

Doing Business 2010

Colombia

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 Colombia. 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).

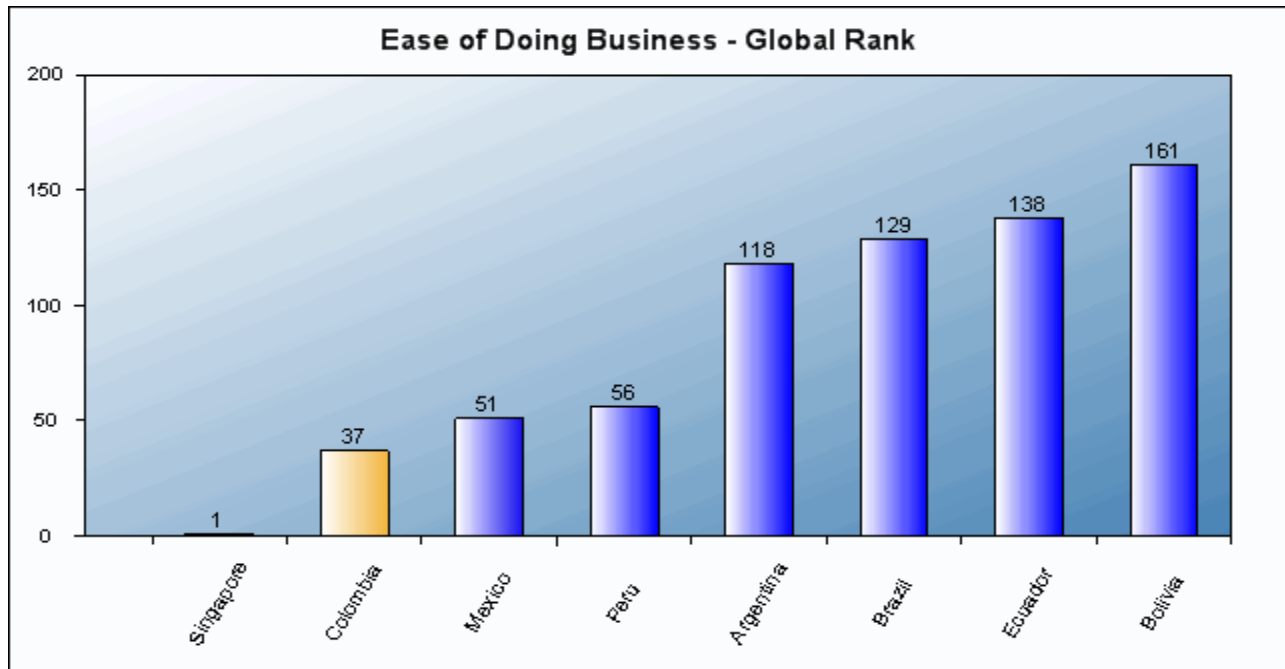
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

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

Colombia is ranked 37 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Colombia's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	37
Starting a Business	74
Dealing with Construction Permits	32
Employing Workers	63
Registering Property	51
Getting Credit	61
Protecting Investors	5
Paying Taxes	115
Trading Across Borders	97
Enforcing Contracts	152
Closing a Business	32

Summary of Indicators - Colombia

Starting a Business	Procedures (number)	9
	Time (days)	20
	Cost (% of income per capita)	12.8
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	11
	Time (days)	51
	Cost (% of income per capita)	402.8
Employing Workers	Difficulty of hiring index (0-100)	11
	Rigidity of hours index (0-100)	20
	Difficulty of redundancy index (0-10)	0
	Rigidity of employment index (0-100)	10
	Redundancy costs (weeks of salary)	59
Registering Property	Procedures (number)	7
	Time (days)	20
	Cost (% of property value)	2.0
Getting Credit	Strength of legal rights index (0-10)	5
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	60.5
Protecting Investors	Extent of disclosure index (0-10)	8
	Extent of director liability index (0-10)	8
	Ease of shareholder suits index (0-10)	9
	Strength of investor protection index (0-10)	8.3
Paying Taxes	Payments (number per year)	20
	Time (hours per year)	208
	Profit tax (%)	17.7
	Labor tax and contributions (%)	33.9
	Other taxes (%)	27.1
	Total tax rate (% profit)	78.7

Trading Across Borders	Documents to export (number)	6
	Time to export (days)	14
	Cost to export (US\$ per container)	1770
	Documents to import (number)	8
	Time to import (days)	14
	Cost to import (US\$ per container)	1750
Enforcing Contracts	Procedures (number)	34
	Time (days)	1346
	Cost (% of claim)	52.6
Closing a Business	Recovery rate (cents on the dollar)	52.8
	Time (years)	3.0
	Cost (% of estate)	1

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

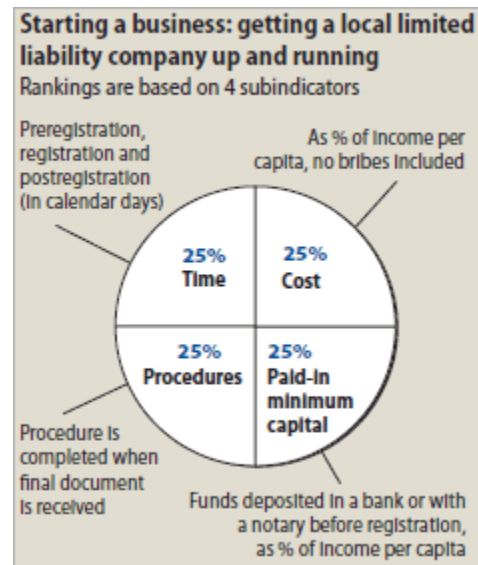
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications 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:

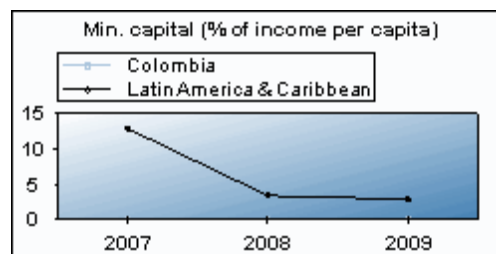
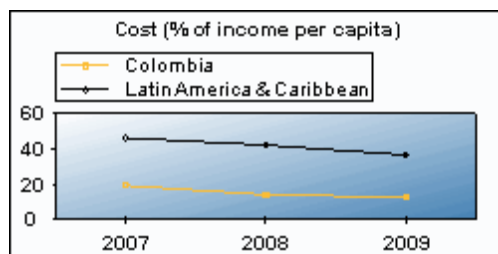
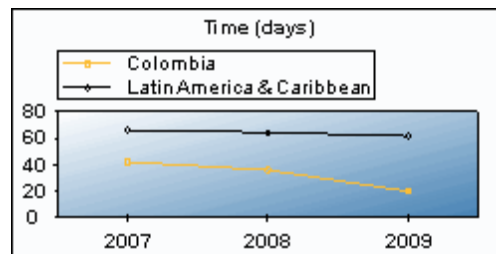
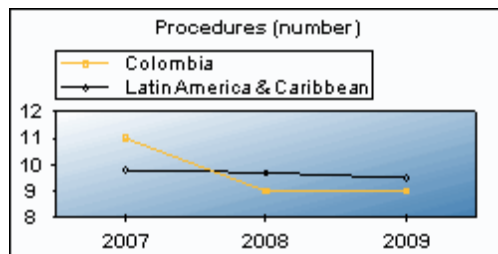
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not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



1. Historical data: Starting a Business in Colombia

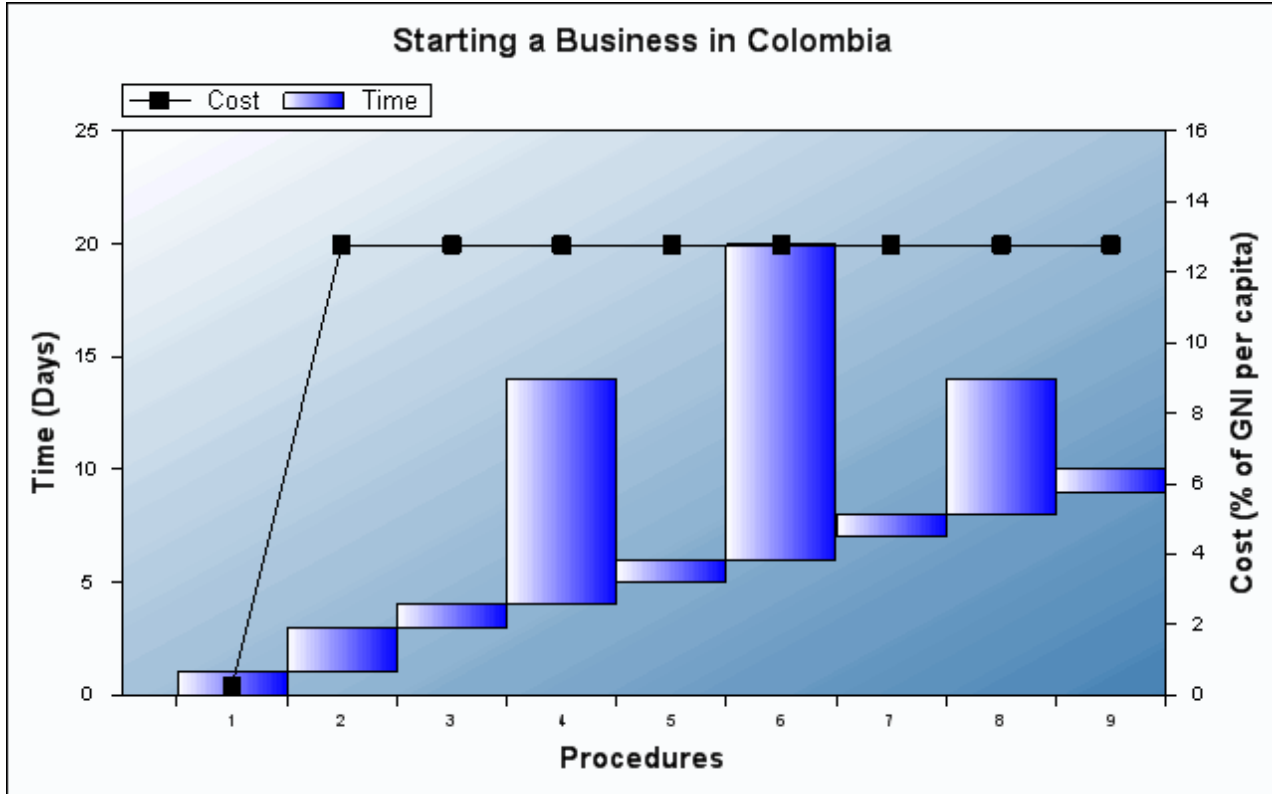
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	82	74
Procedures (number)	11	9	9
Time (days)	42	36	20
Cost (% of income per capita)	19.3	14.1	12.8
Min. capital (% of income per capita)	0.0	0.0	0.0

