazakhstan, Law No. 242-11, dated July 16, 2001.

**Procedure 19 Request and receive an inspection by State Architectural Construction Control after roof construction - VII**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Almaty City Department of Architecture and Town-Planning Control

**Comment:** BuildCo receives an inspection from the Almaty City Department on Architecture and Town-Planning Control at various stages of the construction process: laying the foundation, finishing the first floor, roofing, and so forth. The inspector issues an inspection report identifying any irregularities and may return to verify that adequate changes have been made. Administrative fines could be imposed if mistakes are found. The building control agency does not require prior request of inspection. The applicable law is the Law of the Republic of Kazakhstan on Architectural, City Planning, and Construction Activity in the Republic of Kazakhstan, Law No. 242-11, dated July 16, 2001.

**Procedure 20 Hire a construction engineering supervision company**

**Time to complete:** 1 day

**Cost to complete:** KZT 491,652

**Agency:** Construction Technology Supervision Company

**Comment:** A licensed construction engineering supervision company carries out the technical process of checking the different stages of the building. BuildCo is unlikely to have a license for this area of expertise. Such activities do not replace the inspections mentioned

above but occur in parallel to them. The average price is USD 3–6 dollars per square meter, and may depend on the complexity of construction. For new construction, the rate is USD 6; for reconstruction, USD 3 (USD 3 x 1300.6 square meters).

#### **Procedure 21 Receive an inspection by water authorities**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** JSC Vodokanal

**Comment:**

#### **Procedure 22 Connect to water services**

**Time to complete:** 6 days

**Cost to complete:** no charge

**Agency:** JSC Vodokanal

**Comment:**

#### **Procedure 23 Receive an on-site electricity inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Joint Stock Company "Almaty Power Consolidated"

**Comment:** The waiting time for an inspection is approximately 5 days.

#### **Procedure 24 Receive connection to electricity**

**Time to complete:** 5 days

**Cost to complete:** no charge

**Agency:** Joint Stock Company "Almaty Power Consolidated"

**Comment:**

#### **Procedure 25 Request and receive connection to telephone**

**Time to complete:** 3 days

**Cost to complete:** KZT 26,800

**Agency:** Kazakhtelecom

**Comment:** The connection fee for fixed telephone line services by Kazakhtelecom was reduced in 2009 from KZT 36,800 to KZT 26,800.

#### **Procedure 26 Request approval of the building from Working Commission**

**Time to complete:** 1 day

**Cost to complete:** KZT 28,844

**Agency:** Working Commission

**Comment:** The company convenes a Working Commission upon the completion of construction. Although the the legislation stipulates for Working Commission to be an exclusive relationship between building owner and contractor. However, in practice the companies will have to involve Sanitary and Epidemiological Authority and Fire Department at this stage. Inspection will take place before the Act of Working Commission is drafted and signed by all parties.

#### **Procedure 27 Receive an inspection by the Working Commission**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Working Commission

**Comment:** The Working Commission, which is also comprised of Sanitary and Epidemiological Authority and Fire Department will have to inspect the site. If the building has been built according to specifications, the inspection takes 1–2 days.

#### **Procedure 28 Obtain Approval Act from Working Commission**

**Time to complete:** 20 days

**Cost to complete:** no charge

**Agency:** Working Commission

**Comment:** The applicable law is the Law on Architectural, City Planning, and Construction Activity in the Republic of Kazakhstan, Law No. 242-II, dated July 16, 2001; and the Governmental Decree Confirming the Rules of Obtaining Approval Procedures for Construction of New and Reconstruction of Existing Buildings, Decree No. 1313, dated December 13, 2002.

#### **Procedure 29 Request approval of the building from State Acceptance Commission**

**Time to complete:** 1 day

**Cost to complete:** KZT 34,844

**Agency:** Acceptance Commission

**Comment:** After the Working Commission, the Acceptance Commission will inspect the building. The approval is signed by all members of the Commission: construction authority, city office of the land agency, city department of sanitation, city fire department, state agency for construction control, local water company, local electric company, and Kazakh Telecom, and then sent it to the Akimat for approval. If the building has been built according to specifications, the inspections take 1–2 days.

The SES will inspect the building along with other authorities but a separate application must be filed. It may come together with others or on a separate day to undertake a final radiological measurement. The cost for that is KZT 6,000. If not followed up it may take 1-3 months. The approval from the SES is pre-requisite to obtain the approval of Acceptance Commission.

**Procedure 30 Receive inspection by the State Acceptance Commission**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Acceptance Commission

**Comment:** The Acceptance Commission may inspect the building. The approval is signed by all members of the commission and then sent to the Akimat for approval. If the building has been built according to specifications, the inspections will take 1–2 days.

**Procedure 31 Request and obtain Acceptance Commission approval**

**Time to complete:** 20 days

**Cost to complete:** no charge

**Agency:** Acceptance Commission

**Comment:** Once the Act of Acceptance Commission is signed it needs to be endorsed by amity City Akim.

**Procedure 32 Obtain a technical passport**

**Time to complete:** 30 days

**Cost to complete:** KZT 800

**Agency:** Public Service Center (PSC) or Center for Immovable Property of Almaty City.

**Comment:** Before registering the building with the real property registry, it is required to obtain a “technical passport”.

**Procedure 33 Receive inspection for the technical passport**

**Time to complete:** 1 day

**Cost to complete:** KZT 48,428

**Agency:** Public Service Center (PSC) or Center for Immovable Property of Almaty City.

**Comment:**

**Procedure 34 Register BuildCo's title to the warehouse**

**Time to complete:** 2 days



**Cost to complete:** KZT 70,650

**Agency:** Registration Service Committee

**Comment:** Time: 15 business days if the building is registered in the usual order, and 2 business days if it is registered in an accelerated procedure.

Cost: KZT 12,730 if the building is registered in the usual order, and KZT 70,650 if it is registered in an accelerated procedure.

BuildCo must register the building with the Department of Justice at the place of location of the warehouse. Amendments were made to the Kazakhstan Law on State Registration of Immovable Property and Transactions Related in 2008, which provide for both usual and accelerated registration. The standard term for the registration in the usual order is 15 business days, and for the accelerated registration - 2 business days. The registration fees are calculated on the basis of MCI which is for 2009 year is equal to KZT 1,413. The registration fee for the registration performed in the usual order is 10MCI = KZT 14 130, and for the accelerated registration - 50 MCI = KZT 73,650.

The documents to be submitted include an application, legal documents proving ownership, payment receipt, identification or legal entity registration certificate, charter, decision of the Akimat approving the building for use, the act of the state commission on approval for use, and so forth. An officer of the Registration Service Committee accepts the documents and issues a receipt that lists the documents received and indicates date and time the documents were received.

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)

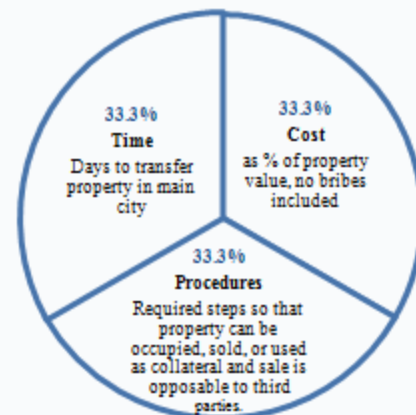
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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.

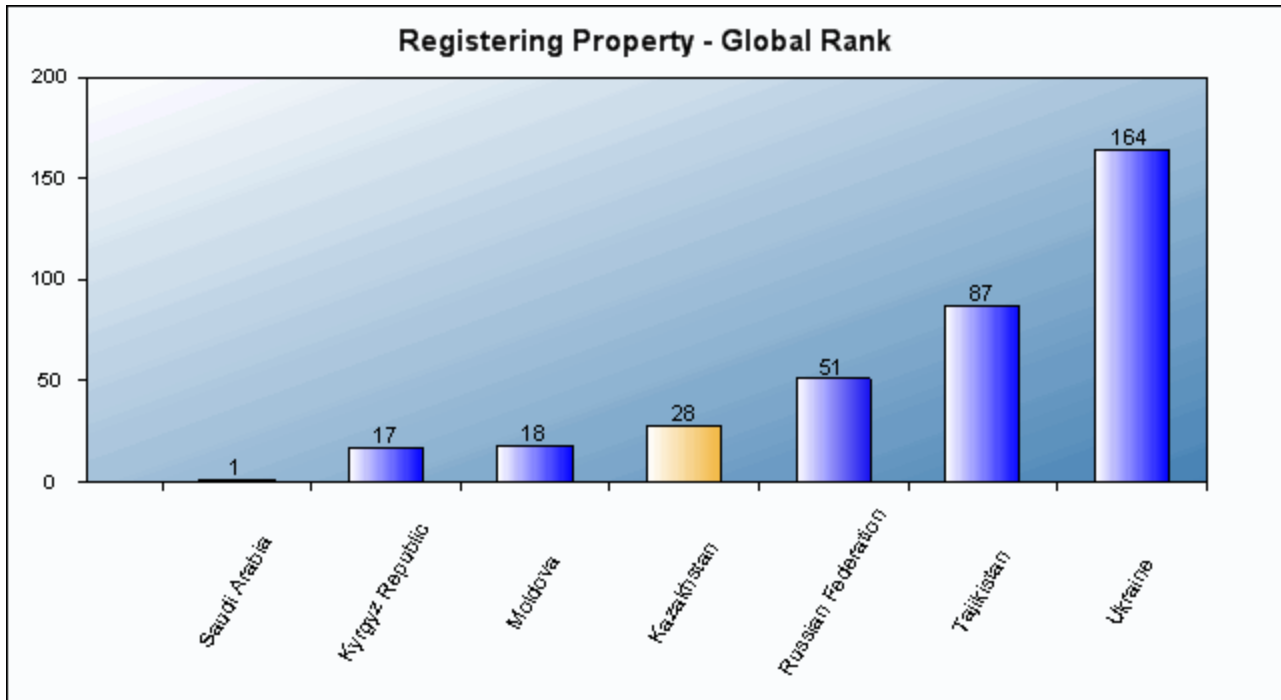
#### The property (fully owned by the seller):

