

# Doing Business 2011

Lithuania

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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1818 H Street NW  
Washington, DC 20433  
Telephone 202-473-1000  
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Doing Business 2011  
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*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 Lithuania. 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)).

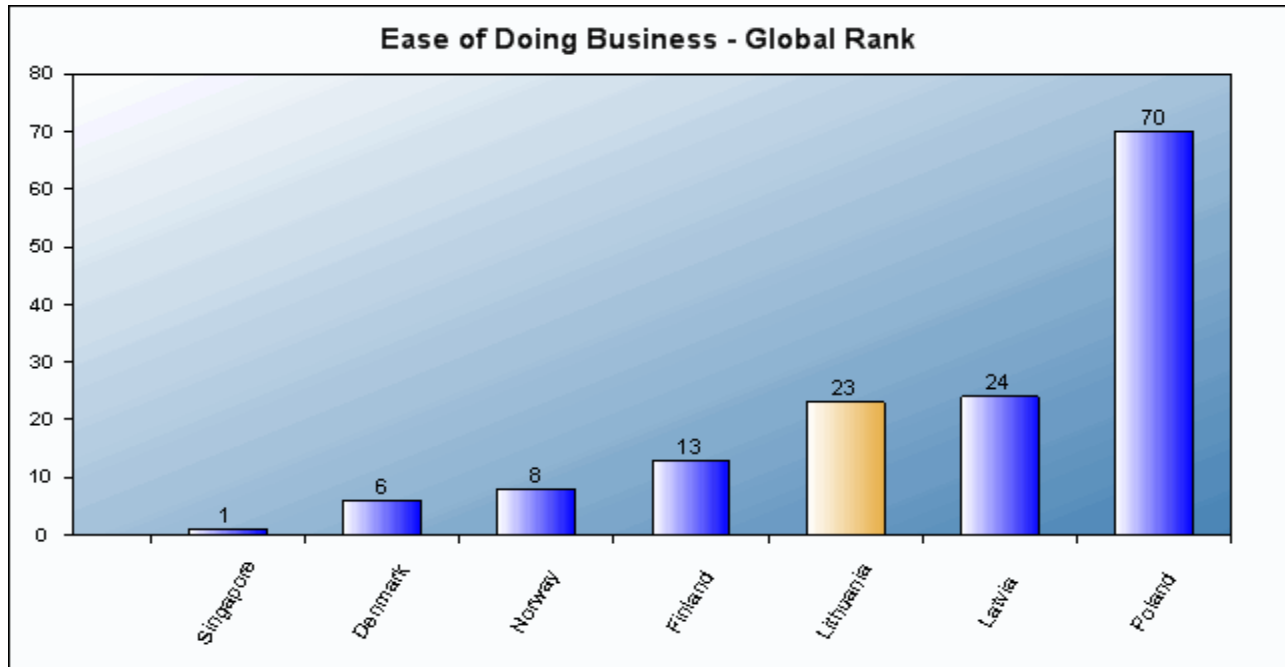
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Lithuania is ranked 23 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Lithuania's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	23
Starting a Business	87
Dealing with Construction Permits	59
Registering Property	7
Getting Credit	46
Protecting Investors	93
Paying Taxes	44
Trading Across Borders	31
Enforcing Contracts	17
Closing a Business	39

## Summary of Indicators - Lithuania

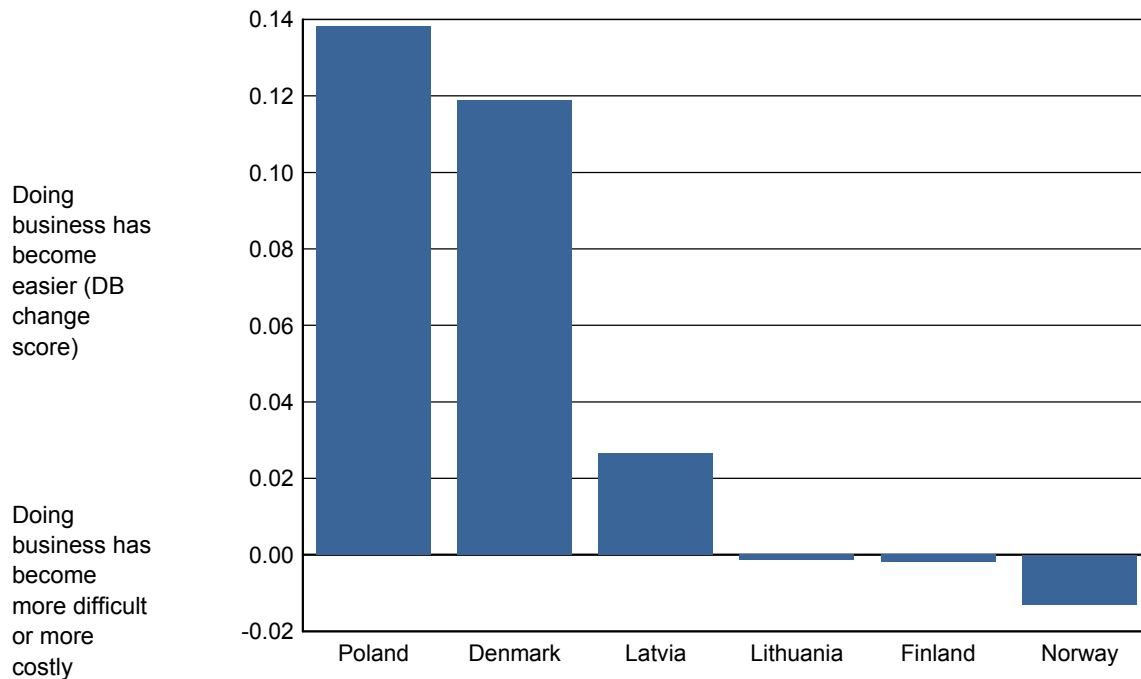
<b>Starting a Business</b>	Procedures (number)	6
	Time (days)	22
	Cost (% of income per capita)	2.8
	Min. capital (% of income per capita)	36.1
<b>Dealing with Construction Permits</b>	Procedures (number)	17
	Time (days)	162
	Cost (% of income per capita)	68.8
<b>Registering Property</b>	Procedures (number)	3
	Time (days)	3
	Cost (% of property value)	1.9
<b>Getting Credit</b>	Strength of legal rights index (0-10)	5
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	20.0
	Private bureau coverage (% of adults)	67.8
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	5.0
<b>Paying Taxes</b>	Payments (number per year)	11
	Time (hours per year)	175
	Profit tax (%)	0.0
	Labor tax and contributions (%)	35.1
	Other taxes (%)	3.6
	Total tax rate (% profit)	38.7
<b>Trading Across Borders</b>	Documents to export (number)	6
	Time to export (days)	10
	Cost to export (US\$ per container)	870
	Documents to import (number)	6
	Time to import (days)	10
	Cost to import (US\$ per container)	980

<b>Enforcing Contracts</b>	Procedures (number)	30
	Time (days)	275
	Cost (% of claim)	23.6
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	49.6
	Time (years)	1.5
	Cost (% of estate)	7

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.

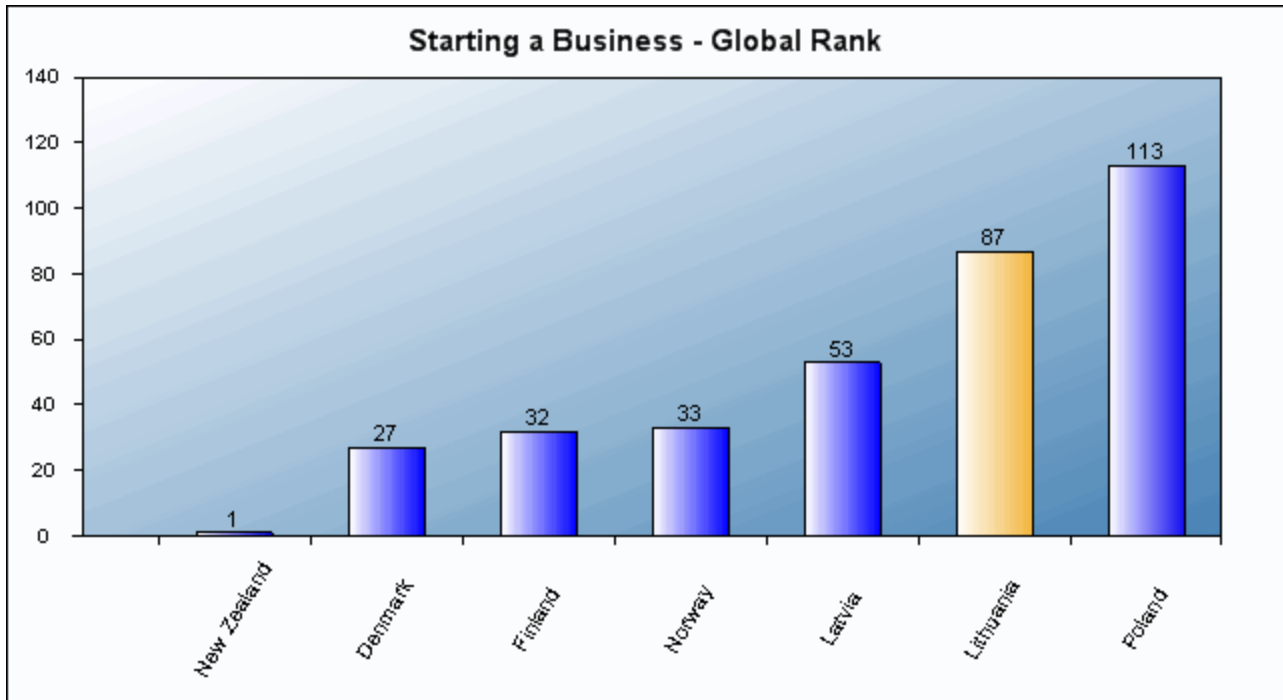
#### The business:

- 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:

Lithuania is ranked 87 overall for Starting a Business.

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



The following table shows Starting a Business data for Lithuania 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>Lithuania</b>	<b>6</b>	<b>22</b>	<b>2.8</b>	<b>36.1</b>

<i>Comparator Economies</i>				
<b>Denmark</b>	4	6	0.0	26.0
<b>Finland</b>	3	14	1.1	7.9
<b>Latvia</b>	5	16	1.5	15.9
<b>Norway</b>	5	7	1.8	20.0
<b>Poland</b>	6	32	17.5	14.7

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

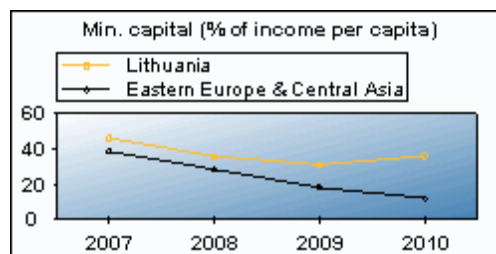
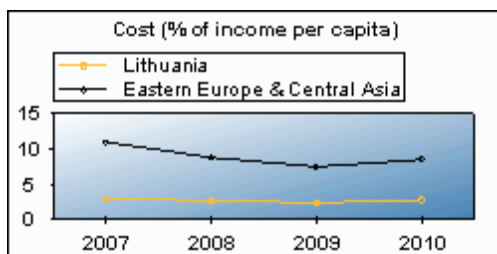
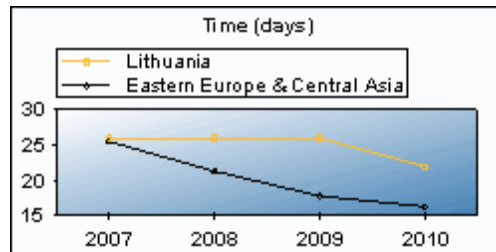
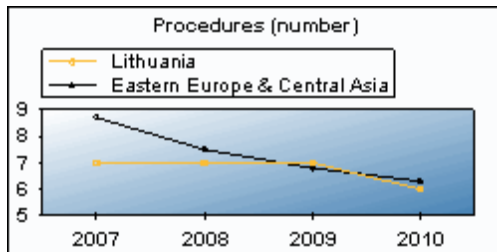
**Procedures (number):** **Canada**

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

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

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	98	87
Procedures (number)	7	7	7	6
Time (days)	26	26	26	22
Cost (% of income per capita)	3.0	2.7	2.4	2.8
Min. capital (% of income per capita)	46.2	35.9	31.1	36.1

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

### STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Vilnius

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Open bank account with minimum capital and get a bank certificate proving the availability of the funds; pay the registration fee and obtain the document evidencing the payment	1	LTL 20
2	Notarize the agreement / memorandum of incorporation and bylaws; notarize the application for the registration of the private limited liability company	2	LTL 500
3	Register at the Company Register, including registration with State Tax Inspectorate (the Lithuanian Revenue Authority) for corporate tax, VAT, and State Social Insurance Fund Board (SODRA)	3	LTL 198
4	Complete VAT registration	13	no charge
5	Open a settlement bank account (to handle normal commercial transactions)	1	no charge
6	Obtain the official seal of the company	2	LTL 60

## Starting a Business Details - Lithuania

**Procedure 1** Open bank account with minimum capital and get a bank certificate proving the availability of the funds; pay the registration fee and obtain the document evidencing the payment

**Time to complete:** 1

**Cost to complete:** LTL 20

**Comment:** Some banks apply charges of (LTL 20–30) for issuing a bank certificate, which evidences payment of share capital.

