

Doing Business 2011

Russian Federation

**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 Russian Federation. 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).

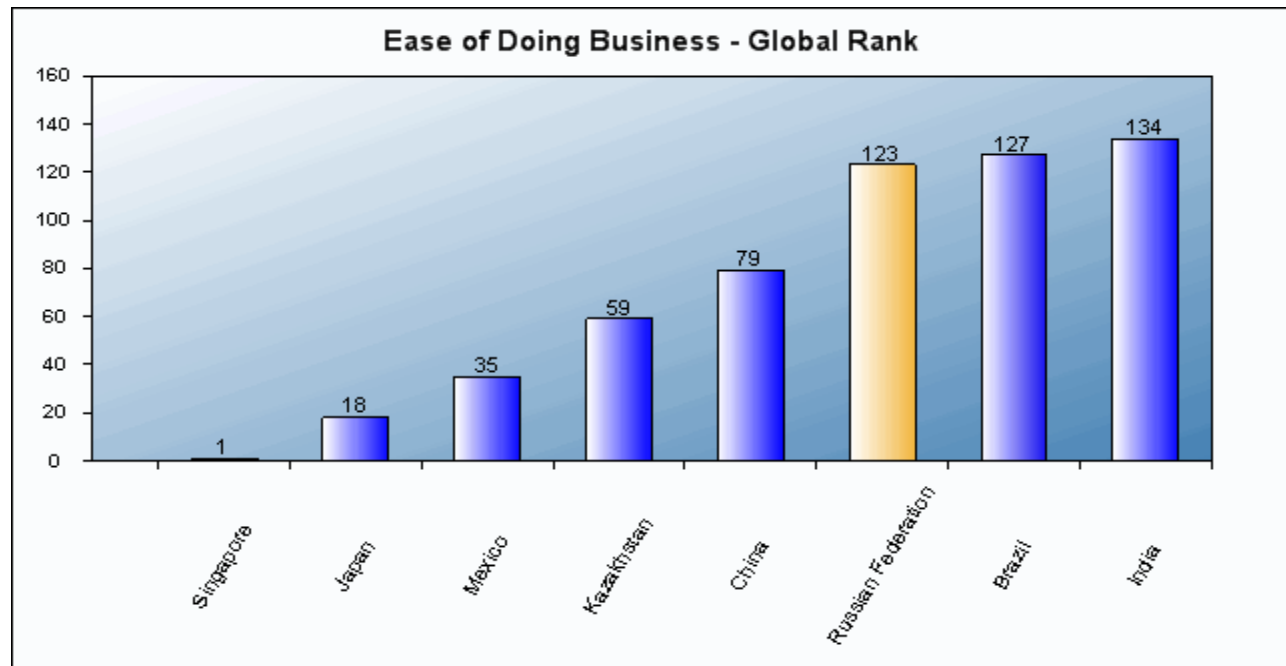
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Russian Federation is ranked 123 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Russian Federation's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	123
Starting a Business	108
Dealing with Construction Permits	182
Registering Property	51
Getting Credit	89
Protecting Investors	93
Paying Taxes	105
Trading Across Borders	162
Enforcing Contracts	18
Closing a Business	103

Summary of Indicators - Russian Federation

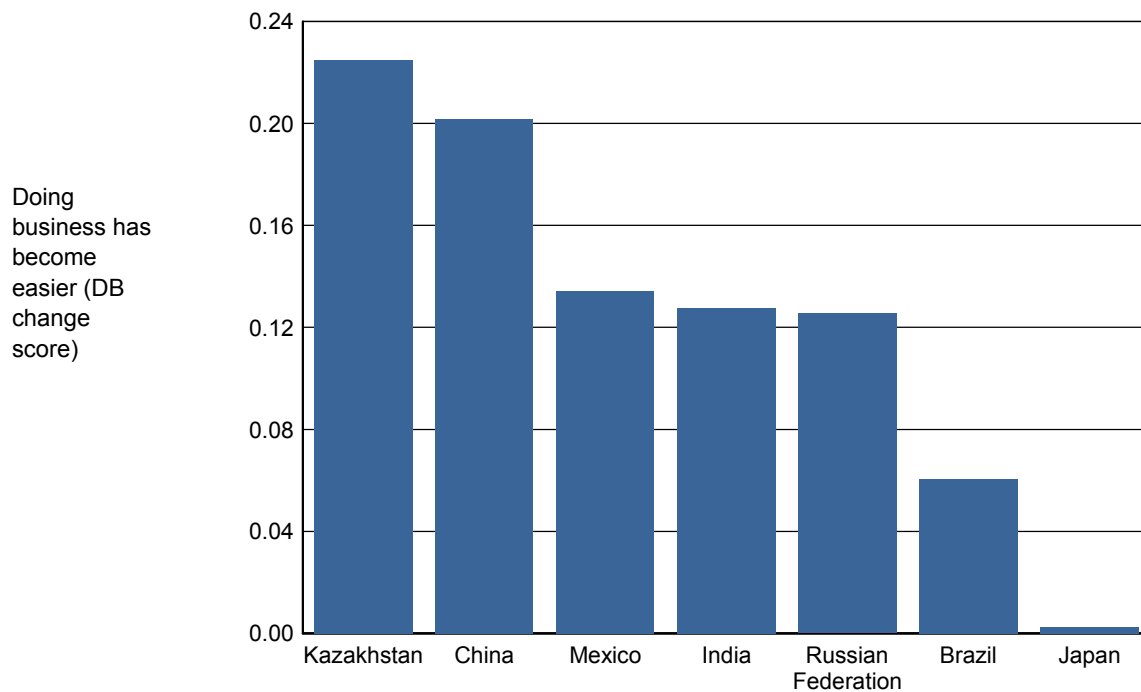
Starting a Business	Procedures (number)	9
	Time (days)	30
	Cost (% of income per capita)	3.6
	Min. capital (% of income per capita)	1.9
Dealing with Construction Permits	Procedures (number)	53
	Time (days)	540
	Cost (% of income per capita)	4141.0
Registering Property	Procedures (number)	6
	Time (days)	43
	Cost (% of property value)	0.1
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	14.4
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	5.0
Paying Taxes	Payments (number per year)	11
	Time (hours per year)	320
	Profit tax (%)	9.0
	Labor tax and contributions (%)	31.8
	Other taxes (%)	5.7
	Total tax rate (% profit)	46.5
Trading Across Borders	Documents to export (number)	8
	Time to export (days)	36
	Cost to export (US\$ per container)	1850
	Documents to import (number)	13
	Time to import (days)	36
	Cost to import (US\$ per container)	1850

Enforcing Contracts	Procedures (number)	37
	Time (days)	281
	Cost (% of claim)	13.4
Closing a Business	Recovery rate (cents on the dollar)	25.3
	Time (years)	3.8
	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

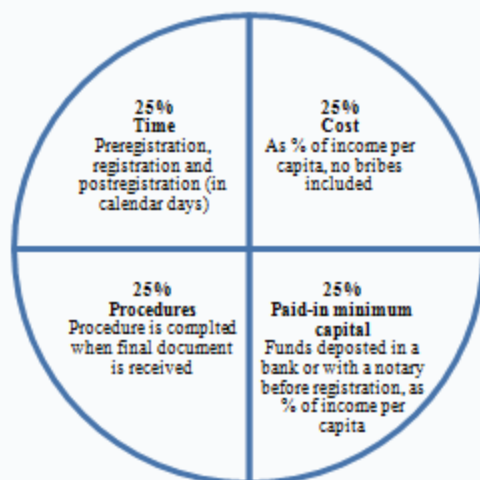
Cost required to complete each procedure (% of income per capita)

- 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.

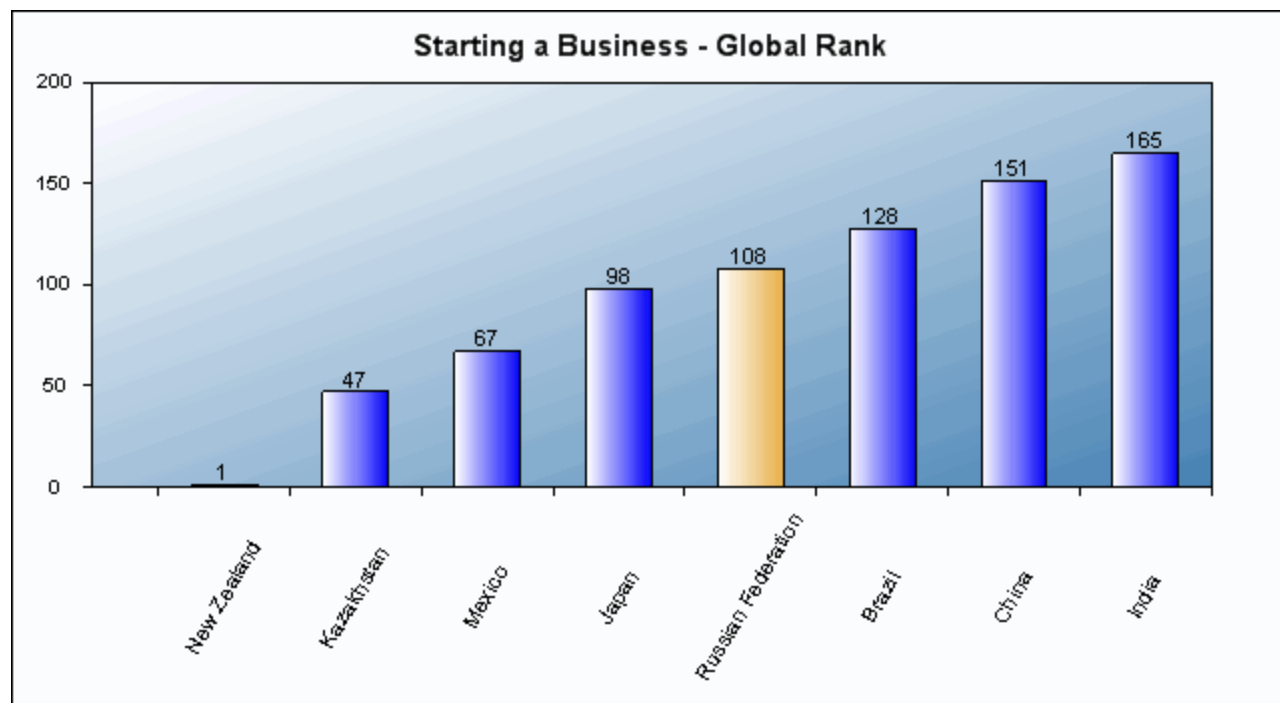
The business:

- 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:

Russian Federation is ranked 108 overall for Starting a Business.

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



The following table shows Starting a Business data for Russian Federation 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>				
Russian Federation	9	30	3.6	1.9

<i>Comparator Economies</i>				
Brazil	15	120	7.3	0.0
China	14	38	4.5	118.3
India	12	29	56.5	188.8
Japan	8	23	7.5	0.0
Kazakhstan	6	19	1.0	0.0
Mexico	6	9	12.3	9.2

* The following economies are also good practice economies for :

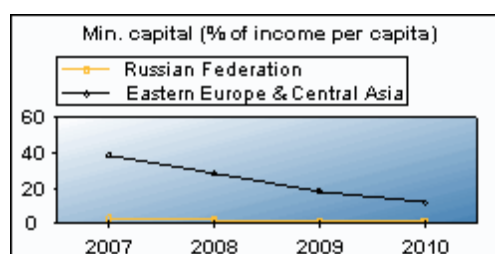
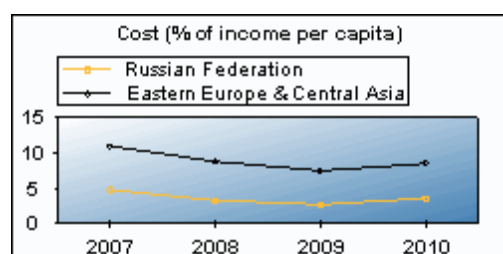
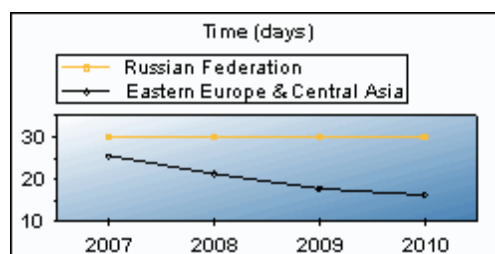
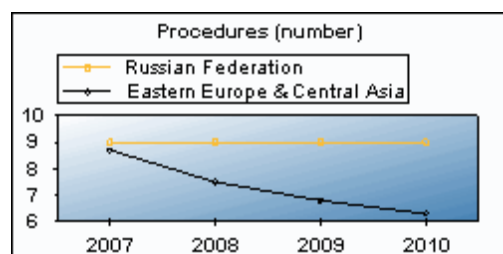
Procedures (number): **Canada**

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

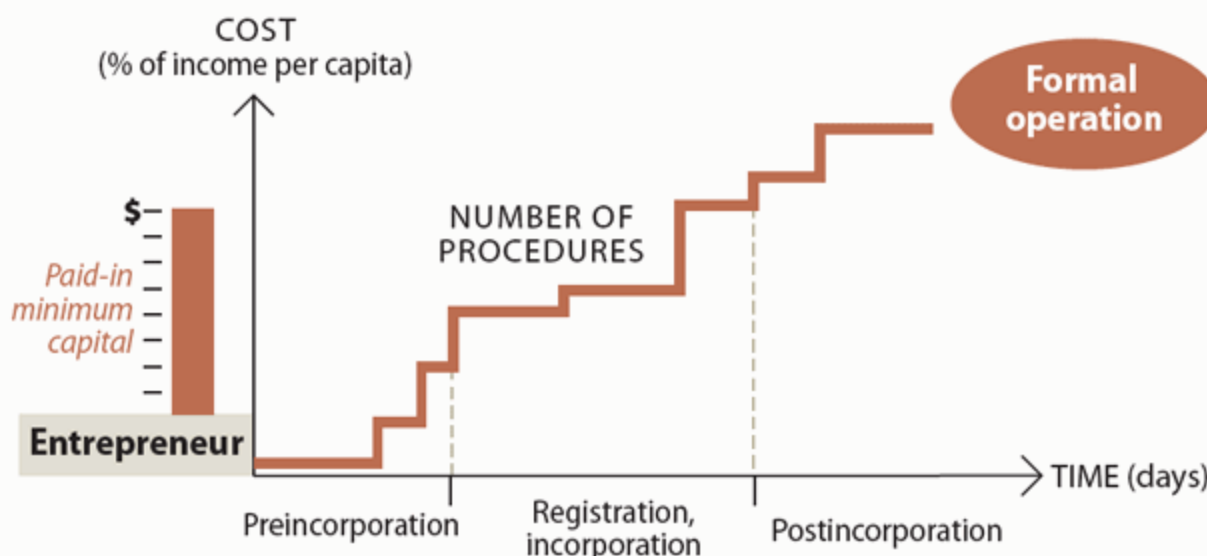
2. Historical data: Starting a Business in Russian Federation

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	104	108
Procedures (number)	9	9	9	9
Time (days)	30	30	30	30
Cost (% of income per capita)	4.8	3.3	2.7	3.6
Min. capital (% of income per capita)	3.2	2.2	1.8	1.9

3. The following graphs illustrate the Starting a Business sub indicators in Russian Federation over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



This table summarizes the procedures and costs associated with setting up a business in the Russian Federation.

