

Doing Business 2010

United States

COMPARING REGULATION IN 183 ECONOMIES



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Introduction

Doing Business 2010: Reforming Through Difficult Times is the seventh in a series of annual reports investigating regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 10 stages of a business's life are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2010: Reforming Through Difficult Times* are current as of June 1, 2009*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

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

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and The Caribbean, 27 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for the United States. The data used for this country profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2010: Reforming Through Difficult Times* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

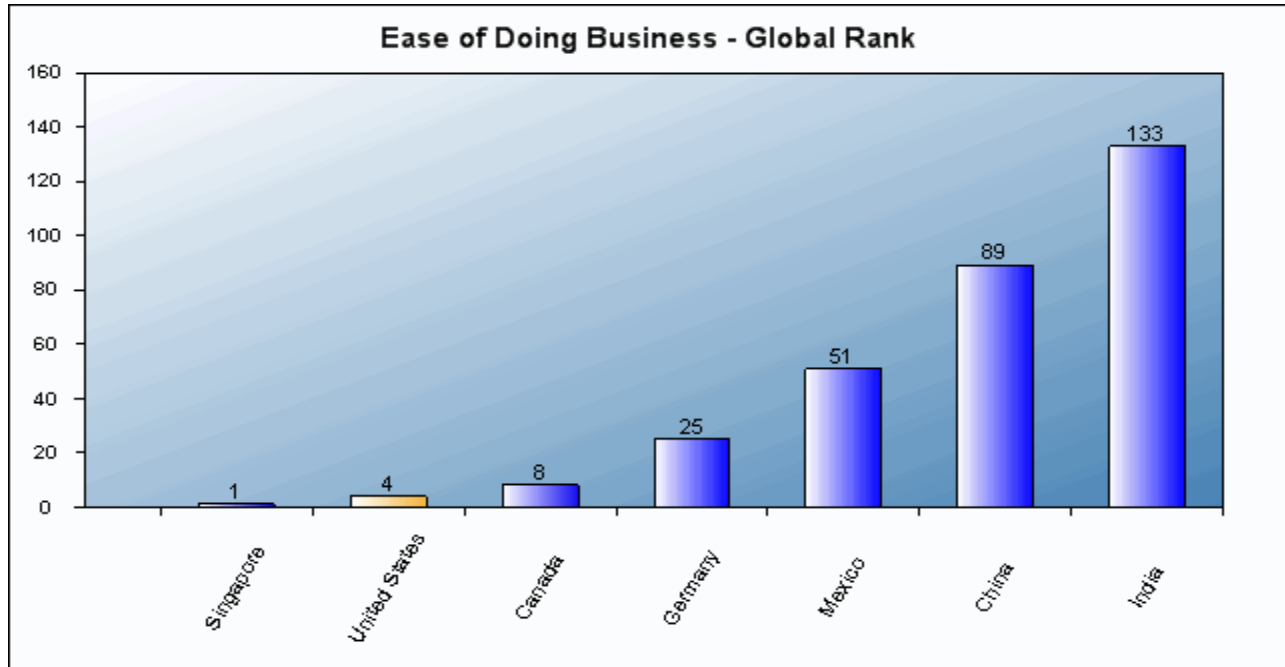
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

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

Economy Rankings - Ease of Doing Business

United States is ranked 4 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



United States's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	4
Starting a Business	8
Dealing with Construction Permits	25
Employing Workers	1
Registering Property	12
Getting Credit	4
Protecting Investors	5
Paying Taxes	61
Trading Across Borders	18
Enforcing Contracts	8
Closing a Business	15

Summary of Indicators - United States

Starting a Business	Procedures (number)	6
	Time (days)	6
	Cost (% of income per capita)	0.7
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	19
	Time (days)	40
	Cost (% of income per capita)	12.7
Employing Workers	Difficulty of hiring index (0-100)	0
	Rigidity of hours index (0-100)	0
	Difficulty of redundancy index (0-10)	0
	Rigidity of employment index (0-100)	0
	Redundancy costs (weeks of salary)	0
Registering Property	Procedures (number)	4
	Time (days)	12
	Cost (% of property value)	0.5
Getting Credit	Strength of legal rights index (0-10)	8
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	100.0
Protecting Investors	Extent of disclosure index (0-10)	7
	Extent of director liability index (0-10)	9
	Ease of shareholder suits index (0-10)	9
	Strength of investor protection index (0-10)	8.3
Paying Taxes	Payments (number per year)	10
	Time (hours per year)	187
	Profit tax (%)	27.9
	Labor tax and contributions (%)	9.6
	Other taxes (%)	8.8
	Total tax rate (% profit)	46.3

Trading Across Borders	Documents to export (number)	4
	Time to export (days)	6
	Cost to export (US\$ per container)	1050
	Documents to import (number)	5
	Time to import (days)	5
	Cost to import (US\$ per container)	1315
Enforcing Contracts	Procedures (number)	32
	Time (days)	300
	Cost (% of claim)	14.4
Closing a Business	Recovery rate (cents on the dollar)	76.7
	Time (years)	1.5
	Cost (% of estate)	7

Starting a Business

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

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

Methodology

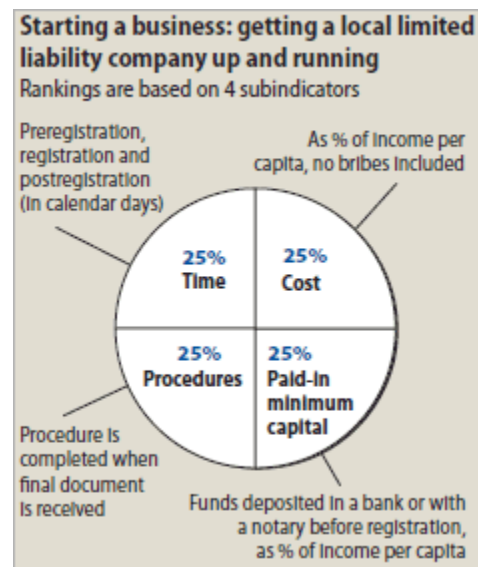
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications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

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

Survey Case Study

The business:

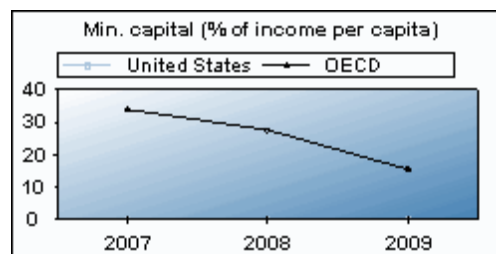
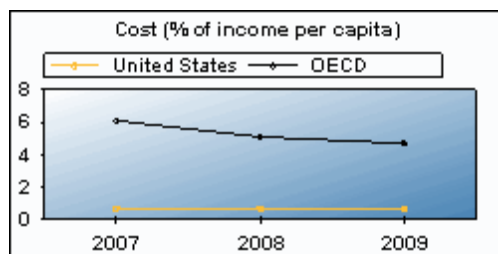
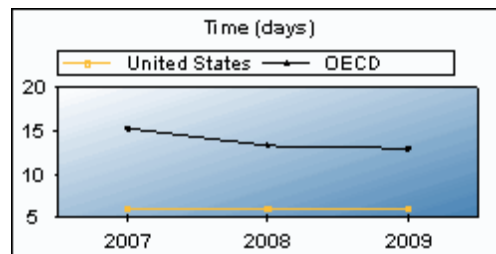
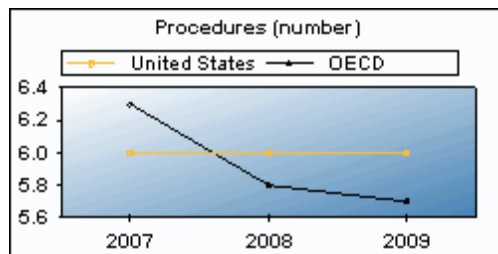
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not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



1. Historical data: Starting a Business in the United States

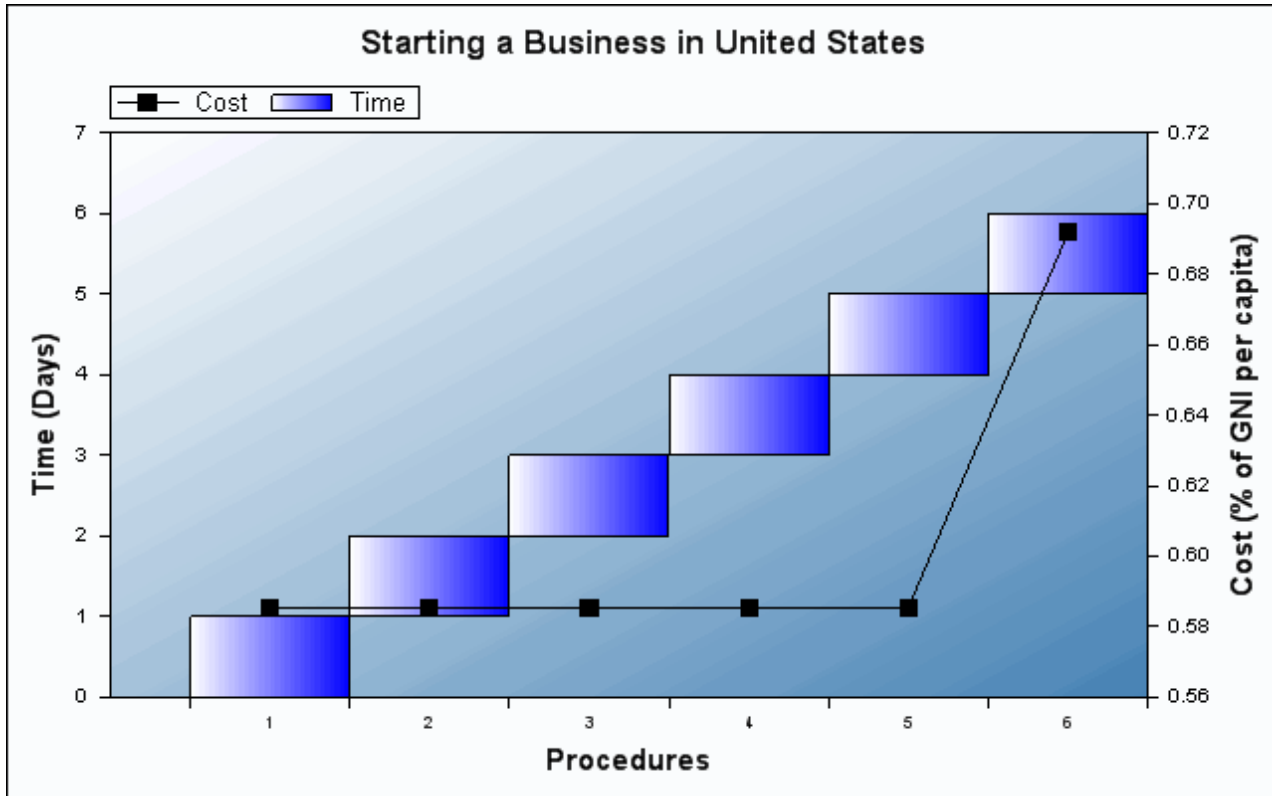
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	6	8
Procedures (number)	6	6	6
Time (days)	6	6	6
Cost (% of income per capita)	0.7	0.7	0.7
Min. capital (% of income per capita)	0.0	0.0	0.0

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



3. Steps to Starting a Business in the United States

It requires 6 procedures, takes 6 days, and costs 0.69 % GNI per capita to start a business in the United States.