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



3. Steps to Starting a Business in Colombia

It requires 9 procedures, takes 20 days, and costs 12.78 % GNI per capita to start a business in Colombia.



List of Procedures:

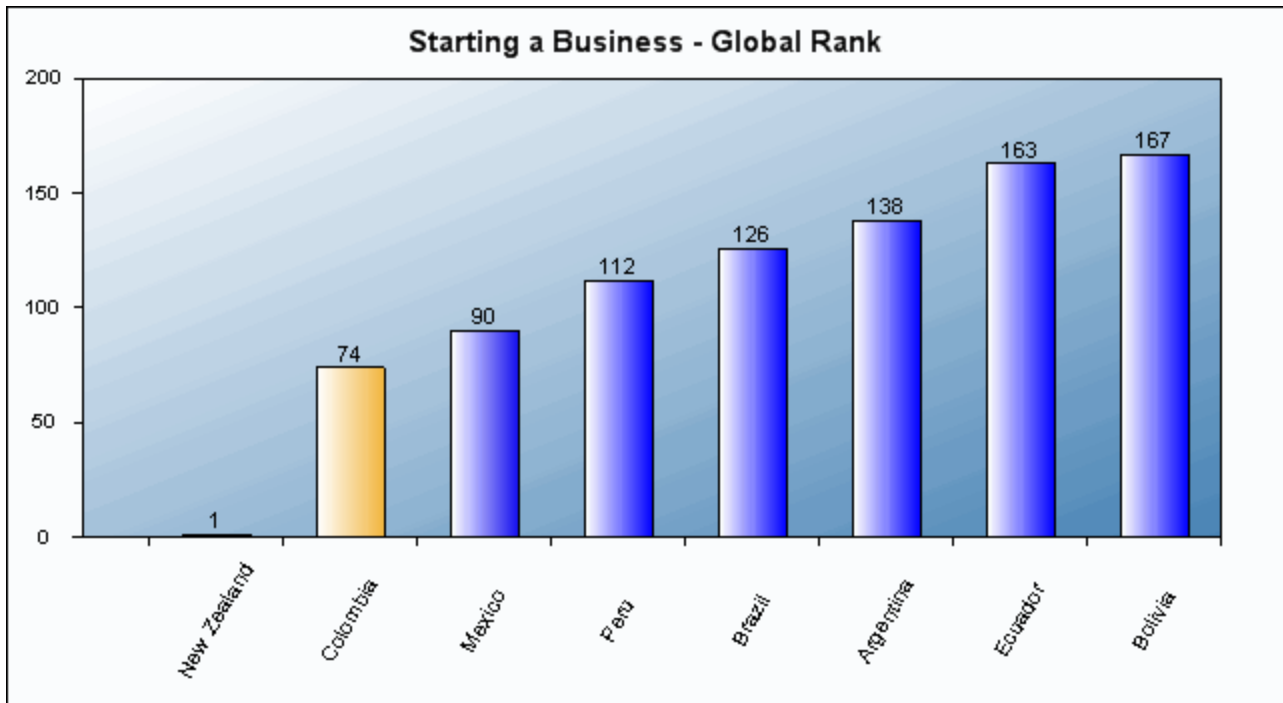
1. Purchase corporate and accounting books
2. Register with the Registry of Commerce, obtain the "certificate of existence and legal representation"; register the company books and register with the National Tax Office (DIAN) at the Chamber of Commerce
3. Open a bank account and deposit the nominal capital
4. Register company with the Family Compensation Fund (Caja de Compensación Familiar), the Governmental Learning Service (Servicio Nacional de Aprendizaje, SENA) and the Colombian Family Institute (Instituto Colombiano de Bienestar Familiar, ICBF)
5. Register company with the Administrator of Professional Risks (ARP)
6. Register employer and employees for pension with the Social Security System – ISS
7. Register employees with a private pension fund
8. Register employees for health coverage (public)
9. Register employees with a severance fund

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Colombia is ranked 74 overall for Starting a Business.

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



The following table shows Starting a Business data for Colombia 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>				
Colombia	9	20	12.8	0.0

<i>Comparator Economies</i>				
Argentina	15	27	11.0	2.9
Bolivia	15	50	99.2	2.5
Brazil	16	120	6.9	0.0
Ecuador	13	64	37.7	10.6
Mexico	8	13	11.7	8.9
Peru	9	41	24.5	0.0

* The following economies are also good practice economies for :

Procedures (number): Canada

Cost (% of income per capita): Slovenia

Dealing with Construction Permits

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

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

Methodology

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

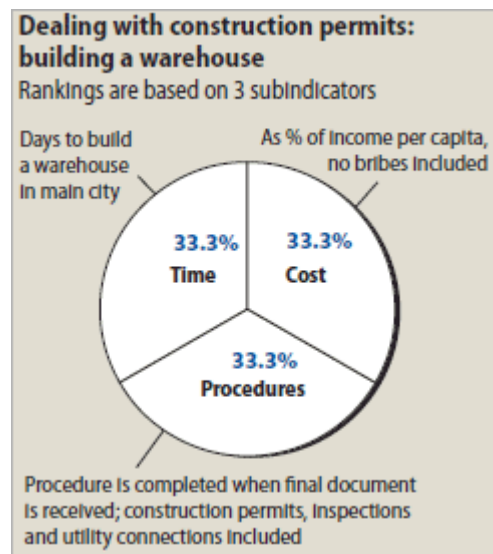
Survey Case Study

The business:

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

The warehouse to be built:

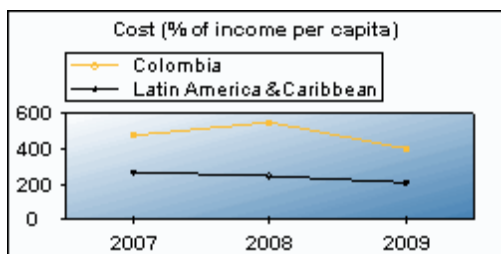
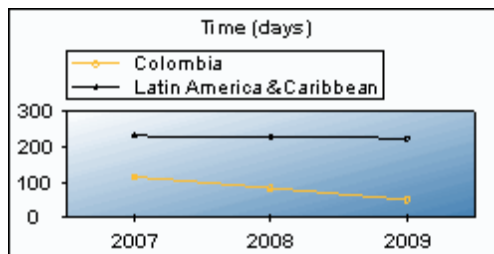
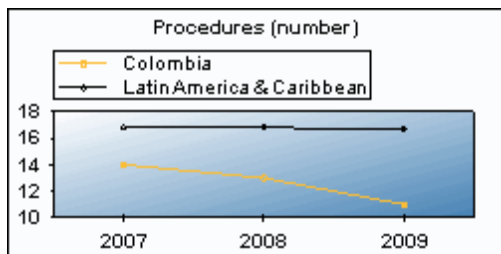
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each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



