

Doing Business 2011

Macedonia, FYR

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The Doing Business methodology has limitations. Other areas important to business such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by Doing Business. To make the data comparable across economies, the indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for Macedonia, FYR. The data used for this economy profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

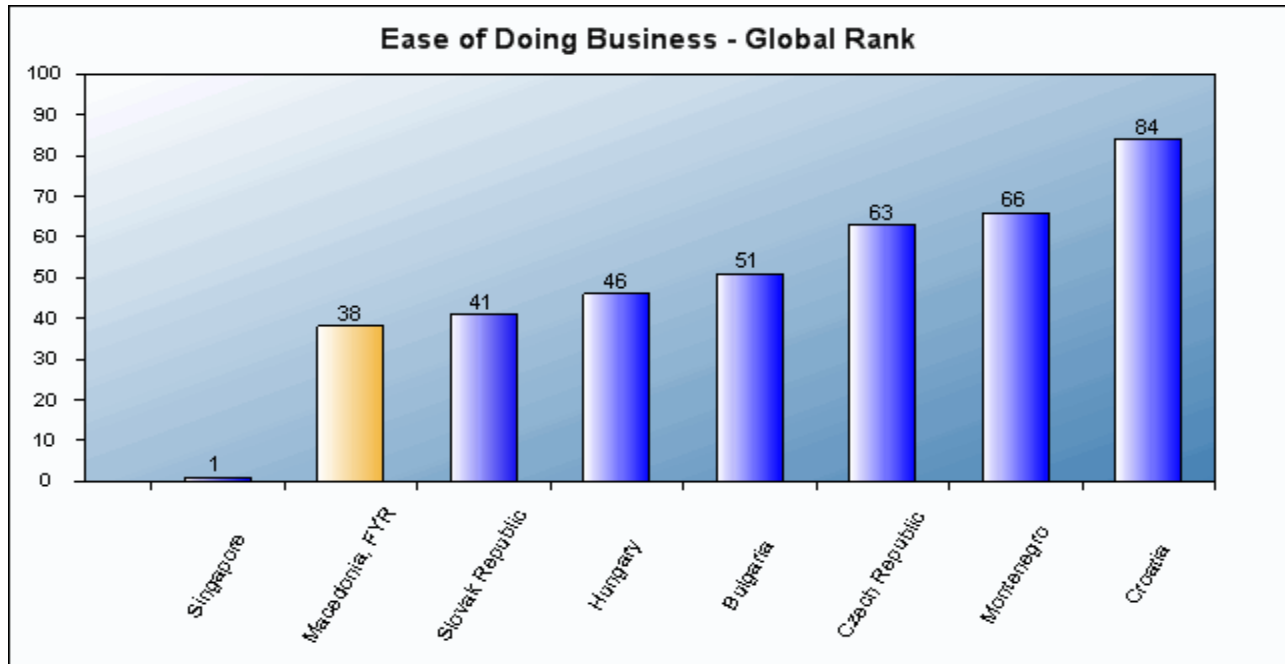
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Macedonia, FYR is ranked 38 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Macedonia, FYR - Compared to global good practice economy as well as selected economies:



Macedonia, FYR's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	38
Starting a Business	5
Dealing with Construction Permits	136
Registering Property	69
Getting Credit	46
Protecting Investors	20
Paying Taxes	33
Trading Across Borders	66
Enforcing Contracts	65
Closing a Business	116

Summary of Indicators - Macedonia, FYR

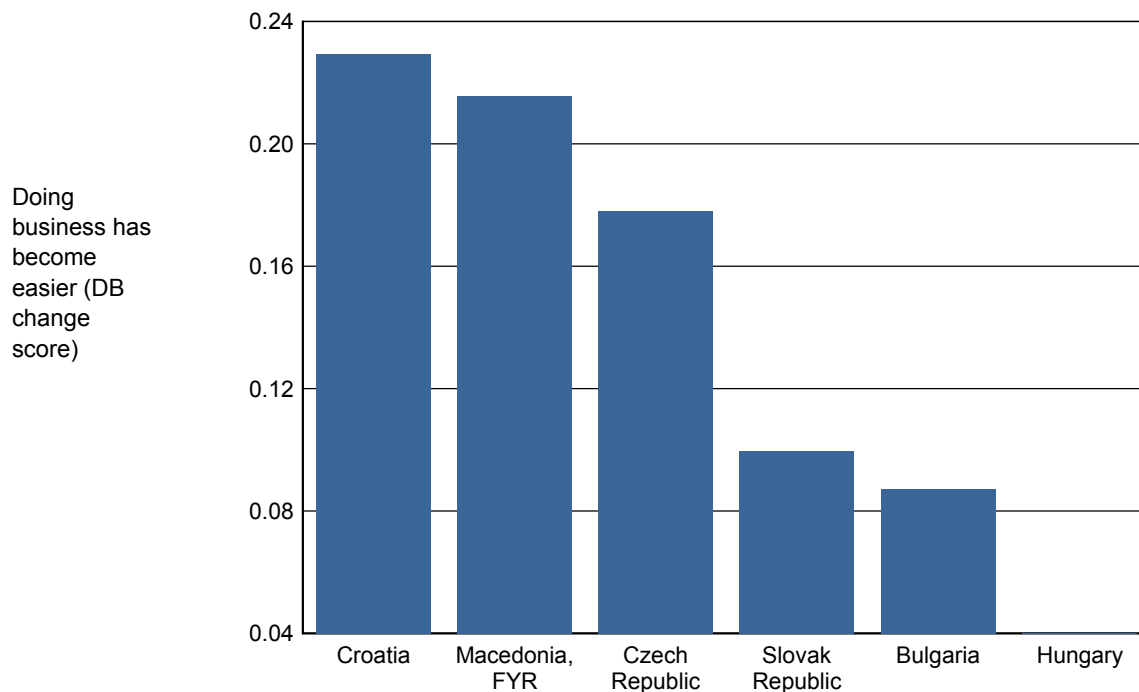
Starting a Business	Procedures (number)	3
	Time (days)	3
	Cost (% of income per capita)	2.5
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	21
	Time (days)	146
	Cost (% of income per capita)	1601.4
Registering Property	Procedures (number)	5
	Time (days)	58
	Cost (% of property value)	3.2
Getting Credit	Strength of legal rights index (0-10)	7
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	39.4
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	9
	Extent of director liability index (0-10)	7
	Ease of shareholder suits index (0-10)	4
	Strength of investor protection index (0-10)	6.7
Paying Taxes	Payments (number per year)	40
	Time (hours per year)	119
	Profit tax (%)	6.3
	Labor tax and contributions (%)	0.6
	Other taxes (%)	3.8
	Total tax rate (% profit)	10.6
Trading Across Borders	Documents to export (number)	6
	Time to export (days)	12
	Cost to export (US\$ per container)	1376
	Documents to import (number)	6
	Time to import (days)	11
	Cost to import (US\$ per container)	1380

Enforcing Contracts	Procedures (number)	37
	Time (days)	370
	Cost (% of claim)	33.1
Closing a Business	Recovery rate (cents on the dollar)	20.7
	Time (years)	2.9
	Cost (% of estate)	28

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.

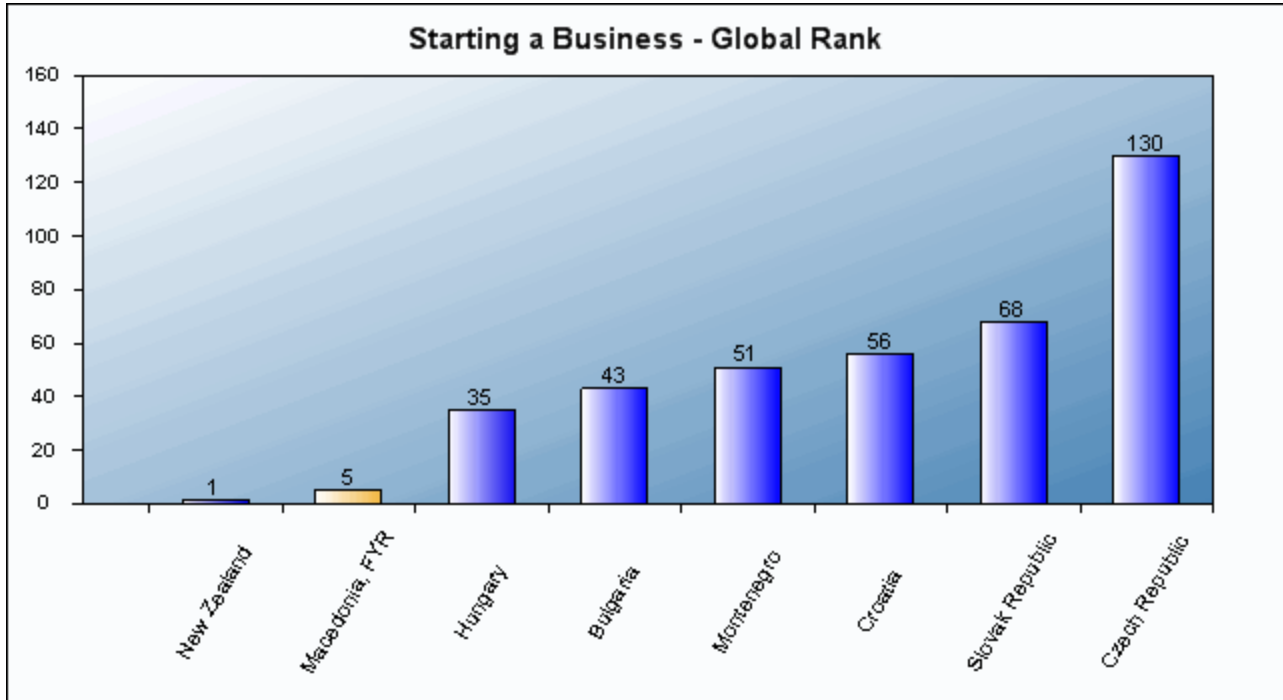
The business:

- 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:

Macedonia, FYR is ranked 5 overall for Starting a Business.

Ranking of Macedonia, FYR in Starting a Business - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>				
Macedonia, FYR	3	3	2.5	0.0

<i>Comparator Economies</i>				
Bulgaria	4	18	1.6	0.0
Croatia	6	7	8.6	13.7
Czech Republic	9	20	9.3	30.9
Hungary	4	4	8.2	10.2
Montenegro	7	10	1.9	0.0
Slovak Republic	6	16	1.9	22.2

* The following economies are also good practice economies for :

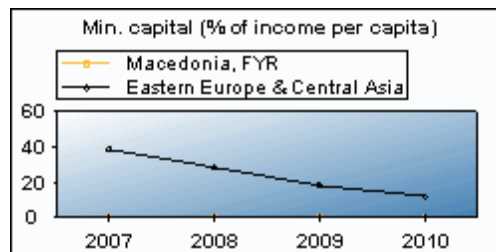
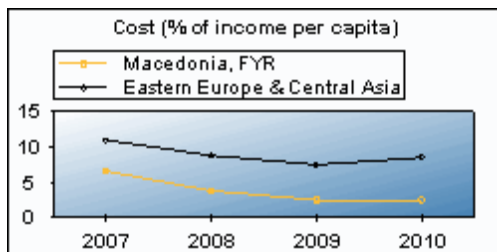
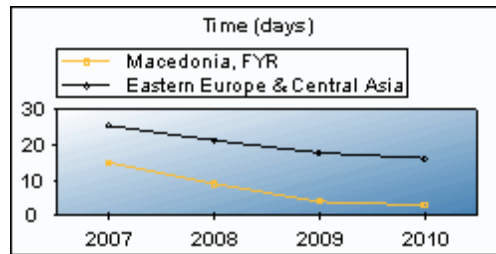
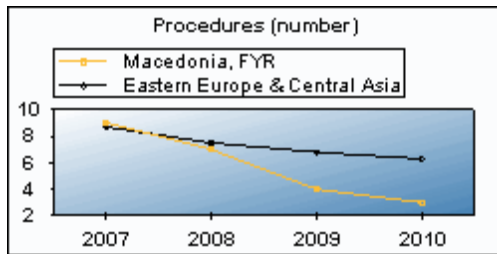
Procedures (number): Canada

