

Doing Business 2011

Portugal

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

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

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

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

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

The following pages present the summary Doing Business indicators for Portugal. 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).

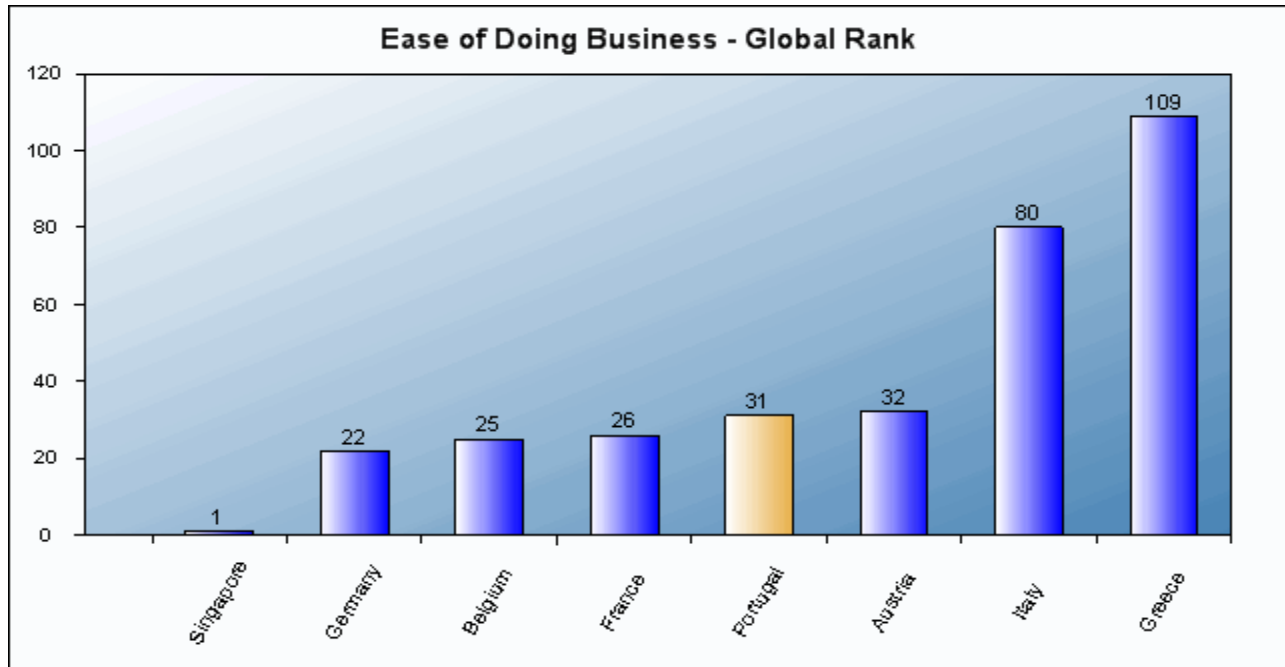
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Portugal is ranked 31 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Portugal's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	31
Starting a Business	59
Dealing with Construction Permits	111
Registering Property	31
Getting Credit	89
Protecting Investors	44
Paying Taxes	73
Trading Across Borders	27
Enforcing Contracts	24
Closing a Business	21

Summary of Indicators - Portugal

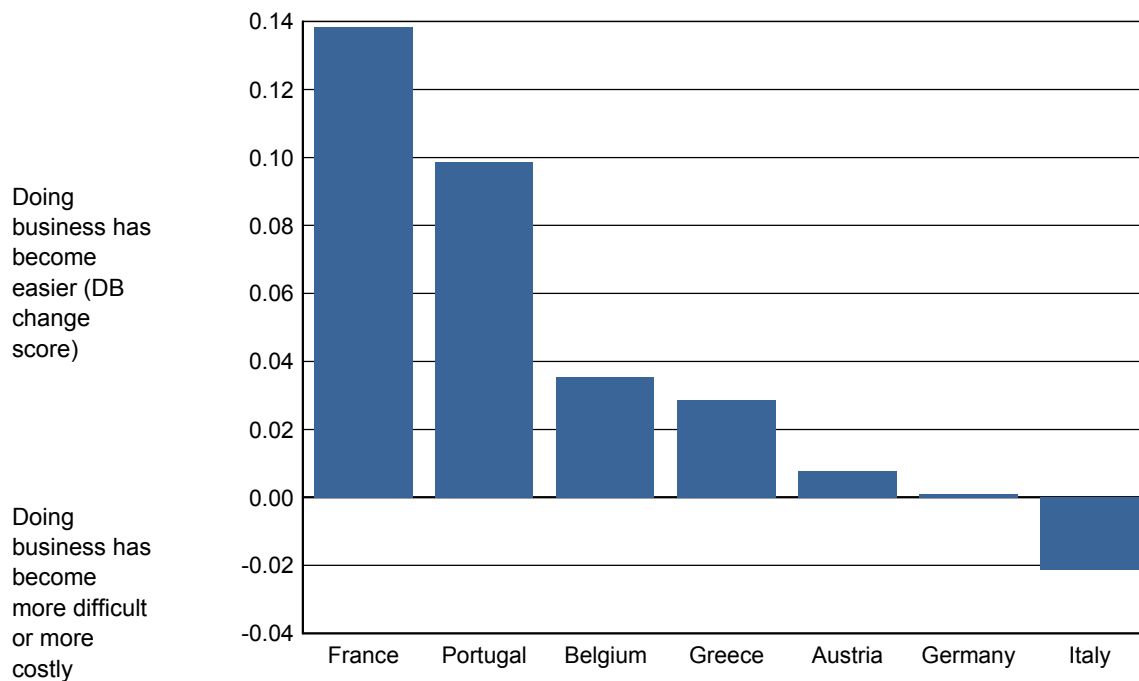
Starting a Business	Procedures (number)	6
	Time (days)	6
	Cost (% of income per capita)	6.5
	Min. capital (% of income per capita)	34.1
Dealing with Construction Permits	Procedures (number)	19
	Time (days)	272
	Cost (% of income per capita)	53.9
Registering Property	Procedures (number)	1
	Time (days)	1
	Cost (% of property value)	7.4
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	67.1
	Private bureau coverage (% of adults)	16.3
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	6.0
Paying Taxes	Payments (number per year)	8
	Time (hours per year)	298
	Profit tax (%)	14.9
	Labor tax and contributions (%)	26.8
	Other taxes (%)	1.6
	Total tax rate (% profit)	43.3
Trading Across Borders	Documents to export (number)	4
	Time to export (days)	16
	Cost to export (US\$ per container)	685
	Documents to import (number)	5
	Time to import (days)	15
	Cost to import (US\$ per container)	999

Enforcing Contracts	Procedures (number)	31
	Time (days)	547
	Cost (% of claim)	13.0
Closing a Business	Recovery rate (cents on the dollar)	72.6
	Time (years)	2.0
	Cost (% of estate)	9

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

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

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



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

Some reform outcomes

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

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

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

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

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

Time required to complete each procedure (calendar days)

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

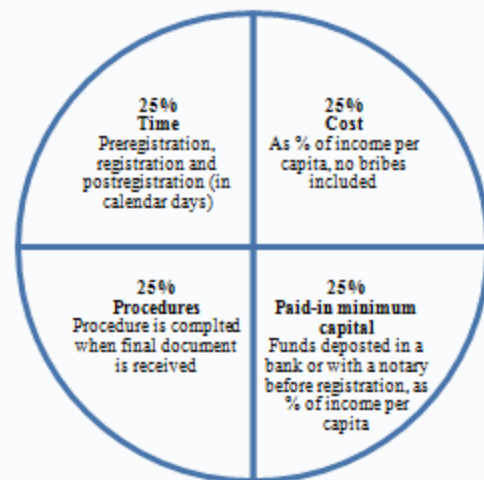
Cost required to complete each procedure (% of income per capita)

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

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

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

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



Case Study Assumptions

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

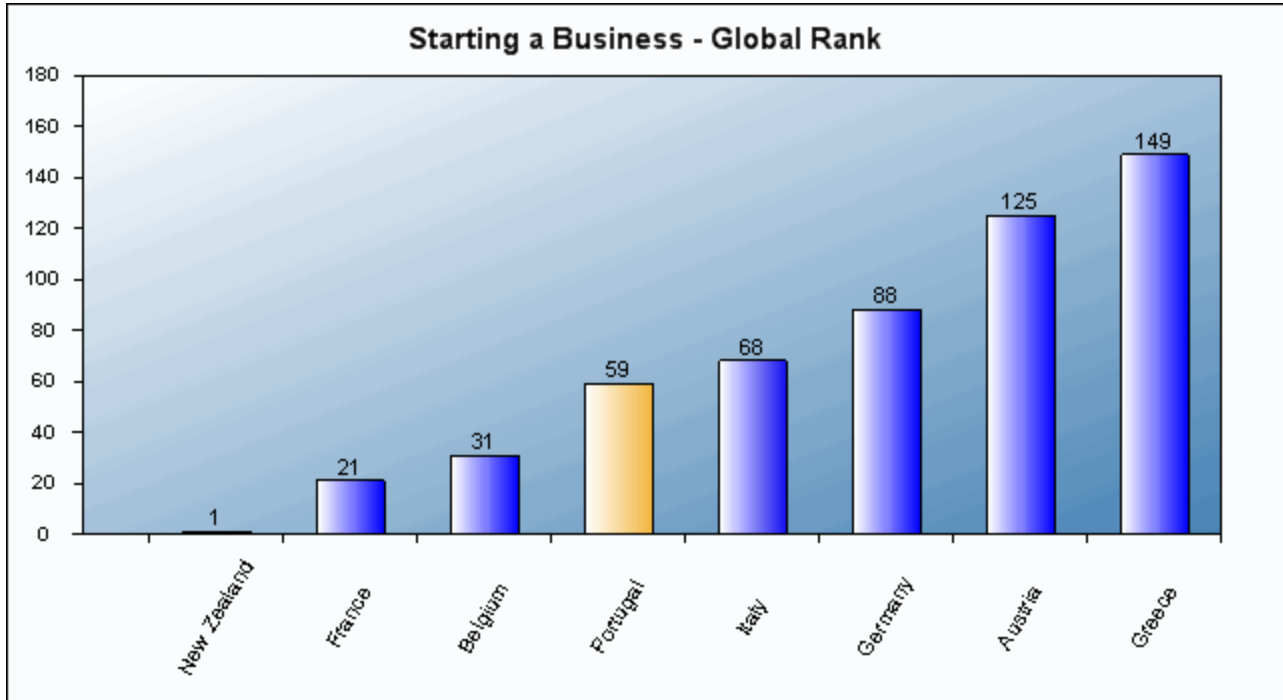
The business:

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

1. Benchmarking Starting a Business Regulations:

Portugal is ranked 59 overall for Starting a Business.