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company (OOO)

City: Moscow

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarize foundation documents	1	RUB 2,600
2	Deposit capital in the bank and get proof thereof	1	no charge
3	Pay registration fee	1	no charge
4	Register with the unified register at the Federal Tax Service on the local level, to obtain the single number of state registration and the number of tax registration (identification number of taxpayer, INN); register with the State Pension Fund, the State	18	RUB 4,000
5	Notarize Registration Certificate, Tax Payer Identification Number Certificate and Bank SignatureCard.	1	RUB 1,200
6	Open the company bank account	1	no charge
7	Inform Federal Tax Service of the company bank account number and obtain a special letter of confirmation	5	no charge

8	Register the company with Moscow Center of Quotation of Work Places	1	no charge
9	Register seal with the local Registration Chamber	1	RUB 1,750

Starting a Business Details - Russian Federation

Procedure	1	Notarize foundation documents
Time to complete:	1	
Cost to complete:	RUB 2,600	
Comment:	At least 4 copies of the following documents need to be notarized: copy of the charter, copy of the decision of establishment of the limited liability company, copy of the foundation agreement. In addition, the registration application must also be notarized.	
Procedure	2	Deposit capital in the bank and get proof thereof
Time to complete:	1	
Cost to complete:	no charge	
Comment:	At least 50 per cent of the charter capital shall be paid before company incorporation. The balance must be paid in the first year of operation. In order to open a bank account the following documents are required: (i) application form, notarized copy of the charter; (ii) notarized copy of the decision of establishment of the limited liability company; and (iii) notarized copy of the foundation agreement. The deposit of the capital requires opening an accumulative bank account for the name of the entity which is not created yet. Depending on the bank, opening an account may take more than 1 day mostly because of bank's client acceptance procedures.	
Procedure	3	Pay registration fee
Time to complete:	1	
Cost to complete:	no charge	
Comment:	The registration fee must be paid for the registration of the legal entity with the State Tax Inspectorate. Many applicants use Sberbank for paying the registration fee as the tax authorities are familiar with the payment order issued by the Sberbank and in case of the payment order issued by any other banks may request some additional confirmation that the payment was actually completed. The registration fee of RUR 4,000 shall be transferred to the account of the State Tax Inspectorate.	
Procedure	4	Register with the unified register at the Federal Tax Service on the local level, to obtain the single number of state registration and the number of tax registration (identification number of taxpayer, INN); register with the State Pension Fund, the State
Time to complete:	18	
Cost to complete:	RUB 4,000	
Comment:	As of January 1, 2004 the state registration of legal entities is conducted concurrently with tax registration and registration with the State Pension Fund, the State Fund of Social Insurance and the State Fund of Compulsory Medical Insurance ("Funds") through the Federal Tax Service of the Russian Federation (former Ministry of Taxation) at the local level. The coordination of the different registrations was delegated to the Federal Tax Service. The newly established legal entity is granted a main state registration number (OGRN) and the taxpayer's identification number (INN) with the relevant certificates. The documents confirming the registration with the indicated	

Funds are delivered to the newly established legal entity by mail. Should the company for some reason need confirmation of its registration with the Funds immediately after the state registration, it should apply to the Funds directly. Generally it takes 5 days to complete tax and state registration and 1-2 days to obtain registration documents with the Fund for an already registered legal entity (if the application was done in person by the founder). The time for mail delivery may slow down the process for 2-4 weeks. Tax authorities now only directly accept the documents for state registration when filed personally by one of the founders of the company, otherwise the authorities require them to be mailed. If the documents are filed personally by the founder it is possible to receive a registration certificate under the power of attorney, otherwise the registration certificates are sent to the address of the newly established company by regular mail, which takes longer.

Documents required for registration:

- Decision of the founders meeting;
- Charter (2 copies);
- Registration Application, notarized;
- Payment receipt.

The foundation agreement is replaced since 1 July 2009 by the an agreement between the founders of the company which is not filed for the state registration.

The tax authorities sometimes implement a number of requirements, and failure to comply may lead to the rejection of the application. In addition, recently the tax authorities stopped issuing the original of the Charter (Articles of Association) which is filed for the state registration. Only a certified copy is issued. As a result, if the company has to file the copy of the Charter with any other state authorities, another copy of the Charter has to be requested by the tax authorities every time. The copy is usually issued within 5 working days and requires a payment of RUR 200 or RUR 400.

Procedure	5 Notarize Registration Certificate, Tax Payer Identification Number Certificate and Bank SignatureCard.
Time to complete:	1
Cost to complete:	RUB 1,200
Comment:	<p>For a limited liability company with 50 employees, generally the General director and Chief accountant have a signature right.</p> <p>Required documents:</p> <ul style="list-style-type: none"> - Registration certificate, notarized; - Taxpayer Identification Number (INN) certificate, notarized; - Charter, notarized; - Documents confirming authority of the signatories (decision on the founders on appointment/election of the Director etc.), notarized.
Procedure	6 Open the company bank account
Time to complete:	1
Cost to complete:	no charge
Comment:	<p>The opening of the bank account may take 1-5 working days depending on the requirements of particular bank in terms of client acceptance procedure. The bank may require documents related to the founders of the newly established company and investigate the founder's history and its financial status.</p>
Procedure	7 Inform Federal Tax Service of the company bank account number and obtain a special letter of confirmation
Time to complete:	5
Cost to complete:	no charge
Comment:	<p>The procedure takes from 3 to 7 days and needs to be completed 10 days from date of opening of bank account.</p>

Procedure	8	Register the company with Moscow Center of Quotation of Work Places
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Time to complete: 1

Cost to complete: no charge

Comment: The notification needs to be made within 30 days after the state registration. Registration of companies with Moscow Center of Quotation of Work Places was introduced by the Resolution of the Moscow Government No. 125-PP of March 4, 2003 "On Approval of Regulation on Quotation of Work Places in the City of Moscow". Under Resolution No. 125-PP all companies and individual entrepreneurs employing personnel are required to be registered with the Moscow Center of Quotation of Work Places having its local departments in each district of Moscow irrespective of whether such companies are obliged to comply with the quotas (if the staff represents more than 100 persons) or not.

Procedure	9	Register seal with the local Registration Chamber
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Time to complete: 1

Cost to complete: RUB 1,750

Comment: In Moscow the registration of a seal of the company is performed by the State Unitary Enterprise "Mosregister".

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

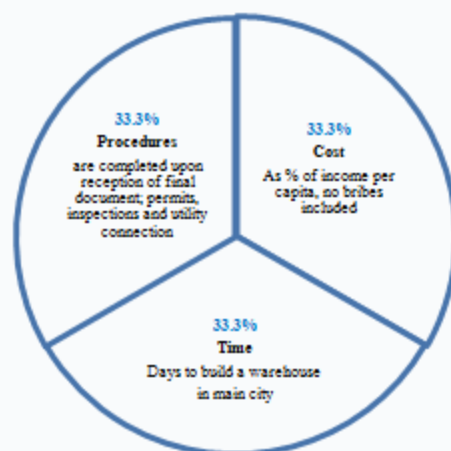
The warehouse:

- 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

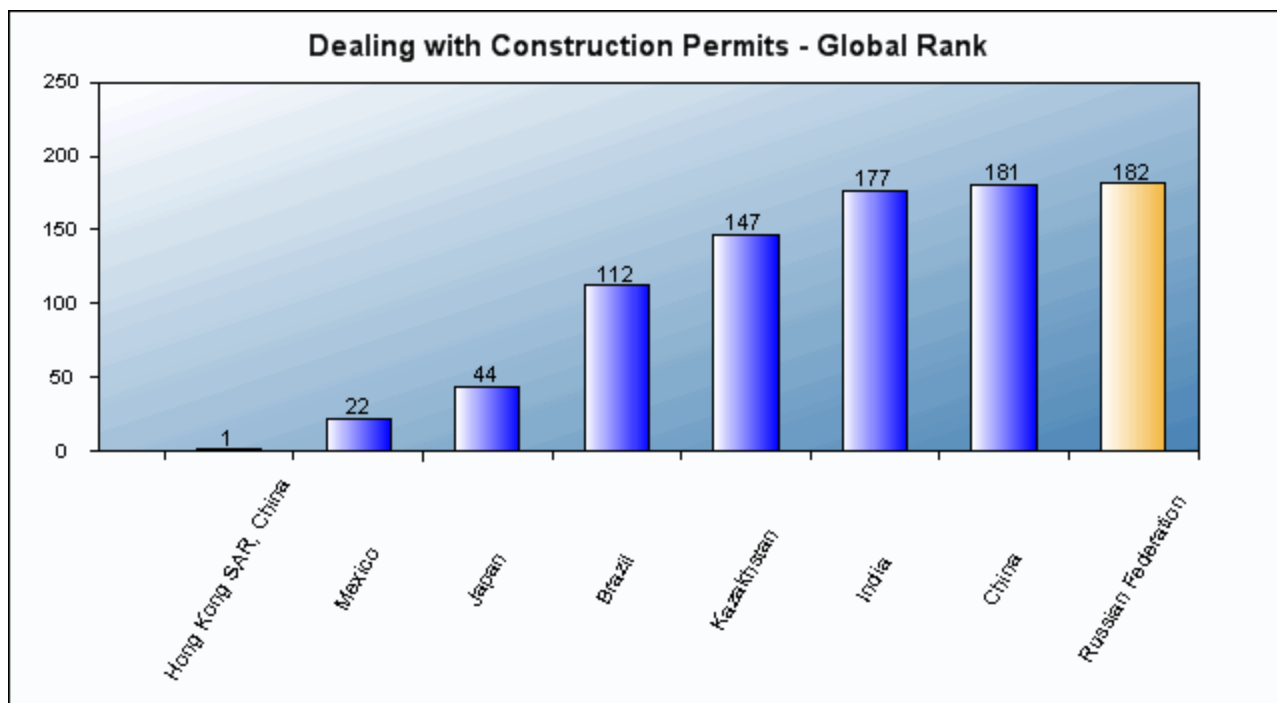
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Russian Federation is ranked 182 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Russian Federation 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	

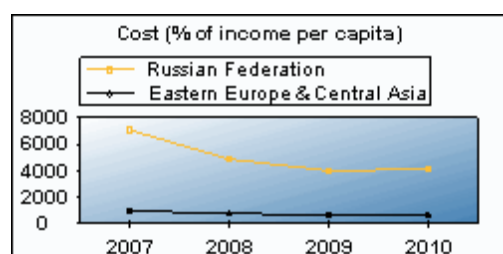
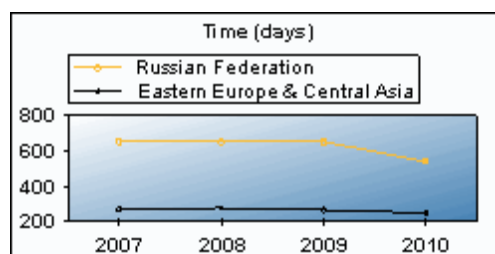
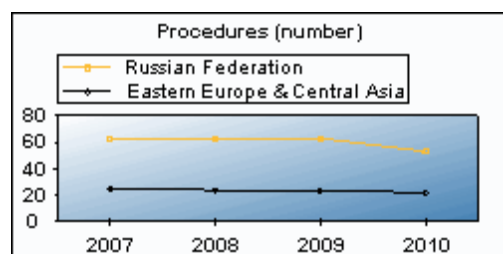
<i>Selected Economy</i>			
Russian Federation	53	540	4141.0

<i>Comparator Economies</i>			
Brazil	18	411	46.6
China	37	336	523.4
India	37	195	2143.7
Japan	15	187	20.8
Kazakhstan	34	219	119.8
Mexico	11	105	117.0

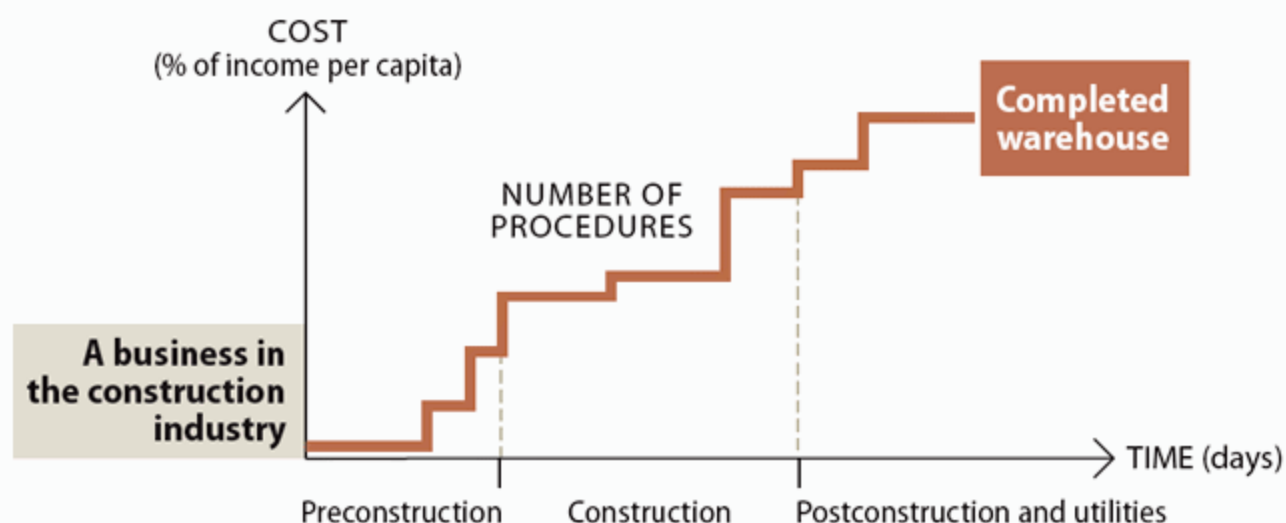
2. Historical data: Dealing with Construction Permits in Russian Federation

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	182	182
Procedures (number)	63	63	63	53
Time (days)	653	653	653	540
Cost (% of income per capita)	7072.3	4877.5	3996.2	4141.0

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Russian Federation over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



The table below summarizes the procedures, time, and costs to build a warehouse in the Russian Federation.