1. Historical data: Dealing with Construction Permits in Colombia

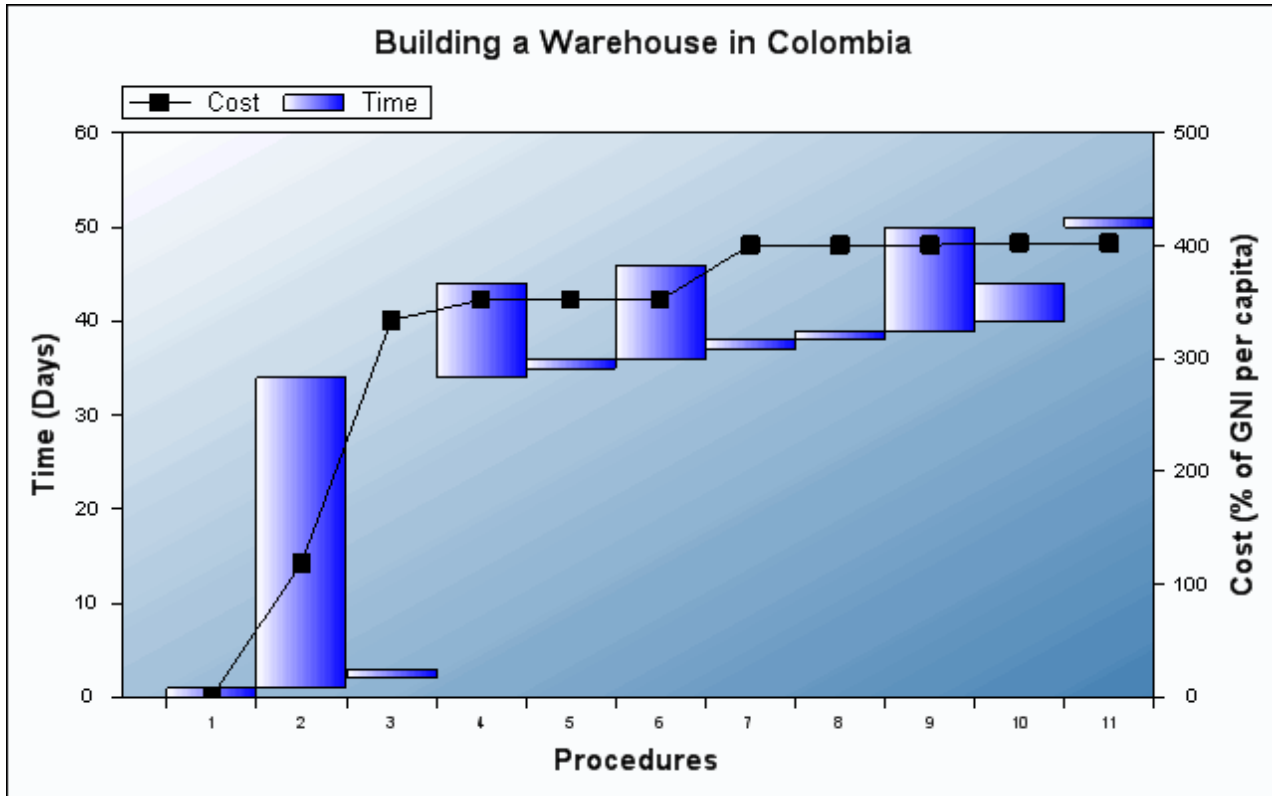
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	47	32
Procedures (number)	14	13	11
Time (days)	116	84	51
Cost (% of income per capita)	476.8	551.3	402.8

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



3. Steps to Building a Warehouse in Colombia

It requires 11 procedures, takes 51 days, and costs 402.77 % GNI per capita to build a warehouse in Colombia.



List of Procedures:

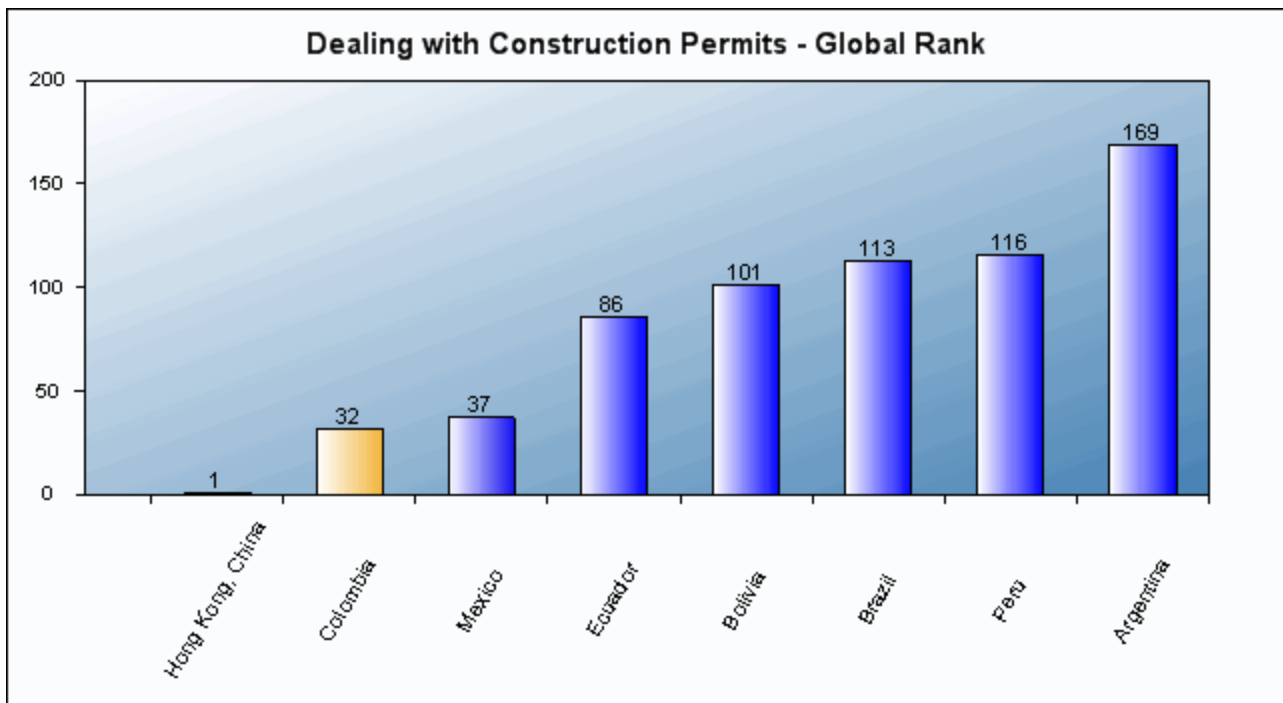
1. Request and obtain certificate of free transferability (Certificado de libertad y tradición)
2. File for and obtain construction license (licencia de construcción)
3. Pay variable charges and tax on Urban Delineation (Impuesto de Delineación Urbana) at the bank
4. Request water connection approval from EAAB
5. Receive water inspection from EAAB
6. Obtain water connection from EAAB
7. Request installation electricity utilities from Codensa
8. Receive inspection from authorized contractor
9. Receive connection to electricity from Codensa
10. Request and obtain telephone connection
11. Receive final inspection by Mayor's office

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Colombia is ranked 32 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Colombia 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>			
Colombia	11	51	402.8

<i>Comparator Economies</i>			
Argentina	28	338	145.1
Bolivia	17	249	107.4
Brazil	18	411	50.6
Ecuador	19	155	230.6
Mexico	12	138	113.1
Peru	21	205	130.1

Employing Workers

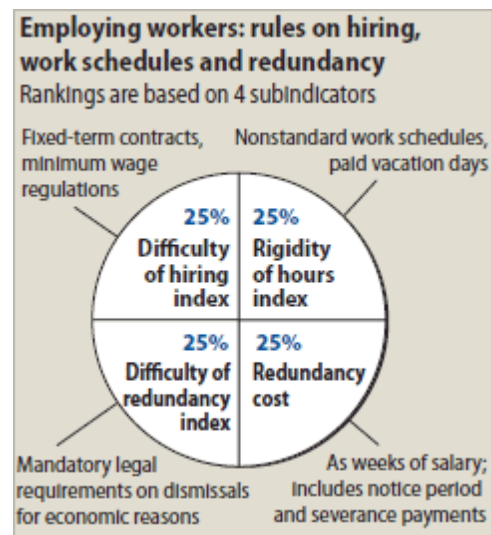
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

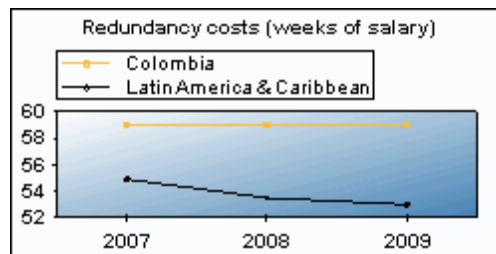
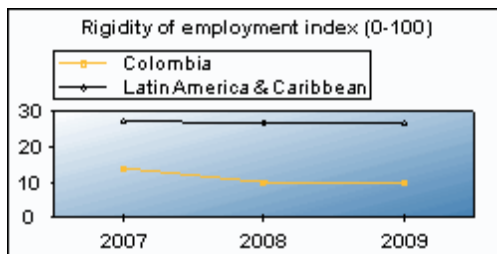
The business:

- 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 Colombia

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	59	63
Redundancy costs (weeks of salary)	59	59	59
Rigidity of employment index (0-100)	14	10	10

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



3. Benchmarking Employing Workers Regulations:

Colombia is ranked 63 overall for Employing Workers.

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



The following table shows Employing Workers data for Colombia 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>		
Colombia	10	59

<i>Comparator Economies</i>		
Argentina	21	95
Bolivia	77	not possible
Brazil	46	46
Ecuador	38	135
Mexico	41	52
Peru	39	17

* 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)

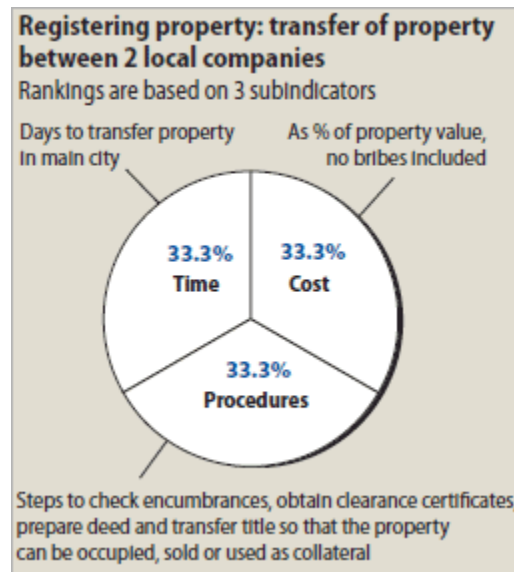
Survey Case Study

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:

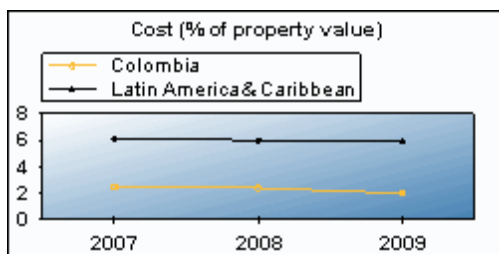
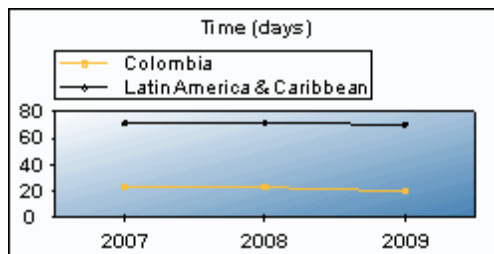
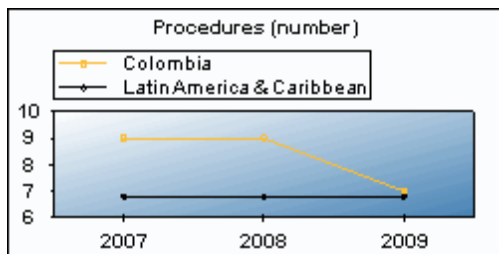
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller 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 Colombia

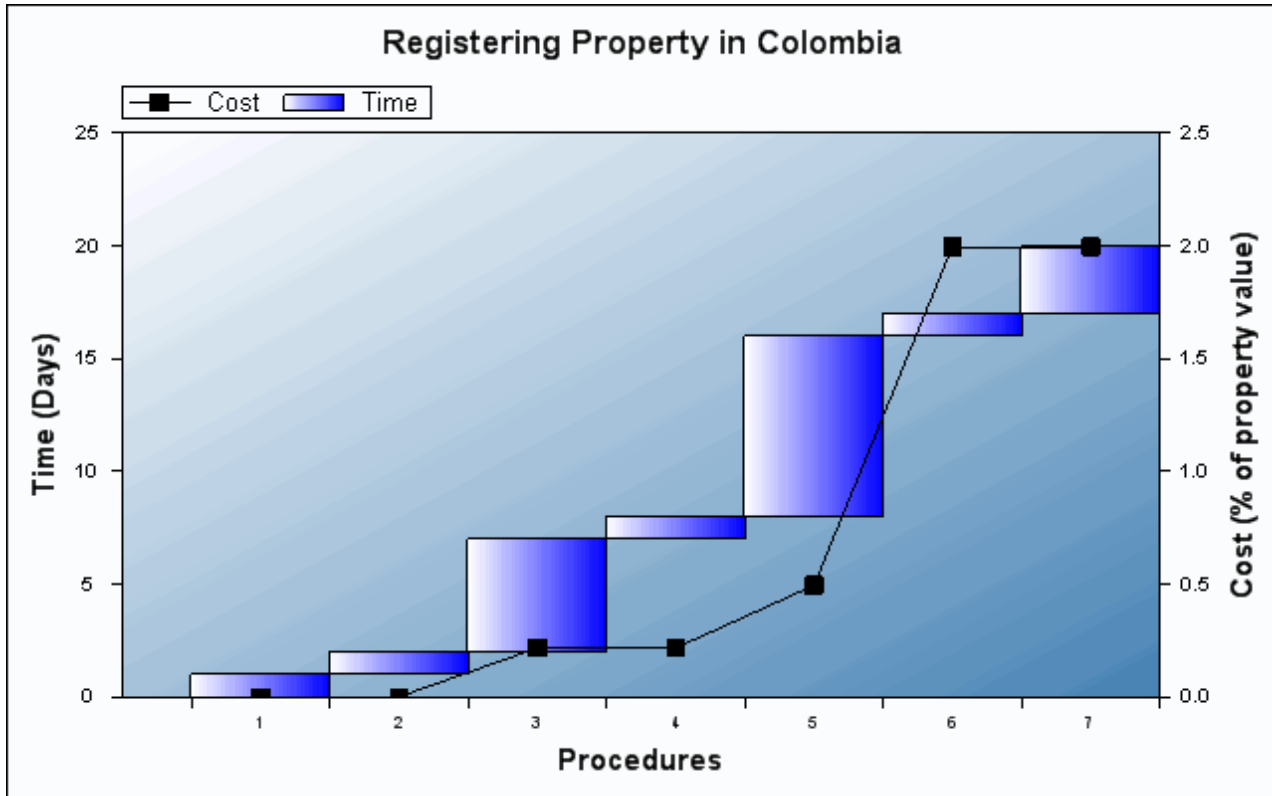
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	78	51
Procedures (number)	9	9	7
Time (days)	23	23	20
Cost (% of property value)	2.5	2.4	2.0

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



3. Steps to Registering Property in Colombia

It requires 7 procedures, takes 20 days, and costs 2.00 % of property value to register the property in Colombia.



List of Procedures:

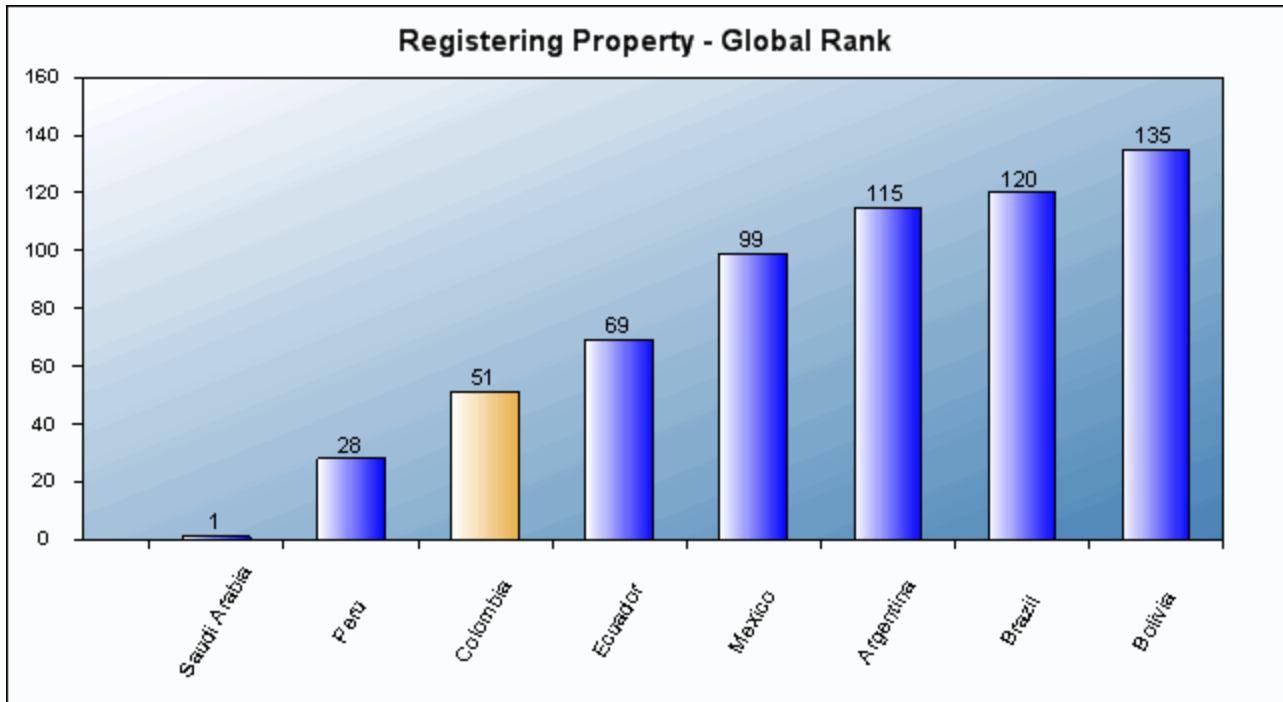
1. Obtain certificate about history of the property ("Libertad y tradicion")
2. A certificate of good standing ("Existencia y Representacion legal") of the company must be obtained at the Chamber of Commerce
3. A study of the titles of the property is done by a lawyer
4. Obtain tax certificates ("predial" and "valorizacion")
5. The notary prepares the public deed
6. Pay registration fees at the bank counter in the registry
7. The public deed must be registered at the Registry Office

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Colombia is ranked 51 overall for Registering Property.

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



The following table shows Registering Property data for Colombia 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>			
Colombia	7	20	2.0

<i>Comparator Economies</i>			
Argentina	6	52	7.0
Bolivia	7	92	4.8
Brazil	14	42	2.7
Ecuador	9	16	2.1
Mexico	5	74	5.2
Peru	4	14	3.3

* 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)

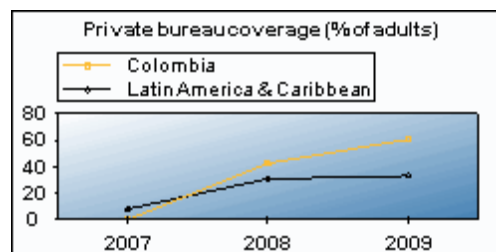
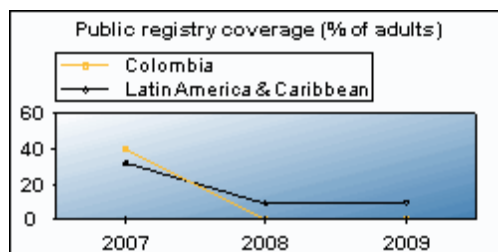
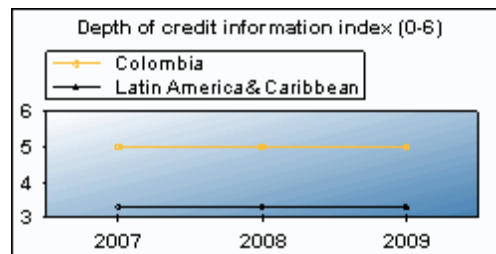
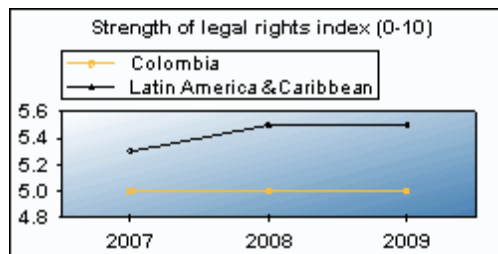
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in Colombia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	59	61
Strength of legal rights index (0-10)	5	5	5
Depth of credit information index (0-6)	5	5	5
Private bureau coverage (% of adults)	0.0	42.5	60.5
Public registry coverage (% of adults)	39.9	0.0	0.0