**Procedure 2** Notarize the agreement /memorandum of incorporation and bylaws; notarize the application for the registration of the private limited liability company

**Time to complete:** 2

**Cost to complete:** LTL 500

**Comment:** Under the resolution establishing the Company Register, the notary public must verify all registration documents, including documents on establishing branches and representative offices for all foreign legal persons. Previously, the notary verified only the founding act and the founders' signatures on the articles of association. Notarial fees have thus increased. The notarial fee for verifying legal compliance of registration documents for a limited liability company ranges from LTL 250 to LTL 800, but range around LTL 500 on average.

**Procedure 3** Register at the Company Register, including registration with State Tax Inspectorate (the Lithuanian Revenue Authority) for corporate tax, VAT, and State Social Insurance Fund Board (SODRA)

**Time to complete:** 3

**Cost to complete:** LTL 198

**Comment:** To register for VAT, corporate tax, and social security insurance, the company must file the following documents:

- Application for company registration.
- Memorandum and articles of incorporation (certified).
- License, if applicable.
- Minutes of the statutory meeting.
- Company bylaws (certified).
- Corporate decisions on the appointment of directors.
- Receipt for registration fee payment.

The Company Register registers all legal persons, including private and public legal persons, their branches and subsidiaries, and the branches and subsidiaries of foreign legal persons. Before the 2003 reform, the system was based on separate registers for enterprises, associations, budget institutions, credit unions, public organizations, and so forth. According to the new rules, the Company Register contains the legal persons' foundations acts, bylaws, and certain other registration documents, including financial accounting documents. Moreover, the Company Register now registers company names as well as procurations (general powers of attorney).

Before registering the company, the Company Register must check the conformity of the company name with certain requirements specified by the legal acts. Under Article 95 of the Regulations of the Register of Legal Persons (Company Register), the new company must be registered in 5

business days, unless the Register finds any lack of compliance with the applicable laws.

The Register of Legal Persons informs the Tax Inspectorate of the newly registered legal entity and transfers the relevant information. The data is automatically entered in the Register of Taxpayers in 2 working days. Thus, there is no need to appear before the Tax Inspectorate and register as a corporate taxpayer. The taxpayer identification number is identical to the identification number assigned to a legal entity by the Register of Legal Entities. On registering a legal entity as a corporate taxpayer, a legal entity is registered as an insurer and relevant data are passed to the State Social Insurance Fund Board. Thus, companies do not need to register separately with this agency.

The Tax Inspectorate responds to a legal entity's registration in the Register of Taxpayers by sending a registration form in 5 working days from the date the company registered as a corporate taxpayer. With this form, the Tax Inspectorate may send two more forms, requesting more information that must be completed and returned in 5 working days from receipt. These forms include information on the legal entity's contacts, activity, working hours, accountant, and subdivisions.

Effective April 1, 2007, the company registration fee is LTL 198.

Due to amendments to the Law on Companies (No. VIII-1835 of July 13, 2000), incorporation documents translated into one of the official European Union languages may be submitted to the Register of Legal Entities.

#### **Procedure 4 Complete VAT registration**

**Time to complete:** 13

**Cost to complete:** no charge

**Comment:** A company must be registered as a corporate taxpayer within 5 days of registering with the Enterprise Registry. The Registry automatically forwards the relevant information to the Tax Office (see comment for Procedure 3). A single form must be filed with the Tax Registration Office to register. This form covers all taxes, except VAT and social security tax. VAT registration requires the completion of another application form at the same office.

The company must be registered as a VAT payer if its annual turnover is more than LTL 100,000 (about EUR 30,000). To register as a VAT payer, the company must file a special application, Form FR 0388, with the Tax Registration Office either in person or electronically. If the company's annual turnover does not exceed LTL 100,000, it may voluntarily register as a VAT payer. Foreign legal entities must be registered as VAT payers unless they engage in any activity (a) that is not a VAT object in Lithuania; (b) is liable for 0% VAT in Lithuania; or (c) for which VAT on goods delivered or services rendered by a foreign taxable person is chargeable on the purchaser or customer residing in Lithuania.

#### **Procedure 5 Open a settlement bank account (to handle normal commercial transactions)**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:**

#### **Procedure 6 Obtain the official seal of the company**

**Time to complete:** 2

**Cost to complete:** LTL 60

**Comment:**



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

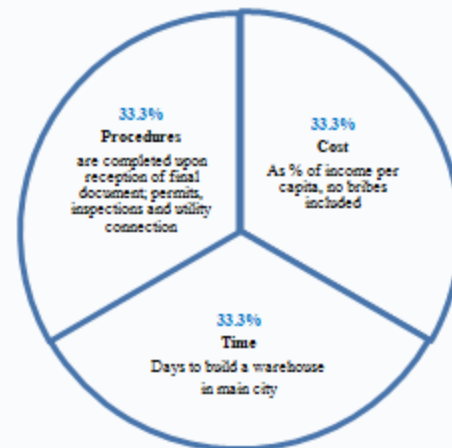
#### The warehouse:

- 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

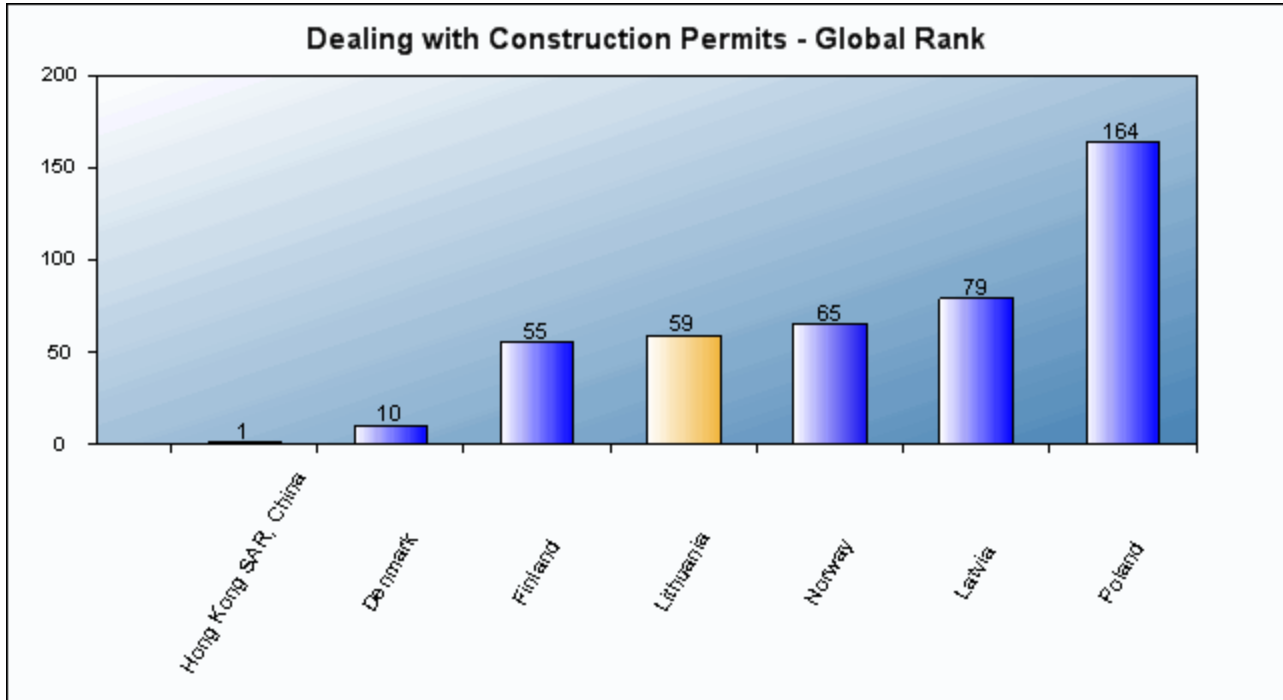
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Lithuania is ranked 59 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Lithuania 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	

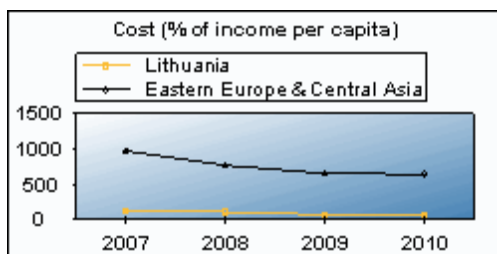
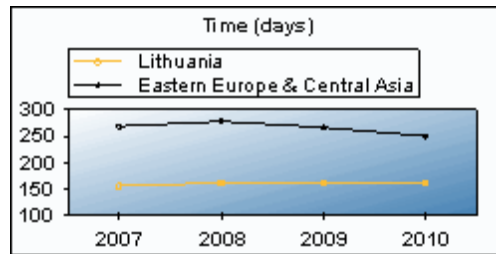
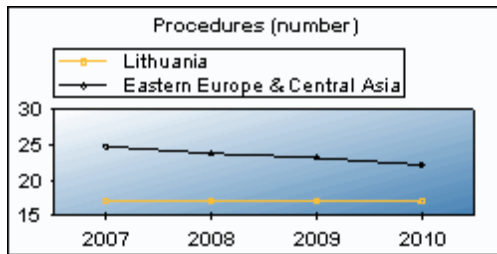
<i>Selected Economy</i>			
<b>Lithuania</b>	<b>17</b>	<b>162</b>	<b>68.8</b>

<i>Comparator Economies</i>			
<b>Denmark</b>	6	69	61.7
<b>Finland</b>	18	66	134.2
<b>Latvia</b>	24	186	19.3
<b>Norway</b>	14	252	43.8
<b>Poland</b>	32	311	121.8

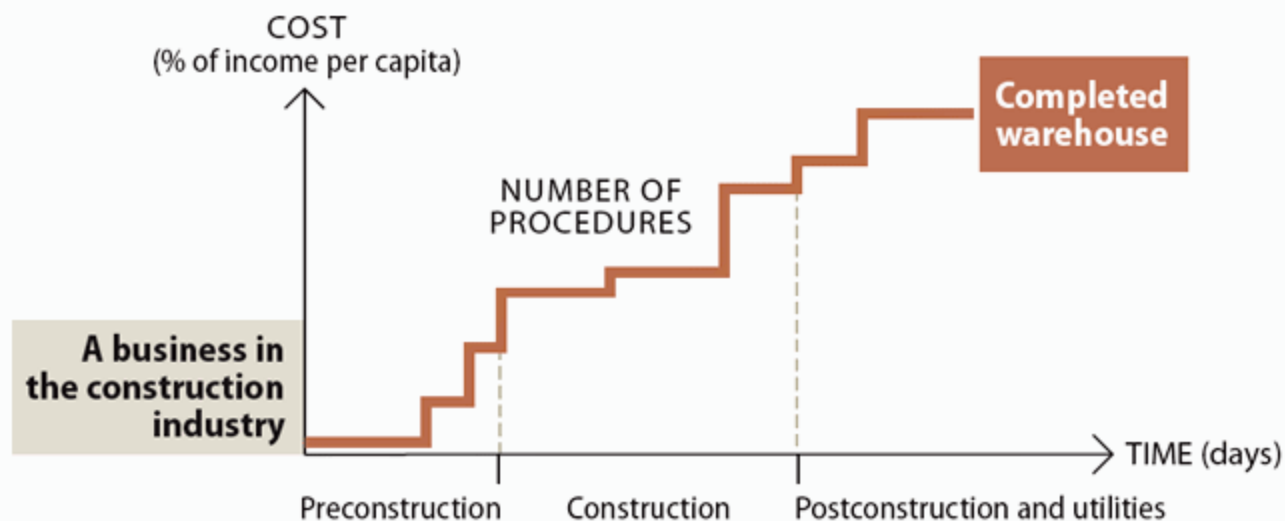
## 2. Historical data: Dealing with Construction Permits in Lithuania

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	60	59
Procedures (number)	17	17	17	17
Time (days)	156	162	162	162
Cost (% of income per capita)	133.1	109.9	72.0	68.8

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

BUILDING A WAREHOUSE  
City: Vilnius

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain certificate of Ownership of the land plot	1 day	LTL 11
2	Request and obtain a Set of Design Conditions for Construction Works	28 days	no charge
3	Request and obtain approval of the design documentation	60 days	no charge
4	Request and obtain a building permit	18 days	LTL 250
5 *	Request power connection approval and sign contract	20 days	LTL 11,926
6 *	Connect to electricity services	10 days	no charge
7 *	Request and obtain Deeds of Inspection and Testing of Engineering Networks	5 days	no charge
8 *	Request and obtain telephone connection approval and sign contract	7 days	LTL 250

9 *	Connect to telephone services	5 days	no charge
10 *	Request and obtain deeds of inspection and testing of engineering Networks	5 days	no charge
11 *	Request and obtain water and sewerage connection approval and sign contract	7 days	LTL 1,200
12 *	Connect to water services	5 days	no charge
13 *	Request and obtain deeds of inspection and testing of engineering networks	5 days	no charge
14	Hire Private Cadastre Company and obtain Cadastral Measurement of the Structure	5 days	LTL 2,000
15	Request approval of structure and final inspection	1 day	no charge
16	Obtain the approval certificate from the Commission for the Approval of Structures	28 days	no charge
17	Register with the Land and Real Property Registry	1 day	LTL 3,422

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Lithuania

### Procedure 1 Request and obtain certificate of Ownership of the land plot

**Time to complete:** 1 day

**Cost to complete:** LTL 11

**Agency:** Center of Registers

**Comment:** Documents evidencing ownership or any other right allowing construction activities on the land plot should be requested from the Center of Registers, Land and Real Property Registry. The Extract from the Register of Immovable Property proving the ownership of the land plot should be submitted to the Municipality in order to obtain a set of design conditions for the construction works.