BUILDING A WAREHOUSE

City: Moscow

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain the development plan of land plot at the Moscow Architecture and City Planning Committee	180 days	no charge
2 *	Request and obtain an act of the Moscow Geological-Geodesic Department	45 days	RUB 39,000
3 *	Request and obtain an ecological engineering survey - Mosgorgeorest	45 days	RUB 100,000
4 *	Request and obtain sanitary and epidemiological certificate - Rospotrebnadzor	30 days	no charge
5 *	Request and obtain technical conditions from water and sewage services	30 days	RUB 21,300
6 *	Request and obtain technical conditions for an electricity connection with MosEnergo	30 days	RUB 10,500,000
7 *	Request and obtain technical conditions to connect to telephone line	30 days	RUB 5,000

8 *	Request and obtain technical conditions for heavy shower sewage	30 days	RUB 10,000
9 *	Request and obtain technical conditions to install radio in the Moscow Broadcasting Network	30 days	RUB 4,500
10 *	Request and obtain approval of Sketch No. 2 from the Moscow Architecture Committee (MoskomArhitektura)	30 days	no charge
11 *	Request and obtain Sketch No. 2 from the Moscow Geological Institute	30 days	RUB 20,000
12 *	Request and obtain approval from MoskomArhitektura on engineering of the facility	14 days	RUB 4,500
13	Request and obtain Regulation No. 2 and certificate of approval of Architectural City Planning Decision	30 days	no charge
14	Request and obtain disposition of Prefect on the inception of construction design (decision on construction)	30 days	no charge
15 *	Request and obtain approval of design conditions by the Department of Preparation of Project Approvals of MoskomArhitektura	14 days	RUB 12,100
16 *	Request and obtain approval of design conditions by the Emergency Situation and Civil Defense Department	14 days	RUB 14,728
17 *	Request and obtain approval of design conditions by the Sanitary Services (Rospotrebnadzor)	30 days	RUB 13,800
18 *	Request and obtain approval of transport routes from the Moscow City Transport Agency	30 days	RUB 8,837
19 *	Request and obtain approval from the State Inspectorate of Road Safety (GIBDD)	30 days	RUB 8,837
20 *	Request and obtain approval from the Department of Comprehensive Well-Being of the city	30 days	RUB 4,600
21 *	Request and obtain approval from the Department of Nature Use under State Ecological Expertise	21 days	RUB 29,455
22 *	Request and obtain approval of volumes of “outline of construction arrangement” and “GenPlan” from the GenPlan Institute	30 days	RUB 30,000
23	Request and obtain the construction passport from the Moscow Geological Institute	30 days	RUB 8,837
24 *	Request and obtain approval of design conditions by local government	7 days	no charge
25 *	Request and obtain approval of design conditions by the Prefect’s Office	14 days	no charge

26	Request and obtain project approval by Moscow State Expertise	45 days	RUB 59,500
27	Request and obtain permission for construction (building permit)	10 days	no charge
28	Request and obtain closing order of production of works from UATI	1 day	RUB 30,000
29	Inform the Moscow District Municipality about the work schedule, get a stamp and leave a copy of the work schedule	1 day	no charge
30	Inform the Department of Nature Management about the work schedule, get a stamp and leave a copy of the work schedule	1 day	no charge
31	Inform the Traffic Police about the work schedule, get a stamp and leave a copy of the work schedule	1 day	no charge
32	Inform the Fire Department about the work schedule, get a stamp and leave a copy of the work schedule	1 day	no charge
33	Inform the Rospotrebnadzor about the work schedule, get a stamp and leave a copy of the work schedule	1 day	no charge
34	Receive inspection by Mosgosstroynadzor during foundation construction	1 day	no charge
35 *	Receive inspection by Mosgosstroynadzor during structure construction	1 day	no charge
36 *	Receive inspection by Mosgosstroynadzor during engineering works	1 day	no charge
37 *	Order and receive results of laboratory tests from Mosgorgeotrest for the acceptance commission	1 day	RUB 10,000
38 *	Receive an inspection from the Mosgorgeotrest to make sure that the building has been built where it was planned to be	1 day	RUB 50,000
39 *	Receive inspection by the Union of Administrative Technical Inspection (UATI) - I	1 day	no charge
40 *	Receive inspection by the Union of Administrative Technical Inspection (UATI) - II	1 day	no charge
41 *	Receive inspection by Union of Administrative Technical Inspection (UATI) - III	1 day	no charge
42 *	Receive inspection by the Union of Administrative Technical Inspection (UATI) - IV	1 day	no charge
43 *	Receive inspection by the Union of Administrative Technical Inspection (UATI) - V	1 day	no charge

44 *	Receive inspection by the Union of Administrative Technical Inspection (UATI) - VI	1 day	no charge
45 *	Receive inspection by the Union of Administrative Technical Inspection (UATI) - VII	1 day	no charge
46	Connect to water services	30 days	no charge
47 *	Request and receive inspection by the Energy Supervision Board	1 day	no charge
48 *	Connect to electricity and sign an agreement with Energosbyt	14 days	no charge
49 *	Request and connect to telephone services	10 days	RUB 8,640
50 *	Request and convene the Approval Commission	60 days	no charge
51	Request and receive the disposition on operation of building (occupancy permit)	10 days	no charge
52	Request and receive plans from the Bureau of Technical Inventory (BTI)	30 days	RUB 55,000
53	Register the building after completion	30 days	RUB 15,000

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Russian Federation

Procedure	1	Request and obtain the development plan of land plot at the Moscow Architecture and City Planning Committee
Time to complete:	180 days	
Cost to complete:	no charge	
Agency:	The Moscow Architecture and City Planning Committee	
Comment:	<p>The Moscow Architecture and City Planning Committee (MoskomArkhitektura) A one stop shop has been implemented in order to deal with all procedures related to the Land. The applicant does not have to go to each agency in order to obtain documents. The applicant applies for the copy development plan of the land plot at Moskomarchitecture which will deal with all the steps.</p> <p>The legal time limit is 1 month but in practice this takes on average 6 months according to private sector contributors.</p>	
Procedure	2	Request and obtain an act of the Moscow Geological-Geodesic Department
Time to complete:	45 days	
Cost to complete:	RUB 39,000	
Agency:	Moscow Geological - Geodesic Department	
Comment:	<p>The applicant obtains a geodesic map of the plot with all communication lines indicated and analyzed.</p> <p>As of January 1, 2009, the fee for obtaining a geodesic map of the plot from the Moscow Geological –Geodesic Department has increased from RUB 36,700 to RUB 39,000.</p>	
Procedure	3	Request and obtain an ecological engineering survey - Mosgorgeorest
Time to complete:	45 days	
Cost to complete:	RUB 100,000	
Agency:	Mosgorgeotrest / Private licensed companies	
Comment:	<p>This is one of the pieces of information needed for project design – information about conditions of your land plot – geological, geodesic and ecological.</p> <p>There are 5 types of mandatory engineering surveys. All or a few of them are requested depending on the land plot and surrounding territory conditions.</p> <p>In our case there could be 2-3 types of surveys. Mosgorgeotrest does these surveys. Private licensed companies also can do these surveys but they are requested to get the results ‘stamped’ by Mosgorgeotrest.</p>	
Procedure	4	Request and obtain sanitary and epidemiological certificate - Rospotrebnadzor
Time to complete:	30 days	
Cost to complete:	no charge	
Agency:	Rospotrebnadzor	

Comment:**Procedure 5 Request and obtain technical conditions from water and sewage services****Time to complete:** 30 days**Cost to complete:** RUB 21,300**Agency:** Moscow water and sewage Company - Mosvodokana**Comment:** The technical conditions are defined by the Moscow water and the sewage company. The list of conditions may be obtained simultaneously with the act of permission for use.

Under Government Regulation No. 83 dated 13 February 2006, (1) a list of technical conditions must be prepared by the local government when preparing the city development plan of the land plot; (2) if the city development plan of the land plot does not contain this information, the technical conditions as well as the information on payment for connection to such services must be provided by the respective agency within 14 business days after receiving the request, however in practice it takes longer.

According to update fee schedule of Moscow State Unitary Enterprise "Vodokanal" for 2009, the fee for obtaining the technical conditions has been increased from RUB 17,673 to RUB 21,300.

Procedure 6 Request and obtain technical conditions for an electricity connection with MosEnerg**Time to complete:** 30 days**Cost to complete:** RUB 10,500,000**Agency:** MosEnerg**Comment:** Technical conditions are determined by MosEnerg. The list of conditions may be obtained simultaneously with the act of permission for use.

Under Government Regulation No. 83 dated 13 February 2006, (1) a list of technical conditions must be prepared by the local government when preparing the city development plan of the land plot; (2) if the city development plan of the land plot does not contain this information, the technical conditions as well as the information on payment for connection to such services must be provided by the respective agency within 14 business days after receiving the request, however in practice it takes longer.

The cost depends on the district of Moscow. RUB 75,000 per kva is an average of the fees to be paid to Moscow Power Grid Company.

Procedure 7 Request and obtain technical conditions to connect to telephone line**Time to complete:** 30 days**Cost to complete:** RUB 5,000**Agency:** Moscow City Telephone Service (MGTS) or private operators like Komstar or Sovintel**Comment:** Technical conditions are set by the district telephone network services, which are either branches of the Moscow City Telephone Service (MGTS) or private operators like Komstar or Sovintel. The list of conditions can be obtained simultaneously with the act of permission for use.

Procedure	8	Request and obtain technical conditions for heavy shower sewage
Time to complete:	30 days	
Cost to complete:	RUB 10,000	
Agency:	Mosvodostok	
Comment:	These technical conditions are also required for the project design.	
Procedure	9	Request and obtain technical conditions to install radio in the Moscow Broadcasting Network
Time to complete:	30 days	
Cost to complete:	RUB 4,500	
Agency:	Moscow City Broadcasting Network	
Comment:	These technical conditions are also required for the project design and needed by law for civil security. It is supposed to be used for public announcements (like in case of force majeure).	
Procedure	10	Request and obtain approval of Sketch No. 2 from the Moscow Architecture Committee (MoskomArhitektura)
Time to complete:	30 days	
Cost to complete:	no charge	
Agency:	Moscomarchitectura	
Comment:	On the Sketch No. 2 prepared by the Moscow Geological Institute, the Moscow Architecture Committee (MoskomArhitektura) draws the communication lines and power grids in accordance with the technical conditions obtained from the company.	
Procedure	11	Request and obtain Sketch No. 2 from the Moscow Geological Institute
Time to complete:	30 days	
Cost to complete:	RUB 20,000	
Agency:	Moscow City Geological Unit	
Comment:	Sketch No. 2 is prepared by the Moscow Geological Institute (Mosgorgeotrest).	
Procedure	12	Request and obtain approval from MoskomArhitektura on engineering of the facility
Time to complete:	14 days	
Cost to complete:	RUB 4,500	
Agency:	Moscomarchitectura (Moscow Committee on Architecture and City Planning)	

Comment:

Procedure	13	Request and obtain Regulation No. 2 and certificate of approval of Architectural City Planning Decision
Time to complete:	30 days	
Cost to complete:	no charge	
Agency:	Moscomarchitectura	
Comment:	The following documents must be submitted to obtain Regulation No. 2 at the MoskomArchitektura: <ul style="list-style-type: none">- Architecture and construction designs and drawings.- Approved (by all instances) designs and drawings of the general plan (as mentioned in previous procedures).- Approved design conditions.- Decision on construction.	

Procedure	14	Request and obtain disposition of Prefect on the inception of construction design (decision on construction)
Time to complete:	30 days	
Cost to complete:	no charge	
Agency:	Prefecture	
Comment:	The decision on construction is a prerequisite for beginning to collect all design documents. By law, obtaining the decision should not take more than 30 days. However, the deadline is never respected, and this procedure takes 60 days on average.	

Procedure	15	Request and obtain approval of design conditions by the Department of Preparation of Project Approvals of MoskomArchitektura
Time to complete:	14 days	
Cost to complete:	RUB 12,100	
Agency:	Moscomarchitectura (Department of Preparation of Project Approvals)	
Comment:	The seal of the Department of Preparation of Project Approvals of MoskomArchitektura is placed on the cover page of the conditions list.	

Procedure	16	Request and obtain approval of design conditions by the Emergency Situation and Civil Defense Department
Time to complete:	14 days	
Cost to complete:	RUB 14,728	
Agency:	Emergency Situation and Civil Defense Department	
Comment:	The Emergency Situation Department specifies whether a shelter for civil defense must be constructed on the site.	

Procedure	17	Request and obtain approval of design conditions by the Sanitary Services (Rospotrebnadzor)
Time to complete:	30 days	
Cost to complete:	RUB 13,800	
Agency:	Sanitary Services (Rospotrebnadzor)	
Comment:	The Sanitary Services (Rospotrebnadzor) analyze the drawings and designs according to sanitary norms and conditions.	
Procedure	18	Request and obtain approval of transport routes from the Moscow City Transport Agency
Time to complete:	30 days	
Cost to complete:	RUB 8,837	
Agency:	Moscow City Transport Agency	
Comment:	The Moscow City Transport Agency analyzes the drawings and designs according to the norms and conditions for main and adjacent roads.	
Procedure	19	Request and obtain approval from the State Inspectorate of Road Safety (GIBBD)
Time to complete:	30 days	
Cost to complete:	RUB 8,837	
Agency:	State Inspection of Road Safety (GIBBD)	
Comment:	The State Inspectorate of Road Safety (GIBBD) analyzes the drawings and designs according to its norms and conditions.	
Procedure	20	Request and obtain approval from the Department of Comprehensive Well-Being of the city
Time to complete:	30 days	
Cost to complete:	RUB 4,600	
Agency:	Department of Comprehensive Well-Being of City	
Comment:	The Department of Comprehensive Well-Being of the city analyses the drawings and designs according to its norms and conditions.	
Procedure	21	Request and obtain approval from the Department of Nature Use under State Ecological Expertise
Time to complete:	21 days	
Cost to complete:	RUB 29,455	
Agency:	Department of Nature Management and Environment Protection of Moscow	

Comment: The Department of Nature Use analyzes the drawings and designs according to its norms and conditions.

Procedure	22	Request and obtain approval of volumes of “outline of construction arrangement” and “GenPlan” from the GenPlan Institute
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Time to complete: 30 days

Cost to complete: RUB 30,000

Agency: GenPlan Institute

Comment:

Procedure	23	Request and obtain the construction passport from the Moscow Geological Institute
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Time to complete: 30 days

Cost to complete: RUB 8,837

Agency: Moscow City Geological Unit

Comment: Based on the approved Sketch No. 2, the Moscow City Geological Institute prepares the passport that is later submitted to the State Inspectorate of Architecture and Construction Supervision.

Procedure	24	Request and obtain approval of design conditions by local government
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Time to complete: 7 days

Cost to complete: no charge

Agency: Local Government (uprava)

Comment: The seal of the local government is placed on the cover page of the conditions list.

Procedure	25	Request and obtain approval of design conditions by the Prefect's Office
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Time to complete: 14 days

Cost to complete: no charge

Agency: Prefecture

Comment: The seal of the local government is placed on the cover page of the conditions list.

Procedure	26	Request and obtain project approval by Moscow State Expertise
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Time to complete: 45 days

Cost to complete: RUB 59,500

Agency: Moscow State Expertise

Comment: The Moscow State Expertise relies on internal expertise. In accordance with the Moscow Government regulation “Regulation of the document preparation by the “Moscow State Expertise” № 670, dated 29 July 2008 should be no more than 60 days and is conducted regardless of project size. In practice, this takes about 45 days. The fee for issuing project approval is calculated according to a formula based on the square meters. According to the article 49 of the City Planning Code, this approval on project by the Moscow State Expertise is not needed for a two stories warehouse with a total surface up to 1500 m2 with non-residential or production purposes if they are not considered dangerous, technically difficult or unique. Yet, in practice, this approval is often required.