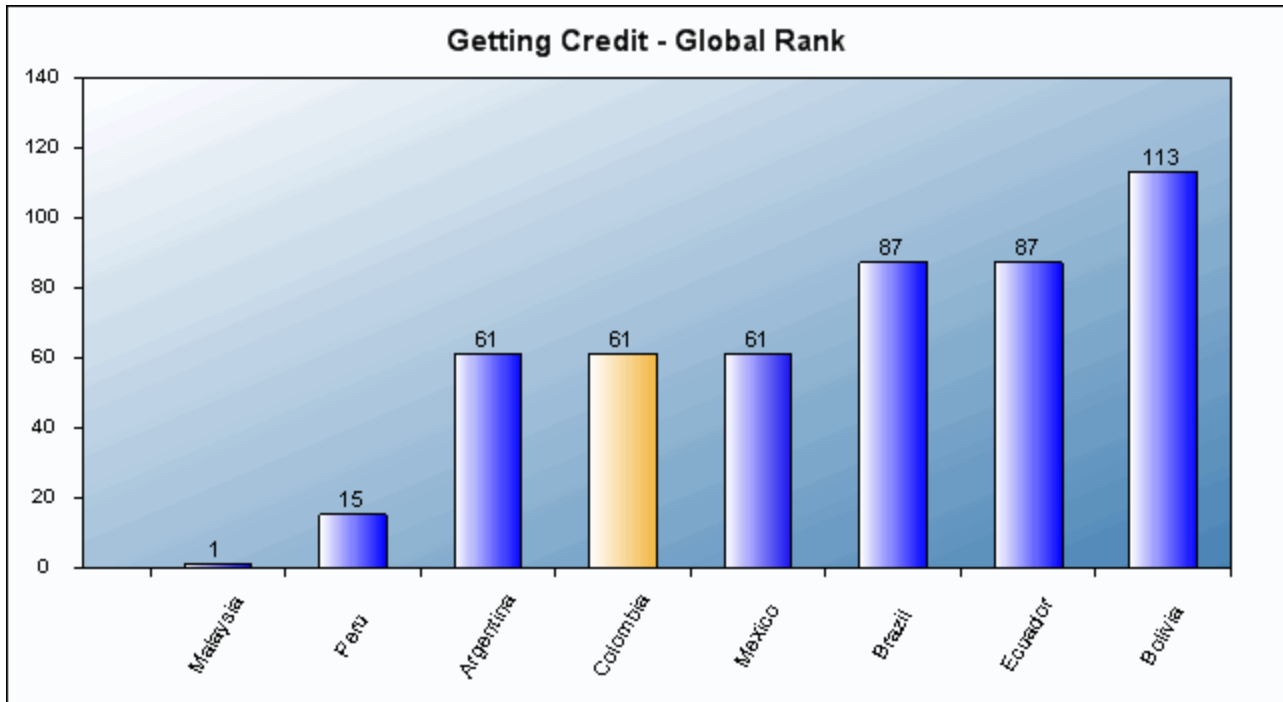
2. The following graphs illustrates the Getting Credit indicators in Colombia over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Colombia is ranked 61 overall for Getting Credit.

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



The following table shows Getting Credit data for Colombia 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>				
Colombia	5	5	0.0	60.5

<i>Comparator Economies</i>				
Argentina	4	6	34.3	100.0
Bolivia	1	6	11.6	33.9
Brazil	3	5	23.7	59.2
Ecuador	3	5	37.2	46.0
Mexico	4	6	0.0	77.5
Peru	7	6	23.0	31.8

* 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.

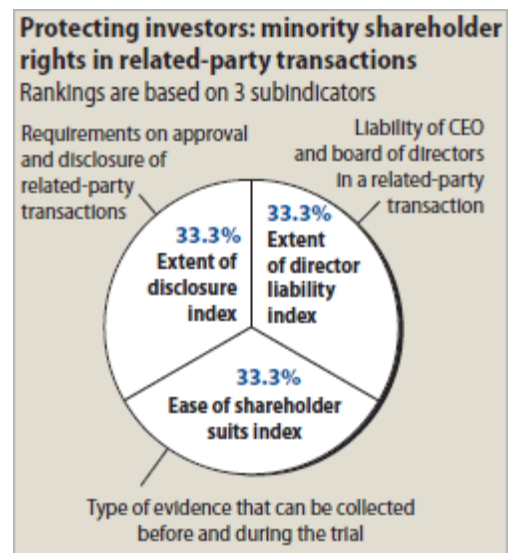
Protecting Investors

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:

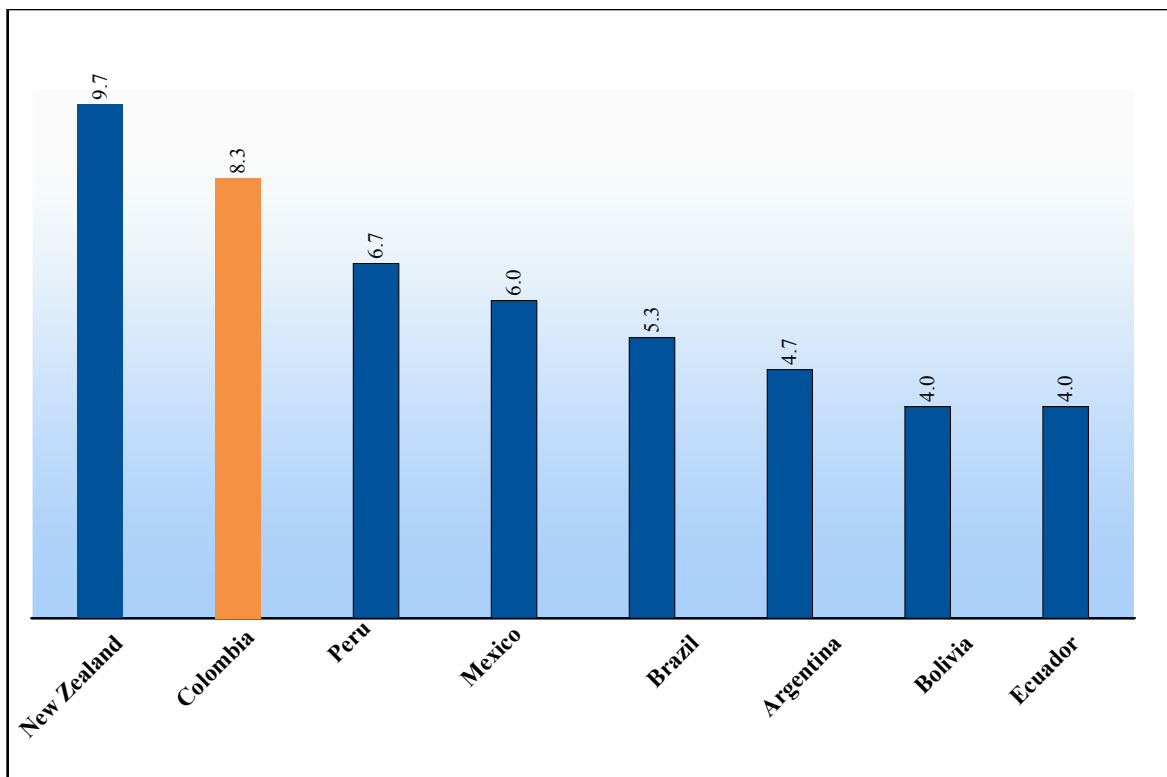
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Doidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in Colombia

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	25	5
Strength of investor protection index (0-10)	6.3	6.3	8.3