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



The following table shows Starting a Business data for Portugal 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>				
Portugal	6	6	6.5	34.1

<i>Comparator Economies</i>				
Austria	8	28	5.2	53.1
Belgium	3	4	5.4	19.6
France	5	7	0.9	0.0
Germany	9	15	4.8	0.0
Greece	15	19	20.7	22.3
Italy	6	6	18.5	10.1

* The following economies are also good practice economies for :

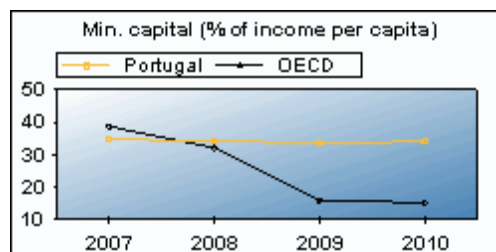
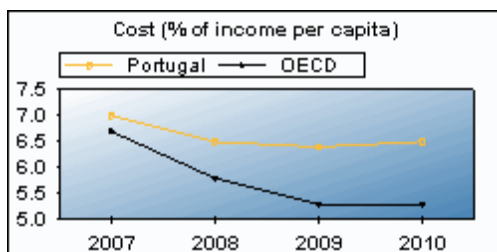
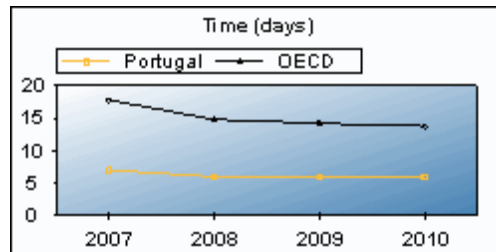
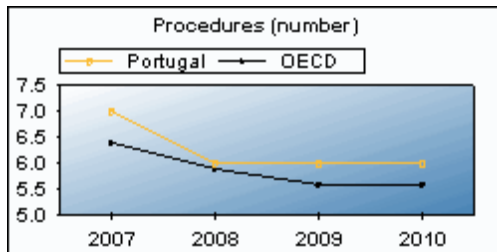
Procedures (number): Canada

Cost (% of income per capita): Slovenia

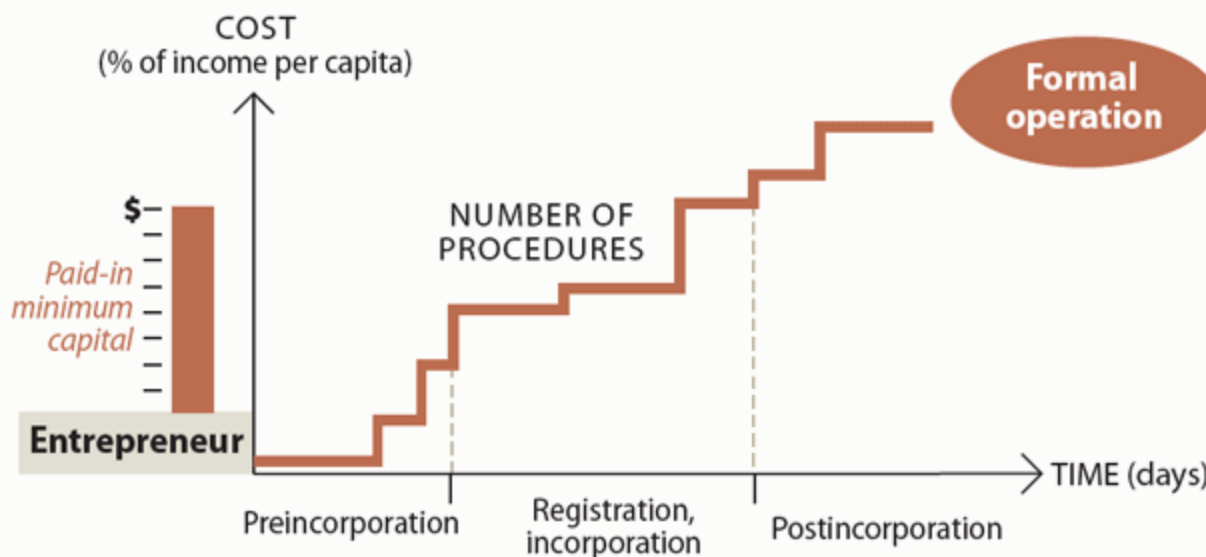
2. Historical data: Starting a Business in Portugal

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	59	59
Procedures (number)	7	6	6	6
Time (days)	7	6	6	6
Cost (% of income per capita)	7.0	6.5	6.4	6.5
Min. capital (% of income per capita)	34.7	34.3	33.5	34.1

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

STANDARDIZED COMPANY

Legal Form: Sociedade por Quotas

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Choose a pre-approved company name	1	no charge
2	Register at the one-stop shop	1	EUR 947
3	Register with the Social Security Regional Center	1	no charge
4	Deposit initial capital	1	no charge
5	Report to the Labor Inspectorate	1	no charge
6	Register for the workmen's accident compensation insurance at a private insurer	1	no charge

Starting a Business Details - Portugal

Procedure 1 Choose a pre-approved company name

Time to complete: 1

Cost to complete: no charge

Comment: CHANGE THIS TEXT WITH THE SURVEY OF RUI PEIXOTO DUARTE Before requesting the corporate name, the company promoter can search the National Registry of Collective Entities (Registo Nacional de Pessoas Colectivas, RNPC) database (also via the Internet) for the availability of the requested name. The promoter can reserve a company name for 48 hours at a fee of EUR 31. (For information on company names or on notary and registrar issues, visit www.dgrn.mj.pt/impres/imprnpc.asp.)

The RNPC issues a certificate of approval of the promoter's company name or of the promoter's choice of one of the preapproved names provided by the Portuguese authorities (the list is on the Internet). If the company decides not to use one of the preapproved company names, the company must obtain from the RNPC a certificate of approval and a provisional taxpayer card. A new search engine has expedited this procedure, which now takes about 4 days. The certificate is valid for 90 days and may be renewed only once.

The fee for company name approval is EUR 70:
- Certification of company name approval: EUR 56.
- Provisional identity card (for collective person): EUR 14.
An additional fee of EUR 31 applies if a name reservation is requested.

Under Decree-Law No. 111/2005 (effective July 13, 2005), the certificate of approval is valid for 3 months and may be renewed only once. The provisional identification card is valid for 3 months and can be renewed if the incorporation process has not been completed. The provisional taxpayer card can be requested at the same time as the corporate certificate.

If the parties decide to incorporate the company outside the Centros de Formalidades das Empresas, (CFE), they can request the certificate of approval and the taxpayer card via the Internet, mail, or at a local RNPC office. The forms should be signed by one of the future shareholders (or by a proxy).

Procedure 2 Register at the one-stop shop

Time to complete: 1

Cost to complete: EUR 947

Comment: If the company does not select one of the preapproved company names, the promoter must submit the documents cited in Procedure 1. Shareholders who opt to incorporate the company within 24 hours must choose one of the standard articles of association without adding other clauses. The company commercial registration is immediate, and a certificate is issued. Shareholders can also acquire a registered trademark at the same time.

For tax purposes, shareholders may also file at this time a declaration of commencement of activities. If this option is not exercised, this declaration should be submitted within 15 days of company incorporation. Through this fast-track procedure, the following are handled on a single visit to the one-stop shop (a) the company corporate tax number; (b) the company's Social Security

number; (c) the commercial register of the company incorporation; and (d) the declaration of start of business operations. Employee registration must be done at least 24 hours before the start of employment.

Promoters must file taxpayer identification documents, deeds, collective person's card, minutes of company inaugural meeting, a copy of statutory members' tax cards, and documents proving the declaration of commencement of activity. Companies that have interaction with the public must have the company's work schedule approved at the Ministry of Employment and Social Security (Ministério do Emprego e da Segurança Social; the homepage is <http://www.seg-social.pt>)

The mandatory publications are made on a website of the Ministry of Justice (<http://publicacoes.mj.pt/Index.asp>) More information on the new system, "company one hour," can be found at <http://www.empresanahora.pt/empresa>.

Decree-Law 125/2006 and Administrative Rule 657-C/2006 No. 657-C/2006 (dated June 29, 2006) provided for a special regime for setting up companies via the Internet. This new regime allows for online incorporation of civil and commercial companies. Incorporators can complete all incorporation procedures online, including the search for a unique company name.

To search a company name, incorporators may elect between three options a) submit a preapproved, registered name (as in the company one hour system); b) apply for a company name online; or c) file a certificate of name approval, obtained nonelectronically .

When preparing to file company bylaws, the incorporators may elect to either draft the bylaws or file standard, boilerplate bylaws (The required documents and information must be filed by electronic authentication or electronic signature. The application is deemed valid only after an electronic confirmation of the date and time the application was filed. The registry shall be made immediately or within 2 working days of the filing of the application.

The online company registration system is accessible to lawyers, solicitors and notaries who own a digital certification that proves the user's profession.

Administrative Rule 1416-A/2006 sets out two other stipulations:

- (1) The applicant's option of applying for commercial registration online is contingent on appropriate electronic certification.
- (2) The availability of information online must always be updated. Upon request, a password is sent that allows the applicant company or any other public or private entity (to whom the password is disclosed) to see the certificate online. The password is disclosed upon delivery of a hard copy certificate.

As of June 30, 2006, shareholders that choose to incorporate and register the company at the one-stop shop (using the new expedited system) can also acquire a registered trademark at the same time.

Procedure 3 Register with the Social Security Regional Center

Time to complete: 1

Cost to complete: no charge

Comment:

Employers must register employees for social security insurance in 10 working days after the tax declaration on start of business activities and at least 24 hours before employees start employment. This procedure can be conducted at the at the Centros de Formalidades das Empresas (CFE). The employer must file the following documents: the taxpayer identification card, deeds, collective person's card, minutes of company inaugural meeting, a copy of the statutory members' tax cards, and a document proving the declaration of commencement of activity. Companies that have interaction with the public must have the company's work schedule approved at the Ministry of Employment and Social Security (Ministerio do Emprego e da Segurança Social).

Under Decree-Law 14/2007, as of March 2007 employees may be registered online via

Procedure 4 Deposit initial capital

Time to complete: 1

Cost to complete: no charge

Comment: Initial capital may be deposited by online banking or in person at the one-stop shop (Caixa Geral de Depósitos), where a bank attendant is available to handle the transaction.

Procedure 5 Report to the Labor Inspectorate

Time to complete: 1

Cost to complete: no charge

Comment: Before starting its activity, the incorporated company must submit the following information to the Labour General Inspection: the company name and its tax number, its corporate activity, its registered office and other company locations, and the number of workers and managers. The company must also provide a copy of the published announcement of the incorporation deed. Since mid-2008, entrepreneurs can file a declaration of commencement of operations at the one-stop shop and the Registry can forward it electronically to the new Work Inspection Agency (ACT - Autoridade para as Condições do Trabalho).