- 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:

Kazakhstan is ranked 28 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
<b>Kazakhstan</b>	<b>4</b>	<b>40</b>	<b>0.1</b>

<i>Comparator Economies</i>			
<b>Kyrgyz Republic</b>	4	5	2.3
<b>Moldova</b>	5	5	0.9
<b>Russian Federation</b>	6	43	0.1
<b>Tajikistan</b>	6	37	5.5
<b>Ukraine</b>	10	117	4.1

\* The following economies are also good practice economies for :

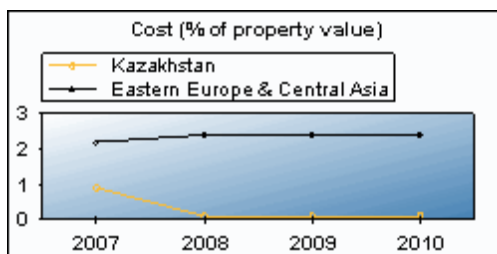
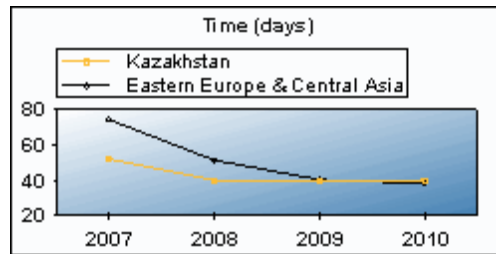
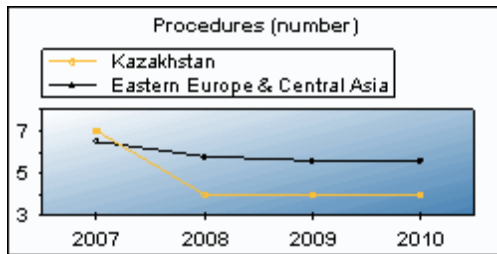
**Procedures (number): United Arab Emirates**

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

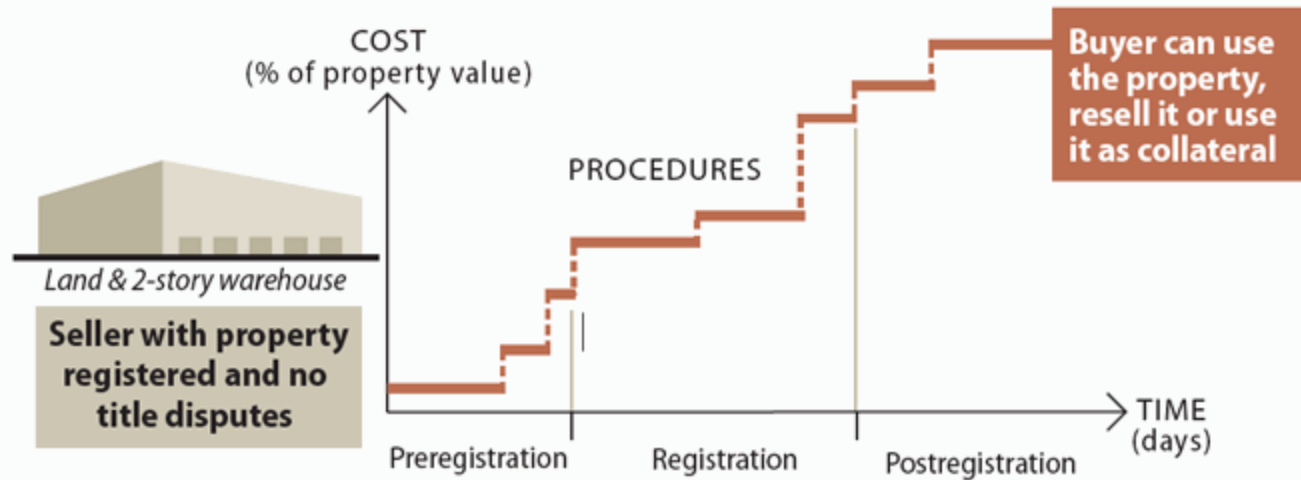
## 2. Historical data: Registering Property in Kazakhstan

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	29	28
Procedures (number)	7	4	4	4
Time (days)	52	40	40	40
Cost (% of property value)	0.9	0.1	0.1	0.1

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

### STANDARDIZED PROPERTY

Property Value: 45,131,619.47

City: Almaty

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a non-encumbrance certificate	3-5 days	no cost
2 *	Obtain a technical passport of the property	17-21 days	no cost
3	Notarization of seller's and buyer's incorporation documents and the sale-purchase agreement	1 day	KZT 14,130
4	Registration of the title at the Registration Service Committee	17-21 days	KZT 14,130 =10 times the minimum calculation index-MCI (regular procedure) or 50 times the MCI (expedited)

\* Takes place simultaneously with another procedure.

## Registering Property Details - Kazakhstan

<b>Procedure</b>	<b>1</b>	<b>Obtain a non-encumbrance certificate</b>
<b>Time to complete:</b>		3-5 days
<b>Cost to complete:</b>		no cost
<b>Agency:</b>		Registration Service Committee or Centers for Real Estate in Almaty and Astana
<b>Comment:</b>		The non-encumbrance certificate is issued within 3-5 days and is free of charge.
<b>Procedure</b>	<b>2</b>	<b>Obtain a technical passport of the property</b>
<b>Time to complete:</b>		17-21 days
<b>Cost to complete:</b>		no cost
<b>Agency:</b>		Registration Service Committee or Centers for Real Estate in Almaty and Astana
<b>Comment:</b>		Annex 3 to the Order of the Minister of Justice No 325 has been abolished and new Standards of state service "The issuance of technical passport of properties" were approved by the Government Decree of the Republic of Kazakhstan of 15th Dec 2009. The detailed procedure is provided at <a href="http://www.minjust.kz">www.minjust.kz</a> (The conditions for the issue of a technical passport were set out in the "Standards of Rendering Public Services on Issue of Technical Passports for Immovable Property through the Population Servicing Centers", which is Annex 3 to Order of Minister of Justice No325 "On Establishing the Standards of Rendering Public Services through the Population Servicing Centers" of 28 November 2008. According to these Standards the technical passport for the property with an area of over 1,000 sq m could be issued within one (1) month period from the day of application. The Registration Service Committee prepares technical passport within 19 calendar days).
<b>Procedure</b>	<b>3</b>	<b>Notarization of seller's and buyer's incorporation documents and the sale-purchase agreement</b>
<b>Time to complete:</b>		1 day
<b>Cost to complete:</b>		KZT 14,130
<b>Comment:</b>		According to Article 536, paragraph 1 of the Tax Code No99-IV of 10 December 2008 which came into effect 01 January 2009, if at least one of the parties concluding the sale and purchase agreement is a legal entity, the notarization of transaction shall cost one thousand (1,000) percent of the monthly index which equals KZT 1,413 as of 1 January 2009. Prior to this change, the fee to notarize was 1,500 percent of the monthly index. The cost for certification of the copies of corporate documents is 10% of the Monthly Index per page. Therefore, the notary fee for certification of the sale-purchase agreement is at KZT 12,730 and certification of each page of the corporate documents costs KZT 127 per page.
<b>Procedure</b>	<b>4</b>	<b>Registration of the title at the Registration Service Committee</b>
<b>Time to complete:</b>		17-21 days

**Cost to complete:** KZT 14,130 =10 times the minimum calculation index- MCI (regular procedure) or 50 times the MCI (expedited)

