

Doing Business 2010

Russian Federation

COMPARING REGULATION IN 183 ECONOMIES



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Introduction

Doing Business 2010: Reforming Through Difficult Times is the seventh 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 10 stages of a business's life are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2010: Reforming Through Difficult Times* are current as of June 1, 2009*. 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, 27 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for the Russian Federation. The data used for this country 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 2010: Reforming Through Difficult Times* 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).

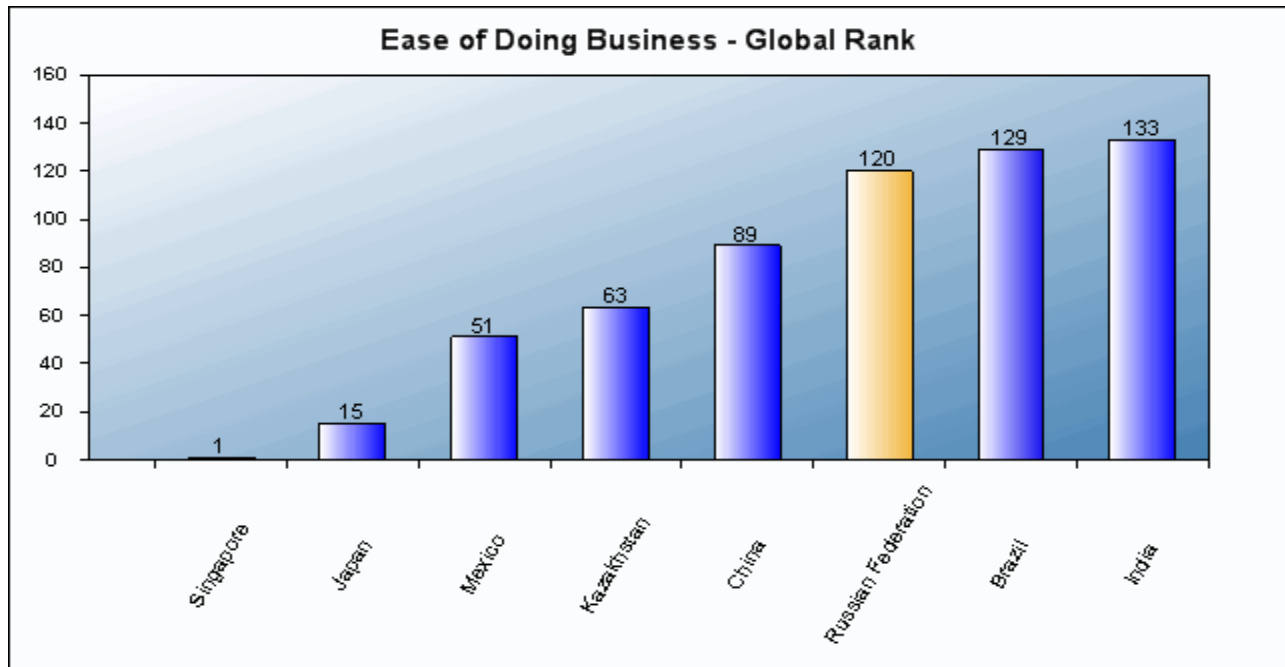
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

Note: Doing Business 2008 and Doing Business 2009 data and rankings have been recalculated to reflect changes to the methodology and the addition of new countries (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Russian Federation is ranked 120 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 2010

Rank	Doing Business 2010
Ease of Doing Business	120
Starting a Business	106
Dealing with Construction Permits	182
Employing Workers	109
Registering Property	45
Getting Credit	87
Protecting Investors	93
Paying Taxes	103
Trading Across Borders	162
Enforcing Contracts	19
Closing a Business	92

Summary of Indicators - Russian Federation

Starting a Business	Procedures (number)	9
	Time (days)	30
	Cost (% of income per capita)	2.7
	Min. capital (% of income per capita)	1.8
Dealing with Construction Permits	Procedures (number)	54
	Time (days)	704
	Cost (% of income per capita)	2140.7
Employing Workers	Difficulty of hiring index (0-100)	33
	Rigidity of hours index (0-100)	40
	Difficulty of redundancy index (0-10)	40
	Rigidity of employment index (0-100)	38
	Redundancy costs (weeks of salary)	17
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)	14.3
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 (%)	10.9
	Labor tax and contributions (%)	31.8
	Other taxes (%)	5.7
	Total tax rate (% profit)	48.3

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)	28.2
	Time (years)	3.8
	Cost (% of estate)	9

Starting a Business

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed up the process or may decide to run their businesses informally.

Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

Methodology

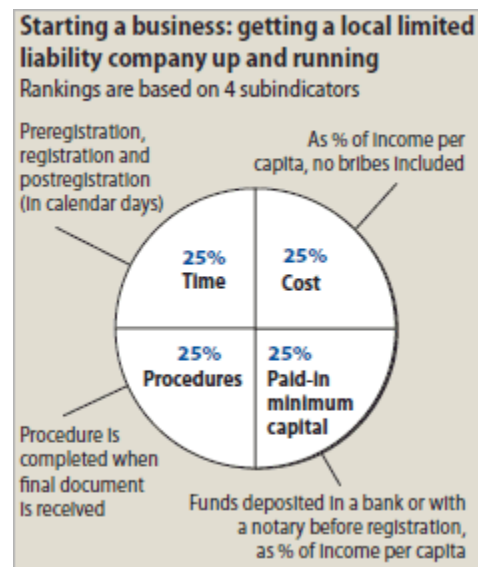
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

Survey Case Study

The business:

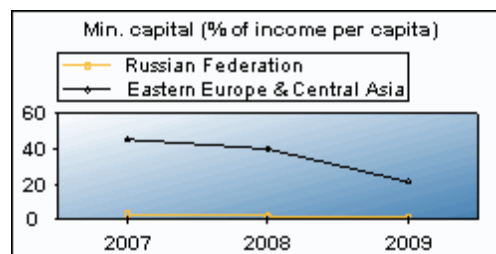
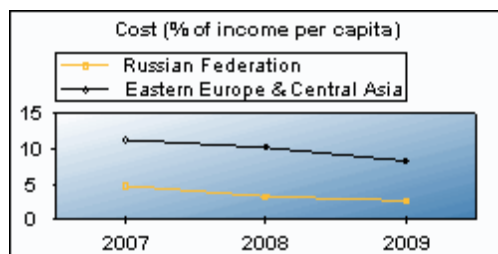
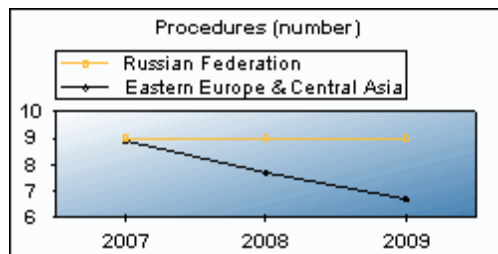
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not qualify for any special benefits
- does not own real estate



1. Historical data: Starting a Business in the Russian Federation

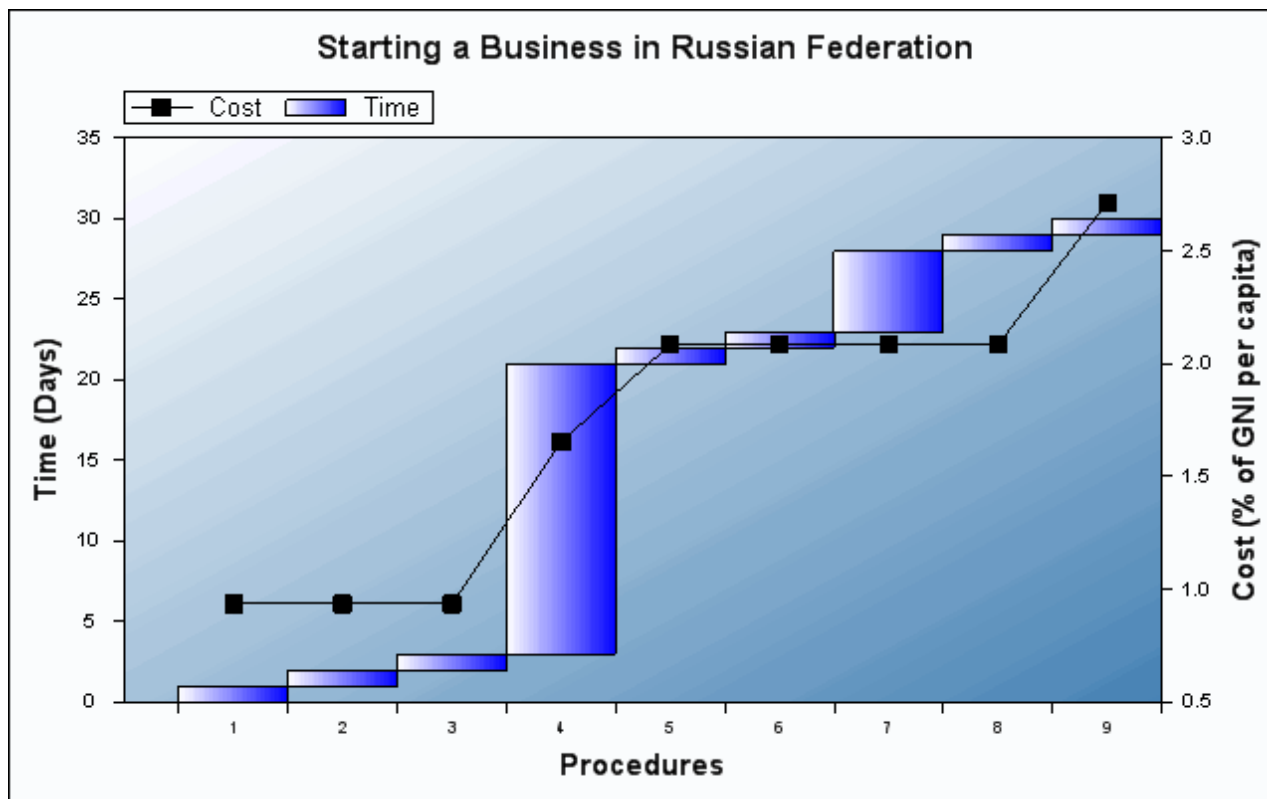
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	88	106
Procedures (number)	9	9	9
Time (days)	30	30	30
Cost (% of income per capita)	4.8	3.3	2.7
Min. capital (% of income per capita)	3.2	2.2	1.8

2. The following graphs illustrates the Starting a Business indicators in the Russian Federation over the past 3 years:



3. Steps to Starting a Business in the Russian Federation

It requires 9 procedures, takes 30 days, and costs 2.72 % GNI per capita to start a business in the Russian Federation.



List of Procedures:

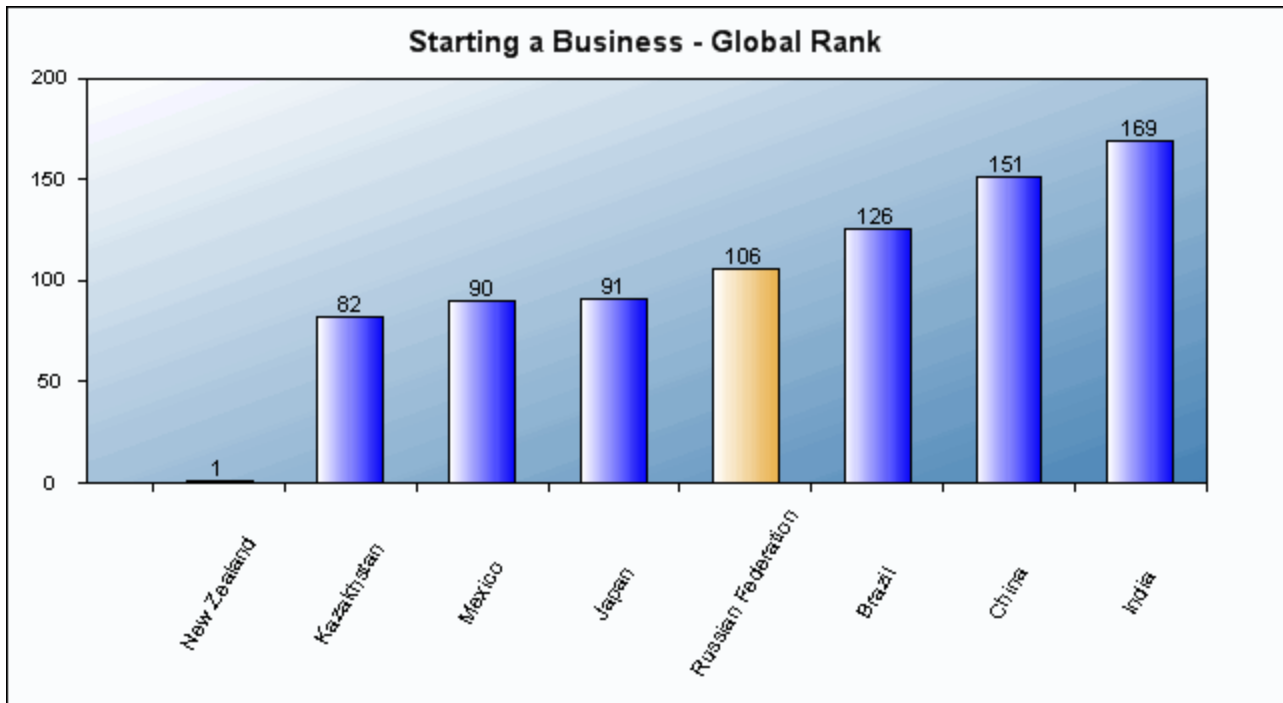
1. Notarize foundation documents
2. Deposit capital in the bank and get proof thereof
3. Pay registration fee
4. Register with the unified register at the Federal Tax Service on the local level, to obtain the single number of state registration and the number of tax registration (identification number of taxpayer, INN); register with the State Pension Fund, the State
5. Notarize Registration Certificate, Tax Payer Identification Number Certificate and Bank SignatureCard.
6. Open the company bank account
7. Inform Federal Tax Service of the company bank account number and obtain a special letter of confirmation
8. Register the company with Moscow Center of Quotation of Work Places
9. Register seal with the local Registration Chamber

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Russian Federation is ranked 106 overall for Starting a Business.