The Center of Registers, as of January 2009 reduced the fee for the certificate of ownership of the land plot, and introduced fast track options: obtaining within 1 day is LTL 11, and LTL 6 obtaining it within 7 days.

### Procedure 2 Request and obtain a Set of Design Conditions for Construction Works

**Time to complete:** 28 days

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** The company must obtain a set of design conditions from the municipal administration. The set of design conditions is valid for the same period as the building permit. However, if the permit is not issued within 3 years after the set of design conditions have been obtained, the set of design conditions must be re-approved. The set of design documentations includes conditions on connection to networks supplying water, gas, electricity, heating and telecommunications. In 2007 according to the Construction Law the term for this procedure was extended from 20 calendar days to 20 working days. The director of the administration of a municipality considers design conditions, harmonizes them, if necessary, proposes their amendments and approve them. Design conditions shall be included in the set of design conditions for a construction works. The municipal mayor (municipal administrator or another employee of the municipal administration) shall, after consultation with owners (users) of engineering and utility networks and traffic routes and institutions as well as entities who prepared construction works design conditions, approve it and issue to the builder not later than 20 working days after the receipt of his request (the time limit comprises 5 working days designated to consult with owners (users) of engineering and utility networks and traffic routes as well as institutions) or within 15 working days inform the builder (client) about the reasons for refusing to issue a set of design conditions.

### Procedure 3 Request and obtain approval of the design documentation

**Time to complete:** 60 days

**Cost to complete:** no charge

**Agency:** Architectural and Engineering Commissions of the City Development Department

**Comment:** After the approval of the design conditions in Procedure 2, the municipal administration is authorized to issue the building permit. Design documentation is considered and approved by the Architectural and Engineering Commissions of the City Development

Department. This procedure involves obtaining approval from several entities (mainly utilities for this type of project). The design documentation is filed with the municipal authority, which forwards the approval requests to the necessary entities. Therefore, this procedure involves only one step. However, the process could be made faster if the applicant contacts the several entities directly after the municipal authority forwards the file. The process takes between 30 and 60 days.

**Procedure 4 Request and obtain a building permit**

**Time to complete:**

18 days

**Cost to complete:**

LTL 250

**Agency:**

Municipality

**Comment:**

The building permit is valid for 10 years. Several documents are required in order to obtain the permit, including all the clearances, permits, and approvals obtained through the previous procedures.

This procedure consists of two stages:

- Approval by the Permanent Construction Commission.
- Issuance of the building permit.

The whole process takes 15 days when the building planned for construction is of exceptional significance.

The general time to obtain a building permit, as stated in the Law on Construction, is 10 days. In 2006, the Vilnius municipality extended this time frame to 18 days because of a large number of construction projects in the Vilnius region and the frequent discrepancies or lack of required documentation.

The silence-means-consent rule in the Law on Construction of the Republic of Lithuania allows for construction to start when no response has been given within 18 days after submitting all the necessary documents. In that case, the builder must inform in writing a public administration entity that issues a permit. However, this rule is rarely used in practice. Usually, the application for a building permit is either granted or rejected, with concrete reasons indicated. When an application is rejected, BuildCo is usually asked to amend some documents or to submit additional necessary documentation.

In practice, the procedure for obtaining a building permit usually takes even more than 18 days.

According to the Amendment of the Decree of the Government of the Republic of Lithuania No 1458 dated 16 July 2008 (as of 27 July 2008) the cost for the issuance of the construction permit has increased to from LTL 100 to LTL 250.

**Procedure 5 Request power connection approval and sign contract**

**Time to complete:**

20 days

**Cost to complete:**

LTL 11,926

**Agency:**

Rytų skirstomieji tinklai AB (Electricity Company)

**Comment:**

The following steps should be taken to connect new electrical systems or equipment to the electrical network:

1. Individual customers (private persons) should notify the regional electricity network (Rytų skirstomieji tinklai) division closest to their place of residence.
2. The customer should fill out an application form for customer electricity supply and submit it to one of the electricity network divisions closest to their place of residence. The



application form lists the additional documents to be submitted by the customer.

3. Electricity Company personnel evaluate the application and work out the connection terms after 7–30 days. The estimated connection fee is calculated using the methodology for calculating connection fees.

4. The customer and Rytų skirstomieji tinklai AB sign a connection contract.

5. After the connection contract has been signed, or after the connection or advance payment has been made, the electricity company carries out the necessary planning and all the construction work related to connection of the electrical system.

6. After the connection to the internal network has been made, an electricity inspector checks the electrical network connection, seals the calculation chains, and connects the site to the electrical network.

The price of obtaining a power connection is calculated using the following formula:

$M$  (total price) = 142, 8 (LTL per kilowatt) x 140kVA (112kW) = 19 993 LTL. The total price with VAT (18%) is 23,591 LTL.

#### **Procedure 6 Connect to electricity services**

<b>Time to complete:</b>	10 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Rytų skirstomieji tinklai AB (Electricity Company)
<b>Comment:</b>	The connection takes place after the contract has been signed.

#### **Procedure 7 Request and obtain Deeds of Inspection and Testing of Engineering Networks**

<b>Time to complete:</b>	5 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Operators of the corresponding engineering networks and systems
<b>Comment:</b>	The inspection and test are performed by operators of the corresponding engineering networks and systems.

#### **Procedure 8 Request and obtain telephone connection approval and sign contract**

<b>Time to complete:</b>	7 days
<b>Cost to complete:</b>	LTL 250
<b>Agency:</b>	Teo LT
<b>Comment:</b>	Utility connections are obtained during construction. The process normally involves requesting on-site inspections, receiving these inspections, and getting connected.

#### **Procedure 9 Connect to telephone services**

<b>Time to complete:</b>	5 days
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Teo LT

**Comment:**

**Procedure 10 Request and obtain deeds of inspection and testing of engineering Networks**

**Time to complete:** 5 days

**Cost to complete:** no charge

**Agency:** Operators of the corresponding engineering networks and systems

**Comment:** The inspection and test are performed by operators of the corresponding engineering networks and systems.

**Procedure 11 Request and obtain water and sewerage connection approval and sign contract**

**Time to complete:** 7 days

**Cost to complete:** LTL 1,200

**Agency:** Lithuania Water Company

**Comment:** Utility connections are obtained during construction. The process normally involves requesting on-site inspections, receiving these inspections, and getting connected.

**Procedure 12 Connect to water services**

**Time to complete:** 5 days

**Cost to complete:** no charge

**Agency:** Lithuania Water Company

**Comment:**

**Procedure 13 Request and obtain deeds of inspection and testing of engineering networks**

**Time to complete:** 5 days

**Cost to complete:** no charge

**Agency:** Operators of Engineering Networks and Systems

**Comment:** The inspection and test are performed by operators of the corresponding engineering networks and systems.

**Procedure 14 Hire Private Cadastre Company and obtain Cadastral Measurement of the Structure**

**Time to complete:** 5 days

**Cost to complete:** LTL 2,000

**Agency:** Private Company

**Comment:** The file is prepared by private companies licensed to carry out cadastral measurements and approved by the SE Center of Registers. This procedure is necessary for registering with the Land and Real Property Registry. The price can vary anywhere between LTL 1,5 to LTL 3,5.

#### **Procedure 15 Request approval of structure and final inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Commission for the Acceptance of Structures

**Comment:** The request sent to the Commission for the Approval of Structures must be accompanied by a list of documents related to the construction process, including documents specified in the previous three procedures. A commission is then established to carry out an on-site inspection.

#### **Procedure 16 Obtain the approval certificate from the Commission for the Approval of Structures**

**Time to complete:** 28 days

**Cost to complete:** no charge

**Agency:** Commission for the Acceptance of Structures

**Comment:** After the inspection has been completed, the commission issues the approval.

#### **Procedure 17 Register with the Land and Real Property Registry**

**Time to complete:** 1 day

**Cost to complete:** LTL 3,422

**Agency:** Real Estate Registry

**Comment:** Upon the completion and approval of construction, the building must be registered with the Land and Real Property Registry. The general term for the registering of warehouse is 10 working days, but it is possible to register it in 1 working day, if supplementary payment is paid. The price for the building registration depends on whether natural or legal person registers the building and on the average market value of the building. As the approximate value of the building is 2 993 119 LTL, the cost for the registering of the warehouse is estimated as follows: 505 LTL (constant price) + 0,055 percent from the sum, which is obtained after subtraction of 800 000 from the average market value of the building.  $505 \text{ LTL} + (0,055 \% (2\,993\,119 \text{ LTL} - 800\,000 \text{ LTL})) = 1711 \text{ LTL}$ . The supplementary payment for the registration in one day is 100 % of the price. So in total the registration costs are:  $1711 \text{ LTL} + 1711 \text{ LTL} = 3422$

The following terms and conditions of payment for the registering services were settled by the 2007-06-06 legal act of the Government of the Republic of Lithuania, which came into force on 2007-06-17.

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)

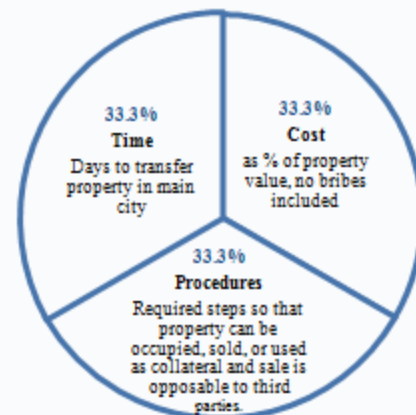
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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.

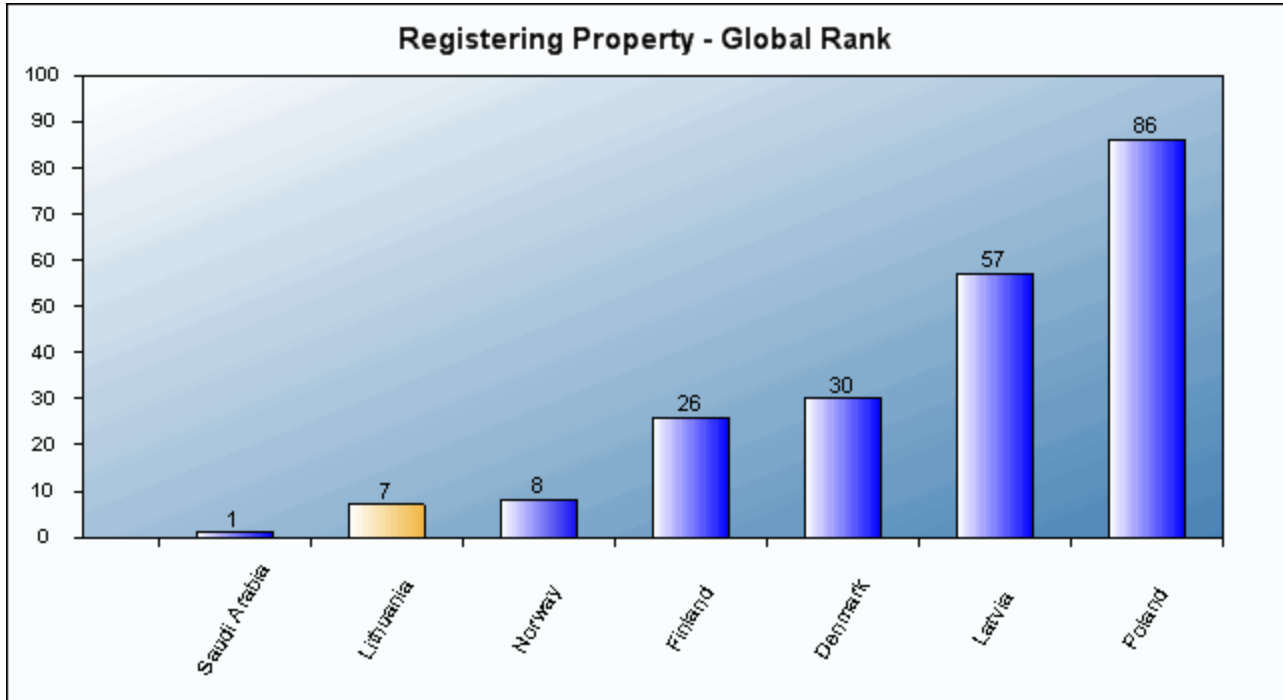
#### The property (fully owned by the seller):

- 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:

Lithuania is ranked 7 overall for Registering Property.

