

Doing Business 2008

Portugal

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Portugal**

A Project Benchmarking the Regulatory Cost of
Doing Business in 178 Economies

Doing Business Project
World Bank Group



1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org
E-mail feedback@worldbank.org

All rights reserved.
1 2 3 4 5 09 08 07 06

A copublication of the World Bank and the International Finance Corporation.

This volume is a product of the staff of the World Bank Group. The findings, interpretations and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of The World Bank or the governments they represent. The World Bank Group does not guarantee the accuracy of the data included in this work.

Rights and Permissions

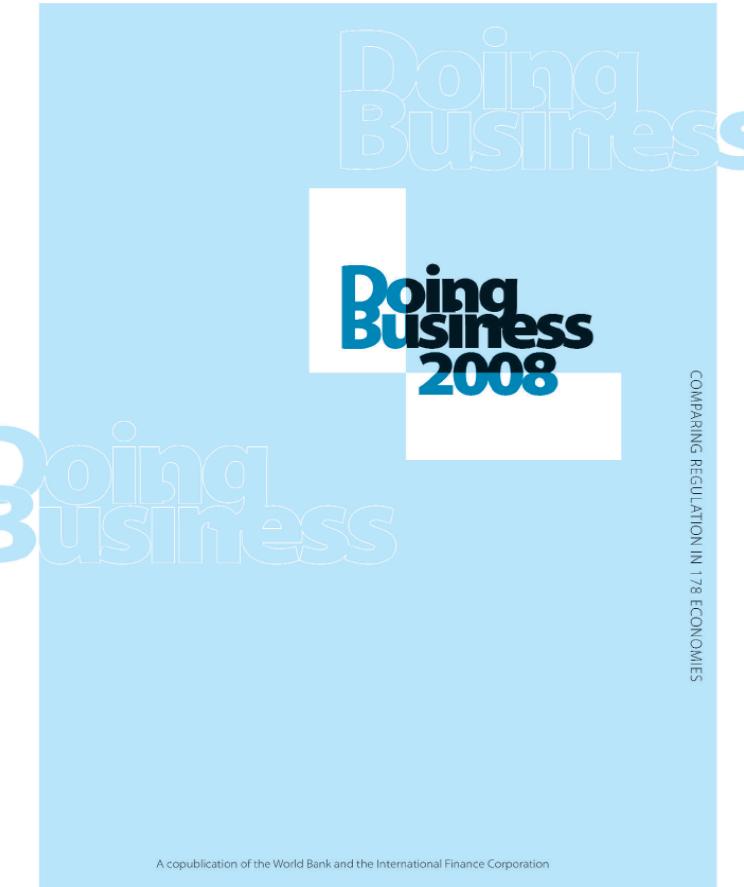
The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The World Bank Group encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; telephone: 978-750-8400; fax: 978-750-4470; Internet: www.copyright.com

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2422; e-mail: pubrights@worldbank.org

Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at www.doingbusiness.org.

Contents



Introduction.....	1
Economy rankings.....	2
Reforms.....	3
Summary of indicators.....	6
Starting a business.....	8
Dealing with licenses.....	13
Employing workers.....	18
Registering property.....	22
Getting credit.....	27
Protecting investors.....	31
Paying taxes.....	35
Trading across borders.....	39
Enforcing contracts.....	43
Closing a business.....	47
Topic details.....	51

Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the 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 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. 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 a country'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, and the underlying strength of institutions -- are not studied directly by Doing Business. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a 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 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Portugal along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

The best-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 economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

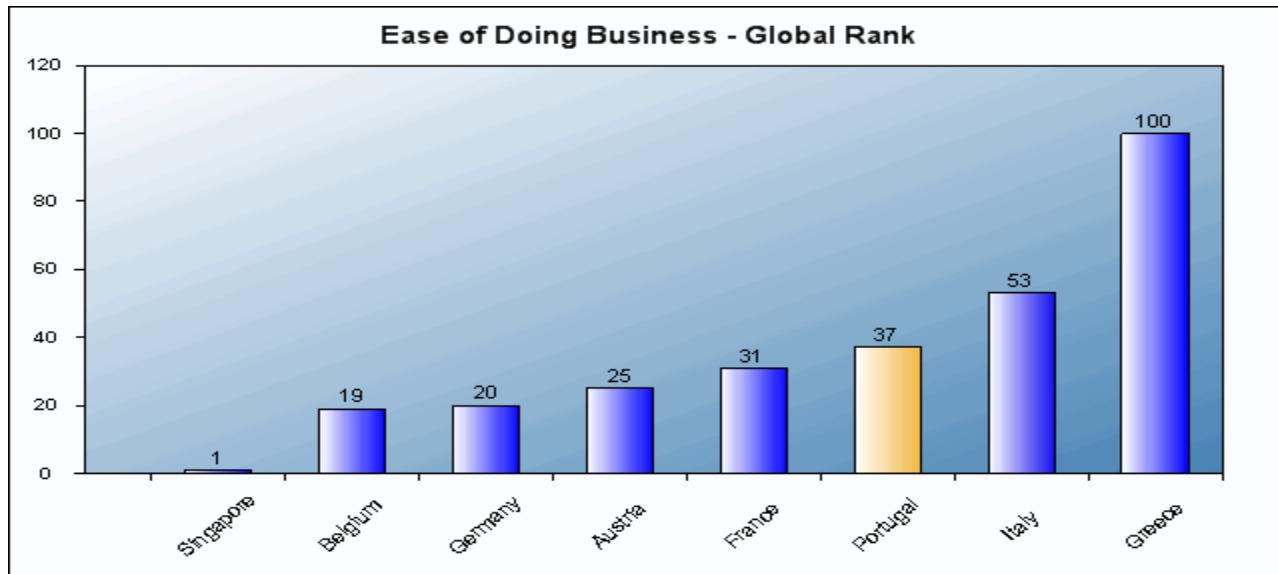
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

Portugal is ranked 37 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Portugal - Compared to Global Best / Selected Economies:



Portugal's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	37
Starting a Business	38
Dealing with Licenses	112
Employing Workers	157
Registering Property	65
Getting Credit	68
Protecting Investors	33
Paying Taxes	66
Trading Across Borders	31
Enforcing Contracts	49
Closing a Business	20

Reforms - Who is reforming?

This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. Egypt, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. Croatia reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. Ghana, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. FYR Macedonia eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. Georgia reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. Colombia, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. Saudi Arabia, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. Kenya, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
		✓ Positive Reform	✗ Negative Reform									
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓				✓		4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓			✓		6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓				✓		3
10	Bulgaria		✓					✓		✓		3
	Portugal	✓			✓		✓	✓		✓	✓	6
	Austria								✓			1
	Belgium	✓										1
	France				✓	✓						2
	Germany	✓			✗							0
	Greece							✓				1
	Italy									✓		1

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.

Summary of Indicators - Portugal

Starting a Business	Procedures (number)	7
	Duration (days)	7
	Cost (% GNI per capita)	3.4
	Paid in Min. Capital (% of GNI per capita)	34.7
Dealing with Licenses	Procedures (number)	20
	Duration (days)	327
	Cost (% of income per capita)	54.0
Employing Workers	Difficulty of Hiring Index	33
	Rigidity of Hours Index	60
	Difficulty of Firing Index	50
	Rigidity of Employment Index	48
	Nonwage labor cost (% of salary)	24
	Firing costs (weeks of wages)	95
Registering Property	Procedures (number)	5
	Duration (days)	42
	Cost (% of property value)	7.4
Getting Credit	Legal Rights Index	4
	Credit Information Index	4
	Public registry coverage (% adults)	67.1
	Private bureau coverage (% adults)	11.3
Protecting Investors	Disclosure Index	6
	Director Liability Index	5
	Shareholder Suits Index	7
	Investor Protection Index	6.0
Paying Taxes	Payments (number)	8
	Time (hours)	328
	Profit tax (%)	15.2
	Labor tax and contributions (%)	26.8
	Other taxes (%)	2.8
	Total tax rate (% profit)	44.8

Trading Across Borders	Documents for export (number)	6
	Time for export (days)	16
	Cost to export (US\$ per container)	580
	Documents for import (number)	7
	Time for import (days)	16
	Cost to import (US\$ per container)	994
Enforcing Contracts	Procedures (number)	35
	Duration (days)	577
	Cost (% of claim)	17.7
Closing a Business	Time (years)	2.0
	Cost (% of estate)	9
	Recovery rate (cents on the dollar)	74.0

Starting a Business in Portugal: Entry Regulation

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 the process—or may decide to run their business informally.

The data on starting a business are based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. 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.

To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up capital of 10 times income per capita, turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate.

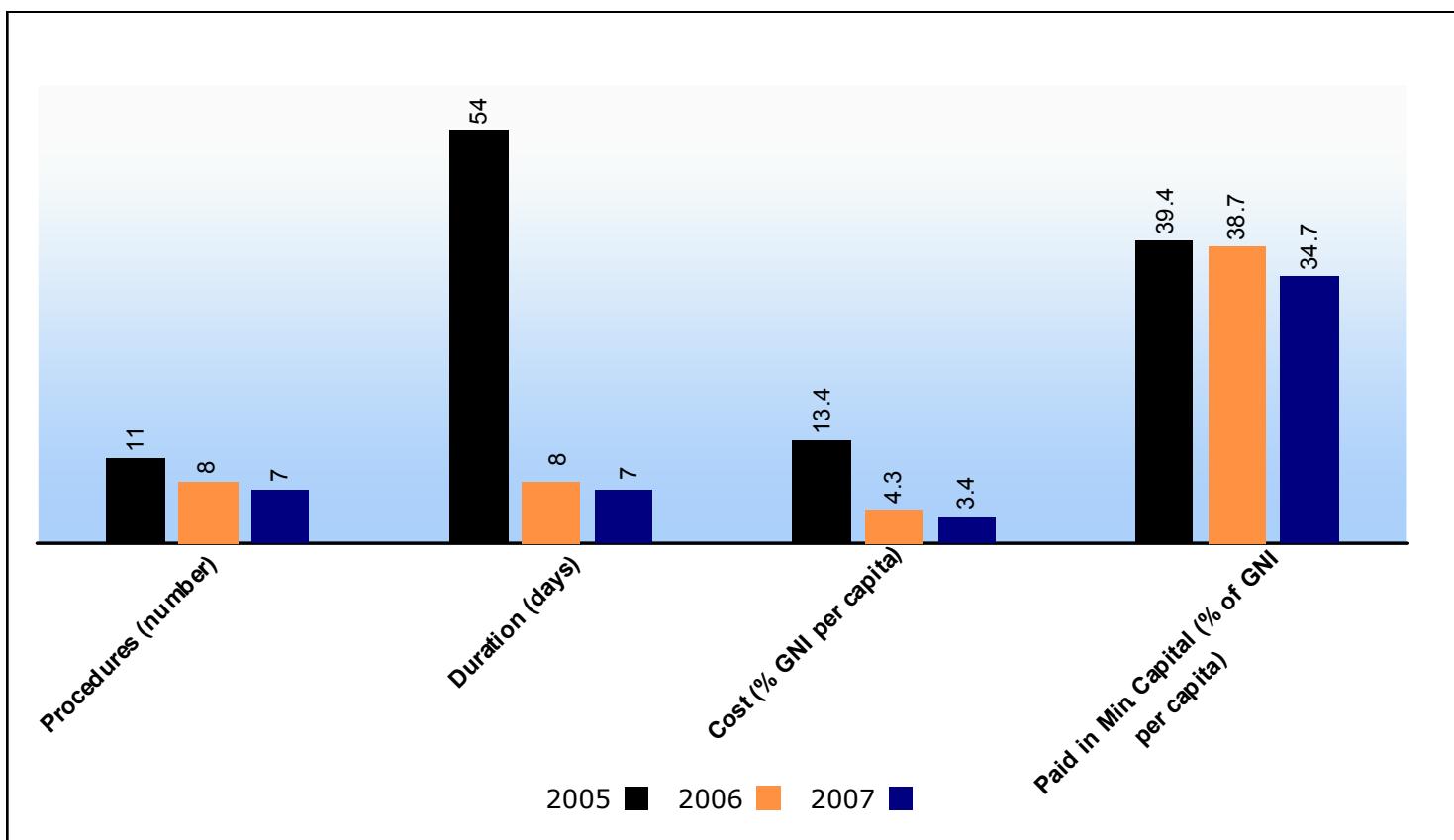
Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an opportunity to extract a bribe. 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.