Procedure 6 Register for the workmen's accident compensation insurance at a private insurer

Time to complete: 1

Cost to complete: no charge

Comment: The workers' compensation insurance covers all workers and managers who receive a salary. The insurance is underwritten by a private insurer carrier and according to new regulations, it can be done after the company starts business activities. Note that social security insurance does not cover occupational accident or injury. According to Decree-Law 14/2007, as of March 2007 an employee can be registered online on the social security site.

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

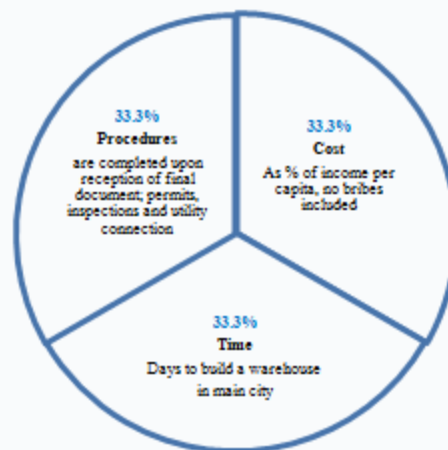
The warehouse:

- 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:

Portugal is ranked 111 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Portugal 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	

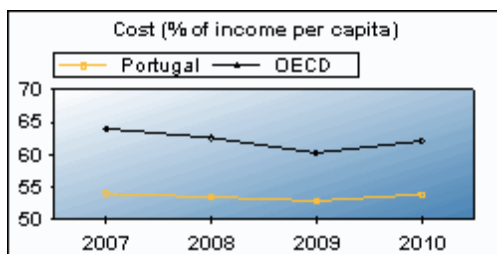
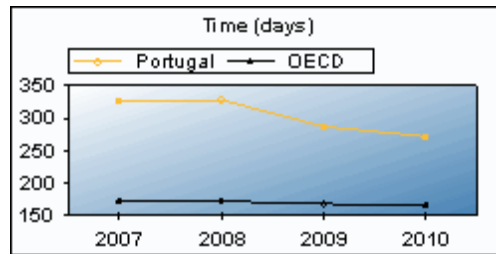
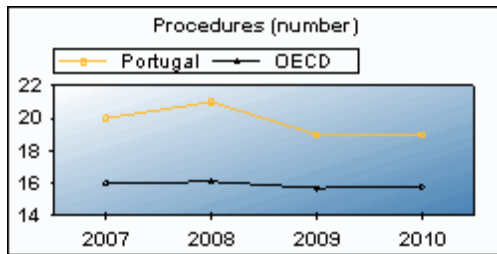
<i>Selected Economy</i>			
Portugal	19	272	53.9

<i>Comparator Economies</i>			
Austria	14	194	72.9
Belgium	14	169	64.1
France	13	137	23.6
Germany	12	100	61.8
Greece	15	169	52.9
Italy	14	257	142.3

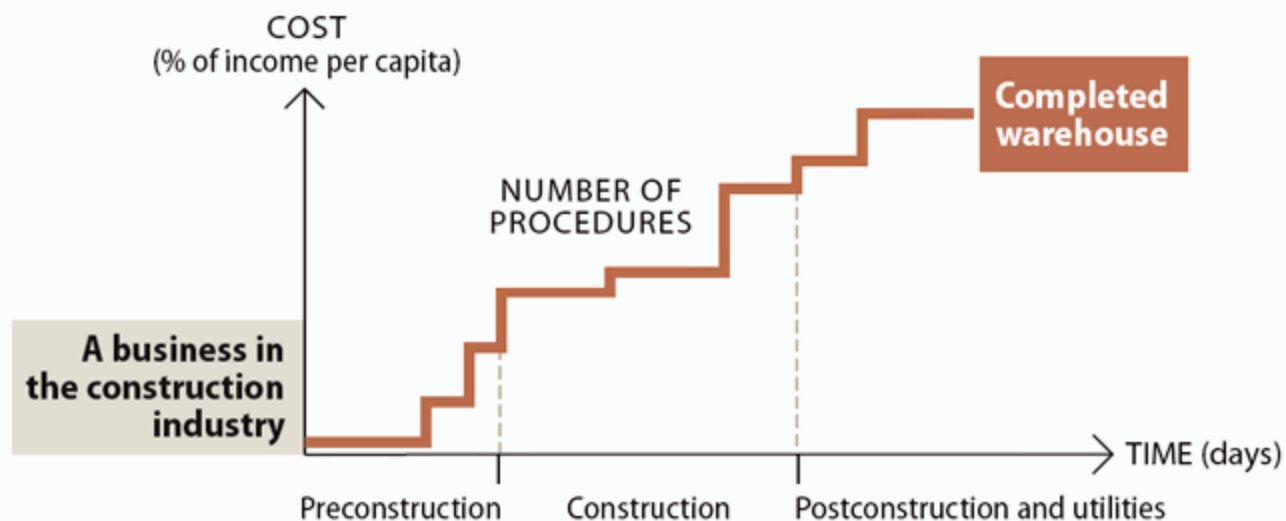
2. Historical data: Dealing with Construction Permits in Portugal

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	112	111
Procedures (number)	20	21	19	19
Time (days)	327	328	287	272
Cost (% of income per capita)	54.0	53.5	52.9	53.9

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

BUILDING A WAREHOUSE

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain preliminary approval of project design	70 days	no charge
2	Obtain approval of project designs from the municipality and other relevant entities	95 days	EUR 136
3	Obtain a building permit (alvará) and pay fee	42 days	EUR 2,860
4	Inform the labor inspection agency about the new construction site	1 day	no charge
5	Notify municipality when reaching plinth level in the construction and receive site inspection	1 day	no charge
6	Notify municipality before proceeding with concrete work and receive inspection	1 day	no charge
7	Receive inspection from Labor authority	1 day	no charge
8	Apply for occupancy permit and pay fees	1 day	EUR 1,405

9 *	Submit application for a water and sewerage connection at the water and sewerage authority	1 day	no charge
10 *	Submit application for an electricity connection at the power authority	1 day	no charge
11 *	Submit application for a telephone line at the telecommunications authority	1 day	no charge
12 *	Receive inspection by the water and sewerage authority	1 day	EUR 31
13 *	Receive inspection by the power authority	1 day	no charge
14 *	Receive inspection by the telecommunications authority	1 day	no charge
15 *	Obtain water and sewerage connection	31 days	EUR 70
16 *	Obtain electricity connection	8 days	EUR 514
17 *	Obtain phone connection	14 days	EUR 100
18 *	Receive inspection and obtain occupancy permit	39 days	no charge
19	Register the building with the real estate registry	10 days	EUR 2,625

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Portugal

Procedure 1 Obtain preliminary approval of project design

Time to complete: 70 days

Cost to complete: no charge

Agency: City Hall

Comment: Granted by the municipality, the approval indicates BuildCo's possibility to execute a certain project. This approval binds the authorities involved in the issuing process but does not authorize construction. Valid for a year, this approval is not a prerequisite for the other procedures. Even so, this procedure cannot be performed simultaneously with any other procedure.

The Ministerial Order #111/2001 has been replaced by a new Ordinance 232/2008 as of March 11, 2008. According to it the required documents are as follows:

- Title to the property, or proof of ownership or lease agreement.
- Architectural project.
- Project clearance from the Fire Department. Approval of the architectural project depends on the issuance of a favorable opinion from the Fire Department. The costs involved are chargeable only at the issuance of the operating license. The company should also request approval of the security system against fire risks that would be filed upon submission of the specific drawings.
- Specific drawings, such as drawings of the electrical power layout. Approved project design drawings are valid for 6 months but are subject to a 3-month extension upon the company's request.
- Specification of patent.
- Direct billing, issued to the owner.
- Schedule of construction work execution.
- Other forms and documents deemed relevant.

This procedure is not mandatory but it is common practice.

Procedure 2 Obtain approval of project designs from the municipality and other relevant entities

Time to complete: 95 days

Cost to complete: EUR 136

Agency: City Hall

Comment: The company must present the project design to the local municipality and consult with the relevant public entities, such as the Monuments Protection Authority. The number and type of entities that must be consulted vary from case to case. The municipality forwards the file to the public entities to be consulted.

After the municipality grants approval of the design project, it requests the applicant to present, within 6 months, the "specialty projects," for instance, the stability, electricity, gas, sewage, waste water, telephone and telecommunications, thermal and acoustic behavior of the building, elevators, and the like.

The municipality then forwards the specialty projects to the relevant entities for approval. The design project approval takes on average the first 30 days of the previous procedure, after which the specialty projects can be sent for approval at the same time that the approval from the relevant entities in the previous procedure is being requested (these two steps take 10 and 20 days, respectively). Once all approvals from third parties have been granted, it takes about 35 days for the municipality to make its final decision. Because

the applicant can present both the designs and specialty projects at the same time and to the same agency, those steps are considered as one procedure here.

The applicant can also directly ask the relevant authorities for approval of the specialty projects and submit those approvals with the designs, which saves substantial time.

Procedure 3 Obtain a building permit (alvará) and pay fee

Time to complete: 42 days

Cost to complete: EUR 2,860

Agency: City Hall

Comment: BuildCo must request a building permit within a maximum of a year from the date of notification of final approval of the building project. The building permit is issued after the relevant taxes have been paid.

Procedure 4 Inform the labor inspection agency about the new construction site

Time to complete: 1 day

Cost to complete: no charge

Agency: Labor Conditions Agency

Comment: The Labor Conditions Agency might perform on-site inspections during construction. The project might also receive unscheduled inspections from other agencies, such as the agency issuing construction licenses, the Register (INCI), and the municipality.

Procedure 5 Notify municipality when reaching plinth level in the construction and receive site inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: City Hall

Comment: The municipality might inspect the site after receiving notification.

Procedure 6 Notify municipality before proceeding with concrete work and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: City Hall

Comment: The municipality might inspect the site after receiving notification.

Procedure 7 Receive inspection from Labor authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Labor Conditions Agency

Comment: Labor Conditions Agency shows up more in recent years due to increased cases of using illegal labor force by construction companies. Although BuildCo is a law abiding company it is most likely it will be inspected at least once during the construction cycle. The inspections lately look at mainly health and safety conditions. They also look at employment contracts and legal status of authorized workers ("alvara"). Every construction site can be inspected several times during the term of building permit.

Procedure 8 Apply for occupancy permit and pay fees

Time to complete: 1 day

Cost to complete: EUR 1,405

Agency: City Hall

Comment: Once the building has been completed, the applicant requests the occupancy and use permit, which costs EUR 1,404.65. The payment can be required either when the application form is filed or when the license is issued, depending on the municipality. The municipality might charge EUR 80.92 due to an additional inspection of the works. In this case, this procedure might cost around EUR 1,485.57. The timelimit within the permit must be issued is 15 working days from previously registered 30 days.