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



The following table shows Registering Property data for Lithuania 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>Lithuania</b>	<b>3</b>	<b>3</b>	<b>1.9</b>

<i>Comparator Economies</i>			
<b>Denmark</b>	3	42	0.6
<b>Finland</b>	3	14	4.0
<b>Latvia</b>	6	42	2.0
<b>Norway</b>	1	3	2.5
<b>Poland</b>	6	152	0.4

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

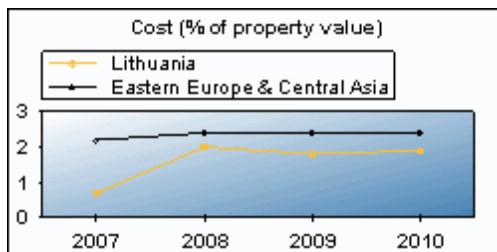
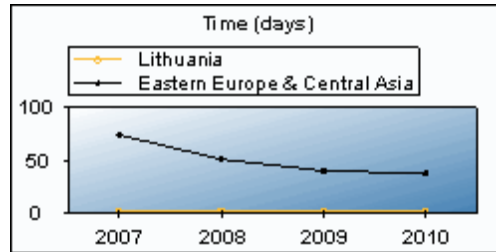
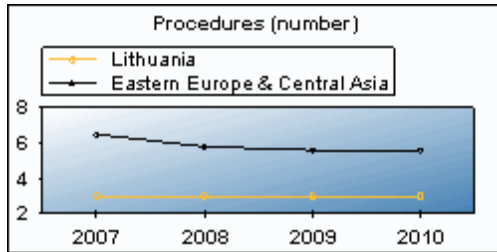
**Procedures (number): United Arab Emirates**

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

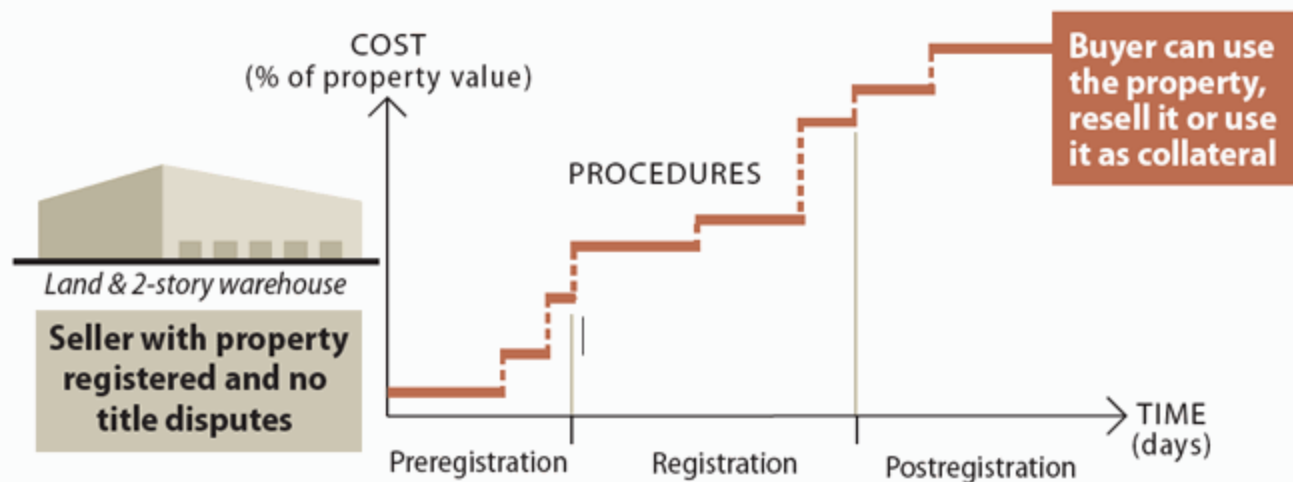
## 2. Historical data: Registering Property in Lithuania

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	7	7
Procedures (number)	3	3	3	3
Time (days)	3	3	3	3
Cost (% of property value)	0.7	2.0	1.8	1.9

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

### STANDARDIZED PROPERTY

Property Value: 1,384,410.28

City: Vilnius

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtaining the real estate transaction certificate	1 day -expedited (€10.14); 3 days (€8.33); 5 days (€7.60); 7 days (€6.52)	1 day - €10.14; 3 days - €8.33; 5 days - €7.60; 7 days - €6.52 + € 5.50 for notary services
2 *	Notarization of the sale-purchase agreement	2 days	Notary fees: 0.45% of property value (All prices are expressed in €. The local currency (LTL) is pegged to the Euro at a rate of € 1 = LTL 3.4528)



3	Register the transfer of title to the property in the Real Estate Register	10 business days (regular procedure), but can be done in 3 business days by paying a 30% mark-up on the price (fast-track procedure), in 2 business days with a 50% mark-up (fast-track procedure) and in 1 business day with a 100% mark-up (fast-track procedure)	Depends on the market value of the real estate and the desirable term of the registration (see Notes in comments for more details)
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\* Takes place simultaneously with another procedure.

## Registering Property Details - Lithuania

### Procedure 1 Obtaining the real estate transaction certificate

<b>Time to complete:</b>	1 day -expedited (€10.14); 3 days (€8.33); 5 days (€7.60); 7 days (€6.52)
<b>Cost to complete:</b>	1 day - €10.14; 3 days - €8.33; 5 days - €7.60; 7 days - €6.52 + € 5.50 for notary services
<b>Agency:</b>	State Enterprise Center of Registers
<b>Comment:</b>	<p>Prior to notarizing the agreement notary public obtains the certificate for execution of the real estate transaction from the State Enterprise Center of Registers. This certificate can be obtained by a notary public only at the request of the owner of real estate that is subject to a sale and purchase agreement. If the land plot and the building (warehouse) are registered under separate register records then two Certificates will be required. If, however, the land plot and the building are registered under single register record, then one Certificate will suffice. As of March 31, 2007, notaries are able to obtain this certificate by using a special software in their bureaus.</p> <p>Before obtaining the Certificate a notary public will check the data of public registers on the buyer and seller and the property. In addition to the above indicated fees for issuance/obtaining of the Certificate, a notary public normally charges approx. LTL 19(€ 5.50) for his/her services.</p>

### Procedure 2 Notarization of the sale-purchase agreement

<b>Time to complete:</b>	2 days
<b>Cost to complete:</b>	Notary fees: 0.45% of property value (All prices are expressed in €. The local currency (LTL) is pegged to the Euro at a rate of € 1 = LTL 3.4528)
<b>Agency:</b>	Notary Public
<b>Comment:</b>	<p>According to the Lithuanian law, the ownership right to the sold real estate passes over as of the transfer of the real estate to the buyer, as long as the agreement expressly states so. The transfer of the real estate must be documented by the act of transfer-acceptance signed by the seller and the buyer. The property shall be transferred and the ownership rights to it shall be deemed passed to the buyer as of the day of signing and notarization of the agreement. The act of transfer-acceptance of the property can be included in the sale-purchase agreement and can therefore can be signed at no additional cost. Failure to notarize the agreement on sale-purchase of real estate makes it null and void by law. It is common practice of the legal counsels of the companies to coordinate the draft agreement with a notary before the notarization of the transaction. Usually, the legal counsel agrees with the notary to render this additional service free of charge.</p> <p>The notary fee amounts to 0.45% of the value of transaction, however, not less than LTL 100 (about EUR 29) and not more than LTL 20,000 (about EUR 5,792). If more than one agreement is notarised by a single notarial deed, the notary fee is calculated by adding the notary fees for notarisation of each agreement, however, the total notary fee in such a case cannot exceed LTL 50,000 (about EUR 14,481).</p> <p>The documentation shall include:</p> <ul style="list-style-type: none"><li>• Company's registration certificate evidencing its legal registration in Lithuania</li><li>• Articles of Association of the company</li><li>• A resolution of the General Meeting of the Shareholders of the company evidencing the appointment of the Head of Administration of the company.</li></ul>

- Power of attorney if the transaction is concluded by another person than the Head of Administration
- A resolution of the Board of the seller evidencing the approval of the sale of the real estate which book value exceeds 5% of the seller's authorized capital.
- A resolution of the General Meeting of the Shareholders of the seller evidencing the approval of the sale of real estate which book value exceeds 5% of the seller's authorized capital, provided the respective approval is required under the Articles of Association of the seller.
- A resolution of the Board of the buyer evidencing the approval of the acquisition of the real estate for the price exceeding 5% of the buyer's authorized capital.
- A resolution of the General Meeting of the Shareholders of the buyer evidencing the approval of the acquisition of the real estate for the price exceeding 5% of the buyer's authorized capital, provided the respective approval is required under the Articles of Association of the buyer.
- The Certificate (obtained in Procedure 1)
- The certification on the property and rights to it registered with the State Enterprise Centre of Registers (the respective certification is issued and presented to the owner of the real estate when registering its ownership right with the Real Estate Register)
- The plan of the land plot (if the seller already owns the plan, it is transferred to the buyer; if not, a new one would have to be prepared by either a private or state surveying party)
- The documents evidencing the seller's previous acquisition of the ownership right to the real estate (e.g. sale-purchase agreement in case the seller had bought the respective property), an act of acceptance of the building as suitable for usage (occupancy permit), and the transfer-acceptance act of the building in case the seller had erected the building.

### Procedure 3 Register the transfer of title to the property in the Real Estate Register

**Time to complete:** 10 business days (regular procedure), but can be done in 3 business days by paying a 30% mark-up on the price (fast-track procedure), in 2 business days with a 50% mark-up (fast-track procedure) and in 1 business day with a 100% mark-up (fast-track procedure)

**Cost to complete:** Depends on the market value of the real estate and the desirable term of the registration (see Notes in comments for more details)

**Agency:** State Enterprise Center of Registers

**Comment:** According to the Lithuanian law, the registration of the sale-purchase agreement of the real estate is not compulsory, and it is deemed effective with respect to its parties, irrespective of its legal registration. However, only registration makes the transfer opposable to third parties. In addition to the registration, a new property certificate is issued to the new owner of the real estate, at no cost when it is issued in the process of registering ownership rights to the sold property.

As of 2009, it is possible for the notary to electronically register the sale-purchase agreement through (NETSVEP – Public Electronic Service of Transaction of Real Estate).

This means that registration of land and building (even if they are part of the same object and registered together), the cap will apply to each unit: €1,448.10 for registration of the land and €1,448.10 for registration of the building, with a total of €2,896.2.

The documentation shall include:

- A filled application form
- The sale-purchase agreement of the property or other documents which are the legal grounds for the transfer of ownership rights from the seller to the buyer
- Personal ID of buyer
- A document evidencing the representative's right to represent the company (e.g. A resolution of the General Meeting of the Shareholders of the company evidencing the appointment of the Head of Administration of the company)
- Company's registration certificate evidencing its legal registration
- Articles of Association of the company (in case of necessity)
- Payment receipts or other document evidencing the payment of the fees for the registration

of ownership right

- The plan of the land plot
- Property transfer-acceptance act if the agreement does not state that the agreement is considered a transfer-acceptance act

Note: all documents which are the legal grounds for registration of the ownership right to the property have to be presented to the Real Estate Register in 2 copies, one of which must be an original or a notarized copy. The original copy of the documents submitted for registration shall be returned to the applicant after the registration together with the document confirming the ownership registration with the Real Estate Register. Other copy of the documents submitted for registration shall be filed by the Real Estate Register.

Average market value of Building in € - (Registration fee in €)

Up to 14,481 = € 37.65

From € 14,481 to € 231,696 = € 37.65 + 0.05% of the difference between building's average market value and € 14,481

From € 231,696 to € 868,860 = € 146.26 plus 0.055% of the difference between building's average market value and € 231,696, but not more than € 1,448.10 (the ultimate cap fee for registration)

Over € 868,860 = € 496.69 + 0.05% of the contract value in excess of EUR 868,860 but no more than EUR 1,448.10 (the ultimate cap fee for registration)

Average market value of Land Plot in € - (Registration fee in €)

Up to € 2,896.20 = € 23.17

From € 2,896.20 to € 28,962 = € 23.17 + 0.3% of the difference between land plot's average market value and € 2,896.2

From € 28,962 to € 289,620 = € 101.37 + 0.3% of the difference between land plot's average market value and € 28,962

More than € 289,620 = € 883.34 + 0.2% of the difference between land plot's average market value and € 289,620, but not more than € 1,448.10 (the ultimate cap fee for registration)

NOTE:

(i) the average market value is established by a competent authority under mass valuation method;

(ii) different registration fees are applied in respect of natural and legal persons with the considerably lower rates for natural persons. The above indicated fees are applied in respect of legal persons.