Cost (% of income per capita): Slovenia

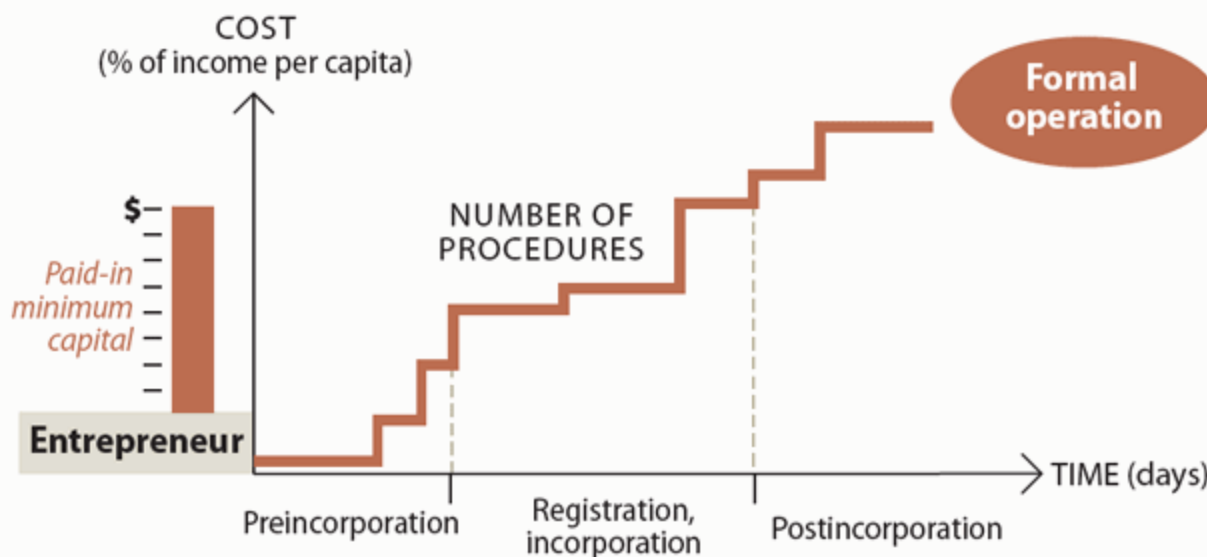
2. Historical data: Starting a Business in Macedonia, FYR

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	7	5
Procedures (number)	9	7	4	3
Time (days)	15	9	4	3
Cost (% of income per capita)	6.6	3.8	2.5	2.5
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Starting a Business sub indicators in Macedonia, FYR 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 the former Yugoslav Republic of Macedonia.

STANDARDIZED COMPANY

Legal Form: Društvo sa ograničenom odgovornošću (DOO)

- Limited Liability Company

City: Skopje

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarize the company deeds and other documents	1	MKD 750
2	Registration with the Central Registry	1	MKD 2,652
3	Make a company seal	1	MKD 1,400

Starting a Business Details - Macedonia, FYR

Procedure 1 Notarize the company deeds and other documents

Time to complete: 1

Cost to complete: MKD 750

Comment: To register a limited liability company (LLC), a founder must notarize the following documents:
- Agreement for establishment if the company is founded by 2 or more persons (DOO)
- Signature specimen from the LLC manager.
-The articles of association
The notarization fee is MKD 150 for each signature. The founders must pay for their copy and at least one more copy, which is filed with the notary.

Procedure 2 Registration with the Central Registry

Time to complete: 1

Cost to complete: MKD 2,652

Comment: Company founders can prepare registration documents themselves. A one-stop shop system was implemented on January 1, 2006. The Central Register of Republic of Macedonia is the single institution for registering LLCs and other forms of trade companies, foreign representative offices, and other entities. This registration process includes registering the company with the Trade Register, providing the LLC statistic number, opening the LLC bank account, registering the company in the Public Revenue Office–Tax Office, and publishing the LLC formation notice on the Central Register’s Web site (www.crm.com.mk).
With the amendments on the Law on One Stop Shop (Official Gazette 150/2007 from 12.12.2007) connection is now established between the Central Registry and the Employment Agency which allows registering of first employment of directors through CRM and registering employees with the social fund.

Procedure 3 Make a company seal

Time to complete: 1

Cost to complete: MKD 1,400

Comment: The fee to make a company seal may vary from MKD 400 to MKD 2,400, depending on the type and quality of the seal’s material. The company certificate of registration is required to process a request.

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

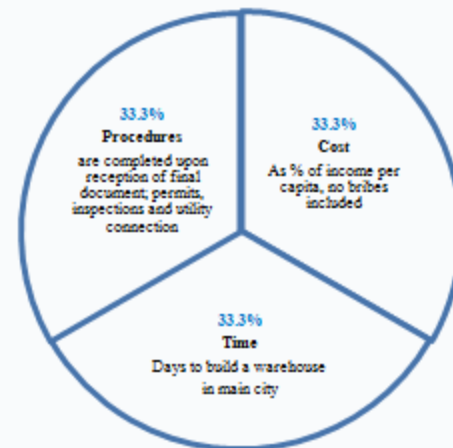
The warehouse:

- 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

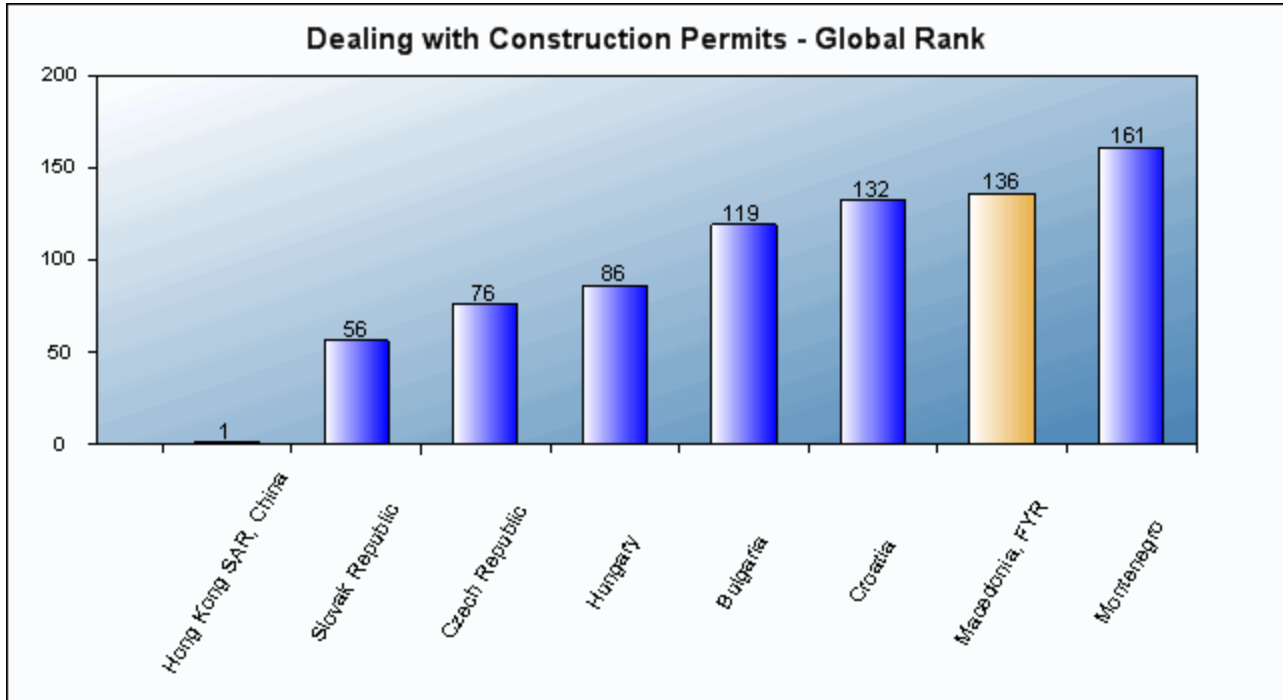
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Macedonia, FYR is ranked 136 overall for Dealing with Construction Permits.

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



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

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

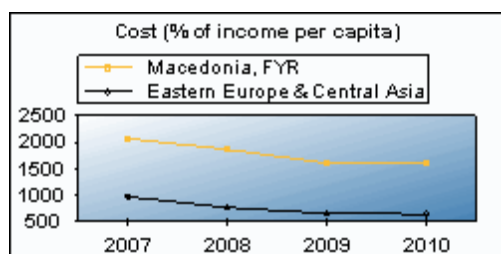
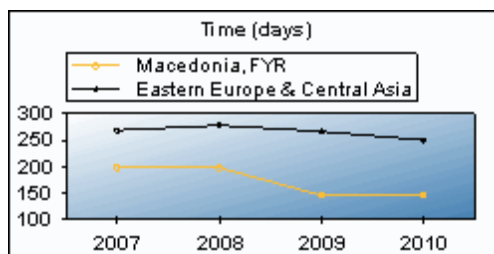
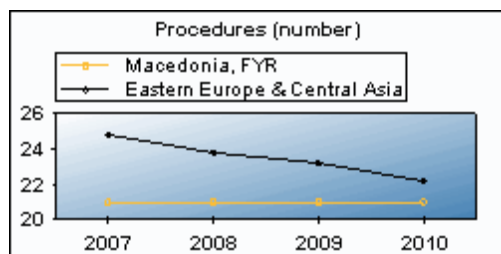
<i>Selected Economy</i>			
Macedonia, FYR	21	146	1601.4

<i>Comparator Economies</i>			
Bulgaria	24	139	442.3
Croatia	13	315	850.9
Czech Republic	36	150	16.4
Hungary	31	189	9.8
Montenegro	19	230	1215.0
Slovak Republic	13	287	12.7

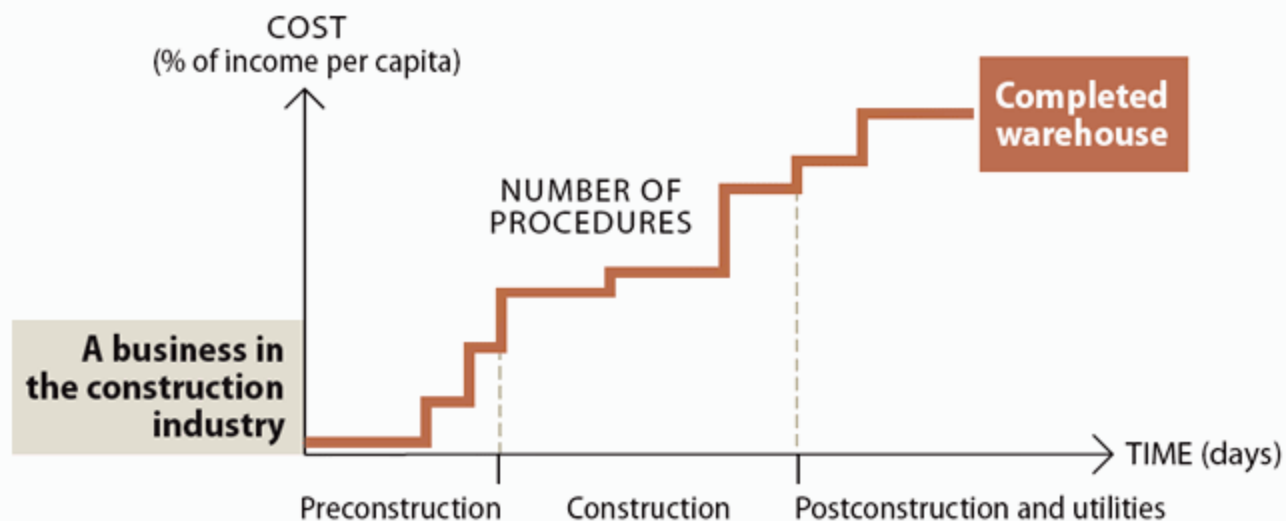
2. Historical data: Dealing with Construction Permits in Macedonia, FYR

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	136	136
Procedures (number)	21	21	21	21
Time (days)	198	198	146	146
Cost (% of income per capita)	2070.6	1862.8	1604.8	1601.4

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Macedonia, FYR 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 the former Yugoslav Republic of Macedonia

BUILDING A WAREHOUSE
City: Skopje

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain proof of land ownership	1 day	MKD 175
2 *	Request and obtain extract of detailed space plan from municipal Office of Space Planning	6 days	MKD 1,050
3 *	Hire a private cadastre office and obtain Account of Numerical Data (elaborat od numerichki podatoci)	1 day	MKD 6,000
4	Request and obtain decision on conditions for construction (Location permit)	5 days	MKD 1,500
5	Pay municipal tax, obtain proof of payment, and obtain relevant approvals	15 days	MKD 3,047,628
6	Request and obtain approval for construction (building permit)	45 days	MKD 1,500
7 *	Request and obtain project clearance from the Fire Department	10 days	no charge
8 *	Request and obtain project clearance from the Health Department	3 days	no charge

9 *	Request and obtain project clearance from the Environmental Department	2 days	no charge
10	Receive an excavation work inspection by the Republican Inspectorate for Construction and Urban Works	1 day	no charge
11	Receive a foundation work inspection by the Republican Inspectorate for Construction and Urban Works	1 day	no charge
12	Receive a concrete work inspection by the Republican Inspectorate for Construction and Urban Works	1 day	no charge
13	Receive a steel work for slabs inspection by the Republican Inspectorate for Construction and Urban Works	1 day	no charge
14	Receive a frame inspection by the Republican Inspectorate for Construction and Urban Works	1 day	no charge
15	Request a connection and connect to power services	22 days	MKD 1,700
16 *	Request and obtain water and sewerage installation	15 days	MKD 43,219
17 *	Request a connection and connect to telecommunication services	7 days	MKD 1,463
18	Request an on-site inspection and a decision on building use	1 day	MKD 3,500
19	Receive technical inspection of the building prior to issuing decision on building use	1 day	no charge
20	Obtain a decision on building use from the municipality	15 days	MKD 2,000
21	Register the warehouse with the Real Estate Registry	30 days	MKD 175

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Macedonia, FYR

Procedure 1 Request and obtain proof of land ownership

Time to complete: 1 day

Cost to complete: MKD 175

Agency: Agency for Real Estate Cadastre

Comment: BuildCo must obtain proof of ownership of the land where construction is to take place. This document must be issued by the Agency for Real Estate Cadastre, at most 6 months before the beginning of the process. After the general elections held in July 2006, the newly elected government put pressure on the Republic Institute for Surveying and Real Estate Registry, and as a result, proof of land ownership can now be obtained in a day. The Municipalities of Skopje update annually their tariff for fees associated with surveying and geodetic data for real estate. The cost was decreased in 2008. Obtaining proof of land ownership cost can vary from municipality to municipality. The average cost would be MKD 125 for one parcel. If the land includes more than one parcel, the cost would be MKD 125 for the first parcel and MKD 25 for additional parcels. Additionally, there would be a MKD 50 for administrative fee.