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

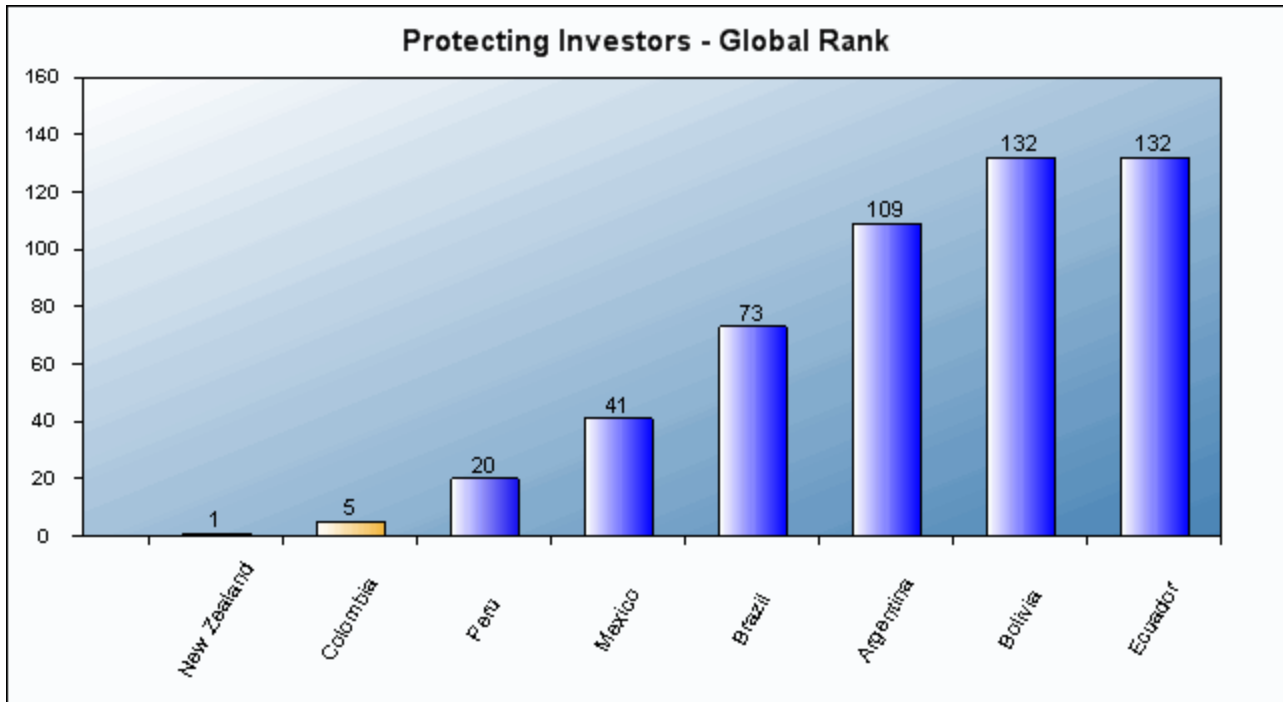


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Colombia is ranked 5 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Colombia 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>	
Colombia	8.3

<i>Comparator Economies</i>	
Argentina	4.7
Bolivia	4.0
Brazil	5.3
Ecuador	4.0
Mexico	6.0
Peru	6.7

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

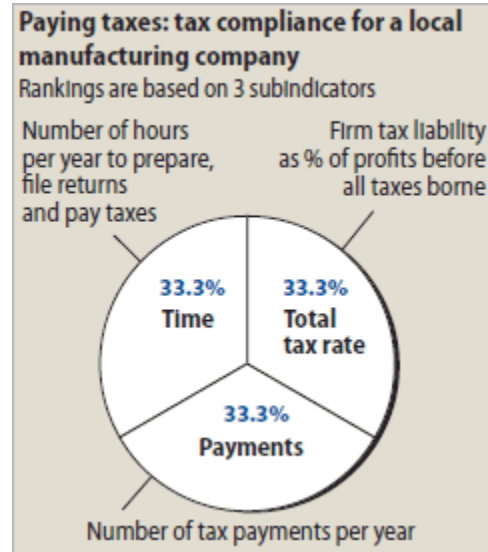
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

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

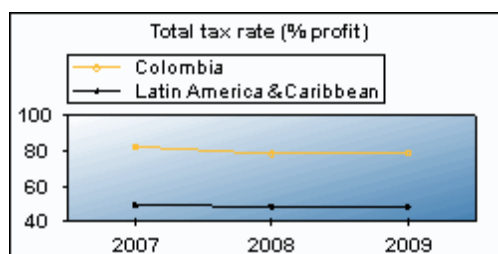
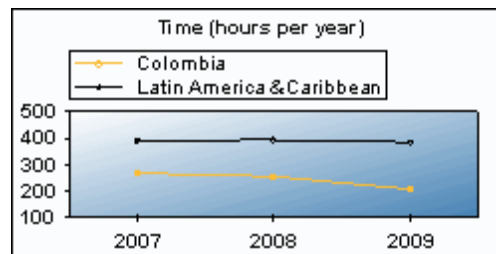
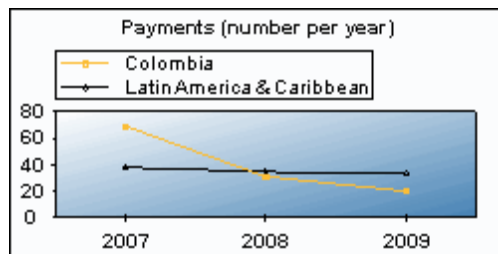
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory 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 Colombia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	143	115
Total tax rate (% profit)	82.6	78.4	78.7
Payments (number per year)	69	31	20
Time (hours per year)	268	256	208

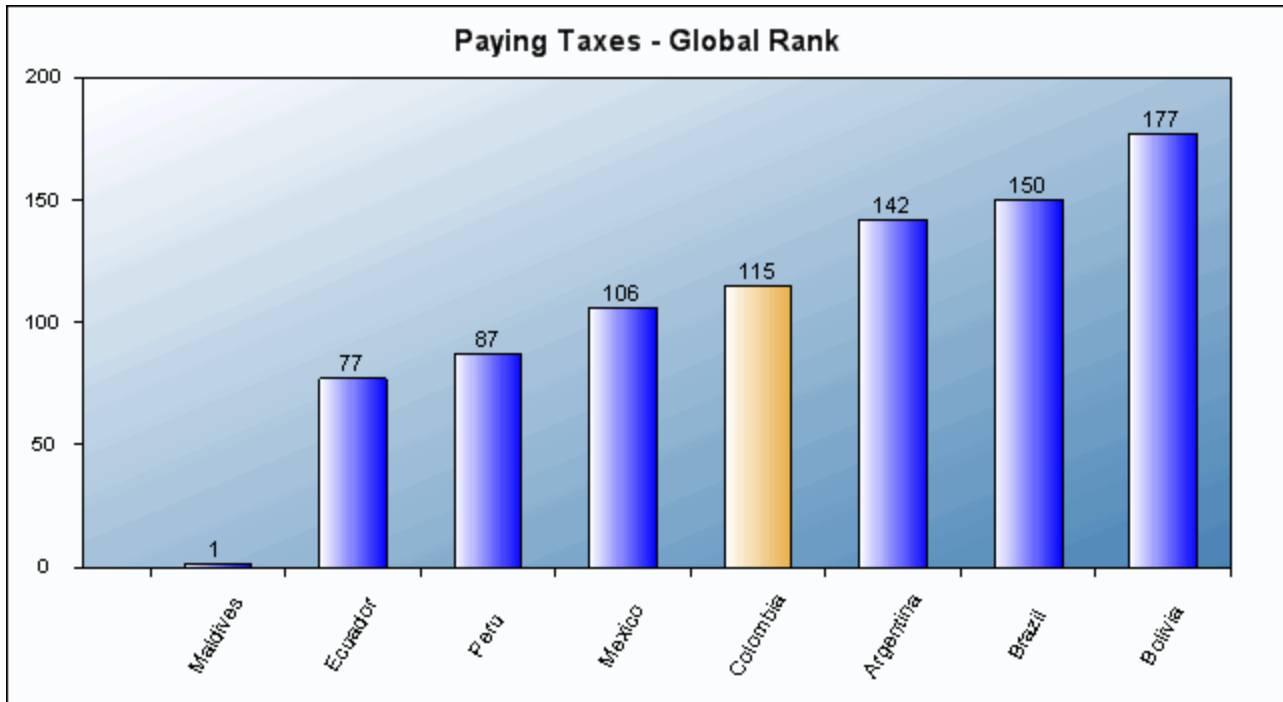
2. The following graphs illustrates the Paying Taxes indicators in Colombia over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Colombia is ranked 115 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Colombia 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>			
Colombia	20	208	78.7

<i>Comparator Economies</i>			
Argentina	9	453	108.1
Bolivia	42	1080	80.0
Brazil	10	2600	69.2
Ecuador	8	600	34.9
Mexico	6	517	51.0
Peru	9	380	40.3

* 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.

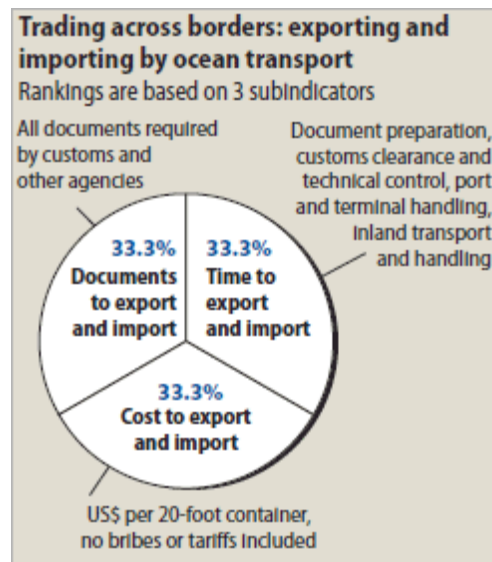
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

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:

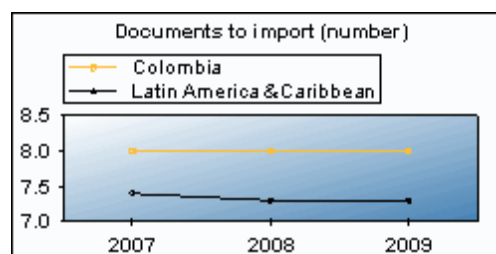
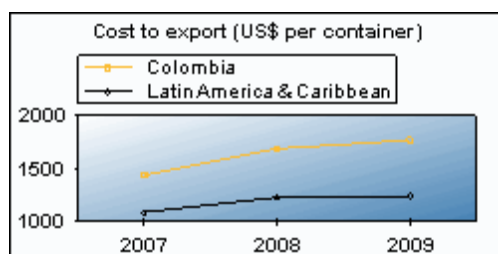
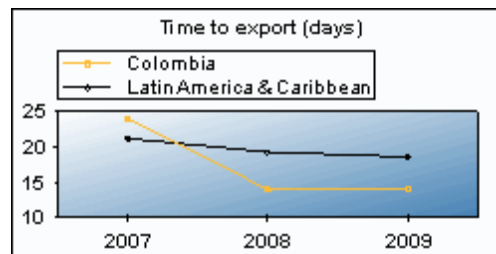
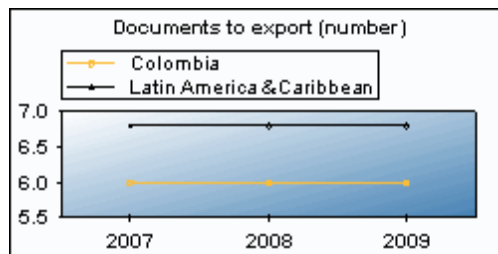
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations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