**Agency:** Registration Service Committee

**Comment:** All documents are submitted to the Public Service Center.  
The Law Amending Legal Acts of the Republic of Kazakhstan on Taxation on November 12, 2008 established new statutory time limit of 15 working days for the regular procedure (cost: 10 times the minimum calculation index- MCI) and 2 days for the expedited procedure (cost: 50 times the MCI). Other business centers take 7 days for expedited procedures  
Cost of registration of non-residential premises depends on the number of buildings to be registered:

1 building - 10 x Monthly Index (1,273 for 2009) = KZT 12,730

2-5 buildings - 15 x Monthly Index = KZT 19,095

6-10 buildings - 20 x Monthly Index = KZT 25,460

The documentation shall include:

- a filled in standard application form;
- 2 original copies of the notarized sale-purchase agreement (obtained in Procedure 3)
- Non-encumbrance certificate (obtained in Procedure 1)
- Technical passport of the property (obtained in Procedure 2)



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

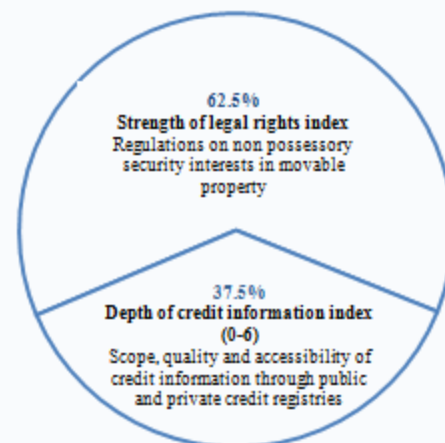
##### Public credit registry coverage (% of adults)

- 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)

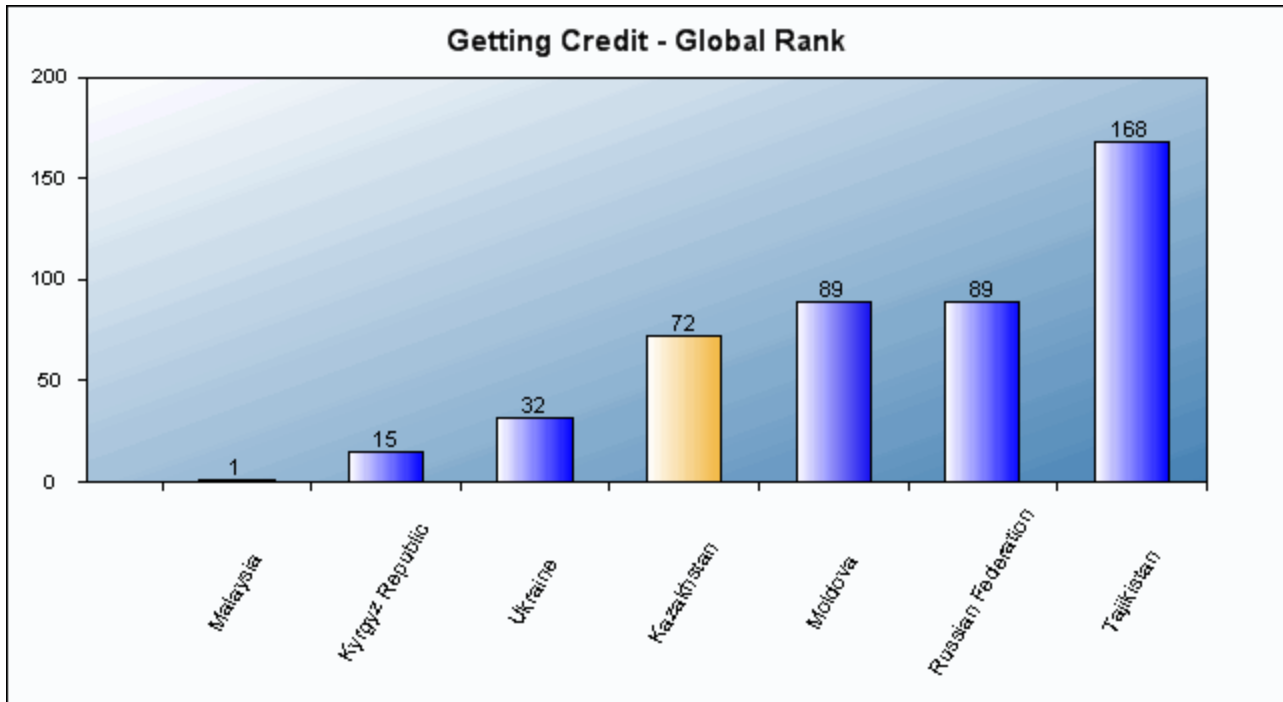
##### The Debtor

- 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:

Kazakhstan is ranked 72 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
<b>Kazakhstan</b>	<b>4</b>	<b>5</b>	<b>0.0</b>	<b>29.9</b>

<i>Comparator Economies</i>				
<b>Kyrgyz Republic</b>	10	3	0.0	11.9
<b>Moldova</b>	8	0	0.0	0.0
<b>Russian Federation</b>	3	5	0.0	14.4
<b>Tajikistan</b>	3	0	0.0	0.0
<b>Ukraine</b>	9	3	0.0	10.1

\* The following economies are also good practice economies for :

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

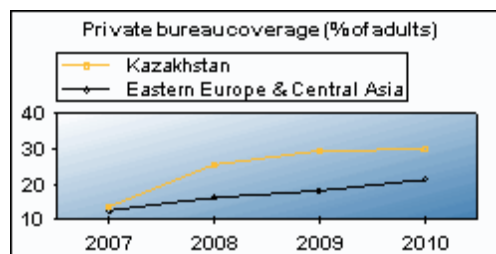
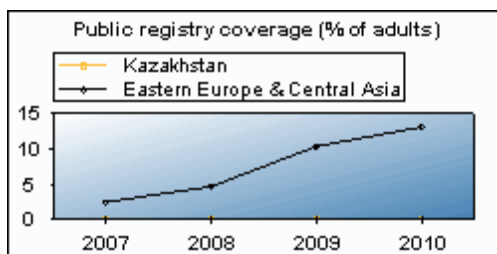
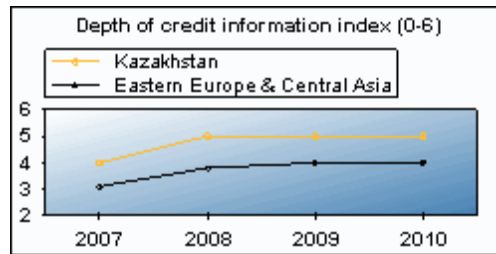
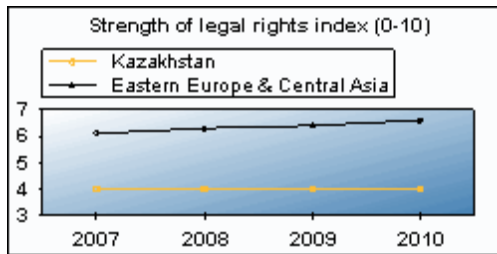
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

**27 countries have the highest credit information index.**

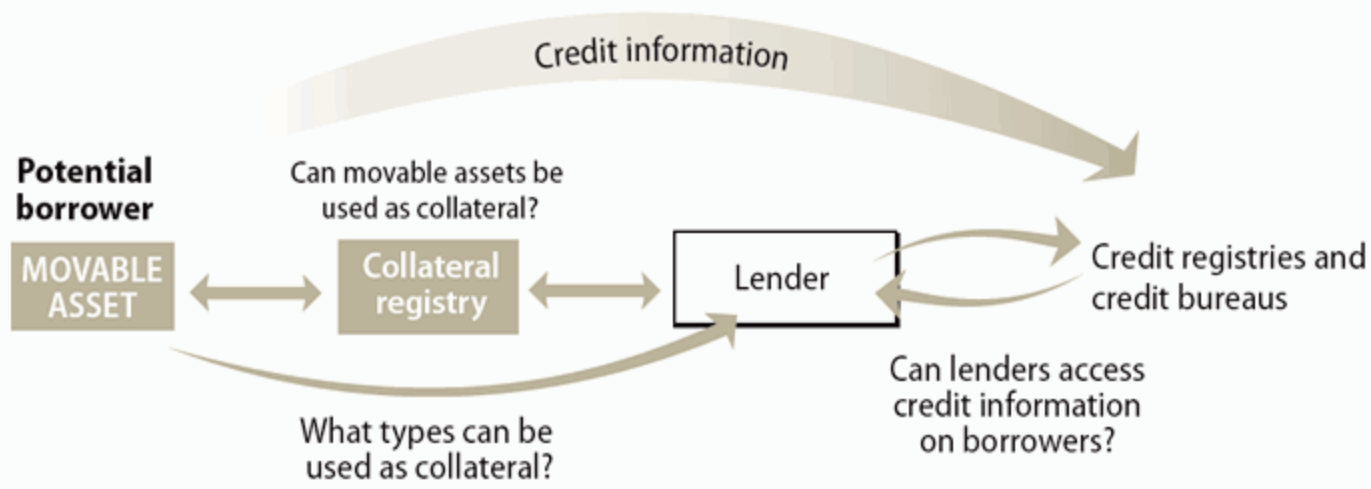
## 2. Historical data: Getting Credit in Kazakhstan

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	69	72
Strength of legal rights index (0-10)	4	4	4	4
Depth of credit information index (0-6)	4	5	5	5
Private bureau coverage (% of adults)	13.7	25.6	29.5	29.9
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>5</b>
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
<b>Coverage</b>	29.9	0.0	
Number of individuals	3,600,000		0
Number of firms	32,000		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 ?