Procedure 2 Request and obtain extract of detailed space plan from municipal Office of Space Planning

Time to complete: 6 days

Cost to complete: MKD 1,050

Agency: Office of Space Planning

Comment: The requested extract of detailed space plan is issued by respective office of the Municipality. Together with the request for obtaining an extract of detailed space plan applicants have to submit the following documents: a proof of land ownership and extract from a cadastre plan obtained by the Real Estate Cadastre Agency. The extract of detailed space plan is to be obtained within 5 working days after submitting of the request. The official cost for obtaining such extract is MKD 1050 (MKD 300 for request, and MKD 750 for the extract of detailed space plan).

Procedure 3 Hire a private cadastre office and obtain Account of Numerical Data (elaborat od numerichki podatoci)

Time to complete: 1 day

Cost to complete: MKD 6,000

Agency: Independent company

Comment: The charge for the Account is approximately MKD 6,000-10,000. In Skopje there a number of private cadastre offices that can be hired by BuildCo. The private cadastre office shall then obtain approval and certification of the Real Estate Cadastre Agency.

Procedure 4 Request and obtain decision on conditions for construction (Location permit)

Time to complete: 5 days

Cost to complete: MKD 1,500

Agency: Municipality

Comment: Under the new law, the authorized body for issuing decisions on construction conditions is the municipality, and in the case of projects of special importance to the country, the state body. The application for this document should be accompanied by proof of ownership, proof of a long-term lease of the land, an agreement for concession or other documents, and a geodetic study prepared by authorized specialists. The decision on conditions for construction is issued within 5 working days. According to recent changes the fee for the decision on conditions for construction may vary from MKD 1,250 to MKD 2,500 depending on the district of the city. In case of BuildCo the fee for location permit was increased from MKD 1,250 to MKD 1,500 (MKD 300 for request and MKD 1,200 for location permit fee).

Procedure 5 Pay municipal tax, obtain proof of payment, and obtain relevant approvals

Time to complete: 15 days

Cost to complete: MKD 3,047,628

Agency: Municipality

Comment: Before the building permit is issued, the company must pay a fee for the preparation of the Spatial Plan of the Republic and the urban plan. The process goes as follows: the applicant goes to municipality to get the calculation on how much to pay and then goes to the bank to pay the fees. The fees are distributed as follows: 30% of these fees are revenue for the budget of the Republic of Macedonia, while the remaining 70% are revenue for the budget of the municipalities which it disposes as deems necessary (60% of fees goes to the city of Skopje, and 40% of fees goes to the relevant municipality). The applicant then goes back to the Finance Department of the Skopje city that ensures that payments are in order, which usually takes about 2 days. After that, the applicant signs the contract with the city of Skopje, and the contract is signed by both the applicant and the Mayor.

The fee amounts to 0.3% of the average salary (MKD 19,616) MKD 58.84 x 1300.6 sq.m. The other part of the fee is MKD 2284,40 x 1300,6 sq.m which is so called 'communal tax' for the maintenance of existing infrastructure and development of new roads, social facilities as schools, utilities. The tariff for communal tax depends on the zone where the construction is taking place. Skopje is divided in 4 zones, Zone 1 being the center of the city and Zone 4 being the periphery. Our hypothetical warehouse would be either in Zone 3 or Zone 4. We decided it be in Zone 3. The total cost is: MKD 3,047,628.3

Procedure 6 Request and obtain approval for construction (building permit)

Time to complete: 45 days

Cost to complete: MKD 1,500

Agency: Municipality

Comment: Law on amendments and modification of the Law on Spatial and Urban Planning was adopted on June 8, 2008 and enforced on June 16, 2008. Under these changes the authorized body must provide opinions from other state bodies within 5 days and issue the permit within 5 days after the documentation has been completed. The building permit requires the investor to start construction work within 6 months from the issuance date. In the case of a warehouse, according to Article 51 of Law on Spatial and Urban Planning the permit is issued by the authorized municipality. In practice, although time-limits are not fully observed, it takes now on average a month and a half to obtain the building permit, compared to two months before.

According to recent changes the fee for building permit was increased from MKD 1,250 to MKD 1,500 (MKD 300 for request and MKD 1,200 for building permit fee).

Procedure 7 Request and obtain project clearance from the Fire Department

Time to complete:	10 days
Cost to complete:	no charge
Agency:	Fire Department
Comment:	Project clearance from the Fire Department is processed simultaneously with the building permit. Private project companies, so called 'Bureaus' can obtain project clearance from the Fire Department within 2-3 days. They charge an approximately amount of MKD 15,000. However, this clearance can be obtained by BuildCo if it wishes so without any intermediaries.

Procedure 8 Request and obtain project clearance from the Health Department

Time to complete:	3 days
Cost to complete:	no charge
Agency:	Health Department
Comment:	Project clearance from the Health Department is processed simultaneously with the building permit. Private project companies, so called 'Bureaus' can obtain project clearance from the Health Department within 2-3 days. They charge an approximately amount of MKD 15,000. However, this clearance can be obtained by BuildCo if it wishes so without any intermediaries.

Procedure 9 Request and obtain project clearance from the Environmental Department

Time to complete:	2 days
Cost to complete:	no charge
Agency:	Environment Department
Comment:	Project clearance from the Environmental Department is processed simultaneously with the building permit.

Procedure 10 Receive an excavation work inspection by the Republican Inspectorate for Construction and Urban Works

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Republican Inspectorate for construction and urban works
Comment:	The inspection of excavation work is not requested, and construction work does not come to a halt when the inspector shows up. An approval report is signed on the spot. The inspecting authorities have the power to order that any possible irregularities or damage found be corrected; that construction be stopped; that the building site be closed; that urgent measures be taken; and even that the construction site be classified as dangerous. The typical waiting time is 4 days.

Procedure 11 Receive a foundation work inspection by the Republican Inspectorate for Construction and Urban Works

Time to complete:

1 day

Cost to complete:

no charge

Agency:

Republican Inspectorate for construction and urban works

Comment:

The foundation inspection is not requested, and construction work does not come to a halt when the inspector arrives. An approval report is signed on the spot. The inspecting authorities have the power to order that any possible irregularities or damage found be corrected; that construction be stopped; that the building site be closed; that urgent measures be taken; and even that the construction site be classified as dangerous. The typical waiting time is 2–3 days.

Procedure 12 Receive a concrete work inspection by the Republican Inspectorate for Construction and Urban Works

Time to complete:

1 day

Cost to complete:

no charge

Agency:

Republican Inspectorate for construction and urban works

Comment:

The inspection of concrete work is not requested, and construction work does not come to a halt when the inspector arrives. An approval report is signed on the spot. The inspecting authorities have the power to order that any possible irregularities or damage found be corrected; that construction be stopped; that the building site be closed; that urgent measures be taken; and even that the construction site be classified as dangerous. The typical waiting time is 3–4 days.

Procedure 13 Receive a steel work for slabs inspection by the Republican Inspectorate for Construction and Urban Works

Time to complete:

1 day

Cost to complete:

no charge

Agency:

Republican Inspectorate for construction and urban works

Comment:

The inspection of steel work for slabs is not requested, and construction work does not come to a halt when the inspector arrives. An approval report is signed on the spot. The inspecting authorities have the power to order that any possible irregularities or damage found be corrected; that construction be stopped; that the building site be closed; that urgent measures be taken; and even that the construction site be classified as dangerous. The typical waiting time is 2–3 days.

Procedure 14 Receive a frame inspection by the Republican Inspectorate for Construction and Urban Works

Time to complete:

1 day

Cost to complete:

no charge

Agency:

Republican Inspectorate for construction and urban works

Comment:

The frame inspection is not requested, and construction work does not come to a halt when the inspector arrives. An approval report is signed on the spot. The inspecting authorities have the power to order that any possible irregularities or damage found be

corrected; that construction be stopped; that the building site be closed; that urgent measures be taken; and even that the construction site be classified as dangerous. The typical waiting time is 3–4 days.

Procedure 15 Request a connection and connect to power services

Time to complete:	22 days
Cost to complete:	MKD 1,700
Agency:	EVN Macedonia (Electricity Company)
Comment:	The applicant should include the following documents along with the request: the construction conditions, a request submitted to the electricity provider, proof of payment of electricity bills, and project plans.

Procedure 16 Request and obtain water and sewerage installation

Time to complete:	15 days
Cost to complete:	MKD 43,219
Agency:	Vodovod i Kanalizacija
Comment:	To obtain a water and sewerage installation, an application must be submitted along with the following documents: - Hydro-technical conditions issued by JP "Vodovod i Kanalizacija" - A directive from the construction company, issued by the State Committee for Urban, Communal, and Housing Works.

Procedure 17 Request a connection and connect to telecommunication services

Time to complete:	7 days
Cost to complete:	MKD 1,463
Agency:	Makedonski Telekomunikacii (MakTel)
Comment:	The request for telephone services should include a copy of BuildCo's court registration. Macedonian Telecommunication Company (MakTel) increased its annual fee for connecting to telephone. Provided it chooses PTSN package. Since January 2009 the connection fee within existing capacity is MKD 1,463. Following the deregulation of fixed line market in 2008, increased competition made companies expedite the connection time. Now it takes 7 days, as opposed to 9 days before.

Procedure 18 Request an on-site inspection and a decision on building use

Time to complete:	1 day
Cost to complete:	MKD 3,500
Agency:	Municipality
Comment:	The mayor of the relevant municipality approves the building for use within 15 days from the date the technical inspection has taken place. Such approval will be issued only if the Commission for Technical Inspection of Buildings approves the warehouse for use. BuildCo would have to pay Municipality for this inspection.

Procedure 19 Receive technical inspection of the building prior to issuing decision on building use

Time to complete:

1 day

Cost to complete:

no charge

Agency:

Ministry of Transport and Communications

Comment:

A commission created by the Ministry of Transport and Communications inspects the building after the construction has been completed. It then issues its decision on using the building. This commission is composed of representatives from the following agencies: the Ministry of Transport and Communications, the Planning Department, the Engineering Department, the Building Control Department, the Drainage and Irrigation Department, the Fire Department, and the electricity agency.

Under the new Law on Construction, the time frame for issuing the decision on building use is 30 days from the date of submission of the application. The commission that performs this inspection is composed of at least three representatives and their deputies, depending on the category of construction. The members of the commission are appointed by the authorized minister or municipality, depending on the construction category.

Procedure 20 Obtain a decision on building use from the municipality

Time to complete:

15 days

Cost to complete:

MKD 2,000

Agency:

Municipality

Comment:

According to amendments made to Law on Construction (June 2008) the approval on building use shall be issued by the mayor of the municipality based on the proof from the Real Estate Registry. The request about the approval on building use shall be accompanied by a supervisory engineer's final report and an extract from the Cadastre. The new time-limit is 15 days and costs MKD 200 (MKD 300 for request and MKD 1,700 for decision on building use).