List of Procedures:

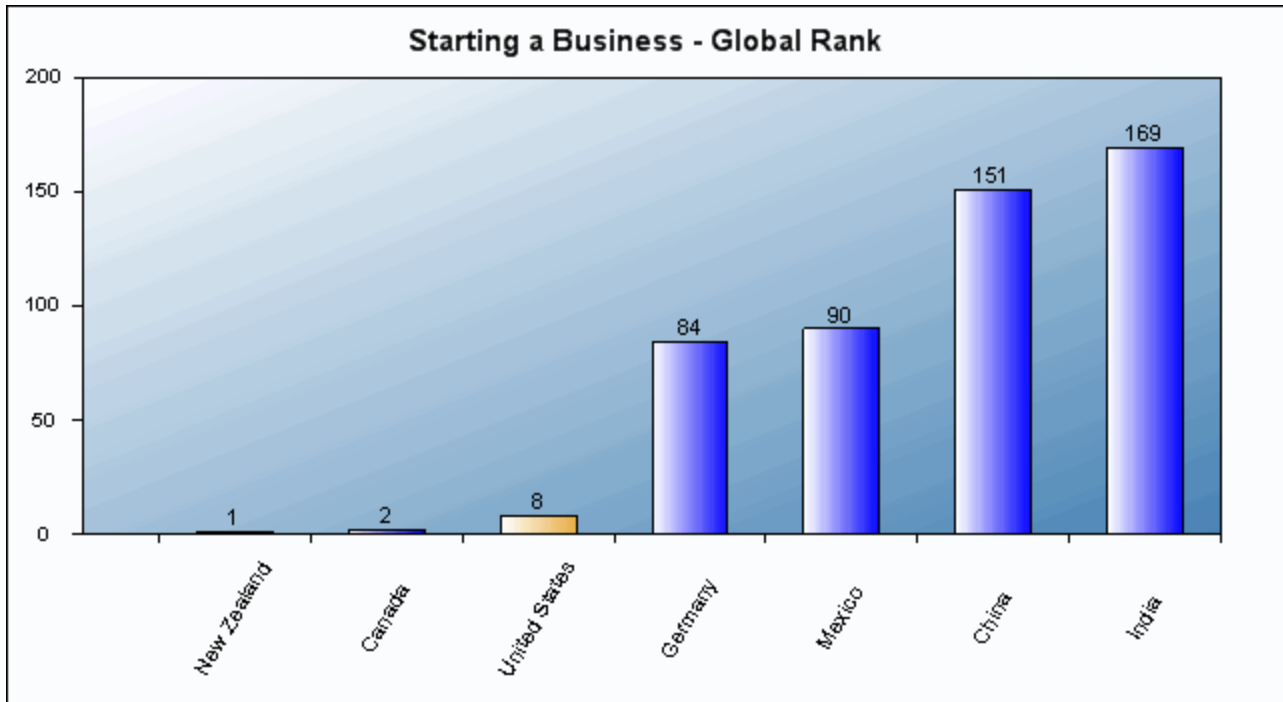
1. Reserve the company's business name (optional), file the company's articles of organization and adopt the company's operating agreement
2. Apply for federal identification number (EIN) for tax and employer purposes
3. Register to collect State sales tax
4. Register as an employer with the Unemployment Insurance Division of the state Department of Labor
5. Arrange for workers' compensation insurance and disability insurance
6. Arrange for publication and submit certificate and affidavits of publication

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

United States is ranked 8 overall for Starting a Business.

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



The following table shows Starting a Business data for the United States compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
United States	6	6	0.7	0.0

<i>Comparator Economies</i>				
Canada	1	5	0.4	0.0
China	14	37	4.9	130.9
Germany	9	18	4.7	0.0
India	13	30	66.1	210.9
Mexico	8	13	11.7	8.9

* The following economies are also good practice economies for :

Procedures (number): **Canada**

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

Dealing with Construction Permits

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

In many economies, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Methodology

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

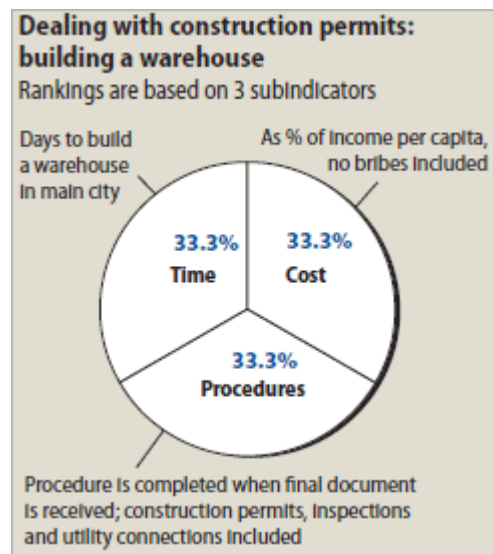
Survey Case Study

The business:

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

The warehouse to be built:

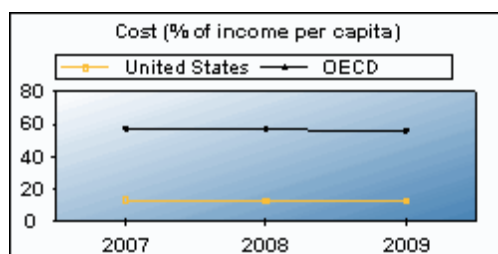
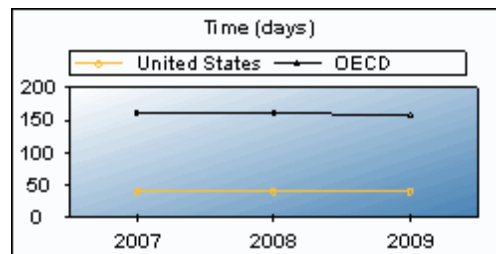
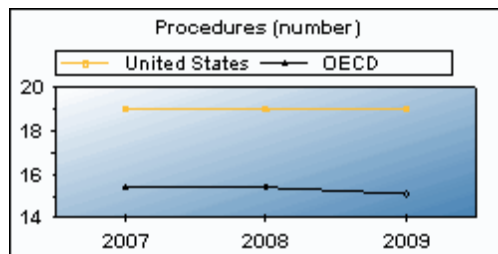
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each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



1. Historical data: Dealing with Construction Permits in the United States

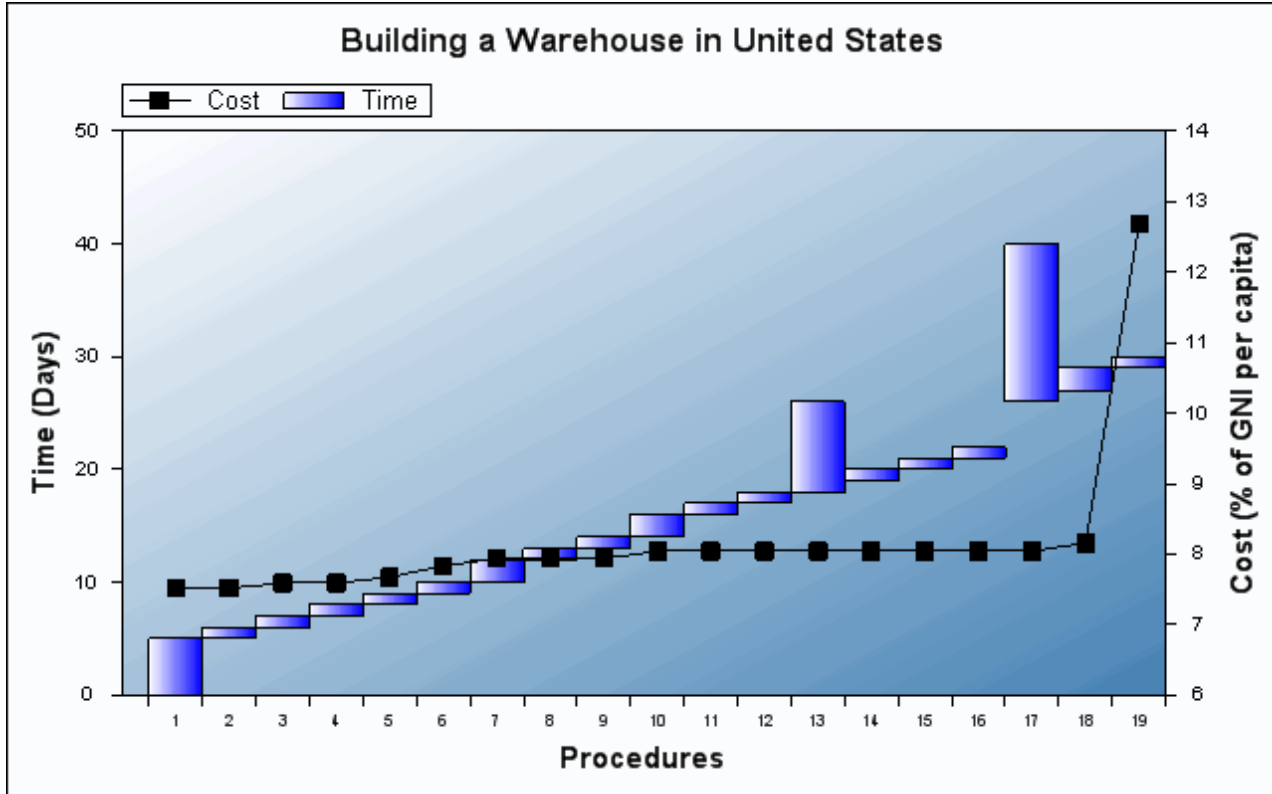
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	26	25
Procedures (number)	19	19	19
Time (days)	40	40	40
Cost (% of income per capita)	13.4	13.1	12.7

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



3. Steps to Building a Warehouse in the United States

It requires 19 procedures, takes 40 days, and costs 12.69 % GNI per capita to build a warehouse in the United States.



List of Procedures:

1. Request plan approval and obtain approval from the New York City Department of Buildings (DOB)
2. Notarize signatures of contractor and site safety manager on work permit application form, and notarize owner's and contractor's signature in cost affidavit
3. Obtain work permit from the Department of Buildings (DOB)
4. Notify all the owners of adjacent plots about the works
5. Request and obtain work permit from the Department of Buildings (DOB) Electrical Division
6. Request and obtain work permit from the Department of Environmental Protection
7. Request and obtain work permit from the Department of Transportation
8. Receive inspection from the Bureau of Electrical Division after first floor is completed
9. Receive inspection from the Bureau of Electrical Division after second floor is completed
10. Request and obtain work permit from the Department of Transportation
11. Request Occupancy certificate from the Department of Buildings (DOB)
12. Receive on-site inspection by the Department of Buildings (DOB)
13. Obtain occupancy certificate from the Department of Buildings (DOB)
14. Receive on-site inspection by the Bureau of Electrical Control and obtain approval
15. Receive on-site inspection by the Department of Environmental Protection (DEP) and obtain approval
16. Receive on-site inspection by the Department of Transportation (DOT) and obtain approval
17. Request and connect to power services

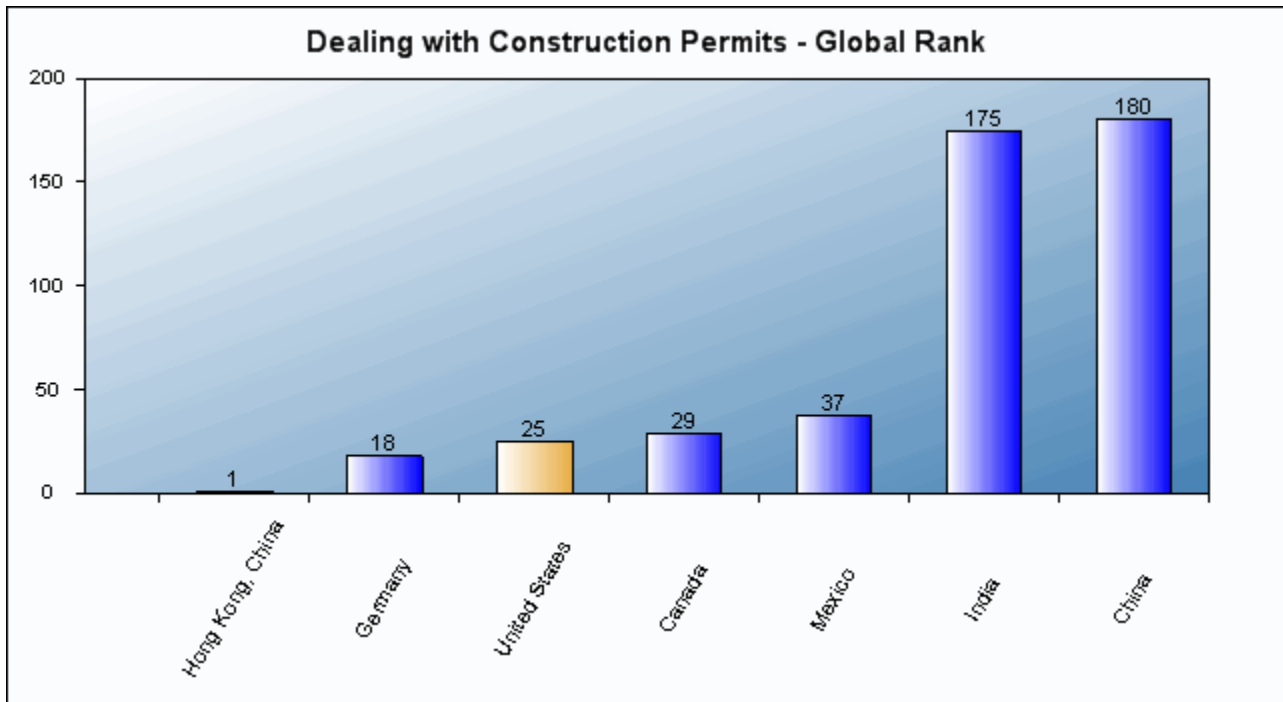
- 18. Request and connect to telephone services
- 19. Request and connect to water and sewage services

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

United States is ranked 25 overall for Dealing with Construction Permits.