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Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?

---

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?

---

May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?

---

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

---

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

---

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

---

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

---

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

---

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

---

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

### Some reform outcomes

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

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

### What do the Protecting Investors indicators measure?

#### Extent of disclosure index (0–10)

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

#### Extent of director liability index (0–10)

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

#### Ease of shareholder suits index (0–10)

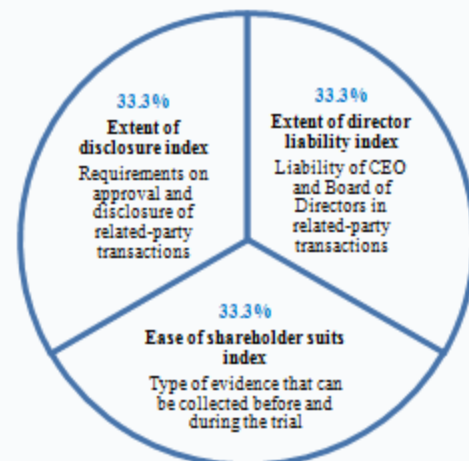
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### Strength of investor protection index (0–10)

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

**Protecting Investors:** minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



### Case Study Assumptions

#### The business (Buyer):

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

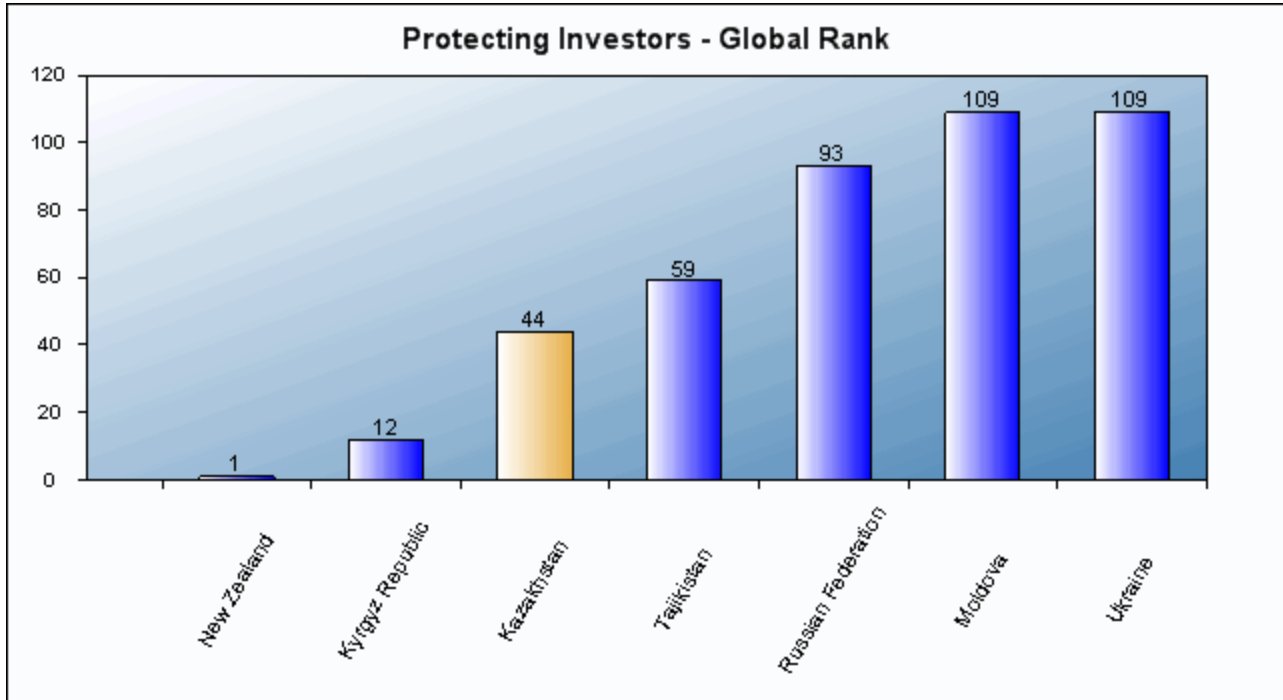
#### The transaction

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

## 1. Benchmarking Protecting Investors Regulations:

Kazakhstan is ranked 44 overall for Protecting Investors.

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





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

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

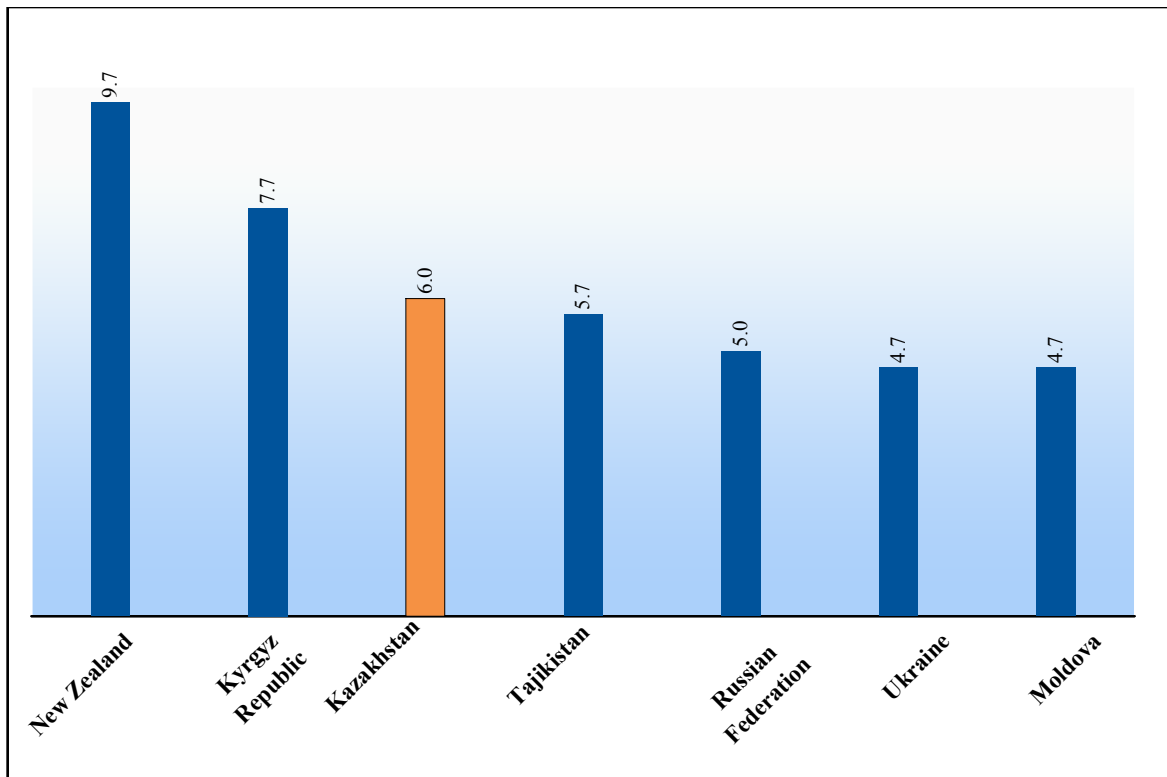
<i>Selected Economy</i>	
<b>Kazakhstan</b>	<b>6.0</b>

<i>Comparator Economies</i>	
<b>Kyrgyz Republic</b>	7.7
<b>Moldova</b>	4.7
<b>Russian Federation</b>	5.0
<b>Tajikistan</b>	5.7
<b>Ukraine</b>	4.7