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



The following table shows Starting a Business data for the 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	2.7	1.8

<i>Comparator Economies</i>				
Brazil	16	120	6.9	0.0
China	14	37	4.9	130.9
India	13	30	66.1	210.9
Japan	8	23	7.5	0.0
Kazakhstan	7	20	4.8	13.4
Mexico	8	13	11.7	8.9

* The following economies are also good practice economies for :

Procedures (number): Canada

Cost (% of income per capita): Slovenia

Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure from government to comply with inspections, with licensing and safety regulations, from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many economies, especially poor 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.

Methodology

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

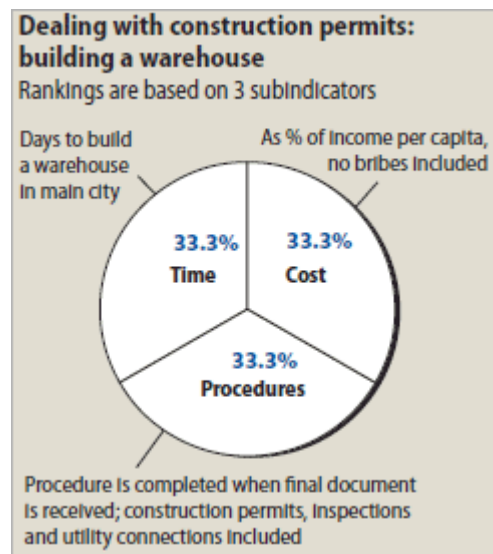
Survey Case Study

The business:

- is a small to medium-size limited liability company
- is located in the largest business city
- is domestically owned and operated, in the construction business
- has 20 qualified employees

The warehouse to be built:

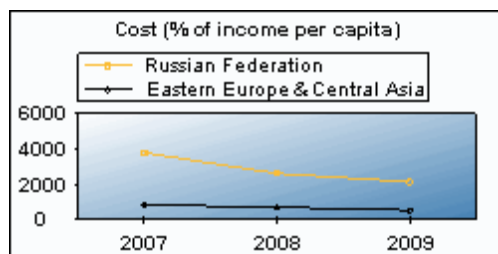
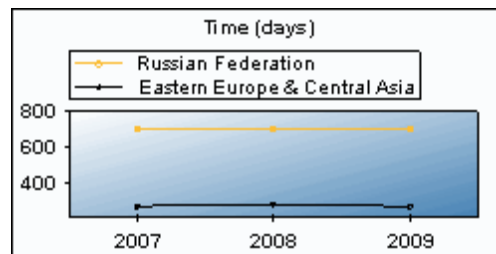
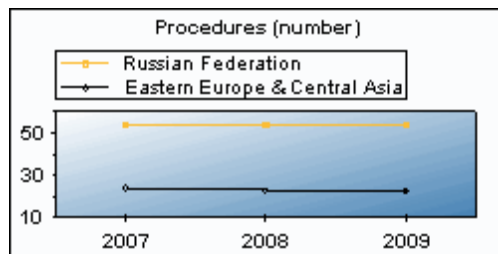
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).



1. Historical data: Dealing with Construction Permits in the Russian Federation

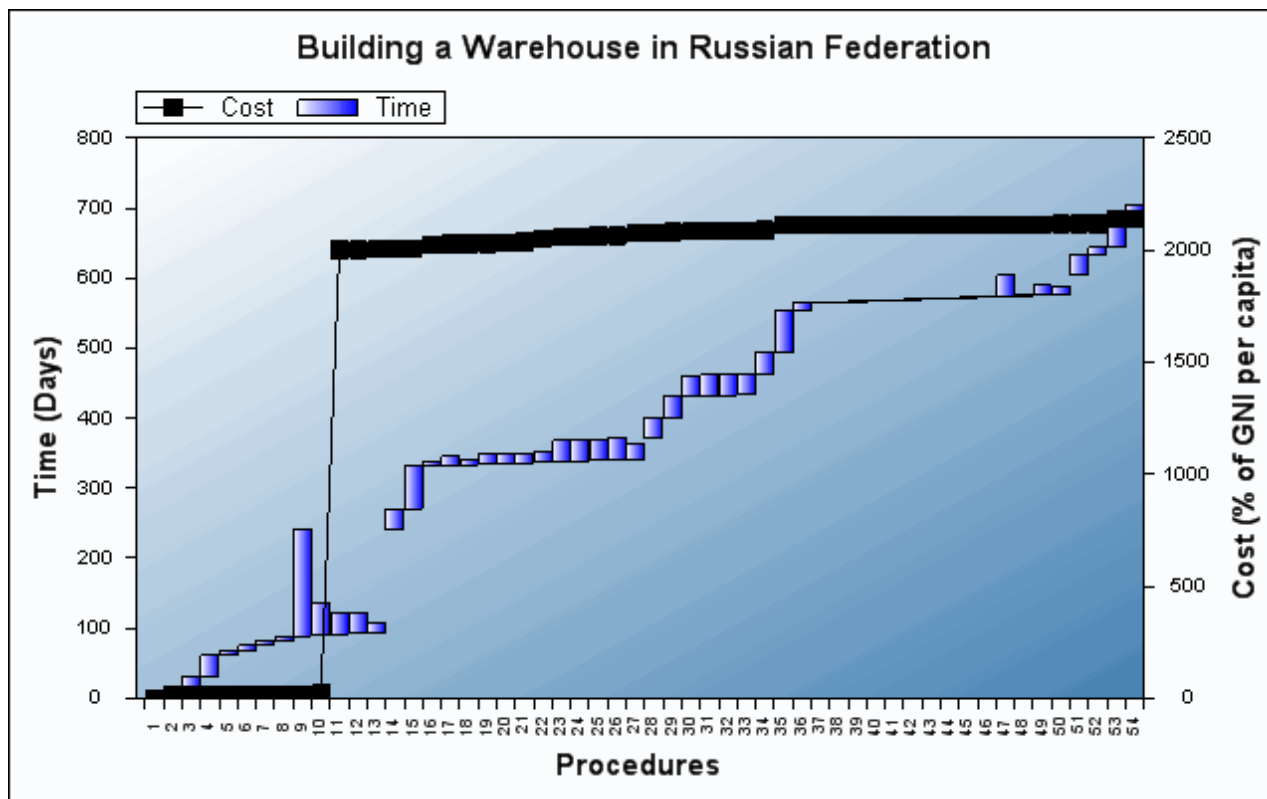
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	182	182
Procedures (number)	54	54	54
Time (days)	704	704	704
Cost (% of income per capita)	3788.4	2612.7	2140.7

2. The following graphs illustrates the Dealing with Construction Permits indicators in the Russian Federation over the past 3 years:



3. Steps to Building a Warehouse in the Russian Federation

It requires 54 procedures, takes 704 days, and costs 2,140.69 % GNI per capita to build a warehouse in the Russian Federation.



List of Procedures:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Submit application to obtain Act of Permission for Use (API) to Department of City Planning Documentation Development at the Architecture and City Planning Committee of Moscow (Moskomarchitectura). 2. Request and obtain Situation Plan of District and Conclusion for a District Land Commission from Architecture Planning Department (APD) 3. Request and obtain Conclusion from Territorial Union of Land Use Regulation (TOP3) 4. Request and obtain Decision by District Land Commission on Land Plot Provision and City Planning Regulation 5. Request and obtain clearance of draft Disposition of Prefect with Architecture Planning Department (APD) 6. Request and obtain clearance of draft Disposition of Prefect with Local Government 7. Request and obtain clearance of draft Disposition with Territory union of land use regulation (TOP3) | <ol style="list-style-type: none"> 8. Request and obtain the Disposition on Preparation of Act of Permission for Use (API) by Prefect. 9. Request and obtain Conclusion on compliance of proposed object with specified city planning and territory use regulations 10. Request and obtain technical conditions from water and sewage services 11. Request and obtain technical conditions to connect to electricity with MosEnergO 12. Request and obtain technical conditions to connect to telephone line 13. Request and obtain approval from Moskomarchitectura on engineering supply of the facility 14. Request and obtain Act of Permission for Use (API) from Committee on Architecture and City Planning – Moskomarchitectura 15. Request and obtain Disposition of Prefect on Inception of Construction Designing (Decision on Construction) |
|--|---|

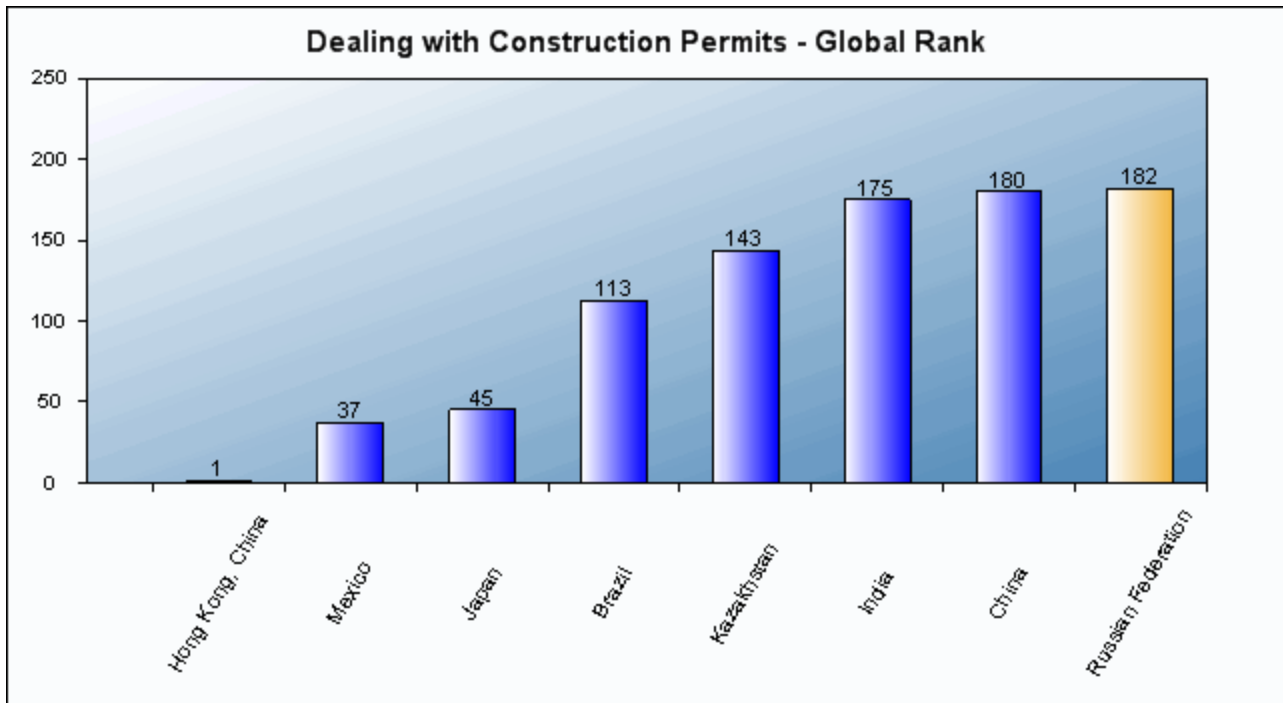
16. Request and obtain the approval of conditions for designs by Department of Well-Being of Moscomarchitectura
17. Request and obtain the approval of conditions for designs by Department of Preparation of Project Approvals of (No Suggestions)
18. Request and obtain approval of conditions for designs by Local Government
19. Request and obtain approval of conditions for designs by Prefect's Office
20. Request and obtain approval of conditions for designs by Emergency Situation and Civil Defense Department
21. Request and obtain approval of conditions for designs by Moscow State Expertise
22. Request and obtain Act of Moscow Geological - Geodesic Department
23. Request and obtain approval of conditions for designs with Sanitary Services (Rospotrebnadzor)
24. Request and obtain the approval on transport routes from Moscow City Transport Agency
25. Request and obtain the approval from State Inspection of Road Safety (GIBBD)
26. Request and obtain the approval from Department of Comprehensive Well-Being of City
27. Request and obtain the approval from Department of Nature Use under State Ecological Expertise
28. Request and obtain Sketch No. 2 from Moscow Geological Institute
29. Request and obtain approval of Sketch No. 2 with Moscow Architecture Committee
30. Request and obtain the construction passport from Moscow City Geological Unit
31. Request and obtain approval of Volumes of «Outline of Construction Arrangement» and «GenPlan» from Moscomarchitectura Committee
32. Request and obtain approval of Volumes of «Outline of Construction Arrangement» and «GenPlan» from Prefecture
33. Request and obtain approval of Volumes of «Outline of Construction Arrangement» and «GenPlan» from GenPlan Institute
34. Request and obtain Regulation No. 2 and Certificate of approval of Architectural City Planning Decision.
35. Request and obtain approval on project by Moscow State Expertise
36. Request and obtain Permission for construction
37. Receive inspection from Inspection on Architecture and Construction Supervision during foundation works
38. Receive inspection from Inspection on Architecture and Construction Supervision during structure works
39. Receive inspection from Inspection on Architecture and Construction Supervision during engineering works
40. Receive inspection by Union of Administrative Technical Inspection (UATI) - I
41. Receive inspection by Union of Administrative Technical Inspection (UATI) - II
42. Receive inspection by Union of Administrative Technical Inspection (UATI) - III
43. Receive inspection by Union of Administrative Technical Inspection (UATI) - IV
44. Receive inspection by Union of Administrative Technical Inspection (UATI) - V
45. Receive inspection by Union of Administrative Technical Inspection (UATI) - VI
46. Receive inspection by Union of Administrative Technical Inspection (UATI) - VII
47. Connect to water services
48. Request and receive inspection from Energy Supervision
49. Connect to electricity –sign agreement with «Energosbyt»
50. Request and connect to telephone services
51. Request and convene Acceptance Commission
52. Request and receive the Disposition on operation of building (Occupancy Permit)
53. Request and receive Plans from Bureau of Technical Inventory (BTI)
54. Register the building after completion