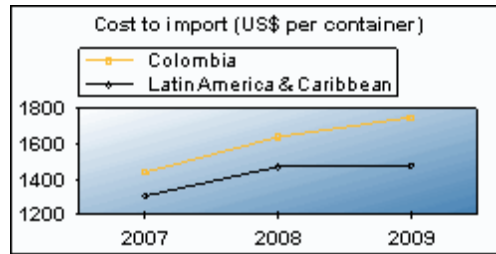
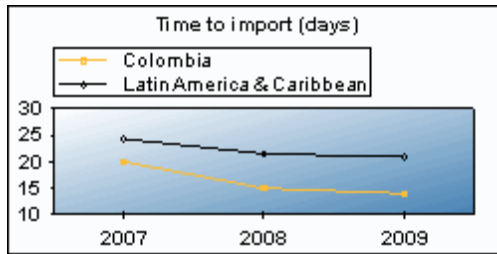


1. Historical data: Trading Across Borders in Colombia

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	96	97
Cost to export (US\$ per container)	1440	1690	1770
Cost to import (US\$ per container)	1440	1640	1750
Documents to export (number)	6	6	6
Documents to import (number)	8	8	8
Time to export (days)	24	14	14
Time to import (days)	20	15	14

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

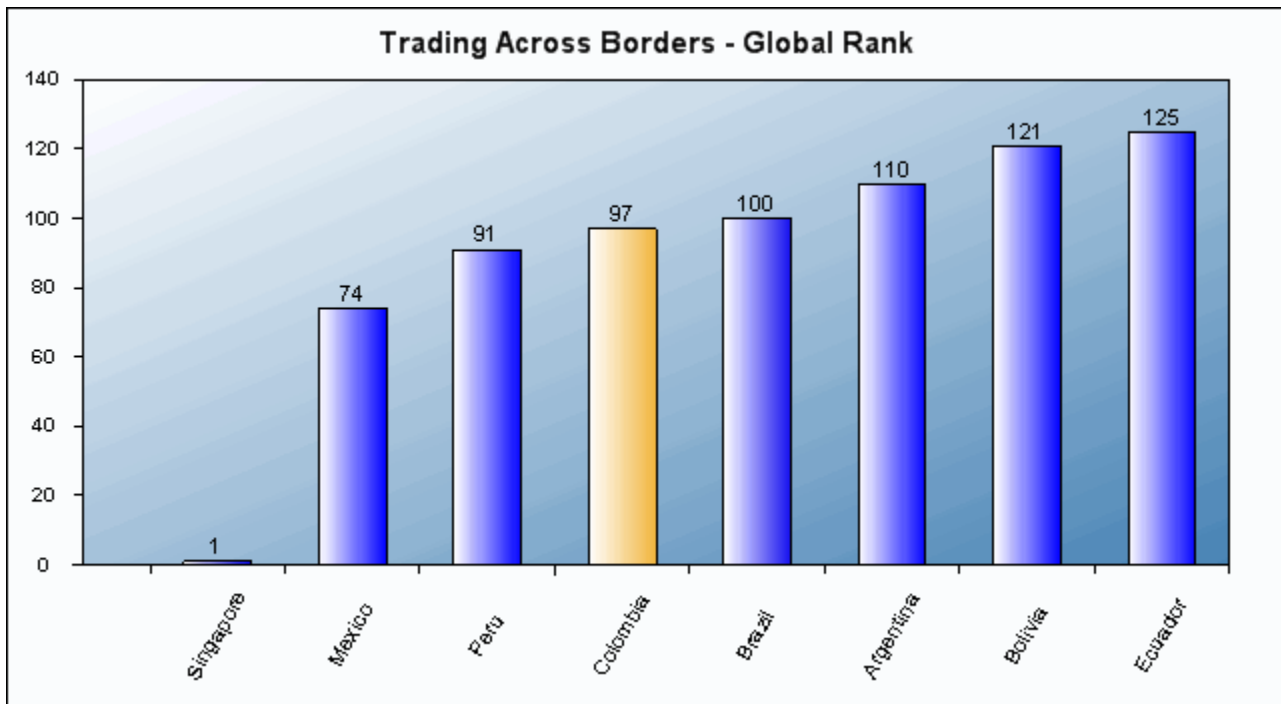




3. Benchmarking Trading Across Borders Regulations:

Colombia is ranked 97 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Colombia 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>						
Colombia	6	14	1770	8	14	1750

<i>Comparator Economies</i>						
Argentina	9	13	1480	7	16	1810
Bolivia	8	19	1425	7	23	1747
Brazil	8	12	1540	7	16	1440
Ecuador	9	20	1345	7	29	1332
Mexico	5	14	1472	5	17	2050
Peru	7	23	875	8	24	895

* 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.

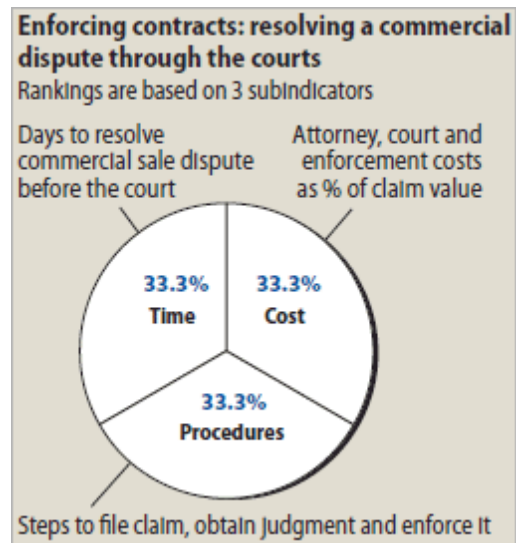
Methodology

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

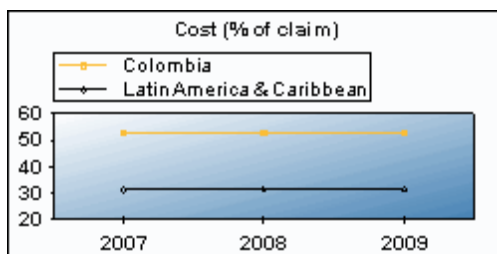
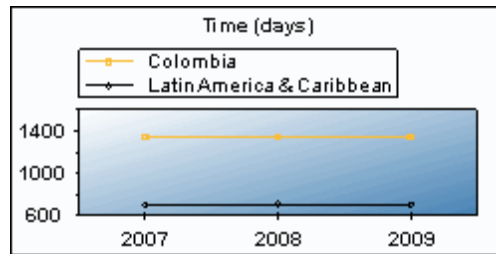
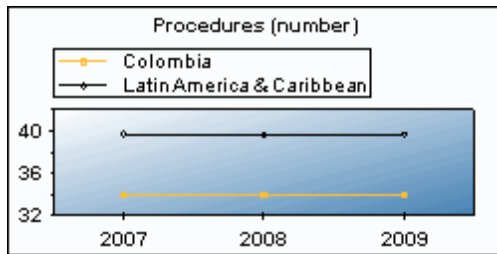
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds 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 Colombia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	149	152
Procedures (number)	34	34	34
Time (days)	1346	1346	1346
Cost (% of claim)	52.6	52.6	52.6

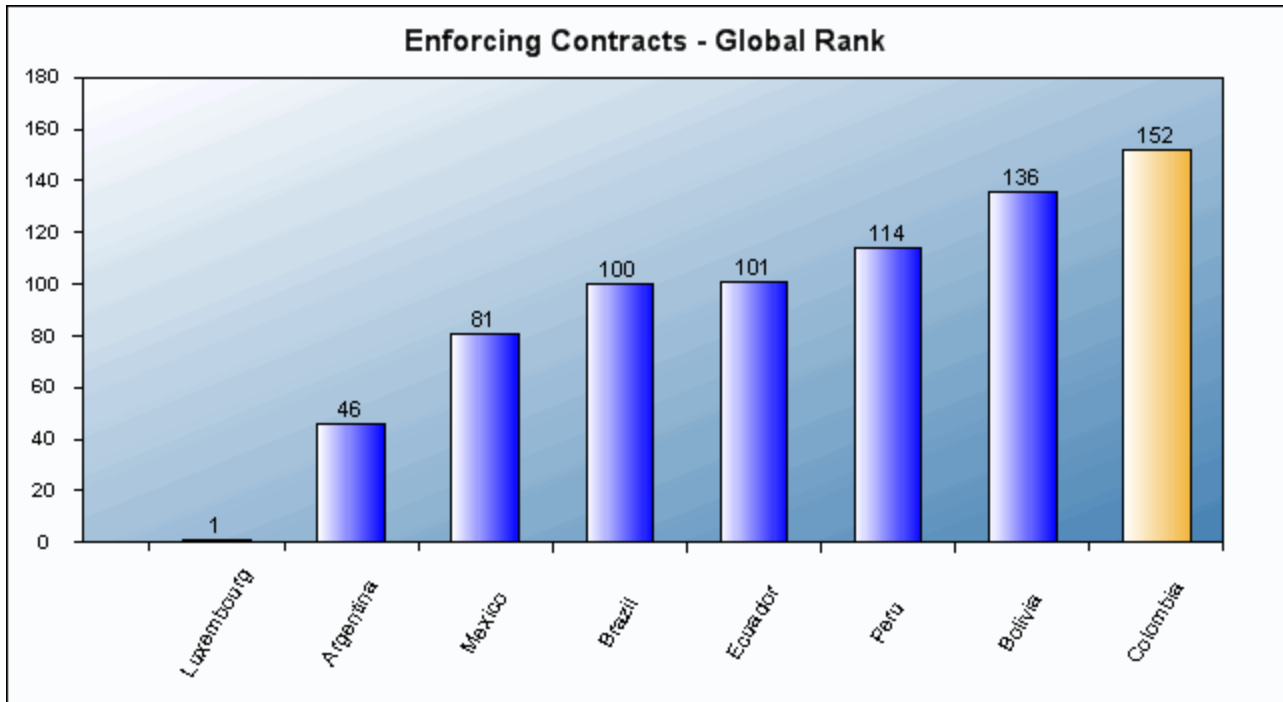
2. The following graphs illustrates the Enforcing Contracts indicators in Colombia over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Colombia is ranked 152 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Colombia 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>			
Colombia	34	1346	52.6