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

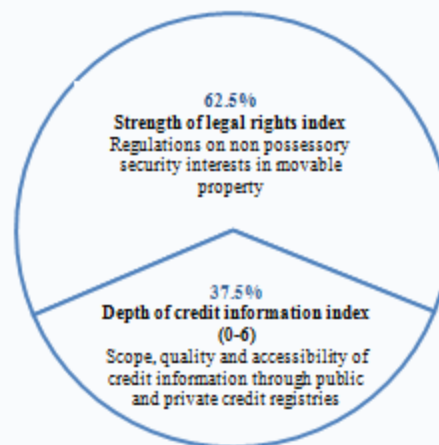
##### Public credit registry coverage (% of adults)

- 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)

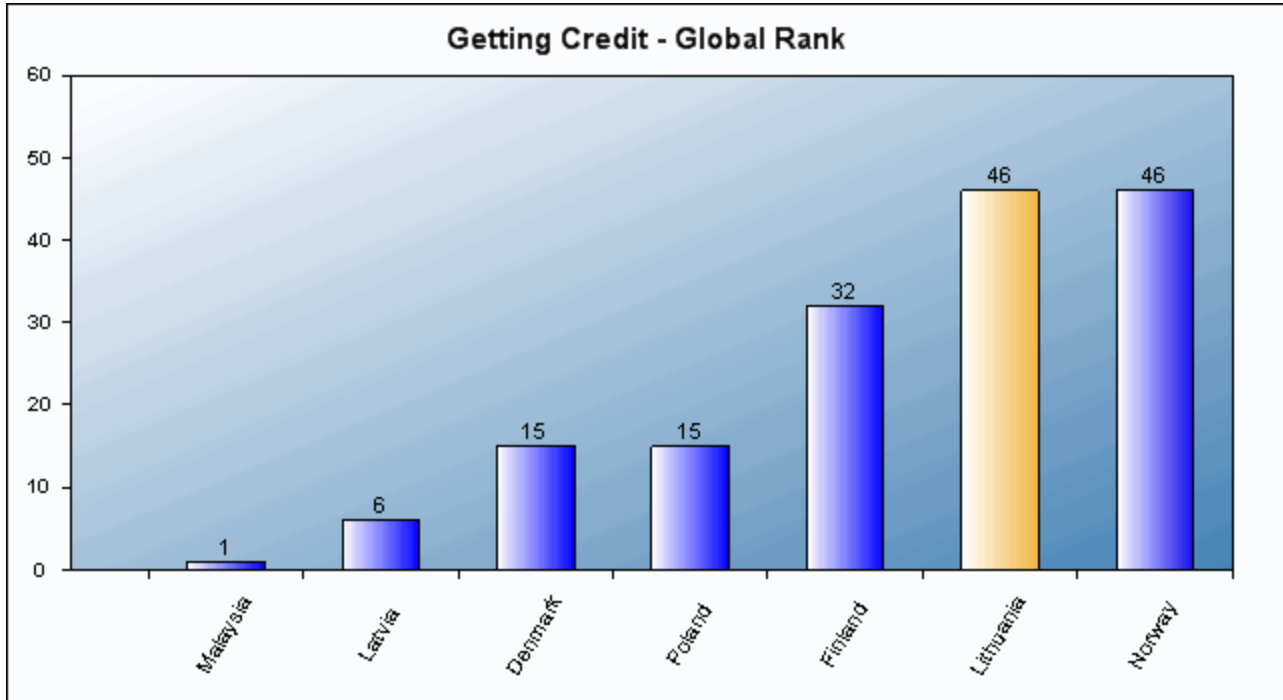
##### The Debtor

- 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:

Lithuania is ranked 46 overall for Getting Credit.

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



The following table shows Getting Credit data for Lithuania 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>Lithuania</b>	<b>5</b>	<b>6</b>	<b>20.0</b>	<b>67.8</b>

<i>Comparator Economies</i>				
<b>Denmark</b>	9	4	0.0	5.4
<b>Finland</b>	7	5	0.0	14.9
<b>Latvia</b>	9	5	57.2	0.0
<b>Norway</b>	7	4	0.0	100.0
<b>Poland</b>	9	4	0.0	91.7

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

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

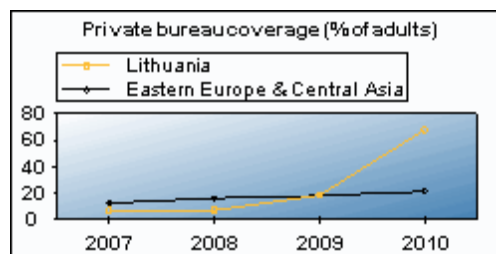
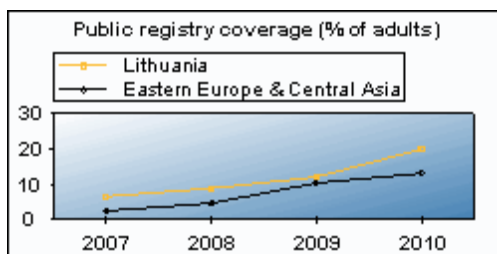
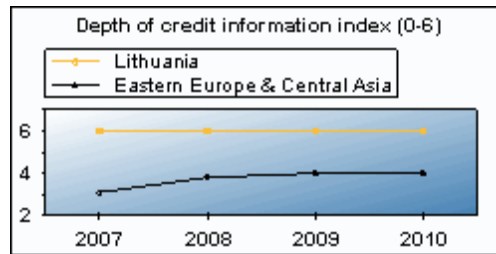
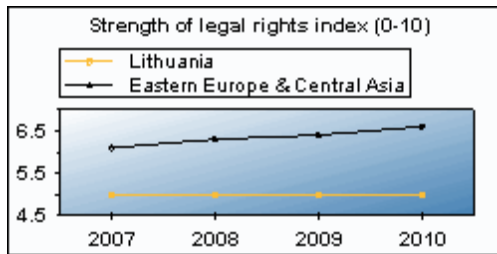
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

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

## 2. Historical data: Getting Credit in Lithuania

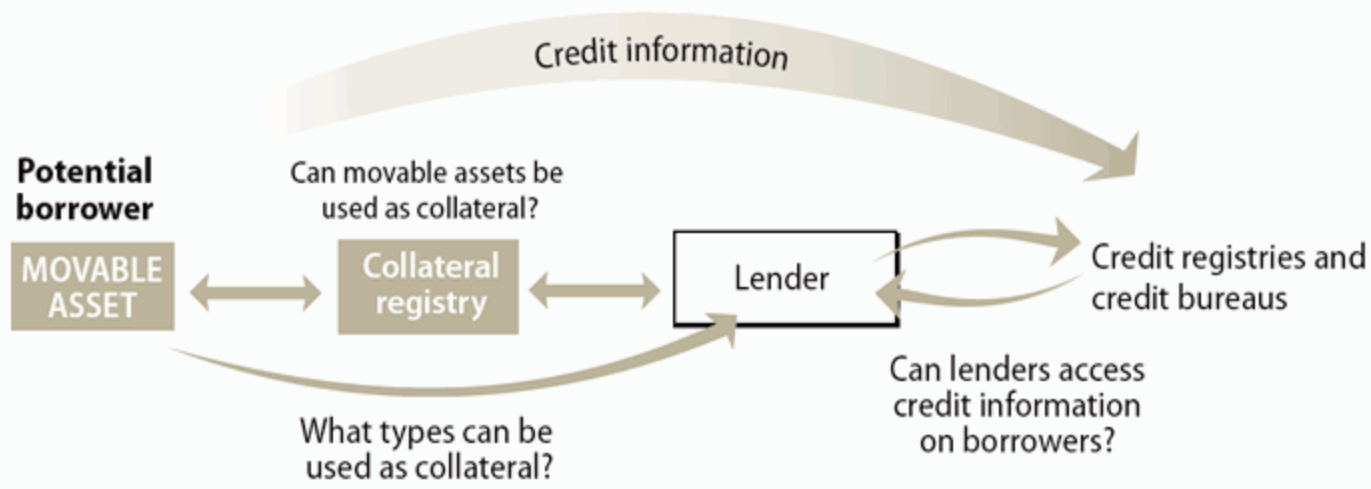
Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	44	46
Strength of legal rights index (0-10)	5	5	5	5
Depth of credit information index (0-6)	6	6	6	6
Private bureau coverage (% of adults)	7.3	7.2	18.4	67.8
Public registry coverage (% of adults)	6.6	8.9	12.1	20.0

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>6</b>
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	No	Yes	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	Yes	1
<b>Coverage</b>	67.8	20.0	
Number of individuals	1,108,300	350,559	
Number of firms	182,950	30,526	

**Strength of legal rights index (0-10)****5**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

### Some reform outcomes

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

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

### What do the Protecting Investors indicators measure?

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

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

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

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

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

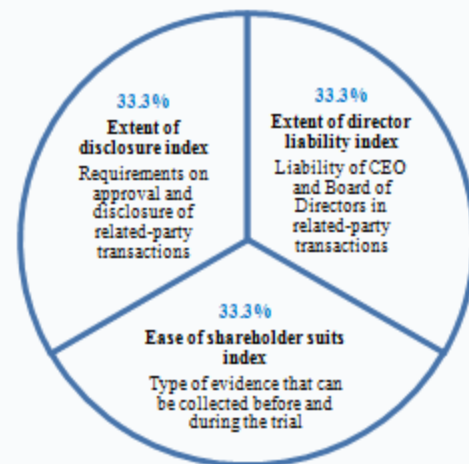
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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

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

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

Rankings are based on 3 subindicators



### Case Study Assumptions

#### The business (Buyer):

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

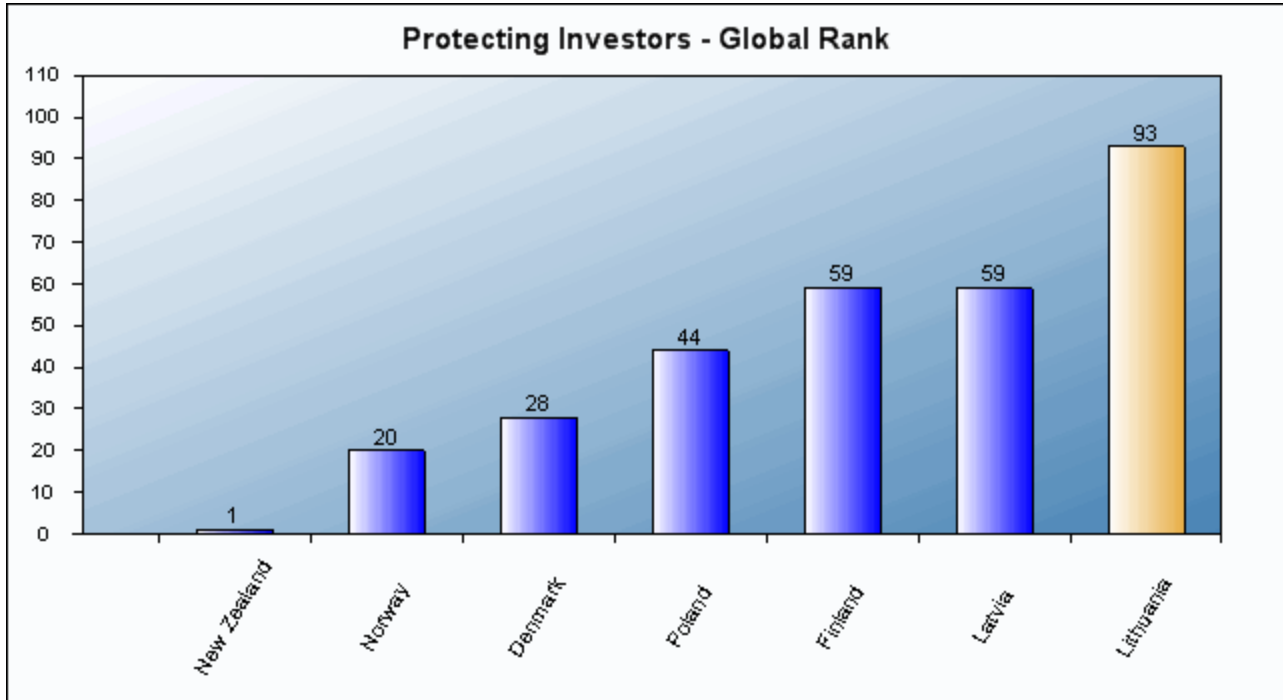
#### The transaction

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

## 1. Benchmarking Protecting Investors Regulations:

Lithuania is ranked 93 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Lithuania 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

