

50489

Doing Business 2010

Spain

COMPARING REGULATION IN 183 ECONOMIES



IFC

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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 Spain. 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).

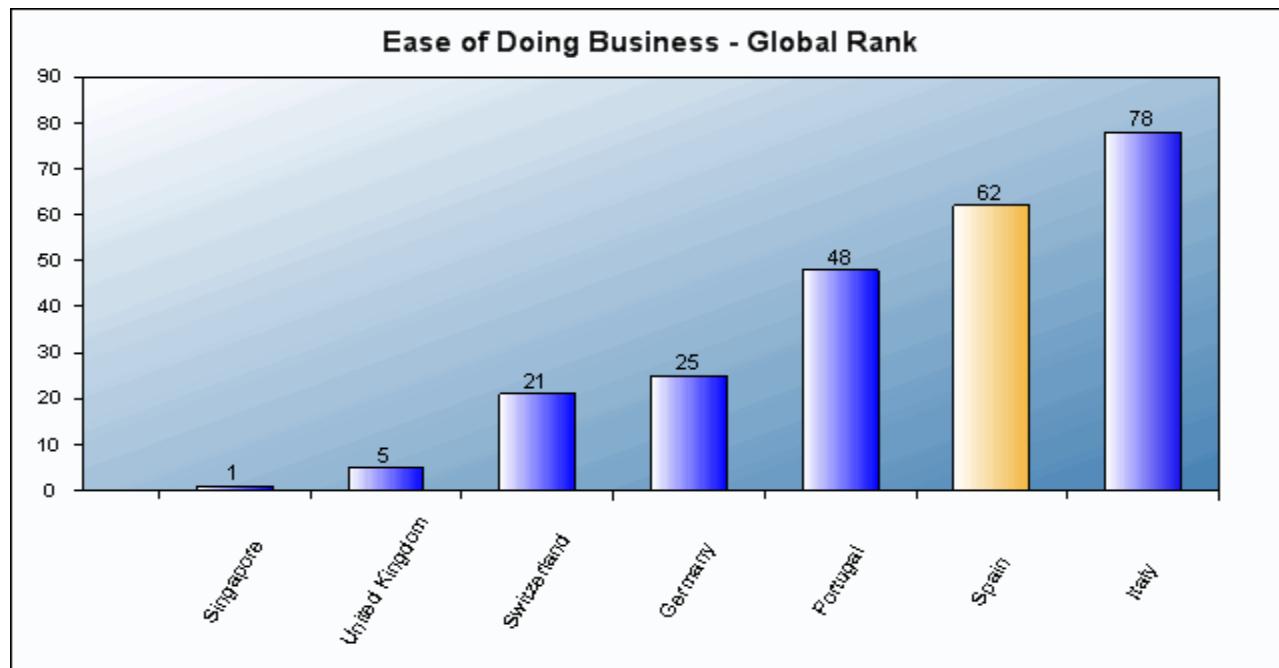
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

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

Spain is ranked 62 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Spain's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	62
Starting a Business	146
Dealing with Construction Permits	53
Employing Workers	157
Registering Property	48
Getting Credit	43
Protecting Investors	93
Paying Taxes	78
Trading Across Borders	59
Enforcing Contracts	52
Closing a Business	19

Summary of Indicators - Spain

Starting a Business	Procedures (number)	10
	Time (days)	47
	Cost (% of income per capita)	15.0
	Min. capital (% of income per capita)	12.8
Dealing with Construction Permits	Procedures (number)	11
	Time (days)	233
	Cost (% of income per capita)	60.9
Employing Workers	Difficulty of hiring index (0-100)	78
	Rigidity of hours index (0-100)	40
	Difficulty of redundancy index (0-10)	30
	Rigidity of employment index (0-100)	49
	Redundancy costs (weeks of salary)	56
Registering Property	Procedures (number)	4
	Time (days)	18
	Cost (% of property value)	7.2
Getting Credit	Strength of legal rights index (0-10)	6
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	45.3
	Private bureau coverage (% of adults)	7.6
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	6
	Ease of shareholder suits index (0-10)	4
	Strength of investor protection index (0-10)	5.0
Paying Taxes	Payments (number per year)	8
	Time (hours per year)	213
	Profit tax (%)	21.2
	Labor tax and contributions (%)	35.1
	Other taxes (%)	0.5
	Total tax rate (% profit)	56.9

Trading Across Borders	Documents to export (number)	6
	Time to export (days)	9
	Cost to export (US\$ per container)	1221
	Documents to import (number)	8
	Time to import (days)	10
	Cost to import (US\$ per container)	1221
Enforcing Contracts	Procedures (number)	39
	Time (days)	515
	Cost (% of claim)	17.2
Closing a Business	Recovery rate (cents on the dollar)	73.2
	Time (years)	1.0
	Cost (% of estate)	15

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 business 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.

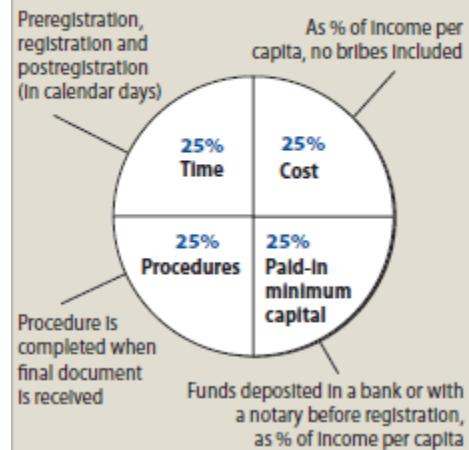
Methodology

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.

Starting a business: getting a local limited liability company up and running

Rankings are based on 4 subindicators



Survey Case Study

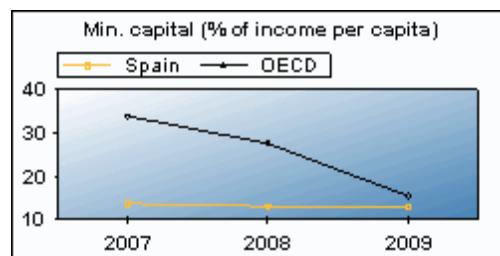
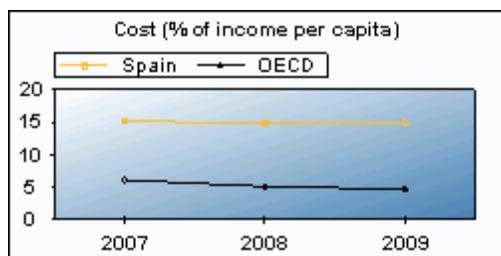
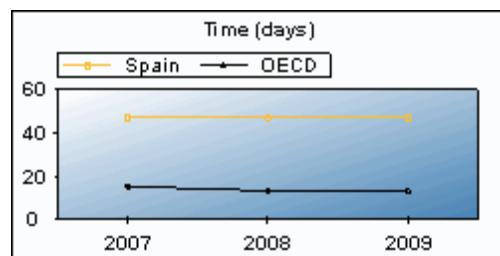
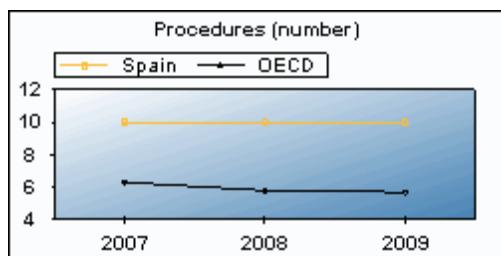
The business:

- 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 Spain

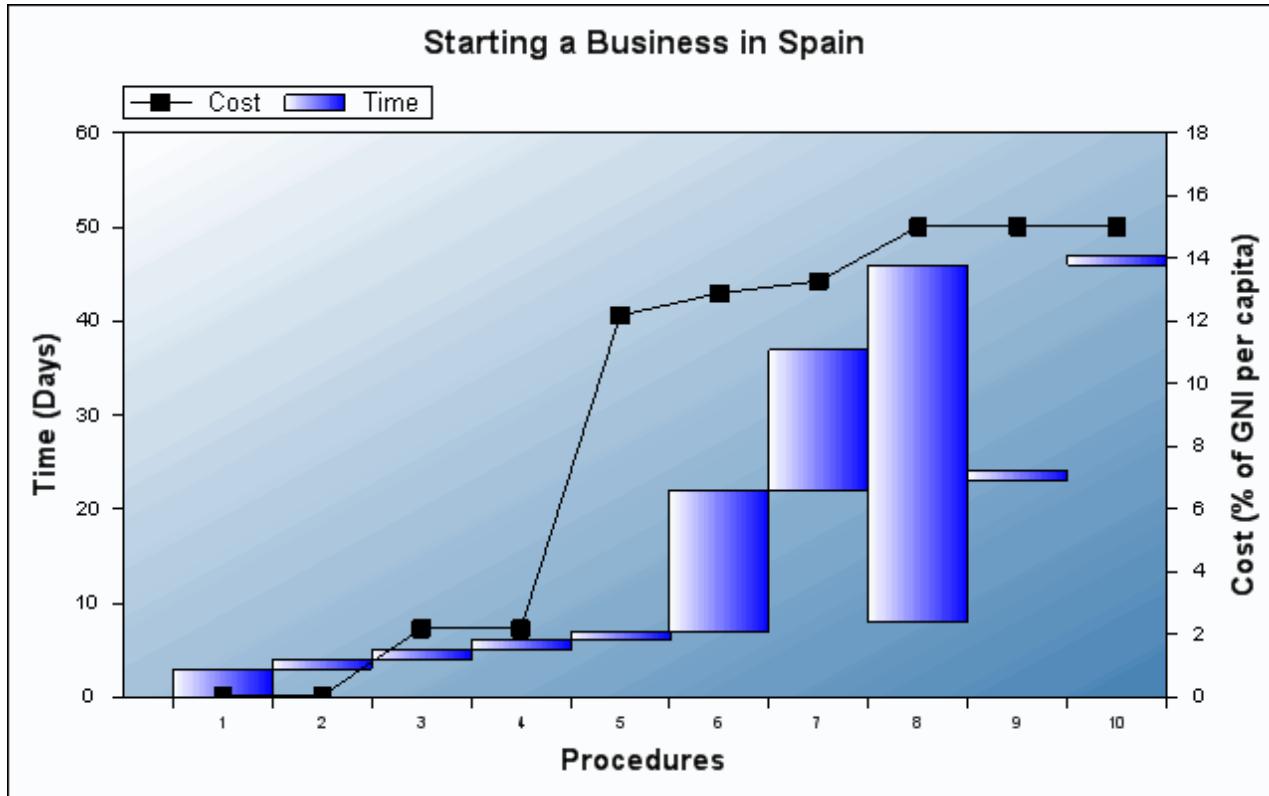
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	139	146
Procedures (number)	10	10	10
Time (days)	47	47	47
Cost (% of income per capita)	15.1	14.9	15.0
Min. capital (% of income per capita)	13.7	13.1	12.8

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



3. Steps to Starting a Business in Spain

It requires 10 procedures, takes 47 days, and costs 15.02 % GNI per capita to start a business in Spain.



List of Procedures:

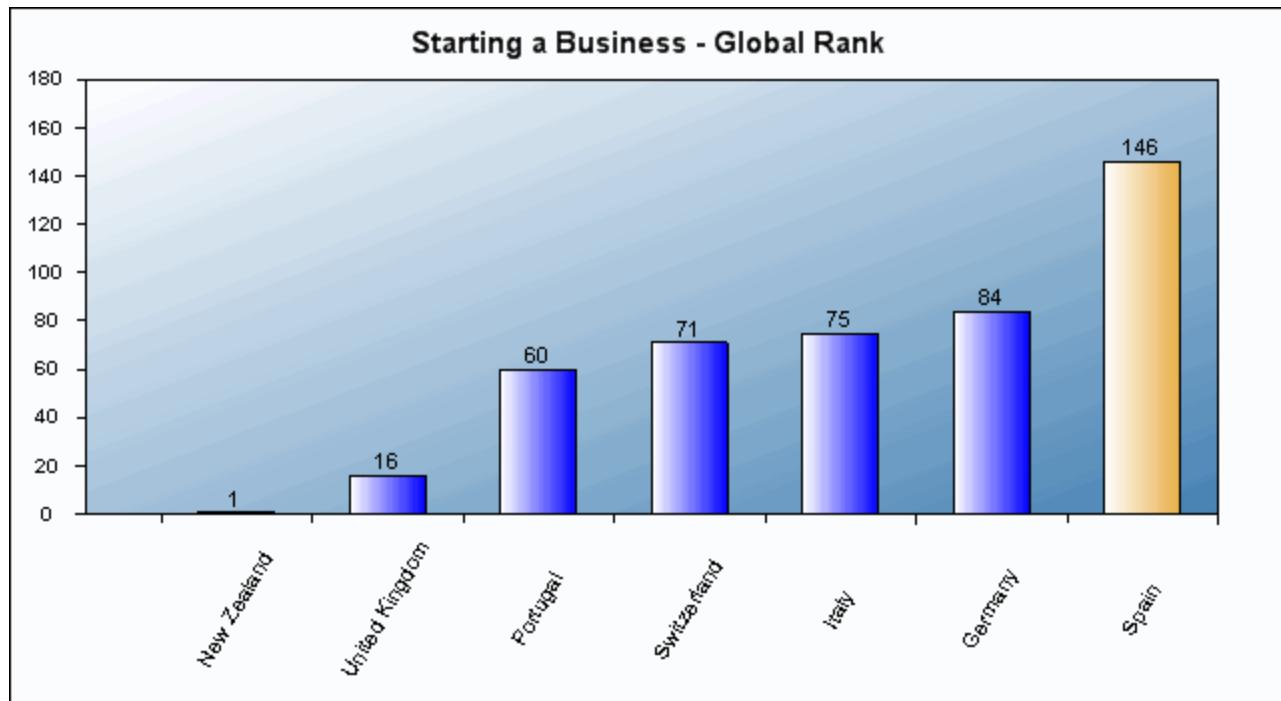
1. Obtain a certification of uniqueness of proposed company name (certificación negativa de la denominación social) from the Mercantile Register
2. Open a bank account for the company; deposit capital in the bank and obtain a deposit certificate
3. Grant a public deed of incorporation before a notary public
4. Submit Declaración Censal de Inicio de Actividad and obtain the Tax Identification Code (Codigo de Identificacion Fiscal, CIF) from the Delegación Provincial de la Agencia Estatal de la Administración Tributaria
5. Pay the Asset Transfer Tax and Legal Documented Act Tax (“Impuesto de Transmisiones Patrimoniales y Actos Jurídicos Documentados”) to the local tax authority
6. File the public deed of incorporation of the company for its registration with the Mercantile Registry.
7. Legalize company books
8. Obtain a municipal license to open business premises (Licencia Municipal de Apertura) at the county/town council (Departamento de Urbanismo del Ayuntamiento)
9. File for social security and affiliate all workers with the local general treasury of social security (Tesorería General de la Seguridad Social)
10. Notify the Delegación Provincial de la Consejería de Trabajo e Industria

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Spain is ranked 146 overall for Starting a Business.

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



The following table shows Starting a Business data for Spain 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

Selected Economy				
Spain	10	47	15.0	12.8

Comparator Economies				
Germany	9	18	4.7	0.0
Italy	6	10	17.9	9.7
Portugal	6	6	6.4	33.5
Switzerland	6	20	2.0	26.4
United Kingdom	6	13	0.7	0.0

* 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:

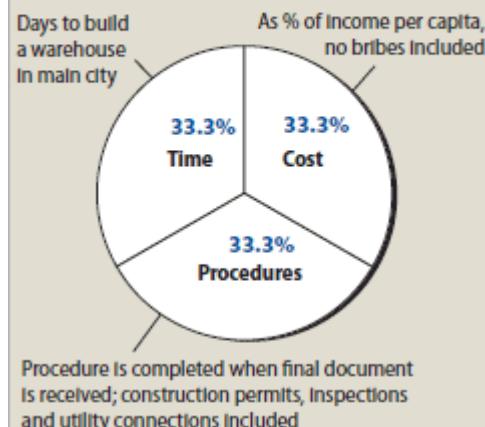
- is a small to medium-size limited liability company
- is located in the largest business city
- is domestically owned and operated, in the construction business
- has 20 qualified employees

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).

Dealing with construction permits: building a warehouse

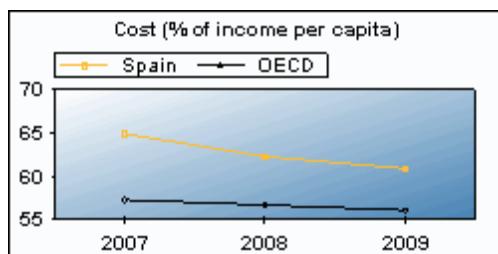
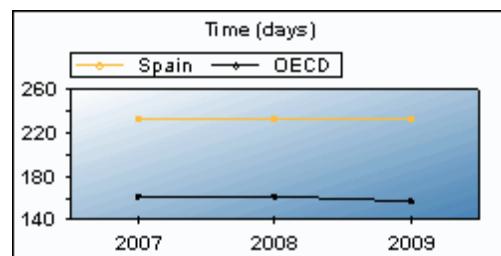
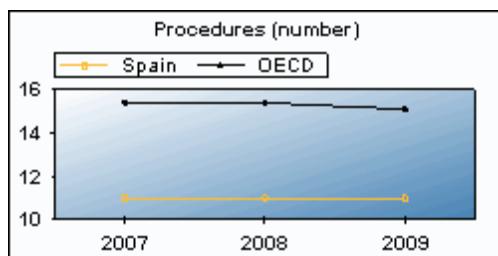
Rankings are based on 3 subindicators



1. Historical data: Dealing with Construction Permits in Spain

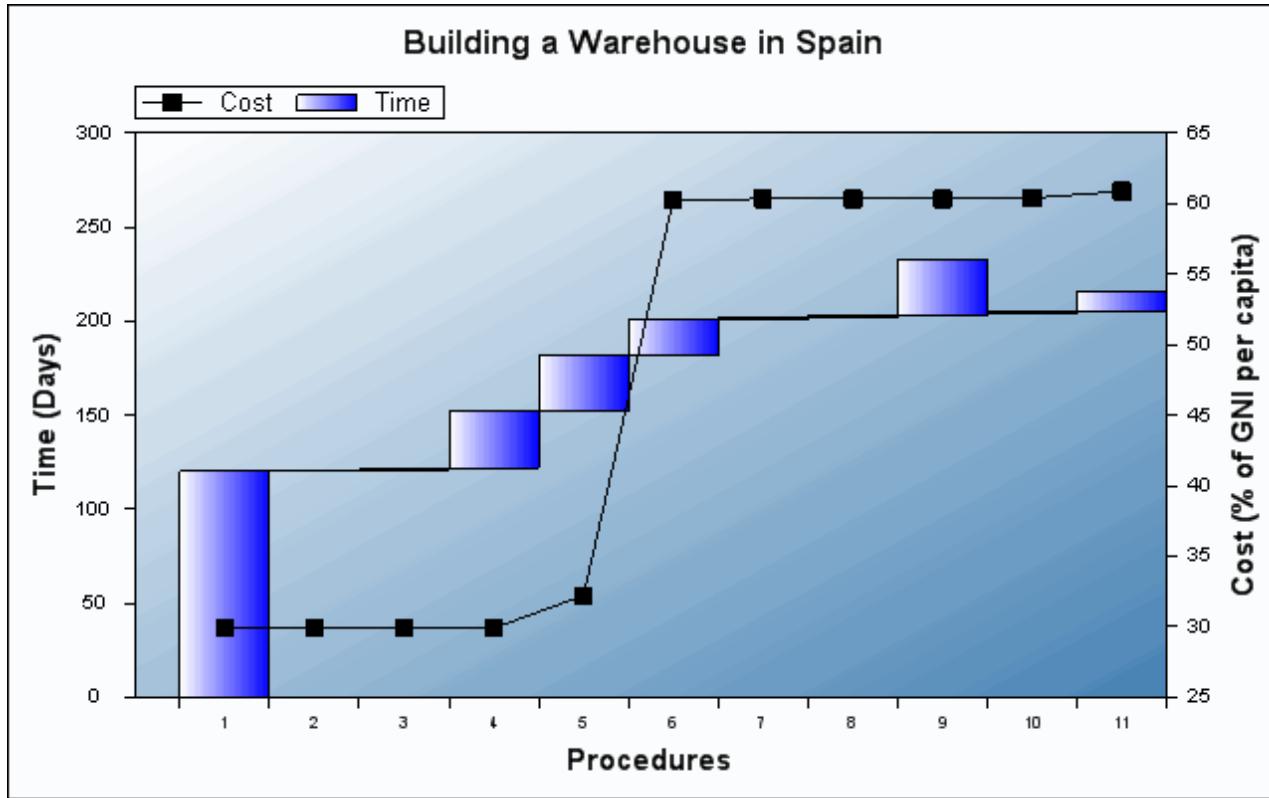
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	50	53
Procedures (number)	11	11	11
Time (days)	233	233	233
Cost (% of income per capita)	64.9	62.3	60.9

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



3. Steps to Building a Warehouse in Spain

It requires 11 procedures, takes 233 days, and costs 60.89 % GNI per capita to build a warehouse in Spain.



List of Procedures:

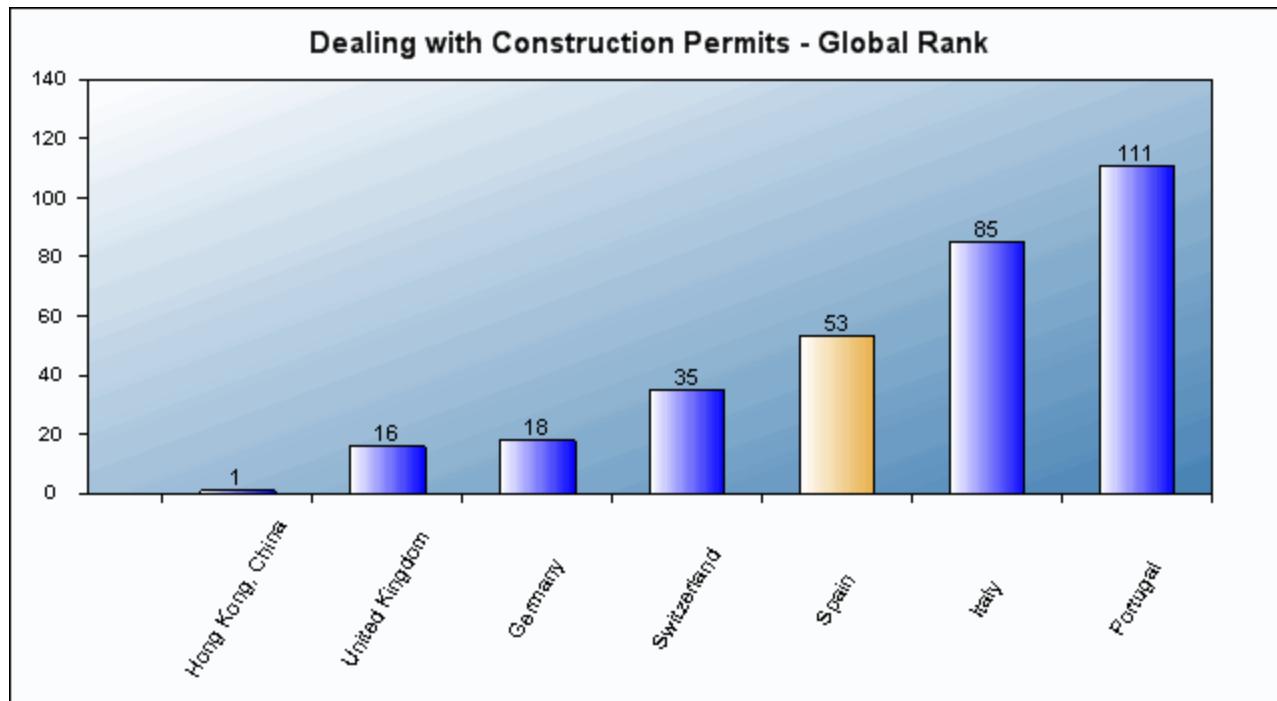
1. Request and Obtain a building license from the Mayor of Madrid (Ayuntamiento de Madrid)
2. Receive inspection (every 3 months) - I
3. Receive inspection (every 3 months) - II
4. Request and receive final inspection in connection with occupancy permit
5. Request and obtain operating license ("Licencia de primera ocupacion") from the Mayor of Madrid (Ayuntamiento de Madrid)
6. Register the new building
7. Request electricity connection
8. Receive electricity inspection
9. Register the electricity installation with Comunidad Autonoma Register and obtain telephone connection
10. Request and obtain water connection
11. Request and obtain telecommunication connection

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Spain is ranked 53 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Spain 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>			
Spain	11	233	60.9

<i>Comparator Economies</i>			
Germany	12	100	60.2
Italy	14	257	137.2
Portugal	19	287	52.9
Switzerland	14	154	49.9
United Kingdom	11	95	69.1

Employing Workers

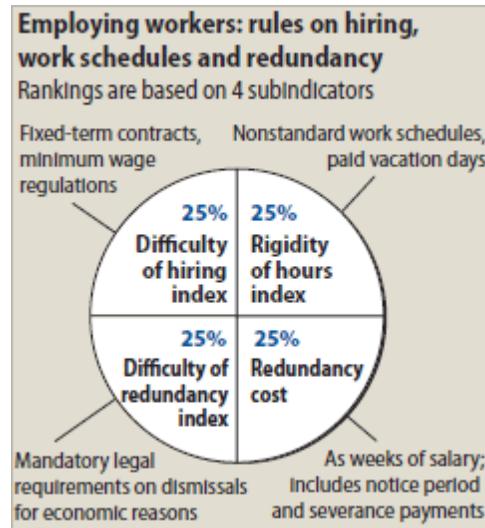
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discrimination 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