1. Historical data: Starting a Business in Portugal

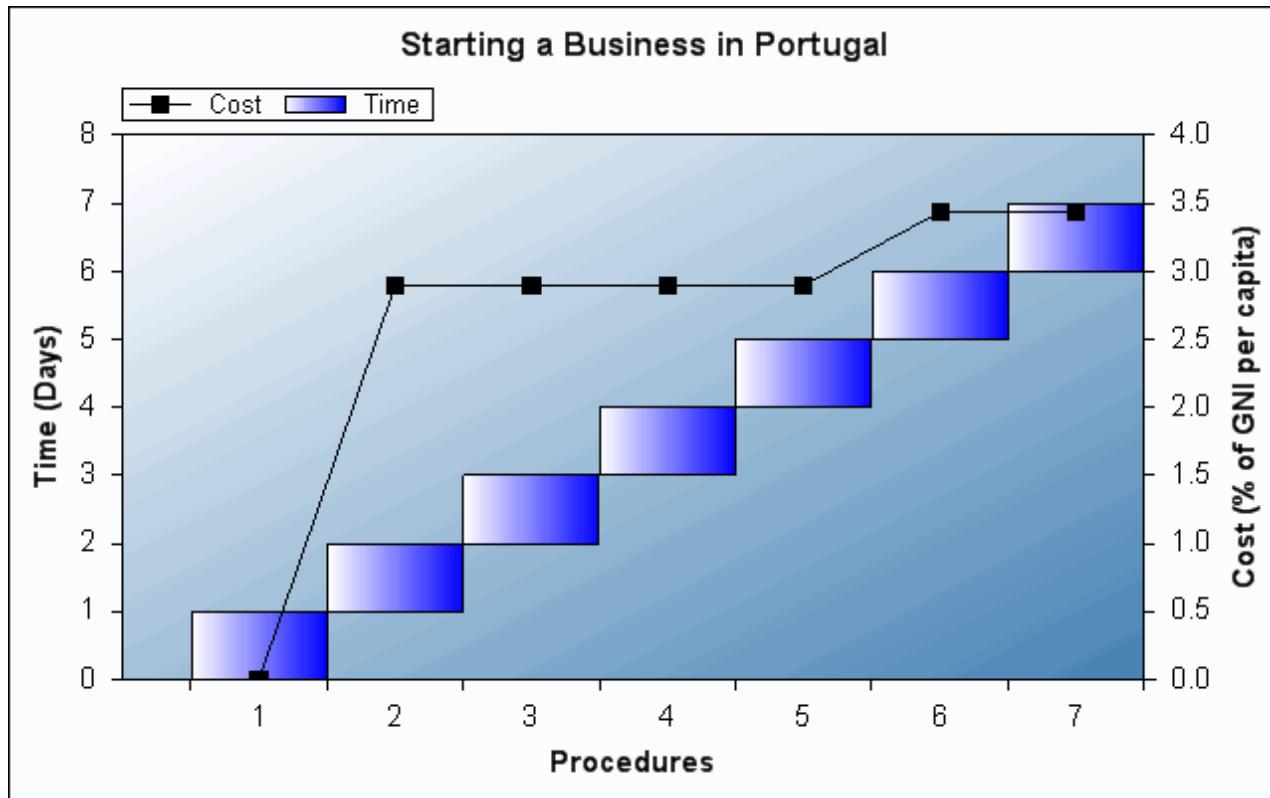
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		36	38
Procedures (number)	11	8	7
Duration (days)	54	8	7
Cost (% GNI per capita)	13.4	4.3	3.4
Paid in Min. Capital (% of GNI per capita)	39.4	38.7	34.7

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



3. Steps to Starting a Business in Portugal

It requires 7 procedures, takes 7 days, and costs 3.43% GNI per capita to start a business in Portugal.



List of Procedures:

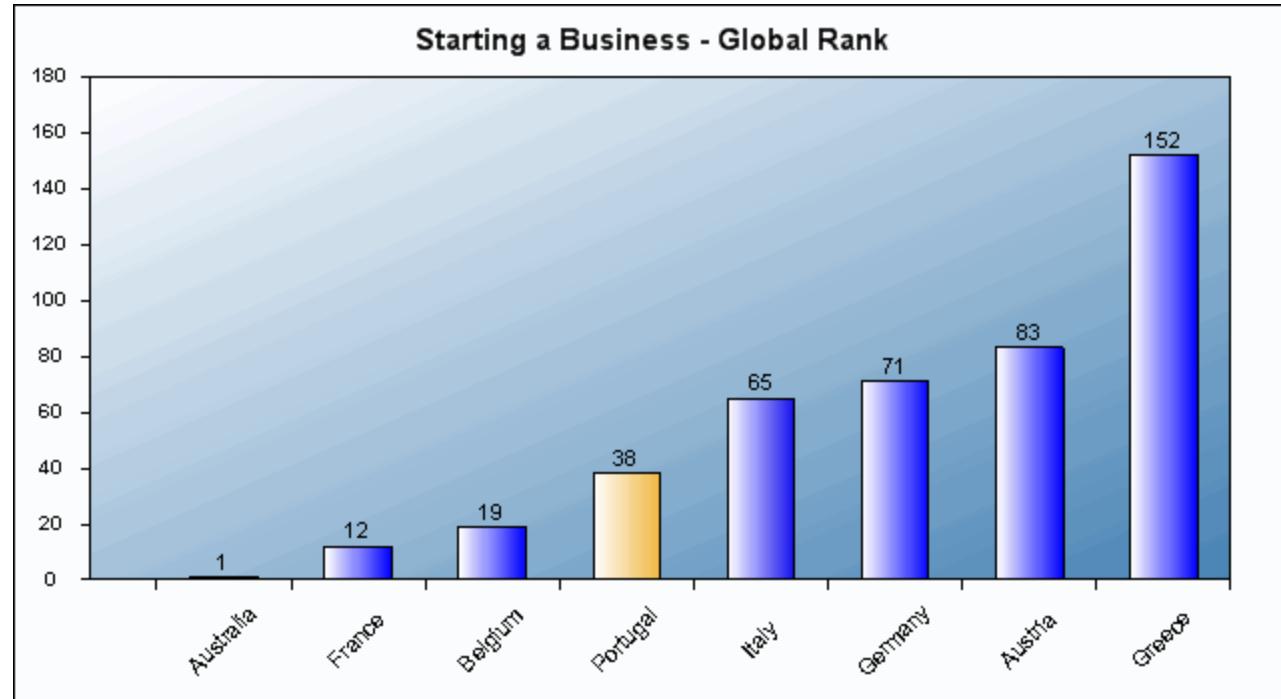
1. Choose pre-approved name
2. Register at the one stop shop
3. Register for social security
4. Deposit initial capital
5. Report to the Labor Inspectorate
6. Pay stamp duty at local tax office
7. Register for accident insurance

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Portugal is ranked 38 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

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



The following table shows Starting a Business data for Portugal compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

Selected Economy				
Portugal	7	7	3.4	34.7

Comparator Economies				
Austria	8	28	5.4	55.5
Belgium	3	4	5.3	20.1
France	5	7	1.1	0.0
Germany	9	18	5.7	42.8
Greece	15	38	23.3	104.1
Italy	9	13	18.7	9.8

* The following economies are also best practice economies for :

Procedures (number): Canada, New Zealand

Paid in Min. Capital (% of GNI per capita): Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States

Dealing with Licenses in Portugal: Building a Warehouse

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 and with licensing and safety regulations and 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 countries, 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. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses 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.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

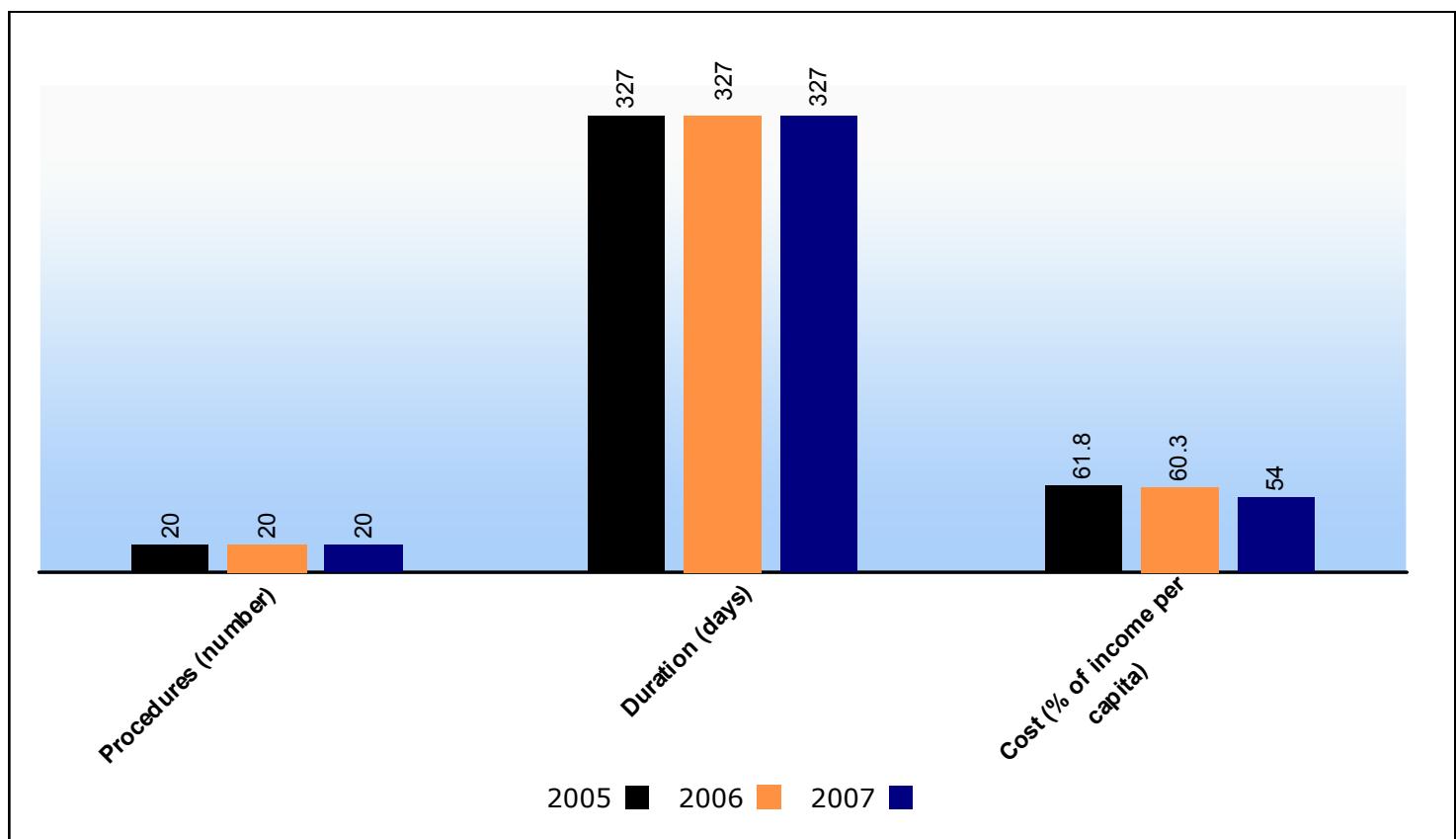
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to 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).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

1. Historical data: Dealing with Licenses in Portugal

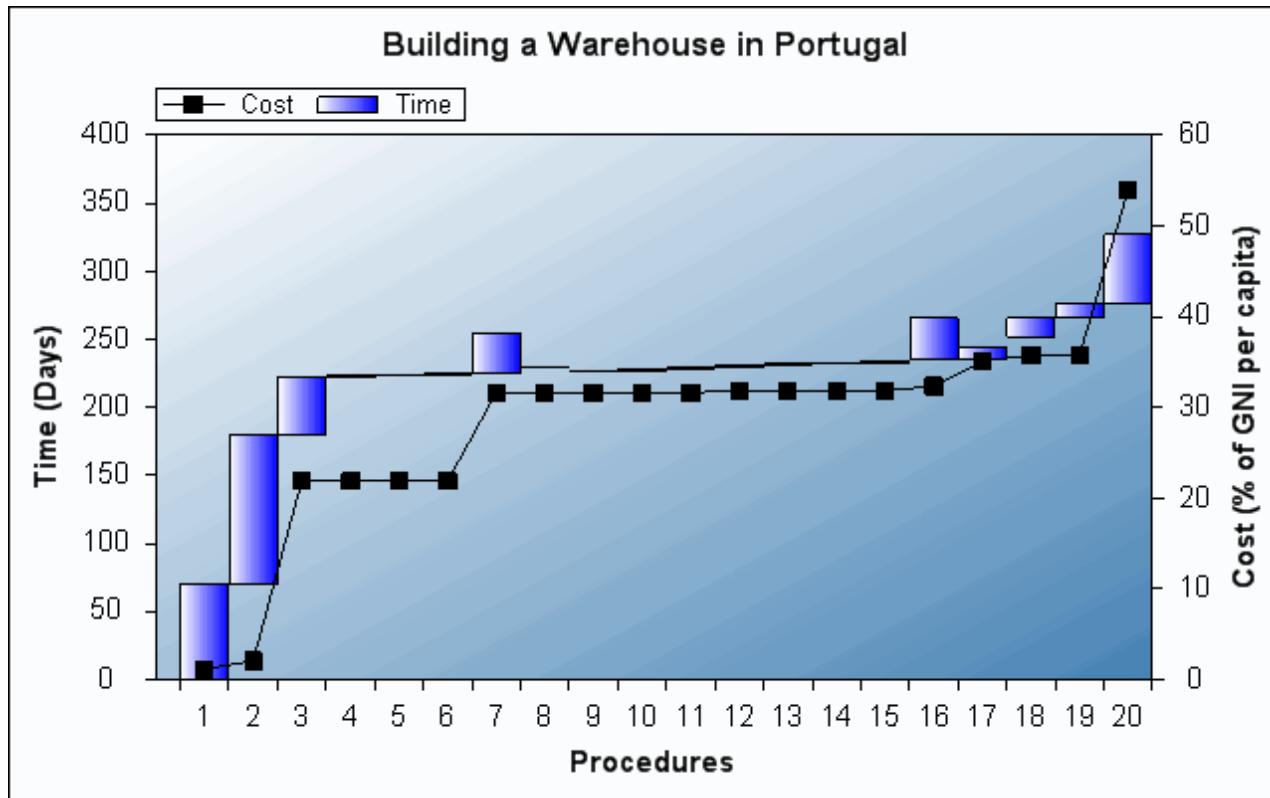
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		114	112
Procedures (number)	20	20	20
Duration (days)	327	327	327
Cost (% of income per capita)	61.8	60.3	54.0

2. The following graph illustrates the Dealing with Licenses indicators in Portugal over the past 3 years:



3. Steps to Building a Warehouse in Portugal

It requires 20 procedures, takes 327 days, and costs 53.98% GNI per capita to build a warehouse in Portugal.