Procedure	27	Request and obtain permission for construction (building permit)
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Time to complete: 10 days

Cost to complete: no charge

Agency: Moscow State Committee of Construction Supervision

Comment: To obtain the building permit, BuildCo must submit the following documents to the Moscow State Committee of Construction Supervision:

- An application form.
- Documents confirming title to the land.
- Town (planning) plan of land.
- Relevant project documentation.

After reforms in 2006, the statutory time line of issuing the permit fell from 30 days to 10. This is free of charge.

Procedure	28	Request and obtain closing order of production of works from UATI
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Time to complete: 1 day

Cost to complete: RUB 30,000

Agency: Inspection on Architecture and Construction Supervision

Comment:

Procedure	29	Inform the Moscow District Municipality about the work schedule, get a stamp and leave a copy of the work schedule
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Time to complete: 1 day

Cost to complete: no charge

Agency: Moscow District Municipality

Comment:

Procedure	30	Inform the Department of Nature Management about the work schedule, get a stamp and leave a copy of the work schedule
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Time to complete: 1 day

Cost to complete: no charge

Agency: Department of Nature Management

Comment:

Procedure	31	Inform the Traffic Police about the work schedule, get a stamp and leave a copy of the work schedule
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Time to complete: 1 day

Cost to complete: no charge

Agency: Traffic Police

Comment:

Procedure	32	Inform the Fire Department about the work schedule, get a stamp and leave a copy of the work schedule
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Time to complete: 1 day

Cost to complete: no charge

Agency: Fire Department

Comment:

Procedure	33	Inform the Rospotrebnadzor about the work schedule, get a stamp and leave a copy of the work schedule
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Time to complete: 1 day

Cost to complete: no charge

Agency: Rospotrebnadzor

Comment:

Procedure	34	Receive inspection by Mosgosstroynadzor during foundation construction
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Time to complete: 1 day

Cost to complete: no charge

Agency: Moscow Committee of State Construction Supervision - Mosgosstroynadzor

Comment: Construction activities are not interrupted during inspections. These inspections need not be requested.
The first inspection takes place during foundation construction.

Procedure	35	Receive inspection by Mosgosstroynadzor during structure construction
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Time to complete: 1 day

Cost to complete:	no charge
Agency:	Moscow Committee of State Construction Supervision - Mosgosstroynadzor
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested. The second inspection takes place during structure construction.

Procedure	36	Receive inspection by Mosgosstroynadzor during engineering works
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Time to complete:	1 day
Cost to complete:	no charge
Agency:	Moscow Committee of State Construction Supervision - Mosgosstroynadzor
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested. The third inspection takes place during engineering work

Procedure	37	Order and receive results of laboratory tests from Mosgorgeotrest for the acceptance commission
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Time to complete:	1 day
Cost to complete:	RUB 10,000
Agency:	Mosgorgeotrest
Comment:	During the construction phase of an approved project, the Building Company has to obtain results of laboratory tests which are then required by the acceptance commission.

Procedure	38	Receive an inspection from the Mosgorgeotrest to make sure that the building has been built where it was planned to be
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Time to complete:	1 day
Cost to complete:	RUB 50,000
Agency:	Mosgorgeotrest
Comment:	

Procedure	39	Receive inspection by the Union of Administrative Technical Inspection (UATI) - I
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Time to complete:	1 day
Cost to complete:	no charge
Agency:	Union of Administrative Technical Inspection (UATI)
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The Union of Administrative Technical Inspection (UATI) inspects whether the construction boundaries have remained the same.

Procedure	40	Receive inspection by the Union of Administrative Technical Inspection (UATI) - II
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Time to complete:	1 day
Cost to complete:	no charge
Agency:	Union of Administrative Technical Inspection (UATI)
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

Procedure 41 Receive inspection by Union of Administrative Technical Inspection (UATI) - III

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Union of Administrative Technical Inspection (UATI)
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

Procedure 42 Receive inspection by the Union of Administrative Technical Inspection (UATI) - IV

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Union of Administrative Technical Inspection (UATI)
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

Procedure 43 Receive inspection by the Union of Administrative Technical Inspection (UATI) - V

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Union of Administrative Technical Inspection (UATI)
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

Procedure 44 Receive inspection by the Union of Administrative Technical Inspection (UATI) - VI

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Union of Administrative Technical Inspection (UATI)
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

Procedure	45	Receive inspection by the Union of Administrative Technical Inspection (UATI) - VII
Time to complete:	1 day	
Cost to complete:	no charge	
Agency:	Union of Administrative Technical Inspection (UATI)	
Comment:	Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.	
Procedure	46	Connect to water services
Time to complete:	30 days	
Cost to complete:	no charge	
Agency:	Water and Sewage Services (Mosvodokanal)	
Comment:	An agreement must be concluded between BuildCo and the Water and Sewerage Services. The connection to water service is then installed.	
Procedure	47	Request and receive inspection by the Energy Supervision Board
Time to complete:	1 day	
Cost to complete:	no charge	
Agency:	Energy Supervision	
Comment:	After the inspection, the agency issues an act of permission, which is the basis for connecting to electricity.	
Procedure	48	Connect to electricity and sign an agreement with Energosbyt
Time to complete:	14 days	
Cost to complete:	no charge	
Agency:	Energosbyt	
Comment:	BuildCo signs an agreement for electrical power supply with Energosbyt.	
Procedure	49	Request and connect to telephone services
Time to complete:	10 days	
Cost to complete:	RUB 8,640	
Agency:	Moscow City Telephone Network	
Comment:	According to Decree # 312, as of February 27, 2009 by Moscow City Telephone Network Company the cost of connection works is now RUB 8,640 and done in 10 days.	

Procedure	50	Request and convene the Approval Commission
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Time to complete: 60 days

Cost to complete: no charge

Agency: Moscow State Committee of Construction Supervision

Comment: BuildCo files application forms with the Moscow State Committee of Construction Supervision in order to convene the Approval Commission. The commission includes representatives from different backgrounds, such as ecology, the prefecture, the local government, the sanitary services, the company, and the designer. After the commission has convened, BuildCo collects the signatures of all its members.

The time line established by Government of Moscow Resolution No. 530, dated November 7, 2001, for the relevant authorities to appoint representatives to the Approval Commission is 10 days. The time required for approval of the building depends on the state of the building (whether it is ready to be occupied or not) and on the inspection results. In practice, this takes on average 60 days. The most difficult part is to convene the commission members and gather their signatures for approval.

Procedure	51	Request and receive the disposition on operation of building (occupancy permit)
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Time to complete: 10 days

Cost to complete: no charge

Agency: Moscow State Committee of Construction Supervision

Comment: Obtaining an occupancy permit takes 10 days.

Procedure	52	Request and receive plans from the Bureau of Technical Inventory (BTI)
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Time to complete: 30 days

Cost to complete: RUB 55,000

Agency: Bureau of Technical Inventory (BTI)

Comment:

Procedure	53	Register the building after completion
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Time to complete: 30 days

Cost to complete: RUB 15,000

Agency: Unified State Register

Comment: According to the Russian Federation Civil Code, the right to own and "create" immovable things, including buildings, is subject to state registration at the Unified State Register by the justice agencies. The procedure for state registration is established by the law and encompasses registration of the rights to immovable property, and the associated transactions.

To complete the registration, BuildCo must submit an application (which is a constitutive

document), the real property plan, and approval of the building, confirming the fact that real property has been created. The state registration must be processed within a month of the application date. Payment of a duty is required for registration. The amount of the duty is determined by the local authorities. The maximum duty is established by the Russian government at RUR 7,500 for legal persons.

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?

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)

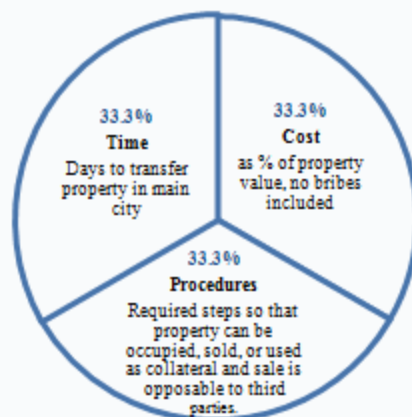
- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

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

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

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators



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.

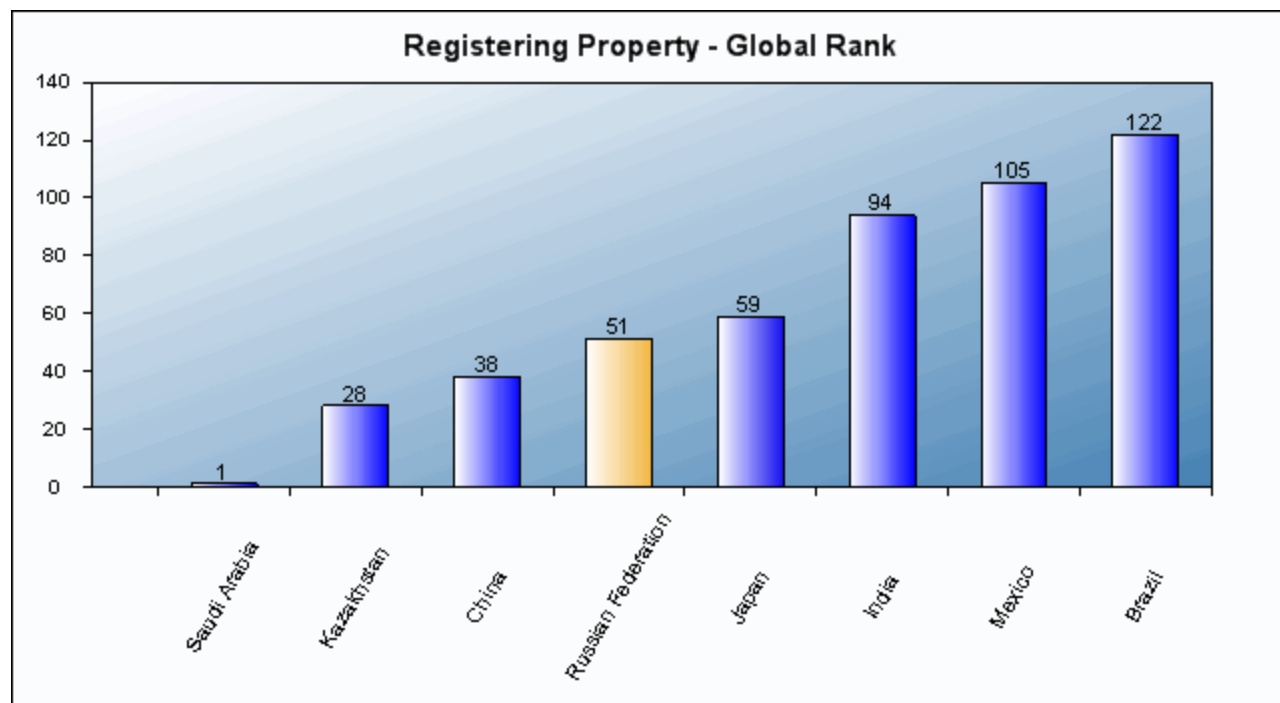
The property (fully owned by the seller):

- 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:

Russian Federation is ranked 51 overall for Registering Property.

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



The following table shows Registering Property data for Russian Federation 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>			
Russian Federation	6	43	0.1

<i>Comparator Economies</i>			
Brazil	14	42	2.7
China	4	29	3.6
India	5	44	7.4
Japan	6	14	5.5
Kazakhstan	4	40	0.1
Mexico	5	74	5.2

* The following economies are also good practice economies for :

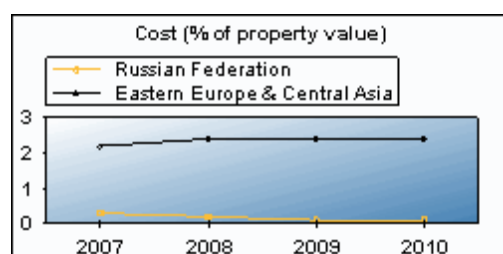
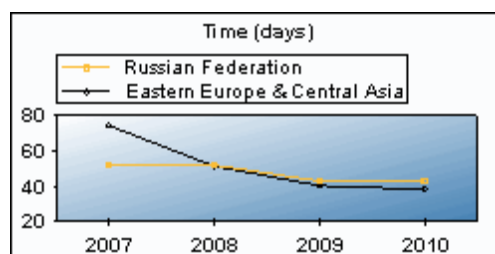
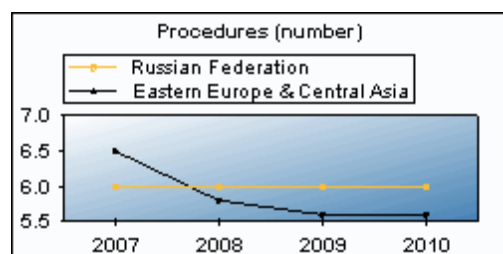
Procedures (number): United Arab Emirates

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

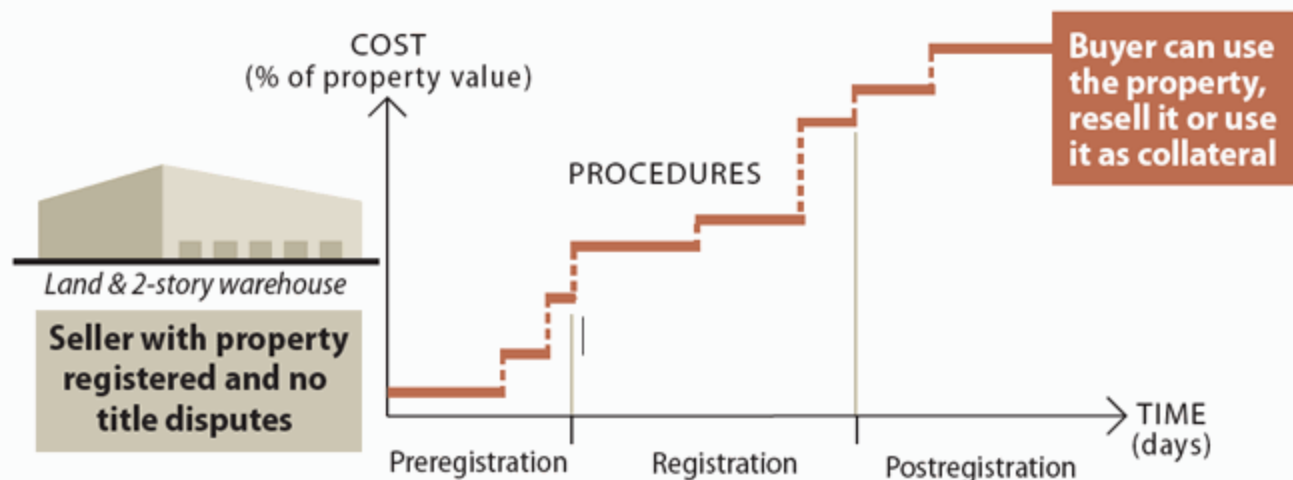
2. Historical data: Registering Property in Russian Federation

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	45	51
Procedures (number)	6	6	6	6
Time (days)	52	52	43	43
Cost (% of property value)	0.3	0.2	0.1	0.1

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



What are the time, cost and number of procedures required to transfer a property between 2 local companies?