**2. Historical data: Protecting Investors in Kazakhstan**

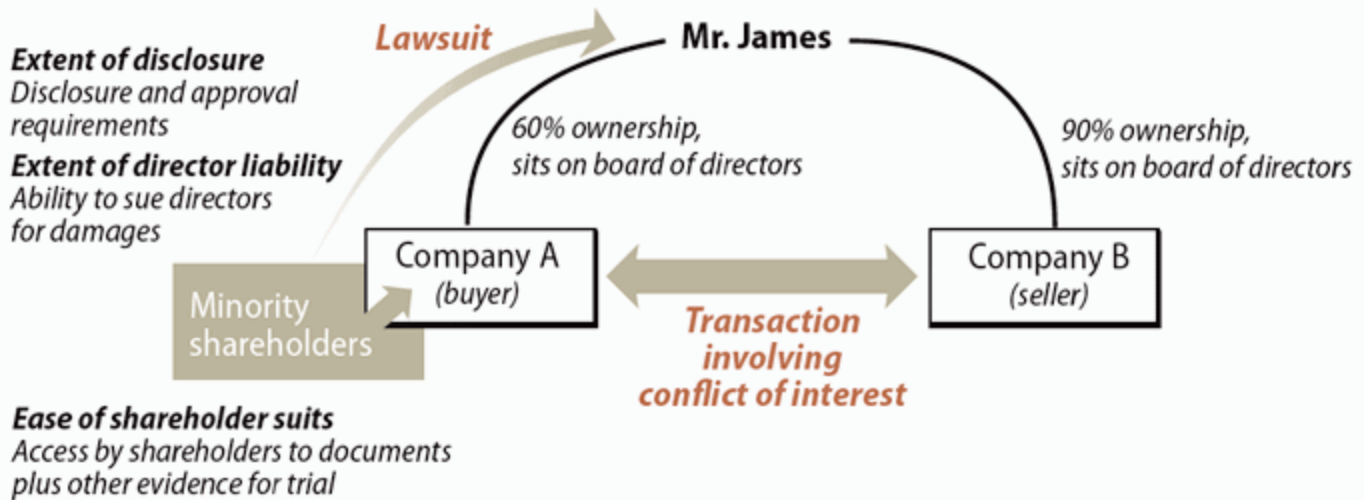
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	57	44
Strength of investor protection index (0-10)	5.7	5.7	5.7	6.0

**3. The following graph illustrates the Protecting Investors index in Kazakhstan 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 Kazakhstan.

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>8</b>
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	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
<b>Extent of director liability index (0-10)</b>	<b>1</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0

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
<b>Ease of shareholder suits index (0-10)</b>	<b>9</b>
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?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
<b>Strength of investor protection index (0-10)</b>	<b>6.0</b>

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)

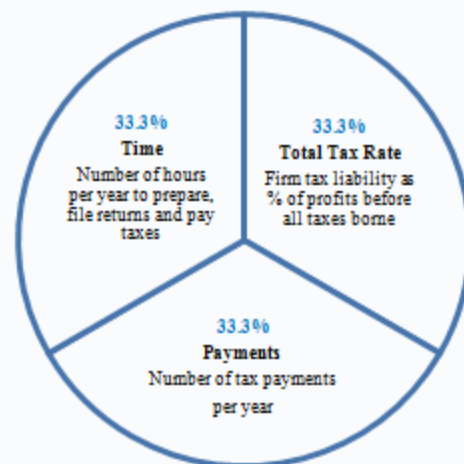
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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



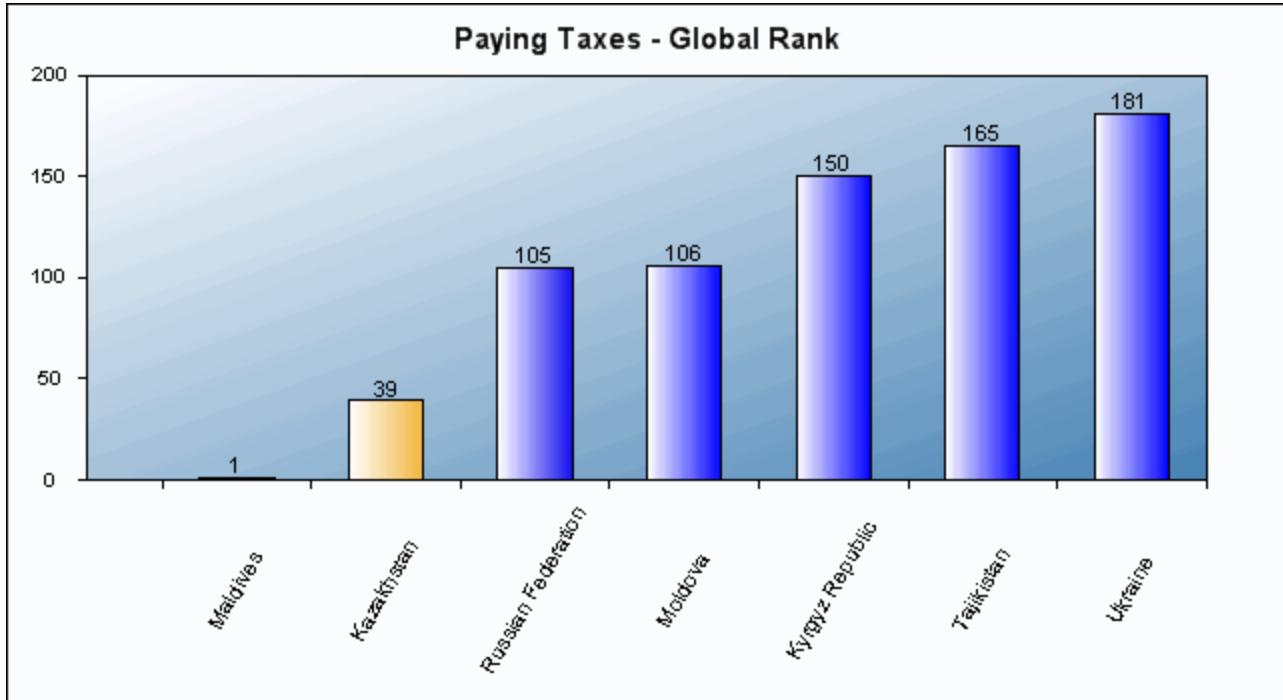
### Case Study Assumptions

- 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:

Kazakhstan is ranked 39 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
<b>Kazakhstan</b>	<b>9</b>	<b>271</b>	<b>29.6</b>

<i>Comparator Economies</i>			
<b>Kyrgyz Republic</b>	48	202	57.2
<b>Moldova</b>	48	228	30.9
<b>Russian Federation</b>	11	320	46.5
<b>Tajikistan</b>	54	224	86.0
<b>Ukraine</b>	135	657	55.5

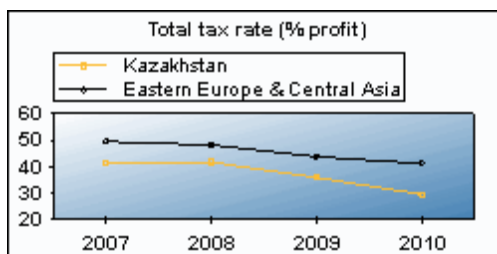
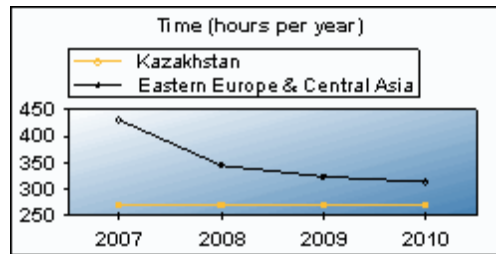
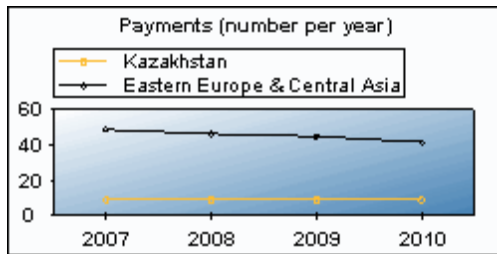
\* The following economies are also good practice economies for :

**Payments (number per year): Qatar**

## 2. Historical data: Paying Taxes in Kazakhstan

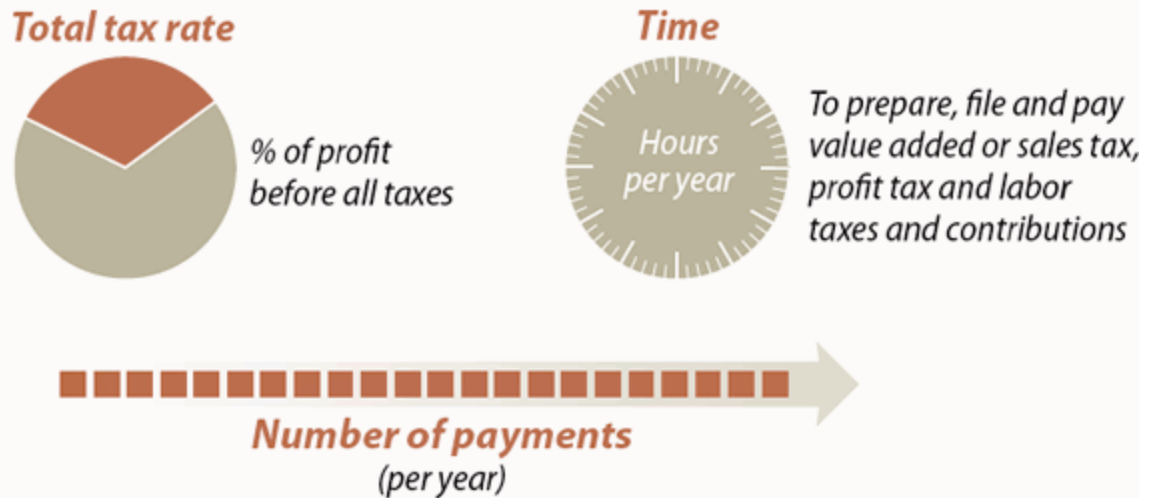
Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	53	39
Total tax rate (% profit)	41.6	41.7	35.9	29.6
Payments (number per year)	9	9	9	9
Time (hours per year)	271	271	271	271