List of Procedures:

1. Obtain preliminary approval of project design
2. Obtain approval of project designs from the municipality and other relevant entities
3. Obtain a building permit (alvará) and pay fee
4. Inform the labor inspection agency about the new construction site
5. Notify municipality when reaching plinth level in the construction and receive site inspection
6. Notify municipality before proceeding with concrete work and receive inspection
7. Apply for occupancy and use permit
8. Request inspection by the Fire Department
9. Submit application for a water and sewerage connection at the water and sewerage authority
10. Submit application for an electricity connection at the power authority
11. Submit application for a telephone line at the telecommunications authority
12. Receive inspection by the water and sewerage authority

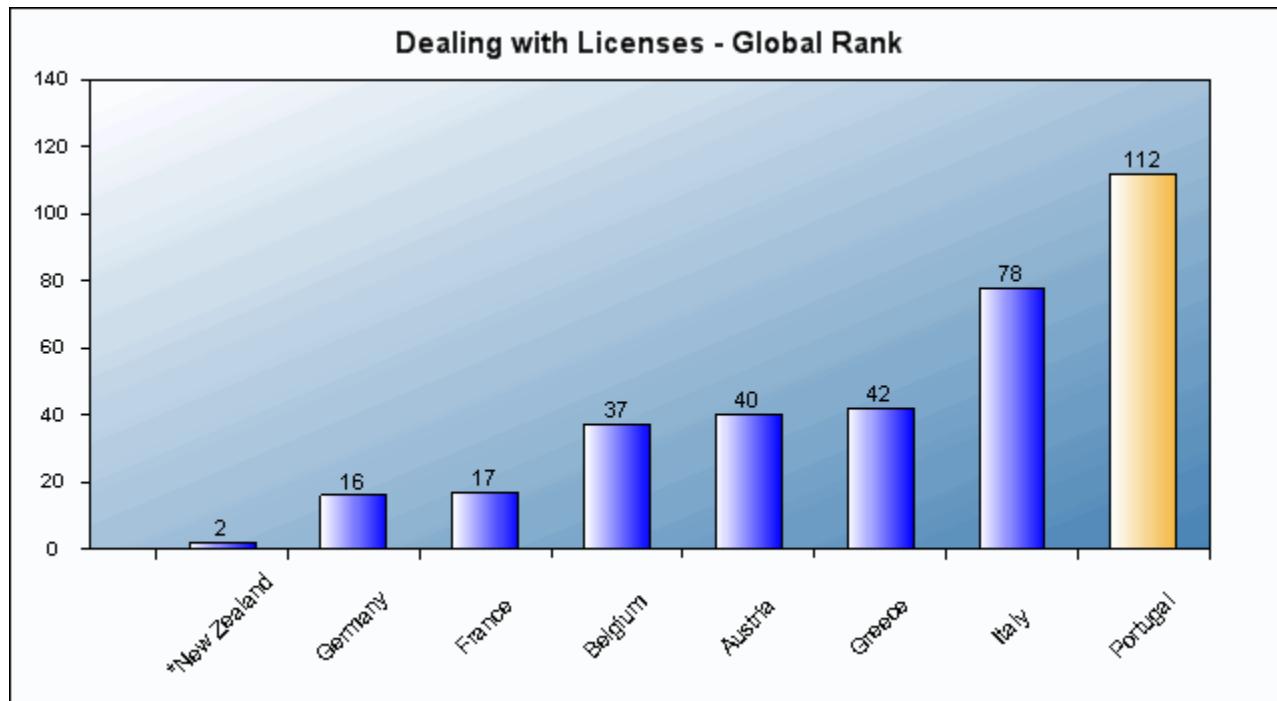
13. Receive inspection by the power authority
14. Receive inspection by the telecommunications authority
15. Receive inspection by the Fire Department
16. Obtain water and sewerage connection
17. Obtain electricity connection
18. Obtain phone connection
19. Obtain occupancy and use permit
20. Register the building with the real estate registry

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Portugal is ranked 112 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Portugal in Dealing with Licenses - Compared to best practice and selected economies:



* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Portugal compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

Selected Economy			
Portugal	20	327	54.0

Comparator Economies			
Austria	13	194	73.7
Belgium	14	169	63.7
France	13	137	24.9
Germany	12	100	63.1
Greece	15	169	61.7
Italy	14	257	138.2

Employing Workers in Portugal: Labor Regulations

Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. Doing Business examines government regulation in the area of employment and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. 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, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

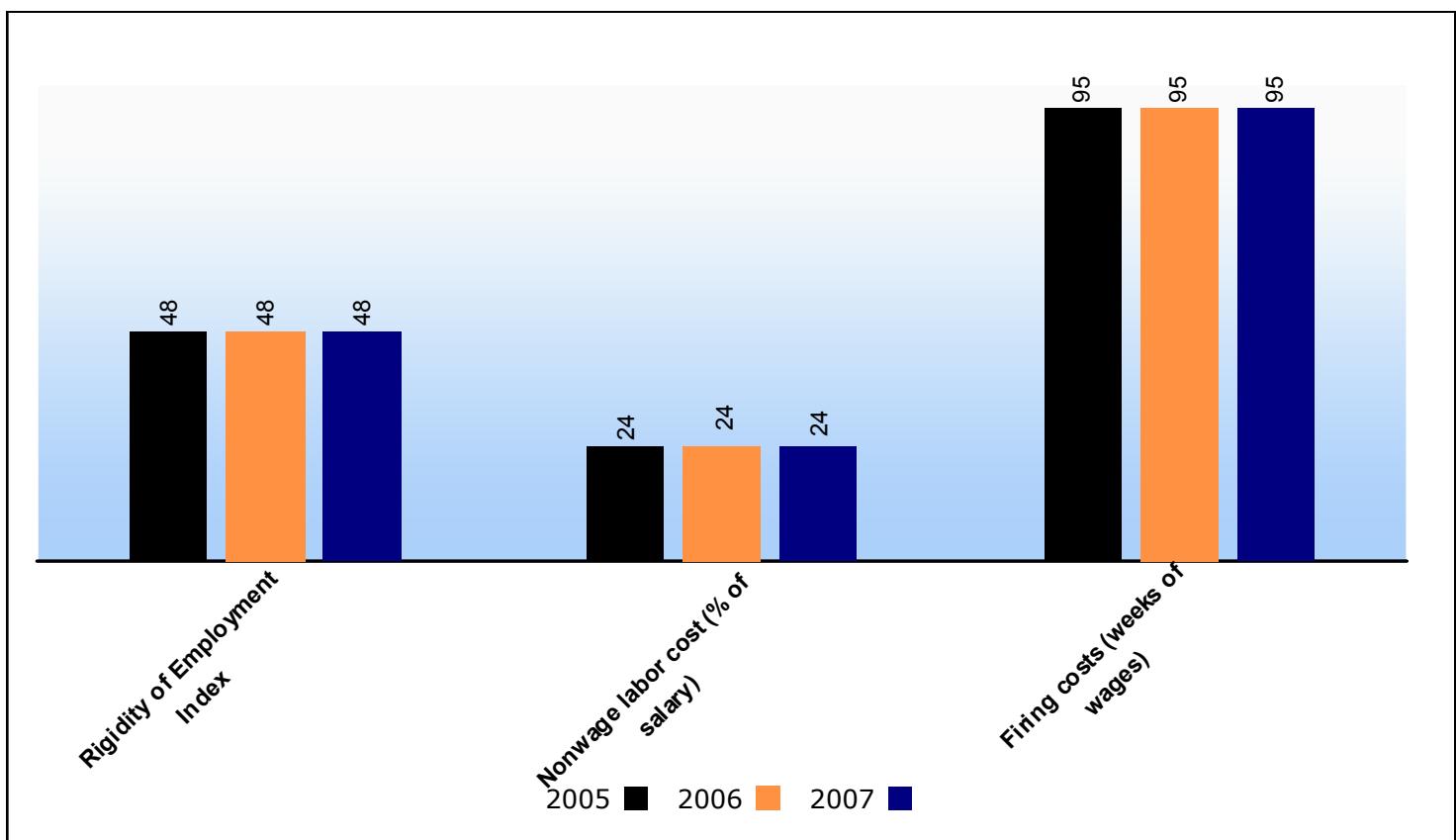
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many 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. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Portugal

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		157	157
Rigidity of Employment Index	48	48	48
Nonwage labor cost (% of salary)	24	24	24
Firing costs (weeks of wages)	95	95	95

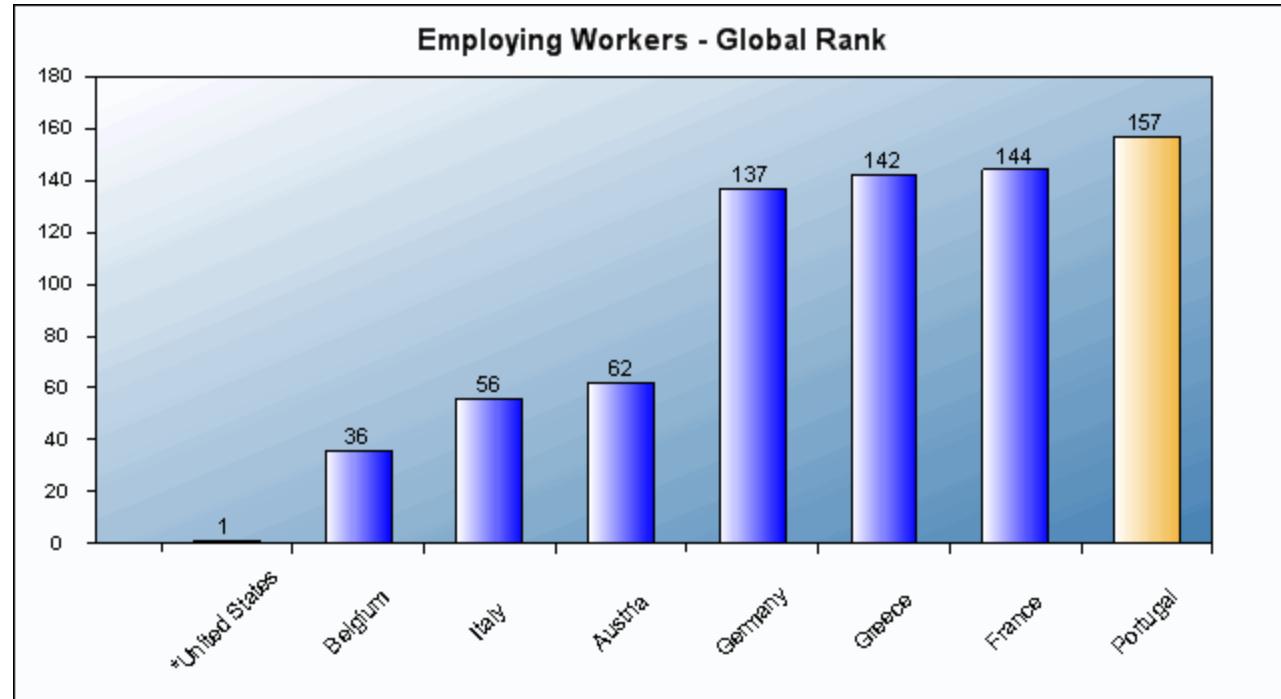
2. The following graph illustrates the Employing Workers indicators in Portugal over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Portugal is ranked 157 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of Portugal in Employing Workers - Compared to best practice and selected economies:



* The following economies are also best practice economies for Employing Workers: Marshall Islands, Singapore

The following table shows Employing Workers data for Portugal compared to best practice and comparator economies:

Best Practice Economies	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

Selected Economy			
Portugal	48	24	95

Comparator Economies			
Austria	37	31	2
Belgium	20	55	16
France	56	47	32
Germany	44	19	69
Greece	55	28	24
Italy	38	37	2