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

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

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.6
Singapore		25	

<i>Selected Economy</i>			
Russian Federation	54	704	2140.7

<i>Comparator Economies</i>			
Brazil	18	411	50.6
China	37	336	579.2
India	37	195	2394.9
Japan	15	187	19.3
Kazakhstan	37	211	119.7
Mexico	12	138	113.1

Employing Workers

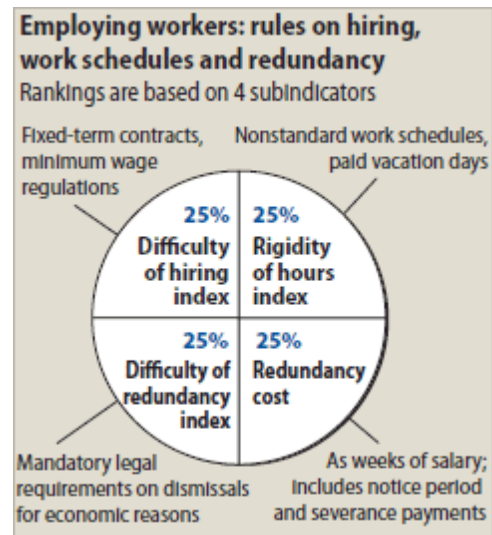
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws.

Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. Doing Business measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the conventions of the International Labour Organization (ILO). An economy can have the most flexible labor regulations as measured by Doing Business while ratifying and complying with all conventions directly relevant to the factors measured by Doing Business and with the ILO core labor standards. No economy can achieve a better score by failing to comply with these conventions.

Governments all over the world face the challenge of finding the right balance between worker protection and labor market flexibility. But in developing countries especially, regulators often err to one extreme, pushing employers and workers into the informal sector. Analysis across economies shows that while employment regulation generally increases the tenure and wages of incumbent workers, overly rigid regulations may have undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills, all of which may reduce productivity growth.

Methodology

Two measures are presented: a rigidity of employment index and a redundancy cost measure. The rigidity of employment index is the average of three sub-indices: difficulty of hiring, rigidity of hours and difficulty of redundancy. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek taking into account legal provisions that refer specifically to small to medium-size companies in the manufacturing industry in which continuous operation is economically necessary, as well as mandated days of annual leave with pay. The difficulty of redundancy index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.



The Redundancy cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

Survey Case Study

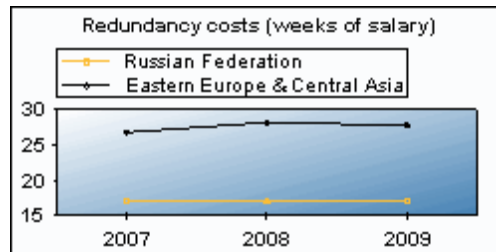
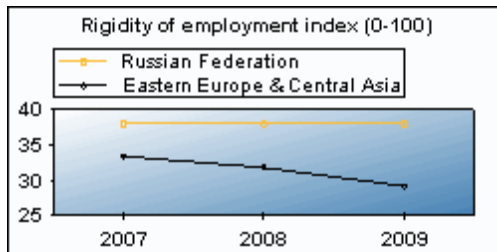
The business:

- is a limited liability company operating in the manufacturing sector
- is located in the largest business city
- is 100% domestically owned
- has 60 employees
- The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

1. Historical data: Employing Workers in the Russian Federation

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	104	109
Redundancy costs (weeks of salary)	17	17	17
Rigidity of employment index (0-100)	38	38	38

2. The following graphs illustrates the Employing Workers indicators in the Russian Federation over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Russian Federation is ranked 109 overall for Employing Workers.

Ranking of the Russian Federation in Employing Workers - Compared to good practice and selected economies:



The following table shows Employing Workers data for the Russian Federation compared to good practice and comparator economies:

Good Practice Economies	Rigidity of employment index (0-100)	Redundancy costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

<i>Selected Economy</i>		
Russian Federation	38	17

<i>Comparator Economies</i>		
Brazil	46	46
China	31	91
India	30	56
Japan	16	4
Kazakhstan	17	9
Mexico	41	52

* The following economies are also good practice economies for :

Rigidity of employment index (0-100): Australia, Brunei Darussalam, Kuwait, Marshall Islands, Singapore, St. Lucia, Uganda, United States

Redundancy costs (weeks of salary): Denmark, Iraq, Marshall Islands, Micronesia, Fed. Sts., Palau, Puerto Rico, Tonga, United States

Registering Property

Formal property titles help promote the transfer of land, encourage investment and give entrepreneurs access to formal credit markets. But a large share of property in developing economies is not formally registered. Informal titles cannot be used as security in obtaining loans, which limits financing opportunities for businesses. Many governments have recognized this and started extensive property titling programs. But bringing assets into the formal sector is only part of the story. The more difficult and costly it is to formally transfer property, the greater the chances that formalized titles will quickly become informal again. Eliminating unnecessary obstacles to registering and transferring property is therefore important for economic development.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

Methodology

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name. The property of land and building will be transferred in its entirety. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most economies the data are based on responses from both. Based on the responses, three indicators are constructed:

- number of procedures to register property
- time to register property (in calendar days)
- official costs to register property (as a percentage of the property value)

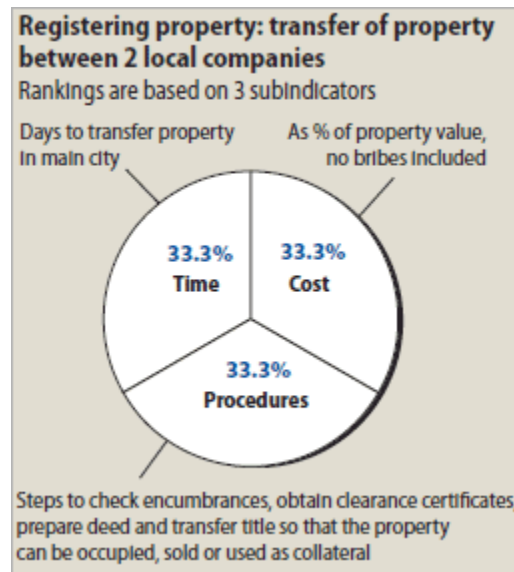
Survey Case Study

The buyer and seller:

- are limited liability companies
- are private nationals (no foreign ownership)
- are located in periurban area of the largest business city
- conduct general commercial activities

The property:

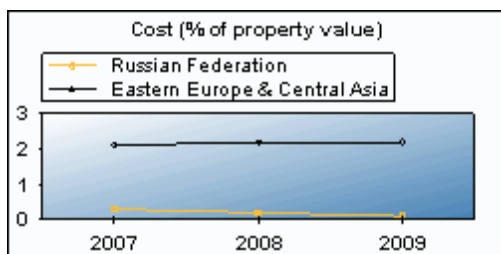
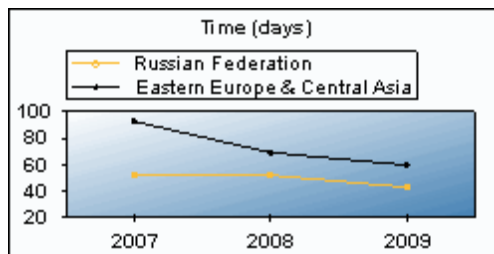
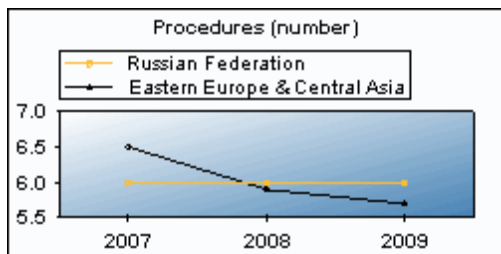
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller company owned the property for the last 10 years.
- is registered in the land registry and/or cadastre and is free of all disputes.



1. Historical data: Registering Property in the Russian Federation

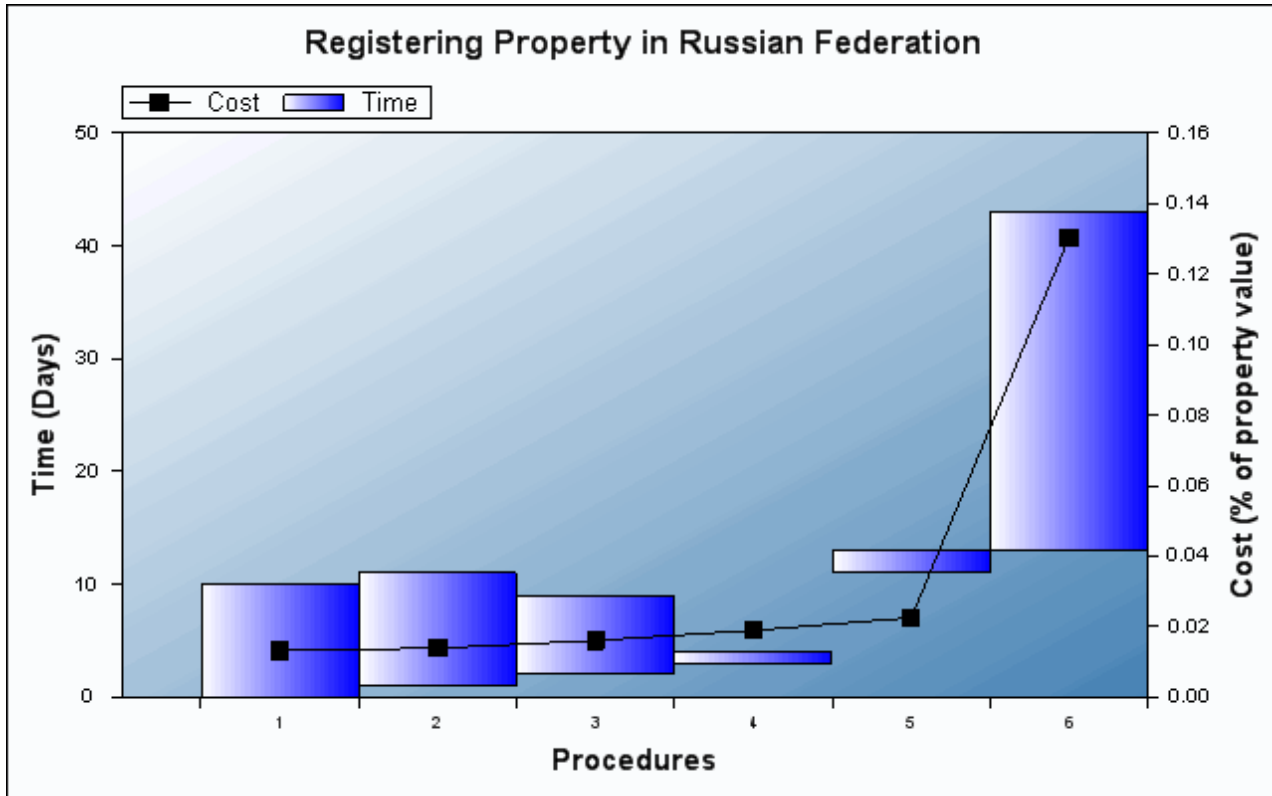
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	49	45
Procedures (number)	6	6	6
Time (days)	52	52	43
Cost (% of property value)	0.3	0.2	0.1

2. The following graphs illustrates the Registering Property indicators in the Russian Federation over the past 3 years:



3. Steps to Registering Property in the Russian Federation

It requires 6 procedures, takes 43 days, and costs 0.13 % of property value to register the property in the Russian Federation.