Procedure 9 Submit application for a water and sewerage connection at the water and sewerage authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Electricidade de Portugal (EDP)

Comment:

Procedure 10 Submit application for an electricity connection at the power authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Electricidade de Portugal (EDP)

Comment:

Procedure 11 Submit application for a telephone line at the telecommunications authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Autoridade Nacional de Comunicações (Anacom)

Comment:

Procedure 12 Receive inspection by the water and sewerage authority

Time to complete: 1 day

Cost to complete: EUR 31

Agency: Electricidade de Portugal (EDP)

Comment:

Procedure 13 Receive inspection by the power authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Electricidade de Portugal (EDP)

Comment:

Procedure 14 Receive inspection by the telecommunications authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Portugal Telecom

Comment:

Procedure 15 Obtain water and sewerage connection

Time to complete: 31 days

Cost to complete: EUR 70

Agency: Electricidade de Portugal (EDP)

Comment: The steps for obtaining a water and sewerage connection are as follows:

1. Filing of an application for water connection with the Water Authority (EPAL). When the connection involves installation of a water meter, the cost is about EUR 69.70. The request must be filed in triplicate and accompanied by the localization map at a scale of 1:1000, the operating license, the direct billing of the water design engineer concerning the project and the execution of the water connection, the name of the design engineer, a favorable opinion issued by the Fire Department, the security certificate, and the certification of the Fire Department. This procedure may occur simultaneously with procedures 1, 4, and 16. BuildCo can deliver the operating license to EPAL at any time before the first on-site inspection.
2. First on-site inspection by EPAL, following the company's request. The cost of each inspection is EUR 31.17.

3. Completion of the water connection work. BuildCo is responsible for establishing the water connection and bearing the associated costs.
4. Execution of the water supply agreement and installation of the water meters.
5. Issuance of a certificate by EPAL. The company must file a copy of the certificate with the municipal authority.

Procedure 16 Obtain electricity connection

Time to complete: 8 days

Cost to complete: EUR 514

Agency: Electricidade de Portugal (EDP)

Comment: The request must be accompanied by several documents, such as the electrical plans, a map with the warehouse location, the operating license or the direct billing of the electric design engineer, and information regarding the needed voltage, conduit size, and materials needed to establish the electricity connection.

The costs of installing electricity depend on the size and technical characteristics of the connection and the adaptations to the power network needed to complete the installation. Those costs have increased. For one meter, the applicant now pays EUR 281.33, plus EUR 45.38 for fire services, at the time the application is filed. Fees of EUR 27.23 are needed for each additional meter. The applicant is entitled to two free inspections. Each additional one costs EUR 40. Issuance of the certificate costs EUR 72,60.

The total cost is therefore EUR 399.31. (It is assumed that one water meter is needed and that no inspections other than the free ones take place. All these amounts include value-added tax.)

Procedure 17 Obtain phone connection

Time to complete: 14 days

Cost to complete: EUR 100

Agency: Portugal Telecom

Comment:

Procedure 18 Receive inspection and obtain occupancy permit

Time to complete: 39 days

Cost to complete: no charge

Agency: City Hall

Comment:

Procedure 19 Register the building with the real estate registry

Time to complete: 10 days

Cost to complete: EUR 2,625

Agency: Real Estate Registry

Comment:

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

Some reform outcomes

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

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

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

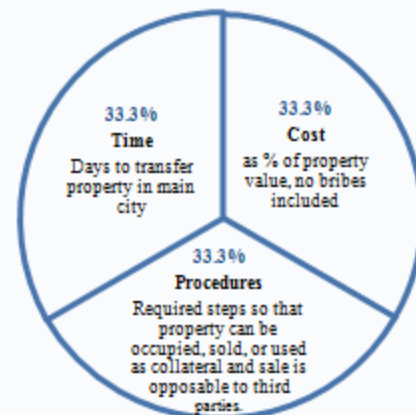
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

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

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

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



Case Study Assumptions

The parties (buyer and seller):

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

The property (fully owned by the seller):

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

1. Benchmarking Registering Property Regulations:

Portugal is ranked 31 overall for Registering Property.

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



The following table shows Registering Property data for Portugal 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>			
Portugal	1	1	7.4

<i>Comparator Economies</i>			
Austria	3	21	4.5
Belgium	8	79	12.7
France	8	59	6.1
Germany	5	40	5.1
Greece	11	22	12.7
Italy	8	27	4.5

* The following economies are also good practice economies for :

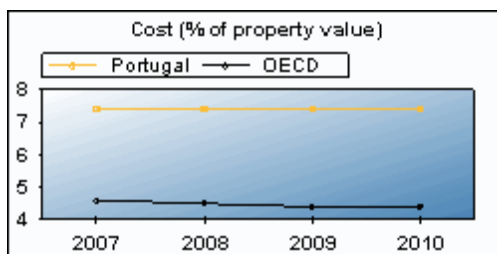
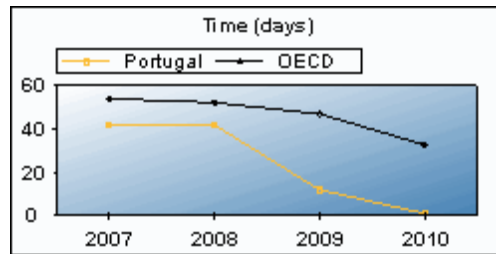
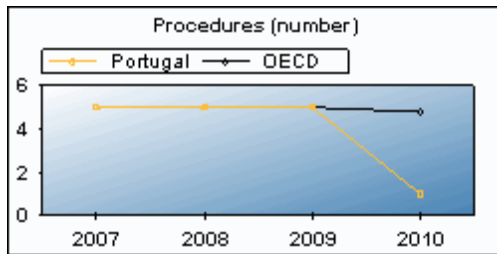
Procedures (number): United Arab Emirates

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

2. Historical data: Registering Property in Portugal

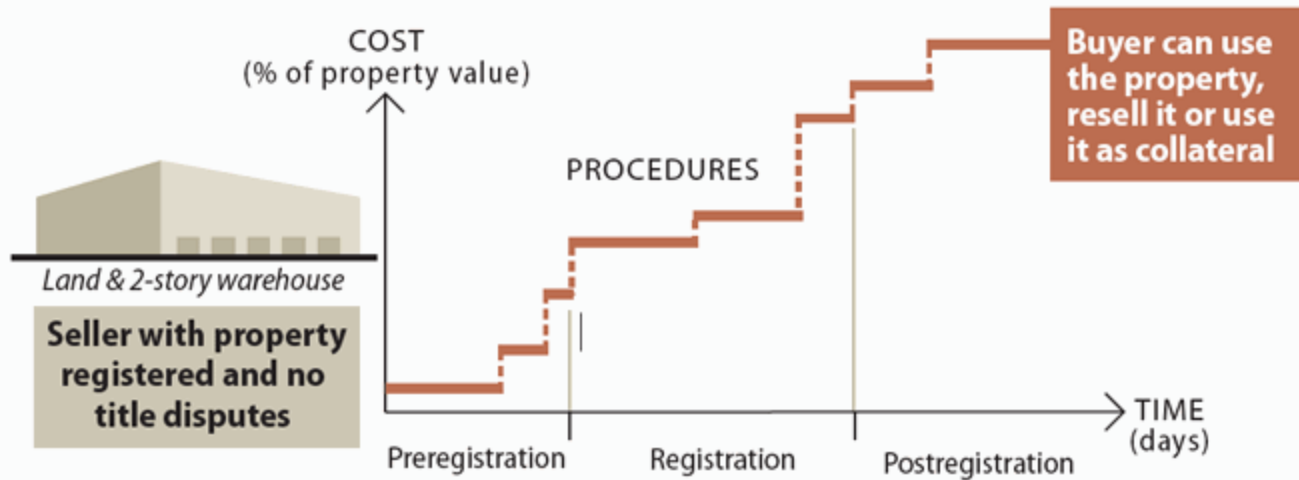
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	51	31
Procedures (number)	5	5	5	1
Time (days)	42	42	12	1
Cost (% of property value)	7.4	7.4	7.4	7.4

3. The following graphs illustrate the Registering Property sub indicators in Portugal over the past 4 years:



Registering Property in Portugal

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 Portugal.

STANDARDIZED PROPERTY

Property Value: 733,617.65

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Register the property at the Real Property Registry	1 day	6.5% of the of the property's fiscal value or sale price, whichever is higher + 0.8% stamp duty and 375 EURO for the Land Registry

Registering Property Details - Portugal

Procedure	1	Register the property at the Real Property Registry
Time to complete:		1 day
Cost to complete:		6.5% of the of the property's fiscal value or sale price, whichever is higher + 0.8% stamp duty and 375 EURO for the Land Registry
Agency:		Land Registry
Comment:		<p>It is possible to register a property transfer in Portugal at any of the locations of the one-stop shop "On the spot house" (Casa pronta, www.casapronta.pt) in person. In April 2010, there were 31 locations in Lisboa, and 335 locations in all of Portugal (260 approximately in 2009). Banks can request that a public employee comes with a laptop with secured access to the database to complete the property transfer in the bank (for free) without going to a Casa pronta location.</p> <p>At the one-stop shop, the public employee will verify the following aspects:</p> <ul style="list-style-type: none">• Identity of parties• Powers of attorney (stating that the individuals are legal representatives of the firms)• Verify the legality of the transaction (that all laws are fulfilled)• Verify the ownership and the encumbrances (with access to the "predial" database)• Verify that all taxes have been paid (with access to the Tax administration's database) <p>Once all the checks are completed, if there are any outstanding taxes, those can be paid at Casa pronta, though a specific agreement between the Tax Authorities and Casa pronta. A receipt is issued to show that the taxes have been paid. The deed is prepared and submitted, and the transaction is completed.</p> <p>Property registration is mandatory in Portugal and the one stop shop process is available since July 2008, and its use is gradually increasing.</p> <p>As an alternative to using the Casa pronta, it is possible to use the services of a notary or a lawyer (lawyers can do so only since 2008) to prepare and authenticate the deed and verify tax payments. The authenticated deed can be submitted to the Predial (land registry, www.predialonline.pt). Only an authenticated deed can be submitted to the Predial. Predial has 307 property registries (in each municipality) all connected to a central database. Casa pronta is an interface with the buyers and sellers that is connected to the central database managed by "registro predial".</p> <p>Preemption rights exist in Portugal but are not mandatory, unless the property is located in special areas (old town, cultural, or close to airport or near railways). In many commercial areas there is no need for such a waiver.</p> <p>Note on the registry: 100 Euros per transaction are transferred to an institute which supervises investments in information technology. This institute is managed by a President and 2 Vice-presidents all designated by the government. The computerization efforts at the Land registry used this funding, but also other funds from the government.</p>