This topic examines the steps, time, and cost involved in registering property in the Russian Federation.

STANDARDIZED PROPERTY

Property Value: 13,363,003.99

City: Moscow

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Seller obtains the cadastral passport at the Bureau of Technical Inventory (BTI)	10 days (simultaneous with procedures 2, 3, and 4)	RUB 1,830.94
2 *	Seller obtains the cadastral passport at the Committee for Land Resources and Land Management	10 days (simultaneous with procedures 1, 3, and 4)	RUB 100
3 *	Seller obtains the extracts from the Unified State Register of Real Estate Property	7 days (simultaneous with procedures 1, 2, and 4)	RUB 300 per extract (legal entities)
4 *	Buyer or the seller obtains an extract from the Unified State Register of Legal Entities containing the information about the seller	7 days (regular procedure) or 1 day (expedited procedure) (simultaneous with procedures 1, 2, and 3)	RUB 200 (regular procedure) or RUB 400 (expedited procedure)
5	Notarization of corporate documents by seller and buyer	1-2 days	RUB 500

6	Registration of the transfer of the building and the land plot at the State Registration Department	30 days	RUB 7,500 (building) + RUR 7,500 (land plot transfer)
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* Takes place simultaneously with another procedure.

Registering Property Details - Russian Federation

Procedure	1	Seller obtains the cadastral passport at the Bureau of Technical Inventory (BTI)
Time to complete:		10 days (simultaneous with procedures 2, 3, and 4)
Cost to complete:		RUB 1,830.94
Agency:		Bureau of Technical Inventory
Comment:		<p>The seller should obtain technical inventory document for the building –the cadastral passport – from the local bureau of technical inventory. As of May 13, 2008 per the changes in the Federal Law No. 66-FZ, inventory documents and cadastral maps were replaced by cadastral passports. The only technical inventory document obtained from the bureau of technical inventory is a cadastral passport. This document replaces the previously required three documents: extract from the technical passport, floor plan and explanation of the floor plan.</p> <p>The documentation shall include: Application (standard form) The document certifying rights of the seller to the property (must be in possession of the seller) A letter of guarantee (with respect to payments for BTI services) An official document confirming applicant's authority to act on behalf of a legal entity (i.e. power of attorney and passport of the applicant) A document showing the legal boundaries of the property (i.e. to ensure that there are no unauthorized alterations or modifications).</p> <p>Under Clause 28 of the New Competition Law (dated 26 July 2006) the buyer must obtain preliminary approval of the Federal Antimonopoly Service (the FAS) for an acquisition of real estate property if the book value of the real estate property being acquired exceeds 20% of the book value of fixed and intangible assets of the seller, provided that (i) the aggregate value of assets of the buyer, according to its latest financial statements and the seller (group of the seller) exceeds three billion roubles (currently approximately US\$83 mln); or (ii) their aggregate proceeds from the sale of products (works, services) for the last calendar year exceeds six billion roubles (currently approximately US\$167 mln) and, at the same time, the value of assets as per the latest financial statements of the seller exceeds one hundred fifty million roubles (currently approximately US\$4.2 mln); or (iii) either the buyer or the seller is included in the register of business entities as having a market share of a particular product (work or service) of more than 35% .</p> <p>The FAS must be notified about the purchase of real estate property by the buyer if the aggregate assets value, according to the latest financial statements of the buyer and the seller, or their aggregate proceeds from the sale of products (works, services) for the calendar year preceding the year of acquisition of real estate property or other actions, exceeds two hundred million roubles (currently approximately US\$5.6 mln); and, at the same time, the aggregate assets' value according to the latest financial statements of the seller (group of the seller) exceeds thirty million roubles (currently approximately US\$0.8 mln)</p> <p>The antimonopoly permission is not necessary for the state registration of the transfer of title to the property in Procedure 6, but its absence may lead to recognizing the transaction as void. NOTE: Due to the recent changes in the Russian antimonopoly legislation, such would normally apply to major transactions and would not be necessary for small and medium transactions such as the one described in this case study. It would take about one month and cost the equivalent of 100 minimum wages.</p> <p>The documentation shall include: Application (standard form)</p>

Procedure	2	Seller obtains the cadastral passport at the Committee for Land Resources and Land Management
Time to complete:	10 days (simultaneous with procedures 1, 3, and 4)	
Cost to complete:	RUB 100	
Agency:	Local subdivision of the Federal Agency for Cadastre of Real Estate	
Comment:	<p>As of May 13, 2008 per the changes in the Federal Law No. 66-FZ, the cadastral plan for the land plot was replaced by cadastral passport of land plot. The cadastral passport contains the information on the land plot that entered to the state cadastre of immovable property. As the Federal Agency for cadastre of immovable property is being a holder of state cadastre of immovable property, this Agency and its territorial bodies issue cadastral passport to land plot.</p> <p>As the information entered to the state cadastre of immovable property is publicly available, this information shall be provided by the Federal Agency for cadastre of immovable property on requests of any persons. Therefore only application and the passport of applicant are required for the purpose of obtaining of cadastral passport of land plot.</p> <p>The cost of provision of cadastral passport is not stipulated as of March 2009. According to the Federal Law No. 221-FZ "On State Cadastre of Real Property" a state duty shall be charged in accordance with the laws of the Russian Federation on taxes and fees (i.e. its amount should be defined in the Tax Code of Russia). However this amount is not stipulated up to date. Therefore the information from the state cadastre of immovable property provides free of cost until the amount of state duty will be defined by provision of Tax Code.</p>	
Procedure	3	Seller obtains the extracts from the Unified State Register of Real Estate Property
Time to complete:	7 days (simultaneous with procedures 1, 2, and 4)	
Cost to complete:	RUB 300 per extract (legal entities)	
Agency:	Unified State Register of Real Estate Property	
Comment:	A non-encumbrance certificate on the property must be obtained from the Unified State Register of Real Estate Property maintained by the State Registration Department of Rights to the Real Estate Property. The cost of the extract is RUB 100 for individuals and RUB 300 for legal entities.	
Procedure	4	Buyer or the seller obtains an extract from the Unified State Register of Legal Entities containing the information about the seller
Time to complete:	7 days (regular procedure) or 1 day (expedited procedure) (simultaneous with procedures 1, 2, and 3)	
Cost to complete:	RUB 200 (regular procedure) or RUB 400 (expedited procedure)	
Agency:	Unified State Register of Legal Entities	
Comment:	A certificate containing information about the seller can be obtained from the Unified State Register of Legal Entities maintained by Federal Service of the Russian Federation on Taxes and Duties. Although the expedited procedure is not defined by law, it is widely practiced by most branches of Russian Tax Authorities – keepers of the Unified State Register for Legal Entities.	

Procedure	5	Notarization of corporate documents by seller and buyer
Time to complete:	1-2 days	
Cost to complete:	RUB 500	
Comment:	<p>The seller should obtain notarized copies of the certificate on state registration of ownership title on the building as well as the certificate of ownership. The buyer and seller should obtain notarized copies of the certificate of LLC state registration, the charter, the foundation agreement, the certificate on individual taxpayer numbers, and the informational letter of State Committee on Statistics. Notarization costs about 500 RUB for each document (RUB 10 per page) with a state notary, whatever rates are established by a private notary.</p> <p>The documentation shall include: Certificate on state registration of ownership title to the building and certificate on state registration of ownership title to the land plot (Obtained in Procedure 3). Certificate of LLC state registration, the charter, the foundation agreement, the certificate on individual number of a taxpayer, and the informational letter of state committee on statistics (must be in possession of the buyer and seller).</p>	
Procedure	6	Registration of the transfer of the building and the land plot at the State Registration Department
Time to complete:	30 days	
Cost to complete:	RUB 7,500 (building) + RUB 7,500 (land plot transfer)	
Agency:	State Registration Department	
Comment:	<p>The documents obtained in procedures 1, 2, 3, and 5 shall be presented to the Moscow Department of the State Registration Service.</p> <p>According to the law, state registration is implemented in the following order:</p> <ul style="list-style-type: none"> - acceptance of registration documents - legal scrutiny of documents and examination of the lawfulness of the agreement - clarification of the grounds for refusal or suspension of state registration - entry to the registry in case there are no grounds for refusal, or suspension of state registration - notes on the title documents and issuance of certificates regarding implemented state registration <p>As of January 2005, the Order of the Ministry of Justice No. 4 allowed for the possibility of expedited registration procedures. However, this Order was merely an advisory document and not intended to establish official expedited procedures. Moscow does not have a law in place that grants expedited procedures. Instead, there are private, commercial organizations which offer expedited services – however, their services may be limited (for example, servicing only certain areas) and costly. These services are not widely used.</p> <p>Current legislation imposes on the seller an 18 percent VAT on the sale of property. However, sale of land plots is not subject to VAT in Russia since 1 January 2005. These taxes are regulated by the regional legislation and generally equal to up to 2.2 % (property tax). Parties are not required to pay any other fees or taxes connected with the property, besides those noted here.</p> <p>The documentation shall include: Cadastral plans and technical passport (obtained in Procedure 2) Certificate on state registration of ownership title to the building and the certificate on state registration of ownership title to the land plot (obtained in Procedure 3) Extract from Unified State Register of Legal Entities (obtained in Procedure 4) Signed sale and purchase agreement Corporate documents and the power of attorney</p>	

Application for state registration.

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

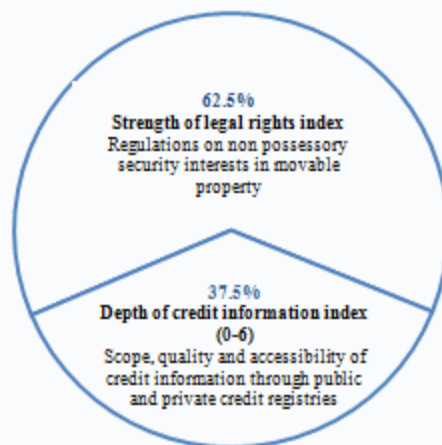
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of 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)

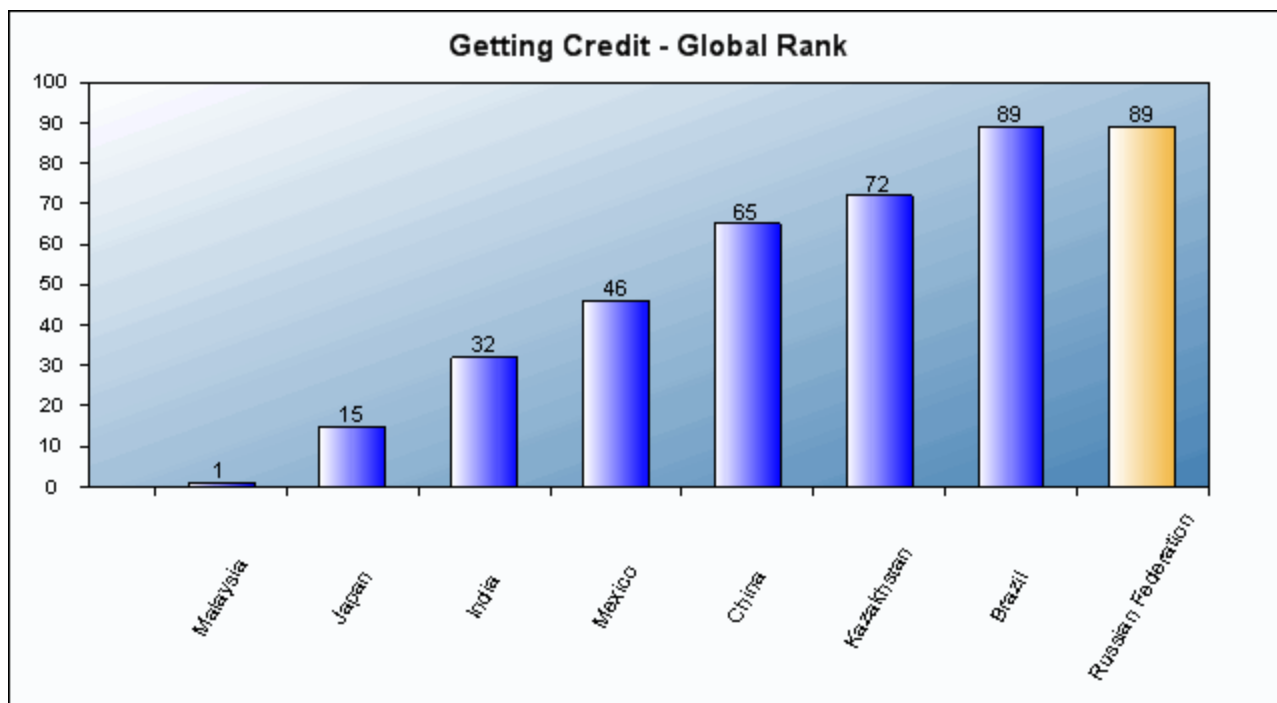
The Debtor

- 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:

Russian Federation is ranked 89 overall for Getting Credit.