Procedure 21 Register the warehouse with the Real Estate Registry

Time to complete:

30 days

Cost to complete:

MKD 175

Agency:

Agency for Real Estate Cadastre

Comment:

Under the New Law on Real Estate Cadastre (Official gazette 40/2008) process of registration of new buildings has become shorter. The new time-limits for complex cases was reduced from 60 to 3 days, and 30 to 1 day for simple cases. While resources are still insufficient and do not allow the AREC to respect the time-limits fully, the average time to register a new building has reduced to 30 days.

The cost for registering new object, according to Official Gazette No 122/07, consists of following: MKD 125 (administrative tax for property list per parcel) and MKD 50 (administrative tax stamp). This brings the total cost to MKD 175.

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)

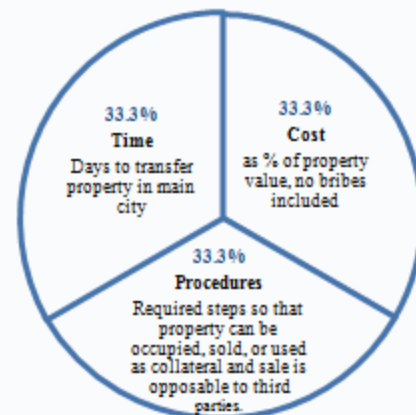
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

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.

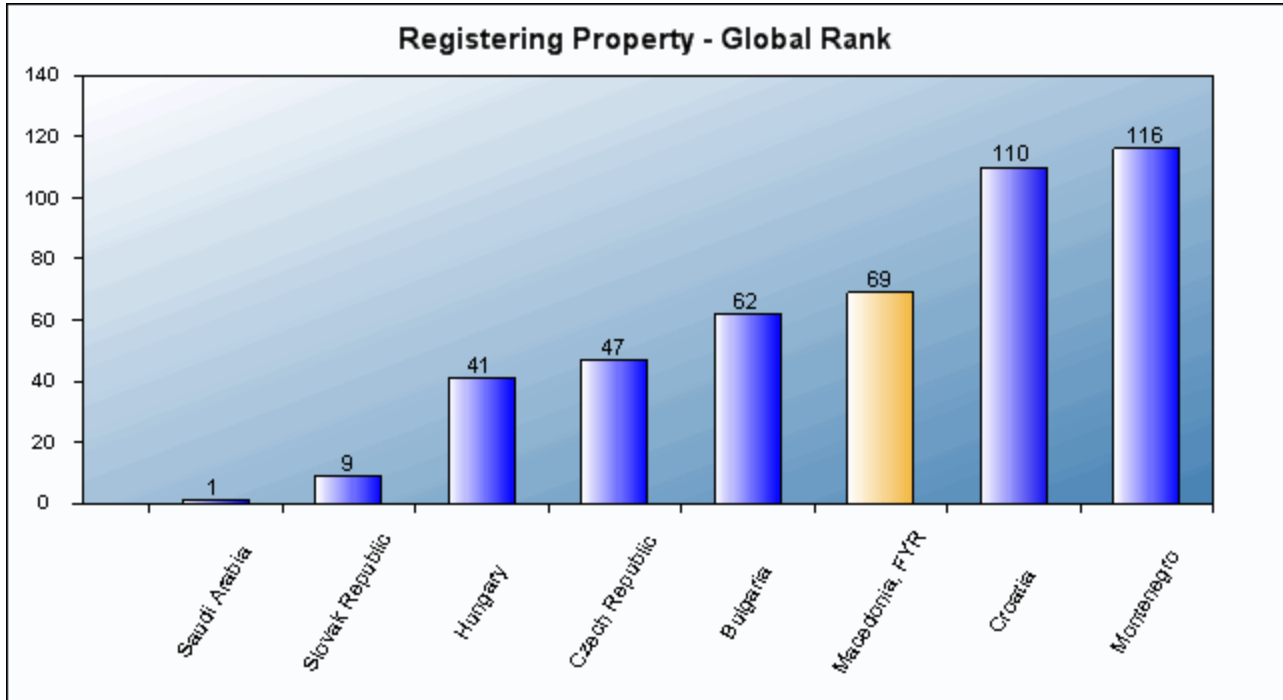
The property (fully owned by the seller):

- 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:

Macedonia, FYR is ranked 69 overall for Registering Property.

Ranking of Macedonia, FYR in Registering Property - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>			
Macedonia, FYR	5	58	3.2

<i>Comparator Economies</i>			
Bulgaria	8	15	3.0
Croatia	5	104	5.0
Czech Republic	4	43	3.0
Hungary	4	17	5.0
Montenegro	7	71	3.3
Slovak Republic	3	17	0.0

* The following economies are also good practice economies for :

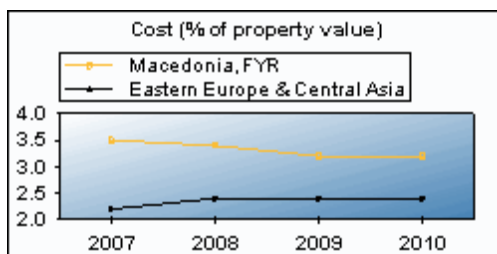
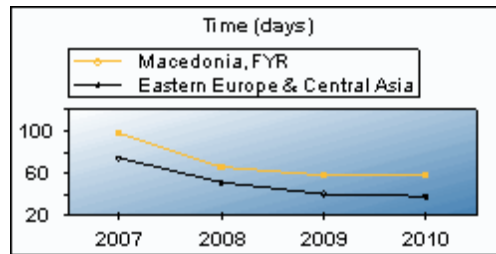
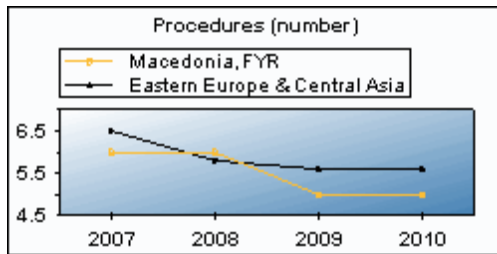
Procedures (number): United Arab Emirates

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

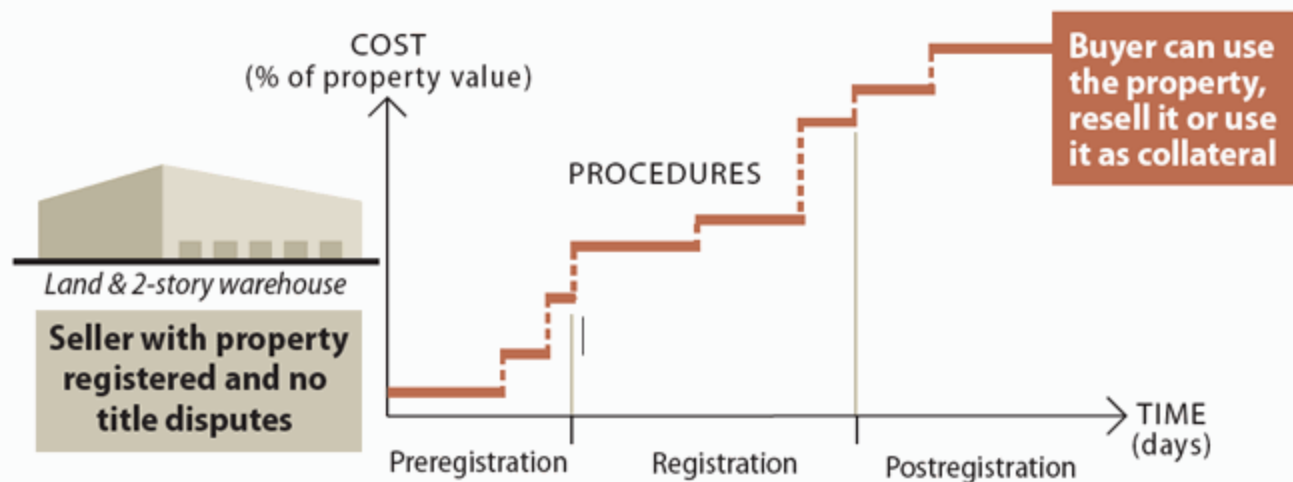
2. Historical data: Registering Property in Macedonia, FYR

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	63	69
Procedures (number)	6	6	5	5
Time (days)	98	66	58	58
Cost (% of property value)	3.5	3.4	3.2	3.2

3. The following graphs illustrate the Registering Property sub indicators in Macedonia, FYR 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 the former Yugoslav Republic of Macedonia.

STANDARDIZED PROPERTY

Property Value: 9,710,024.70

City: Skopje

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a non-encumbrance certificate on the property	1-3 days (simultaneous with procedure 2)	MKD 350 + MKD 50 stamp duty (for the non-encumbrance certificate); MKD 125 (Title deed) + MKD 50 (Tax stamp for the copy of the title deed)
2	A lawyer prepares the sale contract	1-2 days	MKD 6,000
3	Assessment and payment of sale tax on real estate	30 days	MKD 300 (administration fee) + 3% of property value

4	The contract is approved by a public notary	1 day	<p>The tariff for notary services is adopted on 18.06.2007, and stipulates that: - if the property value is up to 100,000.00 denars, the fee is 1,000.00 denars- if the property value is up to 200,000.00 the fee is 1,500.00 denars- if the property value is up to 300,000.00 the fee is 2,500.00 denars. If the property value exceeds 300,000.00 denars the notary can charge a fee of 3,000 denars and additionally 100.00 denars for every 10,000 denars. However the fee can not be higher than 10,000.00 denars</p>
5	Apply for registration into the Cadastral Office	15-30 days	<p>MKD 250 (for change of ownership) + MKD 125 (for the new title deed) + MKD 50 (Tax stamps)</p>

Registering Property Details - Macedonia, FYR

Procedure	1	Obtain a non-encumbrance certificate on the property
Time to complete:	1-3 days (simultaneous with procedure 2)	
Cost to complete:	MKD 350 + MKD 50 stamp duty (for the non-encumbrance certificate); MKD 125 (Title deed) + MKD 50 (Tax stamp for the copy of the title deed)	
Agency:	The Real Estate Cadastre	
Comment:	<p>With the introduction of Law on Real Estate Cadastre on March 23, 2008, the information on encumbrances over land and property has moved from the First Instance Courts to the Cadastre Registry's public book. Thus, parties check for encumbrances over the land and property and obtain a non-encumbrance certificate from the Real Estate Cadastre at the same time when they obtain a copy of the title deed.</p> <p>The seller should obtain a Title Deed from the Department of Cadastre and registration of real estate before the starting of the transaction formally. In the above case the seller as a company should provide a copy of its registration papers with the evidence that the General Manager is authorized to sign the agreement and a verified paper form of the signature before a notary public. This form will be used as evidence before the lawyer and later before the notary public who will verify the sale agreement.</p>	
Procedure	2	A lawyer prepares the sale contract
Time to complete:	1-2 days	
Cost to complete:	MKD 6,000	
Comment:	<p>A lawyer prepares the sale contract agreement and usually completes the whole process on behalf of parties, hence the higher fees noted here. In practice the Revenue Office requests the sale agreement to be prepared by an attorney-at-law.</p> <p>As the Seller is a Company, it must produce a certificate showing that the Company has not initiated the bankruptcy procedure. This certificate has to be presented to the Attorney at Law for the preparation of the sale contract, and must be presented as well to the Notary Public for the verification of the sale agreement.</p> <p>The buying company must issue a Decision for buying the warehouse, signed by the Company's Manager. This Decision will be used both for preparation of the sale contract, at the Attorney at Law, as well as at the Notary Public for the verification of the sale agreement.</p>	
Procedure	3	Assessment and payment of sale tax on real estate
Time to complete:	30 days	
Cost to complete:	MKD 300 (administration fee) + 3% of property value	
Agency:	Municipality	
Comment:	<p>Tax liability incurs on the date of conclusion of the agreement for transfer of ownership. The base of tax on sales of real estate is the market value of the real estate at the moment of the tax liability.</p> <p>Previously paid to the Public Revenue Authority, the payment of this tax moved from the Revenue Authority to the Municipalities in 2005. According to the Law on Property Taxes</p>	

(Official Gazette of RoM, No. 61, dated September 13th 2004), the tax rates are determined by each Municipality, and the Municipality administration is authorized to determine and collect the property taxes as per the location of the real property. The Mayor should pass and deliver the decision for the amount of property tax within 30 days from the day when the taxpayer submitted the application.

The rate of tax on sale of real estate is proportionate and equals 3% of the determined market value of the property. If the two parties are companies registered for VAT, the seller will pay 18% VAT on the determined purchase price from which an amount of 3% paid sales tax shall be deducted. The Law does not provide such provision.