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



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

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

<i>Selected Economy</i>			
United States	19	40	12.7

<i>Comparator Economies</i>			
Canada	14	75	100.7
China	37	336	579.2
Germany	12	100	60.2
India	37	195	2394.9
Mexico	12	138	113.1

Employing Workers

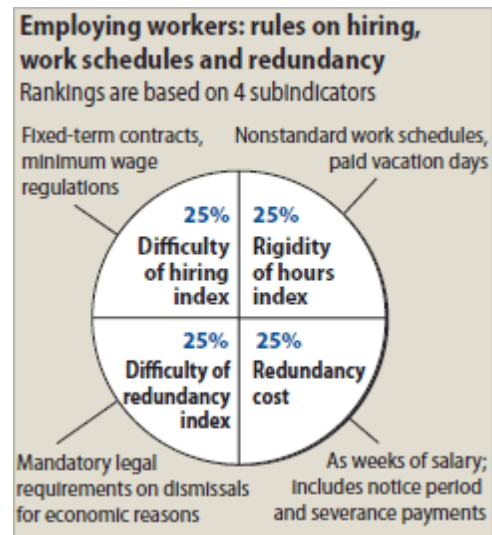
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

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

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

Methodology

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



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

Survey Case Study

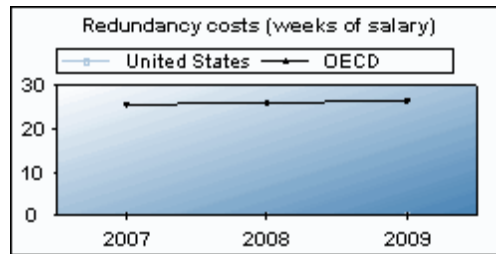
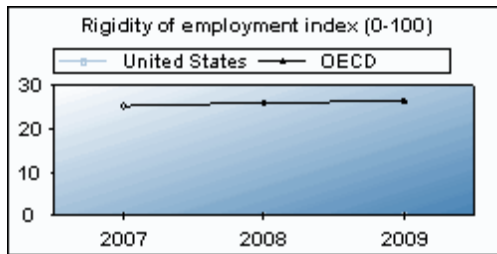
The business:

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

1. Historical data: Employing Workers in the United States

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	1	1
Redundancy costs (weeks of salary)	0	0	0
Rigidity of employment index (0-100)	0	0	0

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



3. Benchmarking Employing Workers Regulations:

United States is ranked 1 overall for Employing Workers.

Ranking of the United States in Employing Workers - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>		
United States	0	0

<i>Comparator Economies</i>		
Canada	4	28
China	31	91
Germany	42	69
India	30	56
Mexico	41	52

* The following economies are also good practice economies for :

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

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

Registering Property

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

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

Methodology

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

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

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

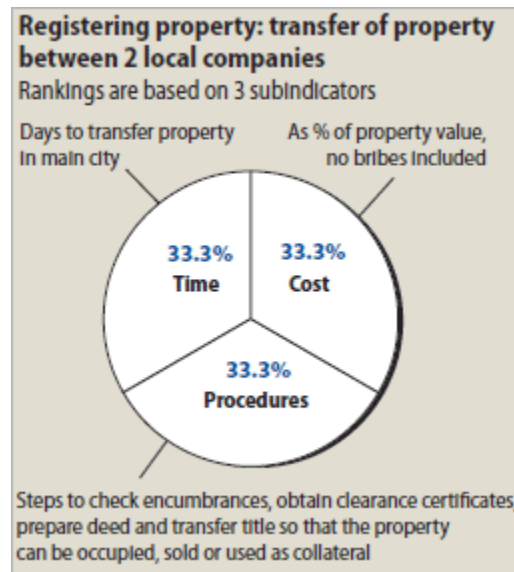
Survey Case Study

The buyer and seller:

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

The property:

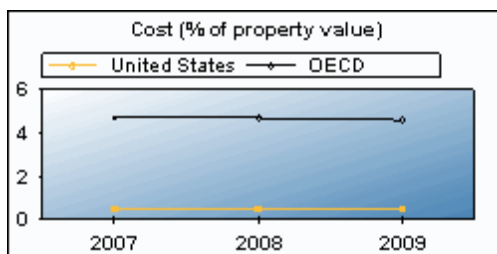
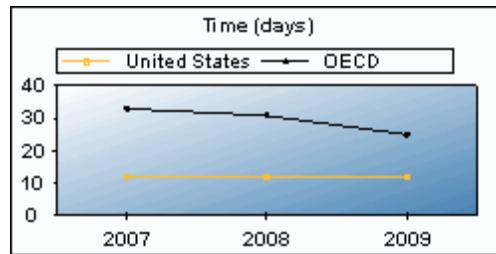
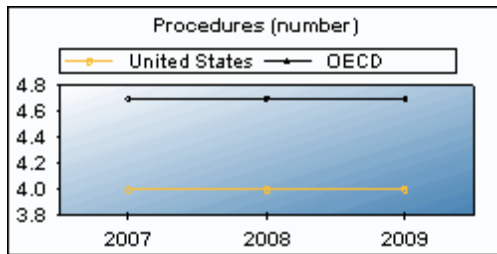
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller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



1. Historical data: Registering Property in the United States

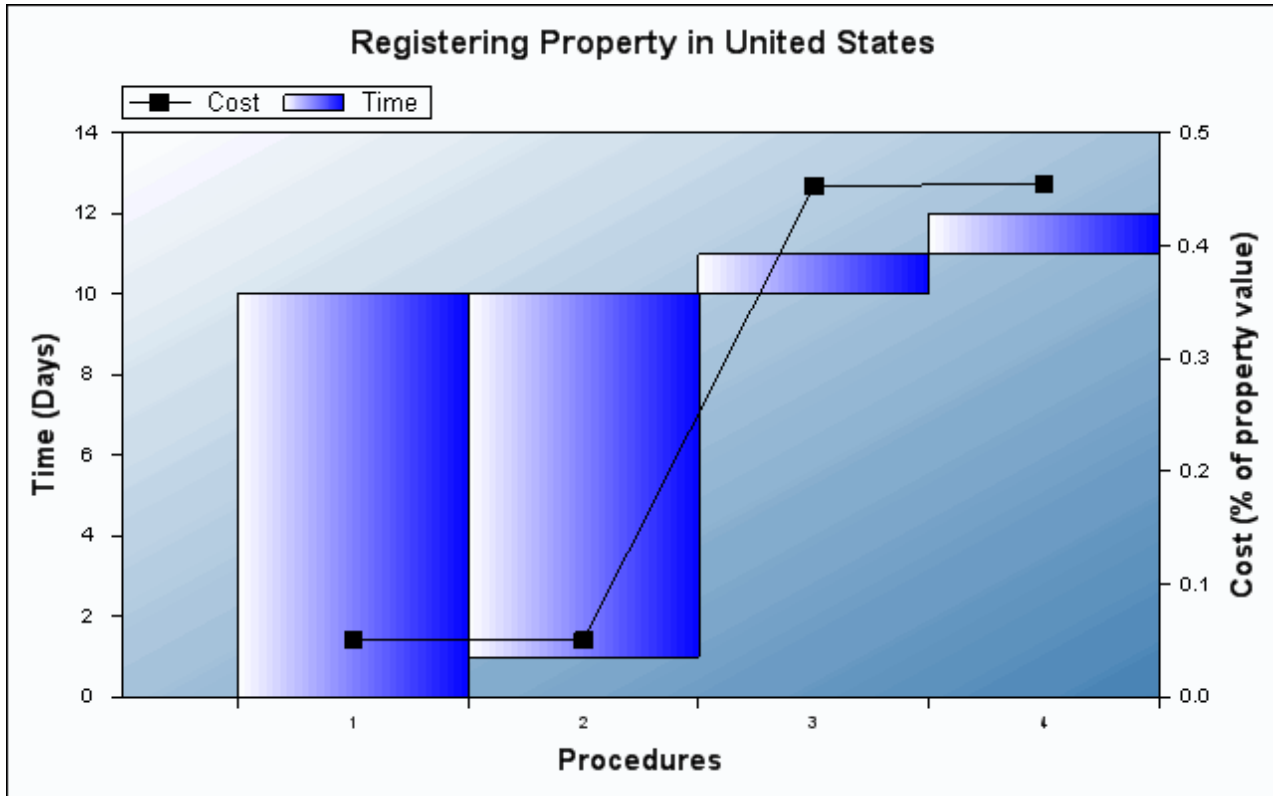
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	11	12
Procedures (number)	4	4	4
Time (days)	12	12	12
Cost (% of property value)	0.5	0.5	0.5

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



3. Steps to Registering Property in the United States

It requires 4 procedures, takes 12 days, and costs 0.46 % of property value to register the property in the United States.



List of Procedures:

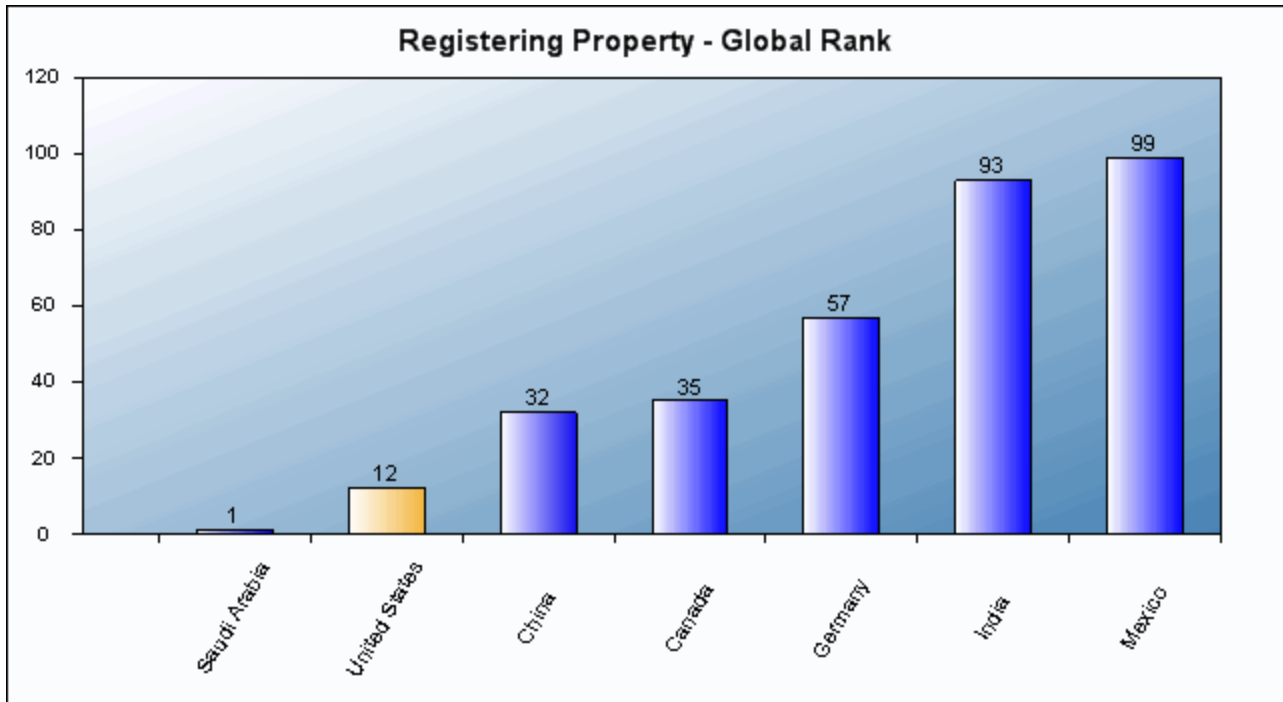
1. Obtain a title report
2. Conduct an environmental review
3. The buyer obtains and fills the forms needed for the transfer
4. The title is recorded with the County Clerk

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

United States is ranked 12 overall for Registering Property.