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

Registering Property in Portugal: Regulation of Property Transfer

Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

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 countries 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).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

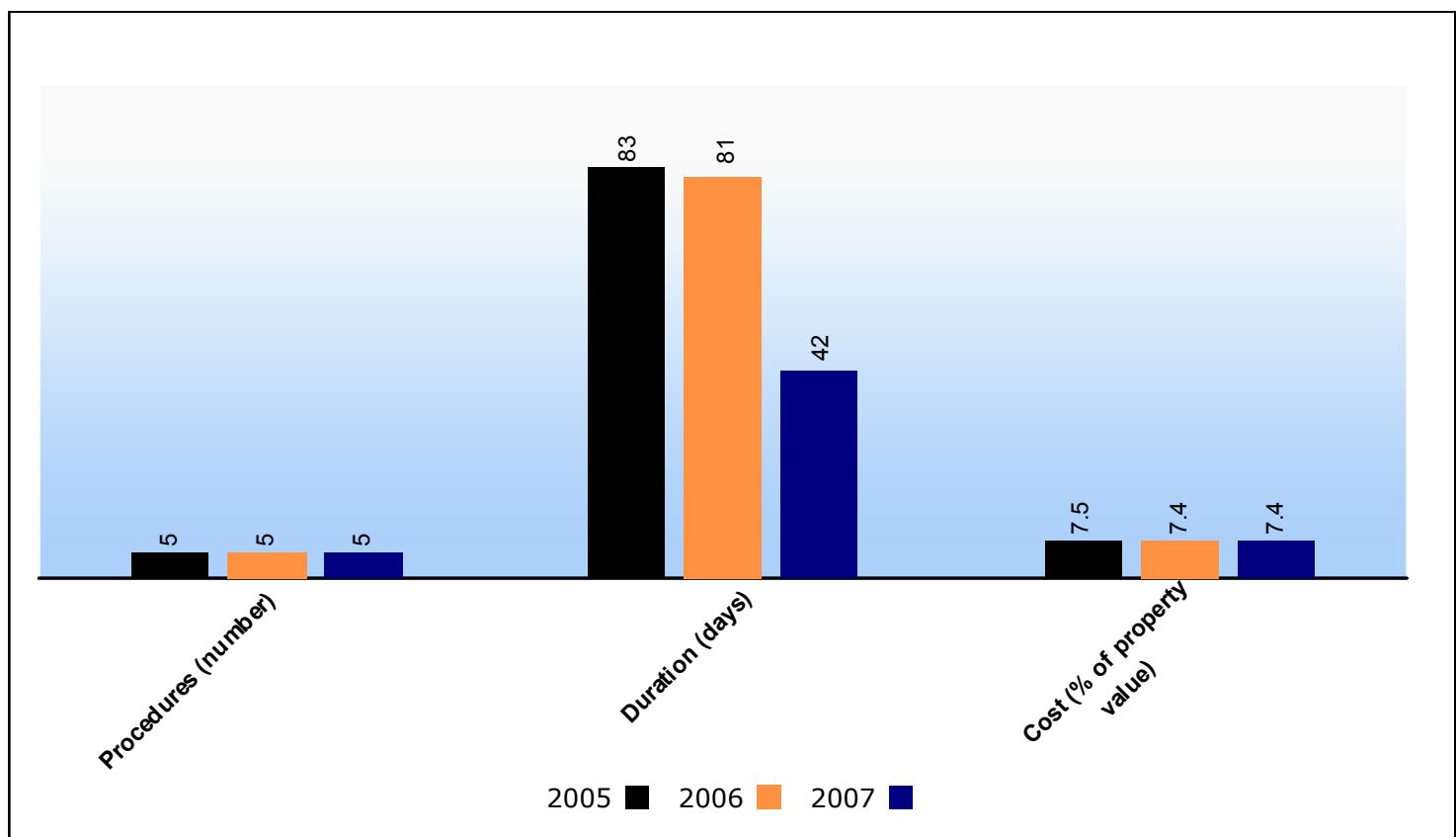
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. 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.

1. Historical data: Registering Property in Portugal

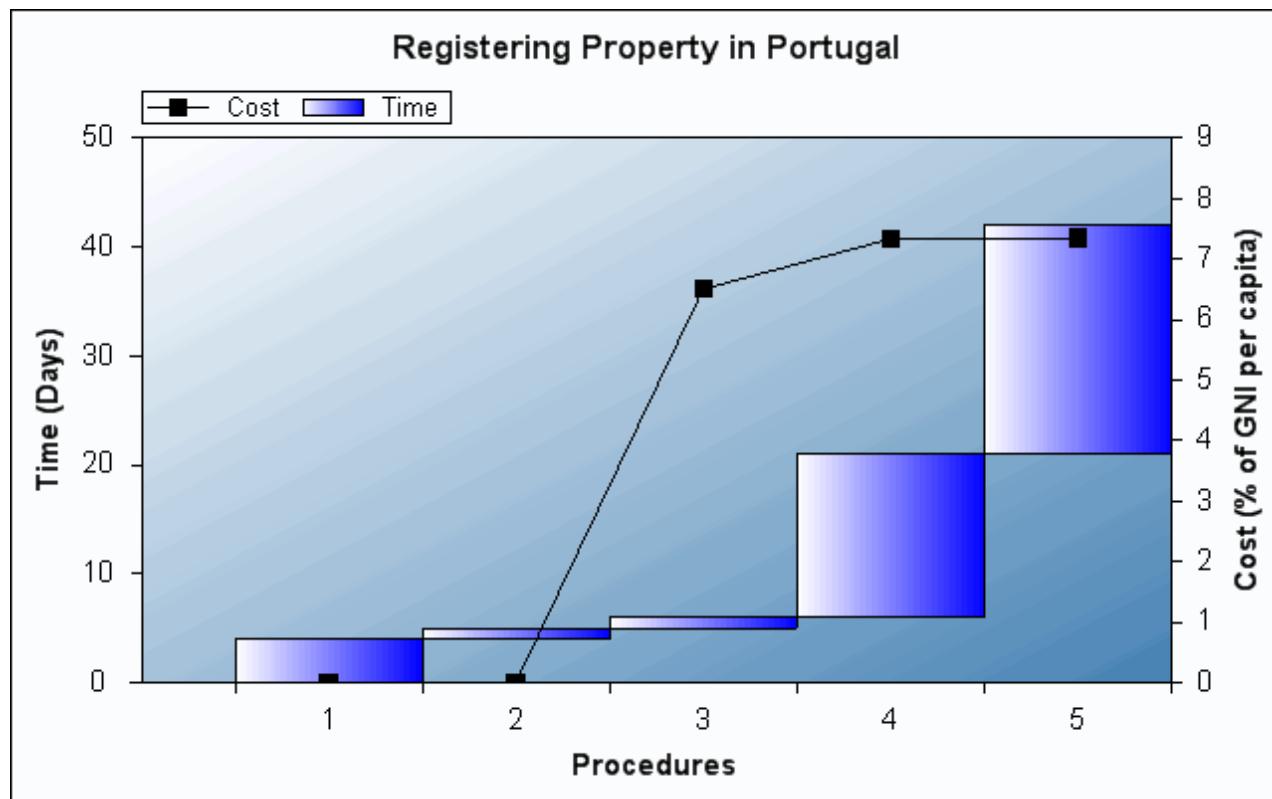
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		97	65
Procedures (number)	5	5	5
Duration (days)	83	81	42
Cost (% of property value)	7.5	7.4	7.4

2. The following graph illustrates the Registering Property indicators in Portugal over the past 3 years:



3. Steps to Registering Property in Portugal

It requires 5 procedures, takes 42 days, and costs 7.35% GNI per capita to register the property in Portugal.



List of Procedures:

1. Request an information certificate on the property at the Registry
2. Request a tax clearance certificate on the property
3. Payment of the real property transfer tax
4. Formalize the sale and purchase public deed
5. Register the property at the Real Property Registry

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Portugal is ranked 65 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

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



The following table shows Registering Property data for Portugal compared to best practice and comparator economies:

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

Selected Economy			
Portugal	5	42	7.4

Comparator Economies			
Austria	3	32	4.5
Belgium	7	132	12.7
France	9	123	6.1
Germany	4	40	5.2
Greece	12	23	4.0
Italy	8	27	0.6

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Portugal: Legal Rights and Credit Information

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. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit 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.
- 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.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower's secured assets upon default, collateral limits the lender's potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

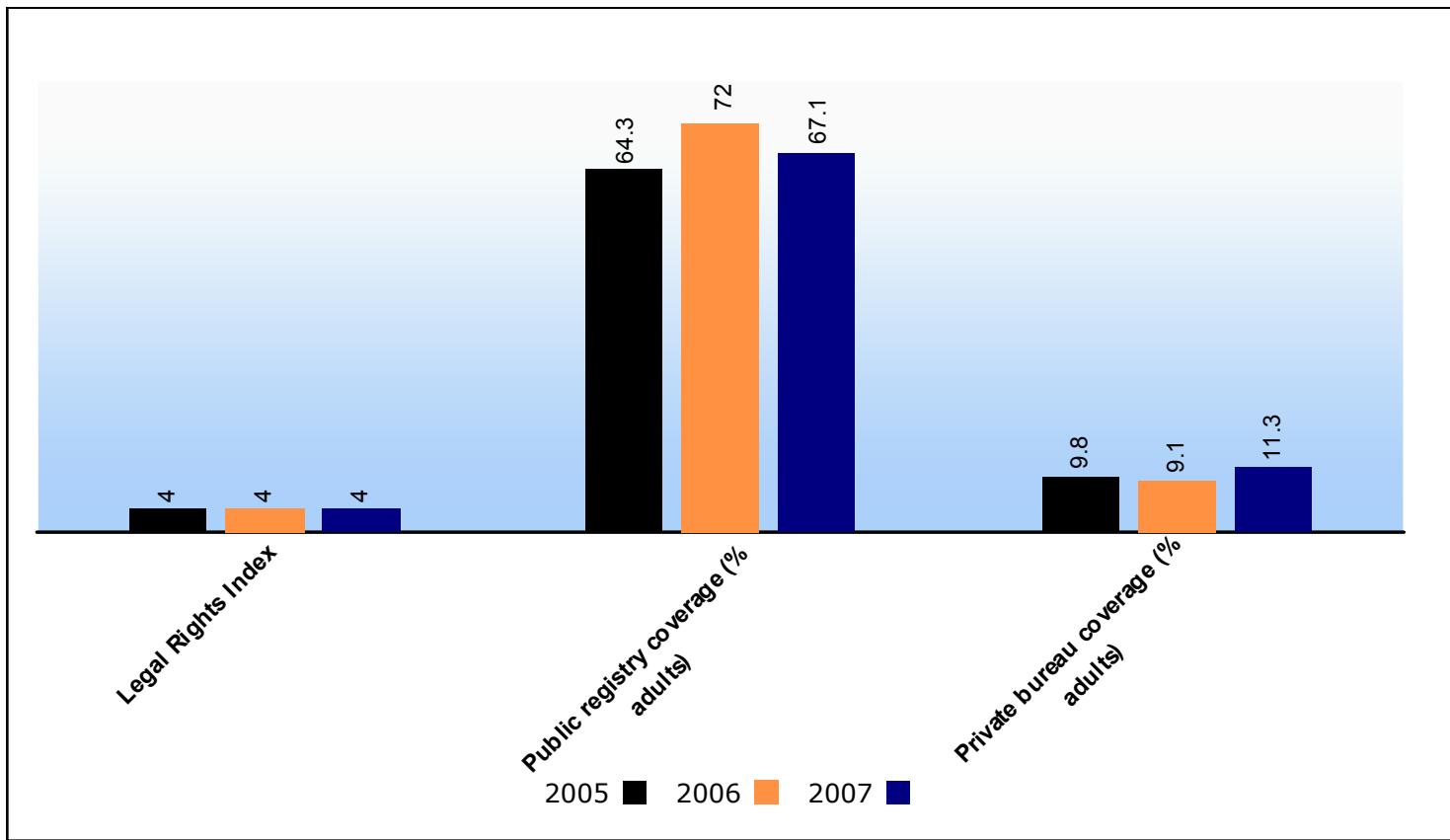
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

1. Historical data: Getting Credit in Portugal

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		62	68
Legal Rights Index	4	4	4
Public registry coverage (% adults)	64.3	72.0	67.1
Private bureau coverage (% adults)	9.8	9.1	11.3

2. The following graph illustrates the Getting Credit indicators in Portugal over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Portugal is ranked 68 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

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



The following table shows Getting Credit data for Portugal compared to best practice and comparator economies:

Best Practice Economies	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

Selected Economy			
Portugal	4	67.1	11.3

Comparator Economies			
Austria	5	1.3	40.6
Belgium	5	57.2	0.0
France	6	24.8	0.0
Germany	8	0.7	98.1
Greece	3	0.0	38.7
Italy	3	11.0	71.5

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

Private bureau coverage (% adults): Australia, Canada, Iceland, Ireland, New Zealand, Nicaragua, Norway, Sweden, United States

Protecting Investors in Portugal

Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. 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 unfair 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? 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 extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