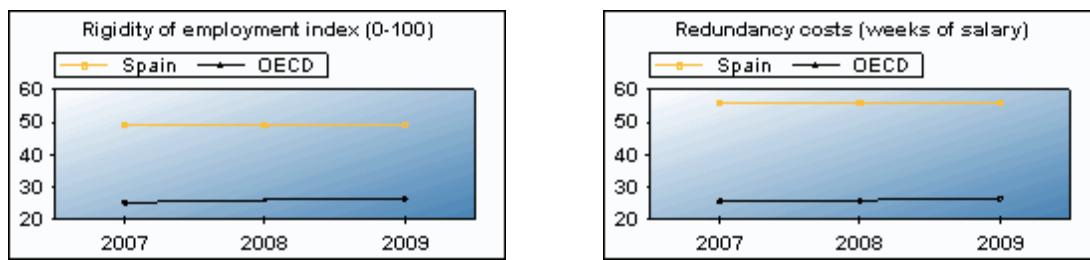
The business:

- 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 Spain

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	154	157
Redundancy costs (weeks of salary)	56	56	56
Rigidity of employment index (0-100)	49	49	49

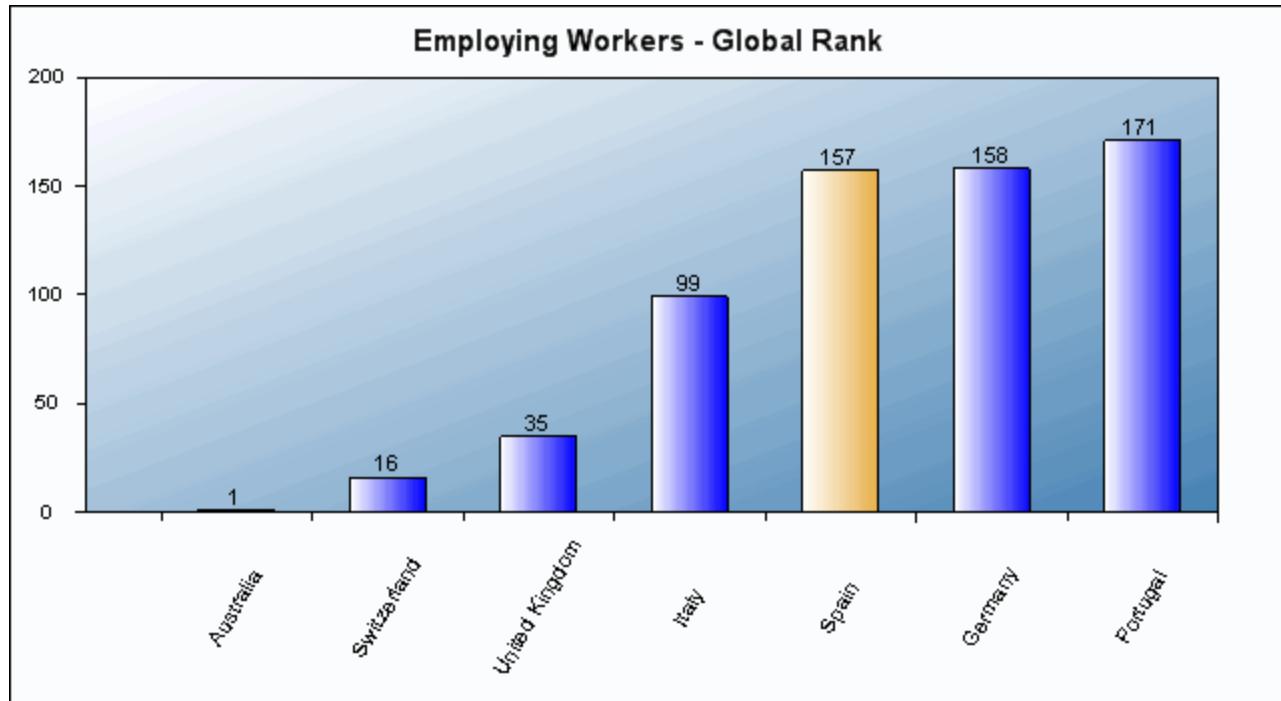
2. The following graphs illustrates the Employing Workers indicators in Spain over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Spain is ranked 157 overall for Employing Workers.

Ranking of Spain in Employing Workers - Compared to good practice and selected economies:



The following table shows Employing Workers data for Spain 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

Selected Economy		
Spain	49	56

Comparator Economies		
Germany	42	69
Italy	38	11
Portugal	43	97
Switzerland	7	13
United Kingdom	10	22

* 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:

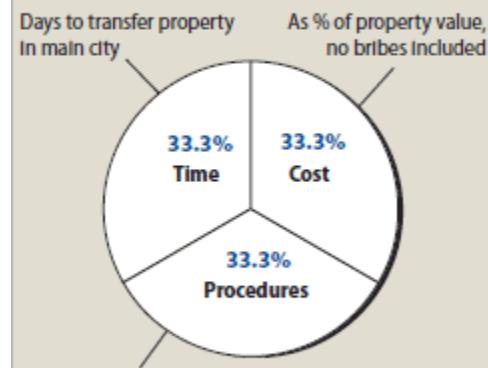
- are limited liability companies
- are private nationals (no foreign ownership)
- are located in periurban area of the largest business city
- conduct general commercial activities

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.

Registering property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

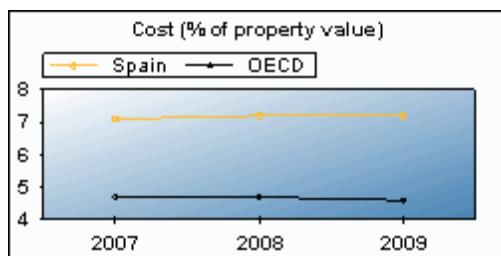
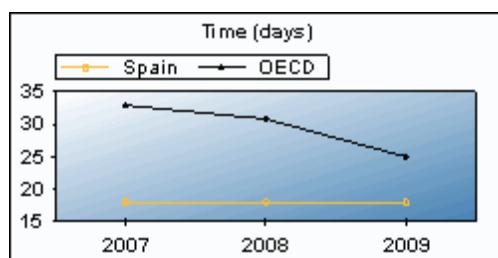
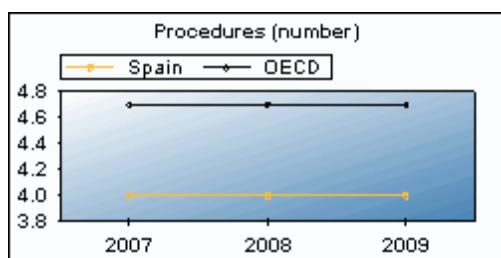


Steps to check encumbrances, obtain clearance certificates, prepare deed and transfer title so that the property can be occupied, sold or used as collateral

1. Historical data: Registering Property in Spain

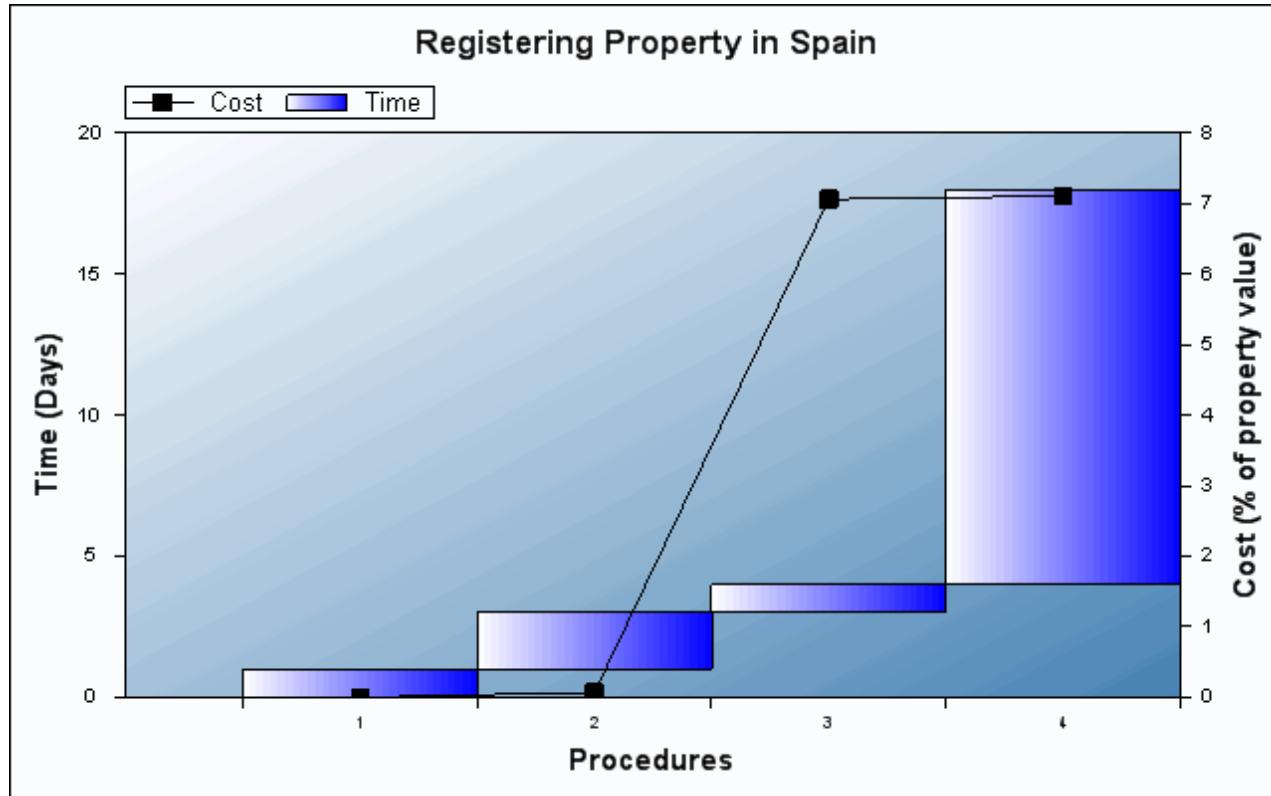
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	46	48
Procedures (number)	4	4	4
Time (days)	18	18	18
Cost (% of property value)	7.1	7.2	7.2

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



3. Steps to Registering Property in Spain

It requires 4 procedures, takes 18 days, and costs 7.22 % of property value to register the property in Spain.



List of Procedures:

1. Notary consults Property Registry books
2. Execution and delivery of the public deed of purchase of the property
3. Payment of the Transfer Tax (ITP)
4. The public deed is registered at the Land and Property Registry

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Spain is ranked 48 overall for Registering Property.

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



The following table shows Registering Property data for Spain 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

Selected Economy			
Spain	4	18	7.2

Comparator Economies			
Germany	4	40	5.2
Italy	8	27	4.6
Portugal	5	12	7.4
Switzerland	4	16	0.4
United Kingdom	2	8	4.1

* 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)

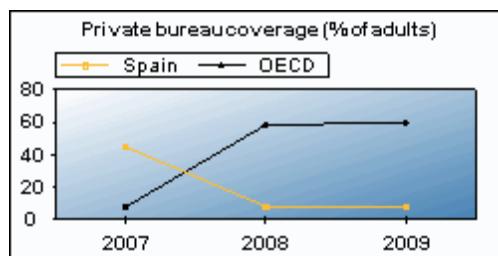
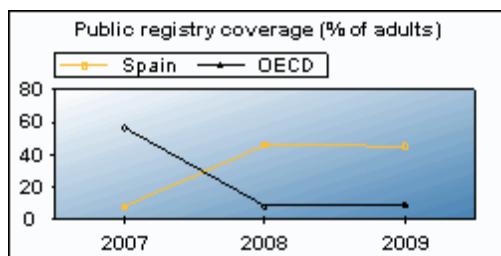
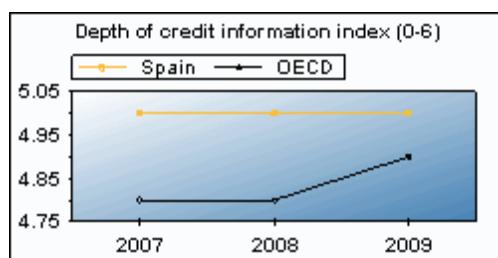
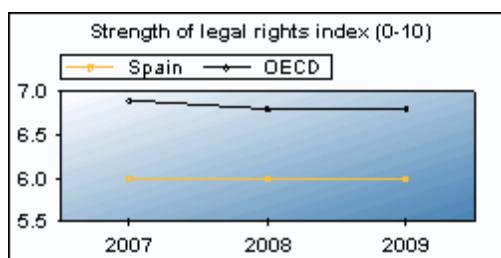
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in Spain

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	41	43
Strength of legal rights index (0-10)	6	6	6
Depth of credit information index (0-6)	5	5	5
Private bureau coverage (% of adults)	44.9	8.1	7.6
Public registry coverage (% of adults)	8.3	45.8	45.3