Procedure 4 The contract is approved by a public notary

Time to complete: 1 day

Cost to complete: The tariff for notary services is adopted on 18.06.2007, and stipulates that: - if the property value is up to 100,000.00 denars, the fee is 1,000.00 denars- if the property value is up to 200,000.00 the fee is 1,500.00 denars- if the property value is up to 300,000.00 the fee is 2,500.00 denars. If the property value exceeds 300,000.00 denars the notary can charge a fee of 3,000 denars and additionally 100.00 denars for every 10,000 denars. However the fee can not be higher than 10,000.00 denars

Agency: Public Notary

Comment: The agreement is verified before a notary public by both parties (seller and buyer). The notary will not verify the agreement if tax on sale of the property is not paid to the Revenue authority. In case that the tax is not paid when the agreement is signed before a notary public, the seller will be obliged to pay tax after signing and to submit the evidence on paying to the notary public, which who will then verify the agreement.
According to the Law on Notary Public, a notary public is obliged to submit these documents to the Cadastre in order to inform the Cadastre about the change in ownership. The selling company must provide a certificate showing that it has not initiated the bankruptcy procedure and the buying company must show a document signed by the Director of the company to show the decision to buy the warehouse.

Procedure 5 Apply for registration into the Cadastral Office

Time to complete: 15-30 days

Cost to complete: MKD 250 (for change of ownership) + MKD 125 (for the new title deed) + MKD 50 (Tax stamps)

Agency: The Real Estate Cadastre

Comment: Parties submit a request for changing the title to the Cadastral Office.
A lawyer or the buyer obtains from the Cadastre a new Title Deed in which the new owner will be registered. Ownership right over real estate is established at the moment of registration of that right in the Public Book at the Cadastre, though in practice documentation would be required to resell or use the property to obtain a loan.

The documentation shall include: the sale contract approved by public notary (obtained in Procedure 5).

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

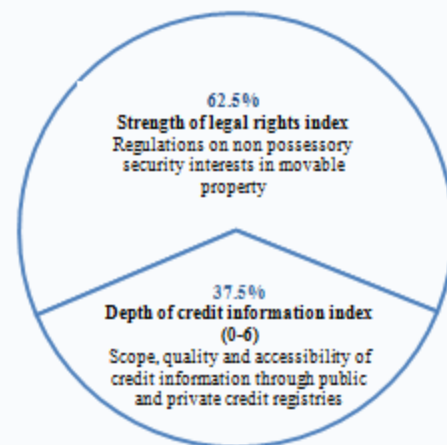
Public credit registry coverage (% of adults)

- 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)

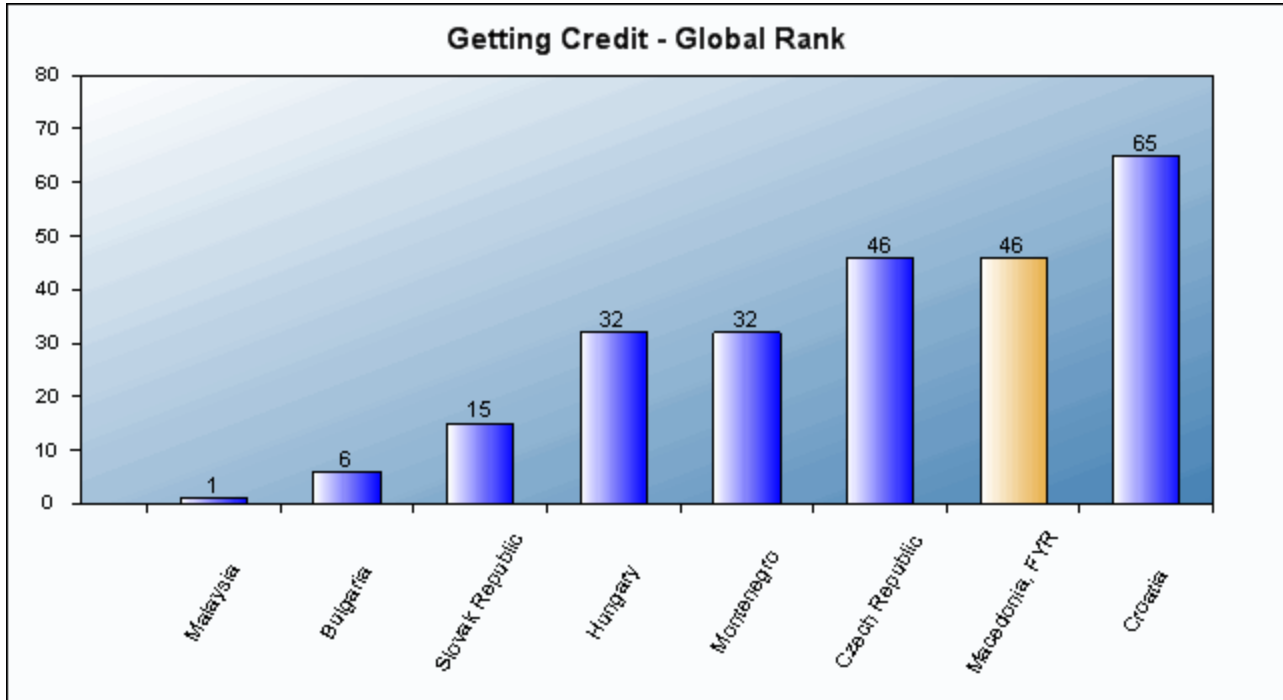
The Debtor

- 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:

Macedonia, FYR is ranked 46 overall for Getting Credit.

Ranking of Macedonia, FYR in Getting Credit - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>				
Macedonia, FYR	7	4	39.4	0.0

<i>Comparator Economies</i>				
Bulgaria	8	6	37.0	13.1
Croatia	6	4	0.0	81.2
Czech Republic	6	5	4.9	73.2
Hungary	7	5	0.0	11.4
Montenegro	10	2	26.7	0.0
Slovak Republic	9	4	2.2	44.5

* The following economies are also good practice economies for :

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

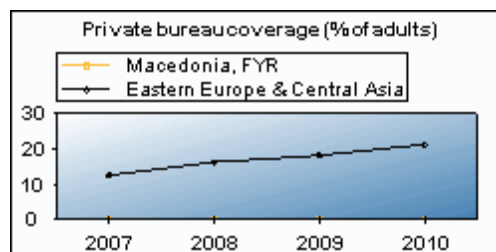
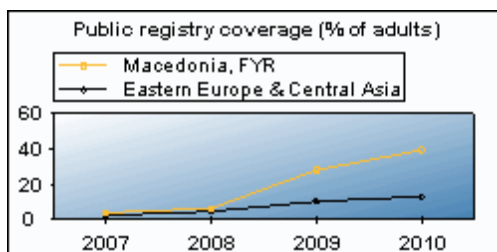
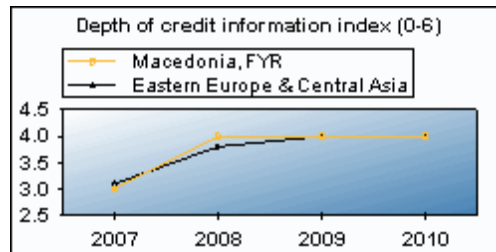
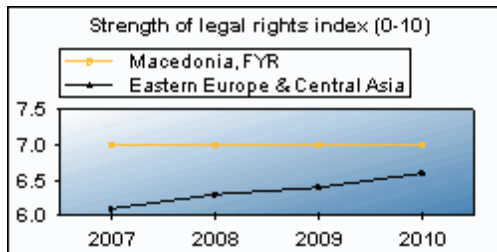
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

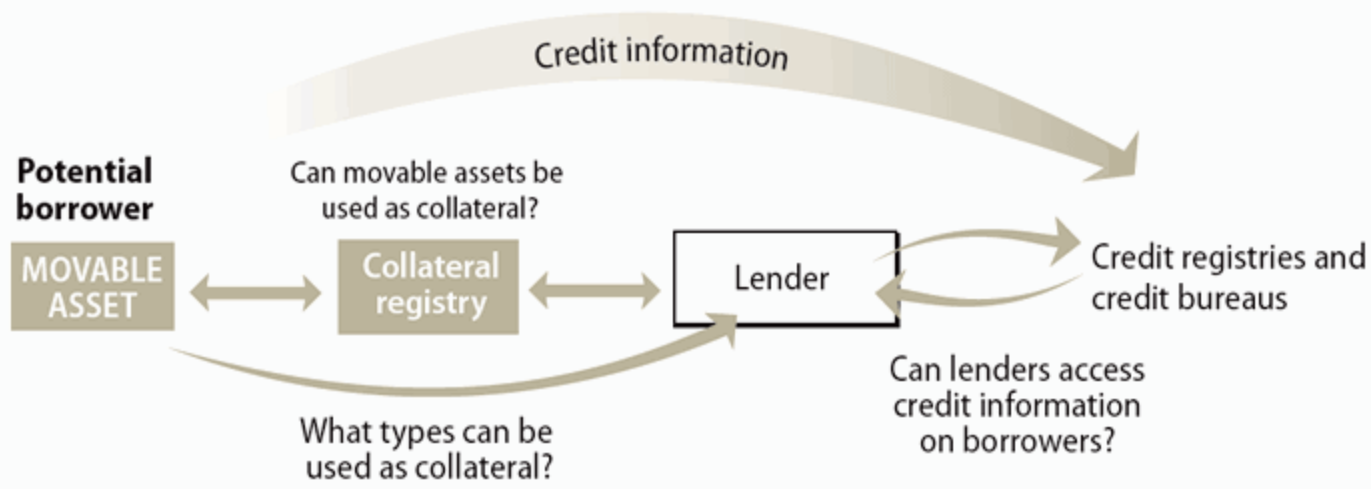
2. Historical data: Getting Credit in Macedonia, FYR

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)	7	7	7	7
Depth of credit information index (0-6)	3	4	4	4
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	4.0	6.5	28.1	39.4

3. The following graphs illustrate the Getting Credit sub indicators in Macedonia, FYR 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 the former Yugoslav Republic of Macedonia.

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	4
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	Yes	1
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Coverage	0.0	39.4	
Number of individuals		0	601,952
Number of firms		0	57,399

Strength of legal rights index (0-10)**7**

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

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)

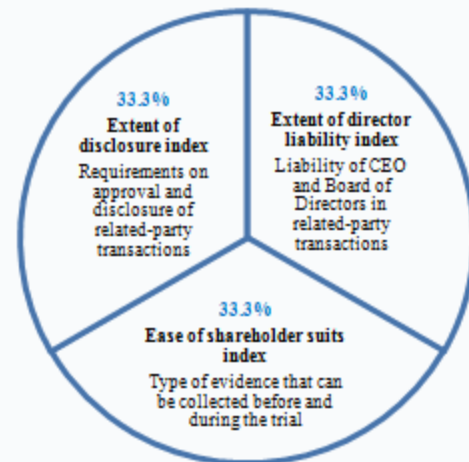
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

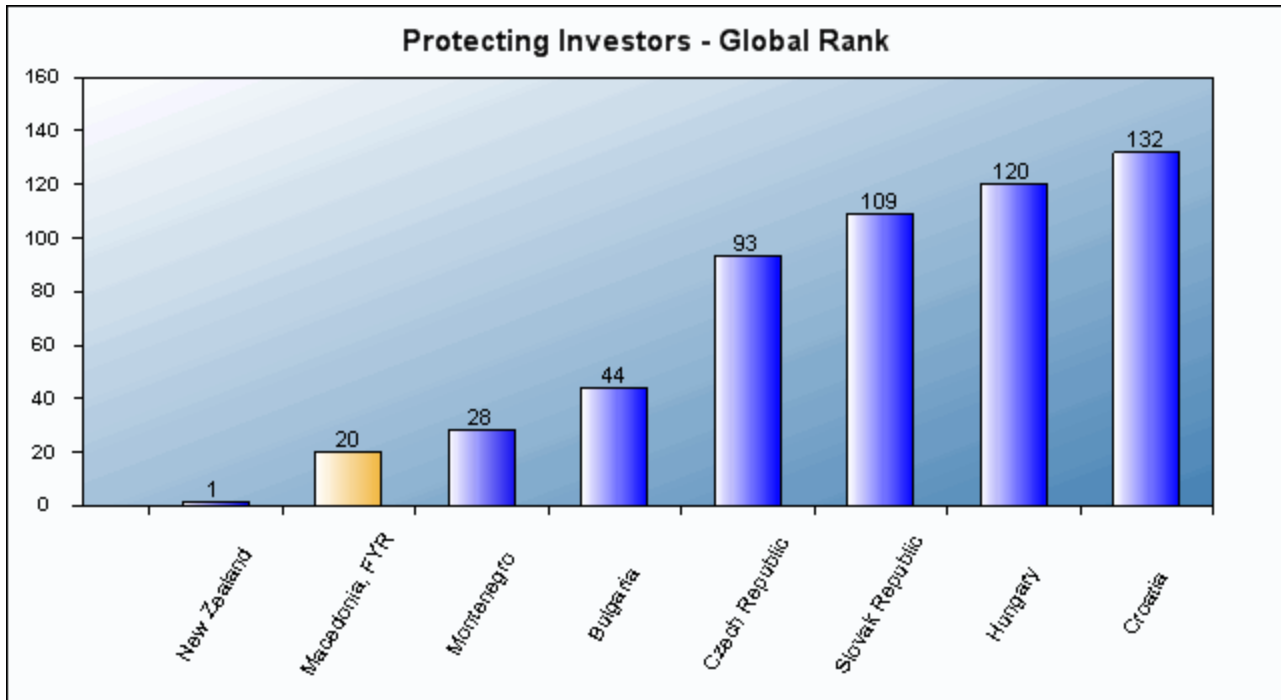
The transaction

- 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:

Macedonia, FYR is ranked 20 overall for Protecting Investors.