List of Procedures:

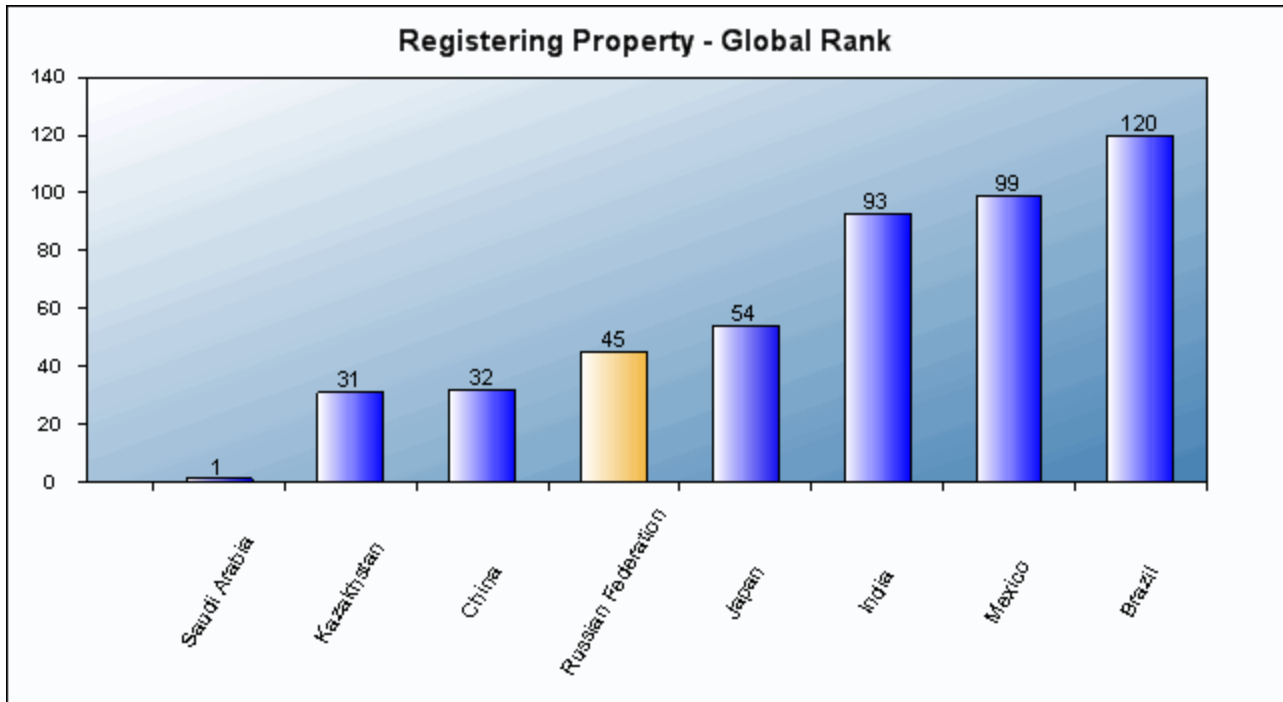
1. Seller obtains the cadastral passport at the Bureau of Technical Inventory (BTI)
2. Seller obtains the cadastral passport at the Committee for Land Resources and Land Management
3. Seller obtains the extracts from the Unified State Register of Real Estate Property
4. Buyer or the seller obtains an extract from the Unified State Register of Legal Entities containing the information about the seller
5. Notarization of corporate documents by seller and buyer
6. Registration of the transfer of the building and the land plot at the State Registration Department

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Russian Federation is ranked 45 overall for Registering Property.

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



The following table shows Registering Property data for the 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	3.1
India	5	44	7.4
Japan	6	14	5.0
Kazakhstan	5	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

Getting Credit

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function: one on credit registries and the other on legal rights of borrowers and lenders. Credit registries, institutions that collect and distribute credit information on borrowers, can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. They also free entrepreneurs from having to rely on personal connections alone when trying to obtain credit.

Methodology

Credit information: three indicators are constructed

- depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information
- public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population
- private bureau coverage, which reports the number of individuals and firms, covered by a private credit bureau as a percentage of the adult population

Legal Rights: the strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. Ten points are analyzed:

- Can a business use movable assets as collateral while keeping possession of the assets, and can any financial institution accept such assets as collateral?
- Does the law allow a business to grant a non-possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets?
- Does the law allow a business to grant a non-possessory security right in substantially all of its assets, without requiring a specific description of the secured assets?
- Can a security right extend to future or after-acquired assets and extend automatically to the products, proceeds or replacements of the original assets?
- Is general description of debts and obligations permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties?
- Is a collateral registry in operation that is unified geographically and by asset type as well as being indexed by the name of the grantor of a security right?
- Are secured creditors paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated?
- Are secured creditors subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure?
- Are parties allowed to agree in a collateral agreement that the lender may enforce its security right out of court?

Legal Rights Survey Case Study

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 debtor and creditor are 100% domestically owned.

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

62.5%
Strength of legal rights index
(0-10)

37.5%
Depth of credit information index
(0-6)

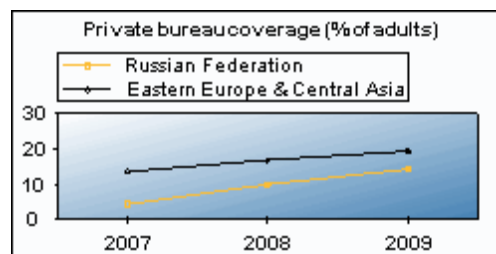
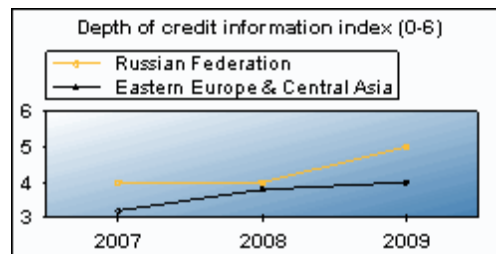
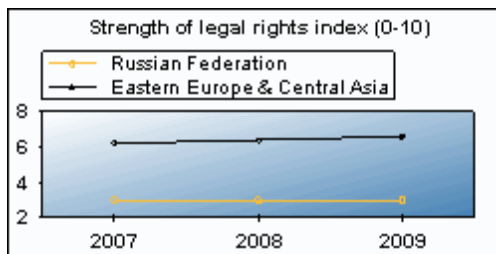
Scope, quality and accessibility of credit information through public and private credit registries

Note: Private bureau coverage and public registry coverage are measured but do not count for the rankings.

1. Historical data: Getting Credit in the Russian Federation

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	109	87
Strength of legal rights index (0-10)	3	3	3
Depth of credit information index (0-6)	4	4	5
Private bureau coverage (% of adults)	4.4	10.0	14.3
Public registry coverage (% of adults)	0.0	0.0	0.0

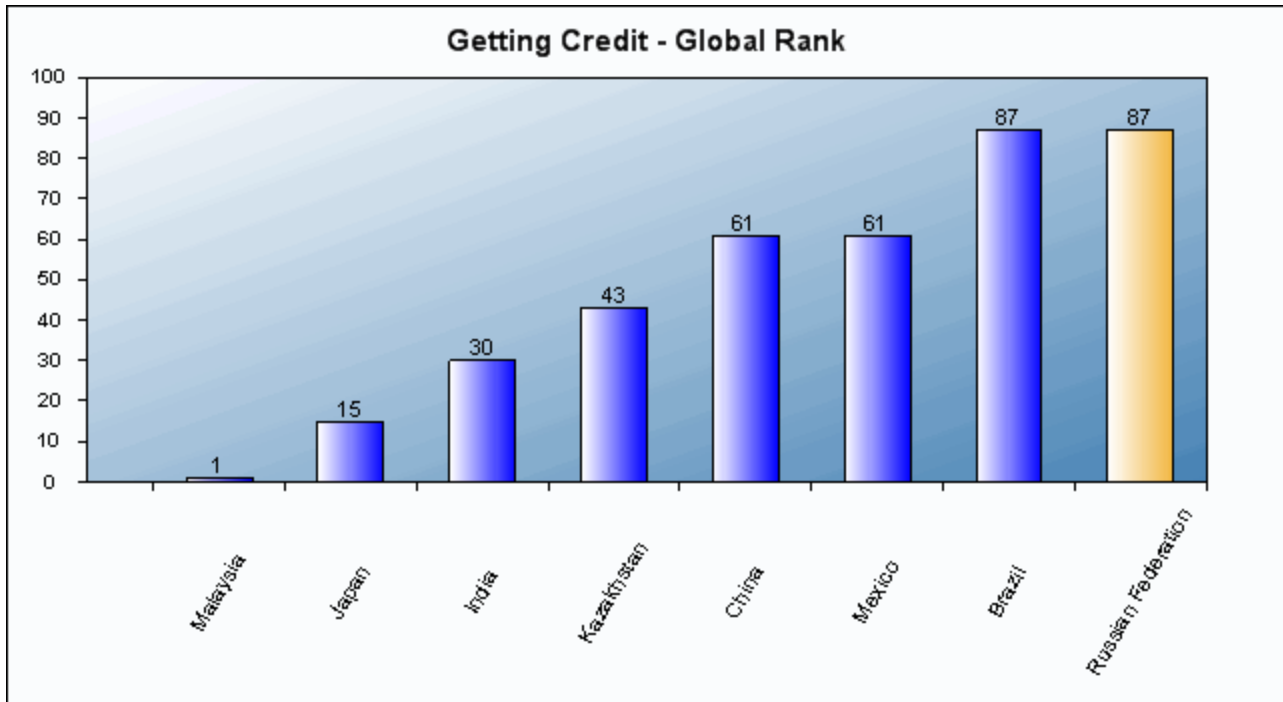
2. The following graphs illustrates the Getting Credit indicators in the Russian Federation over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Russian Federation is ranked 87 overall for Getting Credit.

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



The following table shows Getting Credit data for the 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			81.3	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Russian Federation	3	5	0.0	14.3

<i>Comparator Economies</i>				
Brazil	3	5	23.7	59.2
China	6	4	62.1	0.0
India	8	4	0.0	10.2
Japan	7	6	0.0	76.2
Kazakhstan	5	6	0.0	29.5
Mexico	4	6	0.0	77.5

* The following economies are also good practice economies for :

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

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

27 countries have the highest credit information index.

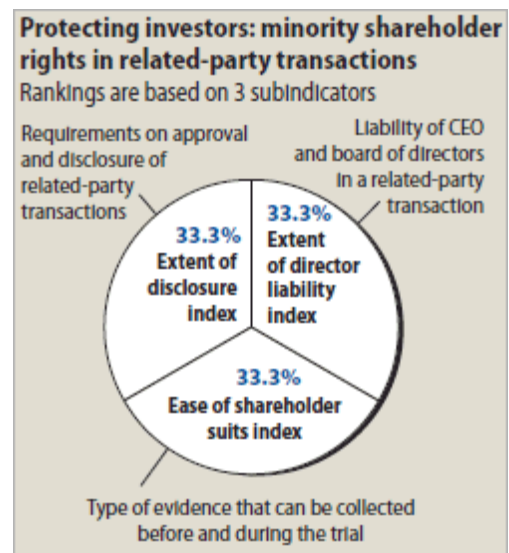
Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. However, investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections.

Methodology

To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain. Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure. The three indices are:

- The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.
- The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.
- The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.



These three indices are averaged to create the strength of investor protection index.

Survey case study

Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. 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.

Several questions arise:

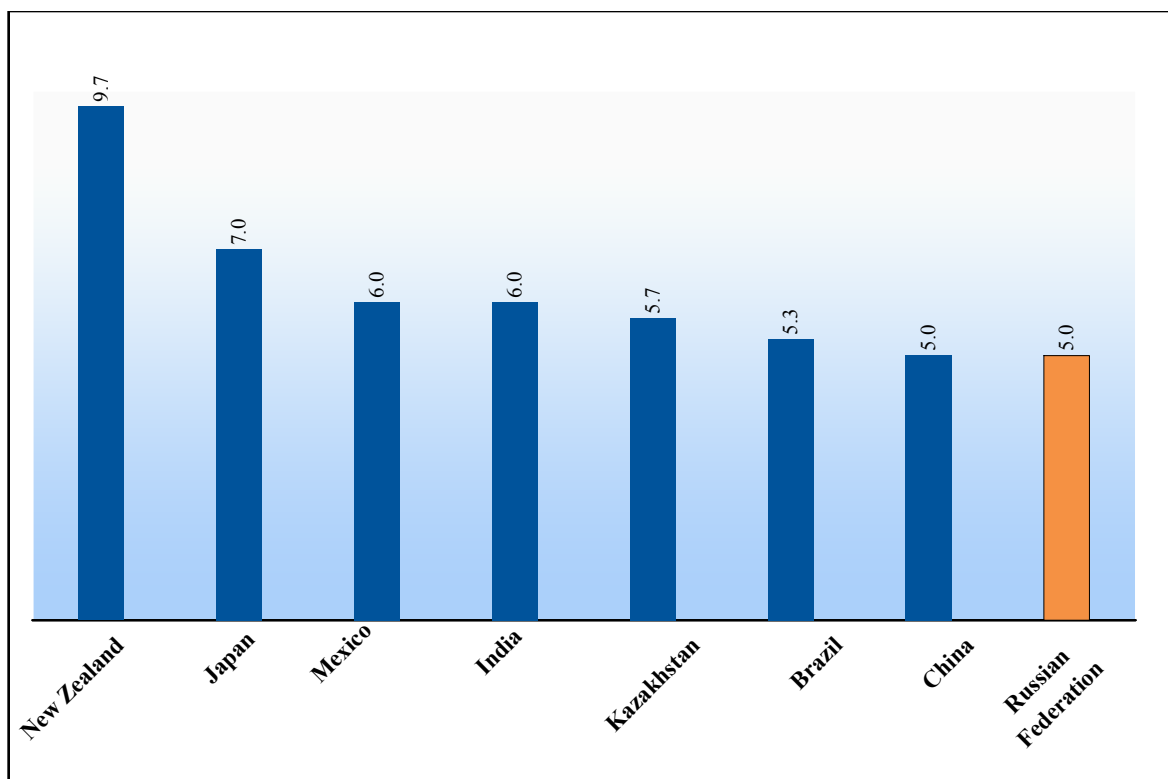
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Doidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in the Russian Federation