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

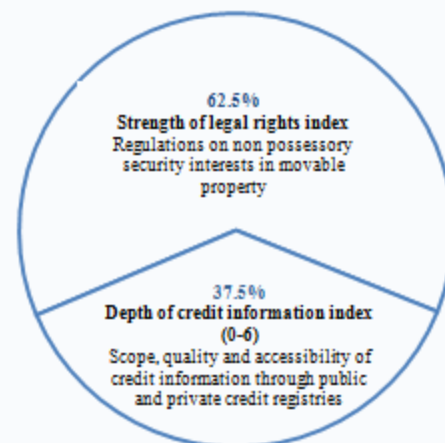
Public credit registry coverage (% of adults)

- 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)

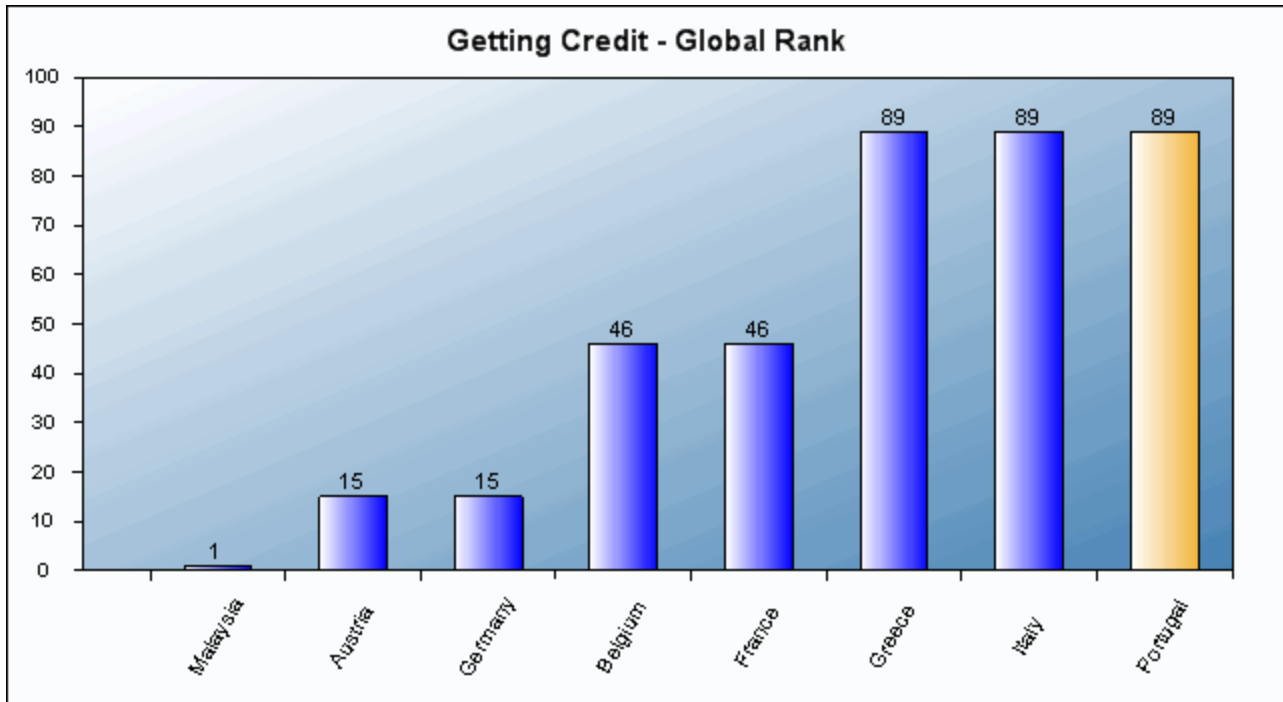
The Debtor

- 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:

Portugal is ranked 89 overall for Getting Credit.

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



The following table shows Getting Credit data for Portugal 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>				
Portugal	3	5	67.1	16.3

<i>Comparator Economies</i>				
Austria	7	6	1.4	40.6
Belgium	7	4	57.2	0.0
France	7	4	33.3	0.0
Germany	7	6	1.0	98.4
Greece	3	5	0.0	61.5
Italy	3	5	16.6	80.5

* The following economies are also good practice economies for :

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

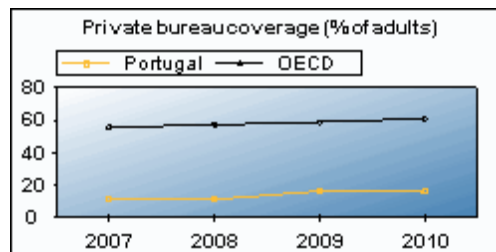
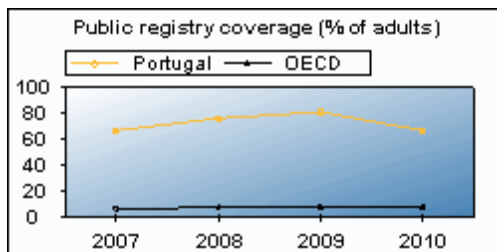
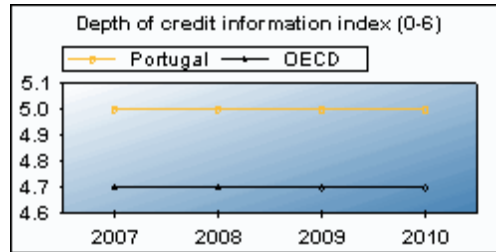
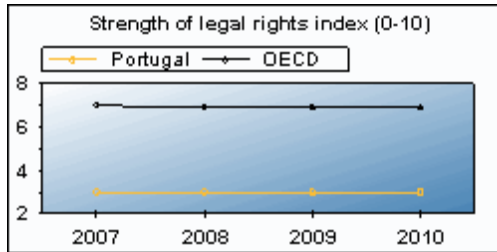
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

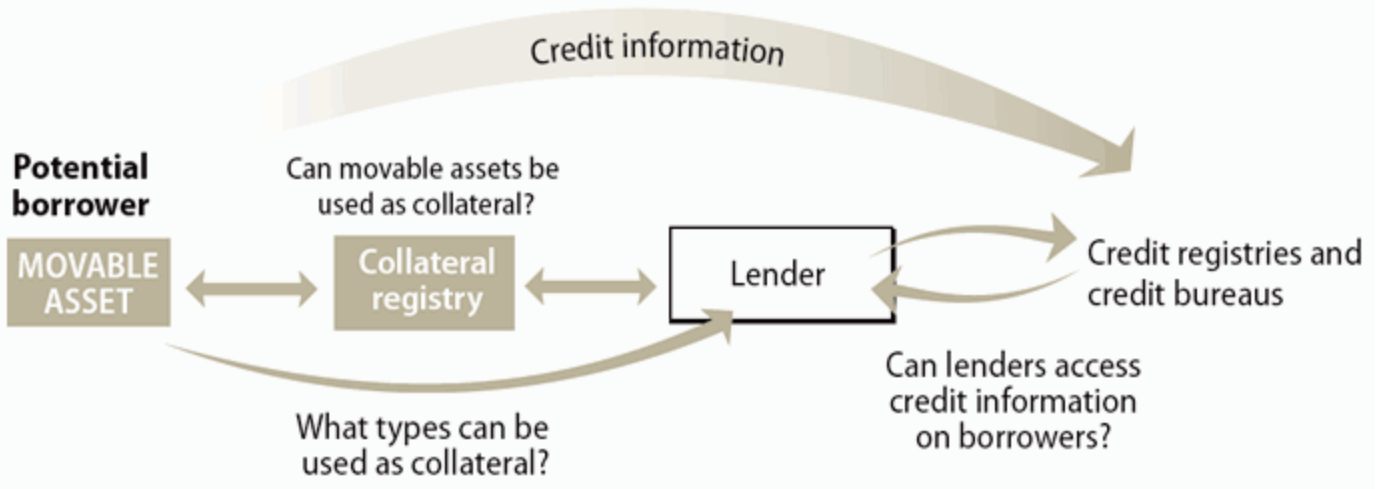
2. Historical data: Getting Credit in Portugal

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	87	89
Strength of legal rights index (0-10)	3	3	3	3
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	11.3	11.3	16.4	16.3
Public registry coverage (% of adults)	67.1	76.4	81.3	67.1

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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage	16.3	67.1	
Number of individuals	1,377,920	5,769,330	
Number of firms	92,419	283,278	

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

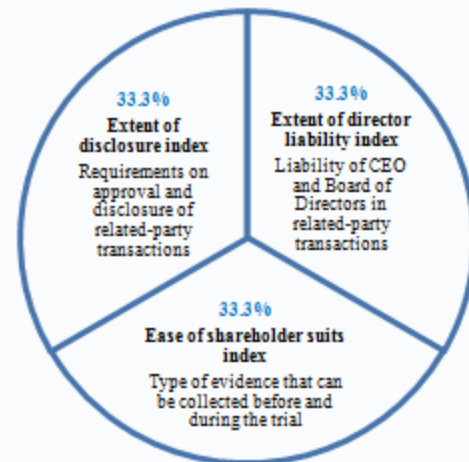
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

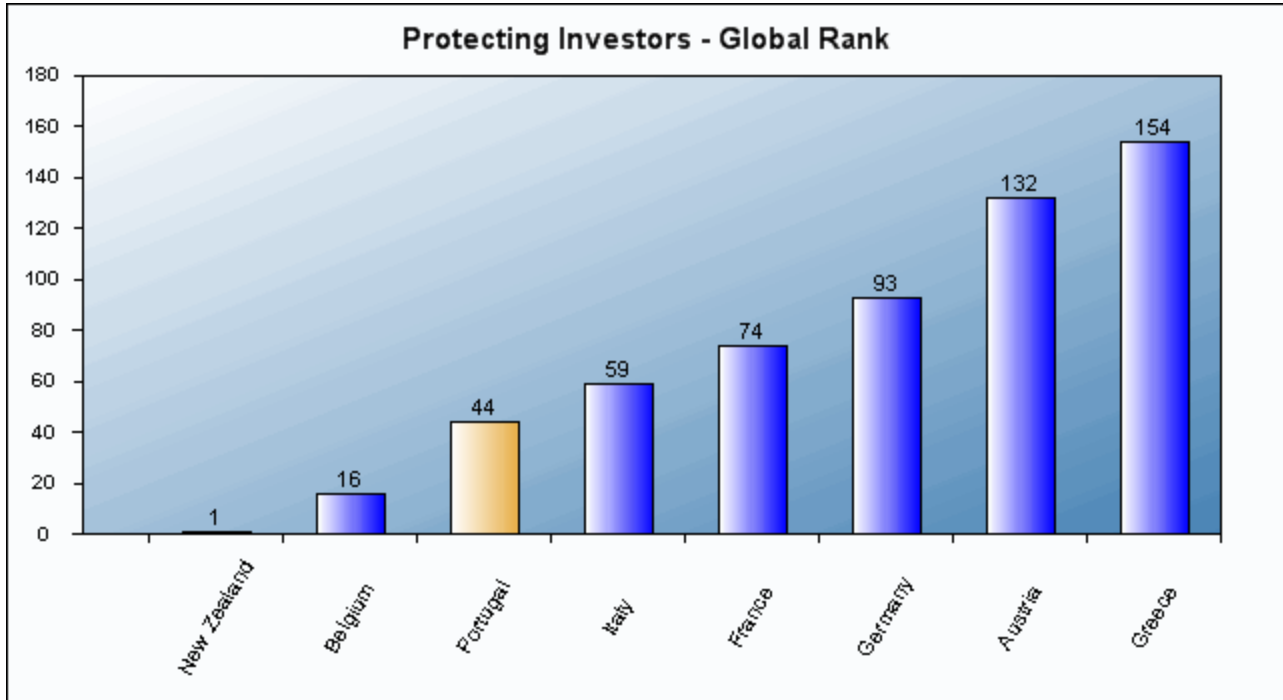
The transaction

- 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:

Portugal is ranked 44 overall for Protecting Investors.