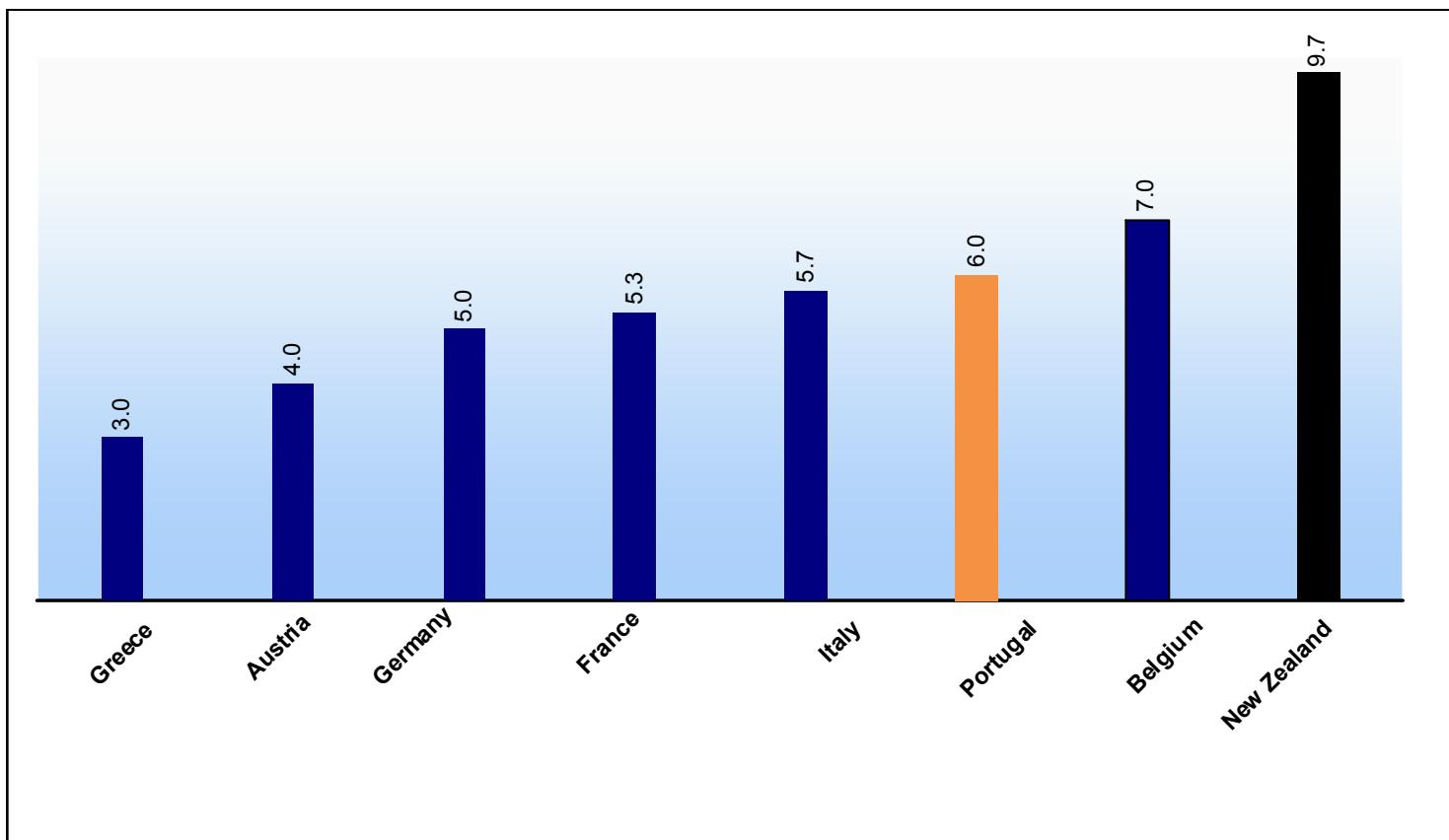
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

1. Historical data: Protecting Investors in Portugal

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		32	33
Investor Protection Index	6.0	6.0	6.0

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

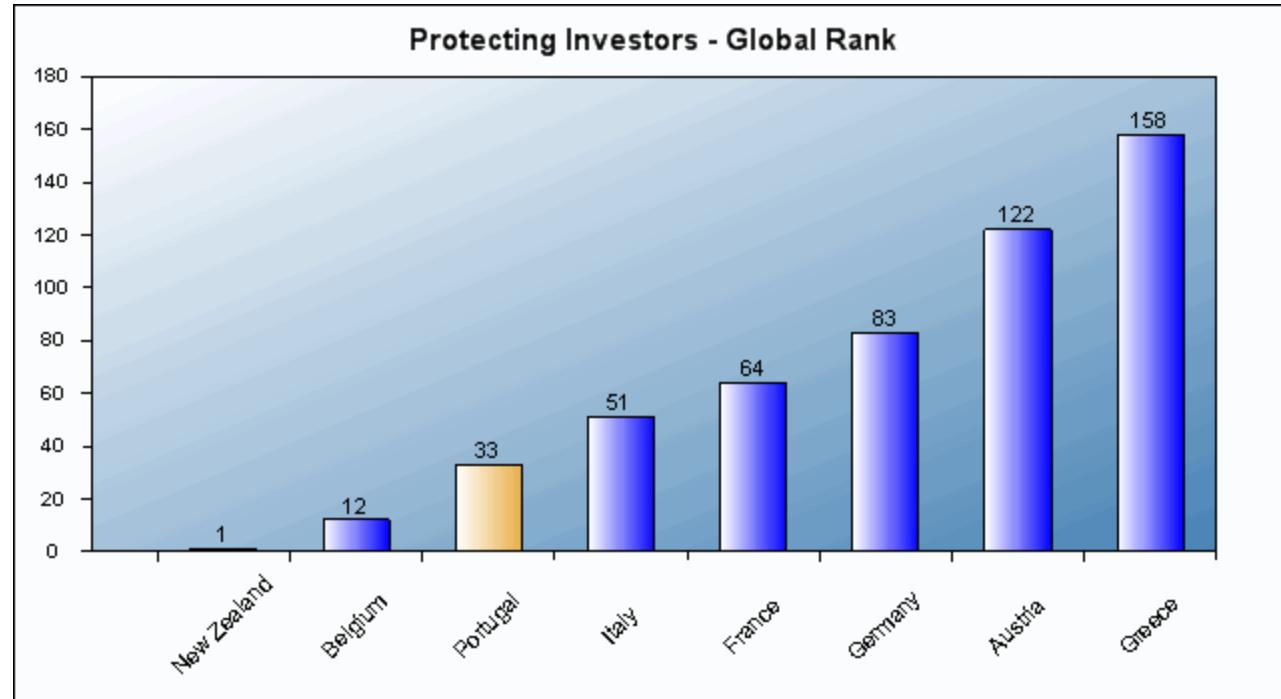


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Portugal is ranked 33 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

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



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

Best Practice Economies	Investor Protection Index
New Zealand	9.7

Selected Economy	
Portugal	6.0

Comparator Economies	
Austria	4.0
Belgium	7.0
France	5.3
Germany	5.0
Greece	3.0
Italy	5.7

Paying Taxes: Tax Payable and Compliance in Portugal

Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor 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 and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

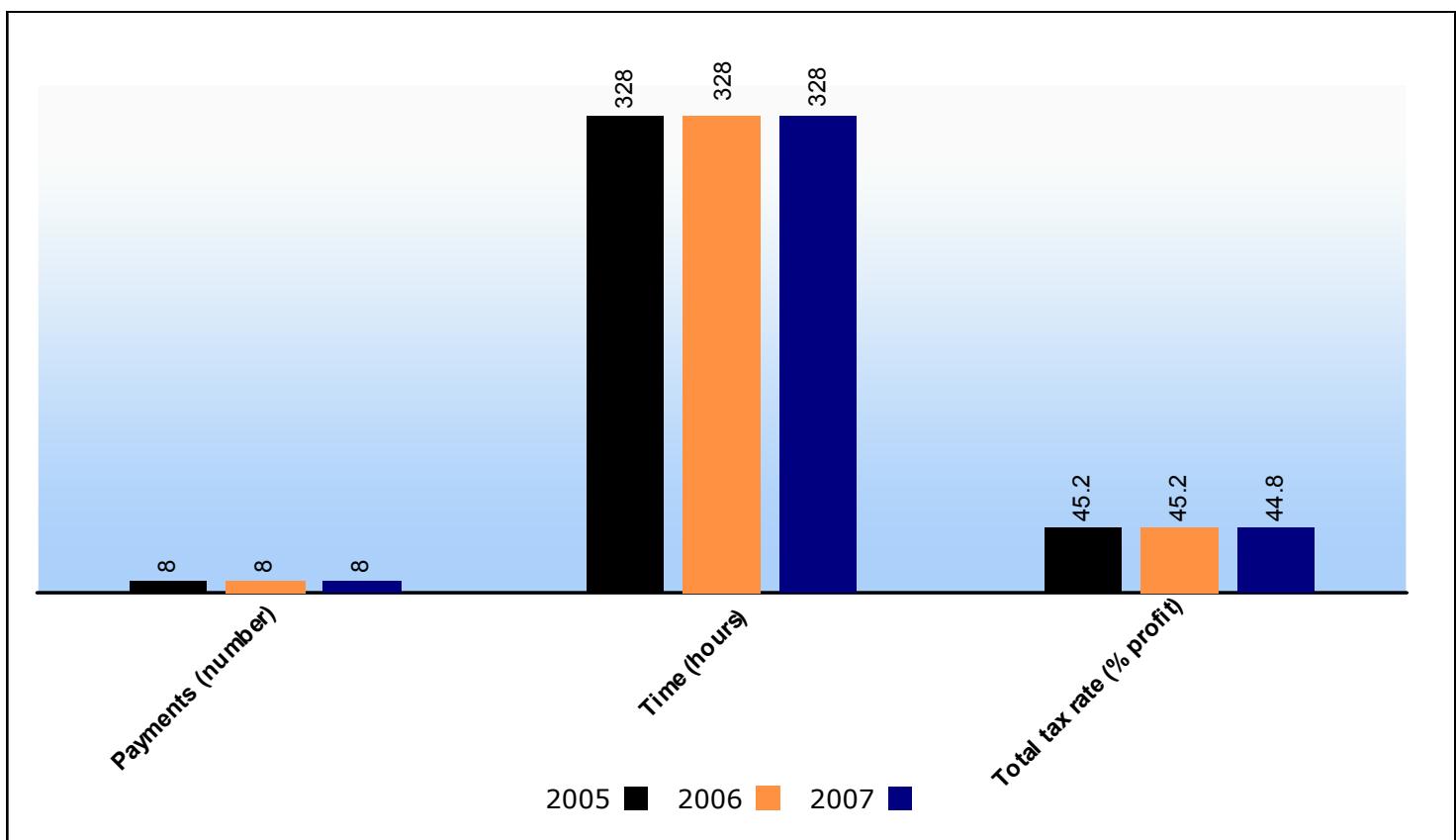
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes 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.

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Portugal

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		65	66
Time (hours)	328	328	328
Total tax rate (% profit)	45.2	45.2	44.8
Payments (number)	8	8	8

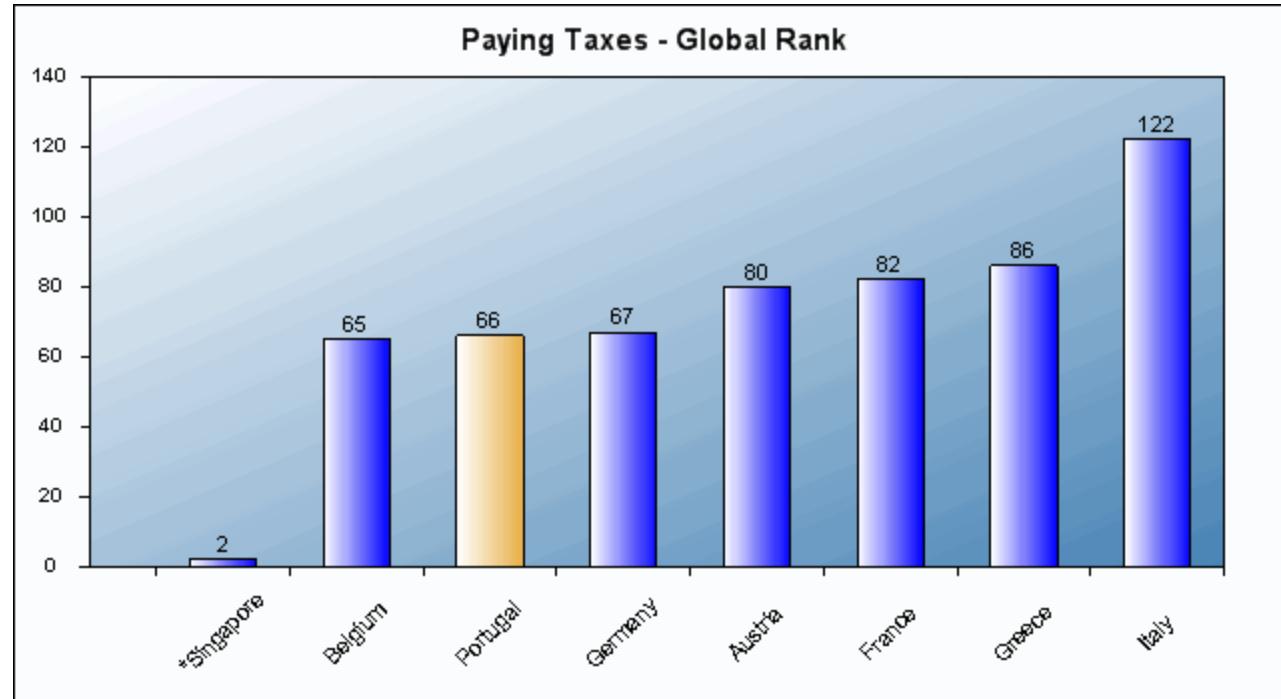
2. The following graph illustrates the Paying Taxes indicators in Portugal over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Portugal is ranked 66 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