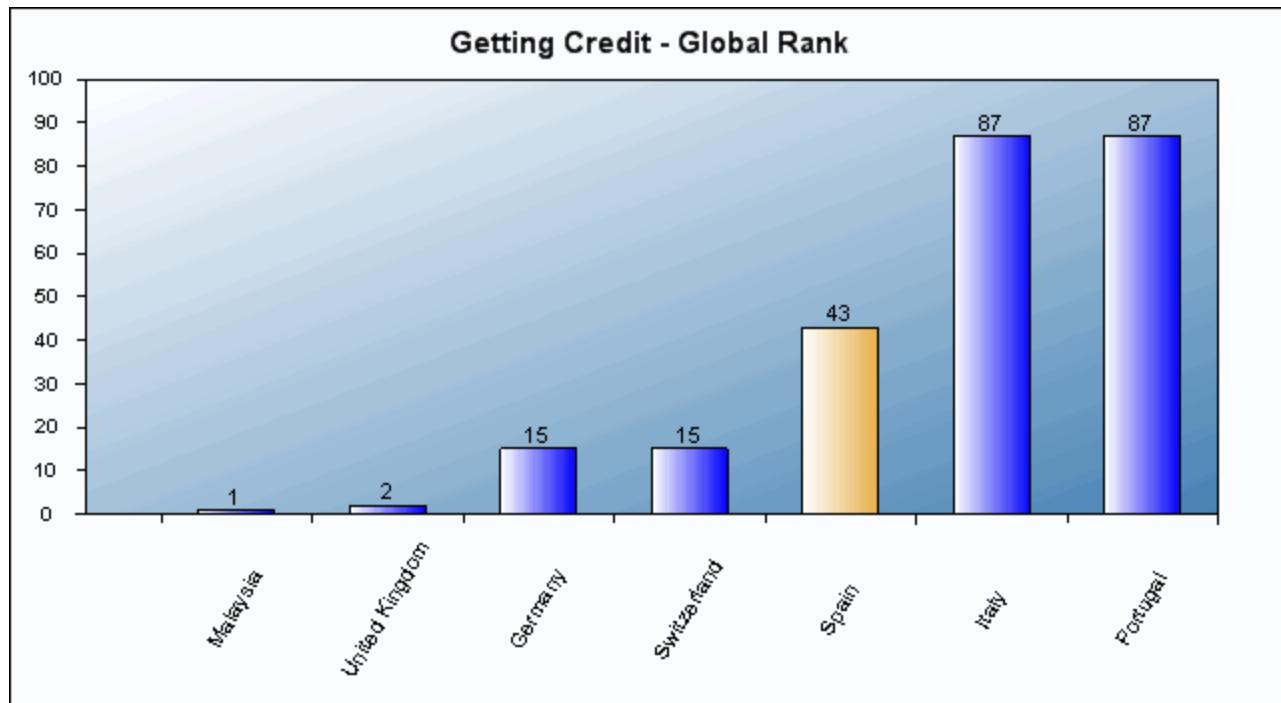
2. The following graphs illustrates the Getting Credit indicators in Spain over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Spain is ranked 43 overall for Getting Credit.

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



The following table shows Getting Credit data for Spain 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		

Selected Economy				
Spain	6	5	45.3	7.6

Comparator Economies				
Germany	7	6	0.8	98.3
Italy	3	5	12.2	77.5
Portugal	3	5	81.3	16.4
Switzerland	8	5	0.0	22.5
United Kingdom	9	6	0.0	100.0

* 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 director 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.

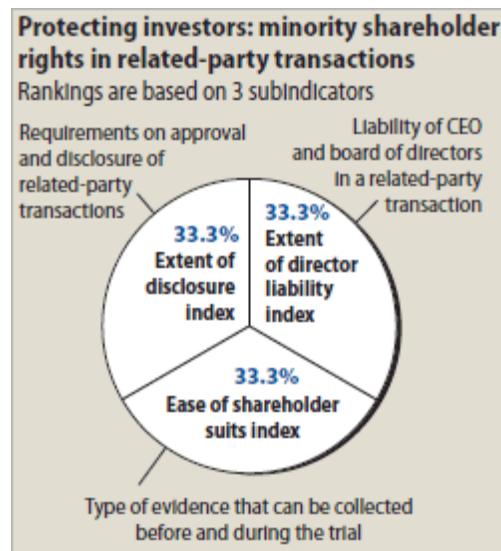
Survey case study

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?

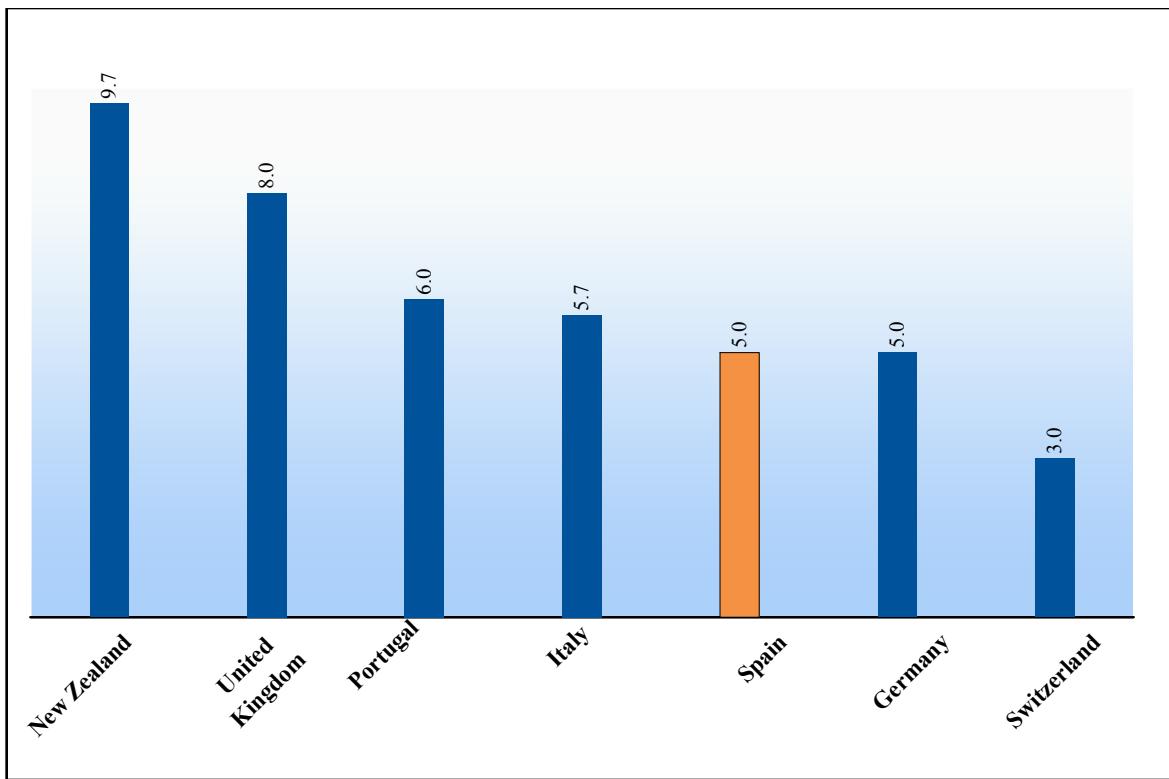
*Doidge, Kardiyi and Stulz (2007)



1. Historical data: Protecting Investors in Spain

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 Spain compared to best practice and selected Economies:

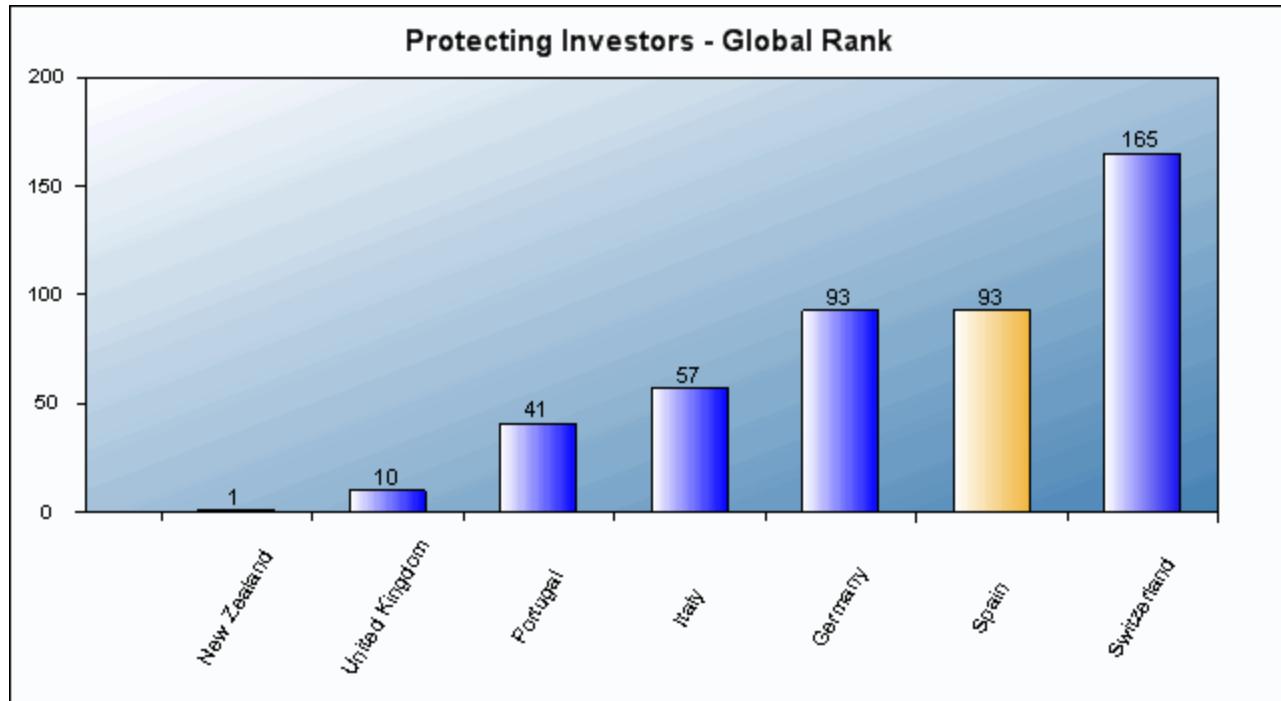


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Spain is ranked 93 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Spain 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>	
Spain	5.0

<i>Comparator Economies</i>	
Germany	5.0
Italy	5.7
Portugal	6.0
Switzerland	3.0
United Kingdom	8.0

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:

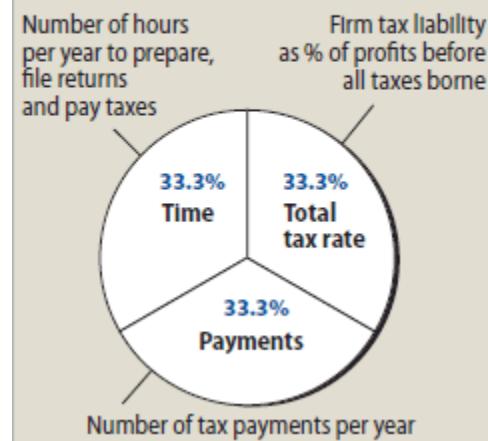
- number of tax payments, which takes into account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value 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.