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



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

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

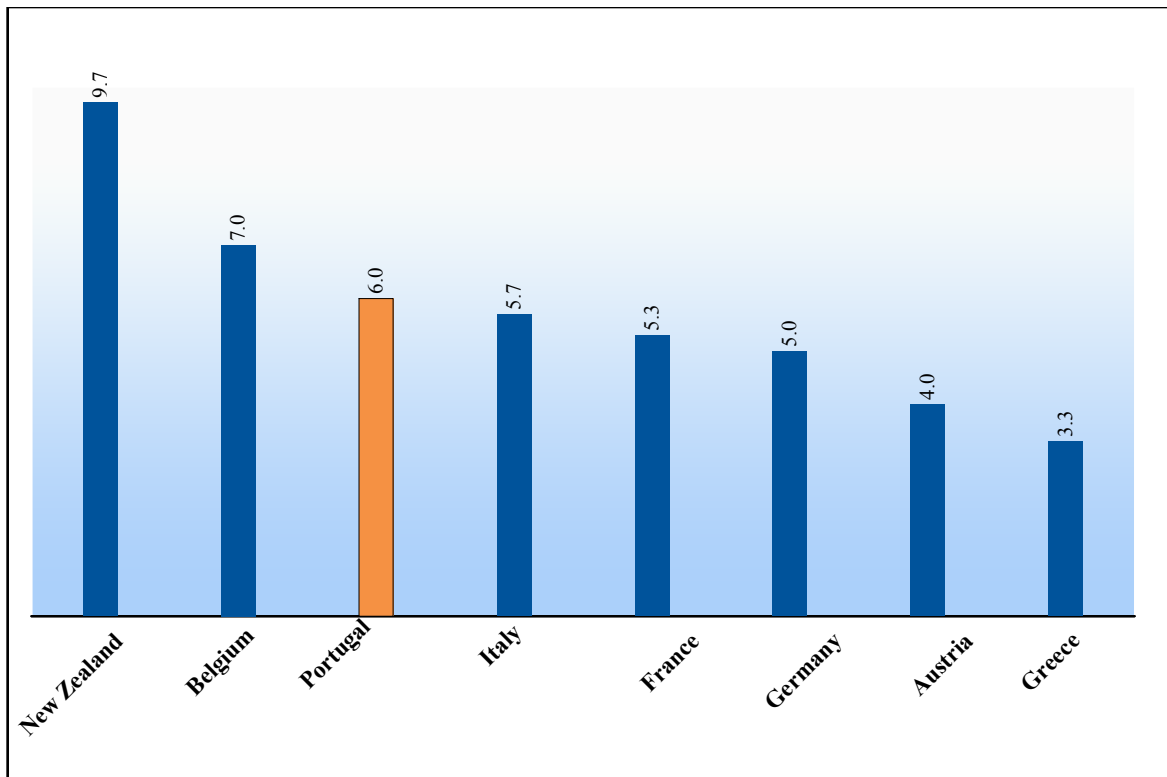
<i>Selected Economy</i>	
Portugal	6.0

<i>Comparator Economies</i>	
Austria	4.0
Belgium	7.0
France	5.3
Germany	5.0
Greece	3.3
Italy	5.7

2. Historical data: Protecting Investors in Portugal

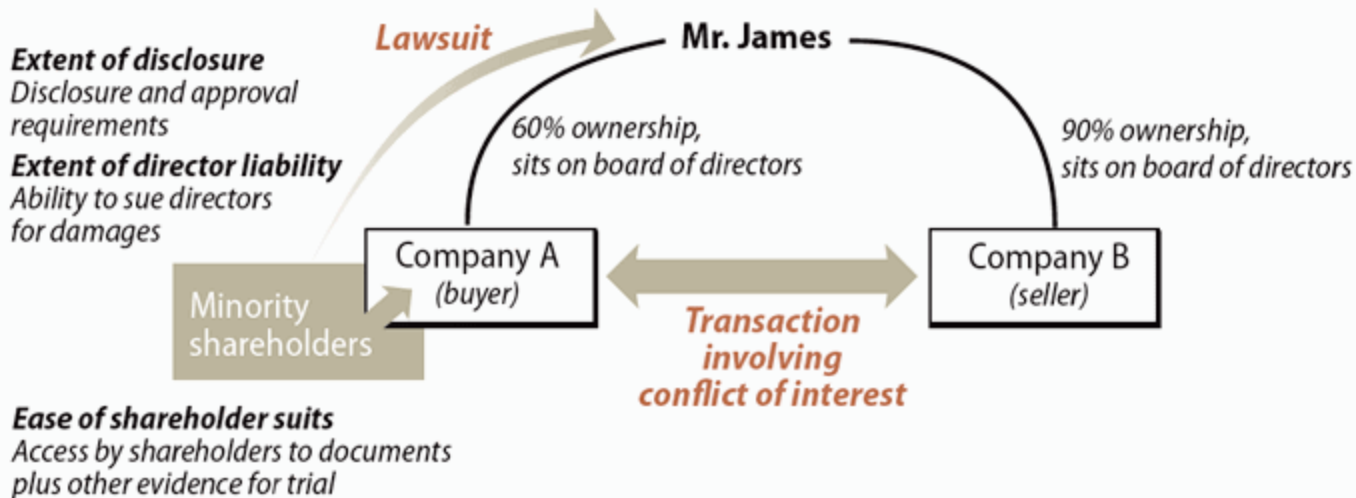
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	44
Strength of investor protection index (0-10)	6.0	6.0	6.0	6.0

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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	1
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?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	5
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	1
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	7
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	1
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	6.0

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)

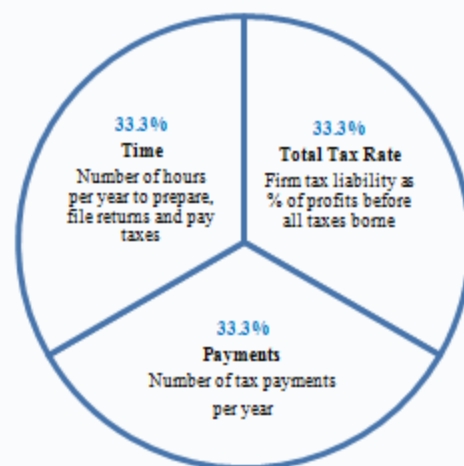
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



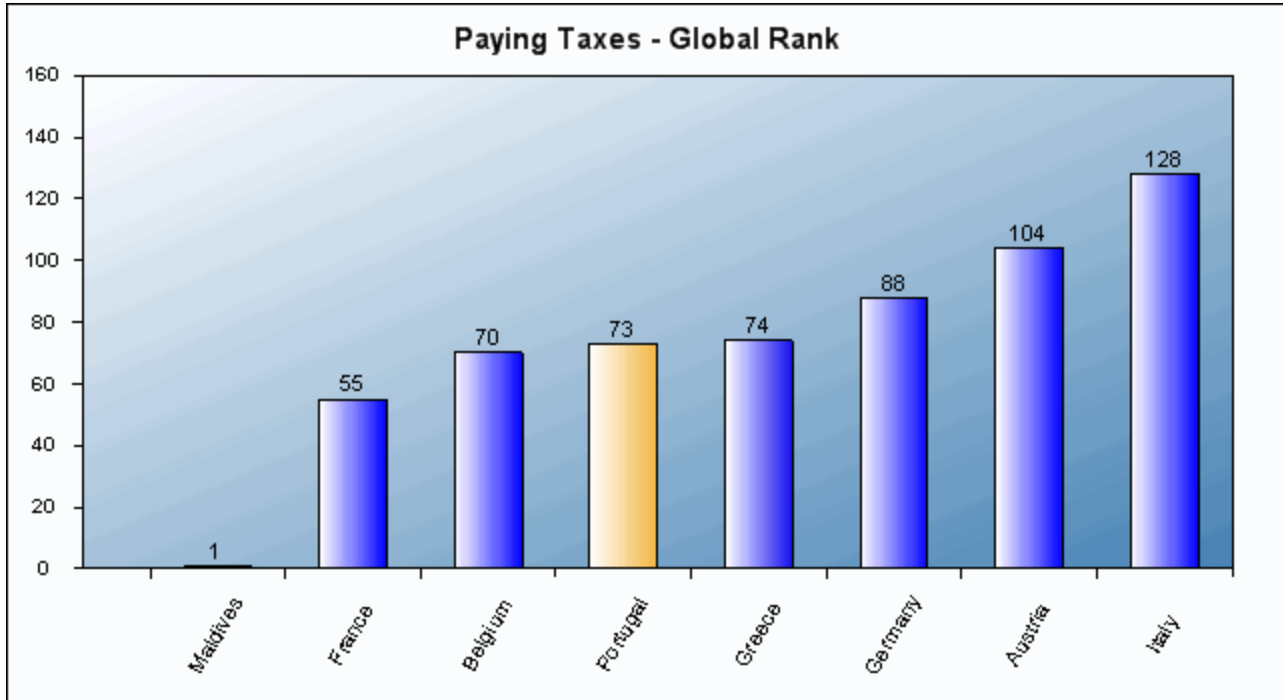
Case Study Assumptions

- 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:

Portugal is ranked 73 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Portugal 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>			
Portugal	8	298	43.3

<i>Comparator Economies</i>			
Austria	22	170	55.5
Belgium	11	156	57.0
France	7	132	65.8
Germany	16	215	48.2
Greece	10	224	47.2
Italy	15	285	68.6

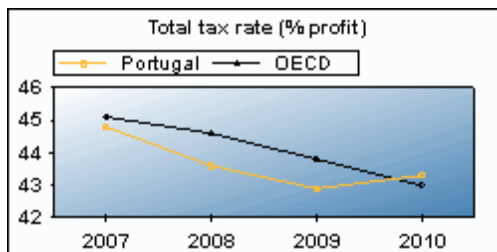
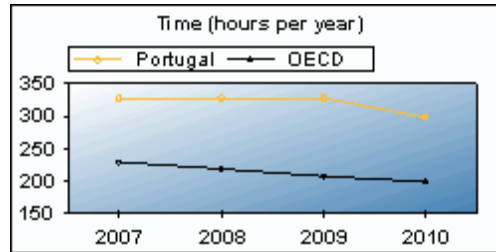
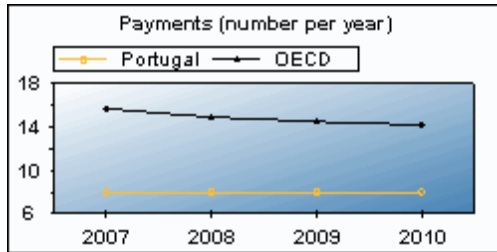
* The following economies are also good practice economies for :