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



* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for Portugal compared to best practice and comparator economies:

Best Practice Economies	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

Selected Economy			
Portugal	8	328	44.8

Comparator Economies				
Austria	22	170	54.6	
Belgium	11	156	64.3	
France	23	132	66.3	
Germany	16	196	50.8	
Greece	21	264	48.6	
Italy	15	360	76.2	

* The following economies are also best practice economies for :

Payments (number): **Maldives**

Time (hours): **Maldives**

Trading Across Borders: Importing and Exporting from Portugal

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 faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down 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. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official 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 factory 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.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

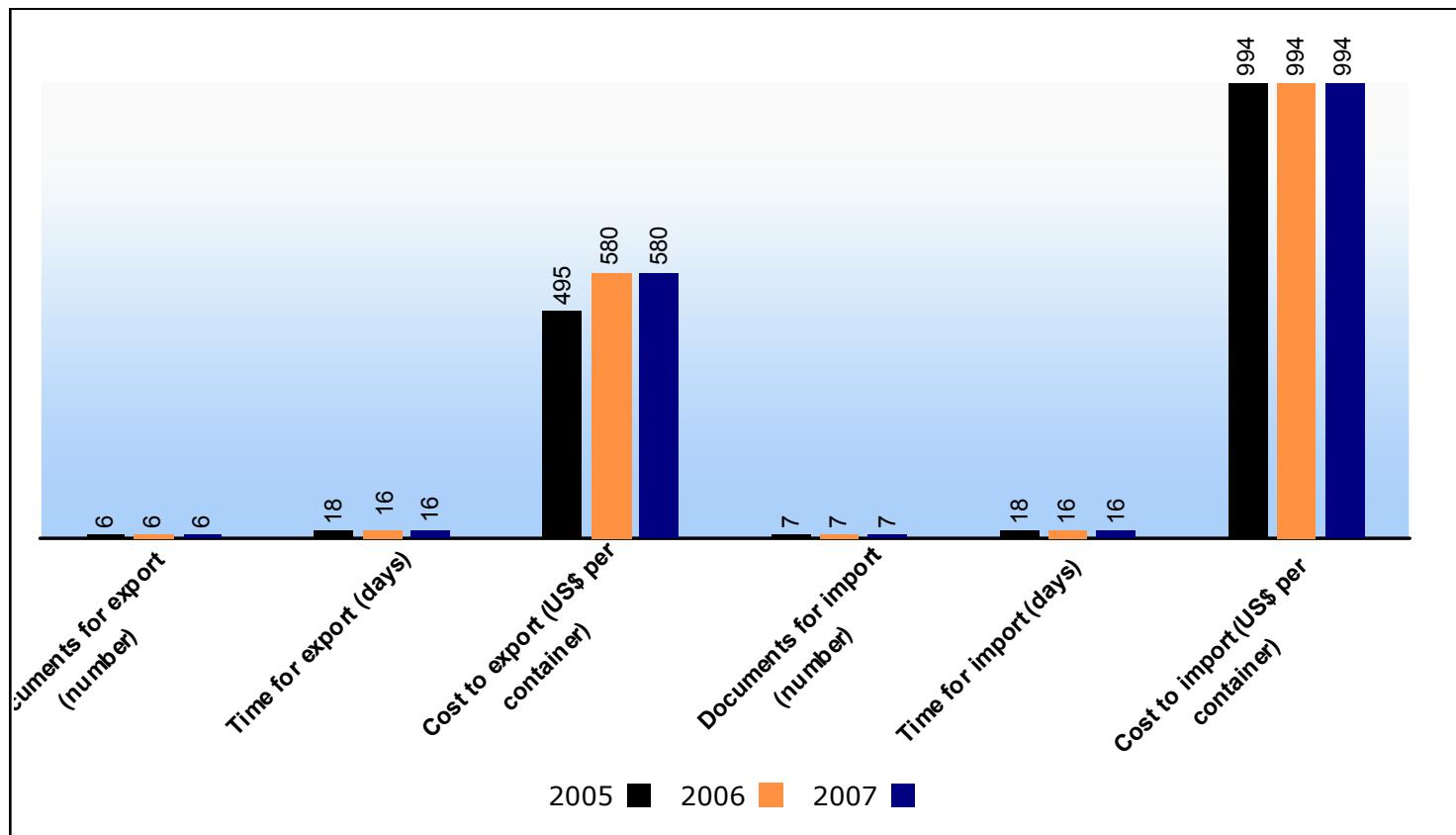
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. 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 trade taxes.

Countries 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 leads 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 avoid customs altogether. Instead, they smuggle goods across the border. That defeats the very purpose in having border control of trade—to levy taxes and ensure high quality of goods.

1. Historical data: Trading Across Borders in Portugal

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		28	31
Documents for export (number)	6	6	6
Time for export (days)	18	16	16
Cost to export (US\$ per container)	495	580	580
Documents for import (number)	7	7	7
Time for import (days)	18	16	16
Cost to import (US\$ per container)	994	994	994

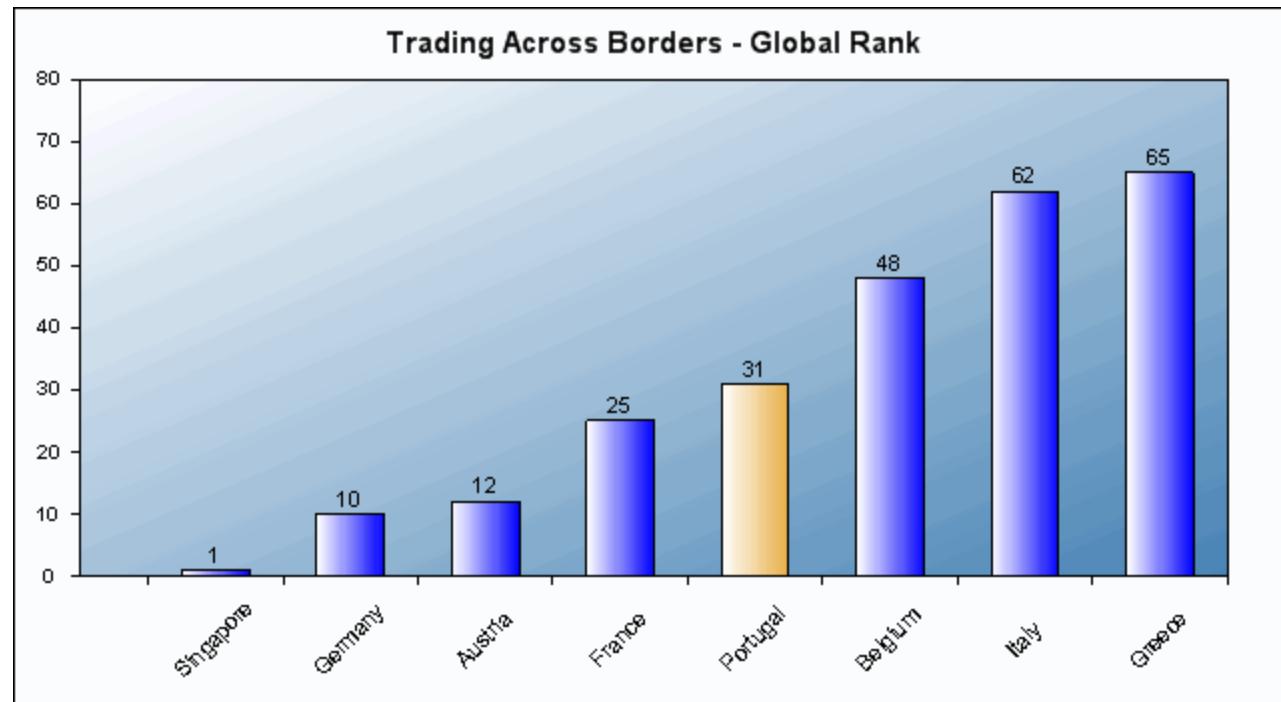
2. The following graph illustrates the Trading Across Borders indicators in Portugal over the past 3 years:



3. Benchmarking Trading Across Borders Regulations:

Portugal is ranked 31 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

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



The following table shows Trading Across Borders data for Portugal compared to best practice and comparator economies:

Best Practice Economies	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

Selected Economy						
Portugal	6	16	580	7	16	994

Comparator Economies						
Austria	4	8	843	5	8	843
Belgium	4	8	1600	5	9	1600
France	4	11	1028	5	12	1148
Germany	4	7	740	5	7	765
Greece	5	20	998	6	25	1245
Italy	5	20	1291	5	18	1291

* The following economies are also best practice economies for :

Documents for export (number): Estonia, Micronesia, Panama

Time for export (days): Estonia, Singapore

Documents for import (number): Sweden

Enforcing Contracts: Court Efficiency in Portugal

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 are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

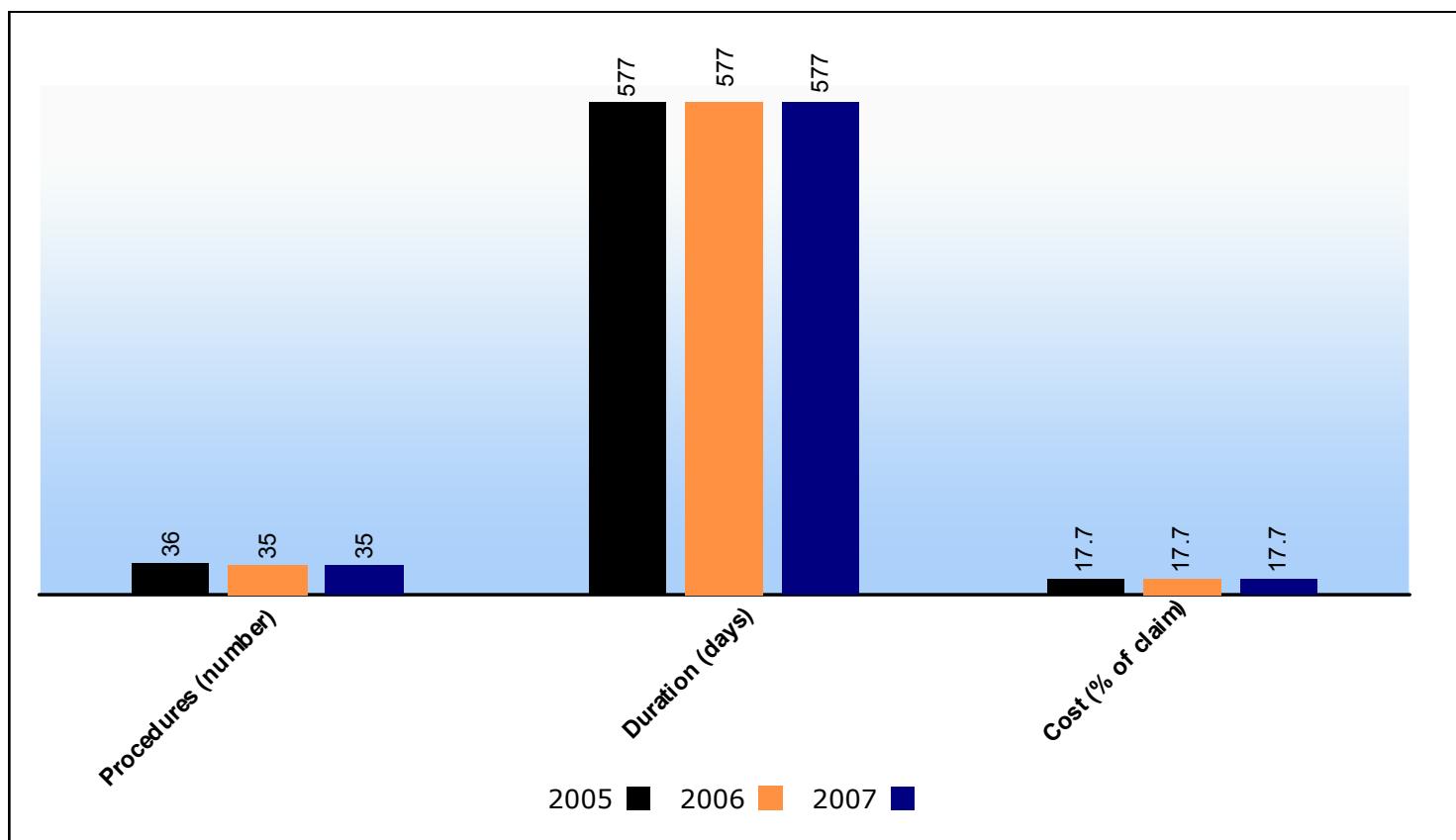
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