Paying taxes: tax compliance for a local manufacturing company

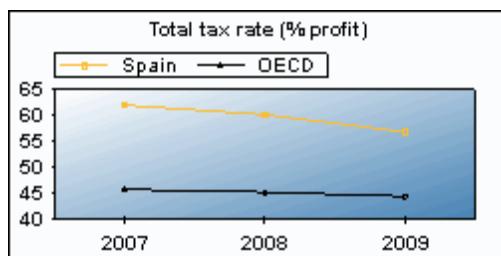
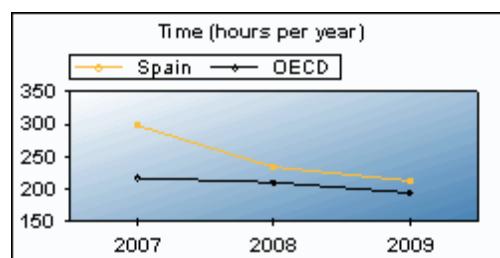
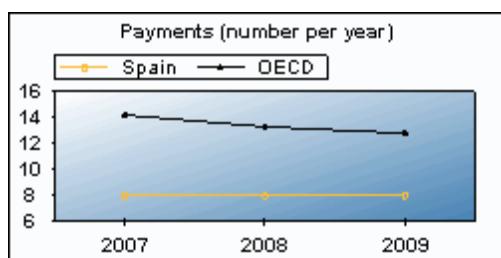
Rankings are based on 3 subindicators



1. Historical data: Paying Taxes in Spain

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	86	78
Total tax rate (% profit)	62.0	60.2	56.9
Payments (number per year)	8	8	8
Time (hours per year)	298	234	213

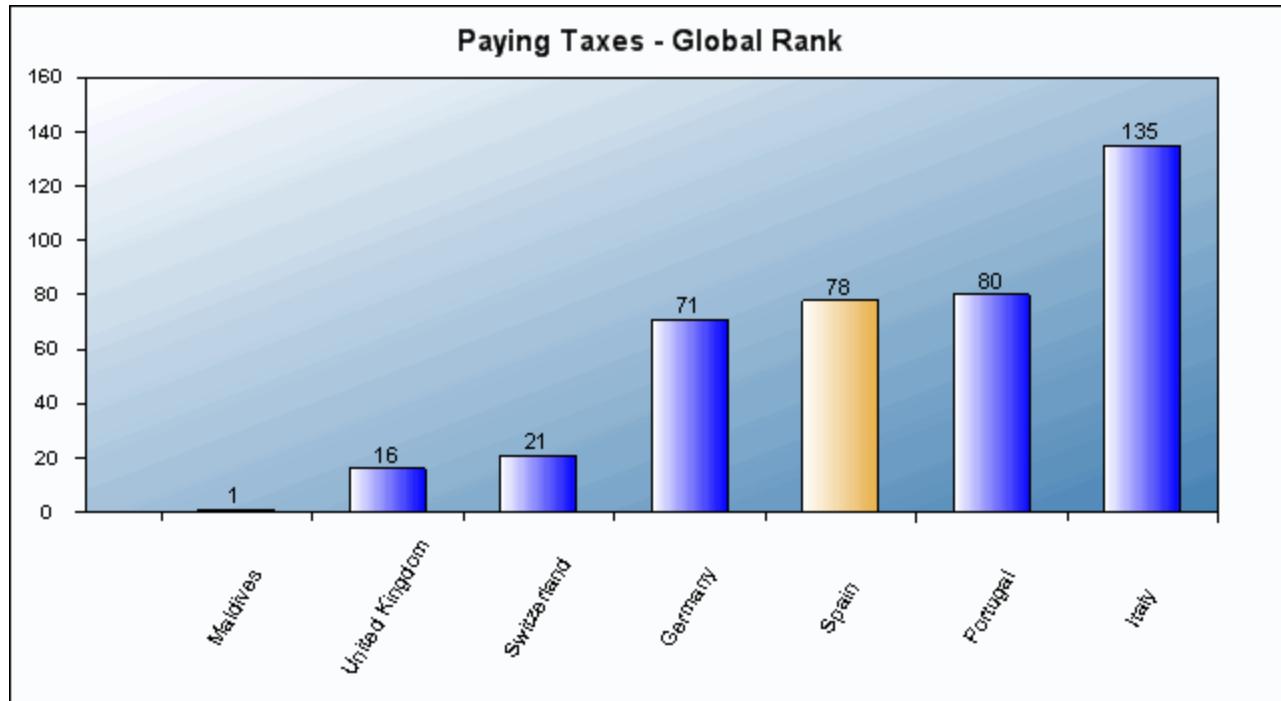
2. The following graphs illustrates the Paying Taxes indicators in Spain over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Spain is ranked 78 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Spain 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

Selected Economy			
Spain	8	213	56.9

Comparator Economies			
Germany	16	196	44.9
Italy	15	334	68.4
Portugal	8	328	42.9
Switzerland	24	63	29.7
United Kingdom	8	110	35.9

* 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.

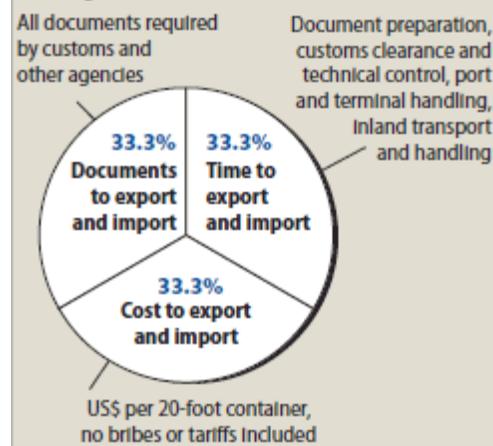
Survey case study

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.

Trading across borders: exporting and importing by ocean transport

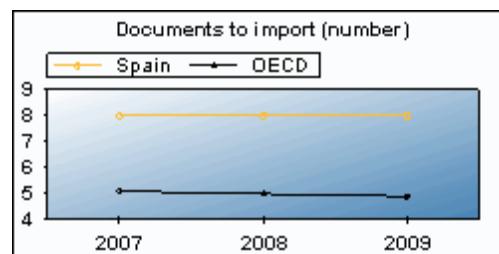
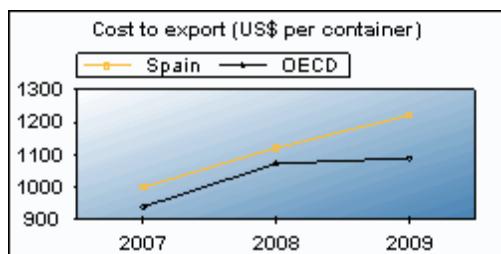
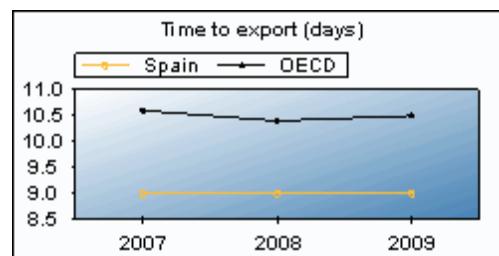
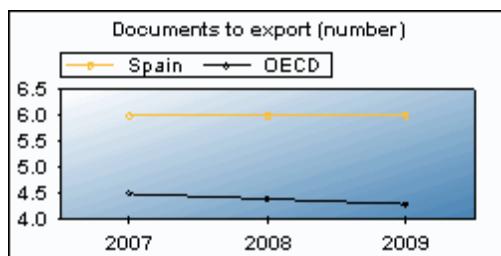
Rankings are based on 3 subindicators

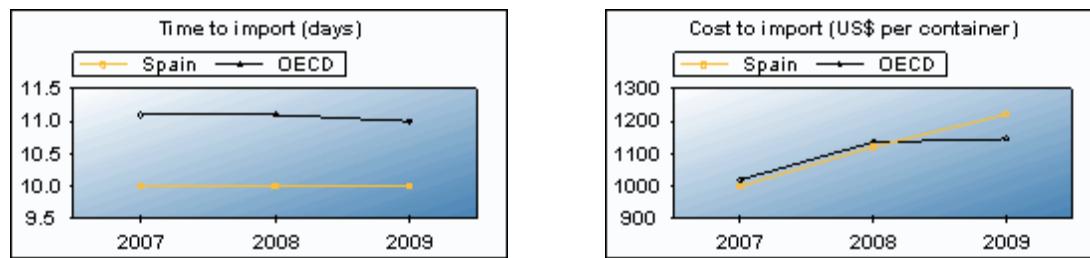


1. Historical data: Trading Across Borders in Spain

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	52	59
Cost to export (US\$ per container)	1000	1121	1221
Cost to import (US\$ per container)	1000	1121	1221
Documents to export (number)	6	6	6
Documents to import (number)	8	8	8
Time to export (days)	9	9	9
Time to import (days)	10	10	10

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

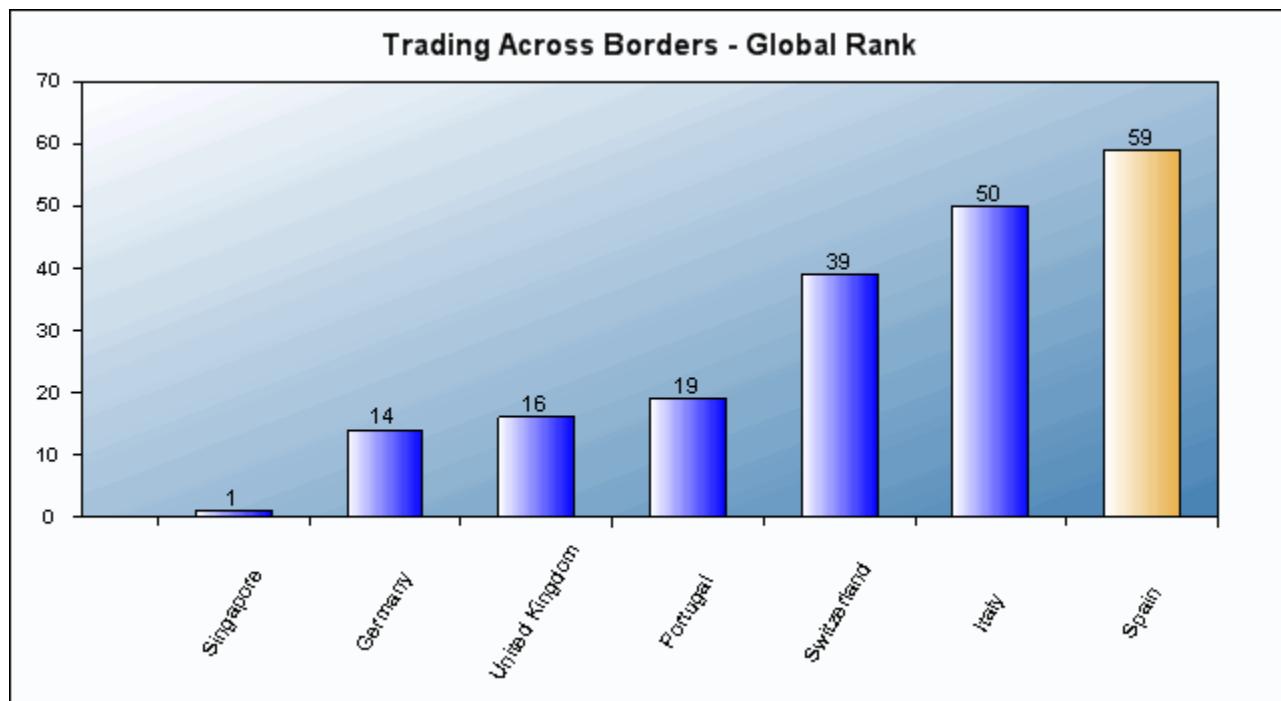




3. Benchmarking Trading Across Borders Regulations:

Spain is ranked 59 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Spain 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

Selected Economy						
Spain	6	9	1221	8	10	1221

Comparator Economies						
Germany	4	7	872	5	7	937
Italy	4	20	1231	4	18	1231
Portugal	4	16	685	5	15	999
Switzerland	4	8	1537	5	9	1540
United Kingdom	4	9	1030	4	8	1160

* 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:

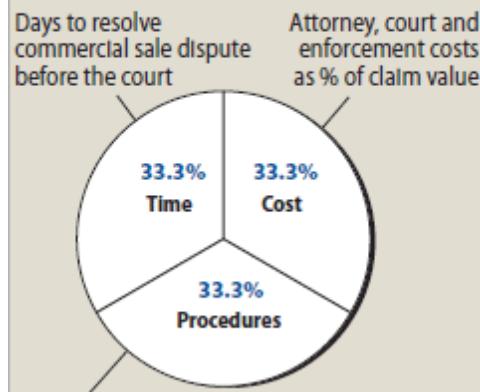
- number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- time, which counts the number of calendar days from the moment the Seller files the law suit 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.