Payments (number per year): Qatar

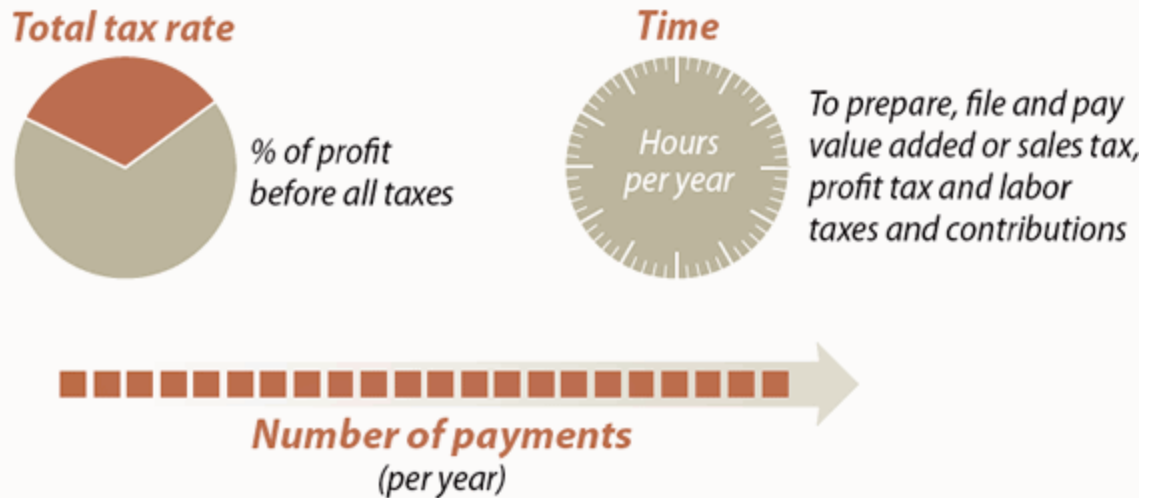
2. Historical data: Paying Taxes in Portugal

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	78	73
Total tax rate (% profit)	44.8	43.6	42.9	43.3
Payments (number per year)	8	8	8	8
Time (hours per year)	328	328	328	298

3. The following graphs illustrate the Paying Taxes sub indicators in Portugal 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 Portugal, 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
Stamp duty							
Value added tax (VAT)	1	online filing	96	20.0%	value added		
Tax on check transactions	1	online filing		0.05 EUR	per check	0.00	
Vehicle tax	1			fixed fee (EUR 289)	per vehicle	0.10	
Interest tax	1	online filing		20.0%	interest income	0.50	
Property tax	1			0.4%	property value	0.60	
Municipal business tax	0	paid jointly with CIT		1.5%	taxable income	0.90	
Fuel tax	1			28 cents	fuel consumption in liters	1.00	

Corporate income tax	1	online filing	40	12.5% [EUR 0-12,500], 25.0% [EUR 12,500-]	taxable profits	14.00
Social security contributions	1	online filing	162	23.8%	gross salaries	26.80
Totals	8		298			43.3

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)

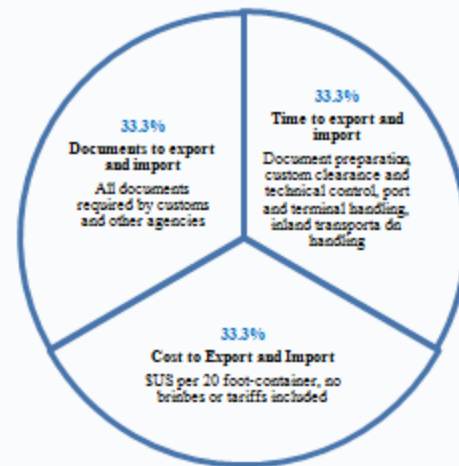
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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:

Portugal is ranked 27 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Portugal 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>						
Portugal	4	16	685	5	15	999

<i>Comparator Economies</i>						
Austria	4	7	1180	5	8	1195
Belgium	4	8	1619	5	9	1600
France	2	9	1078	2	11	1248
Germany	4	7	872	5	7	937
Greece	5	20	1153	6	25	1265
Italy	4	20	1245	4	18	1245

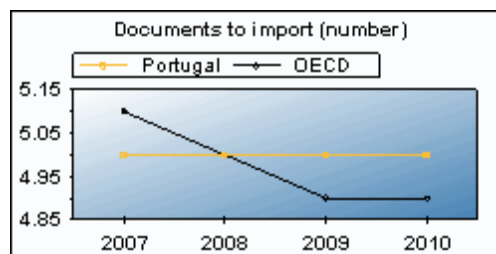
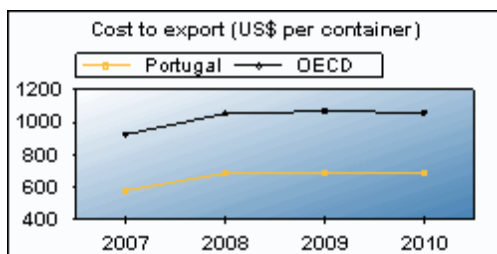
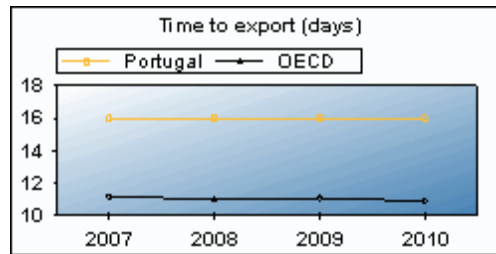
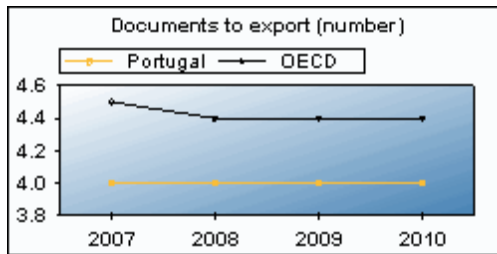
* The following economies are also good practice economies for :

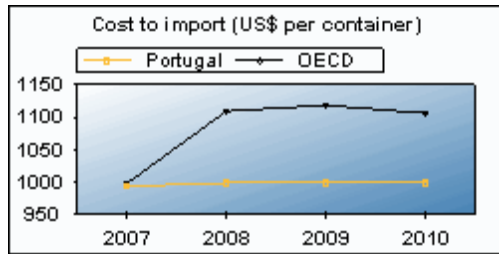
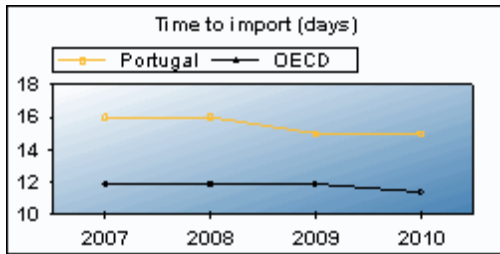
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Portugal

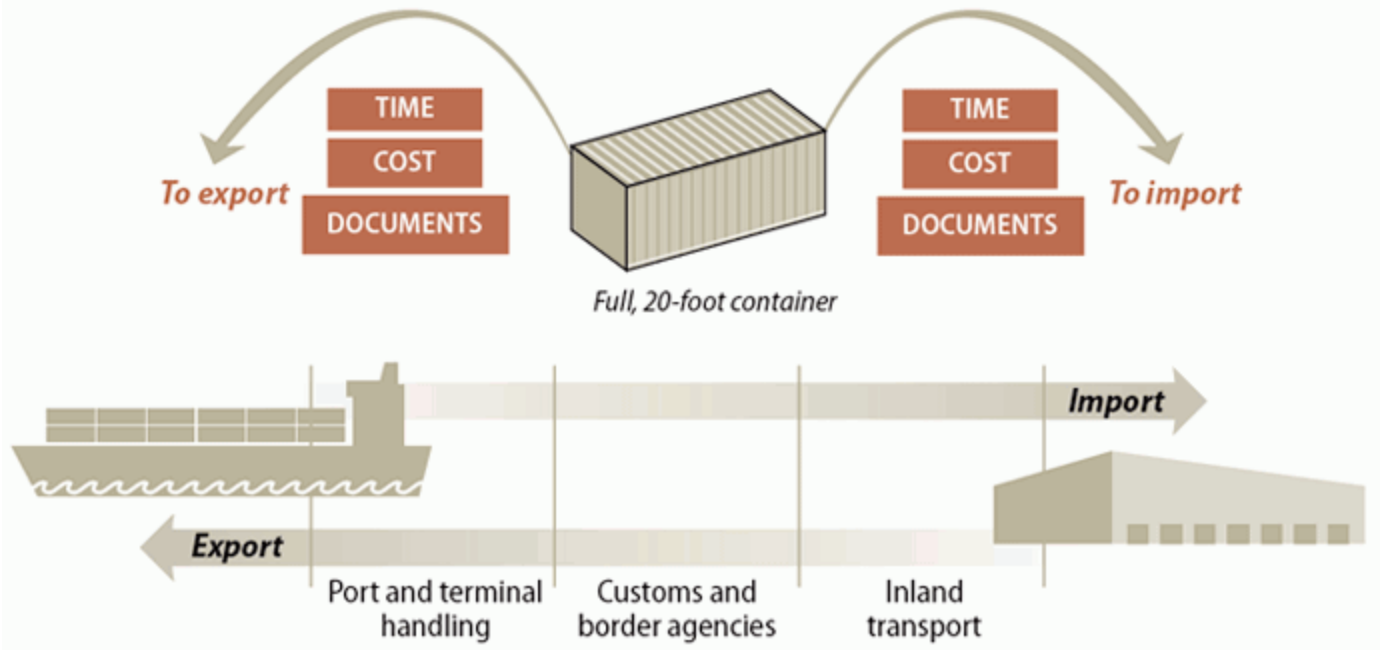
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	23	27
Cost to export (US\$ per container)	580	685	685	685
Cost to import (US\$ per container)	994	999	999	999
Documents to export (number)	4	4	4	4
Documents to import (number)	5	5	5	5
Time to export (days)	16	16	16	16
Time to import (days)	16	16	15	15

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	150
Customs clearance and technical control	1	100
Ports and terminal handling	3	260
Inland transportation and handling	2	175
Totals	16	685

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	300
Customs clearance and technical control	1	264
Ports and terminal handling	3	260
Inland transportation and handling	1	175
Totals	15	999