Ranking of the United States in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for the United States compared to good practice and comparator economies:

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

<i>Selected Economy</i>			
United States	4	12	0.5

<i>Comparator Economies</i>			
Canada	6	17	1.8
China	4	29	3.1
Germany	4	40	5.2
India	5	44	7.4
Mexico	5	74	5.2

* The following economies are also good practice economies for :

Procedures (number): United Arab Emirates

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

Getting Credit

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

Methodology

Credit information: three indicators are constructed

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

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

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

Legal Rights Survey Case Study

The Debtor:

- is a Private Limited Liability Company
- has its headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both debtor and creditor are 100% domestically owned.

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

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

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

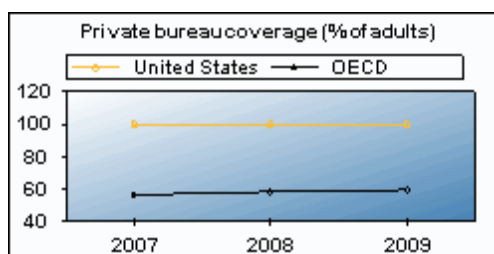
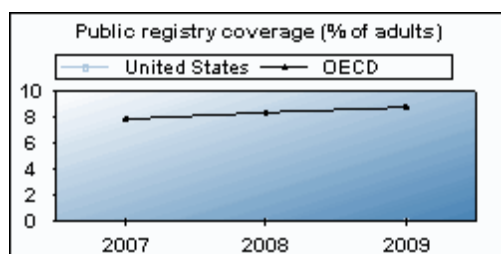
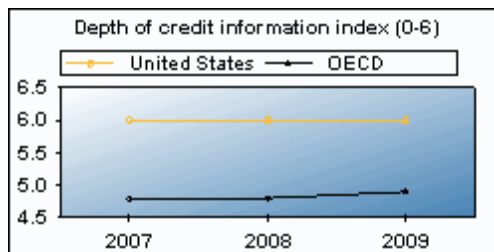
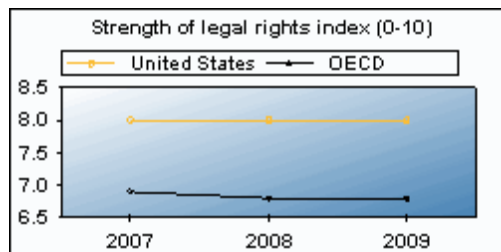
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in the United States

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	4	4
Strength of legal rights index (0-10)	8	8	8
Depth of credit information index (0-6)	6	6	6
Private bureau coverage (% of adults)	100.0	100.0	100.0
Public registry coverage (% of adults)	0.0	0.0	0.0

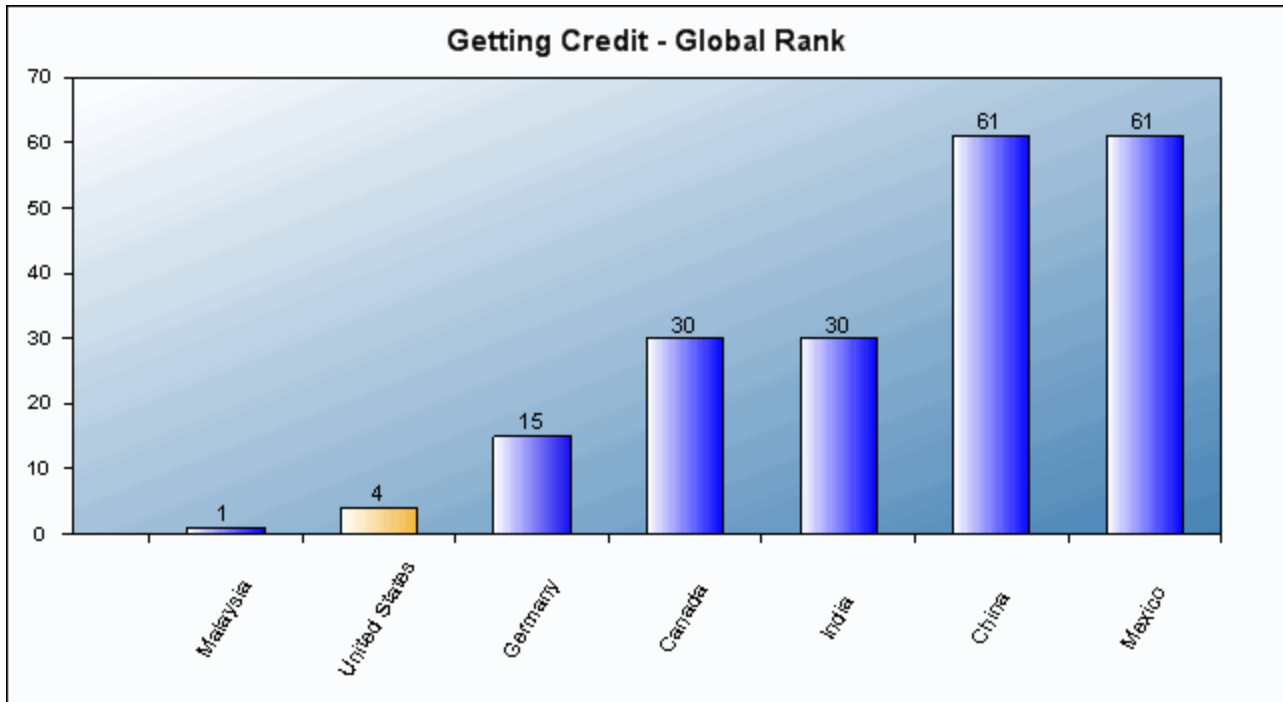
2. The following graphs illustrates the Getting Credit indicators in the United States over the past 3 years:



3. Benchmarking Getting Credit Regulations:

United States is ranked 4 overall for Getting Credit.

Ranking of the United States in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for the United States compared to good practice and comparator economies:

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			81.3	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
United States	8	6	0.0	100.0

<i>Comparator Economies</i>				
Canada	6	6	0.0	100.0
China	6	4	62.1	0.0
Germany	7	6	0.8	98.3
India	8	4	0.0	10.2
Mexico	4	6	0.0	77.5

* The following economies are also good practice economies for :

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

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

27 countries have the highest credit information index.

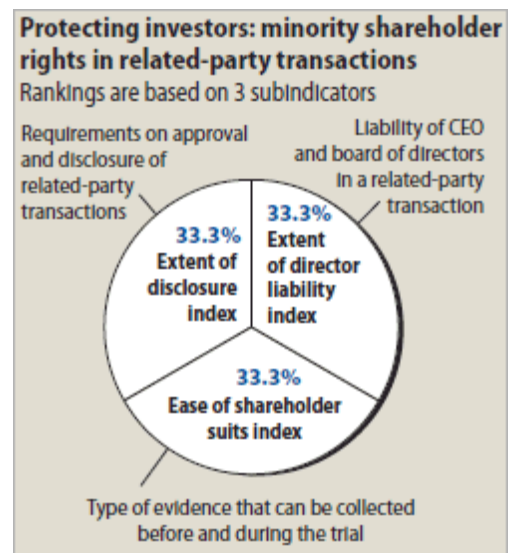
Protecting Investors

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

Methodology

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

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



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

Survey case study

Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise:

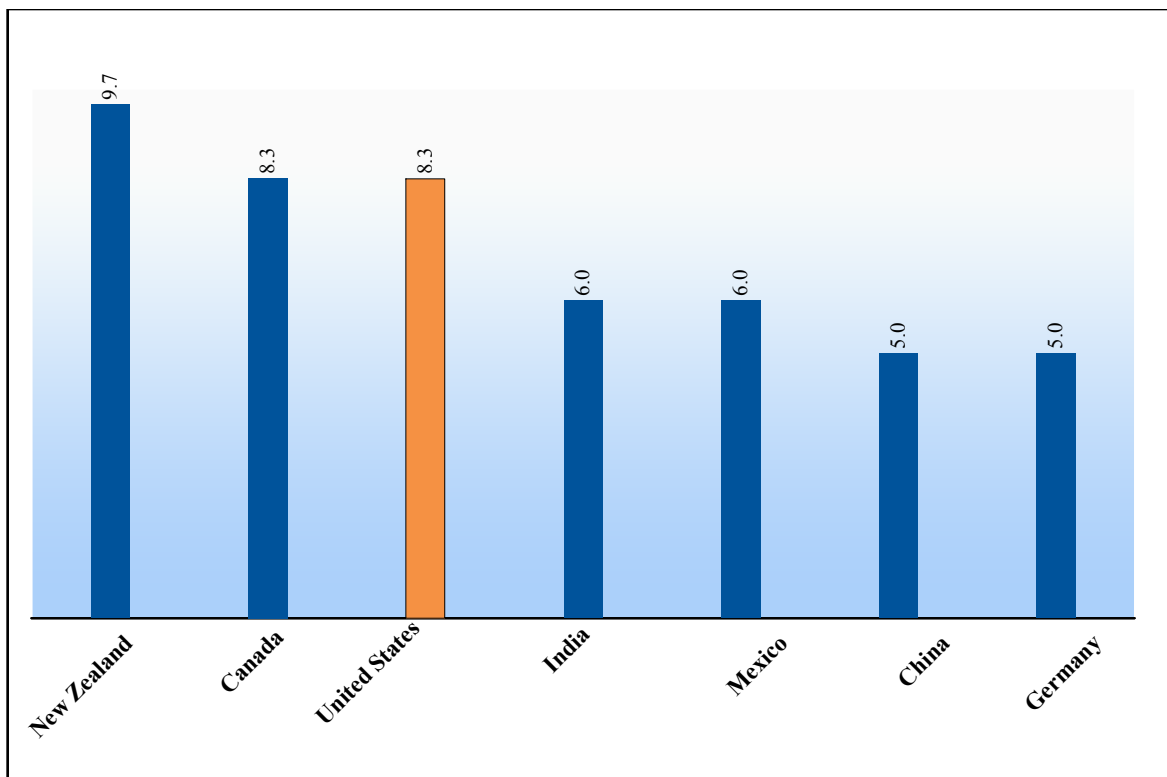
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Doidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in the United States

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	5	5
Strength of investor protection index (0-10)	8.3	8.3	8.3

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

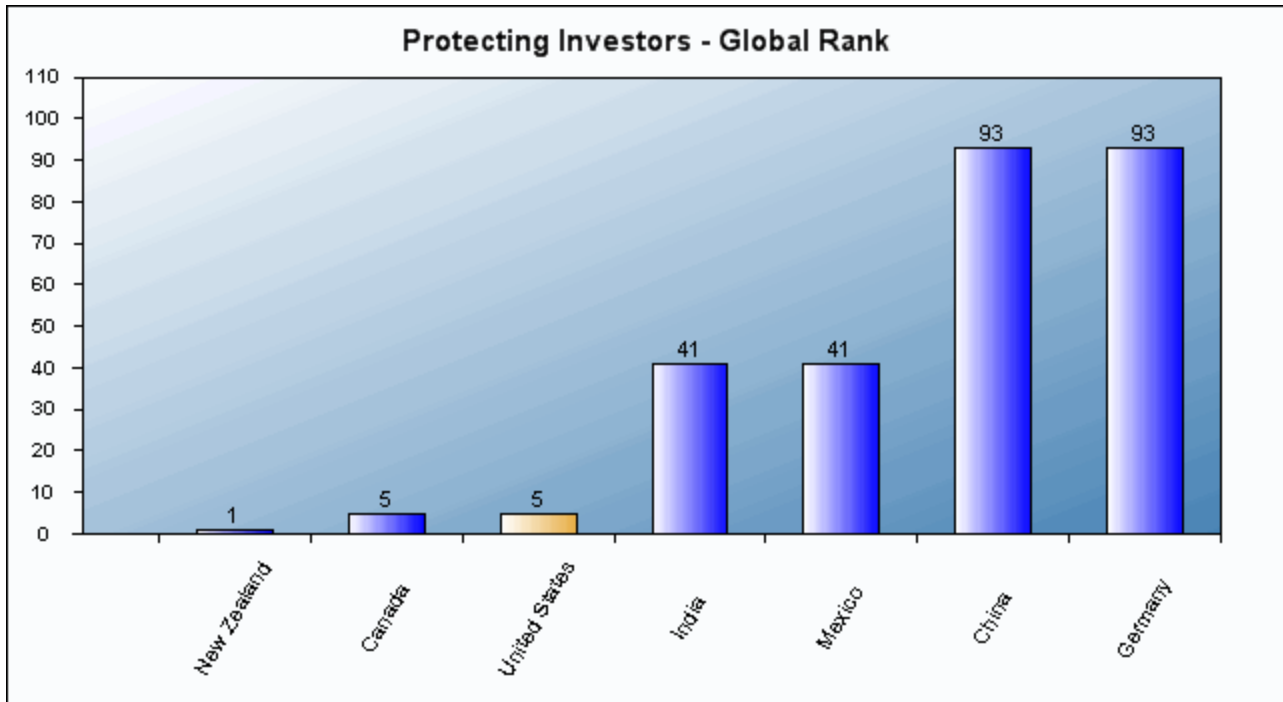


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

United States is ranked 5 overall for Protecting Investors.