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	92	12.0%	value added		
Vehicle tax	1	online filing		9 MCI	carrying capacity	0.00	
Fuel tax	1			KZT 500 per 1 liter tone	number of liters	0.00	
Land tax	1	online filing		KZT 28.95 per square meter	land area	0.10	
Environment pollution fee	1	online filing		KZT 847.77	fuel and waste consumption	0.10	
Advertising tax	1			1 MCI - 100 MCI per month	Size of advertising object in square meters	0.20	
Property tax	1	online filing		1.5%	property annual average net book value	1.40	

Social Tax	1	online filing	74	11.0%	gross salaries	11.50
Corporate income tax	1	online filing	105	20.0%	taxable profit	16.30
<b>Totals</b>	<b>9</b>		<b>271</b>			<b>29.6</b>

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)

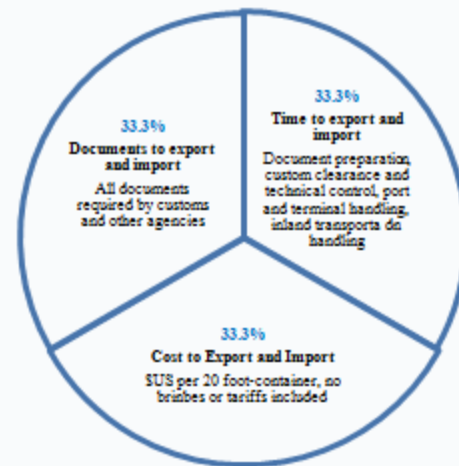
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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

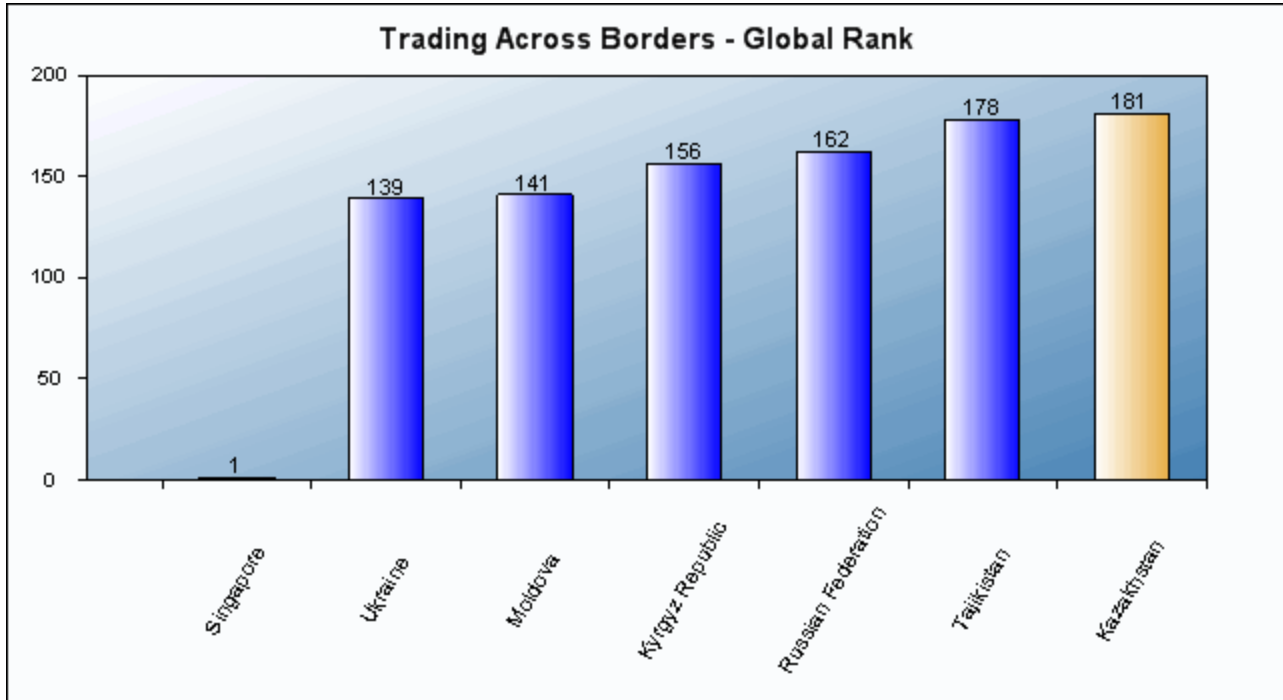
#### The traded product

- 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:

Kazakhstan is ranked 181 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
<b>Kazakhstan</b>	<b>10</b>	<b>81</b>	<b>3005</b>	<b>12</b>	<b>67</b>	<b>3055</b>

<i>Comparator Economies</i>						
<b>Kyrgyz Republic</b>	7	63	3010	7	72	3280
<b>Moldova</b>	6	32	1765	7	35	1960
<b>Russian Federation</b>	8	36	1850	13	36	1850
<b>Tajikistan</b>	10	82	3350	9	83	4550
<b>Ukraine</b>	6	31	1560	8	36	1580

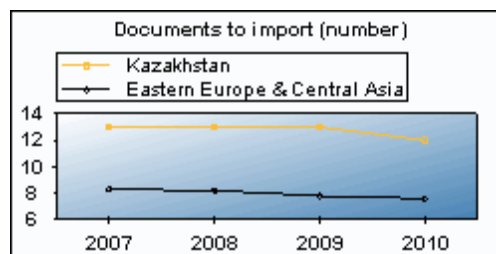
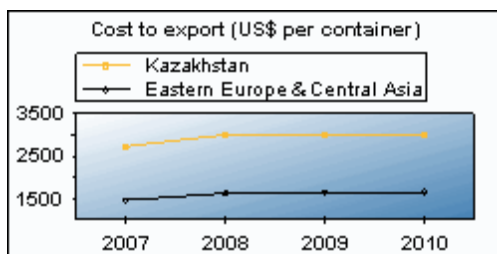
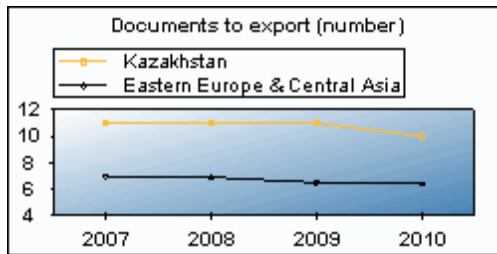
\* The following economies are also good practice economies for :

**Time to export (days): Estonia**

## 2. Historical data: Trading Across Borders in Kazakhstan

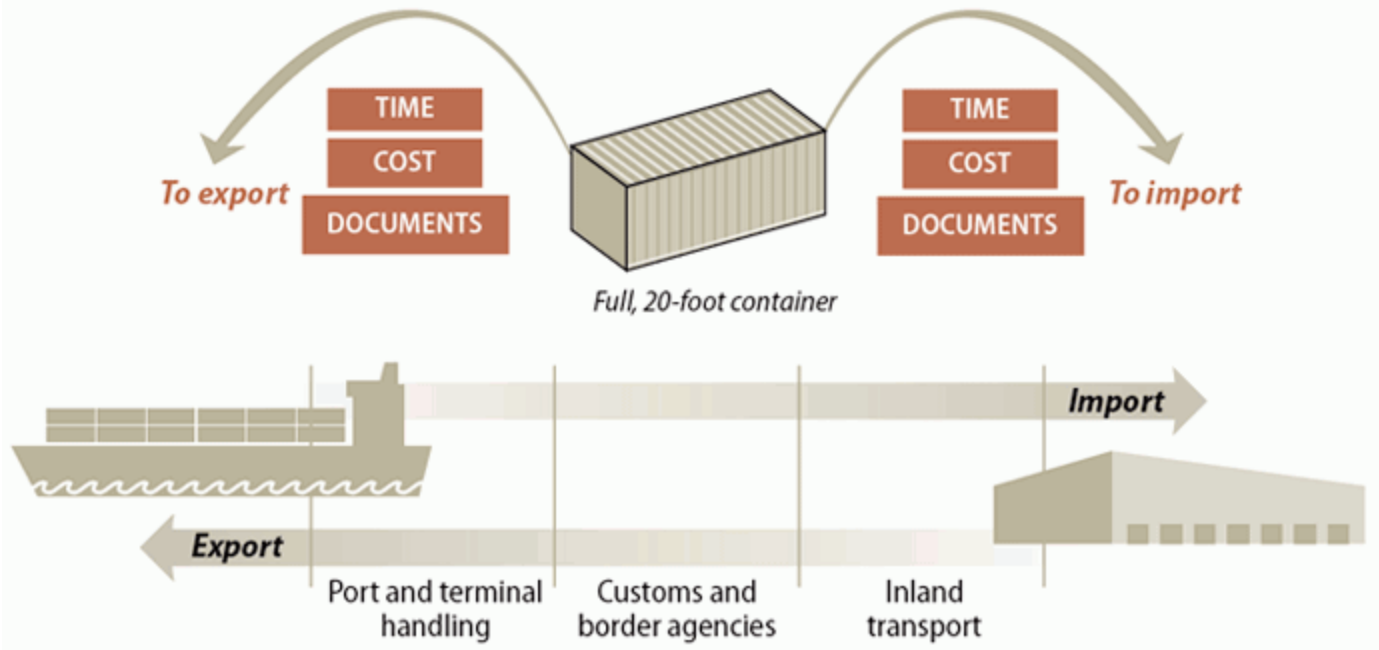
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	182	181
Cost to export (US\$ per container)	2730	3005	3005	3005
Cost to import (US\$ per container)	2780	3055	3055	3055
Documents to export (number)	11	11	11	10
Documents to import (number)	13	13	13	12
Time to export (days)	89	89	89	81
Time to import (days)	76	76	76	67