Ranking of Macedonia, FYR in Protecting Investors - Compared to good practice and selected economies:



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

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

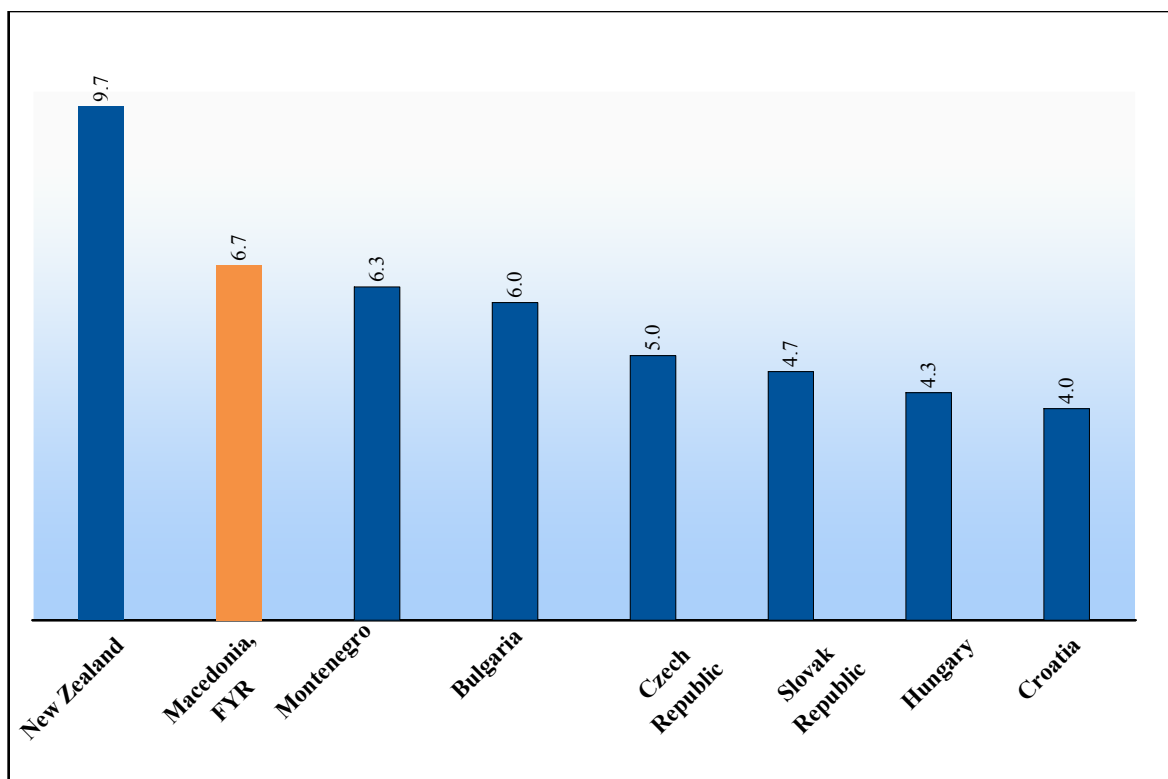
<i>Selected Economy</i>	
Macedonia, FYR	6.7

<i>Comparator Economies</i>	
Bulgaria	6.0
Croatia	4.0
Czech Republic	5.0
Hungary	4.3
Montenegro	6.3
Slovak Republic	4.7

2. Historical data: Protecting Investors in Macedonia, FYR

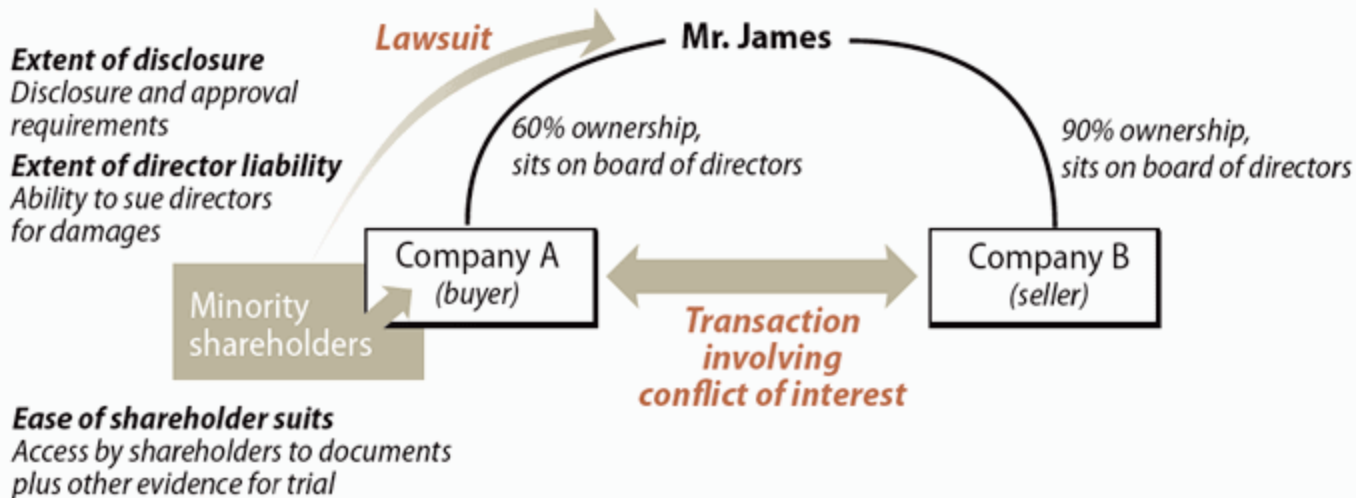
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	20	20
Strength of investor protection index (0-10)	5.0	5.0	6.7	6.7

3. The following graph illustrates the Protecting Investors index in Macedonia, FYR 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 the former Yugoslav Republic of Macedonia.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	9
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	7
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	4
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	6.7

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)

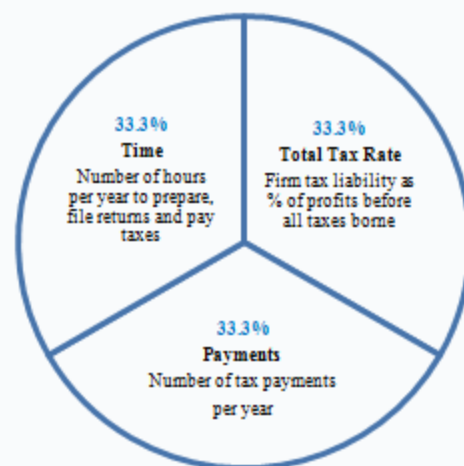
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



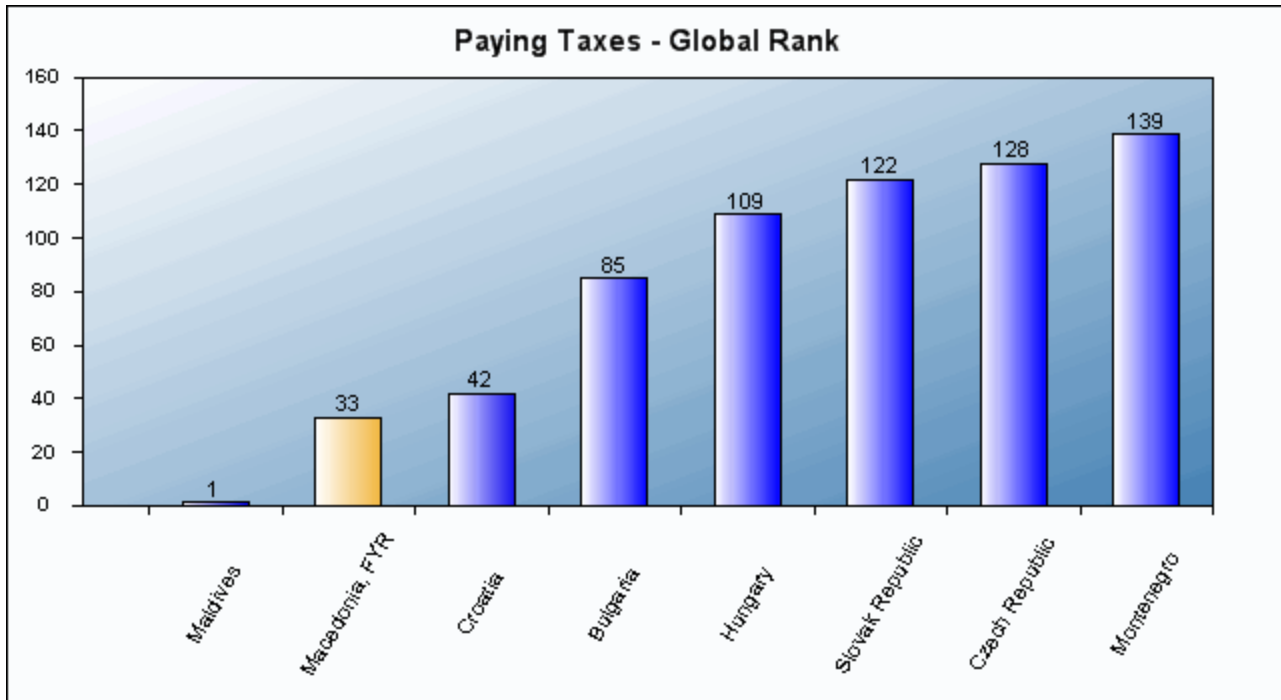
Case Study Assumptions

- 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:

Macedonia, FYR is ranked 33 overall for Paying Taxes.

Ranking of Macedonia, FYR in Paying Taxes - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>			
Macedonia, FYR	40	119	10.6

<i>Comparator Economies</i>			
Bulgaria	17	616	29.0
Croatia	17	196	32.5
Czech Republic	12	557	48.8
Hungary	14	277	53.3
Montenegro	77	372	26.6
Slovak Republic	31	257	48.7

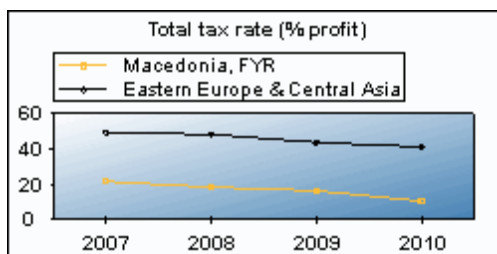
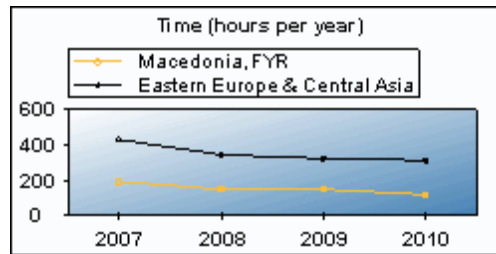
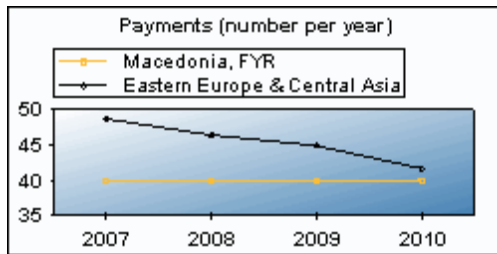
* The following economies are also good practice economies for :