Ranking of the United States in Protecting Investors - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>	
United States	8.3

<i>Comparator Economies</i>	
Canada	8.3
China	5.0
Germany	5.0
India	6.0
Mexico	6.0

Paying Taxes

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

Methodology

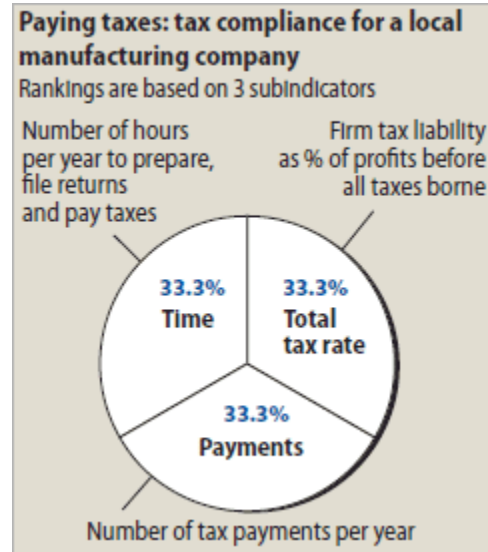
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

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

Survey case study

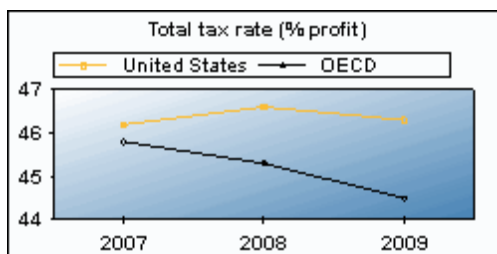
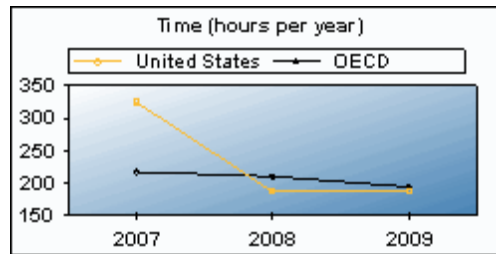
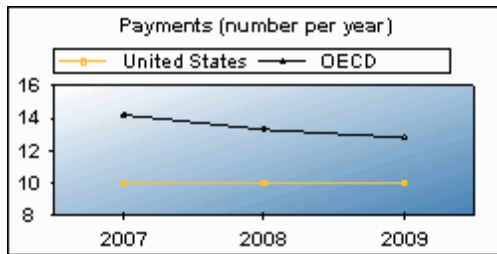
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.



1. Historical data: Paying Taxes in the United States

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	54	61
Total tax rate (% profit)	46.2	46.6	46.3
Payments (number per year)	10	10	10
Time (hours per year)	325	187	187

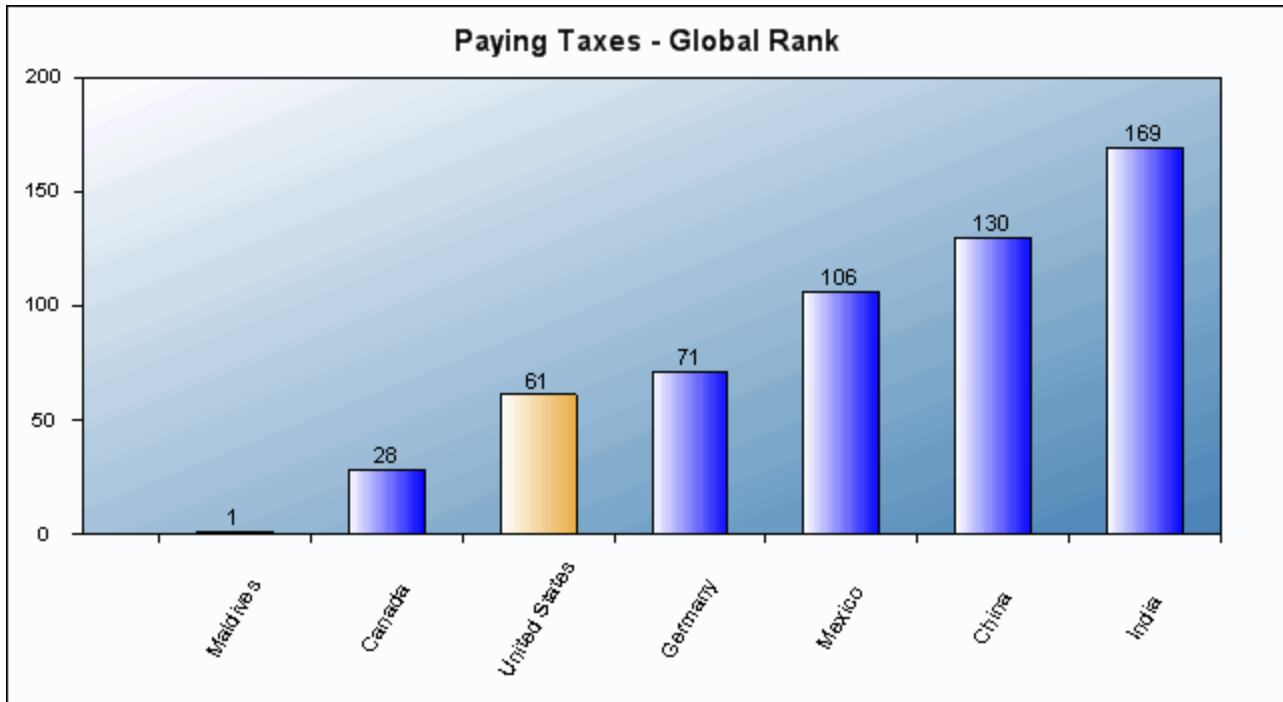
2. The following graphs illustrates the Paying Taxes indicators in the United States over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

United States is ranked 61 overall for Paying Taxes.

Ranking of the United States in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for the United States compared to good practice and comparator economies:

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	1	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
United States	10	187	46.3

<i>Comparator Economies</i>			
Canada	9	119	43.6
China	7	504	78.5
Germany	16	196	44.9
India	59	271	64.7
Mexico	6	517	51.0

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

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

Methodology

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

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

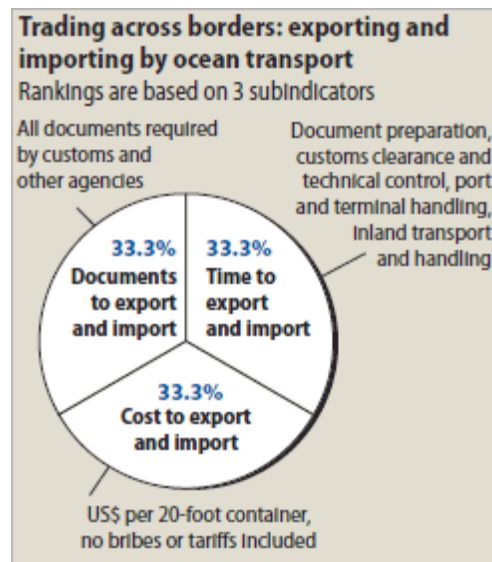
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

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

Survey case study

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

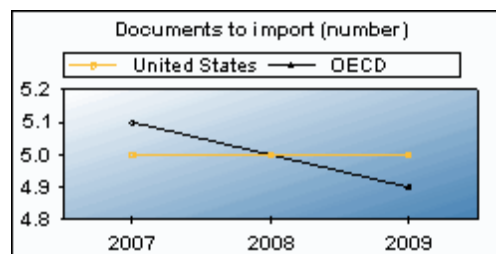
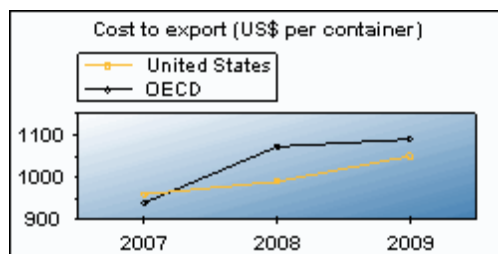
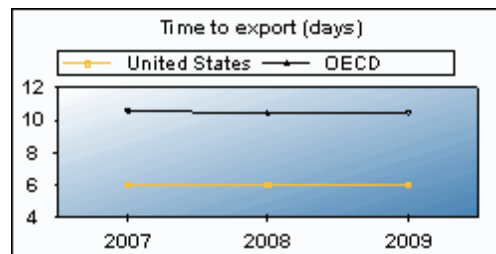
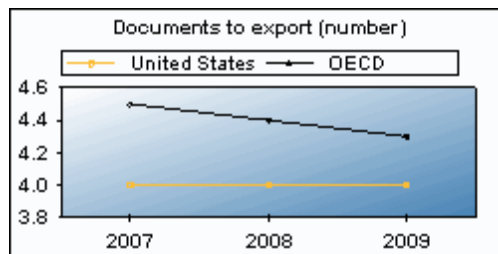
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations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

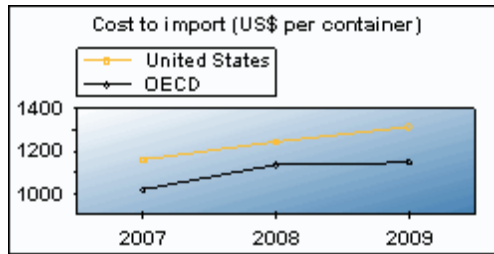
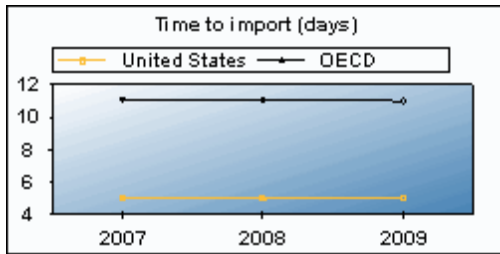


1. Historical data: Trading Across Borders in the United States

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	16	18
Cost to export (US\$ per container)	960	990	1050
Cost to import (US\$ per container)	1160	1245	1315
Documents to export (number)	4	4	4
Documents to import (number)	5	5	5
Time to export (days)	6	6	6
Time to import (days)	5	5	5