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	88	93
Strength of investor protection index (0-10)	5.0	5.0	5.0

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

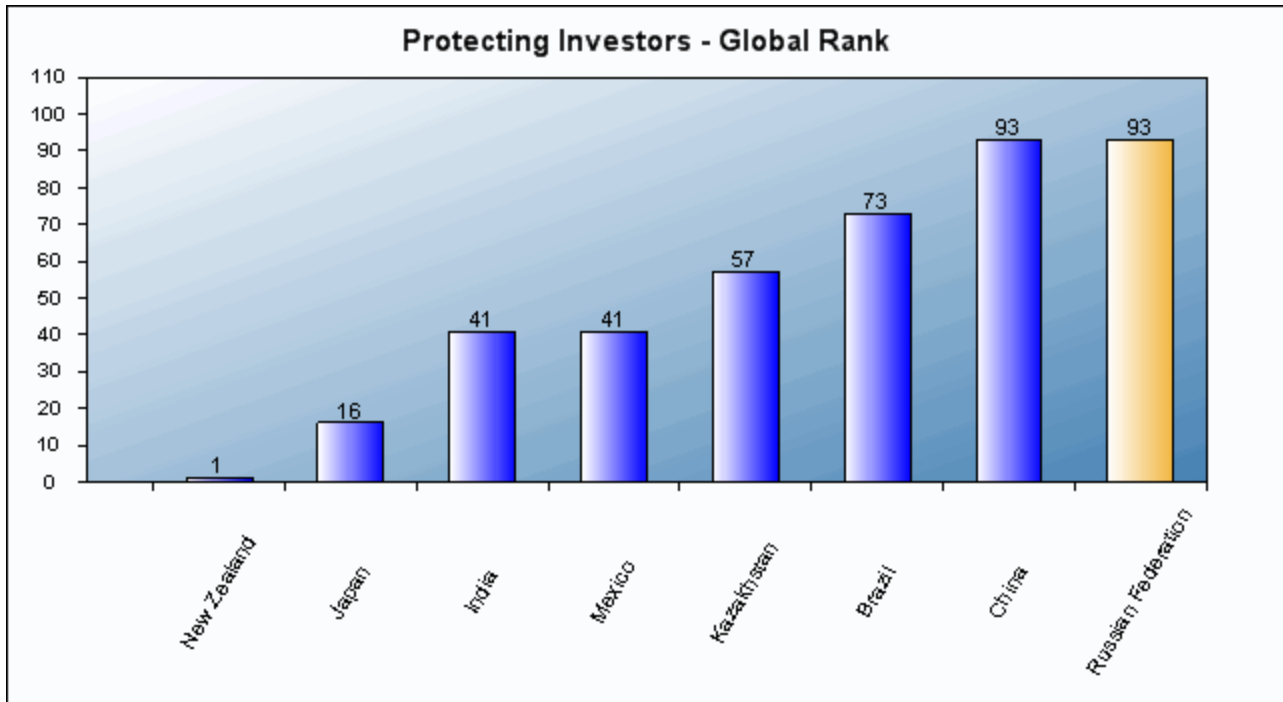


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Russian Federation is ranked 93 overall for Protecting Investors.

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



The following table shows Protecting Investors data for the 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	5.7
Mexico	6.0

Paying Taxes

Taxes are essential. Without them there would be no money to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. But particularly for small and medium size companies, they may opt out and choose to operate in the informal sector. One way to enhance tax compliance is to ease and simplify the process of paying taxes for such businesses.

Methodology

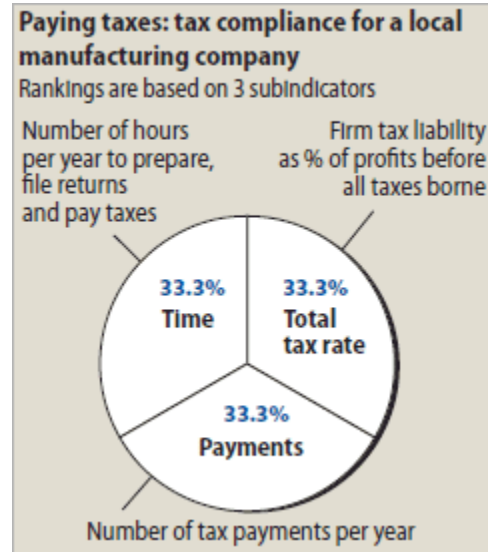
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

- number of tax payments, which takes in to account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value added tax, sales tax or goods and service tax and labor taxes and mandatory contributions.
- total tax rate, which measures the amount of taxes and mandatory contributions payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Survey case study

- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and 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 and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.



1. Historical data: Paying Taxes in the Russian Federation

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	108	103
Total tax rate (% profit)	48.3	48.3	48.3
Payments (number per year)	11	11	11
Time (hours per year)	448	448	320

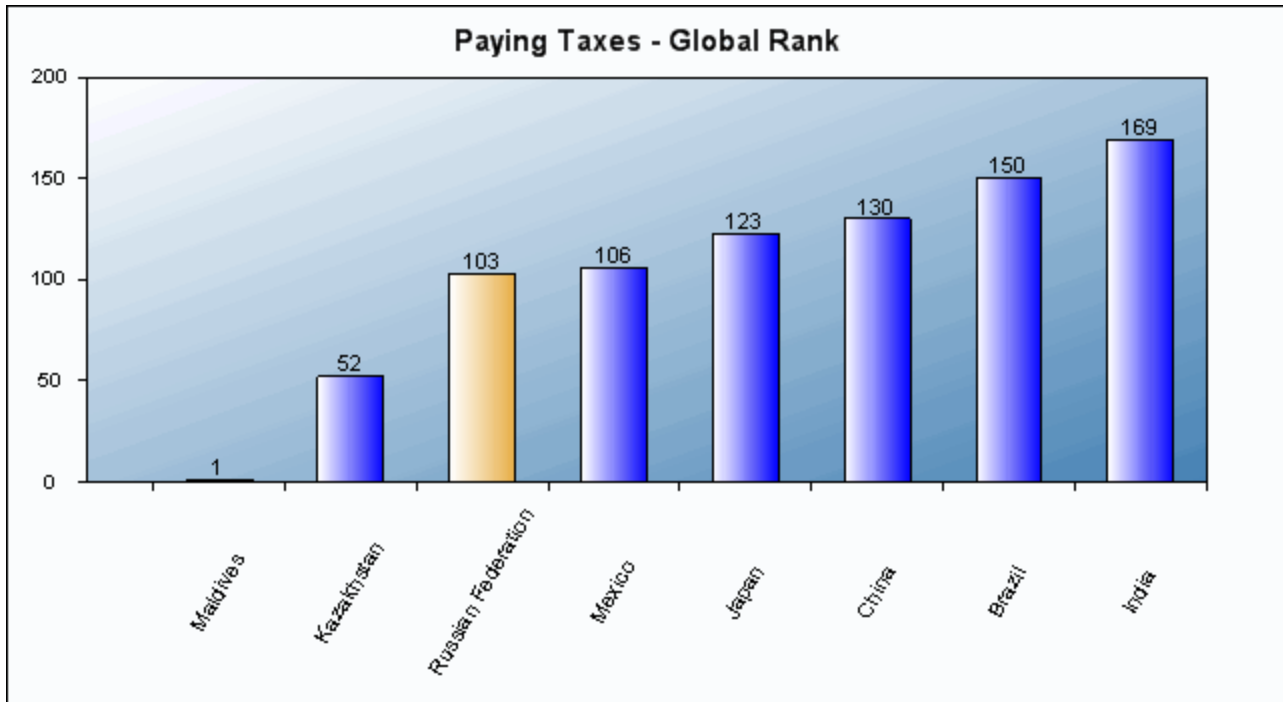
2. The following graphs illustrates the Paying Taxes indicators in the Russian Federation over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Russian Federation is ranked 103 overall for Paying Taxes.

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



The following table shows Paying Taxes data for the 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*	1	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Russian Federation	11	320	48.3

<i>Comparator Economies</i>			
Brazil	10	2600	69.2
China	7	504	78.5
India	59	271	64.7
Japan	13	355	55.7
Kazakhstan	9	271	35.9
Mexico	6	517	51.0

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

The benefits of trade are well documented; as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

Methodology

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the importer's warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars.

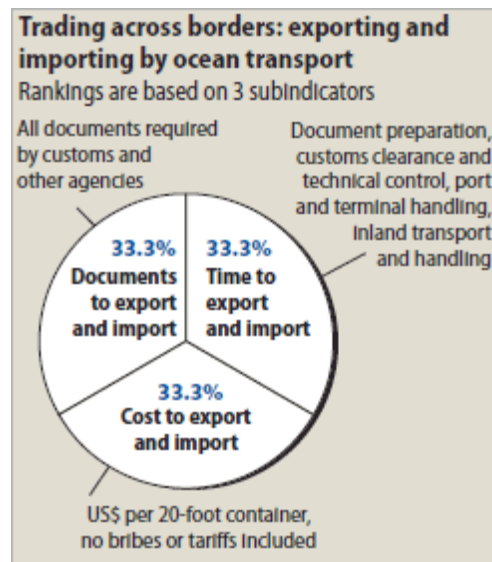
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose in having border control of trade to levy taxes and ensure high quality of goods.

Survey case study

To make the data comparable across countries, several assumptions about the business and the traded goods are used:

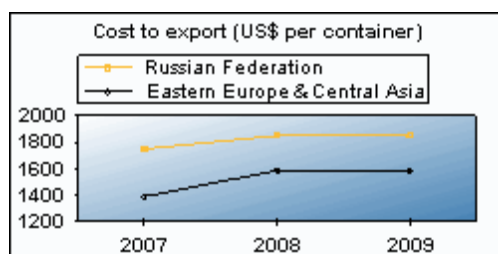
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy.
- The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

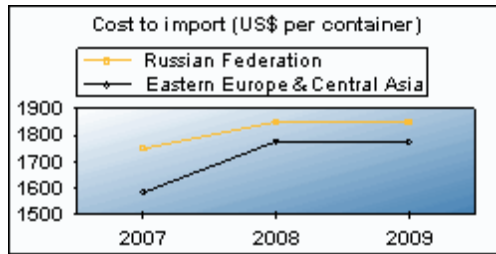


1. Historical data: Trading Across Borders in the Russian Federation

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	160	162
Cost to export (US\$ per container)	1750	1850	1850
Cost to import (US\$ per container)	1750	1850	1850
Documents to export (number)	8	8	8
Documents to import (number)	13	13	13
Time to export (days)	36	36	36
Time to import (days)	36	36	36

2. The following graphs illustrates the Trading Across Borders indicators in the Russian Federation over the past 3 years:

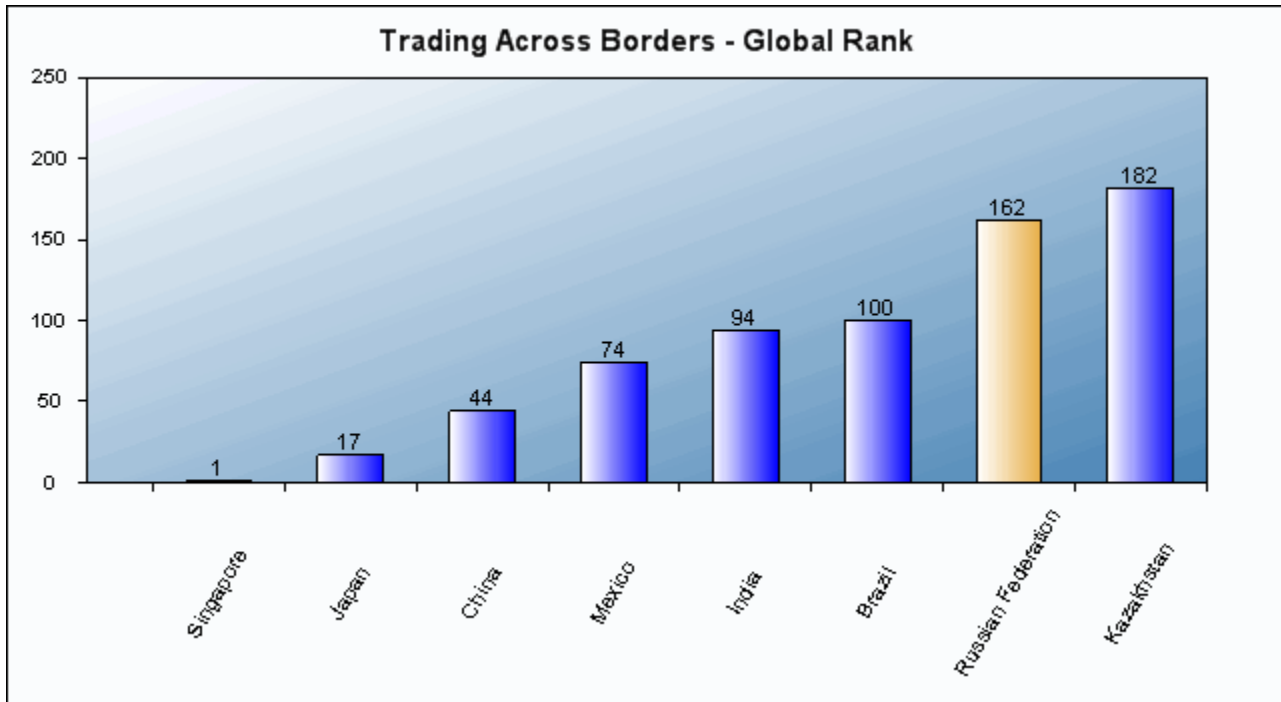




3. Benchmarking Trading Across Borders Regulations:

Russian Federation is ranked 162 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for the 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					3	439

<i>Selected Economy</i>						
Russian Federation	8	36	1850	13	36	1850

<i>Comparator Economies</i>						
Brazil	8	12	1540	7	16	1440
China	7	21	500	5	24	545
India	8	17	945	9	20	960
Japan	4	10	989	5	11	1047
Kazakhstan	11	89	3005	13	76	3055
Mexico	5	14	1472	5	17	2050

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is 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).