Enforcing contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

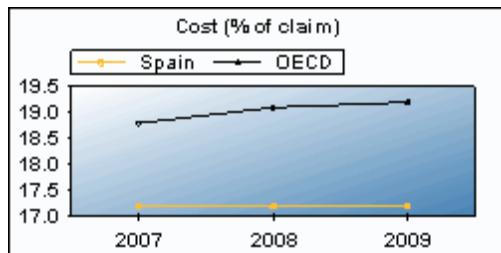
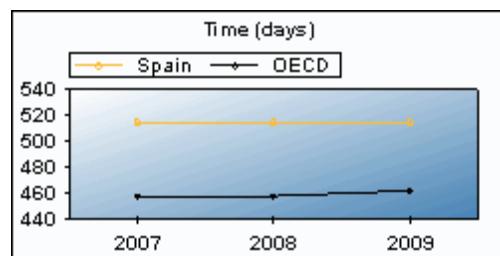
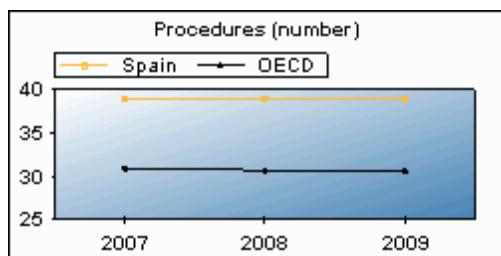


Steps to file claim, obtain Judgment and enforce it

1. Historical data: Enforcing Contracts in Spain

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	52	52
Procedures (number)	39	39	39
Time (days)	515	515	515
Cost (% of claim)	17.2	17.2	17.2

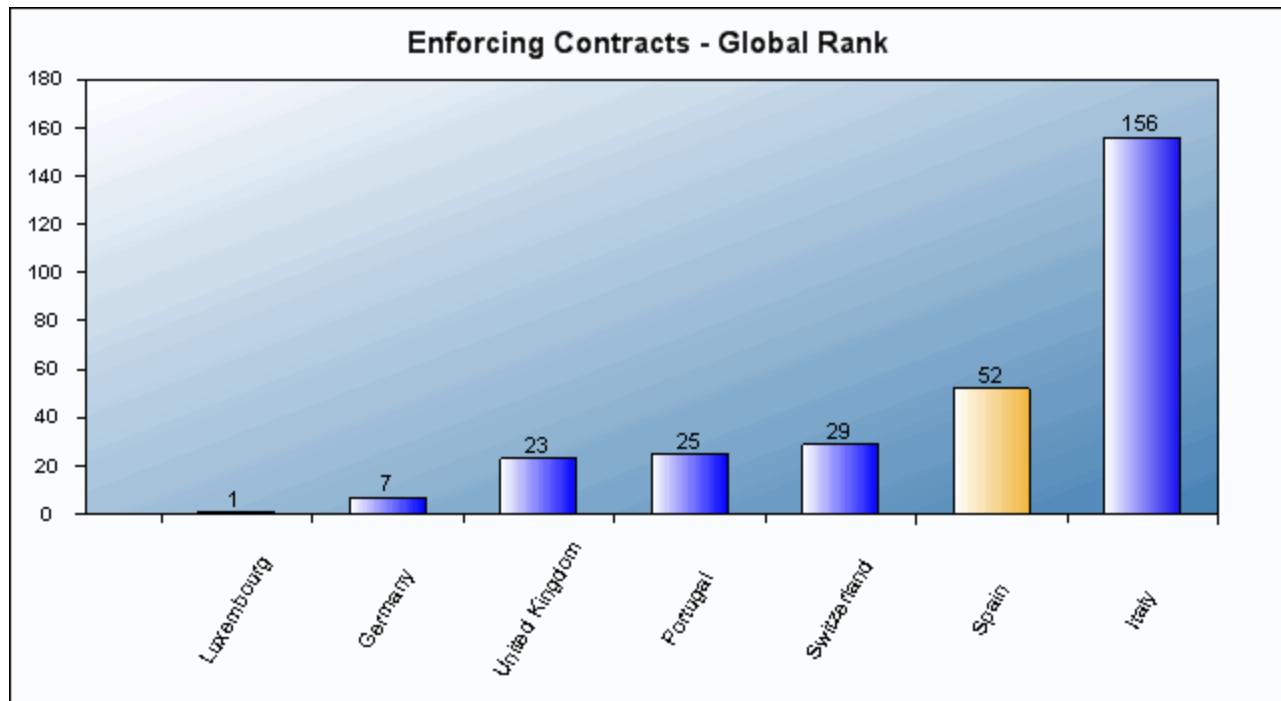
2. The following graphs illustrates the Enforcing Contracts indicators in Spain over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Spain is ranked 52 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Spain 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>			
Spain	39	515	17.2

<i>Comparator Economies</i>			
Germany	30	394	14.4
Italy	40	1210	29.9
Portugal	31	547	13.0
Switzerland	31	417	24.0
United Kingdom	30	399	23.4

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:

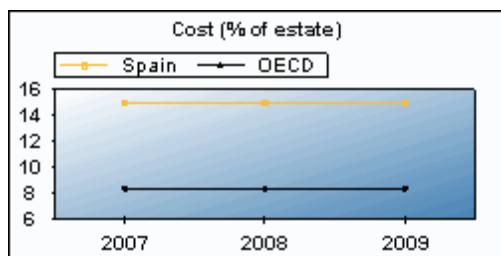
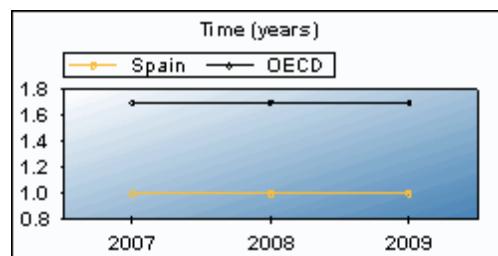
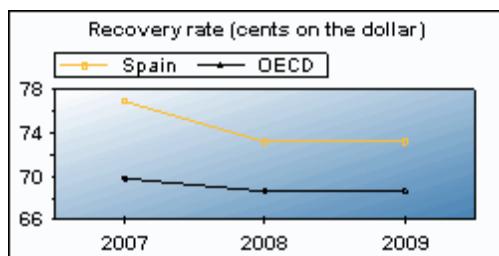
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows
- The case is designed 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 Spain

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	19	19
Time (years)	1.0	1.0	1.0
Cost (% of estate)	15	15	15
Recovery rate (cents on the dollar)	76.9	73.2	73.2

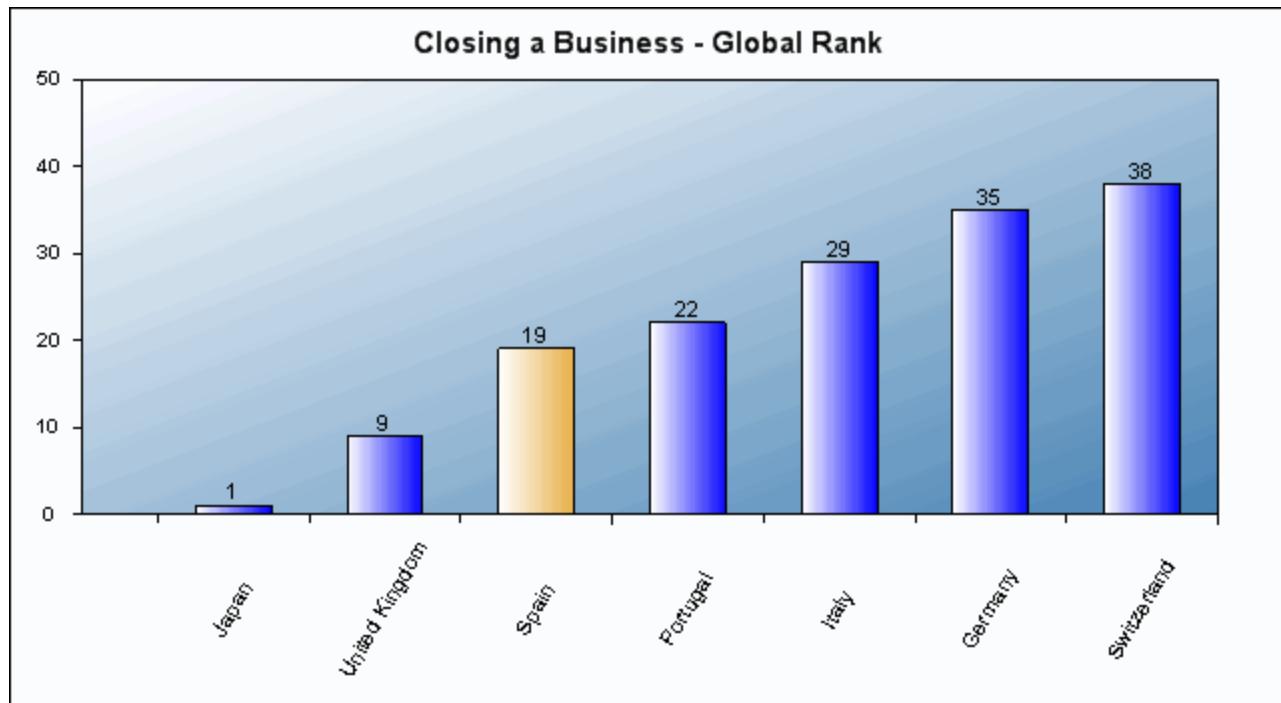
2. The following graphs illustrates the Closing Business indicators in Spain over the past 3 years:



3. Benchmarking Closing Business Regulations:

Spain is ranked 19 overall for Closing a Business.

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



The following table shows Closing Business data for Spain 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

Selected Economy			
Spain	73.2	1.0	15

Comparator Economies			
Germany	52.2	1.2	8
Italy	56.6	1.8	22
Portugal	69.4	2.0	9
Switzerland	46.8	3.0	4
United Kingdom	84.2	1.0	6

* 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	Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
		Positive Reform	Positive Reform	Positive Reform	Positive Reform	Positive Reform	Positive Reform	Positive Reform	Positive Reform	Positive Reform	Positive Reform	
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
	Spain						✓					1
	Italy											
	Switzerland											
	Germany	✓								✓		2
	United Kingdom		✓		✓							2
	Portugal	✓	✗	✓				✓	✓			4

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.
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.
Germany	Germany's recent Act on the Implementation of Measures to Stabilize the Financial Market (Finanzmarktstabilisierungsgesetz) removes the requirement for potentially viable companies to file for immediate insolvency in cases of overindebtedness. The business start-up process was eased by reducing the minimum capital requirement to a value that is merely symbolic.
Italy	In Italy no major reform was recorded.
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.

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.

Portugal

Portugal reduced the time and improved the procedures for contract enforcement by enabling e-filing for the initiation of a suit and by lessening the need for a judge's intervention in the execution of judgment. Employing workers was made more difficult by restricting the use of fixed-term contracts and increasing the notice period for redundancy dismissals. Property registration was sped up with computerization at the Registry and an amendment to the Registry Code making the use of notaries optional. Portugal improved the efficiency of customs administration through training for agents and enhanced customer service, reducing customs clearance times. It also introduced an improved fire safety appraisal system for new construction projects and faster registration of new buildings.

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.

Spain

Spain eased the tax burden on business by reducing the corporate income tax rate from 32.5 percent to 30 percent and increasing efficiency through an electronic filing and payment system.

Switzerland

In Switzerland no major reform was recorded.

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.

United Kingdom The United Kingdom eased the process of dealing with construction permits with wider use of approved inspectors, reducing the time and number of steps required. The lodging of a land transaction return is now processed automatically and electronically by the revenue and customs authority, reducing the time to register property.

APPENDICES

Starting a Business in Spain

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

STANDARDIZED COMPANY

Legal Form: Sociedad de responsabilidad limitada (SRL)

-Limited Liability Company

Minimum Capital Requirement:

City: Madrid

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a certification of uniqueness of proposed company name (certificación negativa de la denominación social) from the Mercantile Register	3	11
2	Open a bank account for the company; deposit capital in the bank and obtain a deposit certificate	1	0
3	Grant a public deed of incorporation before a notary public	1	500
4	Submit Declaración Censal de Inicio de Actividad and obtain the Tax Identification Code (Codigo de Identificacion Fiscal, CIF) from the Delegación Provincial de la Agencia Estatal de la Administración Tributaria	1	0
5	Pay the Asset Transfer Tax and Legal Documented Act Tax (“Impuesto de Transmisiones Patrimoniales y Actos Jurídicos Documentados”) to the local tax authority	1	0.00732585
6	File the public deed of incorporation of the company for its registration with the Mercantile Registry.	15	27.046
7	Legalize company books	15	90
8 *	Obtain a municipal license to open business premises (Licencia Municipal de Apertura) at the county/town council (Departamento de Urbanismo del Ayuntamiento)	38	405.9
9 *	File for social security and affiliate all workers with the local general treasury of social security (Tesorería General de la Seguridad Social)	1	0
10	Notify the Delegación Provincial de la Consejería de Trabajo e Industria	1	0

* Takes place simultaneously with another procedure.

Procedure 1	Obtain a certification of uniqueness of proposed company name (certificación negativa de la denominación social) from the Mercantile Register
Time to complete:	3
Cost to complete:	11
Comment:	<p>The certification of uniqueness of the corporate name can be obtained directly from the Central Mercantile Registry by filing the corresponding form. Alternatively, it can be requested by mail or via the Internet. The Central Mercantile Registry must mail the certification C.O.D. to the address indicated in the request.</p> <p>Once the Registry issues the certification, , the requested corporate name will be reserved for a maximum of 6 months from the certification's date of issuance.</p> <p>Each certification of uniqueness of the corporate name is valid for 3 months from its date of issuance. Should the company not be incorporated within this term, a certificate renewal must be requested. The certification must be attached to the public deed of incorporation.</p>
Procedure 2	Open a bank account for the company; deposit capital in the bank and obtain a deposit certificate
Time to complete:	1
Cost to complete:	0
Comment:	Pursuant to Spanish Royal Decree 1,784/1996 (Article 189, second paragraph), the contributions can also be directly given to the notary public before whom the deed of incorporation is going to be granted, at the time of the granting, so that the notary can deposit them in the Company's bank account, provided that (i) the contributions are paid in with cash, and (ii) the request to deposit the capital is included in the public deed.
Procedure 3	Grant a public deed of incorporation before a notary public
Time to complete:	1
Cost to complete:	500
Comment:	The public deed of incorporation must include (a) the identity of the company shareholders; (b) their will to incorporate the company; (c) the disbursement made by each of shareholder and the number of shares subscribed to by each; (d) the company bylaws; (e) the type of administrative body that will manage the company; and (f) the identity of its administrators or directors.
	According to Law 36/2006 (November 29, 2006) and the corresponding interpretation of the General Board of Registries and Notaries, the public deed of incorporation must also include a fiscal identification number for each shareholder and for each shareholder representative and director.
	The certificate of uniqueness of the corporate name and the bank-issued certification must be attached to the public deed of incorporation.
	According to Law 24/2005 (November 18, 2005), a notary public can send the incorporation documents to the Commercial Registry electronically.
	However, although the electronic system has been implemented, it is still not possible to use it to set up a Limited Liability Company, due to the Asset Transfer Tax and Legal Document Act Tax that must be paid, after granting the public deed of incorporation and before filling it with the Commercial Registry, because the official form that must be filled with the corresponding tax authorities ("Modelo 600") and which is a pre-requisite for filling the deed of incorporation with the Commercial Registry, must be filled with the tax authorities in person.