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

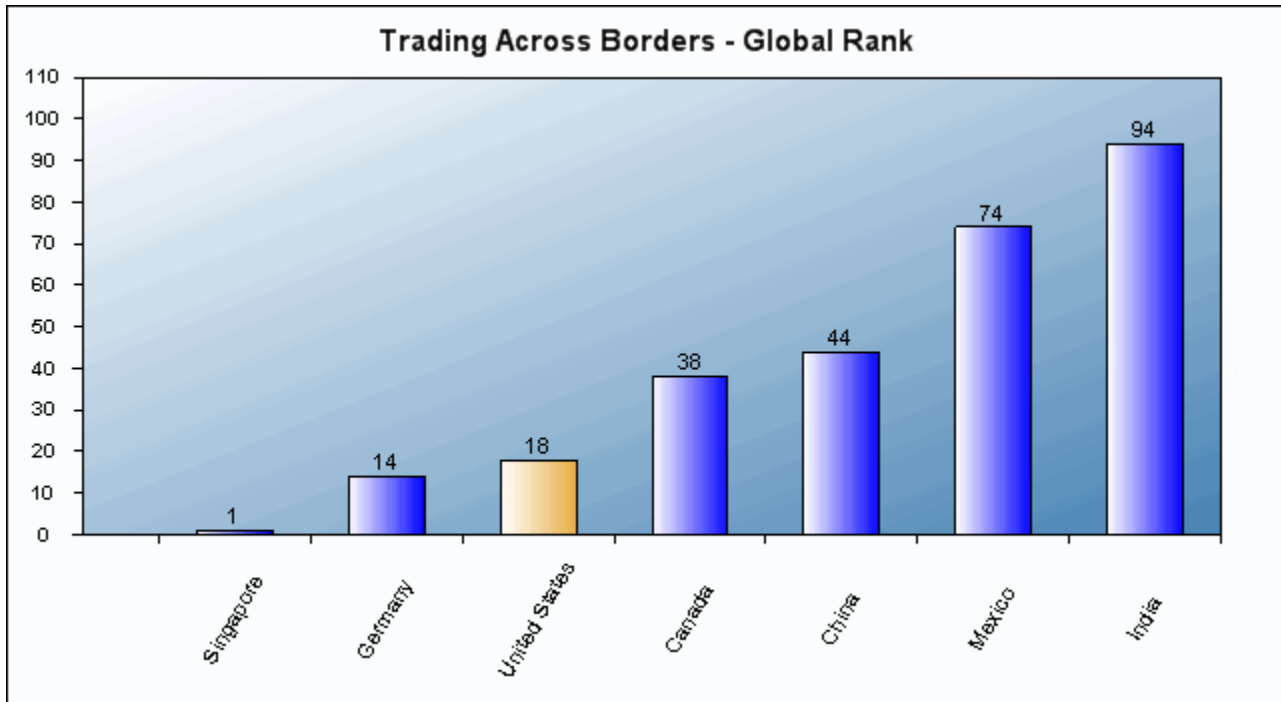




3. Benchmarking Trading Across Borders Regulations:

United States is ranked 18 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for the United States compared to good practice and comparator economies:

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					3	439

<i>Selected Economy</i>						
United States	4	6	1050	5	5	1315

<i>Comparator Economies</i>						
Canada	3	7	1610	4	11	1660
China	7	21	500	5	24	545
Germany	4	7	872	5	7	937
India	8	17	945	9	20	960
Mexico	5	14	1472	5	17	2050

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is collected through study of the codes of civil procedure and other court regulations as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

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

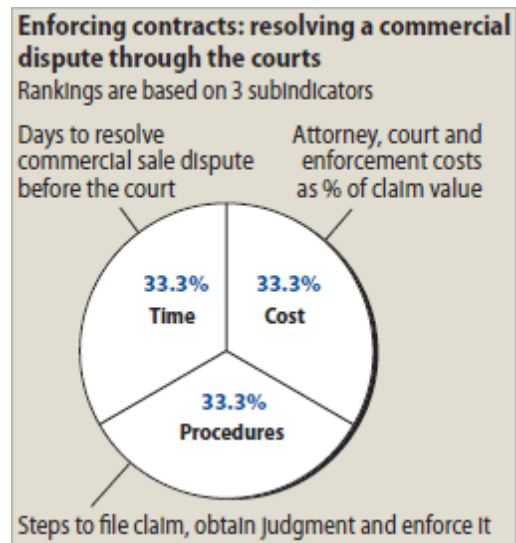
Methodology

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

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

Survey case Study

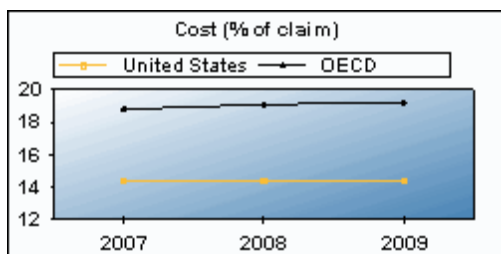
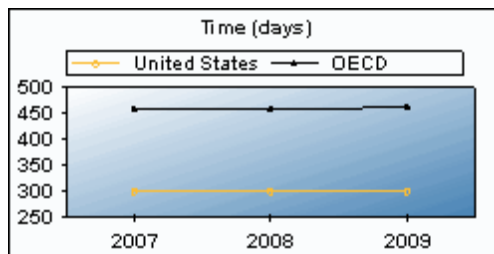
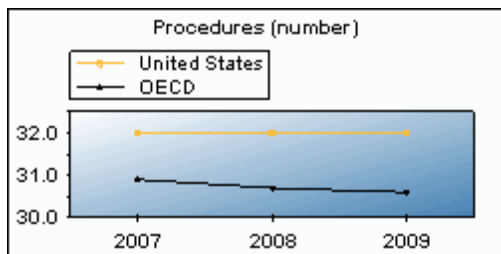
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds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



1. Historical data: Enforcing Contracts in the United States

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	9	8
Procedures (number)	32	32	32
Time (days)	300	300	300
Cost (% of claim)	14.4	14.4	14.4

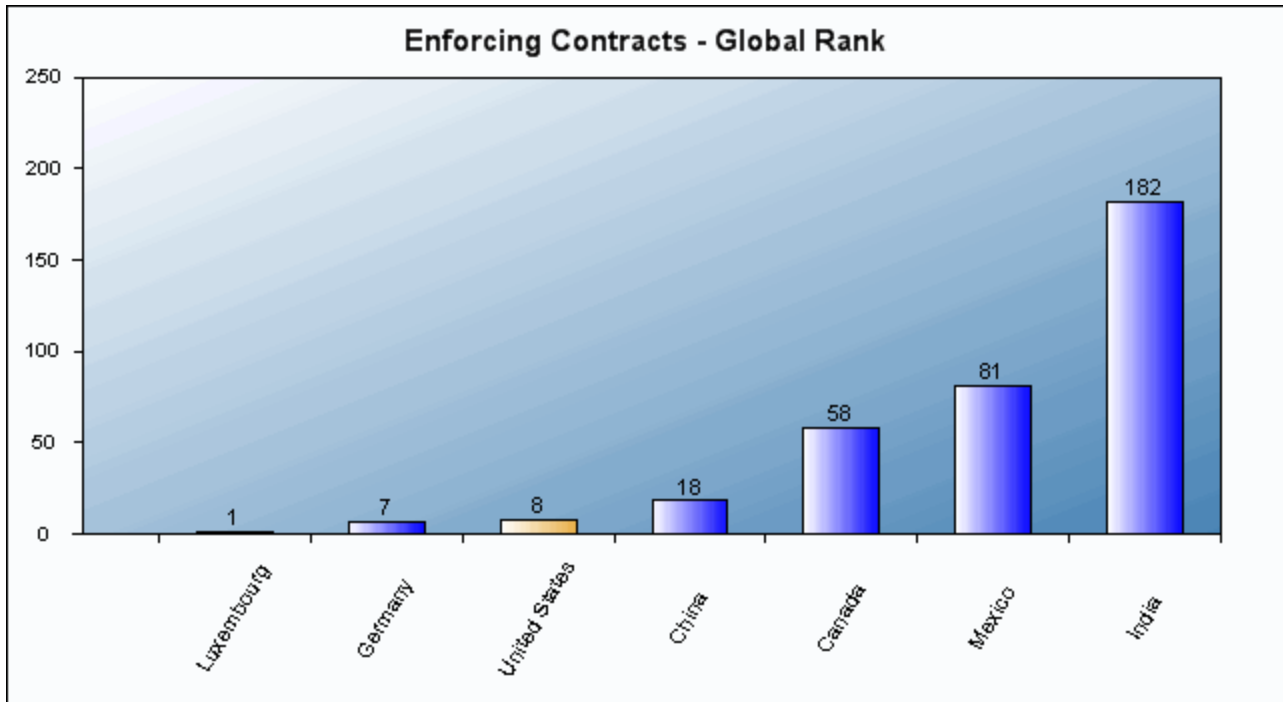
2. The following graphs illustrates the Enforcing Contracts indicators in the United States over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

United States is ranked 8 overall for Enforcing Contracts.

Ranking of the United States in Enforcing Contracts - Compared to good practice and selected economies:



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

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

<i>Selected Economy</i>			
United States	32	300	14.4

<i>Comparator Economies</i>			
Canada	36	570	22.3
China	34	406	11.1
Germany	30	394	14.4
India	46	1420	39.6
Mexico	38	415	32.0

Closing a Business

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

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

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

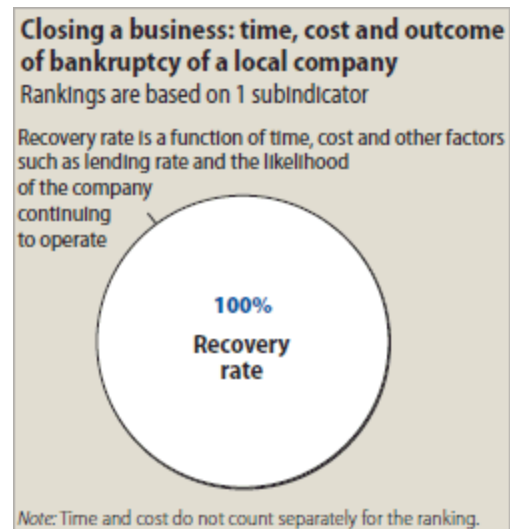
Methodology

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

Survey case study

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

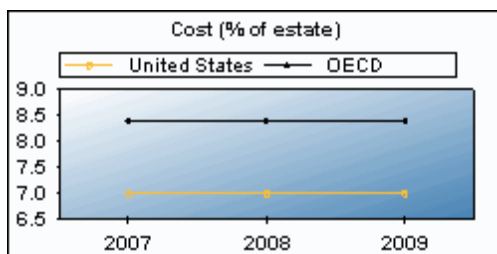
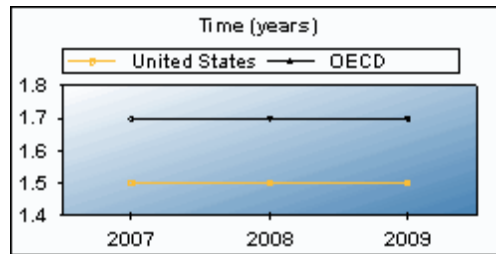
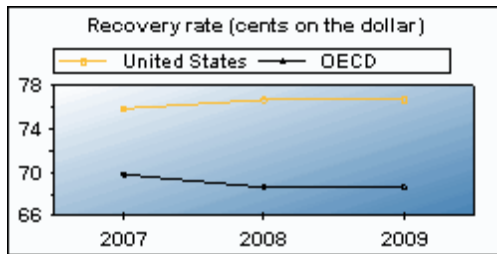
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed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



1. Historical data: Closing Business in the United States

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	15	15
Time (years)	1.5	1.5	1.5
Cost (% of estate)	7	7	7
Recovery rate (cents on the dollar)	75.9	76.7	76.7

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



3. Benchmarking Closing Business Regulations:

United States is ranked 15 overall for Closing a Business.

Ranking of the United States in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for the United States compared to good practice and comparator economies:

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.5		
Singapore*			1

<i>Selected Economy</i>			
United States	76.7	1.5	7

<i>Comparator Economies</i>			
Canada	88.7	0.8	4
China	35.3	1.7	22
Germany	52.2	1.2	8
India	15.1	7.0	9
Mexico	64.2	1.8	18

* The following economies are also good practice economies for :

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

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

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

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

Belarus	Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.
Canada	In Canada no major reform was recorded.
China	China's State Administration of Foreign Exchange relaxed trade credit restrictions in response to the economic and financial crisis. Foreign exchange authorization is no longer required.
Colombia	Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.
Egypt, Arab Rep.	The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.
Germany	Germany's recent Act on the Implementation of Measures to Stabilize the Financial Market (Finanzmarktstabilisierungsgesetz) removes the requirement for potentially viable companies to file for immediate insolvency in cases of overindebtedness. The business start-up process was eased by reducing the minimum capital requirement to a value that is merely symbolic.
India	In India procedures under the 2002 Securitization Act have become more effective, easing the process and reducing the time required to close a business.
Kyrgyz Republic	The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.