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



The following table shows Getting Credit data for Russian Federation 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>				
Russian Federation	3	5	0.0	14.4

<i>Comparator Economies</i>				
Brazil	3	5	26.9	53.5
China	6	4	63.9	0.0
India	8	4	0.0	10.0
Japan	7	6	0.0	76.1
Kazakhstan	4	5	0.0	29.9
Mexico	5	6	0.0	71.6

* The following economies are also good practice economies for :

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

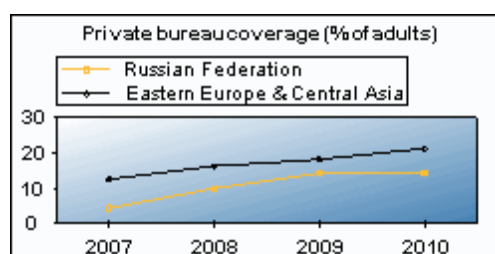
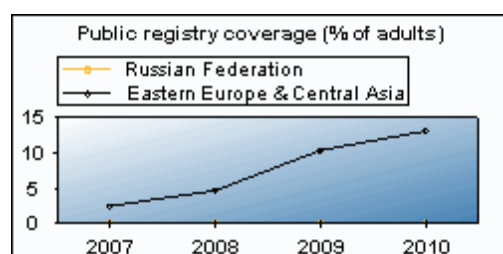
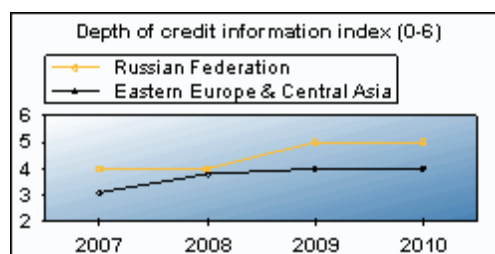
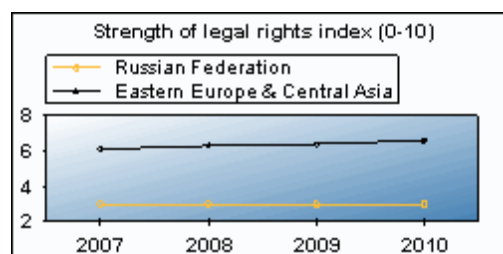
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

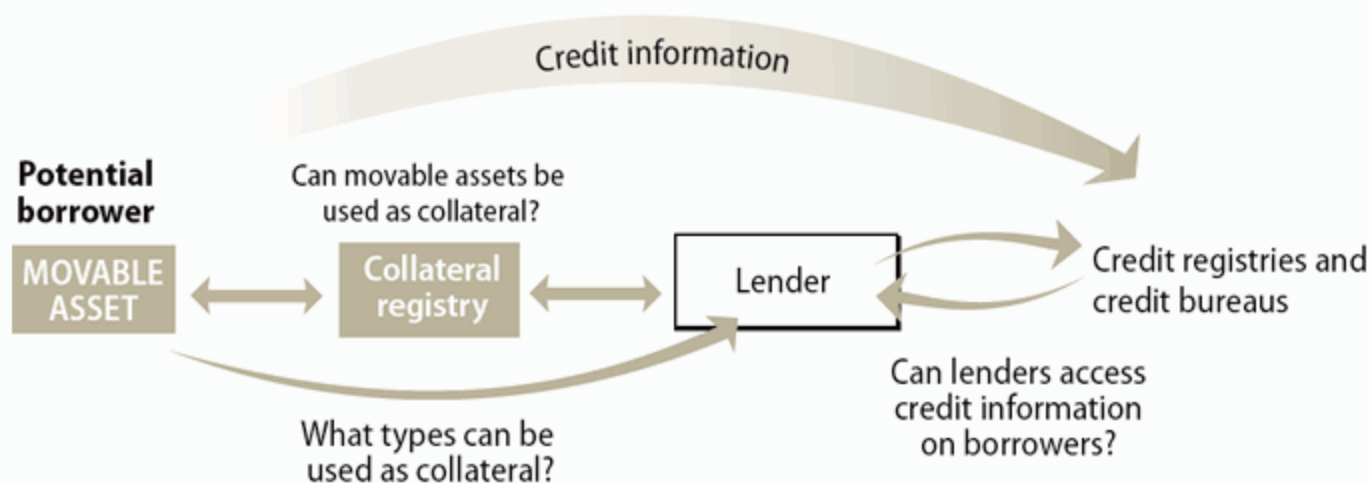
2. Historical data: Getting Credit in Russian Federation

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)	4	4	5	5
Private bureau coverage (% of adults)	4.4	10.0	14.3	14.4
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in Russian Federation over the past 4 years:



Do lenders have credit information on entrepreneurs seeking credit? Is the law favorable to borrowers and lenders using movable assets as collateral?



The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in the Russian Federation.

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	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	14.4	0.0	
Number of individuals	17,200,000		0
Number of firms	75,645		0

Strength of legal rights index (0-10)**3**

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)

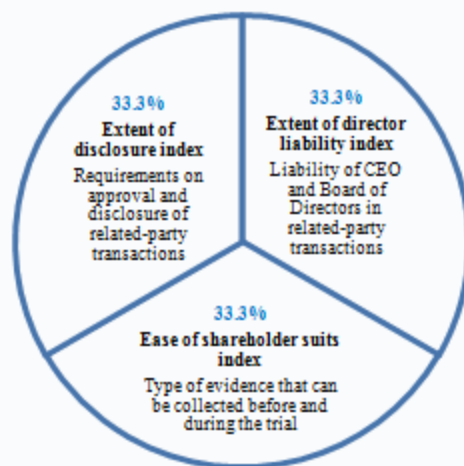
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

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.

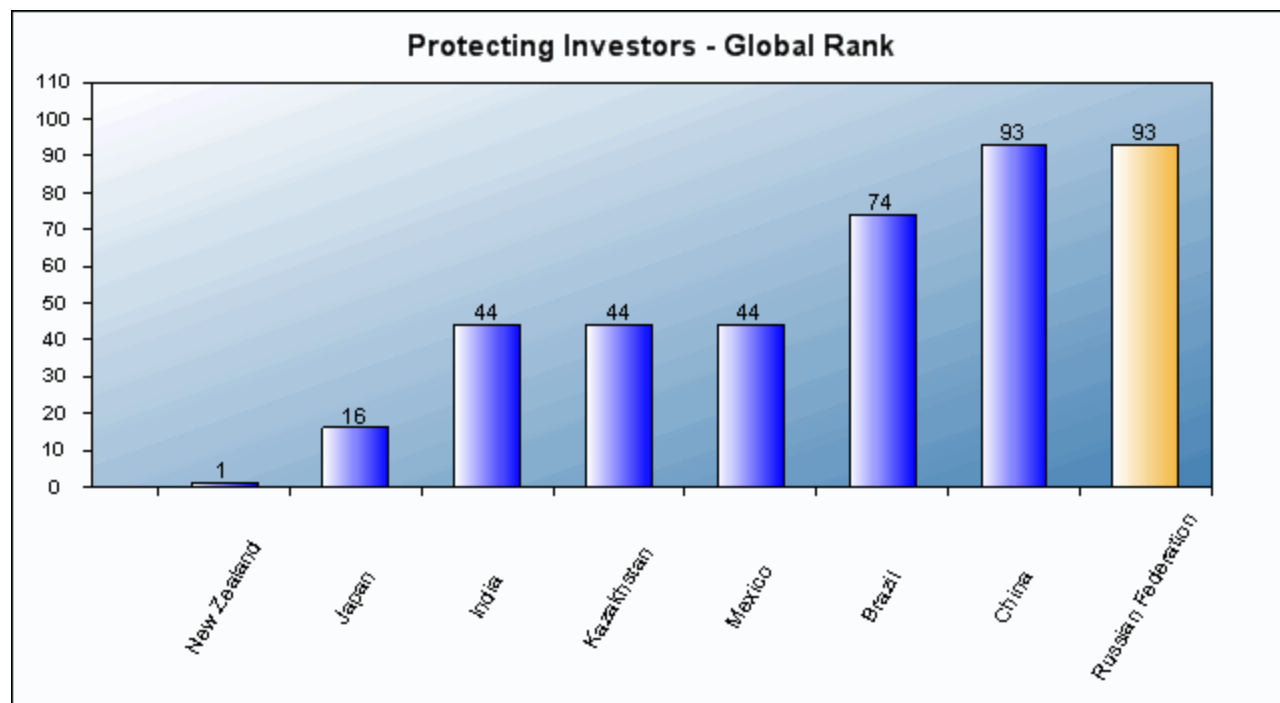
The transaction

- 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:

Russian Federation is ranked 93 overall for Protecting Investors.

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



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

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

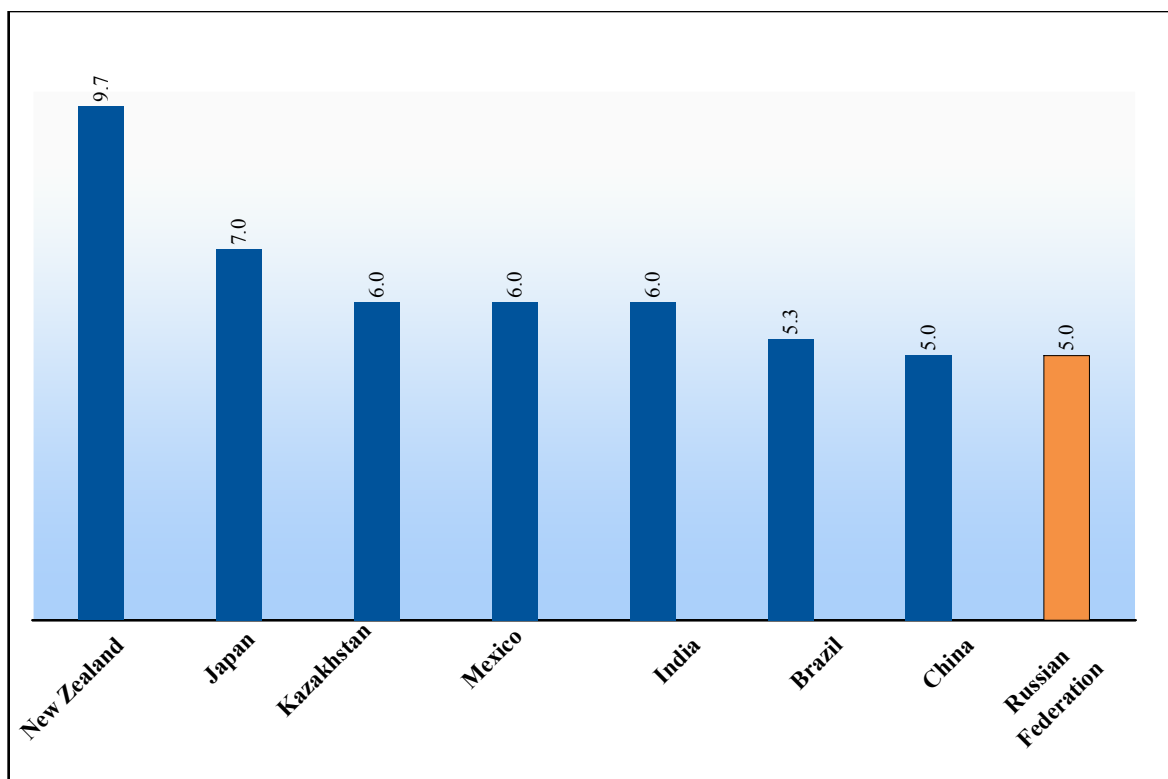
<i>Selected Economy</i>	
Russian Federation	5.0

<i>Comparator Economies</i>	
Brazil	5.3
China	5.0
India	6.0
Japan	7.0
Kazakhstan	6.0
Mexico	6.0

2. Historical data: Protecting Investors in Russian Federation

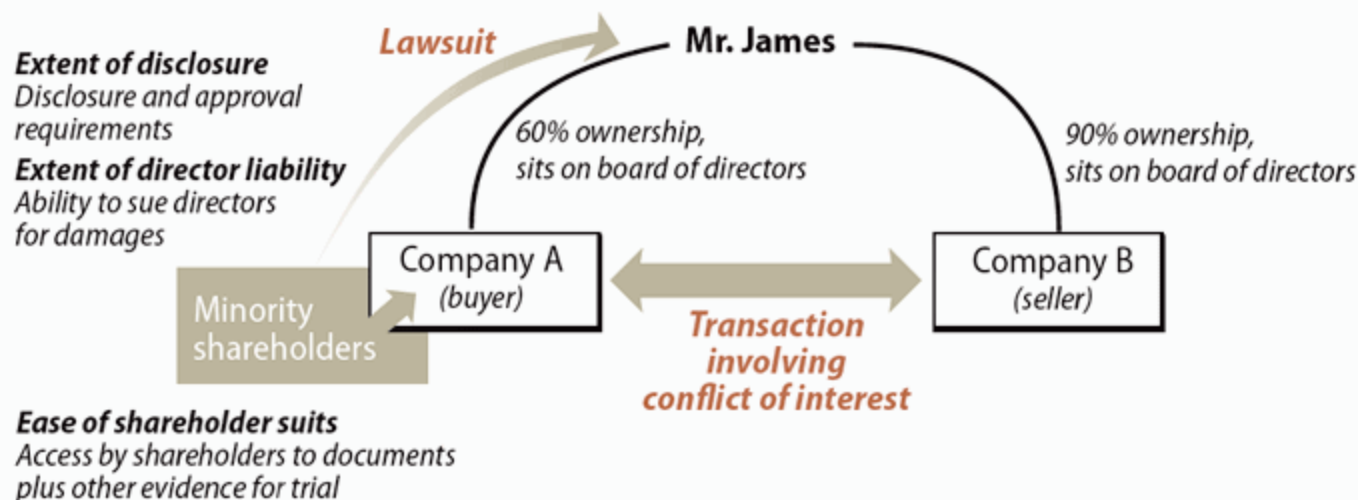
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	93
Strength of investor protection index (0-10)	5.0	5.0	5.0	5.0

3. The following graph illustrates the Protecting Investors index in Russian Federation compared to best practice and selected Economies:



Note: The higher the score, the greater the investor protection.

How well are minority shareholders protected against self-dealing in related-party transactions?



The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in the Russian Federation.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	1
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	2
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	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?	0

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	7
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	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)	5.0

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)

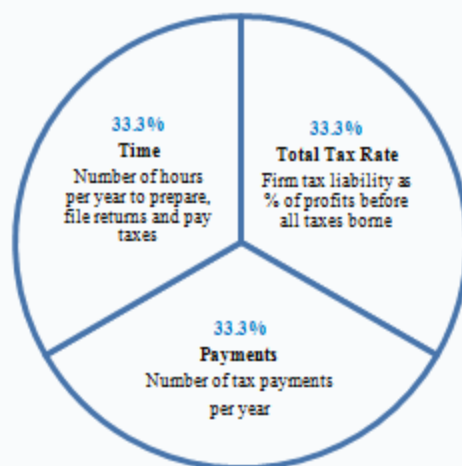
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

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



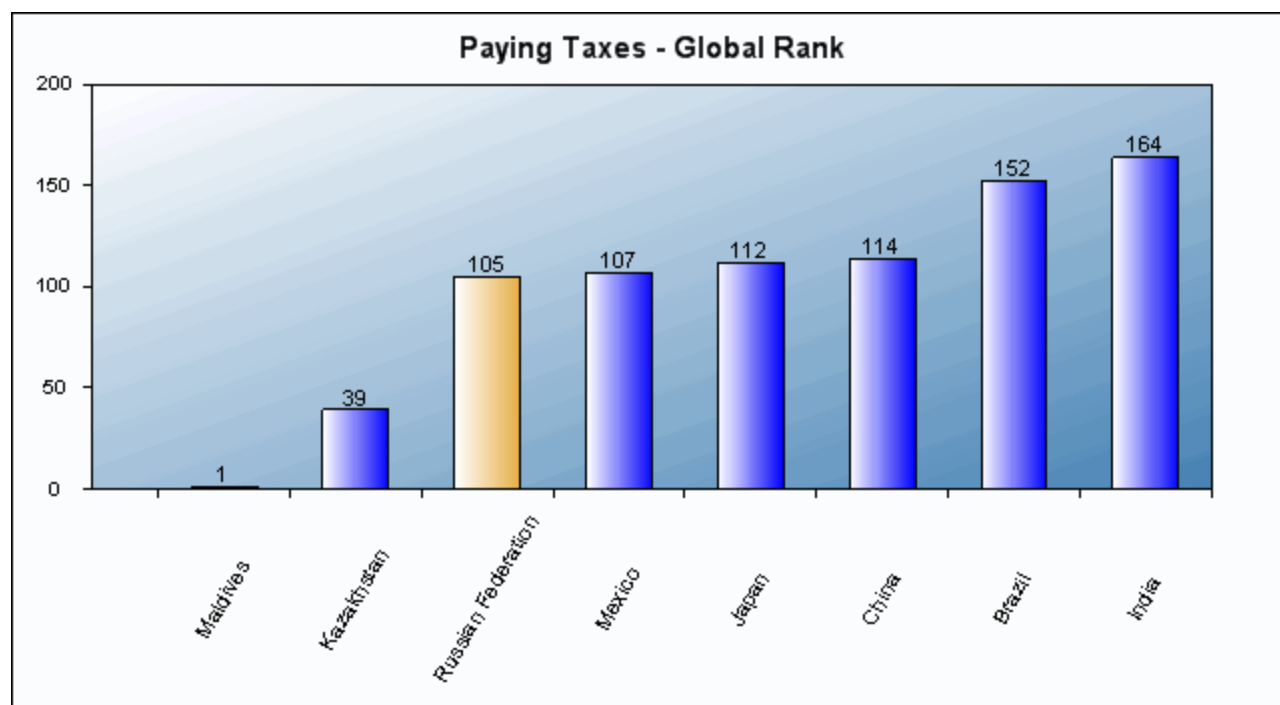
Case Study Assumptions

- 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:

Russian Federation is ranked 105 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Russian Federation 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>			
Russian Federation	11	320	46.5

<i>Comparator Economies</i>			
Brazil	10	2600	69.0
China	7	398	63.5
India	56	258	63.3
Japan	14	355	48.6
Kazakhstan	9	271	29.6
Mexico	6	404	50.5

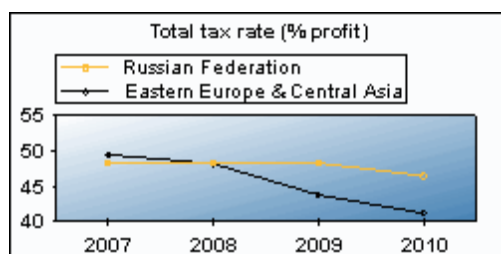
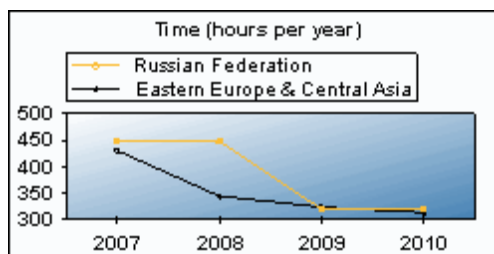
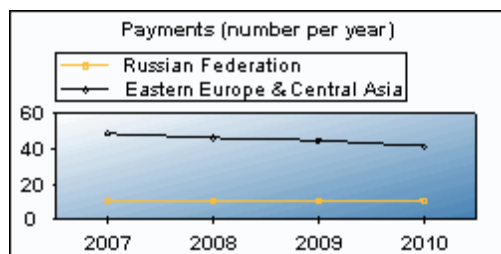
* The following economies are also good practice economies for :

Payments (number per year): Qatar

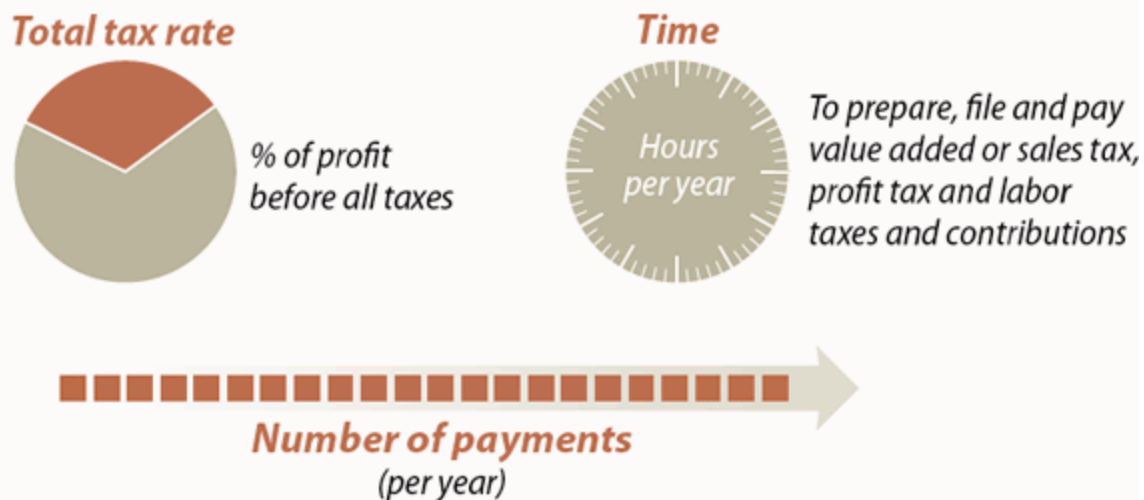
2. Historical data: Paying Taxes in Russian Federation

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	103	105
Total tax rate (% profit)	48.3	48.3	48.3	46.5
Payments (number per year)	11	11	11	11
Time (hours per year)	448	448	320	320

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value Added Tax	1	online filing	64	18.0%	value added		
Environmental tax	1			various rate	level of pollution (fuel consumption)		
Water tax	1			various rates	water resources used		
Stamp duty on contracts	1			various rates	type of contract		
Transport tax	1			various rates	engine capacity of vehicles	0.10	
Land tax	1	online filing		0.3%-1.5%	cadastral value of the land plot	1.00	
Accidents tax	1	online filing		0.2% to 8.5%	gross salaries	2.80	

Property tax	1	online filing		2.2%	book value of property	4.70
Corporate income tax	1	online filing	160	20.0%	taxable profit	9.00
Pension tax	1			14.0%	gross salaries	14.20
Social tax (UST)	1	online filing	96	various rates (26%-2%)	gross salaries	14.80
Totals	11		320			46.5

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)

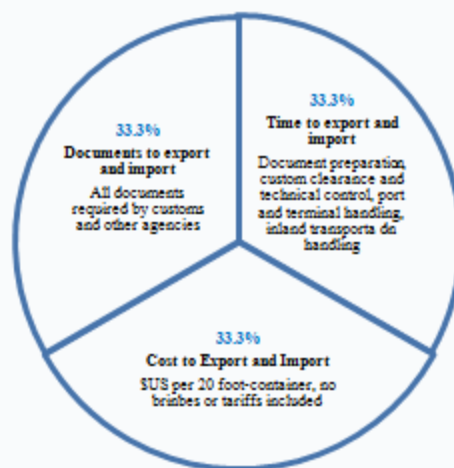
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

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

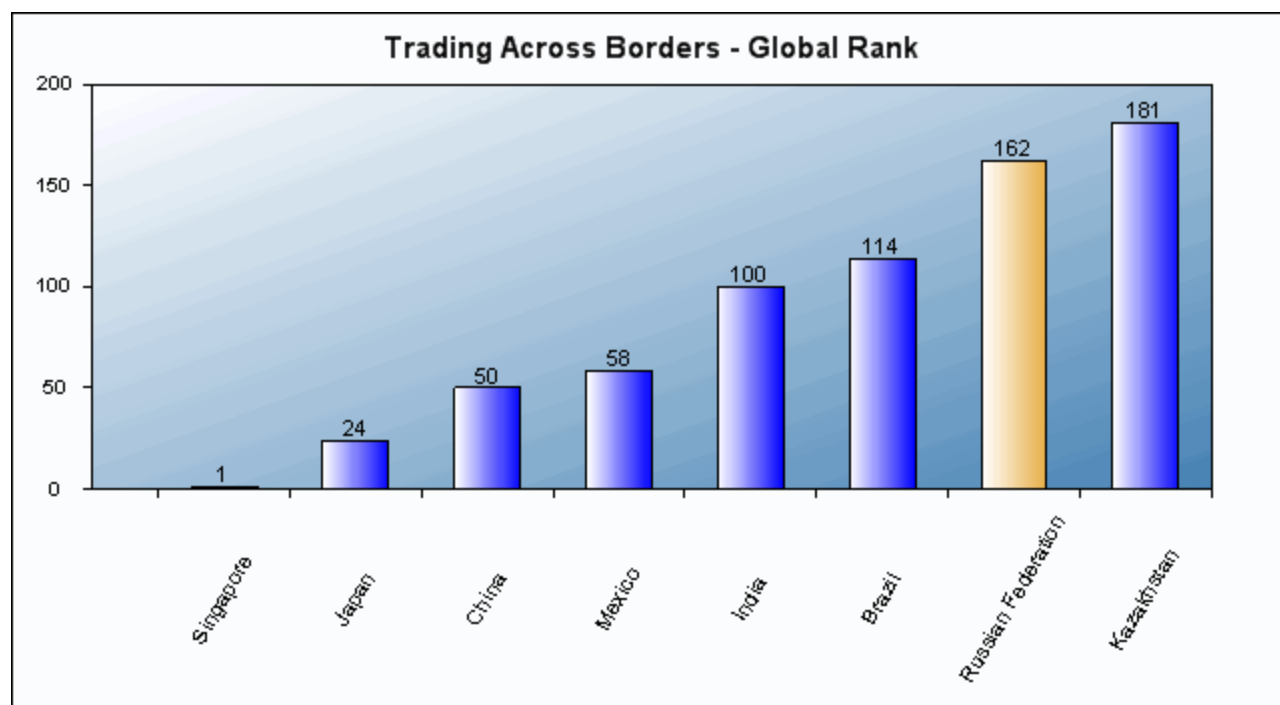
The traded product

- 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:

Russian Federation is ranked 162 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Russian Federation 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>						
Russian Federation	8	36	1850	13	36	1850

<i>Comparator Economies</i>						
Brazil	8	13	1790	7	17	1730
China	7	21	500	5	24	545
India	8	17	1055	9	20	1025
Japan	4	10	1010	5	11	1060
Kazakhstan	10	81	3005	12	67	3055
Mexico	5	12	1420	4	12	1880

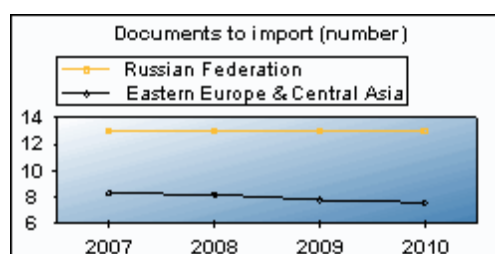
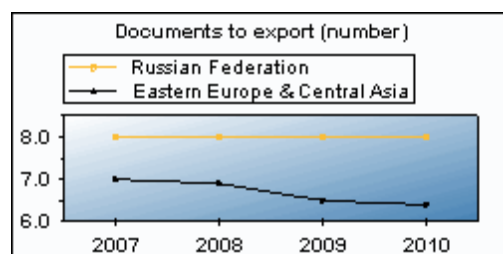
* The following economies are also good practice economies for :

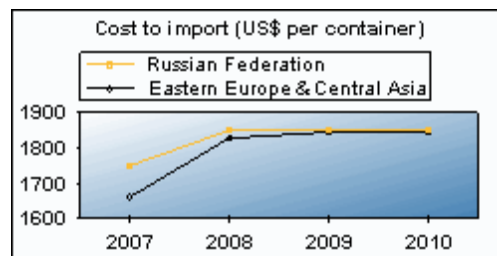
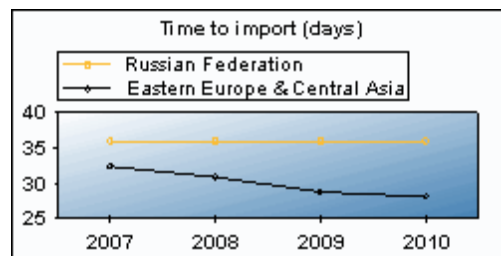
Time to export (days): Estonia

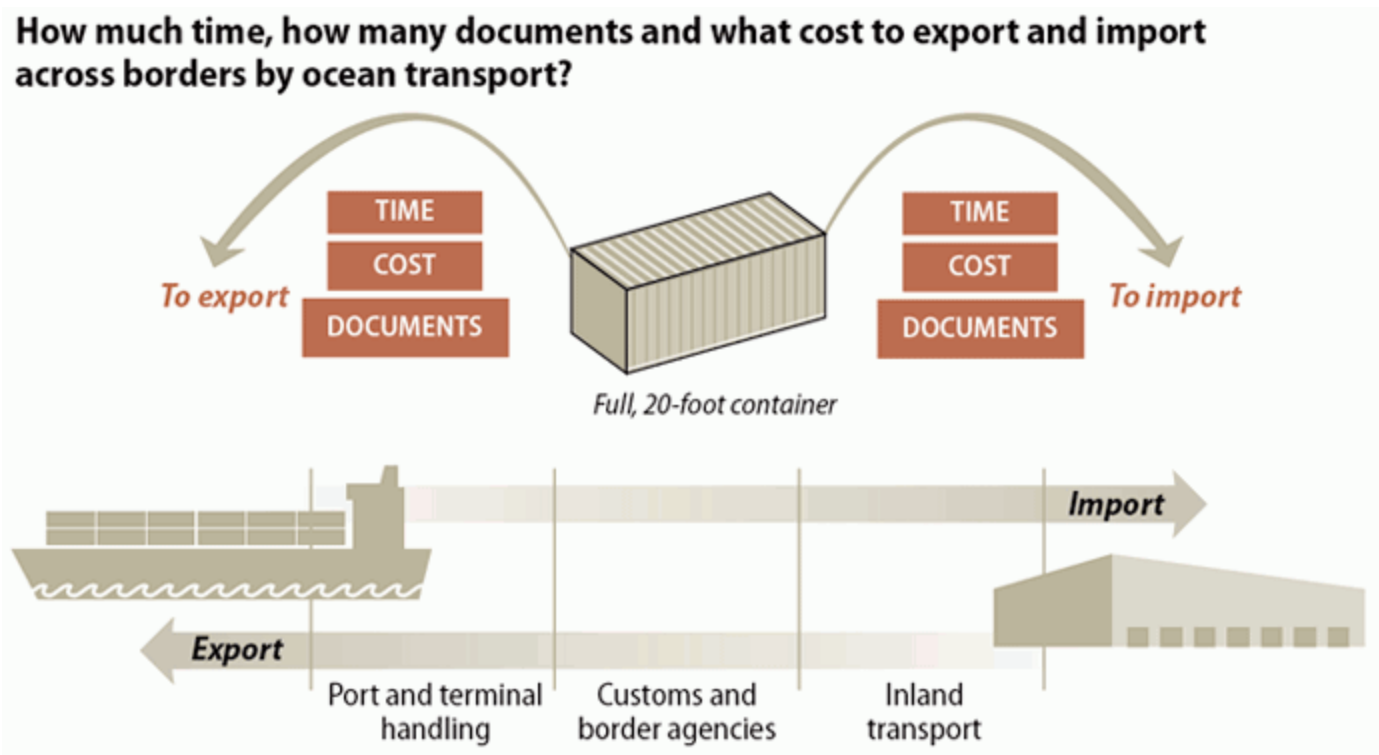
2. Historical data: Trading Across Borders in Russian Federation

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	162	162
Cost to export (US\$ per container)	1750	1850	1850	1850
Cost to import (US\$ per container)	1750	1850	1850	1850
Documents to export (number)	8	8	8	8
Documents to import (number)	13	13	13	13
Time to export (days)	36	36	36	36
Time to import (days)	36	36	36	36

3. The following graphs illustrate the Trading Across Borders sub indicators in Russian Federation over the past 4 years:







These tables list the procedures necessary to import and export a standardized cargo of goods in Russian Federation. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	25	200
Customs clearance and technical control	3	500
Ports and terminal handling	3	250
Inland transportation and handling	5	900
Totals	36	1850