1. Historical data: Enforcing Contracts in Portugal

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		49	49
Procedures (number)	36	35	35
Duration (days)	577	577	577
Cost (% of claim)	17.7	17.7	17.7

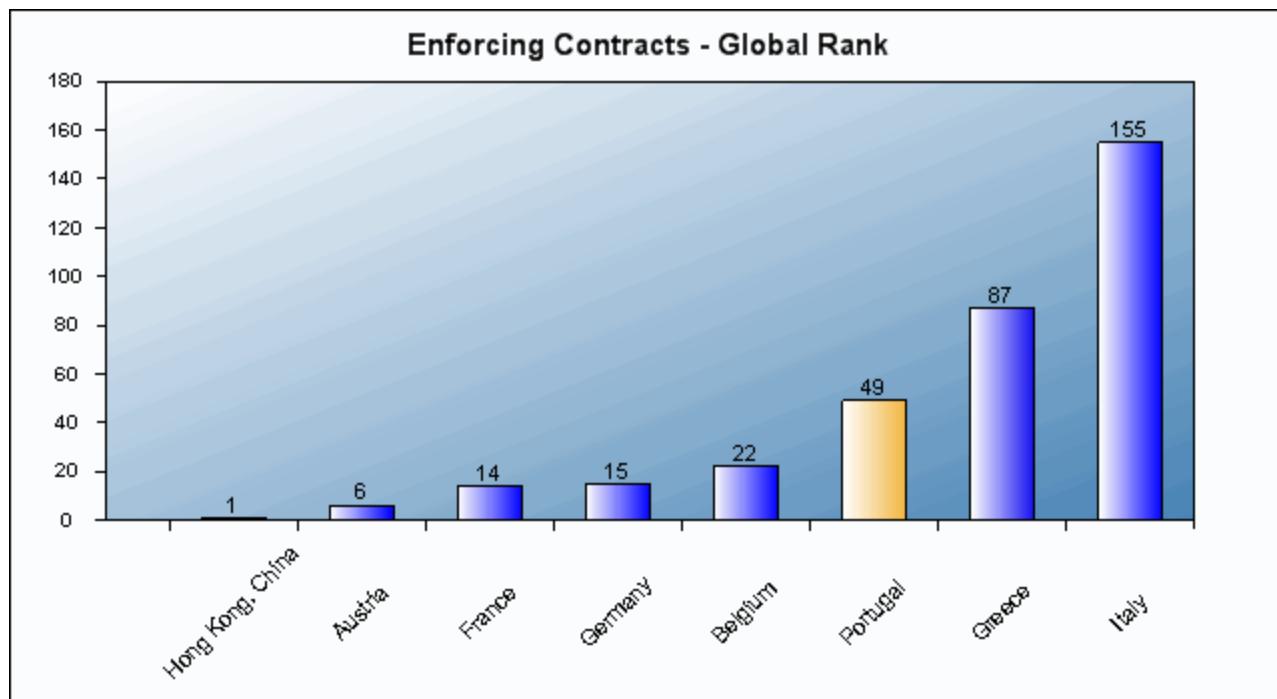
2. The following graph illustrates the Enforcing Contracts indicators in Portugal over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Portugal is ranked 49 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

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



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

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

Selected Economy			
Portugal	35	577	17.7

Comparator Economies			
Austria	26	397	12.7
Belgium	27	505	16.6
France	30	331	17.4
Germany	33	394	11.8
Greece	39	819	14.4
Italy	41	1210	29.9

Closing Business in Portugal: Bankruptcy

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.

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.

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, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and 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.

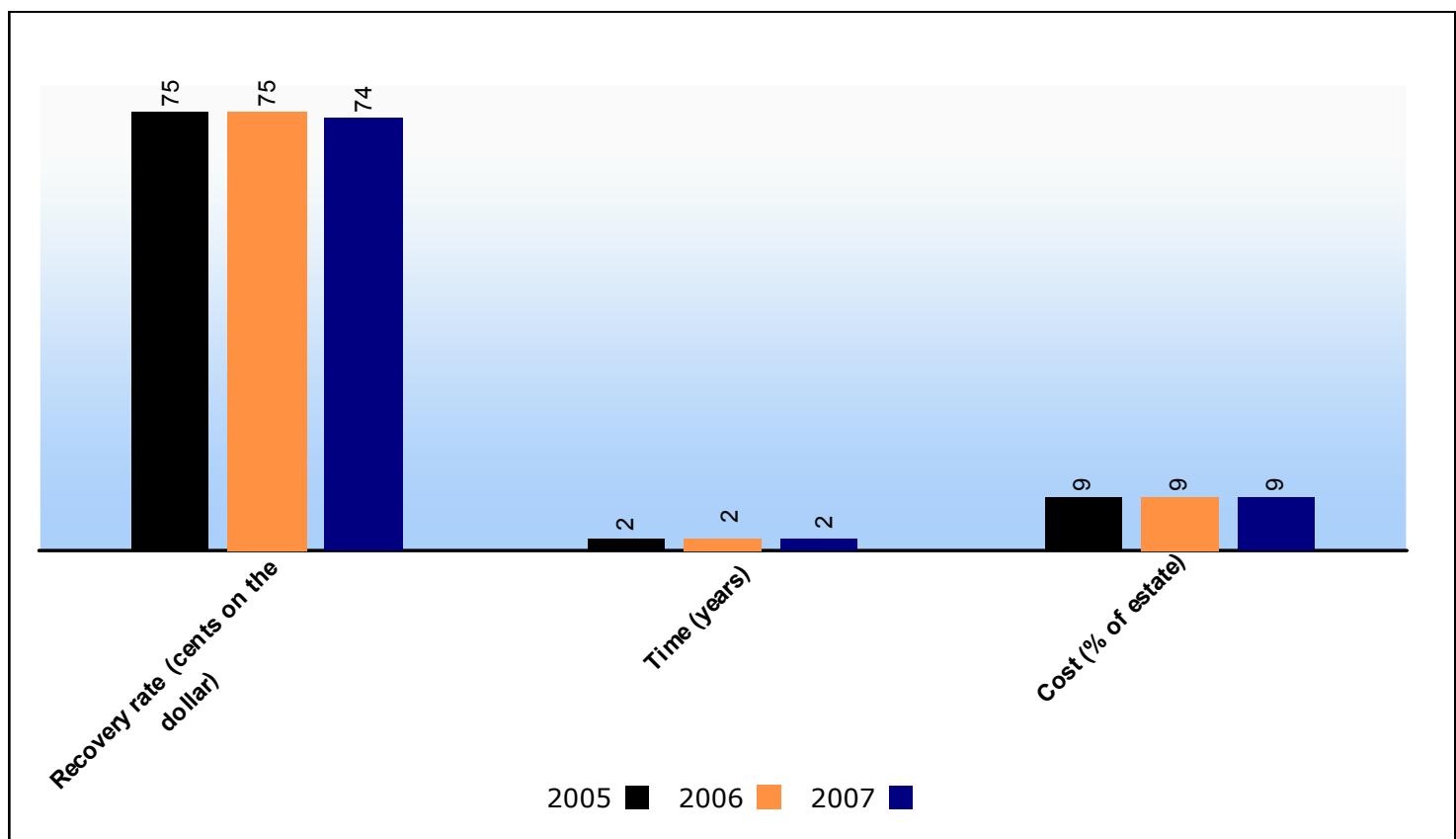
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, 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.

1. Historical data: Closing Business in Portugal

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		19	20
Time (years)	2.0	2.0	2.0
Cost (% of estate)	9	9	9
Recovery rate (cents on the dollar)	75	75	74.0

2. The following graph illustrates the Closing Business indicators in Portugal over the past 3 years:



3. Benchmarking Closing Business Regulations:

Portugal is ranked 20 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

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



The following table shows Closing Business data for Portugal compared to best practice and comparator economies:

Best Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Colombia			1
Ireland		0.4	
Japan	92.6		

Selected Economy			
Portugal	74.0	2.0	9

Comparator Economies			
Austria	72.4	1.1	18
Belgium	85.5	0.9	4
France	47.4	1.9	9
Germany	53.4	1.2	8
Greece	44.8	2.0	9
Italy	61.8	1.8	22

Starting a Business in Portugal

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

STANDARDIZED COMPANY

Legal Form: Sociedade por Quotas

Minimum Capital Requirement: EUR 5,000

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Choose a pre-approved company name	1 day	included in procedure 2
2	Register at the one-stop shop	1 day	€360 or €300 (depending on whether the company's object is IT or IT related or not), including mandatory publications but excluding a 0.4% Stamp Tax rate, levied on the amount of the company's share capital subscriptions.
3	Register with the Social Security Regional Center	1 day (simultaneous with procedure 2)	no charge
4	Deposit initial capital	1 day (simultaneous with procedure 2)	no charge
5	Report to the Labor Inspectorate	1 day	no charge
6	Pay stamp duty at tax department	1 day	Tax Stamp: €0,50 for each page
7	Register the compulsory workmen's accident compensation insurance at a private insurer	1 day	no charge

Procedure 1 Choose a pre-approved company name

Time to complete: 1 day

Cost to complete: included in procedure 2

Comment: Before requesting the corporate name, the company promoter can search the National Registry of Collective Entities (Registro Nacional de Pessoas Coletivas, RNP) database (also via the Internet) for the availability of the requested name. The promoter can reserve a company name for 48 hours at a fee of EUR 31. (For information on company names or on notary and registrar issues, visit www.dgrn.mj.pt/impres/imprnpc.asp.)

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

The fee for company name approval is EUR 70:

- Certification of company name approval: EUR 56.
- Provisional identity card (for collective person): EUR 14.

An additional fee of EUR 31 applies if a name reservation is requested.

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

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

Procedure 2 Register at the one-stop shop

Time to complete: 1 day

Cost to complete: €360 or €300 (depending on whether the company's object is IT or IT related or not), including mandatory publications but excluding a 0.4% Stamp Tax rate, levied on the amount of the company's share capital subscriptions.

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

For tax purposes, shareholders may also file at this time a declaration of commencement of activities. If this option is not exercised, this declaration should be submitted within 15 days of company incorporation. Through this fast-track procedure, the following are handled on a single visit to the one-stop shop (a) the company corporate tax number; (b) the company's Social Security number; (c) the commercial register of the company incorporation; and (d) the declaration of start of business operations. Employee registration must be done at least 24 hours before the start of employment.

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

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

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

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

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

The online company registration system is accessible only to certified lawyers. Administrative Rule 1416-A/2006 sets out two other stipulations:

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

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

Procedure 3 Register with the Social Security Regional Center

Time to complete: 1 day (simultaneous with procedure 2)

Cost to complete: no charge

Comment:

Employers must register employees for social security insurance in 10 working days after the tax declaration on start of business activities and at least 24 hours before employees start employment.

This procedure can be conducted at the at the Centros de Formalidades das Empresas (CFE). The employer must file the following documents: the taxpayer identification card, deeds, collective person's card, minutes of company inaugural meeting, a copy of the statutory members' tax cards, and a document proving the declaration of commencement of activity. Companies that have interaction with the public must have the company's work schedule approved at the Ministry of Employment and Social Security (Ministerio do Emprego e da Segurança Social).

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

Procedure 4 Deposit initial capital

Time to complete:	1 day (simultaneous with procedure 2)
Cost to complete:	no charge
Comment:	Initial capital may be deposited by online banking or in person at the one-stop shop (Caixa Geral de Depósitos), where a bank attendant is available to handle the transaction.

Procedure 5 Report to the Labor Inspectorate

Time to complete:	1 day
Cost to complete:	no charge
Comment:	Before starting its activity, the incorporated company must submit the following information to the Labour General Inspection: the company name and its tax number, its corporate activity, its registered office and other company locations, and the number of workers and managers. The company must also provide a copy of the published announcement of the incorporation deed.

Procedure 6 Pay stamp duty at tax department

Time to complete:	1 day
Cost to complete:	Tax Stamp: €0,50 for each page
Comment:	According to Decree-Law 76-A/2006 (dated March 29, 2006, but effective as of June 30, 2006), Portuguese companies are no longer required to maintain and register company books (inventário, balanço, diário, razão e copiador). Companies must have only minutes books, which no longer have to be previously registered at the Commercial Registry Office. However, the stamp duty still has to be paid (EUR 0.50/sheet, estimating about 60 sheets). The stamp duty is paid at the Serviço de Finanças. Upon payment, a receipt (nota de liquidação) is given to be stamped in the book.