Procedure 4	Submit Declaración Censal de Inicio de Actividad and obtain the Tax Identification Code (Codigo de Identificación Fiscal, CIF) from the Delegación Provincial de la Agencia Estatal de la Administración Tributaria
Time to complete:	1
Cost to complete:	0
Comment:	<p>As a general rule, the statement on commencement of business activities (Declaración Censal de Inicio de Actividad) must be filed and the tax identification number must be obtained before the company starts business activities. A copy of the public deed of incorporation must be filed with the Delegación Provincial de la Agencia Estatal de la Administración Tributaria with the corresponding form. Through the same procedure, the company must also register for VAT. The tax identification number is a prerequisite for registering the public deed of incorporation with the Mercantile Registry and for paying the Asset Transfer Tax and Legal Document Act Tax (Impuesto de Transmisiones Patrimoniales y Actos Jurídicos Documentados). Form 036 may be filed in person with the Delegación Provincial de la Agencia Estatal de la Administración Tributaria or by registered mail, along with the following documents: (a) the original and a copy of the public deed of incorporation; (b) original or copy of identity documents (such as DNI or NIE for a foreign individual or legal entity) of the shareholders; and (c) original of an identity document (such as DNI or NIE for a foreign individual or legal entity) of the representative of the company.</p>
Procedure 5	Pay the Asset Transfer Tax and Legal Documented Act Tax (“Impuesto de Transmisiones Patrimoniales y Actos Jurídicos Documentados”) to the local tax authority
Time to complete:	1
Cost to complete:	0.00732585
Comment:	<p>The tax must be paid within 30 business days of the date on which the public deed of incorporation was granted. The company must fill in the corresponding form and file it with the local tax authorities, along with a copy of the public deed of incorporation and a copy of the tax identification number. Payment of the asset transfer and legal document act tax is a prerequisite for the registration of the public deed of incorporation of the company with the Mercantile Registry.</p>
Procedure 6	File the public deed of incorporation of the company for its registration with the Mercantile Registry.
Time to complete:	15
Cost to complete:	27.046
Comment:	<p>The registration costs are based on variables such as the amount of the company share capital, the number of shareholders, and the type of administrative body. For example, for a company with share capital EUR 219,760 with five shareholders and five members of the board of directors, the registration fee would be about EUR 159.</p> <p>Fee schedule for registration:</p> <ul style="list-style-type: none"> - If company share capital does not exceed EUR 3,005.06: fee is EUR6.01. - EUR 3,005.06 to EUR 30,050.61: 0.10%. - EUR 30,050.61 to EUR 90,151.82: 0.08%. - EUR 90,151.82 to EUR 240,404.84: 0.06%. - EUR 240,404.84 to EUR 601,012.10: 0.038%. - EUR 601,012.10 to EUR 1,202,024.21: 0.02%. - EUR 1,202,024.21 to EUR 6,010,121.04: 0.009%. - Over EUR 6,010,121.04: 0.005%. <p>In any case, the regulated applicable global tariff will not exceed EUR 2,181.67.</p>

The company public deed of incorporation must be filed with the Mercantile Registry of the place where the company has its corporate address within 2 months of the date it was granted. For the public deed to be registered, it is necessary that the Asset Transfer and the Legal Documented Acts Tax has been paid and the tax identification number obtained.

Once the public deed of incorporation has been registered, the company incorporation will be published in the Official Journal of the Mercantile Registry. Upon registration, the company acquires the status of a legal entity.

According to Law 24/2005 (November 18, 2005), registration must be completed within 15 days. The law states that all communication between notaries and the registry should be electronic (with electronic notarial signature). If registration does not take place within the stated time, the registration fees are reduced by 30%.

Procedure 7 Legalize company books

Time to complete: 15

Cost to complete: 90

Comment: A limited liability company must legalize (a) the corporate books, such as the book register of members and the minutes book; (b) the accounting books, such as the inventory and accounts book; and (c) the register books for VAT. Only corporate and accounting books must be legalized. Legalization is done by the Mercantile Registry. The request for legalization must be done at the Commercial Registry by filing the appropriate form in person or electronically. A certificate of electronic signature, required for online applications, may be obtained at www.registradores.org/scr/agenda, which takes about 2 days and costs EUR 69.60 plus VAT.

The cost for purchasing the books and legalizing them is about EUR 90.

Procedure 8 Obtain a municipal license to open business premises (Licencia Municipal de Apertura) at the county/town council (Departamento de Urbanismo del Ayuntamiento)

Time to complete: 38

Cost to complete: 405.9

Comment: The cost of obtaining the municipal license to open business premises (licencia municipal de apertura) depends on the type of license needed and on the company's business activities. For the pursuit of an activity which is not subject to any environmental assessment procedure, the amount is €405.90, according to the "amendment to the Tax Ordinance regulating the Tax on the Provision of Planning Services", which came into force on January 1, 2009.

Procedure 9 File for social security and affiliate all workers with the local general treasury of social security (Tesoreria General de la Seguridad Social)

Time to complete: 1

Cost to complete: 0

Comment: Upon registration of the company with Social Security, a state supervisory number is issued and assigned to the company. The required documents are (a) the corresponding form; (b) a copy of the public deed of incorporation; (c) a photocopy of the applicant's national identity document or power of attorney; and (d) the company tax identification number. Registration of the company and affiliation of all the workers must be made before starting any business activities.

In addition to the registration of the company, registration of each employee with the

Spanish Social Security System is required by submitting the following documentation upon hire: (a) corresponding form (signed by both the company and the employee); (b) powers of attorney of the company representative; (c) a copy of the employee's national identity document (such as DNI, NIE, or passport); and (c) a copy of the company representative's national identity card.

Procedure 10 Notify the Delegación Provincial de la Consejería de Trabajo e Industria

Time to complete: 1

Cost to complete: 0

Comment: The company must keep a visits book (libro de visitas) at all times. Information that must be noted includes the details of the company and the work place and a description of its business activity.

The corresponding autonomous community must be notified within the first 30 days of the start of activities and the opening of the workplace. Every autonomous community has its own form. Some require that work injury and safety documentation (corresponding to the specific business or workplace in question) be filed along with the forms. Other forms and documents might be needed depending on the workplace activities. Pursuant to Spanish Labour Inspection's resolution of 25 November 2008, the company can now register through the Labour Inspection's visits book's electronic system.

Dealing with Construction Permits in Spain

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Madrid

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and Obtain a building license from the Mayor of Madrid (Ayuntamiento de Madrid)	120 days	EUR 7,000
2	Receive inspection (every 3 months) - I	1 day	no charge
3	Receive inspection (every 3 months) - II	1 day	no charge
4	Request and receive final inspection in connection with occupancy permit	30 days	no charge
5	Request and obtain operating license ("Licencia de primera ocupacion") from the Mayor of Madrid (Ayuntamiento de Madrid)	30 days	EUR 542
6	Register the new building	19 days	EUR 6,575
7	Request electricity connection	1 day	EUR 15
8	Receive electricity inspection	1 day	no charge
9	Register the electricity installation with Comunidad Autonoma Register and obtain telephone connection	30 days	no charge
10 *	Request and obtain water connection	1 day	EUR 12
11 *	Request and obtain telecommunication connection	11 days	EUR 115

* Takes place simultaneously with another procedure.

Procedure	1	Request and Obtain a building license from the Mayor of Madrid (Ayuntamiento de Madrid)
Time to complete:	120 days	
Cost to complete:	EUR 7,000	
Comment:	<p>The relevant authority is the Municipality of Leganes (Ayuntamiento de Leganes, an industrial district in the greater Madrid area). The documents required to obtain the license are the following:</p> <ul style="list-style-type: none"> - A standardized application form and sheet containing the characteristics of the construction, properly completed. - Proof of payment of tax. - Declaration by one or more technical authors (architect and project design specialists) that the project conforms to the appropriate town planning regulations, and certificate of the structural feasibility, if necessary. - Declaration of the promoter that a signboard has been posted at the site to inform the public that a building license has been applied for and to provide information about the proposed operations and activities - Three copies of the technical project designs, signed by qualified technician(s) and countersigned by the appropriate official institute (or in this case, by the project's administrative supervision office, accompanied by the application sheets of the appropriate professional association). - Confirmation of the deposit of a guarantee. - Authorization program for independent parts of the construction or approval of partial projects, if requested by the promoter. - In cases of renovation/expansion of buildings included in the general catalog of protected elements in historic city centers or historic centers of peripheral districts and historic colonies, a color photographic description of the existing building that permits, during enlargement operations, confirmation of the correct alignment of the enlargement plans with the historic city zoning restrictions. - Registered ownership proof certification, if common ownership of a yard or garage parking or adjoining premises applies. - License of parceling, if the new construction needs previous parceling. - Application to the competent organ of the community of Madrid that deals with the provisional qualification of houses, if the foreseen construction affects an officially protected house. - Official alignment, if required. - Project design of installation of telecommunications infrastructure, signed by a qualified technician, and countersigned by the appropriate official institute, according to the Legislative Decree of January 1998 (Real Decreto Legislativo 1/1998), implemented according to the applicable regulation (Real Decreto 401/2003, of April 4, 2003, and Orden de Código Técnico de la Edificación (CTE/ 1296/2003 of May 14, 2003). - Project design of the use of solar energy for heating (either as an independent project design or as part of the general project design), signed by a qualified technician and countersigned by the appropriate official institute, if required by the Regulation Concerning the Harnessing of Solar Energy for Thermal Use. <p>The cost of the license can be up to 1% of the warehouse value, with a minimum of EUR 211.17 and a maximum of EUR 109,475.</p>	

Procedure	2	Receive inspection (every 3 months) - I
Time to complete:	1 day	
Cost to complete:	no charge	

Comment: By law, on-site inspections must be carried out at least once every 3 months during construction, regardless of the construction stage. In the case considered here, a warehouse that takes 30 weeks to complete, there would be two inspections over the construction period.

According to the building license, the construction works must be checked at least twice: once at the beginning of construction and once at the end. However, in reality it is rare that more than one inspection takes place during the process.

If, during the inspections, the committee detects any possible infringements of the building regulations or criminal law, a proposal on sanctions must be made, and a copy of the written record is given to the public prosecutor. At the least, administrative proceedings are initiated.

In each inspection report, a record is included that provides information on every person involved and their roles, as well as on the facts, circumstances, dates, and results of the inspection. The record is regarded as a public administrative deed. The record has to be signed by the inspector(s) and by the person to whom the construction works have been attributed at the time of the inspection.

Procedure 3 Receive inspection (every 3 months) - II

Time to complete: 1 day

Cost to complete: no charge

Comment: By law, on-site inspections must be carried out at least once every 3 months during construction, regardless of the construction stage. In the case considered here, a warehouse that takes 30 weeks to complete, there would be 2–3 inspections.

Procedure 4 Request and receive final inspection in connection with occupancy permit

Time to complete: 30 days

Cost to complete: no charge

Comment: No more than a month after being notified, the municipal services perform a final inspection that records the conformity or nonconformity of the building, along with its intended activity.

The declaration of conformity, executed by the municipal services, is enough to authorize the “license of first occupation and working” (licencia de primera ocupación), which should be resolved within no more than a month, beginning with the inspection. The declaration makes it possible to initiate work.

After 2 months have passed since the communication of the final operations certification, the license of first occupation and working is granted automatically, according to the silence-means-consent rule.

Procedure 5 Request and obtain operating license ("Licencia de primera ocupacion") from the Mayor of Madrid (Ayuntamiento de Madrid)

Time to complete: 30 days

Cost to complete: EUR 542

Comment: The purpose of the license of first occupation and working to verify that the construction and activities have been executed according to the project and the conditions under which the license had been granted, and that the construction has been completed and is

adequate for urban determinations, the atmosphere and the security of its specific destination .

As soon as construction is finished, to receive the license of first occupation (licencia de primera ocupación), the builder must submit to the City Council the following documents:

- Final certificate of terminated construction (declaration of conformity), which must be signed by the technical director of the work. This certificate must declare that the constructed building is in accordance with the issued license. For modifications that do not need approval of the City Council (Article 8.6 of the Ordenanza Especial de Tramitación de Licencias y Control Urbanístico aprobada por Acuerdo Plenario de 29 de Julio de 1997), the builder has to detail these modifications.
- If urbanization works have been carried out simultaneously with construction, and this urbanization was completed by the builder, the builder must present the final certification of these works.