Documents for Export and Import

Export

Bill of lading

Commercial invoice

Customs export declaration

Packing list

Import

Bill of lading

Certificate of origin

Commercial invoice

Customs import declaration

Packing list

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

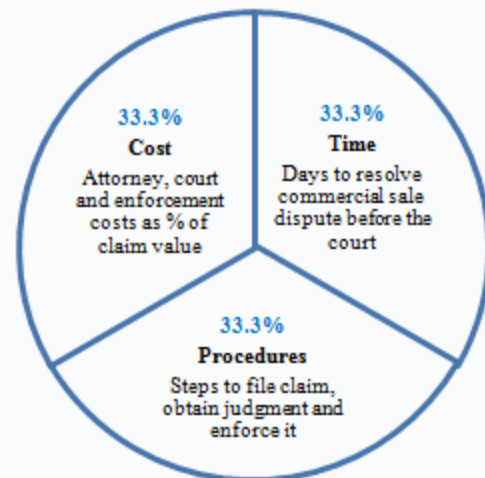
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



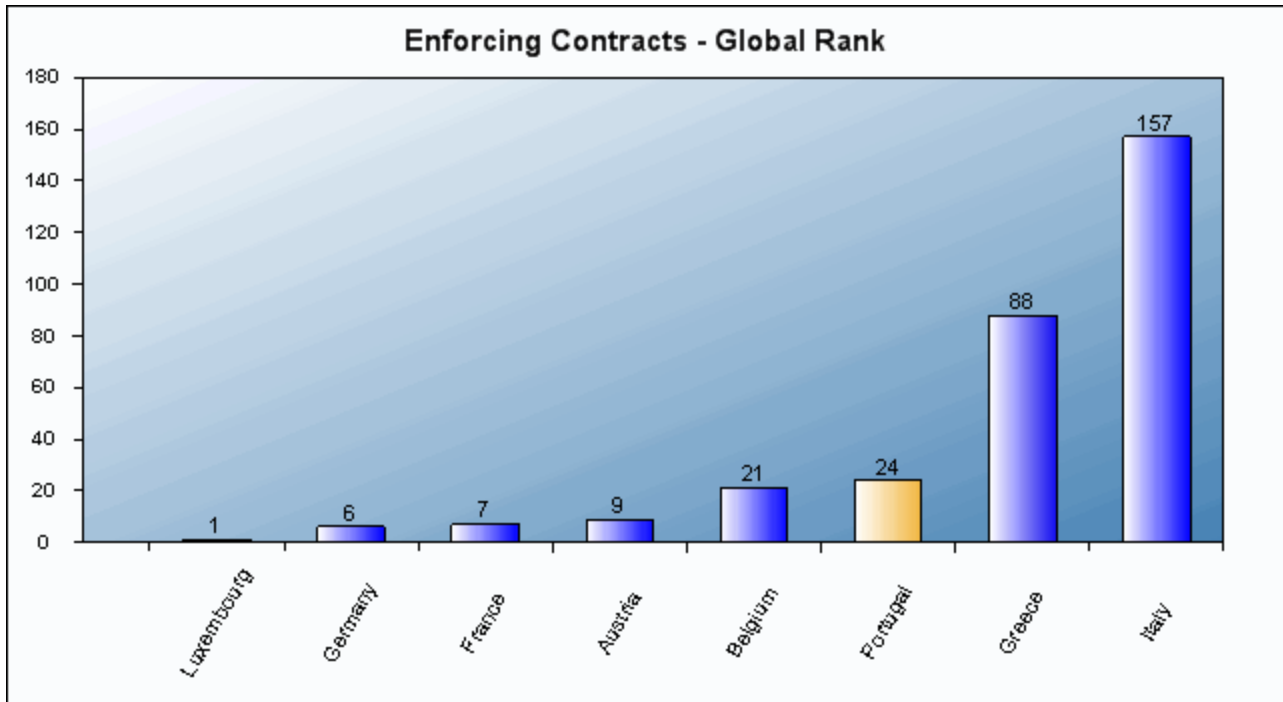
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Portugal is ranked 24 overall for Enforcing Contracts.

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



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

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

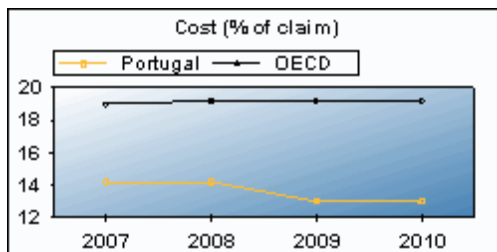
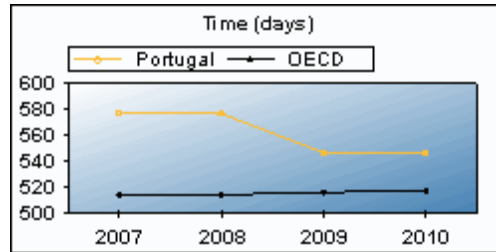
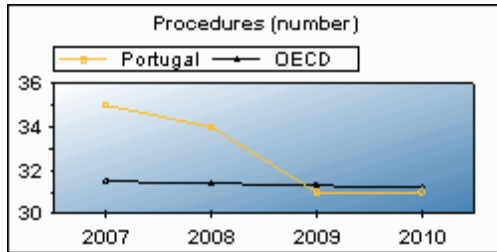
<i>Selected Economy</i>			
Portugal	31	547	13.0

<i>Comparator Economies</i>			
Austria	25	397	18.0
Belgium	26	505	16.6
France	29	331	17.4
Germany	30	394	14.4
Greece	39	819	14.4
Italy	41	1210	29.9

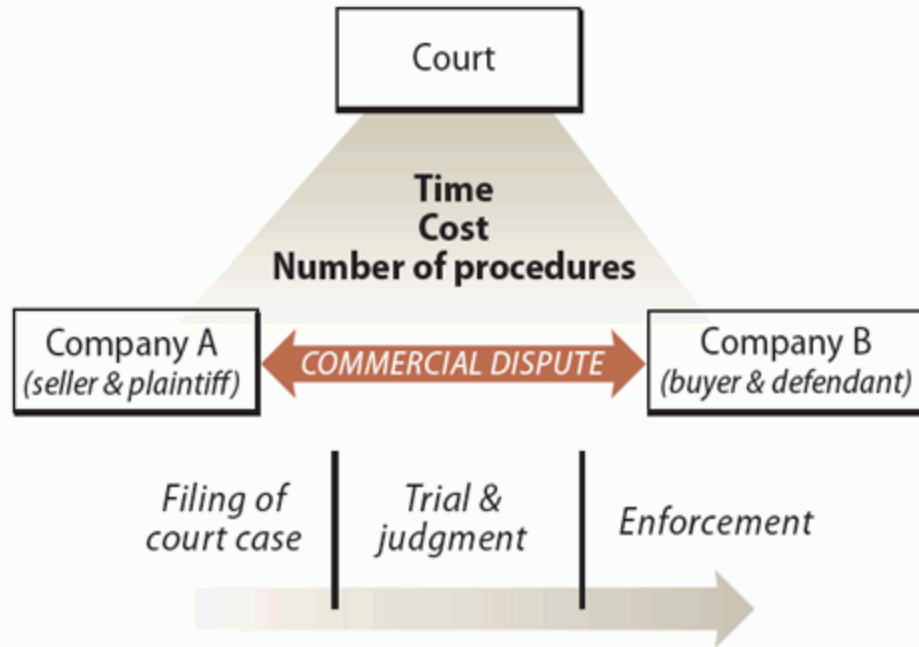
2. Historical data: Enforcing Contracts in Portugal

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	24	24
Procedures (number)	35	34	31	31
Time (days)	577	577	547	547
Cost (% of claim)	14.2	14.2	13.0	13.0

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

Nature of Procedure (2010)	Indicator
Procedures (number)	31
Time (days)	547
Filing and service	30.0
Trial and judgment	337.0
Enforcement of judgment	180.0
Cost (% of claim)*	13.00
Attorney cost (% of claim)	10.6
Court cost (% of claim)	1.8
Enforcement Cost (% of claim)	0.5

Court information: Lisbon Civil Court ("Juízos Cíveis do Tribunal Judicial da Comarca de Lisboa")

* 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:

Portugal is ranked 21 overall for Closing a Business.

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



The following table shows Closing Business data for Portugal 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>			
Portugal	72.6	2.0	9

<i>Comparator Economies</i>			
Austria	73.1	1.1	18
Belgium	87.6	0.9	4
France	45.2	1.9	9
Germany	53.1	1.2	8
Greece	43.2	2.0	9
Italy	58.0	1.8	22

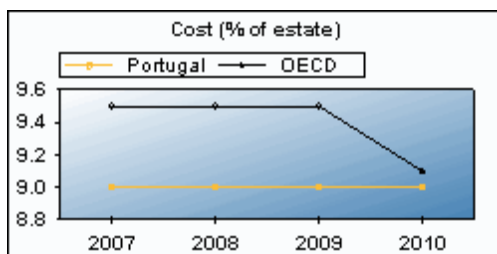
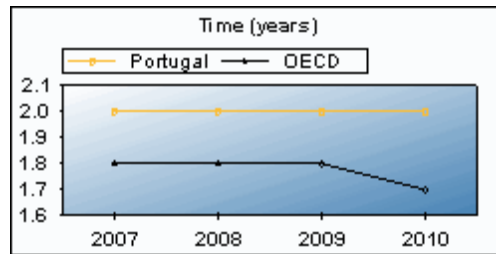
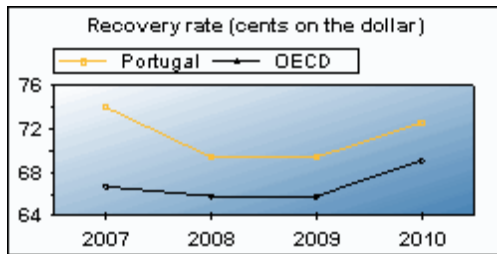
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Portugal

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	22	21
Time (years)	2.0	2.0	2.0	2.0
Cost (% of estate)	9	9	9	9
Recovery rate (cents on the dollar)	74.0	69.4	69.4	72.6

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Austria	Austria made it easier to transfer property by requiring online submission of all applications to register property transfers.
Belgium	Belgium's capital city, Brussels, made it more difficult to transfer property by requiring a clean-soil certificate. Belgium introduced a new law that will promote and facilitate the survival of viable businesses experiencing financial difficulties.
Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Germany	Germany eased business start-up by increasing the efficiency of communications between the notary and the commercial registry and eliminating the need to publish an announcement in a newspaper.
Greece	Greece made transferring property more costly by increasing the transfer tax from 1% of the property value to 10%.
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.
Italy	Italy made starting a business easier by enhancing an online registration system.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Portugal	Portugal established a one-stop shop for property registration. Portugal introduced a new social security code and lowered corporate tax rates.
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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