Justice delayed is often justice denied. And in many economies only the rich can afford to go to court. For the rest, justice is out of reach. In the absence of efficient courts, firms undertake fewer investments or business transactions. And they prefer to involve only a small group of people who know each other from previous dealings.

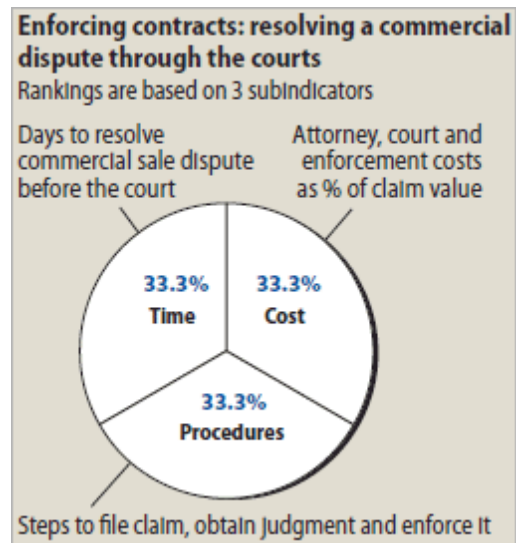
Methodology

Rankings on enforcing contracts are based on 3 sub-indicators:

- number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- time, which counts the number of calendar days from the moment the Seller files the lawsuit in court until payment is received. This includes both the days on which actions take place and the waiting periods in between.
- cost, which is recorded as a percentage of the claim (assumed to be equivalent to 200% of income per capita). Three types of costs are recorded: court costs (including expert fees), enforcement costs (including costs for a public sale of Buyer's assets) and attorney fees.

Survey case Study

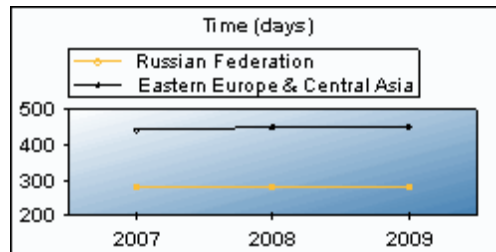
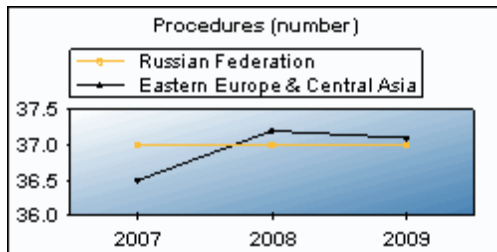
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.
- The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita).
- The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits.
- Judgment is 100% in favor of the Seller and is not appealed.
- The Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.



1. Historical data: Enforcing Contracts in the Russian Federation

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	19	19
Procedures (number)	37	37	37
Time (days)	281	281	281
Cost (% of claim)	13.4	13.4	13.4

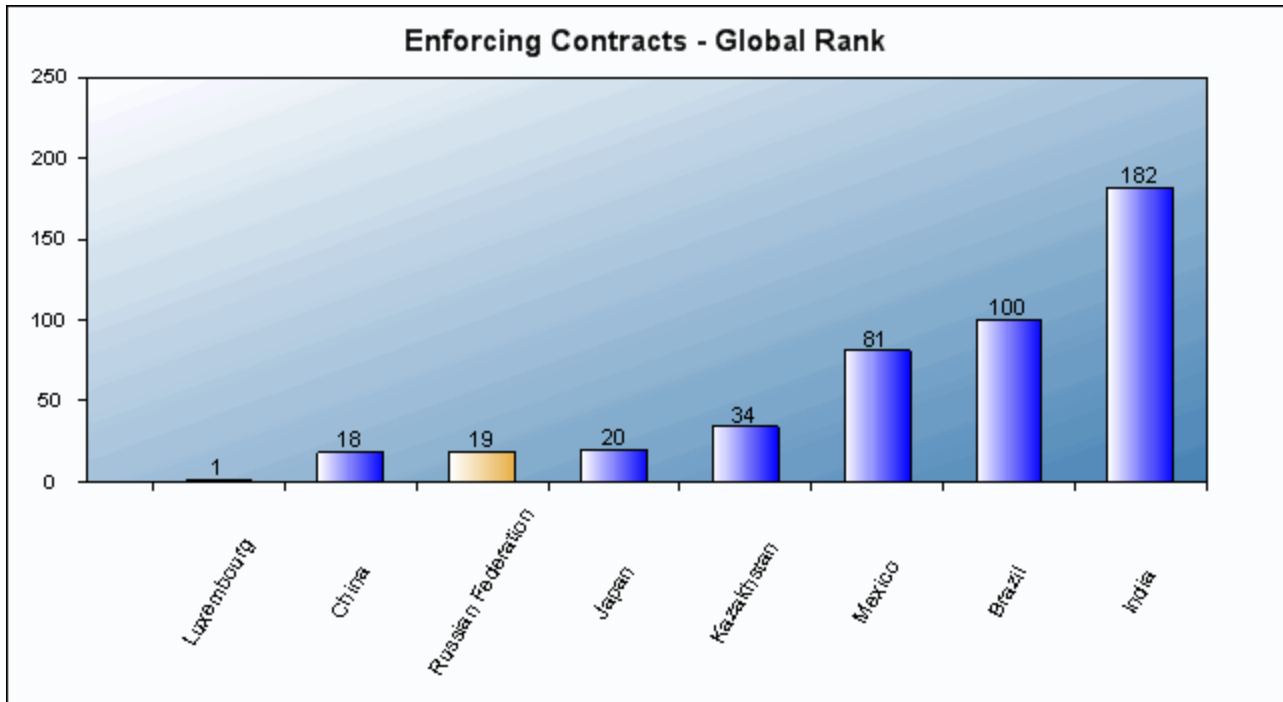
2. The following graphs illustrates the Enforcing Contracts indicators in the Russian Federation over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Russian Federation is ranked 19 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for the 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

Closing a Business

The economic crises of the 1990s in emerging markets, from East Asia to Latin America, from Russia to Mexico, raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy laws are inefficient, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

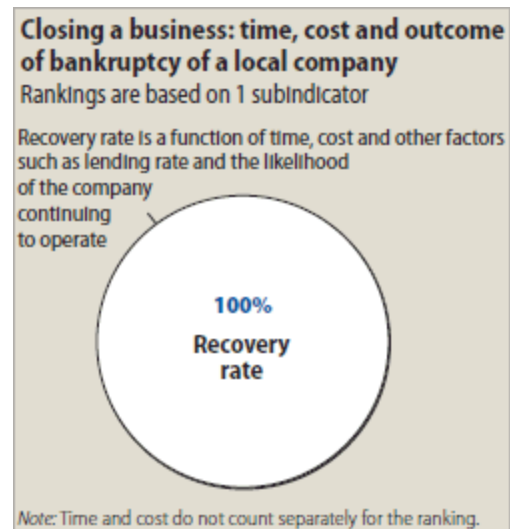
Methodology

Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate, how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Survey case study

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that:

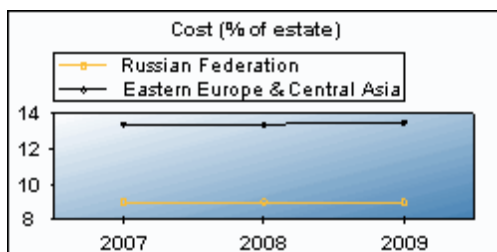
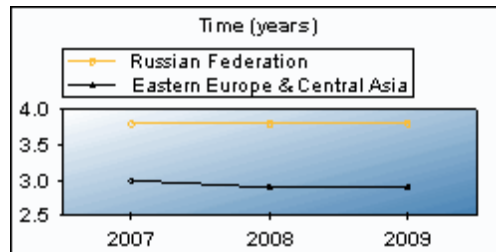
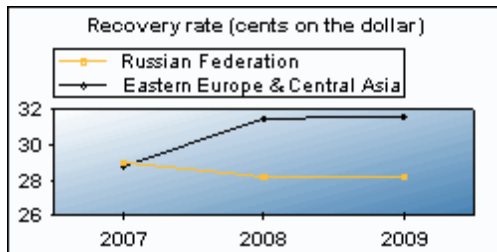
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed so that the company has a higher value as a going concern, that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation.
- The data are derived from questionnaires answered by attorneys at private law firms.



1. Historical data: Closing Business in the Russian Federation

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	92	92
Time (years)	3.8	3.8	3.8
Cost (% of estate)	9	9	9
Recovery rate (cents on the dollar)	29.0	28.2	28.2

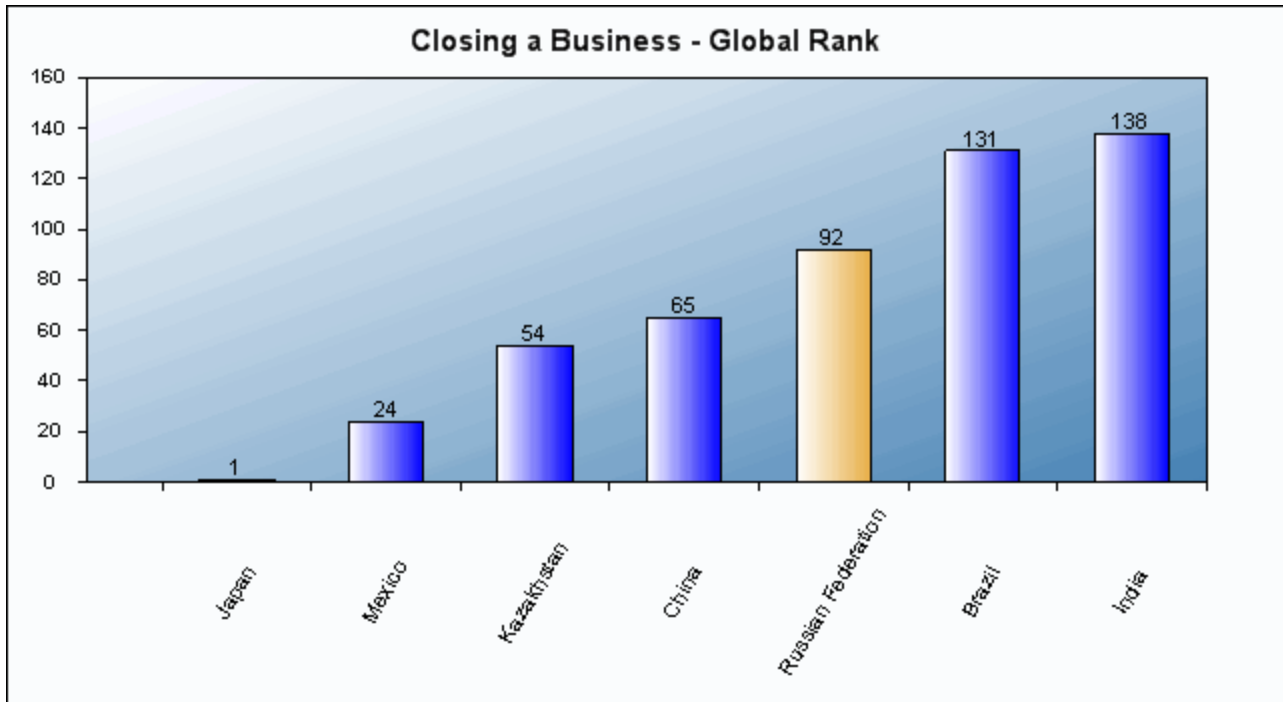
2. The following graphs illustrates the Closing Business indicators in the Russian Federation over the past 3 years:



3. Benchmarking Closing Business Regulations:

Russian Federation is ranked 92 overall for Closing a Business.