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	26	330
Customs clearance and technical control	18	200
Ports and terminal handling	11	250
Inland transportation and handling	26	2225
Totals	81	3005

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	26	200
Customs clearance and technical control	14	250
Ports and terminal handling	4	380
Inland transportation and handling	23	2225
Totals	67	3055



**Documents for Export and Import**

**Export**

Export license
Inspection report
Packing list
Tax certificate
Terminal handling receipts
Bill of lading
Certificate of conformation
Certificate of origin
Commercial invoice
Customs export declaration

**Import**

Transit document
Customs import declaration
Inspection report
Packing list
Tax certificate
Technical standard/health certificate
Terminal handling receipts
Bill of lading
Cargo release order
Certificate of conformation
Certificate of origin
Commercial invoice

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

#### Some reform outcomes

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

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

#### What do the Enforcing Contracts indicators measure?

**Enforcing Contracts:** resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

#### Procedures to enforce a contract (number)

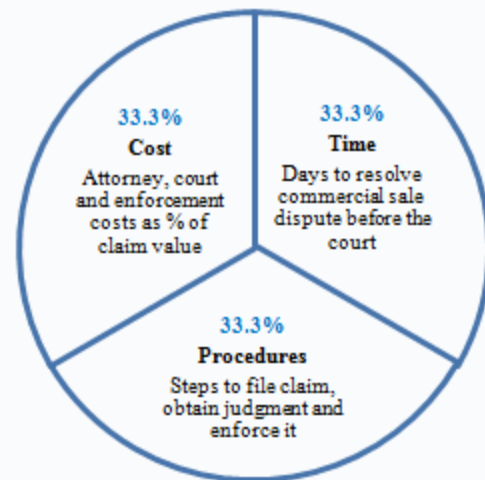
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### Time required to complete procedures (calendar days)

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

#### Cost required to complete procedures (% of claim)

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



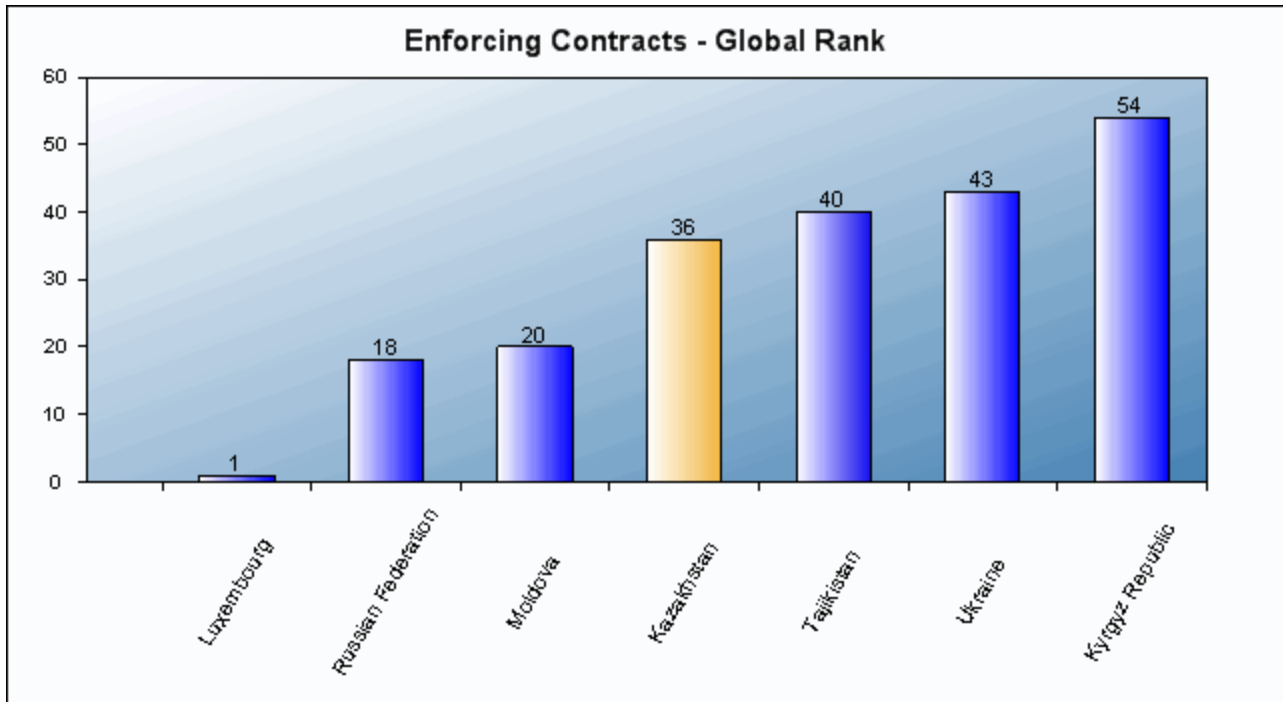
#### Case Study Assumptions

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

## 1. Benchmarking Enforcing Contracts Regulations:

Kazakhstan is ranked 36 overall for Enforcing Contracts.

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



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

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

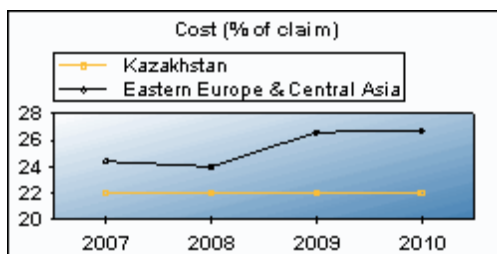
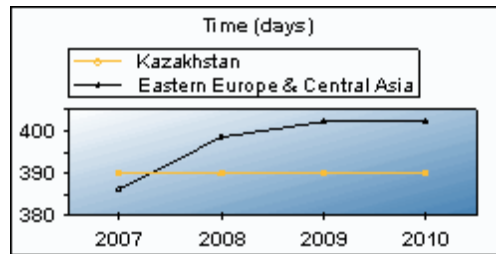
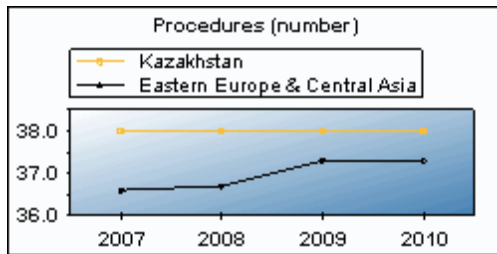
<i>Selected Economy</i>			
<b>Kazakhstan</b>	<b>38</b>	<b>390</b>	<b>22.0</b>

<i>Comparator Economies</i>			
<b>Kyrgyz Republic</b>	39	260	29.0
<b>Moldova</b>	31	365	20.9
<b>Russian Federation</b>	37	281	13.4
<b>Tajikistan</b>	34	430	25.5
<b>Ukraine</b>	30	345	41.5