Procedure 7 Register the compulsory workmen's accident compensation insurance at a private insurer

Time to complete:	1 day
Cost to complete:	no charge
Comment:	Compulsory workers' compensation insurance covers all workers and managers who receive a salary. The insurance must be underwritten by a private insurer carrier before the company starts business activities. Note that social security insurance does not cover occupational accident or injury. According to Decree-Law 14/2007, as of March 2007 an employee can be registered online on the social security site.

Dealing with Licenses in Portugal

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

BUILDING A WAREHOUSE

Date as of: January 2,007

Estimated Warehouse Value:

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain preliminary approval of project design	70 days	EUR 162
2	Obtain approval of project designs from the municipality and other relevant entities	110 days	EUR 136
3	Obtain a building permit (alvará) and pay fee	42 days	EUR 2,860
4	Inform the labor inspection agency about the new construction site	1 day	no charge
5	Notify municipality when reaching plinth level in the construction and receive site inspection	1 day	no charge
6	Notify municipality before proceeding with concrete work and receive inspection	1 day	no charge
7	Apply for occupancy and use permit	30 days	EUR 1,405
8 *	Request inspection by the Fire Department	1 day	no charge
9 *	Submit application for a water and sewerage connection at the water and sewerage authority	1 day	no charge
10 *	Submit application for an electricity connection at the power authority	1 day	no charge
11 *	Submit application for a telephone line at the telecommunications authority	1 day	no charge
12 *	Receive inspection by the water and sewerage authority	1 day	EUR 31
13 *	Receive inspection by the power authority	1 day	no charge
14 *	Receive inspection by the telecommunications authority	1 day	no charge
15 *	Receive inspection by the Fire Department	1 day	no charge

16 *	Obtain water and sewerage connection	31 days	EUR 70
17 *	Obtain electricity connection	8 days	EUR 399
18 *	Obtain phone connection	14 days	EUR 100
19	Obtain occupancy and use permit	10 days	no charge
20	Register the building with the real estate registry	51 days	EUR 2,625

* Takes place simultaneously with another procedure.

Procedure	1	Obtain preliminary approval of project design
Time to complete:	70 days	
Cost to complete:	EUR 162	
Comment:	<p>Granted by the municipality, the approval indicates BuildCo's possibility to execute a certain project. This approval binds the authorities involved in the issuing process but does not authorize construction. Valid for a year, this approval is not a prerequisite for the other procedures. Even so, this procedure cannot be performed simultaneously with any other procedure.</p> <p>The required documents are identified in the Ministerial Order No. 1110 September 19, 2001, and include the following:</p> <ul style="list-style-type: none"> - Title to the property, or proof of ownership or lease agreement. - Architectural project. - Project clearance from the Fire Department. Approval of the architectural project depends on the issuance of a favorable opinion from the Fire Department. The costs involved are chargeable only at the issuance of the operating license. The company should also request approval of the security system against fire risks that would be filed upon submission of the specific drawings. - Specific drawings, such as drawings of the electrical power layout. Approved project design drawings are valid for 6 months but are subject to a 3-month extension upon the company's request. - Specification of patent. - Direct billing, issued to the owner. - Schedule of construction work execution. - Other forms and documents deemed relevant. <p>This procedure is not mandatory but it is common practice.</p>	
Procedure	2	Obtain approval of project designs from the municipality and other relevant entities
Time to complete:	110 days	
Cost to complete:	EUR 136	
Comment:	<p>The company must present the project design to the local municipality and consult with the relevant public entities, such as the Monuments Protection Authority. The number and type of entities that must be consulted vary from case to case. The municipality forwards the file to the public entities to be consulted.</p> <p>After the municipality grants approval of the design project, it requests the applicant to present, within 6 months, the "specialty projects," for instance, the stability, electricity, gas, sewage, waste water, telephone and telecommunications, thermal and acoustic behavior of the building, elevators, and the like.</p> <p>The municipality then forwards the specialty projects to the relevant entities for approval. The design project approval takes on average the first 30 days of the previous procedure, after which the specialty projects can be sent for approval at the same time that the approval from the relevant entities in the previous procedure is being requested (these two steps take 10 and 20 days, respectively). Once all approvals from third parties have been granted, it takes 45 days for the municipality to make its final decision. Because the applicant can present both the designs and specialty projects at the same time and to the same agency, those steps are considered as one procedure here.</p> <p>The applicant can also directly ask the relevant authorities for approval of the specialty projects and submit those approvals with the designs, which saves substantial time.</p>	

Procedure	3	Obtain a building permit (alvará) and pay fee
Time to complete:	42 days	
Cost to complete:	EUR 2,860	
Comment:	BuildCo must request a building permit within a maximum of a year from the date of notification of final approval of the building project. The building permit is issued after the relevant taxes have been paid.	
Procedure	4	Inform the labor inspection agency about the new construction site
Time to complete:	1 day	
Cost to complete:	no charge	
Comment:	The labor inspection agency might perform on-site inspections during construction. The project might also receive unscheduled inspections from other agencies, such as the agency issuing construction licenses, the Register (IMOPPI), and the municipality.	
Procedure	5	Notify municipality when reaching plinth level in the construction and receive site inspection
Time to complete:	1 day	
Cost to complete:	no charge	
Comment:	The municipality might inspect the site after receiving notification.	
Procedure	6	Notify municipality before proceeding with concrete work and receive inspection
Time to complete:	1 day	
Cost to complete:	no charge	
Comment:	The municipality might inspect the site after receiving notification.	
Procedure	7	Apply for occupancy and use permit
Time to complete:	30 days	
Cost to complete:	EUR 1,405	
Comment:	Once the building has been completed, the applicant requests the occupancy and use permit, which costs EUR 1,404.65. The payment can be required either when the application form is filed or when the license is issued, depending on the municipality. The municipality might charge EUR 80.92 due to an additional inspection of the works. In this case, this procedure might cost around EUR 1,485.57.	
Procedure	8	Request inspection by the Fire Department
Time to complete:	1 day	
Cost to complete:	no charge	

Comment: The company must inform several entities of building completion so that inspections can be carried out.

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

Time to complete: 1 day

Cost to complete: no charge

Comment:

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

Time to complete: 1 day

Cost to complete: no charge

Comment:

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

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 12 **Receive inspection by the water and sewerage authority**

Time to complete: 1 day

Cost to complete: EUR 31

Comment:

Procedure 13 **Receive inspection by the power authority**

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 14 **Receive inspection by the telecommunications authority**

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 15 Receive inspection by the Fire Department

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 16 Obtain water and sewerage connection

Time to complete: 31 days

Cost to complete: EUR 70

Comment:

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

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

Procedure 17 Obtain electricity connection

Time to complete: 8 days

Cost to complete: EUR 399

Comment:

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

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

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

Procedure 18 Obtain phone connection

Time to complete: 14 days

Cost to complete: EUR 100

Comment:

Procedure 19 Obtain occupancy and use permit

Time to complete: 10 days

Cost to complete: no charge

Comment:

Procedure 20 Register the building with the real estate registry

Time to complete: 51 days

Cost to complete: EUR 2,625

Comment:

Employing Workers in Portugal

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

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		47.8
Difficulty of Hiring Index		33.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	72	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.22	0.00
Rigidity of Hours Index		60.0
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?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	22	1
Difficulty of Firing Index		50.0
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 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	Yes	1
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
Firing costs (weeks of wages)		95.2
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		8.6

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)

86.7

What is the legally mandated penalty for redundancy dismissal? (weeks of salary)

0.0

Nonwage labor cost (% of salary)

23.8

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 Portugal

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

STANDARDIZED PROPERTY

Property Value: 905,000.00

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request an information certificate on the property at the Registry	4 days	EUR 31.5 (Assuming the certificate will be up to 4 pages long)
2	Request a tax certificate on the property	1 day	no cost
3	Payment of the real property transfer tax	1 day	6.5% of the property's fiscal value or sale price, whichever is higher
4	Formalize the sale and purchase public deed	15 days	0.8% of the sale price or fiscal value, whichever is higher + EUR 175 in notary's fees + EUR 25 for public deed taxation
5	Register the property at the Real Property Registry	14 - 28 days	EUR 150 (registry of transmission and actualization of the property's registry identification) or EUR 125 (registry of transmission only)

Procedure 1	Request an information certificate on the property at the Registry
Time to complete:	4 days
Cost to complete:	EUR 31.5 (Assuming the certificate will be up to 4 pages long)
Comment:	According to the Decree-Law 76-A/2006 (March 2006), the cost has been increased to EUR 31.5 from EUR 27.
Procedure 2	Request a tax certificate on the property
Time to complete:	1 day
Cost to complete:	no cost
Comment:	This certificate may be requested and validly printed from the internet site, www.dgci.min-financas.pt . When it is requested this way, it is received immediately and free of charge. If one requests it directly from the Tax Registry, a cost of EUR 4.96 is incurred. One may use this internet site after applying with the Tax Authorities for a username and password regarding tax declarations by internet; notaries can also obtain tax certificates free of charge on behalf of the seller and the buyer, according to Decree-Law no. 238/2006, of December, 20th.
Procedure 3	Payment of the real property transfer tax
Time to complete:	1 day
Cost to complete:	6.5% of the property's fiscal value or sale price, whichever is higher
Comment:	The payment can be made at any post office or ATM terminal, but must be initiated (or paid) at the Tax Authority office.
Procedure 4	Formalize the sale and purchase public deed
Time to complete:	15 days
Cost to complete:	0.8% of the sale price or fiscal value, whichever is higher + EUR 175 in notary's fees + EUR 25 for public deed taxation
Comment:	This procedure may take up to 30 days or a minimum of 7 days, depending on the notary used. As of February 2004 through full implementation in February 2006, the notarial profession has been liberalized. One can contract either a public notary and pay according to the scale of costs as noted above; or one can contract a private notary and agree on any cost for his services. The majority of notaries are still public. Because of the law on prevention and repression of money-laundering (Section 1, no. 2, i), parties' identities must be verified for sums over EUR 15,000 as well as information about the origin and destiny of funds involved, justification of the transaction and identities of the beneficiaries (if other than the parties) if the transaction is over EUR 12,500.
Procedure 5	Register the property at the Real Property Registry
Time to complete:	14 - 28 days
Cost to complete:	EUR 150 (registry of transmission and actualization of the property's registry identification) or EUR 125 (registry of transmission only)
Comment:	The time to complete is variable according to the department in Lisbon where one registers—it may at times take as little as 2 weeks, or as much as one month depending on department and time of year, for example.

Getting Credit in Portugal

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

Getting Credit Indicators (2007)			Indicator
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	4
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage	11.3	67.1	
Number of individuals	967,890	5,713,660	
Number of firms	41,257	257,758	
Legal Rights Index			4
Does the law allow all natural and legal persons to be party to collateral agreements?	Yes		
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?	No		
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?	Yes		
Does a unified registry exist for all security rights in movable property?	No		
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No		
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No		
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	No		
During reorganization, is management's control of the company's assets suspended?	Yes		
Does the law authorize parties to agree on out of court enforcement?	Yes		
May parties have recourse to out of court enforcement without restrictions?	No		

Protecting Investors in Portugal

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

Protecting Investors Data (2007)	Indicator
Disclosure Index	6
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
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)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Director Liability Index	5
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)	0
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
Shareholder Suits Index	7
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	4
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)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Notes:**Extent of Disclosure Index**

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in Portugal

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	96	21.0%	value added		not included
Stamp duty	1			0.5%	transaction value		small amount
Tax on financial transactions	1			0.05 EUR	per check	0.00	
Vehicle tax	1			fixed fee (EUR 158.22)	per vehicle	0.04	
Tax on interest	0	withheld		20.0%	interest income	0.51	included in other taxes
Property tax	1			0.8%	property value	1.19	
Municipal business tax	0	paid jointly		10.0%	corporate income tax	1.38	
Fuel tax	1			40 cents	value of fuel consumption	1.59	
Corporate income tax	1	online filing	40	25.0%	taxable profits	13.79	
Social security contributions	1	online filing	192	23.8%	gross salaries	26.79	
Totals	8		328			44.8	

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 Portugal

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

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	10	45
Customs clearance and technical control	1	100
Ports and terminal handling	3	260
Inland transportation and handling	2	175
Totals	16	580

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	10	295
Customs clearance and technical control	2	264
Ports and terminal handling	3	260
Inland transportation and handling	1	175
Totals	16	994

Export

- Bill of lading
- Commercial invoice
- Customs export declaration
- Inspection report
- Packing list
- Technical standard/health certificate

Import

- Bill of lading
- Certificate of origin
- Commercial invoice
- Consular invoice
- Customs import declaration
- Import license
- Packing list

Enforcing Contracts in Portugal

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

Nature of Procedure (2007)	Indicator
Procedures (number)	35.00
Duration (days)	577.00
Filing and service	102.0
Trial and judgment	285.0
Enforcement of judgment	190.0
Cost (% of claim)*	17.70
Attorney cost (% of claim)	11.9
Court cost (% of claim)	2.5
Enforcement Cost (% of claim)	3.3

Court information: Lisbon Civil Court,
www.pjustica-lsb.mj.pt Commercial Section ("Varas Cíveis do Tribunal Judicial da Comarca de Lisboa")

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