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



The following table shows Closing Business data for the 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	92.5		
Singapore*			1

<i>Selected Economy</i>			
Russian Federation	28.2	3.8	9

<i>Comparator Economies</i>			
Brazil	17.1	4.0	12
China	35.3	1.7	22
India	15.1	7.0	9
Japan	92.5	0.6	4
Kazakhstan	40.6	1.5	15
Mexico	64.2	1.8	18

* The following economies are also good practice economies for :

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

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

Rank	Economy	Reform Topics									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Rwanda	✓		✓	✓	✓	✓		✓	✓	7
2	Kyrgyz Republic	✓	✓	✓	✓	✓		✓	✓		7
3	Macedonia, FYR	✓	✓	✓	✓	✓	✓	✓			7
4	Belarus	✓	✓	✓	✓			✓	✓		6
5	United Arab Emirates	✓	✓						✓		3
6	Moldova	✓			✓			✓			3
7	Colombia	✓	✓		✓	✓	✓	✓	✓	✓	8
8	Tajikistan	✓	✓		✗	✓	✓			✓	5
9	Egypt, Arab Rep.	✓	✓			✓			✓		4
10	Liberia	✓	✓					✓			3
	Russian Federation				✓			✓		✓	3
	Japan										
	Brazil	✓									1
	China							✓			1
	India									✓	1
	Mexico	✓						✓			2
	Kazakhstan	✓	✓					✓			3

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Belarus	Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.
Brazil	Brazil eased the process of starting a business by removing the requirement to obtain a fire brigade license and inspection before obtaining an operational license from a municipality.
China	China's State Administration of Foreign Exchange relaxed trade credit restrictions in response to the economic and financial crisis. Foreign exchange authorization is no longer required.
Colombia	Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.
Egypt, Arab Rep.	The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.
India	In India procedures under the 2002 Securitization Act have become more effective, easing the process and reducing the time required to close a business.
Japan	In Japan no major reform was recorded.
Kazakhstan	Kazakhstan has eased the process for getting construction permits by eliminating the requirement to pay for new electrical connection, reducing time limits for building permits, and lowering the cost of topographic surveys. The tax burden on companies was eased by lowering the social tax for 2008 and the corporate income tax for 2009 (from 30 percent to 10 percent). Business start-up was made easier by simplifying documentation requirements and abolishing the requirement to register at the local tax office.

Kyrgyz Republic	The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.
Liberia	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
Macedonia, FYR	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
Mexico	Mexico eased taxpaying by introducing electronic payment systems for payroll, property, and social security taxes. Business start-up was eased by establishing an electronic platform for company registration, substantially reducing the number of days for registration, and eliminating the requirement to register with the statistical office.
Moldova	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
Russian Federation	The Russian Federation introduced several changes to its insolvency law to speed up liquidation and strengthen the legal status of secured creditors. The corporate income tax rate was cut from 24 percent to 20 percent. Property registration was expedited by introducing new documentation requirements—such as cadastral passports—in lieu of inventory documents and cadastral maps.

Rwanda

Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.

Tajikistan

Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

United Arab Emirates

The United Arab Emirates shortened the time for delivering building permits by improving its online system for processing applications. Business start-up was eased by simplifying the documents needed for registration, abolishing the minimum capital requirement, and removing the requirement that proof of deposit of capital be shown for registration. Greater capacity at the container terminal, elimination of the terminal handling receipt as a required document, and an increase in trade finance products, have improved trade processes.

APPENDICES

Starting a Business in the Russian Federation

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)

Minimum Capital Requirement:

City: Moscow

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarize foundation documents	1	2600
2	Deposit capital in the bank and get proof thereof	1	0
3	Pay registration fee	1	0
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	2000
5	Notarize Registration Certificate, Tax Payer Identification Number Certificate and Bank SignatureCard.	1	1200
6	Open the company bank account	1	0
7	Inform Federal Tax Service of the company bank account number and obtain a special letter of confirmation	5	0
8	Register the company with Moscow Center of Quotation of Work Places	1	0
9	Register seal with the local Registration Chamber	1	1750

Procedure 1 Notarize foundation documents**Time to complete:** 1**Cost to complete:** 2600**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:** 0**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:** 0**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 2,000 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:** 2000**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);
- Foundation agreement (2 copies);
- Registration Application, notarized;
- Payment receipt.

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: 1200

Comment: For a limited liability company with 50 employees, generally the General director and Chief accountant have a signature right.

Required documents:

- Registration certificate, notarized;
- Taxpayer Identification Number (INN) certificate, notarized;
- Charter and foundation agreement, 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: 0

Comment: 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.

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: 0

Comment: The procedure takes from 3 to 7 days and needs to be completed 10 days from date of opening of bank account.

Procedure 8 Register the company with Moscow Center of Quotation of Work Places

Time to complete: 1

Cost to complete: 0

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

Time to complete: 1

Cost to complete: 1750

Comment:

Dealing with Construction Permits in the Russian Federation

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Moscow

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Submit application to obtain Act of Permission for Use (API) to Department of City Planning Documentation Development at the Architecture and City Planning Committee of Moscow (Moskomarchitectura).	1 day	no charge
2	Request and obtain Situation Plan of District and Conclusion for a District Land Commission from Architecture Planning Department (APD)	15 days	RUB 43,680
3	Request and obtain Conclusion from Territorial Union of Land Use Regulation (TOP3)	15 days	RUB 4,330
4	Request and obtain Decision by District Land Commission on Land Plot Provision and City Planning Regulation	30 days	no charge
5	Request and obtain clearance of draft Disposition of Prefect with Architecture Planning Department (APD)	7 days	no charge
6	Request and obtain clearance of draft Disposition of Prefect with Local Government	7 days	no charge
7	Request and obtain clearance of draft Disposition with Territory union of land use regulation (TOP3)	7 days	no charge
8	Request and obtain the Disposition on Preparation of Act of Permission for Use (API) by Prefect.	7 days	no charge
9	Request and obtain Conclusion on compliance of proposed object with specified city planning and territory use regulations	152 days	RUB 4,500
10 *	Request and obtain technical conditions from water and sewage services	45 days	RUB 21,300
11 *	Request and obtain technical conditions to connect to electricity with MosEnergO	30 days	RUB 5,490,520
12 *	Request and obtain technical conditions to connect to telephone line	30 days	RUB 3,000

13 *	Request and obtain approval from Moscomarchitectura on engineering supply of the facility	14 days	RUB 4,500
14	Request and obtain Act of Permission for Use (API) from Committee on Architecture and City Planning – Moscomarchitectura	30 days	RUB 6,700
15	Request and obtain Disposition of Prefect on Inception of Construction Designing (Decision on Construction)	60 days	no charge
16	Request and obtain the approval of conditions for designs by Department of Well-Being of Moscomarchitectura	7 days	RUB 53,300
17 *	Request and obtain the approval of conditions for designs by Department of Preparation of Project Approvals of (No Suggestions)	14 days	RUB 12,100
18 *	Request and obtain approval of conditions for designs by Local Government	7 days	no charge
19 *	Request and obtain approval of conditions for designs by Prefect's Office	14 days	no charge
20 *	Request and obtain approval of conditions for designs by Emergency Situation and Civil Defense Department	14 days	RUB 14,728
21 *	Request and obtain approval of conditions for designs by Moscow State Expertise	14 days	RUB 7,364
22 *	Request and obtain Act of Moscow Geological - Geodesic Department	15 days	RUB 39,000
23 *	Request and obtain approval of conditions for designs with Sanitary Services (Rospotrebnadzor)	30 days	RUB 13,800
24 *	Request and obtain the approval on transport routes from Moscow City Transport Agency	30 days	RUB 8,837
25 *	Request and obtain the approval from State Inspection of Road Safety (GIBBD)	30 days	RUB 8,837
26 *	Request and obtain the approval from Department of Comprehensive Well-Being of City	30 days	RUB 4,600
27 *	Request and obtain the approval from Department of Nature Use under State Ecological Expertise	21 days	RUB 29,455
28	Request and obtain Sketch No. 2 from Moscow Geological Institute	30 days	RUB 10,100
29	Request and obtain approval of Sketch No. 2 with Moscow Architecture Committee	30 days	RUB 4,000

30	Request and obtain the construction passport from Moscow City Geological Unit	30 days	RUB 8,837
31 *	Request and obtain approval of Volumes of «Outline of Construction Arrangement» and “GenPlan” from Moscomarchitectura Committee	30 days	no charge
32 *	Request and obtain approval of Volumes of «Outline of Construction Arrangement» and “GenPlan” from Prefecture	30 days	no charge
33 *	Request and obtain approval of Volumes of «Outline of Construction Arrangement» and “GenPlan” from GenPlan Institute	30 days	RUB 12,200
34	Request and obtain Regulation No. 2 and Certificate of approval of Architectural City Planning Decision.	30 days	RUB 3,600
35	Request and obtain approval on project by Moscow State Expertise	60 days	RUB 59,500
36	Request and obtain Permission for construction	10 days	RUB 11,460
37	Receive inspection from Inspection on Architecture and Construction Supervision during foundation works	1 day	no charge
38	Receive inspection from Inspection on Architecture and Construction Supervision during structure works	1 day	no charge
39	Receive inspection from Inspection on Architecture and Construction Supervision during engineering works	1 day	no charge
40	Receive inspection by Union of Administrative Technical Inspection (UATI) - I	1 day	no charge
41	Receive inspection by Union of Administrative Technical Inspection (UATI) - II	1 day	no charge
42	Receive inspection by Union of Administrative Technical Inspection (UATI) - III	1 day	no charge
43	Receive inspection by Union of Administrative Technical Inspection (UATI) - IV	1 day	no charge
44	Receive inspection by Union of Administrative Technical Inspection (UATI) - V	1 day	no charge
45	Receive inspection by Union of Administrative Technical Inspection (UATI) - VI	1 day	no charge
46	Receive inspection by Union of Administrative Technical Inspection (UATI) - VII	1 day	no charge
47	Connect to water services	30 days	no charge

48 *	Request and receive inspection from Energy Supervision	1 day	no charge
49	Connect to electricity –sign agreement with “Energosbyt”	14 days	no charge
50 *	Request and connect to telephone services	10 days	RUB 8,640
51	Request and convene Acceptance Commission	30 days	no charge
52	Request and receive the Disposition on operation of building (Occupancy Permit)	10 days	no charge
53	Request and receive Plans from Bureau of Technical Inventory (BTI)	30 days	RUB 55,000
54	Register the building after completion	30 days	RUB 7,500

* Takes place simultaneously with another procedure.

Procedure 1 Submit application to obtain Act of Permission for Use (API) to Department of City Planning Documentation Development at the Architecture and City Planning Committee of Moscow (Moskomarchitektura).

Time to complete: 1 day

Cost to complete: no charge

Comment: The Architecture and City Planning Committee of Moscow (MoskomArchitektura) enacted a resolution “On Measures to Improve the Quality of Pre-project Documentation,” dated February 12, 2007, which requires that the application file include a “city planning justification for location of separate objects” (GOVERNMENT of Moscow, No. 629, dated August 13, 2002).

The resolution also calls for a one-stop shop to be established to expedite the application process, but facility is not yet fully operational.

Procedure 2 Request and obtain Situation Plan of District and Conclusion for a District Land Commission from Architecture Planning Department (APD)

Time to complete: 15 days

Cost to complete: RUB 43,680

Comment: The Architecture Planning Department (APD) determines whether it is possible to build on the plot of land in question.

Procedure 3 Request and obtain Conclusion from Territorial Union of Land Use Regulation (TOP3)

Time to complete: 15 days

Cost to complete: RUB 4,330

Comment: The completed “conclusion” on land use is to be submitted to the District Land Commission.

Procedure 4 Request and obtain Decision by District Land Commission on Land Plot Provision and City Planning Regulation

Time to complete: 30 days

Cost to complete: no charge

Comment: The District Land Commission meets once a week. But in practice, this procedure takes 30 days. A favorable decision by the commission is the basis for issuance of the Prefect’s disposition.

Procedure 5 Request and obtain clearance of draft Disposition of Prefect with Architecture Planning Department (APD)

Time to complete: 7 days

Cost to complete: no charge

Comment: The chief architect of the district must endorse the draft disposition.

Procedure 6 Request and obtain clearance of draft Disposition of Prefect with Local Government

Time to complete: 7 days

Cost to complete: no charge

Comment: The head of the local government endorses the draft disposition.

Procedure 7 Request and obtain clearance of draft Disposition with Territory union of land use regulation (TOP3)

Time to complete: 7 days

Cost to complete: no charge

Comment: The head of the Territorial Union of Land Use Regulation must endorse the draft disposition.

Procedures 1–6 takes place in the specified order.

Procedure 8 Request and obtain the Disposition on Preparation of Act of Permission for Use (API) by Prefect.

Time to complete: 7 days

Cost to complete: no charge

Comment:

Procedure 9 Request and obtain Conclusion on compliance of proposed object with specified city planning and territory use regulations

Time to complete: 152 days

Cost to complete: RUB 4,500

Comment: One measure undertaken to improve the quality of the pre-project approval process is to establish a one-stop shop, according to MoskomArchitektura Resolution No. 13, dated February 12, 2007. However, this facility is not yet fully operational, and applicants must frequently follow-up with different departments.

The statutory time limit is 60 days. In practice, this limit is never respected, and the procedure takes up to 6 months on average.