Payments (number per year): Qatar

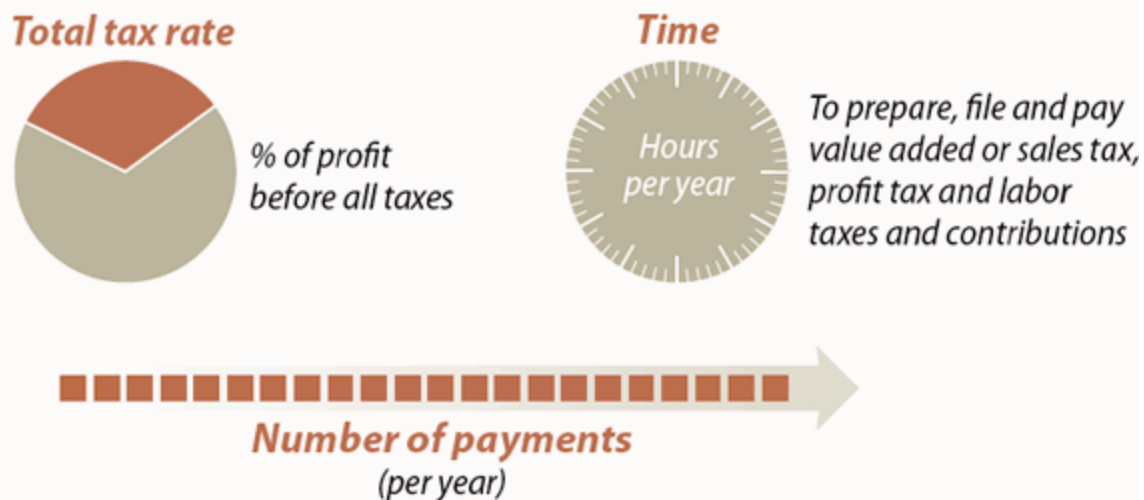
2. Historical data: Paying Taxes in Macedonia, FYR

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	47	33
Total tax rate (% profit)	21.6	18.4	16.4	10.6
Payments (number per year)	40	40	40	40
Time (hours per year)	192	150	150	119

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		44	18.0%	value added		
Municipal fee	1			fixed fee (MKD 8,000)		0.10	
Property tax	1			0.1%	land value	0.10	
Additional health contribution	12		56	0.5%	gross salaries	0.60	
Fuel tax	1			MKD 24.4	liter	1.80	
Property transfer tax	1			3.0%	sale price	1.80	
Corporate income tax	12		19	10.0%	add backs, distributed profit and increase of share capital	6.30	
Totals	40		119			10.6	

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)

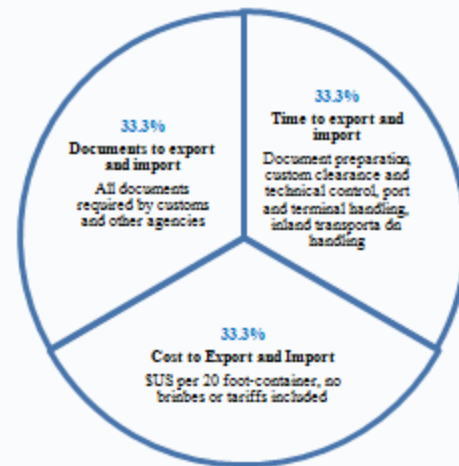
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

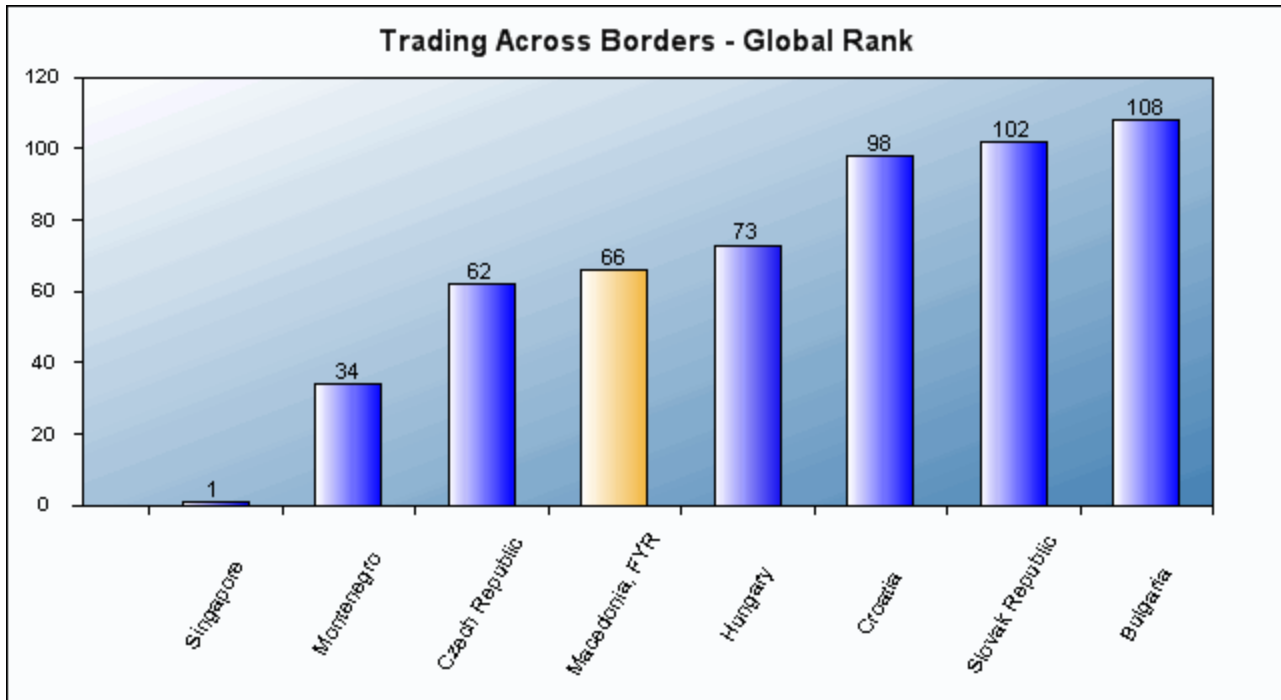
The traded product

- 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:

Macedonia, FYR is ranked 66 overall for Trading Across Borders.

Ranking of Macedonia, FYR in Trading Across Borders - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>						
Macedonia, FYR	6	12	1376	6	11	1380

<i>Comparator Economies</i>						
Bulgaria	5	23	1551	7	21	1666
Croatia	7	20	1281	8	16	1141
Czech Republic	4	17	1060	7	20	1165
Hungary	5	18	1225	7	17	1215
Montenegro	6	14	775	6	14	890
Slovak Republic	6	17	1530	8	19	1505

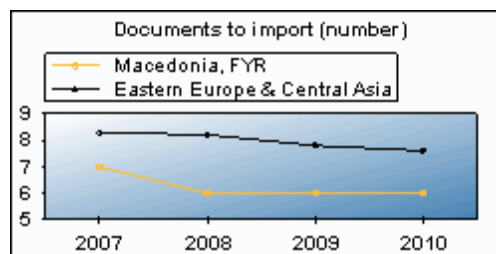
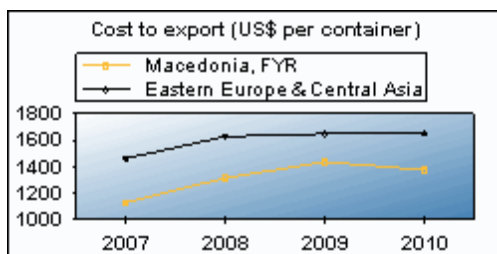
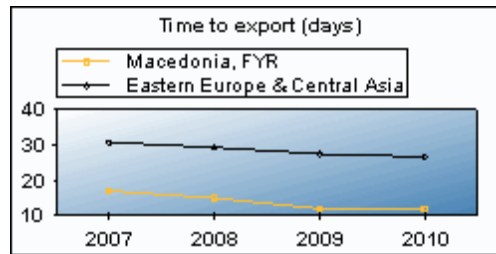
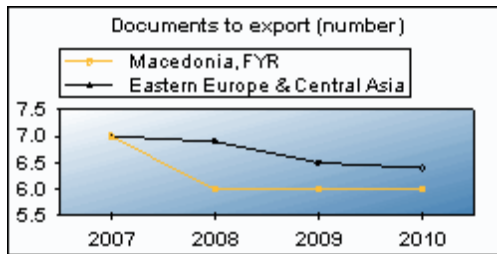
* The following economies are also good practice economies for :

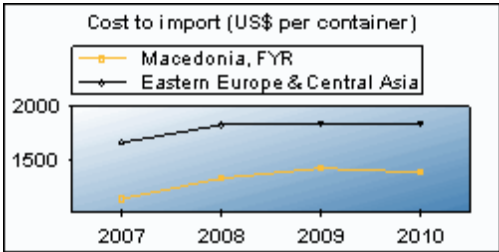
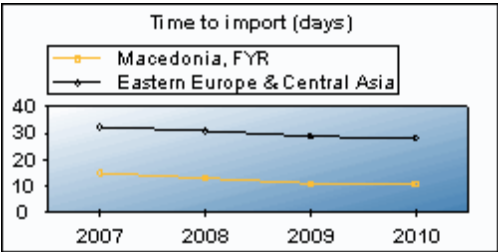
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Macedonia, FYR

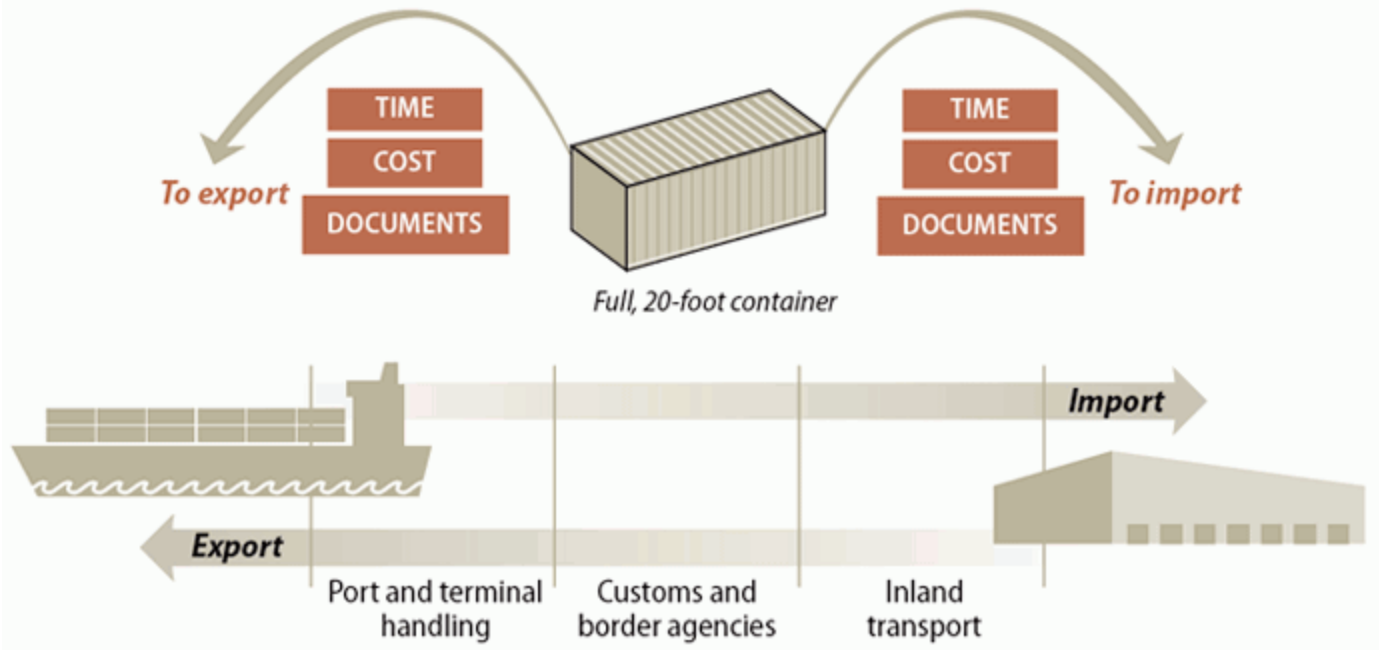
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	65	66
Cost to export (US\$ per container)	1130	1315	1436	1376
Cost to import (US\$ per container)	1130	1325	1420	1380
Documents to export (number)	7	6	6	6
Documents to import (number)	7	6	6	6
Time to export (days)	17	15	12	12
Time to import (days)	15	13	11	11

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	86
Customs clearance and technical control	1	50
Ports and terminal handling	5	560
Inland transportation and handling	2	680
Totals	12	1376

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	4	90
Customs clearance and technical control	1	50
Ports and terminal handling	4	560
Inland transportation and handling	2	680
Totals	11	1380