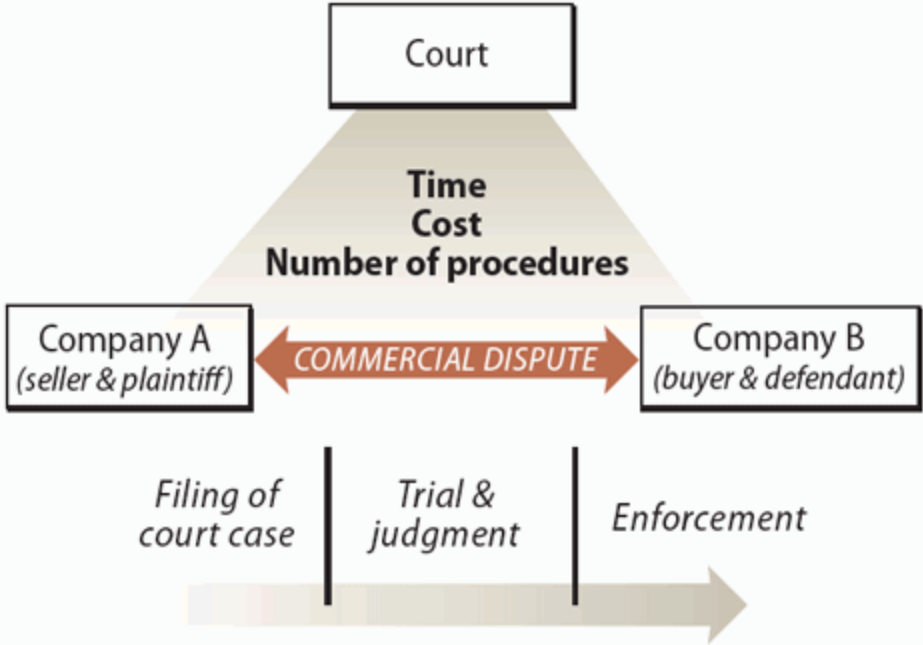
## 2. Historical data: Enforcing Contracts in Kazakhstan

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	36	36
Procedures (number)	38	38	38	38
Time (days)	390	390	390	390
Cost (% of claim)	22.0	22.0	22.0	22.0

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

Nature of Procedure (2010)	Indicator
Procedures (number)	38
Time (days)	390
Filing and service	15.0
Trial and judgment	135.0
Enforcement of judgment	240.0
<b>Cost (% of claim)*</b>	<b>22.00</b>
Attorney cost (% of claim)	8.5
Court cost (% of claim)	3.5
Enforcement Cost (% of claim)	10.0

**Court information:** Almaty Inter-District ("Специализированный межрайонный экономический суд  
Commercial Court г. Алматы")

\* 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)

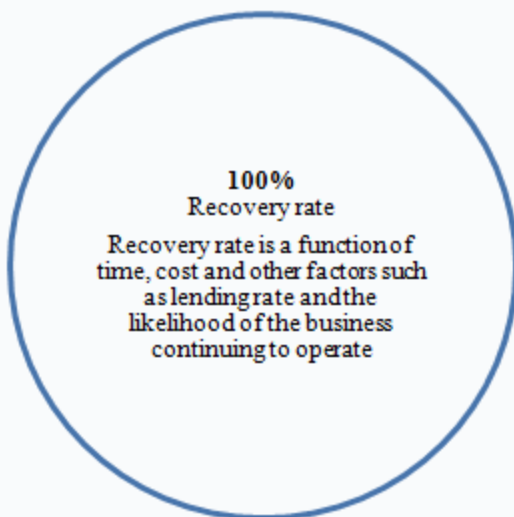
- Measured in calendar years
- Appeals and requests for extension are included

#### 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

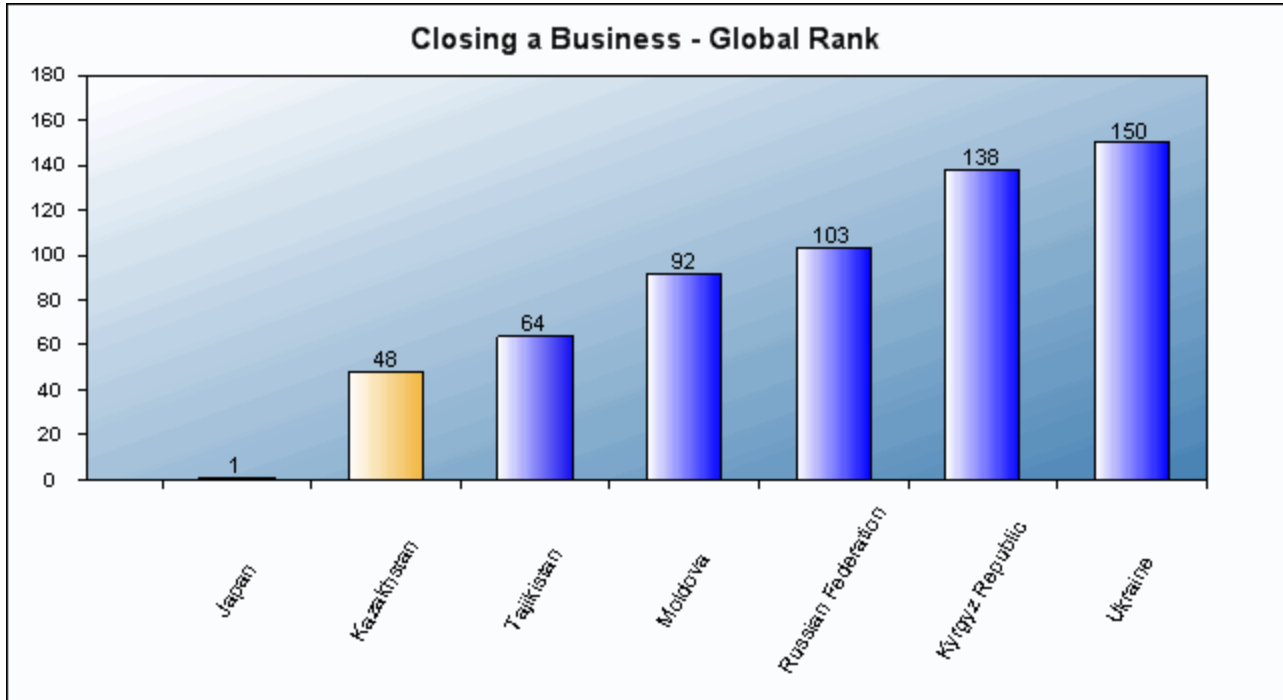
- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets



## 1. Benchmarking Closing Business Regulations:

Kazakhstan is ranked 48 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
<b>Kazakhstan</b>	<b>43.3</b>	<b>1.5</b>	<b>15</b>

<i>Comparator Economies</i>			
<b>Kyrgyz Republic</b>	15.3	4.0	15
<b>Moldova</b>	28.2	2.8	9
<b>Russian Federation</b>	25.3	3.8	9
<b>Tajikistan</b>	37.4	1.7	9
<b>Ukraine</b>	7.9	2.9	42

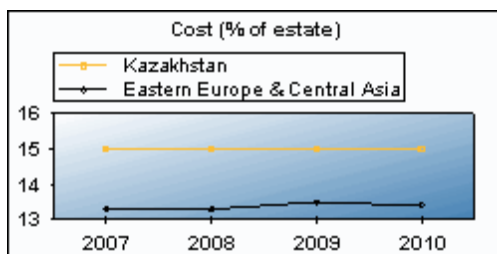
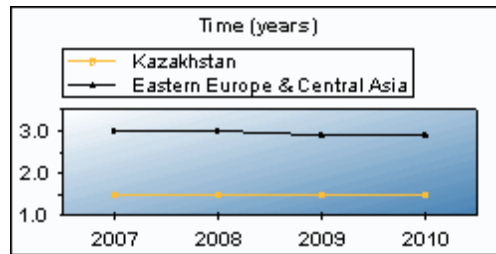
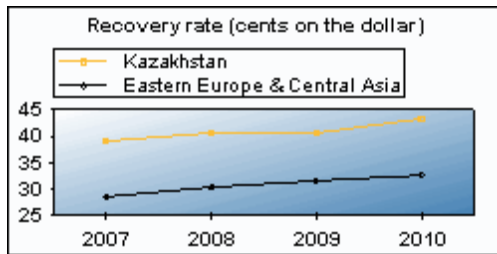
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Kazakhstan

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	54	48
Time (years)	1.5	1.5	1.5	1.5
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	39.1	40.6	40.6	43.3

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

<b>Brunei Darussalam</b>	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.
<b>Cape Verde</b>	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.
<b>Grenada</b>	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.
<b>Hungary</b>	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.
<b>Kazakhstan</b>	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.
<b>Kyrgyz Republic</b>	The Kyrgyz Republic eased business start-up by eliminating the requirement to have the signatures of company founders notarized. The Kyrgyz Republic streamlined insolvency proceedings and updated requirements for administrators, but new formalities added to prevent abuse of proceedings made closing a business more difficult.
<b>Moldova</b>	Moldova reduced employer contribution rates for social security.
<b>Peru</b>	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.
<b>Russian Federation</b>	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
<b>Rwanda</b>	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.
<b>Tajikistan</b>	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.

<b>Ukraine</b>	Ukraine eased business start-up by substantially reducing the minimum capital requirement. Ukraine made dealing with construction permits easier by implementing national and local regulations that streamlined procedures. Ukraine eased tax compliance by introducing and continually enhancing an electronic filing system for value added tax.
<b>Vietnam</b>	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.
<b>Zambia</b>	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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