Liberia	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
Macedonia, FYR	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
Mexico	Mexico eased taxpaying by introducing electronic payment systems for payroll, property, and social security taxes. Business start-up was eased by establishing an electronic platform for company registration, substantially reducing the number of days for registration, and eliminating the requirement to register with the statistical office.
Moldova	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.
Tajikistan	Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

United Arab Emirates

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

United States

In the United States no major reform was recorded.

APPENDICES

Starting a Business in the United States

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

STANDARDIZED COMPANY

Legal Form: Limited Liability Company

Minimum Capital Requirement:

City: New York City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Reserve the company's business name (optional), file the company's articles of organization and adopt the company's operating agreement	1	275
2	Apply for federal identification number (EIN) for tax and employer purposes	1	0
3	Register to collect State sales tax	1	0
4	Register as an employer with the Unemployment Insurance Division of the state Department of Labor	1	0
5	Arrange for workers' compensation insurance and disability insurance	1	0
6	Arrange for publication and submit certificate and affidavits of publication	1	50

Procedure 1 Reserve the company's business name (optional), file the company's articles of organization and adopt the company's operating agreement

Time to complete: 1

Cost to complete: 275

Comment: The founders may, but are not required to, reserve the name of the company with the New York State Department of State, Division of Corporations, prior to filing the company's articles of organization. To reserve a name, the founders should file an Application for Reservation of Name. The fee for filing this application is USD 20. The application holds the name for 60 days and may be extended twice for additional periods of 60 days. The fee to extend the reservation of name is also USD 20.

The founders must file the company's articles of organization with the New York State Department of State, Division of Corporations. Forms can be purchased at a legal supply store or downloaded from the department's Web site. Application processing time is about 2 weeks. However, optional expedited processing is available according to the following fee schedule:

- 2-hour turnaround: USD 150 (additional fee).
- Same-day service: USD 75 (additional fee).
- 24-hour turnaround: USD 25 (additional fee).

Procedure 2 Apply for federal identification number (EIN) for tax and employer purposes

Time to complete: 1

Cost to complete: 0

Comment: To apply for the federal employer identification number ("EIN"), used for tax and employer purposes, founders must file IRS Form SS-4 (available from the US Internal Revenue Service). Applicants may apply online (processing time: immediate), by telephone (processing time: immediate), by fax (processing time: 4 business days) or by mail (processing time: 4 weeks)

Procedure 3 Register to collect State sales tax

Time to complete: 1

Cost to complete: 0

Comment: A company selling "tangible personal property (goods), as well as certain other goods and types of services" must register as a sales tax vendor at least 20 days prior to starting business in New York State. To register, the founders must file Form DTF-17 or register online at the Web site of the New York State Department of Taxation and Finance. After the company has registered, it generally must file quarterly sales and use tax returns regardless of whether it has started or done any business.

Procedure 4 Register as an employer with the Unemployment Insurance Division of the state Department of Labor

Time to complete: 1

Cost to complete: 0

Comment: Founders must register as an employer by completing Form NYS-100 so that the New York State Department of Labor may determine if the company is liable under the New York State Unemployment Insurance Law. If the company is determined liable, the Department of Labor will send the company quarterly combined withholding, wage

reporting and unemployment insurance returns for reporting wages paid to the company's employees. General business employers may register online at the New York State Department of Labor Web site or by completing Form NYS-100 and submitting it by mail. Before an employer can register, it must obtain a federal employer identification number from the US Internal Revenue Service.

Procedure 5 Arrange for workers' compensation insurance and disability insurance

Time to complete: 1

Cost to complete: 0

Comment: As an employer, founders must obtain and maintain workers' compensation insurance and disability insurance for their employees by purchasing a workers' compensation insurance policy and a disability benefits insurance policy from an authorized private insurance carrier or by another approved means. The company's federal employer identification number ("EIN") is the company's primary identification with respect to communications with the Workers' Compensation Board (the "Board"). The company must give its EIN to its insurance carrier when obtaining or maintaining its workers' compensation or disability coverage.

Procedure 6 Arrange for publication and submit certificate and affidavits of publication

Time to complete: 1

Cost to complete: 50

Comment: A new limited liability company must publish two notices within 120 days of the entity's formation. Entities must also file two affidavits and one certificate of publication with the New York State Department of State, Division of Corporations.

Chapter 767 of the Law of 2005 (effective June 1, 2006) includes amendments to the Limited Liability Company Law on the notice required upon the formation or the authorization of domestic and foreign limited liability companies. Chapter 44 of the Laws of 2006 (also effective June 1, 2006) provided further amendments to the Limited Liability Company Law and to the Partnership Law on notice requirements for limited liability entities. The amendments provided by both laws related to filing the proof of publication with the Department of State are outlined below:

- The Limited Liability Company Law and the Partnership Law now include additional provisions on the selection of the correct county in which to publish. Thus, the applicable statutory provisions should be consulted before publishing.
- Notices published by limited liability companies must now include information on the address, if any, of the "principal business location" of the entity.
- Notices must still be published in two newspapers, once each week, for 6 consecutive weeks.
- The requirement for the county clerk to designate selected newspapers for publication of the notice remains unchanged. However, one newspaper must be a daily and the other a weekly.
- For limited liability companies that were formed or authorized to do business in the state of New York after June 1, 2006, and that fail to comply with the publication requirements within 120 days of their formation or qualification, their authority to carry on, conduct, or transact any business will be suspended. Effective June 1, 2006, all affidavits of publication submitted to the Department of State for filing must include a certificate of publication. The two newspapers' affidavits of publication must be attached to the certificate of publication. (The Department of State has prepared sample forms for the filing of certificates of publication.)

For filing the certificate of publication, along with the two affidavits of publication, the fee is USD 50.

Dealing with Construction Permits in the United States

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: New York City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request plan approval and obtain approval from the New York City Department of Buildings (DOB)	5 days	USD 3,574
2	Notarize signatures of contractor and site safety manager on work permit application form, and notarize owner's and contractor's signature in cost affidavit	1 day	USD 2
3	Obtain work permit from the Department of Buildings (DOB)	1 day	USD 35
4	Notify all the owners of adjacent plots about the works	1 day	no charge
5	Request and obtain work permit from the Department of Buildings (DOB) Electrical Division	1 day	USD 40
6	Request and obtain work permit from the Department of Environmental Protection	1 day	USD 75
7	Request and obtain work permit from the Department of Transportation	2 days	USD 50
8	Receive inspection from the Bureau of Electrical Division after first floor is completed	1 day	no charge
9	Receive inspection from the Bureau of Electrical Division after second floor is completed	1 day	no charge
10	Request and obtain work permit from the Department of Transportation	2 days	USD 50
11	Request Occupancy certificate from the Department of Buildings (DOB)	1 day	no charge
12 *	Receive on-site inspection by the Department of Buildings (DOB)	1 day	no charge
13 *	Obtain occupancy certificate from the Department of Buildings (DOB)	8 days	no charge

14 *	Receive on-site inspection by the Bureau of Electrical Control and obtain approval	1 day	no charge
15 *	Receive on-site inspection by the Department of Environmental Protection (DEP) and obtain approval	1 day	no charge
16 *	Receive on-site inspection by the Department of Transportation (DOT) and obtain approval	1 day	no charge
17	Request and connect to power services	14 days	no charge
18 *	Request and connect to telephone services	2 days	USD 55
19 *	Request and connect to water and sewage services	1 day	USD 2,155

* Takes place simultaneously with another procedure.

Procedure 1 Request plan approval and obtain approval from the New York City Department of Buildings (DOB)

Time to complete: 5 days

Cost to complete: USD 3,574

Comment: Simple projects, as in the case of BuildCo, can opt for a fast-track service offered by the New York City Department of Buildings (DOB), called the Professional Certification Program. The program, introduced in 1996, enables registered architects and professional engineers to certify, through an affidavit signed by the owner, contractor, and all responsible professionals (architects, engineers, plumbers, and the like) that the plans they file with the department are in compliance with all applicable laws. This reduces the amount of time a builder normally would wait for a DOB permit by eliminating the process of DOB examination and approval of the plans.

The professional certification must be submitted at the time of pre-filing and in advance. A professionally certified application goes through the same pre-filing, payment, and data entry process as normal applications:

- Information on the availability of a public sewer system.
- If a private sewage treatment plant is proposed, evidence of submission of plans for approval of such a plant to the department of environmental protection and the department of health as required by law.
- The lot diagram showing compliance with the zoning resolution.
- The foundation plans.
- The floor and roof plans showing compliance with exit requirements.
- The detailed architectural, structural, and mechanical drawings.
- General description of the proposed work.

After analyzing the plans (assuming that all required documents are present), the DOB approves the application at the end of data entry.

A professionally certified application does not go through plan examination. The applicant can check the application status by using the Buildings Information System and, upon approval, can retrieve the application folder from the DOB to apply for a permit. Twenty percent of all professionally certified applications are selected for audit within 10 days of first permit issuance. The audits for new projects may take place within 30 days after the application is issued.

The overall time of application clearance is 5 days on average.

According to Building Code No. 26-212, the fee for the new building permit is "twenty-five cents and fifty-three one hundredths of a cent (25.53¢) per square foot or fraction thereof, of the total floor area of the new building, but not less than one hundred dollars per structure." The plumbing permit and foundation fee are calculated inside the above flat rate. The total would be USD 3,574.20 (14, 000 sq. ft. x USD 0.2553).

The Building Code says that "fifty percent of the total fee for the work permit, but not less than one hundred dollars, or the total fee for the work permit where such fee is less than one hundred dollars, shall be paid by or on behalf of the owner or lessee of the building premises or property affected, and shall accompany the first application for the approval of plans or other statement describing the building work when submitted prior to submission of the permit application; and the whole or remainder of the total fee shall be paid before the work permit may be issued." Still, most companies of BuildCo's size would opt to pay the amount upfront, not in two separate transactions. Only for large projects is dividing the amount widespread.

Procedure 2 Notarize signatures of contractor and site safety manager on work permit application form, and notarize owner’s and contractor’s signature in cost affidavit

Time to complete:

1 day

Cost to complete:

USD 2

Comment:

The site safety manager must be an employee of BuildCo and possess a valid site safety manager certificate. The cost affidavit must be filed to certify estimated and actual costs, in order to obtain a work permit.

Procedure 3 Obtain work permit from the Department of Buildings (DOB)

Time to complete:

1 day

Cost to complete:

USD 35

Comment:

After obtaining the plan approval, the company must request a work permit. The request should be accompanied by a copy of the current insurance policy of workers’ compensation insurance. This procedure must be done by the contractor even if they are not the owner of the land. Different types of work require separate licenses. However, in one application, more than one permit can be requested. For instance, plumbing and construction work permits can be requested in the same application. Nonetheless, for electrical work, the company must get a separate permit directly from the DOB’s Bureau of Electrical Control.

For a warehouse, BuildCo must request a new building permit, a plumbing permit, and a foundation and earthwork permit. The request must include the detailed architectural, structural, and mechanical plans. One to two days prior to construction works, the company must notify the DOB by phone. There is no need to obtain any confirmation or approval from notification; the notification is only to register the data in DOB’s system. The only cost associated at this stage would be USD 35 for microfilming fees.

Procedure 4 Notify all the owners of adjacent plots about the works

Time to complete:

1 day

Cost to complete:

no charge

Comment:

Notification of adjacent owners, done 5 days prior to excavations for new building foundations, is necessary for obtaining the foundation and earthwork permit.

Procedure 5 Request and obtain work permit from the Department of Buildings (DOB) Electrical Division

Time to complete:

1 day

Cost to complete:

USD 40

Comment:

This work permit/approval can be requested after construction has started. Several inspections are need to obtain this approval, taking around 6 months. This process happens during construction. The company must have the work permit before it can obtain the final certificate of occupancy. Assuming that construction takes 30 weeks, the company will be able to obtain this document before requesting the certificate of occupancy. The procedure is undertaken by a licensed engineer, who is part of staff of BuildCo and applies on behalf of the company. The application fee is USD 40.

Procedure 6 Request and obtain work permit from the Department of Environmental Protection

Time to complete: 1 day

Cost to complete: USD 75

Comment: A licensed professional must apply on behalf of the company to the authority.

Procedure 7 Request and obtain work permit from the Department of Transportation

Time to complete: 2 days

Cost to complete: USD 50

Comment: A Construction Activity Permit fee costs USD 50, and is valid for 90 days unless otherwise stated. Once after the 90 days expire, the company buys another work permit for the remaining period of construction. On applying, the company gets an account number, and on the next day obtains the work permit.