Documents for Export and Import

Export

- Bill of lading
- Certificate of origin
- Commercial invoice
- Convention des Marchandises Routiers (CMR)
- Customs export terminal receipt
- Customs export declaration

Import

- Bill of lading
- Commercial invoice
- Convention des Marchandises Routiers (CMR)
- Customs import terminal receipt
- Customs import declaration
- Transit document: T1

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)

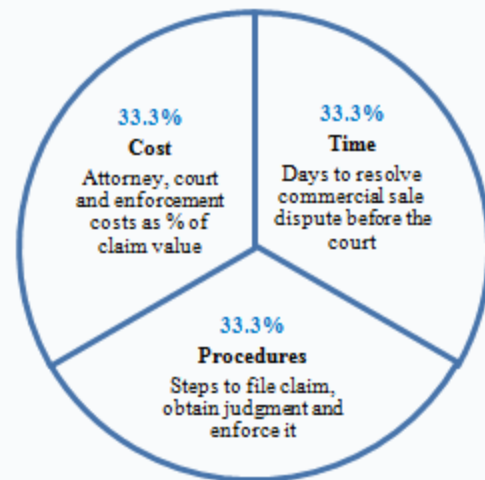
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

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



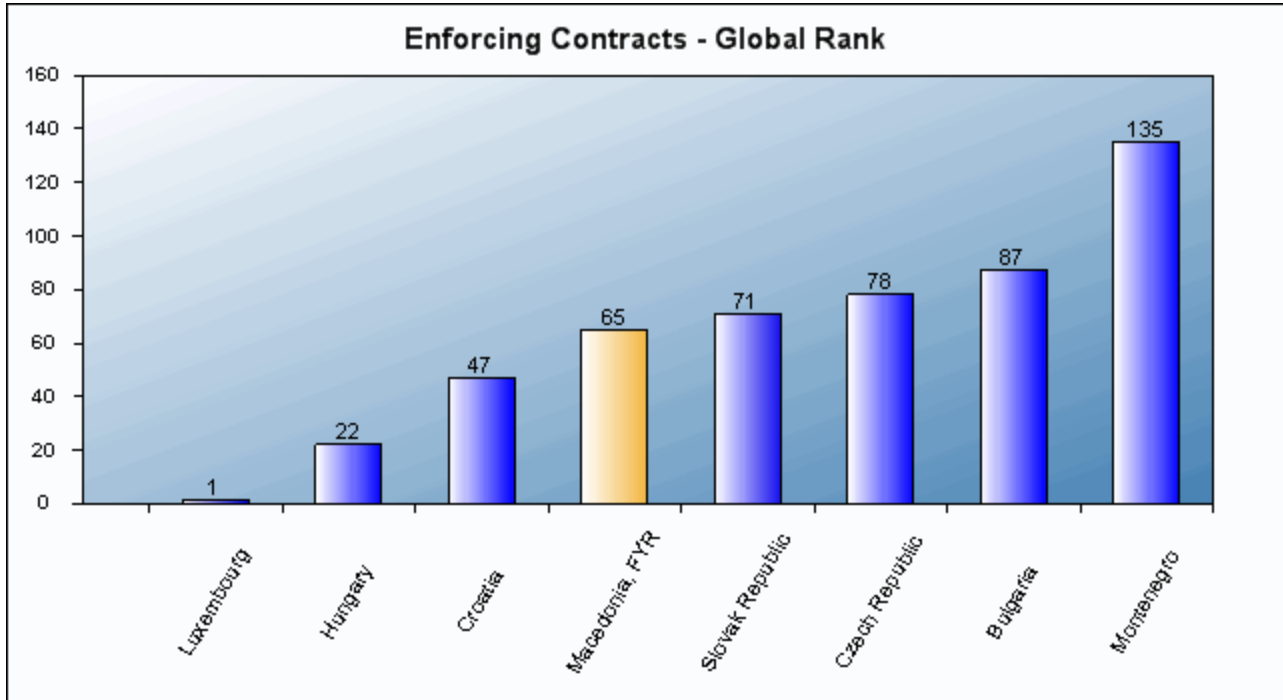
Case Study Assumptions

- 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:

Macedonia, FYR is ranked 65 overall for Enforcing Contracts.

Ranking of Macedonia, FYR in Enforcing Contracts - Compared to good practice and selected economies:



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

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

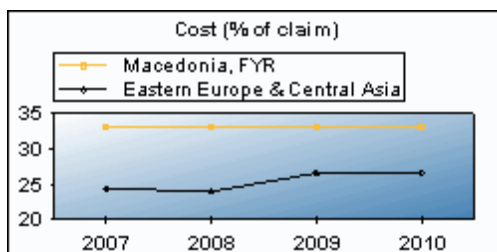
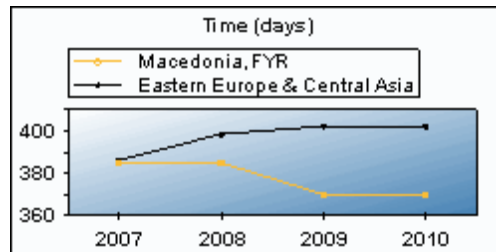
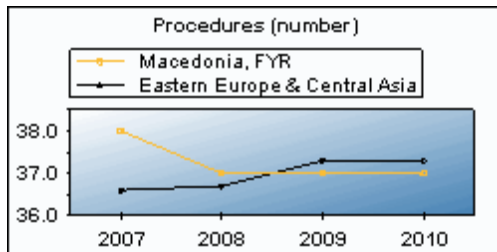
<i>Selected Economy</i>			
Macedonia, FYR	37	370	33.1

<i>Comparator Economies</i>			
Bulgaria	39	564	23.8
Croatia	38	561	13.8
Czech Republic	27	611	33.0
Hungary	35	395	15.0
Montenegro	49	545	25.7
Slovak Republic	31	565	30.0

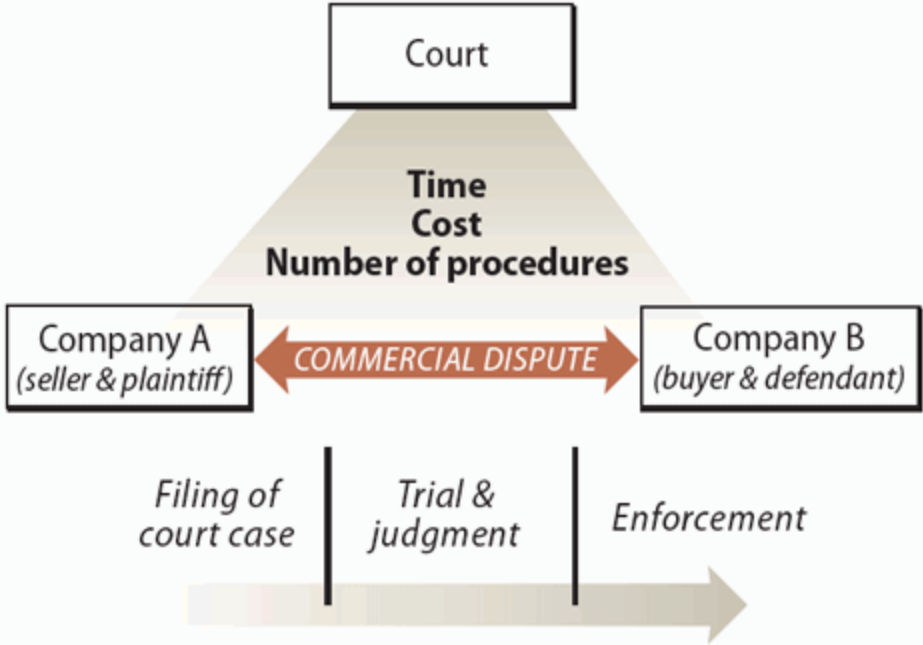
2. Historical data: Enforcing Contracts in Macedonia, FYR

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	63	65
Procedures (number)	38	37	37	37
Time (days)	385	385	370	370
Cost (% of claim)	33.1	33.1	33.1	33.1

3. The following graphs illustrate the Enforcing Contracts sub indicators in Macedonia, FYR 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 Macedonia, FYR.

Nature of Procedure (2010)	Indicator
Procedures (number)	37
Time (days)	370
Filing and service	40.0
Trial and judgment	270.0
Enforcement of judgment	60.0
Cost (% of claim)*	33.10
Attorney cost (% of claim)	18.6
Court cost (% of claim)	6.9
Enforcement Cost (% of claim)	7.6

Court information: Skopje First Instance Court II ("Основен суд Скопје")

* 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)

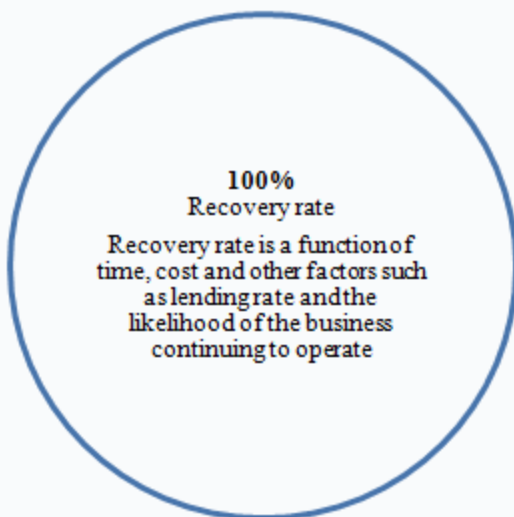
- Measured in calendar years
- Appeals and requests for extension are included

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:

Macedonia, FYR is ranked 116 overall for Closing a Business.

Ranking of Macedonia, FYR in Closing Business - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>			
Macedonia, FYR	20.7	2.9	28

<i>Comparator Economies</i>			
Bulgaria	31.0	3.3	9
Croatia	28.7	3.1	15
Czech Republic	55.9	3.2	17
Hungary	37.9	2.0	15
Montenegro	43.4	2.0	8
Slovak Republic	55.3	4.0	18

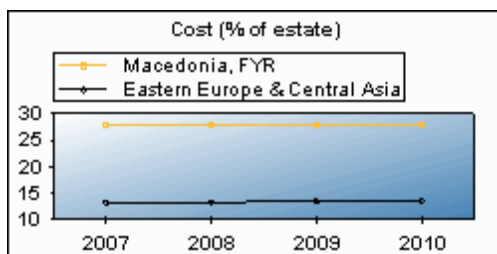
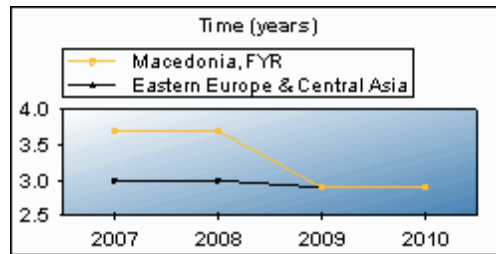
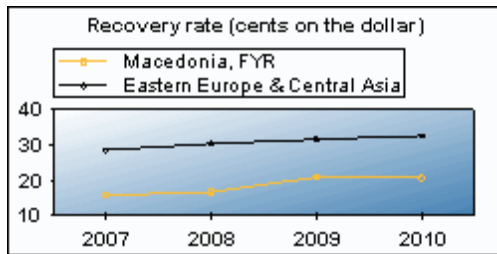
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Macedonia, FYR

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	114	116
Time (years)	3.7	3.7	2.9	2.9
Cost (% of estate)	28	28	28	28
Recovery rate (cents on the dollar)	15.8	16.7	20.9	20.7

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Bulgaria	Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva (\$3,250) to 2 leva (\$1.30). Bulgaria reduced employer contribution rates for social security.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Croatia	Croatia eased business start-up by allowing limited liability companies to file their registration application with the court registries electronically through the notary public. Croatia replaced the location permit and project design confirmation with a single certificate, simplifying and speeding up the construction permitting process.
Czech Republic	The Czech Republic simplified its labor tax processes and reduced employer contribution rates for social security. The Czech Republic made it easier to deal with insolvency by introducing further legal amendments to restrict setoffs in insolvency cases and suspending for some insolvent debtors the obligation to file for bankruptcy.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Macedonia, FYR	FYR Macedonia made it easier to start a business by further improving its one-stop shop. FYR Macedonia lowered tax costs for businesses by requiring that corporate income tax be paid only on distributed profits.
Montenegro	Montenegro eliminated several procedures for business start-up by introducing a single registration form for submission to the tax administration. An amendment to Montenegro's corporate income tax law removed the obligation for advance payments and abolished the construction land charge. Montenegro's customs administration simplified trade by eliminating the requirement to present a terminal handling receipt for exporting and importing.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.

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



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