The necessary documents are prepared in collaboration with the Main Architecture and Planning Department (MAPD), which prepares the “conclusion on compliance of the proposed object.” Sketch number 1 is part of this conclusion package, which must be approved not only by the MAPD, but also by the Prefecture, the Moscow City Geological Unit, the Design Institute (NII GenPlan), the Russian Consumer Supervision Board (Rospotrebnadzor), the Department of Nature Use, the Emergency Department, the Property Department, and the Fire Safety Department. After the approval of the pre-project proposal, an approval by MoskomArchitektura is needed, according to Regulation No. 1.

The application package should include the following documents:

- A specification of the allowed technical and economic indicators.

- Guarantee letter.
- Proof of ownership documents.
- Pre-project drawings with technical and economic indicators, and relevant calculations and estimates, such as parking layout; green area mapping; topographic mapping at a scale of 1:500 with the relevant engineering documents.
- Concurrence by the Prefecture of the district by guidelines of MoskomArchitektura on compliance of the building with the specified city planning conditions.
- Proof of (advance) payment.
- Any other documents obtained at earlier stages.

Procedure 10 Request and obtain technical conditions from water and sewage services

Time to complete: 45 days

Cost to complete: RUB 21,300

Comment: The technical conditions are defined by the Moscow water and the sewage departments. 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 11 Request and obtain technical conditions to connect to electricity with MosEnerg

Time to complete: 30 days

Cost to complete: RUB 5,490,520

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.

Since August 5, 2006, Disposition No. 18 of the Regional Energy Commission of Moscow City requires that companies purchase the right to connect to the electricity network within the city of Moscow at a cost of RUB 39,218 (equivalent to USD 1,445) per kilowatt. This means that the total cost in this case is 140 kilowatts x USD 1,445 = USD 202,337.

This measure was introduced to offset the high demand for electricity in Moscow.

Procedure 12 Request and obtain technical conditions to connect to telephone line

Time to complete: 30 days

Cost to complete: RUB 3,000

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 13 Request and obtain approval from Moscomarchitectura on engineering supply of the facility

Time to complete: 14 days

Cost to complete: RUB 4,500

Comment:

Procedure 14 Request and obtain Act of Permission for Use (API) from Committee on Architecture and City Planning – Moscomarchitectura

Time to complete: 30 days

Cost to complete: RUB 6,700

Comment: All city planning documents must conform to the norms and standards set by the local government, relevant territorial executive authorities, and architectural institutions.

The documents are subject to an internal, ecological, evaluation and are approved by the government of Moscow, provided that all necessary conclusions have been completed by the relevant expert bodies. The approved documents are registered (internally) at the city planning cadastre of Moscow. The department in charge of preparing the city planning documentation provides the original blueprints of the act of permission for use of the specified construction site to MoskomArchitektura Archives, after approval by the City Planning Cadastre Service.

The authority, internally, sends the prepared documents to all relevant bodies, which must issue their conclusions within 15 working days.

Procedure 15 Request and obtain Disposition of Prefect on Inception of Construction Designing (Decision on Construction)

Time to complete: 60 days

Cost to complete: no charge

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 16 Request and obtain the approval of conditions for designs by Department of Well-Being of Moscomarchitectura

Time to complete: 7 days

Cost to complete: RUB 53,300

Comment: BuildCo prepares the design conditions, which consist of the major characteristics of the future building.

Procedure 17 Request and obtain the approval of conditions for designs by Department of Preparation of Project Approvals of (No Suggestions)

Time to complete: 14 days

Cost to complete: RUB 12,100

Comment: The seal of the Department of Preparation of Project Approvals of MoskomArchitektura is placed on the cover page of the conditions list.

Procedure 18 Request and obtain approval of conditions for designs by Local Government

Time to complete: 7 days

Cost to complete: no charge

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

Procedure 19 Request and obtain approval of conditions for designs by Prefect's Office

Time to complete: 14 days

Cost to complete: no charge

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

Procedure 20 Request and obtain approval of conditions for designs by Emergency Situation and Civil Defense Department

Time to complete: 14 days

Cost to complete: RUB 14,728

Comment: The Emergency Situation Department specifies whether a shelter for civil defense must be constructed on the site.

Procedure 21 Request and obtain approval of conditions for designs by Moscow State Expertise

Time to complete: 14 days

Cost to complete: RUB 7,364

Comment:

Procedure 22 Request and obtain Act of Moscow Geological - Geodesic Department

Time to complete: 15 days

Cost to complete: RUB 39,000

Comment: The applicant obtains a geodesic map of the plot with all communication lines indicated and analyzed.

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.

Procedure 23 Request and obtain approval of conditions for designs with Sanitary Services (Rospotrebnadzor)

Time to complete: 30 days

Cost to complete: RUB 13,800

Comment: The Sanitary Services (Rospotrebnadzor) analyze the drawings and designs according to sanitary norms and conditions.

Procedure 24 Request and obtain the approval on transport routes from Moscow City Transport Agency

Time to complete: 30 days

Cost to complete: RUB 8,837

Comment: The Moscow City Transport Agency analyzes the drawings and designs according to the norms and conditions for main and adjacent roads.

Procedure 25 Request and obtain the approval from State Inspection of Road Safety (GIBBD)

Time to complete: 30 days

Cost to complete: RUB 8,837

Comment: The State Inspectorate of Road Safety (GIBBD) analyzes the drawings and designs according to its norms and conditions.

Procedure 26 Request and obtain the approval from Department of Comprehensive Well-Being of City

Time to complete: 30 days

Cost to complete: RUB 4,600

Comment: The Department of Comprehensive Well-Being of the city analyses the drawings and designs according to its norms and conditions.

Procedure 27 Request and obtain the approval from Department of Nature Use under State Ecological Expertise

Time to complete: 21 days

Cost to complete: RUB 29,455

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

Procedure 28 Request and obtain Sketch No. 2 from Moscow Geological Institute

Time to complete: 30 days

Cost to complete: RUB 10,100

Comment: Sketch No. 2 is prepared by the Moscow Geological Institute (Mosgorgeotrest).

Procedure 29 Request and obtain approval of Sketch No. 2 with Moscow Architecture Committee

Time to complete: 30 days

Cost to complete: RUB 4,000

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 30 Request and obtain the construction passport from Moscow City Geological Unit

Time to complete: 30 days

Cost to complete: RUB 8,837

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 31 Request and obtain approval of Volumes of «Outline of Construction Arrangement» and «GenPlan» from Moscomarchitektura Committee

Time to complete: 30 days

Cost to complete: no charge

Comment: According to Decree of Moscow Government, as of September 2, 2008 "On the rules of the preparing, forming and confirmation of the Town-planning plans of the land plots in the territory of the Russian Federation", the fee for obtaining approval of volumes of "Outline of Construction Arrangement" was eliminated. Previously it used to cost RUB 6,500.

Procedure 32 Request and obtain approval of Volumes of «Outline of Construction Arrangement» and «GenPlan» from Prefecture

Time to complete: 30 days

Cost to complete: no charge

Comment:

Procedure 33 Request and obtain approval of Volumes of «Outline of Construction Arrangement» and «GenPlan» from GenPlan Institute

Time to complete: 30 days

Cost to complete: RUB 12,200

Comment:

Procedure 34 Request and obtain Regulation No. 2 and Certificate of approval of Architectural City Planning Decision.

Time to complete: 30 days

Cost to complete: RUB 3,600

Comment: The following documents must be submitted to obtain Regulation No. 2 at the MoskomArchitektura:

- 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 35 Request and obtain approval on project by Moscow State Expertise

Time to complete: 60 days

Cost to complete: RUB 59,500

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. As of December 2008, the fee for issuing project approval was increased from RUB 58,000 to RUB 59,500.

Procedure 36 Request and obtain Permission for construction

Time to complete: 10 days

Cost to complete: RUB 11,460

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. The cost is 1% of the of the project's value as designed.

Procedure 37 Receive inspection from Inspection on Architecture and Construction Supervision during foundation works

Time to complete: 1 day

Cost to complete: no charge

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

Procedure 38 Receive inspection from Inspection on Architecture and Construction Supervision during structure works

Time to complete: 1 day

Cost to complete: no charge

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

Procedure 39 Receive inspection from Inspection on Architecture and Construction Supervision during engineering works

Time to complete: 1 day

Cost to complete: no charge

Comment: Construction activities are not interrupted during inspections. These inspections need not be requested. The third inspection takes place during engineering work

Procedure 40 Receive inspection by Union of Administrative Technical Inspection (UATI) - I

Time to complete: 1 day

Cost to complete: no charge

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

Time to complete: 1 day

Cost to complete: no charge

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 Union of Administrative Technical Inspection (UATI) - III

Time to complete: 1 day

Cost to complete: no charge

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 Union of Administrative Technical Inspection (UATI) - IV

Time to complete: 1 day

Cost to complete: no charge

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 Union of Administrative Technical Inspection (UATI) - V

Time to complete: 1 day

Cost to complete: no charge

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 Union of Administrative Technical Inspection (UATI) - VI

Time to complete: 1 day

Cost to complete: no charge

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 Receive inspection by Union of Administrative Technical Inspection (UATI) - VII

Time to complete: 1 day

Cost to complete: no charge

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 47 Connect to water services

Time to complete: 30 days

Cost to complete: no charge

Comment: An agreement must be concluded between BuildCo and the Water and Sewerage Services. The connection to water service is then installed.

Procedure 48 Request and receive inspection from Energy Supervision

Time to complete: 1 day

Cost to complete: no charge

Comment: After the inspection, the agency issues an act of permission, which is the basis for connecting to electricity.

Procedure 49 Connect to electricity –sign agreement with “Energosbyt”

Time to complete: 14 days

Cost to complete: no charge

Comment: BuildCo signs an agreement for electrical power supply with Energosbyt.

Procedure 50 Request and connect to telephone services

Time to complete: 10 days

Cost to complete: RUB 8,640

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 51 Request and convene Acceptance Commission

Time to complete: 30 days

Cost to complete: no charge

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 30 days. The most difficult part is to convene the commission members and gather their signatures for approval.

Procedure 52 Request and receive the Disposition on operation of building (Occupancy Permit)

Time to complete: 10 days

Cost to complete: no charge

Comment: Obtaining an occupancy permit takes 10 days.

Procedure 53 Request and receive Plans from Bureau of Technical Inventory (BTI)

Time to complete: 30 days

Cost to complete: RUB 55,000

Comment:

Procedure 54 Register the building after completion

Time to complete: 30 days

Cost to complete: RUB 7,500

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.

Employing Workers in the Russian Federation

Employing workers indices are based on responses to survey questions. The table below shows these responses in the Russian Federation.

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		33.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	60	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.13	0.00
Difficulty of redundancy index (0-10)		40.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 9 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	Yes	1
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	No	0
Redundancy costs (weeks of salary)		17.3
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		8.7
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		8.7
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		37.8
Rigidity of hours index (0-100)		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	No	1.00
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	No	0.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	22	1

Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in the Russian Federation

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

STANDARDIZED PROPERTY

Property Value: 13,900,608.48

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 (leg 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) + RUB 7,500 (land plot transfer)

* Takes place simultaneously with another procedure.

Time to complete: 10 days (simultaneous with procedures 2, 3, and 4)

Cost to complete: RUB 1,830.94

Comment: The seller should obtain technical inventory document –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. The cost for this document is.....

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).

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% .

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)

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.

The documentation shall include:

Application (standard form)

Other documents specified in the governmental regulations

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

Comment: As of May 13, 2008 per the changes in the Federal Law No. 66-FZ, the cadastral plan of 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.

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.

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.

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)

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)

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: 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.

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).

Procedure	6	Registration of the transfer of the building and the land plot at the State Registration Department
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Time to complete: 30 days

Cost to complete: RUB 7,500 (building) + RUB 7,500 (land plot transfer)

Comment: The documents obtained in procedures 1, 2, 3, and 5 shall be presented to the Moscow Department of the State Registration Service.

According to the law, state registration is implemented in the following order:

- 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

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.

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.

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

Application for state registration.

Getting Credit in the Russian Federation

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 (2009)			Indicator
			score
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		14.3	0.0
Number of individuals	17,165,000		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 revolving movable assets, without requiring a specific description of the secured assets ?		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 the secured assets ?		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

Protecting Investors in the Russian Federation

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 (2009)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	3
Immediate disclosure to the public and/or shareholders (0-2; see notes)	1
Disclosures in published periodic filings (0-2; see notes)	1
Disclosures by Mr. James to board of directors (0-2; see notes)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Extent of director liability index (0-10)	2
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	0
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Ease of shareholder suits index (0-10)	7
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Strength of investor protection index (0-10)	5.0
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Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in the Russian Federation

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in the 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		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			0.3%-1.5%	cadastral value of the land plot	0.96	
Accidents tax	1			0.2% to 8.5%	gross salaries	2.82	
Property tax	1			2.20%	book value of property	4.66	
Corporate income tax	1		160	24.0%	taxable profits	10.85	
Pension tax	1			14.00%	gross salaries	14.15	
Social tax (UST)	1		96	various rates (26%-2%)	gross salaries	14.80	
Totals	11		320			48.3	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in the Russian Federation

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

Nature of Export Procedures (2009)	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 (2009)	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

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

Enforcing Contracts in the Russian Federation

This topic looks at the efficiency of contract enforcement in the Russian Federation.

Nature of Procedure (2009)	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.



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