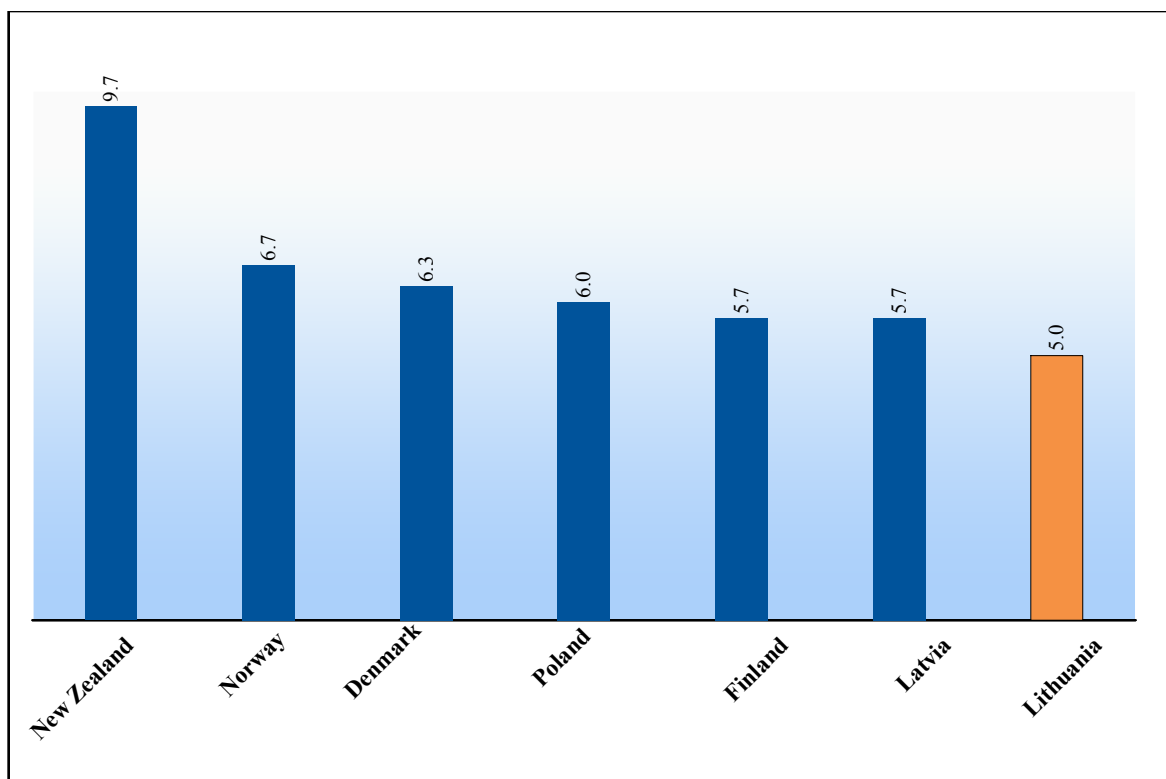
<i>Selected Economy</i>	
<b>Lithuania</b>	<b>5.0</b>

<i>Comparator Economies</i>	
<b>Denmark</b>	6.3
<b>Finland</b>	5.7
<b>Latvia</b>	5.7
<b>Norway</b>	6.7
<b>Poland</b>	6.0

## 2. Historical data: Protecting Investors in Lithuania

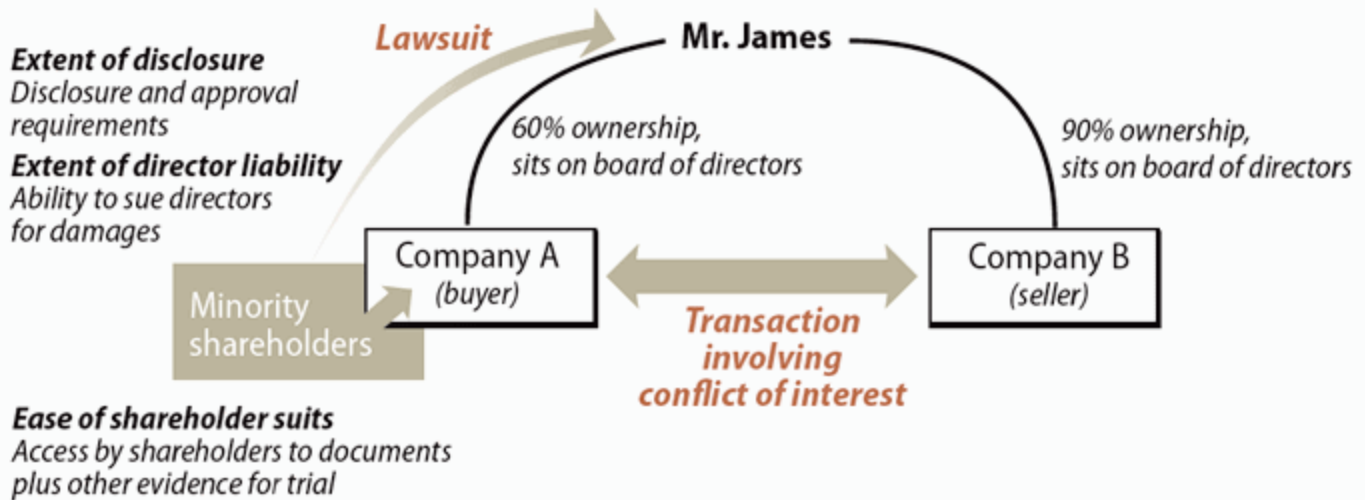
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	93
Strength of investor protection index (0-10)	5.0	5.0	5.0	5.0

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

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>5</b>
What corporate body provides legally sufficient approval for the transaction?	1
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	1
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>4</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
<b>Ease of shareholder suits index (0-10)</b>	<b>6</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
<b>Strength of investor protection index (0-10)</b>	<b>5.0</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)

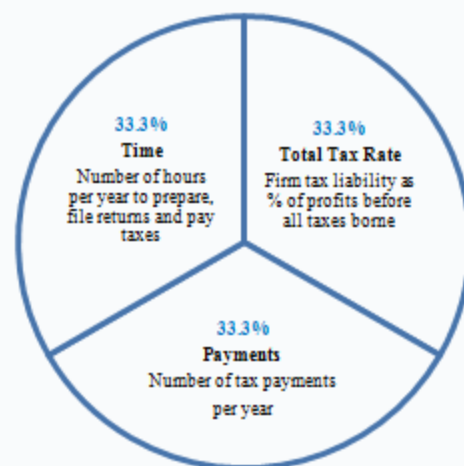
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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



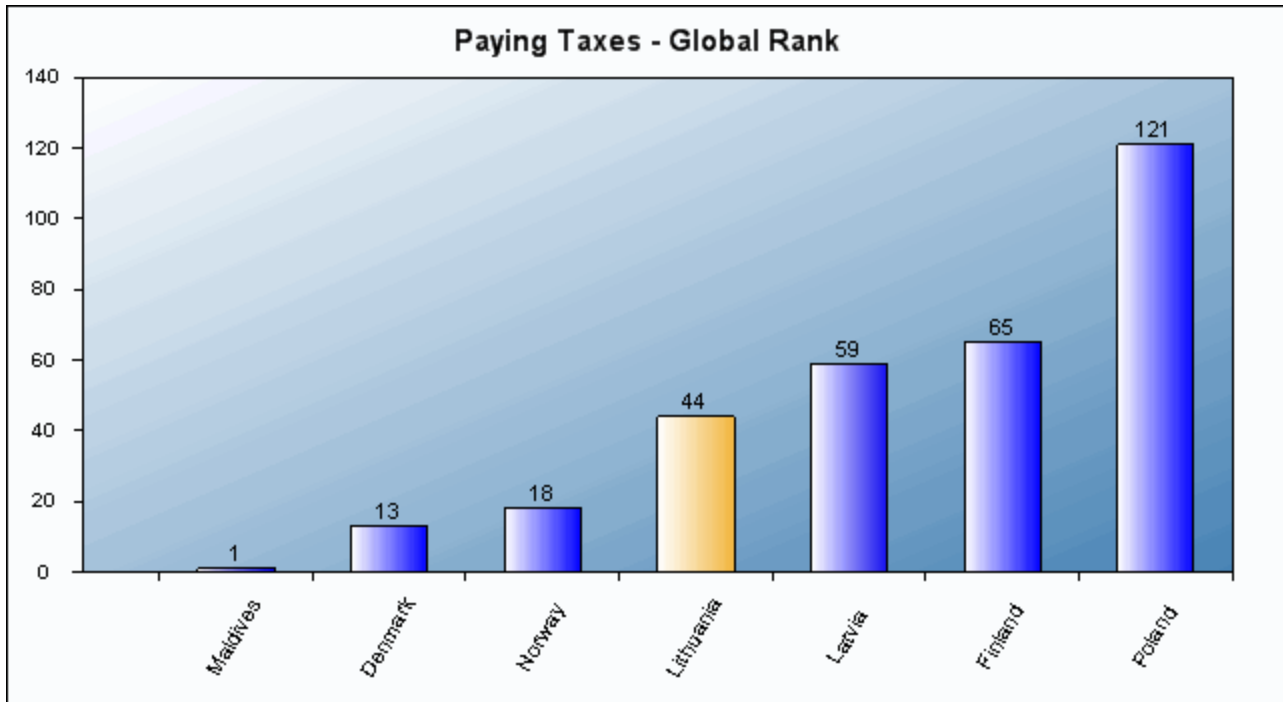
### Case Study Assumptions

- 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:

Lithuania is ranked 44 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Lithuania 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>Lithuania</b>	<b>11</b>	<b>175</b>	<b>38.7</b>

<i>Comparator Economies</i>			
<b>Denmark</b>	9	135	29.2
<b>Finland</b>	8	243	44.6
<b>Latvia</b>	7	293	38.5
<b>Norway</b>	4	87	41.6
<b>Poland</b>	29	325	42.3

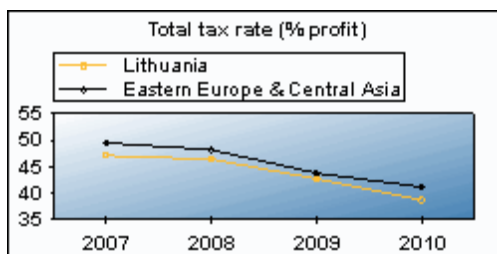
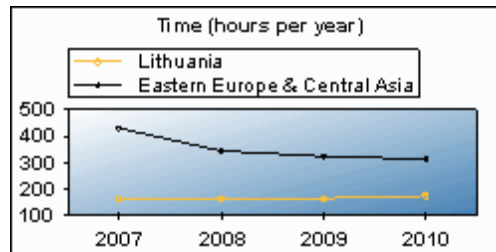
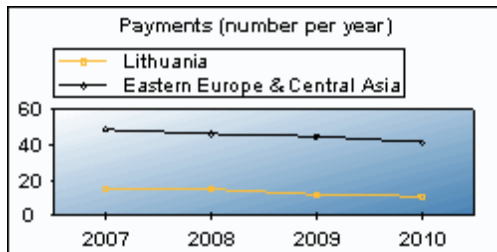
\* The following economies are also good practice economies for :

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

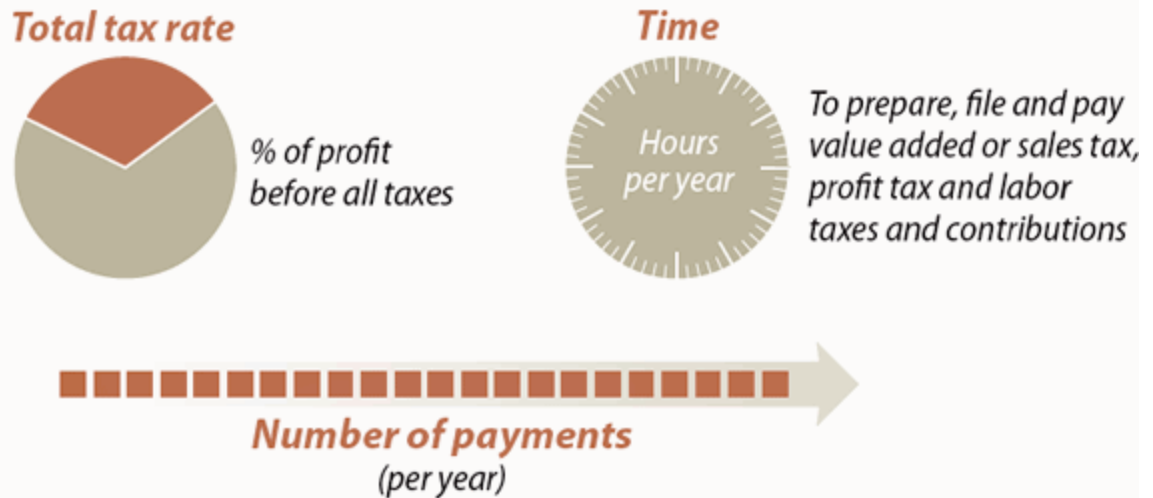
## 2. Historical data: Paying Taxes in Lithuania

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	50	44
Total tax rate (% profit)	47.1	46.4	42.7	38.7
Payments (number per year)	15	15	12	11
Time (hours per year)	166	166	166	175

## 3. The following graphs illustrate the Paying Taxes sub indicators in Lithuania 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 Lithuania, 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
Tax on pollution from packaging	1	online filing		various rates	packaging use		
Tax on pollution from mobile sources	1	online filing		various rates	fuel consumption	0.00	
Corporate income tax	1	online filing	32	20.0%	taxable profit	0.00	
Vehicle tax	1	online filing		fixed fee ( LTL 300 to LTL 6690)		0.10	
Contributions to guarantee fund	1	online filing		0.1%	gross salaries	0.10	
Environmental tax	1	online filing		LTL 184 per month		0.40	
Land tax	1	online filing		1.5%	assessed land value	0.80	
Real estate tax	1	online filing		1.0%	assessed property value	1.20	