Unless otherwise authorized, permits shall be kept at the work site or designated field headquarters at all times and shall be made available for inspection upon request of any police officer or any authorized employee of the Departments of Environmental Protection, Buildings, Police, and Transportation, or any other city employees specifically authorized by the Commissioner to enforce these rules.

Procedure 8 Receive inspection from the Bureau of Electrical Division after first floor is completed

Time to complete: 1 day

Cost to complete: no charge

Comment: The licensed engineer requests the inspection from the Electrical Division.

Procedure 9 Receive inspection from the Bureau of Electrical Division after second floor is completed

Time to complete: 1 day

Cost to complete: no charge

Comment: The licensed engineer requests the inspection from the Electrical Division.

Procedure 10 Request and obtain work permit from the Department of Transportation

Time to complete: 2 days

Cost to complete: USD 50

Comment: The construction activity permit fee is USD 50, and the permit is valid for 90 days unless otherwise stated. Once the 90 days expire, the company buys another work permit for the remaining period of construction. On applying, the company gets an account number and obtains the work permit the next day.

Unless otherwise authorized, permits shall be kept at the work site or designated field headquarters at all times and shall be made available for inspection upon request of any police officer or any authorized employee of the Departments of Environmental

Protection, Buildings, Police, and Transportation, or any other city employees specifically authorized by the Commissioner to enforce these rules.

Procedure 11 Request Occupancy certificate from the Department of Buildings (DOB)

Time to complete:

1 day

Cost to complete:

no charge

Comment:

Upon completion of construction, the company must arrange for DOB inspections. For construction and plumbing, the company should contact the borough office where property is located.

After completion of satisfactory inspections and submission of the required filings (including inspections reports), DOB issues a new certificate of occupancy that describes the legal use and occupancy of a property.

Each application must be accompanied by an accurate and complete lot survey made by a licensed surveyor. If the certificate of occupancy application is not signed by a professional engineer or registered architect, the form must be notarized by an official notary public.

To obtain the certificate of occupancy, the company must obtain the work permit/approval from the Bureau of Electrical Control, the Department of Environmental Protection, and the Department of Transportation. If these approvals have not yet been granted at the time of applying for the certificate of occupancy, a temporary certificate can be issued. The company then has a year to obtain all the necessary approvals.

If the building does not comply with all the plans and the New York City building code, the company must make the necessary changes. Then the Department of Buildings inspects the warehouse again. This process is repeated until the building complies with all the rules. It is common to have 2–3 inspections of this sort. Once the building passes the inspection, the issuance of the certificate of occupancy is immediate.

Procedure 12 Receive on-site inspection by the Department of Buildings (DOB)

Time to complete:

1 day

Cost to complete:

no charge

Comment:

The inspection takes place after all inspections (electricity, water and sewerage, and transport) have taken place.

Procedure 13 Obtain occupancy certificate from the Department of Buildings (DOB)

Time to complete:

8 days

Cost to complete:

no charge

Comment:

Procedure 14 Receive on-site inspection by the Bureau of Electrical Control and obtain approval

Time to complete:

1 day

Cost to complete:

no charge

Comment: To schedule an inspection for elevators, boilers, and electrical work, the company must contact those divisions directly. Elevators and boilers inspections are not included in this case because they are assumed not to be part of the warehouse.

Procedure 15 Receive on-site inspection by the Department of Environmental Protection (DEP) and obtain approval

Time to complete: 1 day

Cost to complete: no charge

Comment: Approval from the Department of Environmental Protection is granted after inspection.

Procedure 16 Receive on-site inspection by the Department of Transportation (DOT) and obtain approval

Time to complete: 1 day

Cost to complete: no charge

Comment: Approval from the Department of Transportation is granted after inspection.

Procedure 17 Request and connect to power services

Time to complete: 14 days

Cost to complete: no charge

Comment: There are several utility providers in New York City. It is assumed that Consolidated Edison Company of New York, Inc., is the electricity provider in the case considered here. This company provides service within 10 business days after receipt of a complete application from a nonresidential applicant.

Procedure 18 Request and connect to telephone services

Time to complete: 2 days

Cost to complete: USD 55

Comment: Information can be obtained from www.verizon.com.

Procedure 19 Request and connect to water and sewage services

Time to complete: 1 day

Cost to complete: USD 2,155

Comment: The connection is established by the plumber. After obtaining the certificate of occupancy, the company must call the Department of Environmental Protection to request the service and provide billing. Part of this cost is paid upfront for the approval by the Department of Environmental Protection, and the remaining part is paid in the quarterly bill.

Employing Workers in the United States

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

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		0.0
Are fixed-term contracts prohibited for permanent tasks?	No	0
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.21	0.00
Difficulty of redundancy index (0-10)		0.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 9 redundant workers?	No	0
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
Redundancy costs (weeks of salary)		0.0
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		0.0
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		0.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		0.0
Rigidity of hours index (0-100)		0.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

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

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

Registering Property in the United States

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

STANDARDIZED PROPERTY

Property Value: 2,348,660.21

City: New York City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a title report	About 10 days (simultaneous with procedure 2)	1200 (title report)
2 *	Conduct an environmental review	varies depending on factual circumstances (simultaneous with procedure 1) (According to the assumptions of the case study, it is assumed that no violation nor problem is found in the first phase of the review, and that the whole procedure does not take more than the 10 days that it takes to obtain the title report in Procedure 1)	depends on nature and extent of contamination, any
3	The buyer obtains and fills the forms needed for the transfer	1 day	\$55 + 0.4% of property value (state forms + transfer tax)
4	The title is recorded with the County Clerk	1 day	\$28 + \$ 3 per page (assuming that the title consists of about 12 pag

* Takes place simultaneously with another procedure.

Procedure 1 Obtain a title report

Time to complete: About 10 days (simultaneous with procedure 2)

Cost to complete: 1200 (title report)

Comment: A title report is obtained from one of many competing private companies, regulated by the state. Fees for title insurance are set by state regulators. Fees for services vary. A title report is not technically mandatory, but is routinely used to analyze the quality of title. A title report is an essential prerequisite to securing title insurance. No title company would offer title insurance without a title report tracing the deed history and clearly articulating the liens, covenants and other limitations on title. A title report and title insurance are typically required by lenders. Most buyers' buy a title insurance to assure the title is clear (i.e. no defects in the title). Companies that provide title reports also provide title insurance. One application for a title report and a title insurance is enough. Thus, no additional procedure or time is needed. Banks usually require title insurance for a property to be accepted as a loan. The cost of such title insurance is USD 2500 given the assumptions of our case study.

Procedure 2 Conduct an environmental review

Time to complete: varies depending on factual circumstances (simultaneous with procedure 1)

(According to the assumptions of the case study, it is assumed that no violation nor problem is found in the first phase of the review, and that the whole procedure does not take more than the 10 days that it takes to obtain the title report in Procedure 1)

Cost to complete: depends on nature and extent of contamination, if any

Comment: The environmental review is typically conducted by a private firm specializing in the field. It is not technically mandatory, but a prudent investor will routinely require an environmental review and no bank would ever advance a commercial mortgage without conducting an environmental review. The environmental review may have up to 3 phases:

1. The history of the property in the public records is analyzed to check if there was any record of contamination or any violation.
2. If yes, an inspection of the property takes place, where some samples are taken
3. Clean-up phase if needed.

Procedure 3 The buyer obtains and fills the forms needed for the transfer

Time to complete: 1 day

Cost to complete: \$55 + 0.4% of property value (state forms + transfer tax)

Comment: The buyer must obtain and fill the NYS Transfer Tax Form TP-584 regarding real estate transfer tax, and the NYS Real Property Transfer Report (Equalization) Form RP-5217. The state forms RP-5217 and TP-584 are available in many local government offices and on the Internet. Additionally, the property disclosure form is typically drafted by the attorney for the seller and given to the buyer prior to or at closing. The title deed is usually prepared by the seller. The fees for state forms RP-5217 (\$50) and TP-584 (\$5 + 0.4% of property value) are typically collected by the title company at closing, prior to recording, and must be paid to the state upon filing the deed for recording with the registry. It is common practice to obtain title insurance from one of the competing title insurance companies. (The cost of title insurance, according to New York State Title

Insurance Rates for Zone 2, will cost an additional \$7,978.) The title insurance can only be acquired at closing, after the transaction has been completed between buyer and seller and the price has been paid.

Where financing is involved, the lender typically requires the purchaser to obtain insurance as a condition of the loan. There is a separate mortgage recording tax required to be paid, in addition to the real property transfer tax.

The title insurance company will take the responsibility of recording the title at the county clerk.

Procedure 4 The title is recorded with the County Clerk

Time to complete: 1 day

Cost to complete: \$28 + \$ 3 per page (assuming that the title consists of about 12 pages)

Comment: The transfer deed (together with the applicable tax forms and payment) is then presented to the applicable public official, e.g. county clerk, for recordation in the public records of the jurisdiction. The date of acceptance of the deed by the clerk is the date which controls for transfer purposes. Nonetheless, it often can take many weeks (and even months) for the actual recordation to take place and become available on the public record. However, the transaction is valid and opposable to third parties on the date it is submitted. Although the law states that title passes upon delivery of the deed, where there are competing claims the law recognizes the 1st recorded deed. The title insurance company usually takes the responsibility of recording the title at the County Clerk, paying the fees for state forms RP-5217 and TP-584 .

The documentation shall include:

Title deed

NYS Real Property form TP-584 on real estate transfer tax

Property Disclosure Form

Real Property form RP-5217

Title Insurance

Getting Credit in the United States

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

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage		100.0	0.0
Number of individuals		..	0
Number of firms		..	0

Strength of legal rights index (0-10)		8
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		Yes
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		Yes

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

No

Does the law authorize parties to agree on out of court enforcement?

Yes

Protecting Investors in the United States

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

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	7
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	1
Immediate disclosure to the public and/or shareholders (0-2; see notes)	2
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Extent of director liability index (0-10)	9
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	2
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)	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Ease of shareholder suits index (0-10)	9
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)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	0

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

Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes) 1

Strength of investor protection index (0-10) 8.3

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in the United States

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in the United States, 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
Sales tax	1	online filing	33	8.250%	sales		
NY City and State sales and use tax of lease truck	1			8.25%	leasing expenses	0.07	
Federal unemployment tax (FUTA)	1	online filing		6.2%	gross salaries with ceiling	0.13	
Fuel tax	1			18.4 cents + 8 cents per gallon	fuel consumption	0.45	
NYS unemployment tax	1	online filing		4.1%	gross salaries with ceiling	0.84	
NYC Real estate transfer tax	1			2.63%	sale price	1.59	
Hospital insurance contributions	0	paid jointly		1.45%	gross salaries	1.64	
NYC corporation tax	1	online filing		8.85%	taxable income	4.09	
NYS corporation tax	0	paid jointly		7.1%	taxable income	5.60	
Property tax (NY City and State)	1			10.059% per \$100 valuation	45% of FMV	6.71	
Federal Old-age, survivors and disability insurance tax (OASDI)	1	online filing	55	6.2%	gross salaries with ceiling	6.99	
Federal corporate income tax	1		99	34% (Progressive schedule)	taxable income	18.21	
Totals	10		187			46.3	

Notes:

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

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

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

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

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

Trading Across Borders in the United States

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	2	190
Customs clearance and technical control	1	60
Ports and terminal handling	2	400
Inland transportation and handling	1	400
Totals	6	1050

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	2	205
Customs clearance and technical control	1	90
Ports and terminal handling	1	420
Inland transportation and handling	1	600
Totals	5	1315

Export

Customs export declaration

Bill of lading

Certificate of origin

Commercial invoice

Import

Bill of lading

Cargo release order

Commercial invoice

Customs import declaration

Packing list

Enforcing Contracts in the United States

This topic looks at the efficiency of contract enforcement in the United States.

Nature of Procedure (2009)	Indicator
Procedures (number)	32
Time (days)	300
Filing and service	30.0
Trial and judgment	180.0
Enforcement of judgment	90.0
Cost (% of claim)*	14.40
Attorney cost (% of claim)	8.0
Court cost (% of claim)	5.4
Enforcement Cost (% of claim)	1.0

Court information: Supreme Court of the State of
New York, Civil Branch

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



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