The costs depend on the area occupied by the future building (in square meters):

- Up to 500 sq. m.: EUR 185.55 (fixed amount)
- More than 500 sq. m. and less than 5,500 sq. m.: EUR 185.55 plus EUR 44.50 for each 100 sq. m. or fraction thereof above 500 sq. m.
- More than 5,500 sq. m. : EUR 185.55 plus EUR 21.85 for each 100 sq. m. or fraction thereof above 5,500 sq. m.

The declaration of conformity, which is executed by the municipal services, is enough to authorize the license of first occupation and working. The license should be granted in no more than a month after the inspection.

After 2 months have passed since the communication of the final certification of the operations, the license of first occupation and working is granted automatically, according to the silence-means-consent rule.

Procedure 6 Register the new building

Time to complete: 19 days

Cost to complete: EUR 6,575

Comment: The cost formula for the registration is as follows: 0.5–1% of the building value plus notary fees, as described below).

Notary fees are EUR 850 for a property valued at EUR 1,000,000 plus EUR 6.01 (presentation and entry fee) plus registration fees: EUR 181 for a property valued at EUR 460,000, EUR 198 for a property valued at EUR 580,000, and EUR 469 for a property valued at EUR 1,000,000.

Procedure 7 Request electricity connection

Time to complete: 1 day

Cost to complete: EUR 15

Comment: It is recommended that the company hire an authorized technical firm to plan and organize the utility installations. The first step is to determine the necessary voltage level (low, medium, or high). For a warehouse, the required electricity is at least of medium voltage.

Before the beginning of installation of the electricity utilities, BuildCo must present all necessary information to estimate the future use.

In accordance with the provisions of Article 12.3 of Law 21/1992 on Industry, the following procedure is necessary to install and operate electrical installations:

- Before the installation, the requestor must prepare technical documents defining the characteristics of the installation. Those documents must take the form of a project/technical report, in accordance with the terms defined in the technical instruction (Instrucción Técnica Complementaria, ITC).
- The installation technician must check the installation, under the supervision of the construction foreman, to verify the correct performance and operation of the installation.
- The installation must be previously inspected by the supervisory authorities, if the ITC requires it.
- When installation work is completed and verified and the initial inspection is completed, the authorized installation technician issues an installation certification, if the ITC require it. In the case considered here, it is assumed that the inspection is completed by a qualified BuildCo employee. The certification must confirm that the installation was conducted in accordance with relevant regulations, including supplementary instructions, and that it conforms with technical requirements. If necessary, the inspector describes and explains any changes to the provisions of that documentation.
- The certificate, the technical documentation, and, where relevant, the foreman's report and the report from the initial inspection must be forwarded to the competent organ of the Autonomous Community (comunidad autónoma) so that the installation can be registered and the necessary copies be made available, if required by any interested parties. The certificate is also needed for the energy supply application form. The utility company must provide a facility for those documents to be submitted and registered electronically.

The electrical installations must be installed by authorized installation technicians. The provider is not allowed to connect the installation to the distribution network without a copy of the installation certificate, issued by the Autonomous Community (CA).

The provisions in the preceding paragraph notwithstanding, the Autonomous Community (CA) may authorize the provisional delivery of electricity before the completion of administrative procedures, provided that circumstances make the delivery of electricity necessary, that those circumstances are justified to the autonomous community, and that the safety of people and property and the nondisturbance of other installations or equipment are guaranteed.

For temporary installations (conferences, exhibitions, traveling fairs, festivals, etc.), the Autonomous Community (CA) can admit multiple applications. Should the installation work be identical and conducted sequentially, all relevant technical documentation can be replaced by a declaration from the authorities.

Procedure 8 Receive electricity inspection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 9 Register the electricity installation with Comunidad Autonoma Register and obtain telephone connection

Time to complete: 30 days

Cost to complete: no charge

Comment: Normally, this procedure takes a month at most. If there are errors or omissions in the submitted file, the applicant has 6 months to correct these errors and provide any missing document or information. A fee must be paid to the General Industrial Directorate (Dirección General de Industria) and to the authority that carries out the registration.

Procedure	10	Request and obtain water connection
Time to complete:	1 day	
Cost to complete:	EUR 12	
Comment:		If the flow of water is less than 6 liters per second or if fewer than 25 counters are needed in one hall, only the following documents must be submitted: - Technical report (Memoria técnica), not required if the flow of water is less than 3 liters per second. - Form 2.1.4. - Confirmation of fee payment (EUR 11.80 must be paid at the counter). - Two copies of Form 2.1.3 (Impreso de Final de Obra).
		If the required flow of water is more than 6 liters per second or if more than 25 counters are needed in one hall, the following additional documents must be filed: - Project design from an engineer specialized in planning water facilities. - Fee (in this case, a certain percentage of the budget).
Procedure	11	Request and obtain telecommunication connection
Time to complete:	11 days	
Cost to complete:	EUR 115	
Comment:		According to TELEFÓNICA, the biggest telecommunication company in Spain, there are two possible processes for obtaining a telecommunication connection.
		First, the warehouse may be constructed in an area without telecommunication resources, such as in the suburbs of a big city. In this case, the builder must apply to Telefónica for telephone lines. Telefónica then examines the area and carries out the necessary outside works to supply the area. The necessary works inside the building have to be carried out by BuildCo itself. The only remaining step is then to connect the inside and outside installations. The waiting time depends on many factors: the location of the warehouse, distance to the provider center, permits of the City Council for the necessary works, and others.
		Second, the warehouse may be constructed in an area that already has telecommunication resources. In this case, it is necessary to apply only for the number of telephone lines required. The connections can normally be completed in 1–2 weeks.

Employing Workers in Spain

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

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		77.8
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	12	1.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.26	0.33
Difficulty of redundancy index (0-10)		30.0
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?	Yes	1
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
Redundancy costs (weeks of salary)		56.3
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		4.3
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		52.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		49.3
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?	Yes	0.00
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	Yes	1.00
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 Spain

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

STANDARDIZED PROPERTY

Property Value: 1,170,775.00

City: Madrid

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notary consults Property Registry books	1 day	EUR 9
2	Execution and delivery of the public deed of purchase of the property	2 days	Notary's fees (decreasing scale): EUR 730 for a property of this value
3	Payment of the Transfer Tax (ITP)	1 day	7% of purchase price (ITP)
4	The public deed is registered at the Land and Property Registry	2 weeks	EUR 457

Procedure 1 Notary consults Property Registry books

Time to complete: 1 day

Cost to complete: EUR 9

Comment: According to the law, the notary is obliged to duly inform the parties, be aware of the ownership and encumbrances on the property, and consult the Property Registry books before executing the deed. Since the early 2000, the consultations can be done on-line at www.registradores.org.

Procedure 2 Execution and delivery of the public deed of purchase of the property

Time to complete: 2 days

Cost to complete: Notary's fees (decreasing scale): EUR 730 for a property of this value

Comment: Notary fees are on a cumulative scale, as follows:

When the property value does not exceed EUR 6,010.12: EUR 90.151816
For the excess amount between EUR 6,010.13 and EUR 30,050.61: 4.5 per 1,000
For the excess amount between EUR 30,050.62 and EUR 60,101.21: 1,50 per 1,000
For the excess amount between EUR 60,101.22 and EUR 150,253.03: 1 per 1,000
For the excess amount between EUR 150,253.04 and EUR 601,012.10: 0.5 per 1,000
For the excess amount between EUR 601,012.11 and EUR 6,010,121.04: 0.3 per 1,000
For the excess amount above EUR 6,010,121.04 the fees are determined by agreement between the notary and client.

According to Royal Decree 45/2007, the notary must issue an authorized copy of the deed on the same or next day and send it to the Registry electronically, unless otherwise requested by the interested party.

The documentation shall include:

Power of attorney granted by the seller and ID of the person in favor of whom the power was granted.

Power of attorney granted by the buyer and ID of the person in favor of whom the power was granted.

The original property title of the Seller (public deed), which shall indicate the following information:

Company tax identification and registration numbers

Means of payment used in the transaction

Cadastral reference

Procedure 3 Payment of the Transfer Tax (ITP)

Time to complete: 1 day

Cost to complete: 7% of purchase price (ITP)

Comment: In Madrid, as the buyer is a company and the property has been transferred at least once in the past, it can choose to pay the ITP (7% of the property value), or if both buyer and seller are companies, reject the VAT exemption and pay the VAT of 16% of the property value plus a stamp duty of about 0.5-1.0% of the property value. The VAT paid is a credit that can be deducted from posterior transactions, such as those related to the normal

business of the company.

The ITP is paid at the relevant tax office within 30 working days after the date of granting of the notarial deed of transfer (a copy of the transfer deed is to be attached to the transfer tax liquidation form). In many other cities, without a specific tax office, the payment can be done at the Registry at the moment of registration, so that those steps could merge into one. In some autonomias, like Madrid, Catalunya, and Andalucia, the tax may be paid online.

If the seller is an individual (and not an entrepreneur) the transfer would be subject to a property transfer tax (ITP or "Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados"), at the rate of 6% or 7% depending on the autonomous region of Spain. In Madrid, it is 7%. First transfers of property or transfers made between entrepreneurs are subject to 16% VAT (7% for residential real estate). The Stamp Duty (0.5-1.0% of the property value, depending on the autonomous region) is incompatible with the Transfer Tax. Therefore, the transfer of property will only be subject to Stamp Duty when it is subject to VAT. Second and subsequent property transfers are not subject to VAT, but to the Transfer Tax. However, the VAT exemption on second and subsequent transfers can be refused by the seller in some circumstances.

Procedure 4 The public deed is registered at the Land and Property Registry

Time to complete: 2 weeks

Cost to complete: EUR 457

Comment: The public deed is presented for registration at the Land and Property Registry to make it opposable vis à vis third parties.

The presentation entry's date gives priority.

The public deed carries the presentation entry's date and it is registered within the legal time limit of 15 business days from that date. If the procedure takes more than 15 business days, the fees will be reduced by 30%, unless there is an objective reason for the delay. However, with the introduction of technology and online procedures due to Ley 24/2005 de 18 noviembre, and the section II on electronic registration, the time to register is in the process of being reduced.

Registration of the transfer is necessary in order for it to have effect vis à vis third parties but the transfer of the property does not need to be registered in order to be valid. Transfer takes place and is valid as of the execution of the sale in a public deed (granted before a Notary public), together with the delivery of the property, (unless otherwise specified in the deed, the granting of it implies delivery).

Registration fees cannot exceed €2,181.87. Lower registration and notarial fees apply for the first registration of low-income housing (max 90 m² per home): around €33 for registration fees and €100 per notarial deed.

The documentation shall include:

Public deed

Proof of VAT or ITP payment (attached to the sale purchase agreement)

Proof of stamp duty payment

Getting Credit in Spain

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

Getting Credit Indicators (2009)		Indicator	
		<u>score</u>	
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage	7.6	45.3	
Number of individuals	2,743,000	16,622,900	
Number of firms	231,000	1,030,370	
Strength of legal rights index (0-10)		6	
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 ?	Yes		
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 ?	Yes		
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?	Yes		

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 Spain

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

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	5
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	0
Immediate disclosure to the public and/or shareholders (0-2; see notes)	1
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Extent of director liability index (0-10)	6
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
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)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	1
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)	4
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)	1
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)	0

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
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

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 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=recission 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 Spain

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Spain, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	90	16.0%	value added		
Fuel tax	1			included in fuel price		0.00	
Transport tax	1			fixed fee (EUR 558)	type of truck	0.05	
Tax on insurance contracts	1			6.0%	insurance premium	0.06	
Environmental tax	1			various rates	type of activity and square meters	0.09	
Property tax	1			0.5%	40% of property cost	0.33	
Tax on interest	0			18.0%	interest income	0.47	
Corporate income tax	1	online filing	33	30.0%	taxable income	21.20	
Social security	1	online filing	90	31.15%	gross salaries	35.13	
Totals	8		213			56.9	

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 filing 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 Spain

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	4	250
Customs clearance and technical control	1	150
Ports and terminal handling	2	221
Inland transportation and handling	2	600
Totals	9	1221

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	4	250
Customs clearance and technical control	2	150
Ports and terminal handling	2	221
Inland transportation and handling	2	600
Totals	10	1221

Export
Bill of lading
Cargo release order
Commercial invoice
Customs export declaration
Packing list
Technical standard/health certificate

Import
Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Customs import declaration

Packing list

Tax certificate

Technical standard/health certificate

Enforcing Contracts in Spain

This topic looks at the efficiency of contract enforcement in Spain.

Nature of Procedure (2009)	Indicator
Procedures (number)	39
Time (days)	515
Filing and service	50.0
Trial and judgment	285.0
Enforcement of judgment	180.0
Cost (% of claim)*	17.20
Attorney cost (% of claim)	12.7
Court cost (% of claim)	4.5
Enforcement Cost (% of claim)	0.0

Court information: Madrid Court of First Instance ("Juzgado de Primera Instancia de Madrid")

* Claim assumed to be equivalent to 200% of income per capita.



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