Fuel tax	1	online filing		LTL 1,060 for one ton of diesel fuel		1.20
Social security contributions	1	online filing	85	31.0%	gross salaries	34.90
Value added tax (VAT)	1	online filing	58	19%/21%	value added	57.90
<b>Totals</b>	<b>11</b>		<b>175</b>			<b>38.7</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)

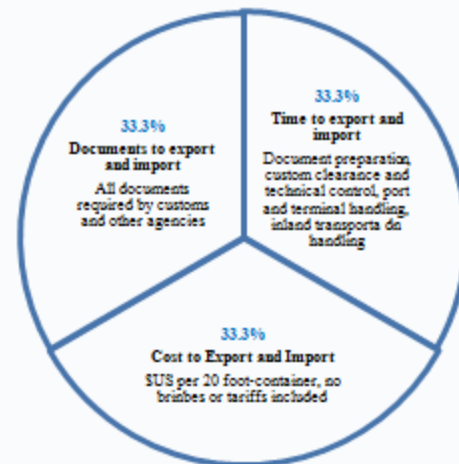
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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

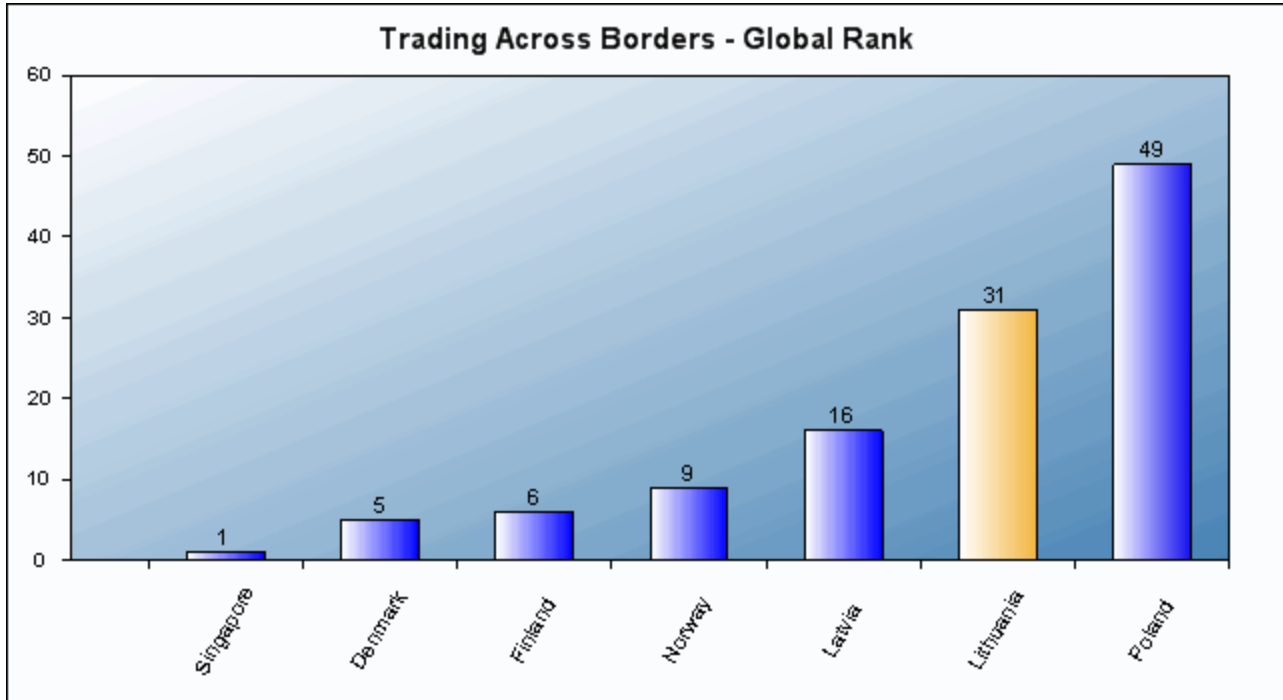
#### The traded product

- 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:

Lithuania is ranked 31 overall for Trading Across Borders.

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





The following table shows Trading Across Borders data for Lithuania 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>Lithuania</b>	<b>6</b>	<b>10</b>	<b>870</b>	<b>6</b>	<b>10</b>	<b>980</b>

<i>Comparator Economies</i>						
<b>Denmark</b>	4	5	744	3	5	744
<b>Finland</b>	4	8	540	5	8	620
<b>Latvia</b>	5	10	600	6	11	801
<b>Norway</b>	4	7	830	4	7	729
<b>Poland</b>	5	17	884	5	25	884

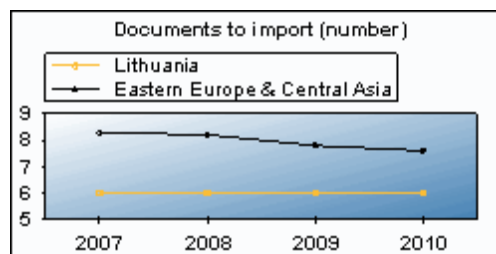
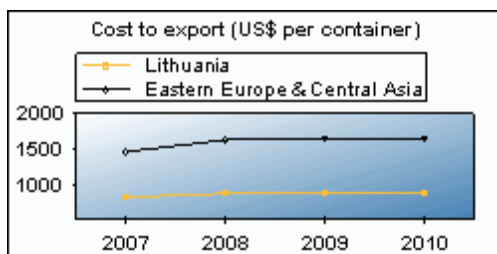
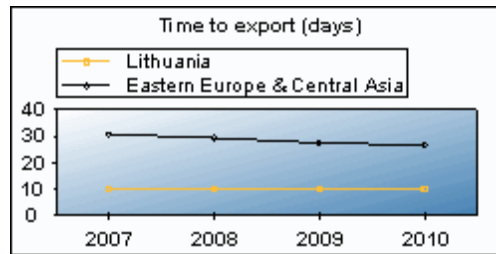
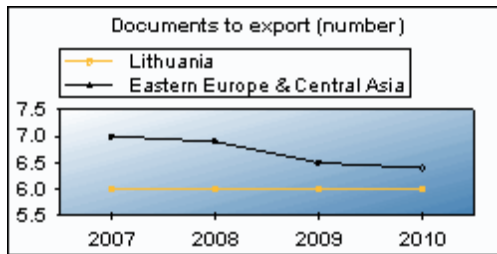
\* The following economies are also good practice economies for :

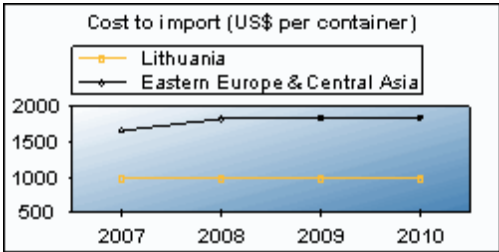
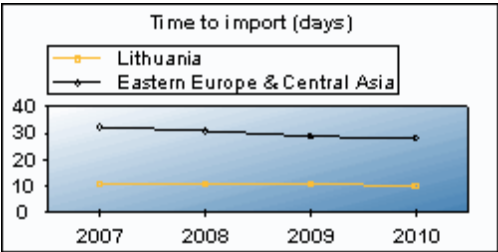
**Time to export (days): Estonia**

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

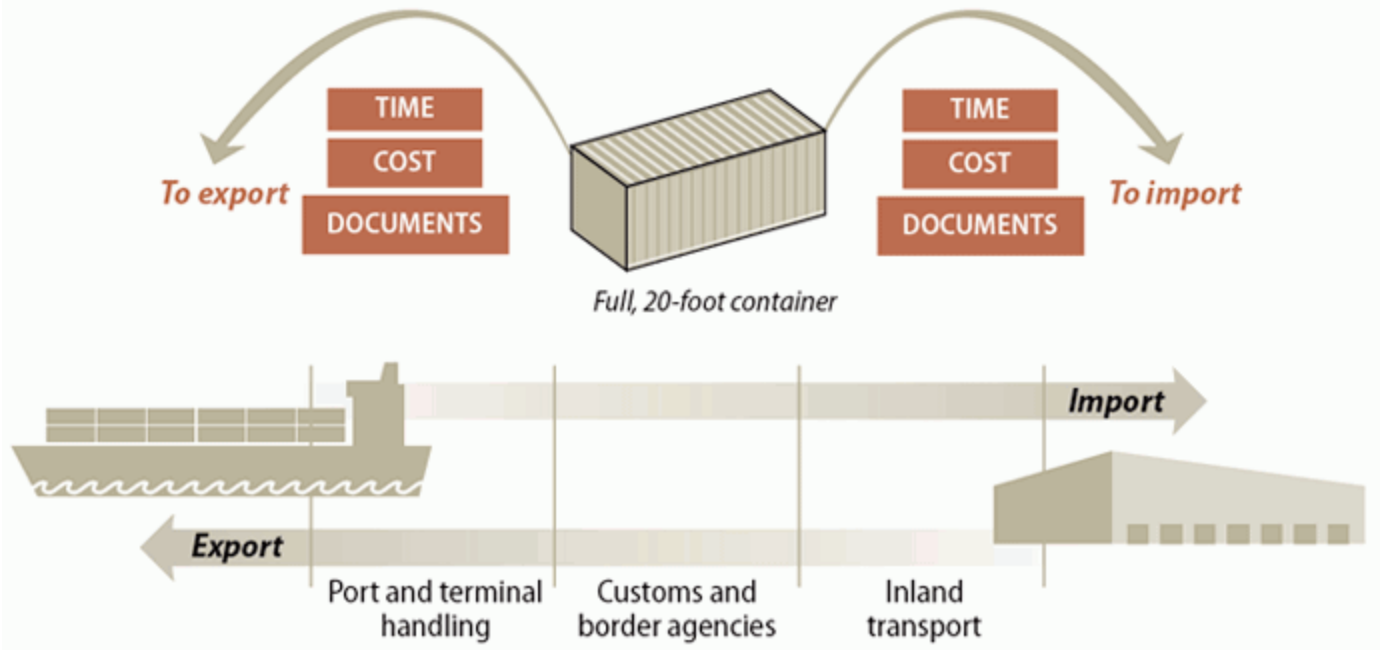
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	29	31
Cost to export (US\$ per container)	820	870	870	870
Cost to import (US\$ per container)	980	980	980	980
Documents to export (number)	6	6	6	6
Documents to import (number)	6	6	6	6
Time to export (days)	10	10	10	10
Time to import (days)	11	11	11	10

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	170
Customs clearance and technical control	2	80
Ports and terminal handling	2	120
Inland transportation and handling	2	500
Totals	10	870

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	200
Customs clearance and technical control	2	80
Ports and terminal handling	2	200
Inland transportation and handling	2	500
Totals	10	980

**Documents for Export and Import**

**Export**

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

**Import**

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Packing list

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

#### Some reform outcomes

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

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

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

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

Rankings are based on 3 subindicators

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

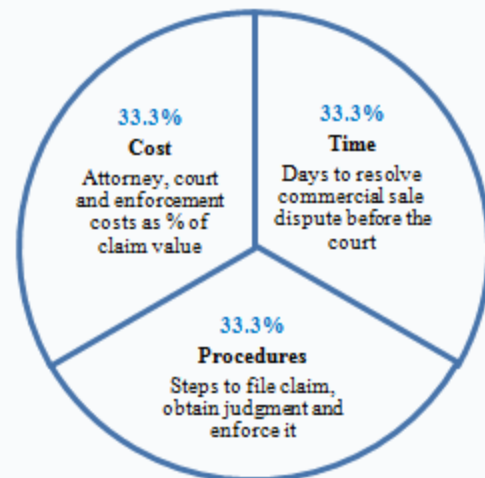
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