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	25	200
Customs clearance and technical control	4	500
Ports and terminal handling	2	250
Inland transportation and handling	5	900
Totals	36	1850

Documents for Export and Import

Export
Customs export declaration
Inspection report
Packing list
Terminal handling receipts
Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Import
Packing list
Payment documents
Shipment Export Declaration (SED)
Terminal handling receipts
Transaction passport/Passport Sdelki
Commercial invoice
Contract
Convention des Marchandises Routiers (CMR)
Customs Cargo Declaration (CCD)
Customs import declaration
Inspection report
Bill of lading
Cargo release order

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

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Procedures to enforce a contract (number)

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

Time required to complete procedures (calendar days)

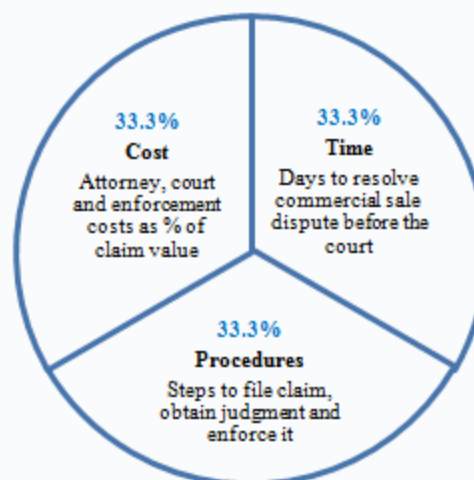
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

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

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators



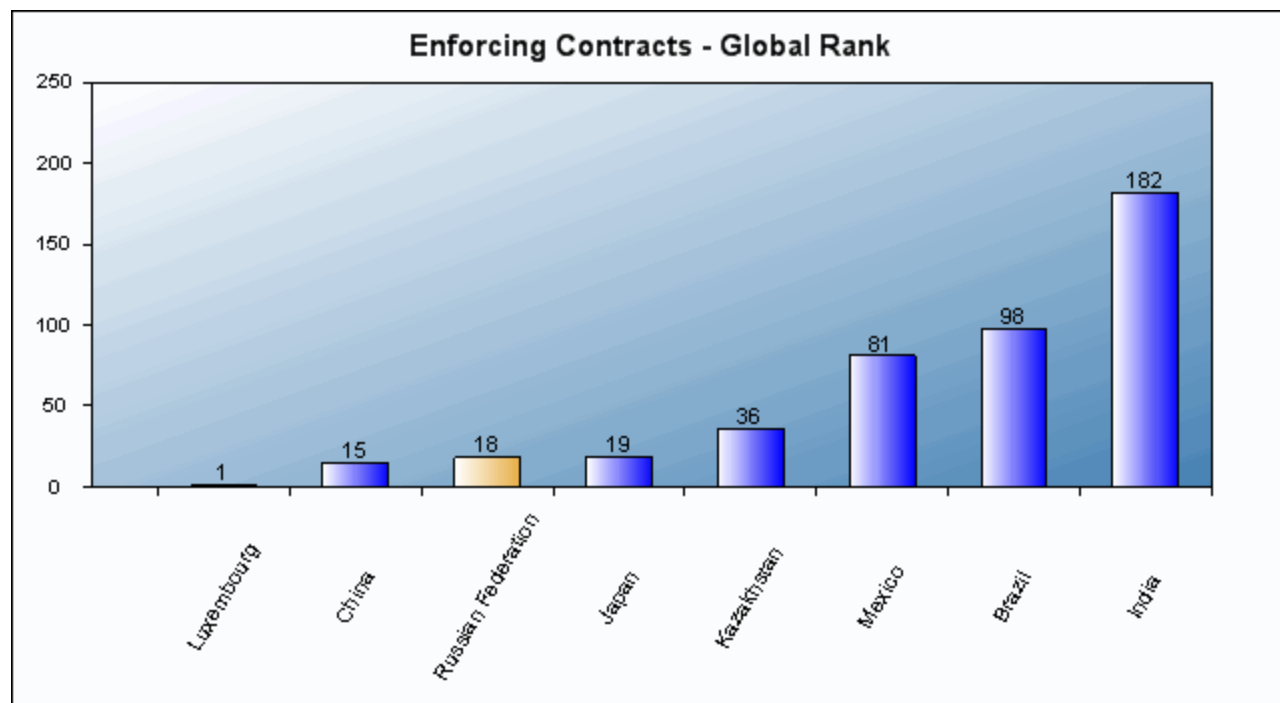
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Russian Federation is ranked 18 overall for Enforcing Contracts.

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



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

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

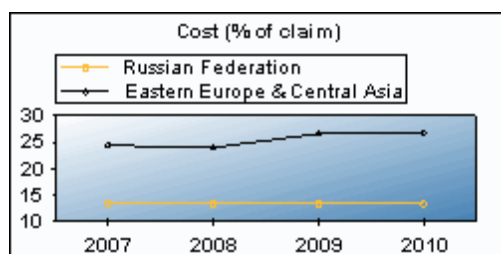
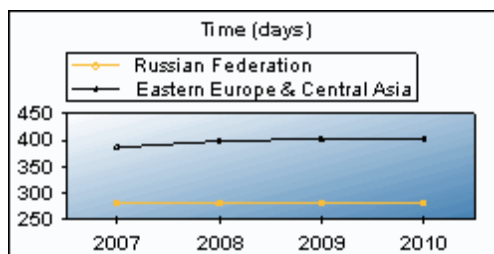
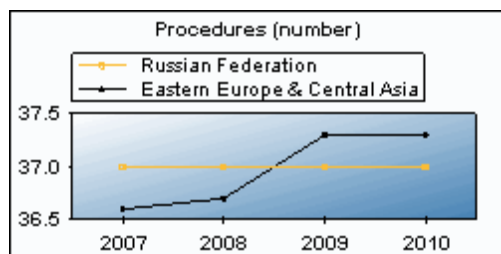
<i>Selected Economy</i>			
Russian Federation	37	281	13.4

<i>Comparator Economies</i>			
Brazil	45	616	16.5
China	34	406	11.1
India	46	1420	39.6
Japan	30	360	22.7
Kazakhstan	38	390	22.0
Mexico	38	415	32.0

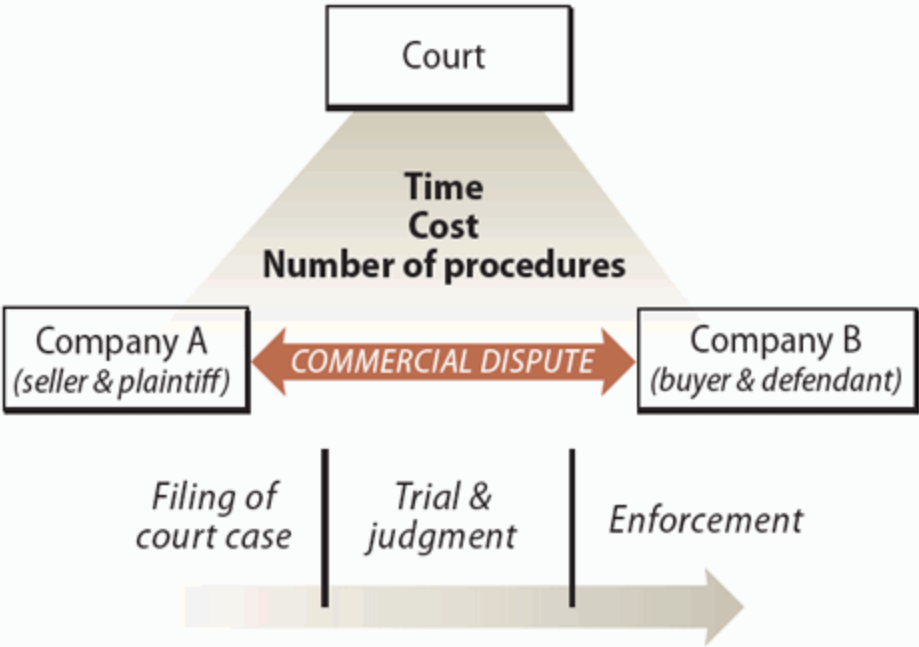
2. Historical data: Enforcing Contracts in Russian Federation

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	18	18
Procedures (number)	37	37	37	37
Time (days)	281	281	281	281
Cost (% of claim)	13.4	13.4	13.4	13.4

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

Nature of Procedure (2010)	Indicator
Procedures (number)	37
Time (days)	281
Filing and service	57.0
Trial and judgment	144.0
Enforcement of judgment	80.0
Cost (% of claim)*	13.40
Attorney cost (% of claim)	10.0
Court cost (% of claim)	3.4
Enforcement Cost (% of claim)	0.0

Court information: Moscow Commercial Court ("Арбитражный суд г.Москвы")

* 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

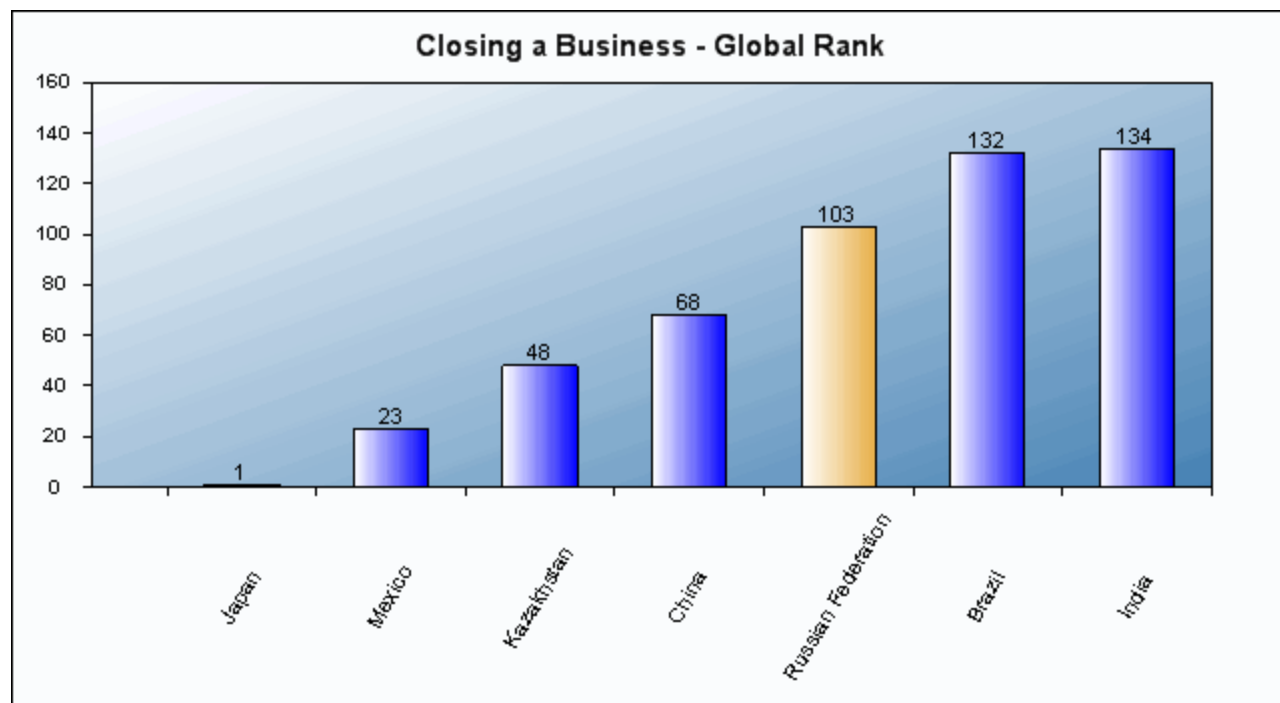
The Company

- 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:

Russian Federation is ranked 103 overall for Closing a Business.

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



The following table shows Closing Business data for Russian Federation 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>			
Russian Federation	25.3	3.8	9

<i>Comparator Economies</i>			
Brazil	17.1	4.0	12
China	36.4	1.7	22
India	16.3	7.0	9
Japan	92.7	0.6	4
Kazakhstan	43.3	1.5	15
Mexico	66.7	1.8	18

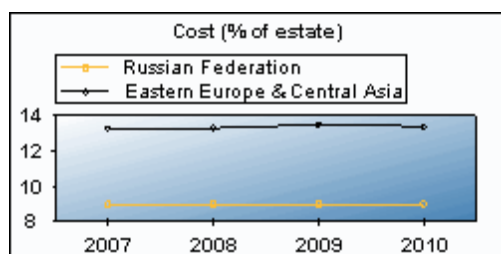
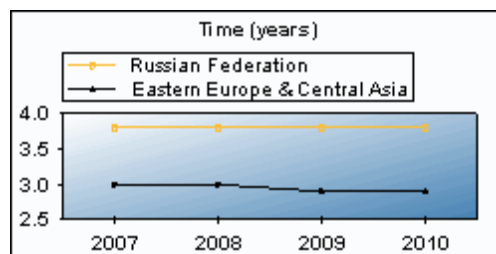
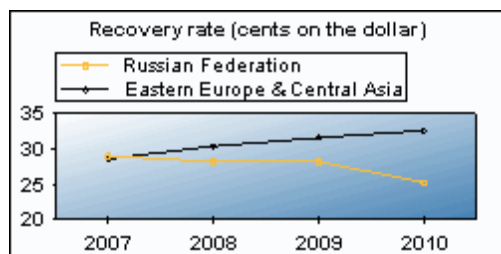
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Russian Federation

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	93	103
Time (years)	3.8	3.8	3.8	3.8
Cost (% of estate)	9	9	9	9
Recovery rate (cents on the dollar)	29.0	28.2	28.2	25.3

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





Doing Business 2011 Business Reforms

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	<div><div> Positive Change</div><div> Negative Change</div></div>								
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Kazakhstan	✓	✓			✓		✓		
Rwanda		✓		✓			✓		
Peru	✓	✓	✓				✓		
Vietnam	✓	✓		✓					
Cape Verde	✓		✓				✓		
Tajikistan	✓				✓		✓		
Zambia	✓						✓	✓	
Hungary		✓	✓				✓		✓
Grenada	✓		✓				✓		
Brunei Darussalam	✓						✓	✓	

* 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.

Brazil	Brazil eased business start-up by further enhancing the electronic synchronization between federal and state tax authorities.
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.
China	China's new corporate income tax law unified the tax regimes for domestic and foreign enterprises and clarified the calculation of taxable income for corporate income tax purposes.
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.
India	India eased business start-up by establishing an online VAT registration system and replacing the physical stamp previously required with an online version. India reduced the administrative burden of paying taxes by abolishing the fringe benefit tax and improving electronic payment.
Japan	Japan made it easier to deal with insolvency by establishing a new entity, the Enterprise Turnaround Initiative Corporation, to support the revitalization of companies suffering from excessive debt but professionally managed.
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.
Mexico	Mexico launched an online one-stop shop for initiating business registration. Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities. Mexico increased taxes on companies by raising several tax rates, including the corporate income tax and the rate on cash deposits. At the same time, the administrative burden was reduced slightly with more options for online payment and increased use of accounting software.
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.
Russian Federation	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.

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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