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

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

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

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



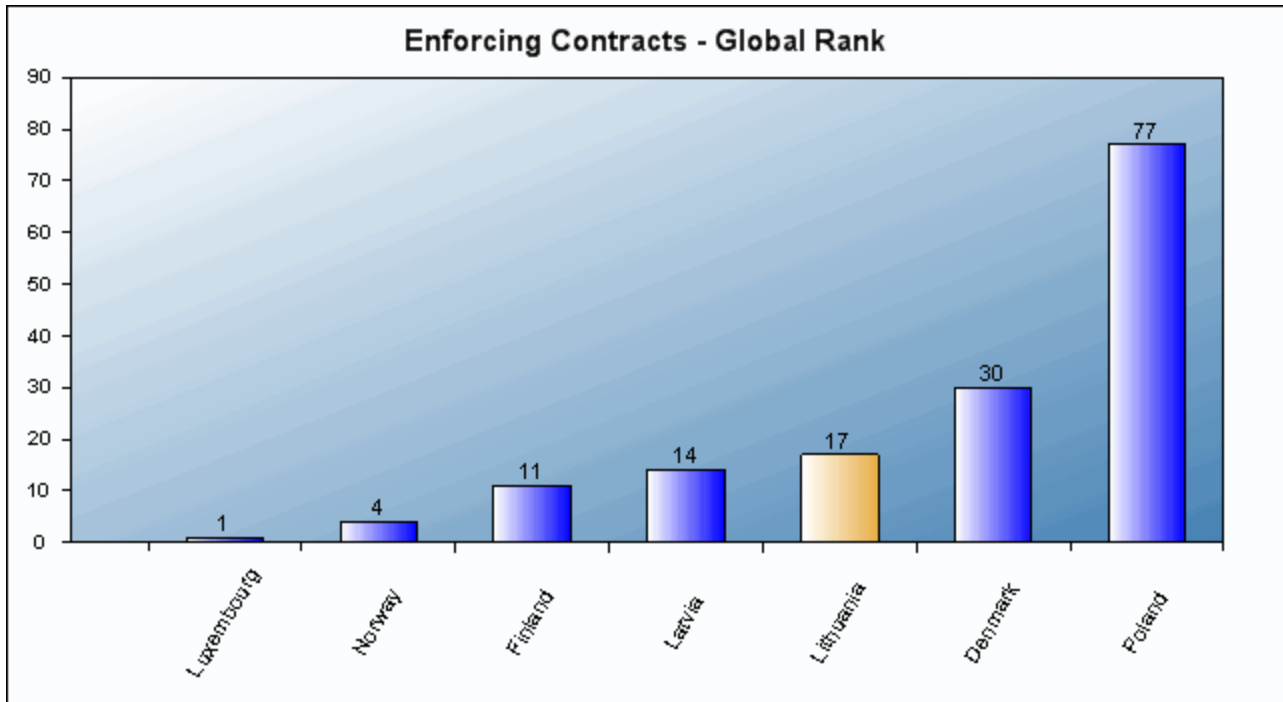
#### Case Study Assumptions

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

## 1. Benchmarking Enforcing Contracts Regulations:

Lithuania is ranked 17 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Lithuania 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>Lithuania</b>	<b>30</b>	<b>275</b>	<b>23.6</b>

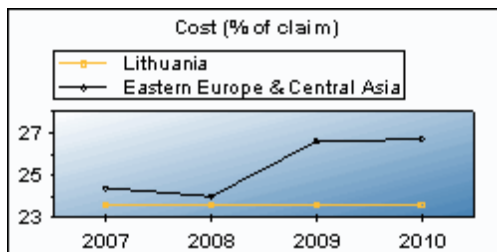
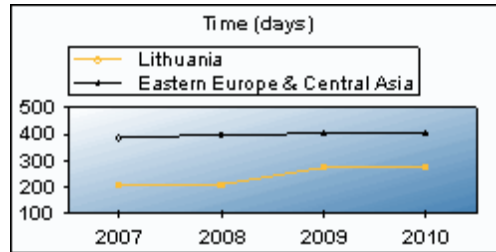
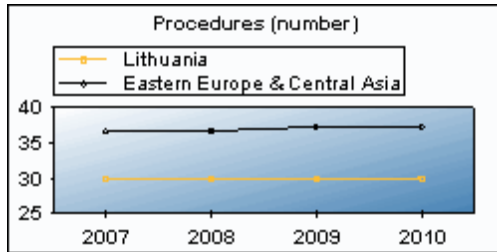
<i>Comparator Economies</i>			
<b>Denmark</b>	35	410	23.3
<b>Finland</b>	32	375	13.3
<b>Latvia</b>	27	309	23.1
<b>Norway</b>	33	280	9.9
<b>Poland</b>	38	830	12.0



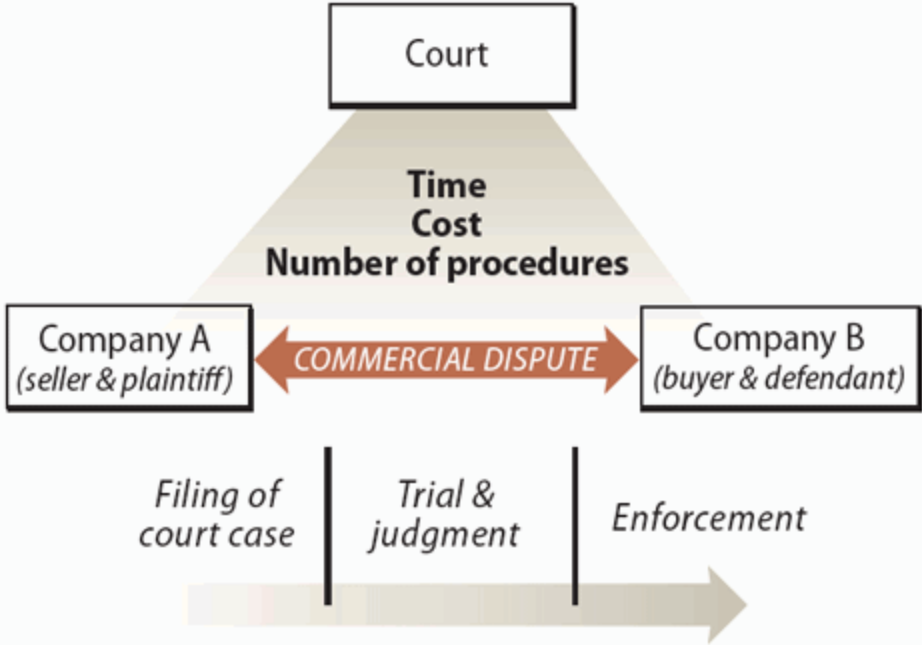
## 2. Historical data: Enforcing Contracts in Lithuania

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	16	17
Procedures (number)	30	30	30	30
Time (days)	210	210	275	275
Cost (% of claim)	23.6	23.6	23.6	23.6

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

Nature of Procedure (2010)	Indicator
Procedures (number)	30
Time (days)	275
Filing and service	15.0
Trial and judgment	170.0
Enforcement of judgment	90.0
<b>Cost (% of claim)*</b>	<b>23.60</b>
Attorney cost (% of claim)	8.6
Court cost (% of claim)	6.0
Enforcement Cost (% of claim)	9.0

**Court information:** Vilnius District Court ("Vilniaus apylinkės teismas")

\* 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)

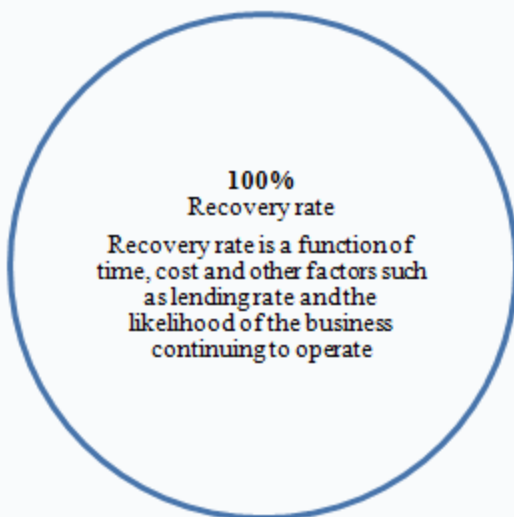
- Measured in calendar years
- Appeals and requests for extension are included

#### 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*

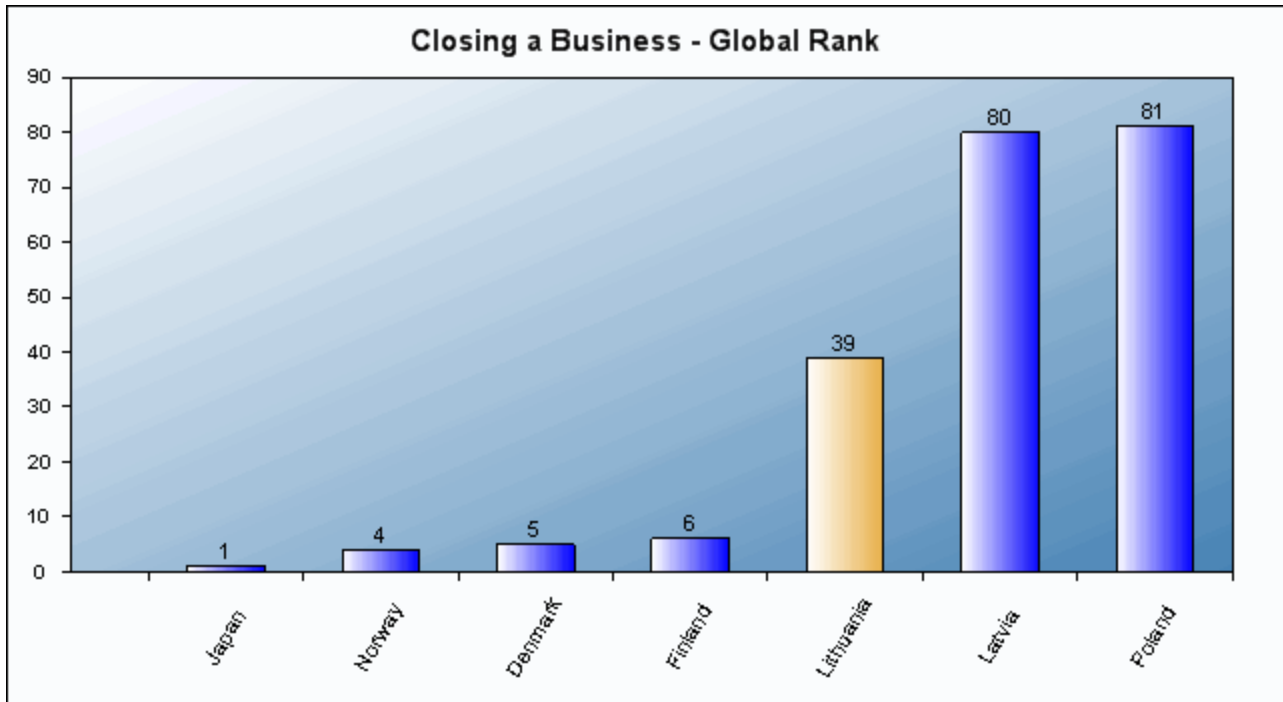
#### The Company

- 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:

Lithuania is ranked 39 overall for Closing a Business.

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



The following table shows Closing Business data for Lithuania 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>Lithuania</b>	<b>49.6</b>	<b>1.5</b>	<b>7</b>

<i>Comparator Economies</i>			
<b>Denmark</b>	89.4	1.1	4
<b>Finland</b>	89.4	0.9	4
<b>Latvia</b>	31.9	3.0	13
<b>Norway</b>	90.9	0.9	1
<b>Poland</b>	31.3	3.0	20

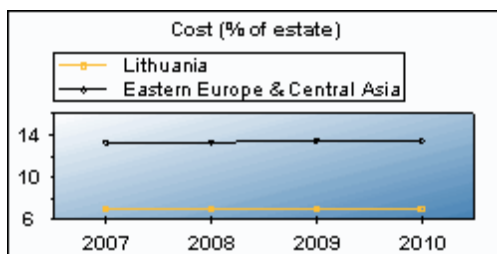
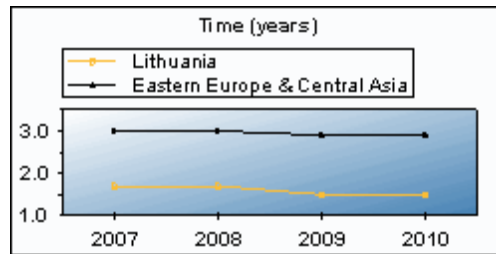
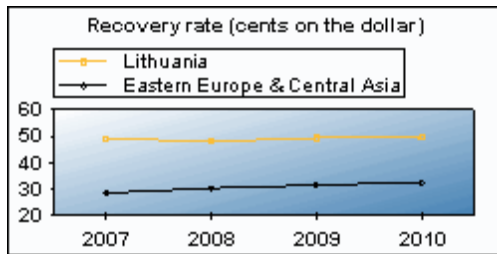
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Lithuania

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	36	39
Time (years)	1.7	1.7	1.5	1.5
Cost (% of estate)	7	7	7	7
Recovery rate (cents on the dollar)	49.2	48.0	49.4	49.6

3. The following graphs illustrate the Closing Business sub indicators in Lithuania 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>Denmark</b>	Denmark eased business start-up by reducing the minimum capital requirement for limited liability companies from 125,000 Danish kroner (\$22,850) to 80,000 Danish kroner (\$14,620). Computerization of Denmark's land registry cut the number of procedures required to register property by half.
<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>Latvia</b>	Latvia reduced the time to export and import by introducing electronic submission of customs declarations. Latvia introduced a mechanism for out-of-court settlement of insolvencies to alleviate pressure on courts and tightened some procedural deadlines.
<b>Lithuania</b>	Lithuania tightened the time limit for completing the registration of a company. Lithuania's private credit bureau now collects and distributes positive information on borrowers. Lithuania reduced corporate tax rates. Lithuania reduced the time to import by introducing, in compliance with EU law, an electronic system for submitting customs declarations. Lithuania introduced regulations relating to insolvency administrators that set out clear rules of liability for violations of law.
<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>Poland</b>	Poland eased property registration by computerizing its land registry.
<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.

**Tajikistan**

Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

**Vietnam**

Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.

**Zambia**

Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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