<i>Comparator Economies</i>			
Argentina	36	590	16.5
Bolivia	40	591	33.2
Brazil	45	616	16.5
Ecuador	39	588	27.2
Mexico	38	415	32.0
Peru	41	428	35.7

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:

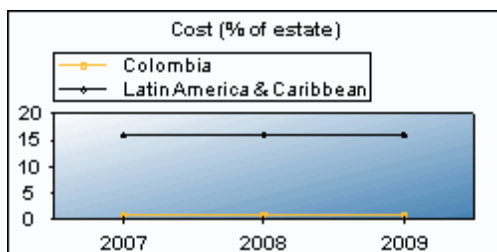
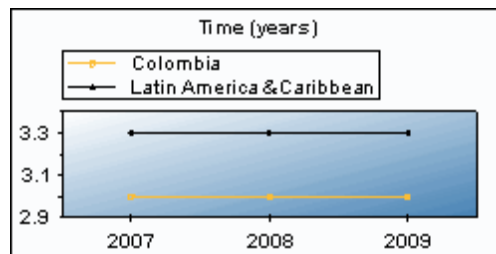
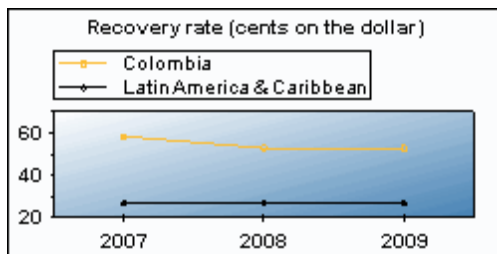
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed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

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	32	32
Time (years)	3.0	3.0	3.0
Cost (% of estate)	1	1	1
Recovery rate (cents on the dollar)	58.3	52.8	52.8

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



3. Benchmarking Closing Business Regulations:

Colombia is ranked 32 overall for Closing a Business.

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



The following table shows Closing Business data for Colombia 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>			
Colombia	52.8	3.0	1

<i>Comparator Economies</i>			
Argentina	29.8	2.8	12
Bolivia	37.3	1.8	15
Brazil	17.1	4.0	12
Ecuador	16.1	5.3	18
Mexico	64.2	1.8	18
Peru	25.4	3.1	7

* 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	
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
	Bolivia										
	Ecuador										
	Argentina	✓			✗						1
	Brazil	✓									1
	Mexico	✓						✓			2
	Peru	✓		✓	✓			✓	✓	✓	6

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.

Argentina	Argentina made it more difficult to register property by requiring declarations for all transactions over AR\$300,000. Business start-up was eased with an expedited publication process.
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.
Bolivia	In Bolivia no major reform was recorded.
Brazil	Brazil eased the process of starting a business by removing the requirement to obtain a fire brigade license and inspection before obtaining an operational license from a municipality.
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.
Ecuador	In Ecuador no major reform was recorded.
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.
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.
Peru	Peru has made labor regulation more flexible through new rules for micro and small enterprises that reduce severance payments and mandatory paid annual leave. The government eased contract enforcement by introducing deadlines for filing evidence and contesting enforcement procedures. In addition, electronic judicial notices are permissible in lieu of publication in the official gazette. Taxpaying was made easier with the use of software, distributed free of charge, for value added taxes. Peru also eased the cash flow of businesses by reducing the check tax and accelerating depreciation. Registering property has become easier with faster electronic processing and with an online connection between the tax agency and notaries that facilitates payment of municipal taxes. Business start-up was simplified by allowing submission of electronic payroll books online at no cost and making company forms available online. Additional cranes have expedited port and terminal handling activities.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.

Tajikistan

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

United Arab Emirates

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

APPENDICES

Starting a Business in Colombia

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

STANDARDIZED COMPANY

Legal Form: Sociedad de Responsabilidad Limitada (SRL)

Minimum Capital Requirement:

City: Bogota

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Purchase corporate and accounting books	1	24000
2	Register with the Registry of Commerce, obtain the "certificate of existence and legal representation"; register the company books and register with the National Tax Office (DIAN) at the Chamber of Commerce	2	568515
3	Open a bank account and deposit the nominal capital	1	0
4	Register company with the Family Compensation Fund (Caja de Compensación Familiar), the Governmental Learning Service (Servicio Nacional de Aprendizaje, SENA) and the Colombian Family Institute (Instituto Colombiano de Bienestar Familiar, ICBF)	10	0
5 *	Register company with the Administrator of Professional Risks (ARP)	1	0
6 *	Register employer and employees for pension with the Social Security System – ISS	14	0
7 *	Register employees with a private pension fund	1	0
8 *	Register employees for health coverage (public)	6	0
9 *	Register employees with a severance fund	1	0

* Takes place simultaneously with another procedure.

Procedure 1 Purchase corporate and accounting books

Time to complete: 1

Cost to complete: 24000

Comment: The applicant can select the corporate and accounting book format and the store location. Although the books can also be obtained or ordered from the Chamber of Commerce via the Internet, the general practice is to acquire them before visiting the Chamber of Commerce.

Procedure 2 Register with the Registry of Commerce, obtain the "certificate of existence and legal representation"; register the company books and register with the National Tax Office (DIAN) at the Chamber of Commerce

Time to complete: 2

Cost to complete: 568515

Comment: In May 2003, with the introduction of one-stop shops known as Centros de Atención Empresarial (CAE), procedures were consolidated so that a single form is now required to:

- Register the company and commercial establishments (if any) with the Registry of Commerce.
- Register the corporate books with the Chamber of Commerce.
- Register with the National Tax Office (DIAN) and the District Tax Office to obtain the tax identification number (TIN) and the district tax registration number.

Since May 2008, applicants can go on-line to register all the above at portal www.crearempresa.com.co

The portal provides access to information and speeds up business start up.

Procedure 3 Open a bank account and deposit the nominal capital

Time to complete: 1

Cost to complete: 0

Comment: To open an account at a branch of a commercial bank, the owner encloses the public deed, the certificate of existence and legal representation, the TIN document, and a photocopy of the certificate of citizenship of the legal representative. A savings account may be opened in minutes, but a checking account could take 3 or more business days for the bank to verify the company information, due to the compliance and revision requirements stemming from money-laundering prevention laws and regulations. Depending on the bank, a minimum initial deposit of about COP 500,000 is required.

Procedure 4 Register company with the Family Compensation Fund (Caja de Compensación Familiar), the Governmental Learning Service (Servicio Nacional de Aprendizaje, SENA) and the Colombian Family Institute (Instituto Colombiano de Bienestar Familiar, ICBF)

Time to complete: 10

Cost to complete: 0

Comment: Decree 3667 of 2004 created a unified form to self-assess and pay social security and payroll contribution. And be advised that the unified form can be submitted electronically but not in person to the Governmental Learning Service (Servicio Nacional de Aprendizaje, or SENA), the Colombian Family Institute (Instituto Colombiano de

Bienestar Familiar, or ICBF), the Family Compensation Fund (Caja de Compensación Familiar), and the school of public administration (Escuela Superior de Administración Pública, ESAP). This unified form may be submitted electronically or in person. The time to register varies from 2 days to 3 weeks, depending on the family compensation fund chosen.

The term for payment of the monthly contributions to the Family Compensation Fund expires within the first thirteen business days of each month depending on the last number of the Tax Identification Number (TIN) of the company.SENA and the ICBF as well.

Procedure 5 Register company with the Administrator of Professional Risks (ARP)

Time to complete: 1

Cost to complete: 0

Comment: The company must submit a form listing its affiliation and its employees to an administrator of professional risks (ARP), private or public (Instituto de Seguros Sociales, ISS), which covers workplace injury and professional illness. The employer chooses the ARP to which it affiliates all employees and pays the monthly contributions. Coverage begins 24 hours after submitting the form. Before affiliating employees, some administrators of professional risks request that they attend a short course.

Procedure 6 Register employer and employees for pension with the Social Security System – ISS

Time to complete: 14

Cost to complete: 0

Comment: The company must affiliate itself with with the pension system. The company must then submit a form that indicates employee affiliation to the pension system (affiliation either to the public pension fund through the Social Security System (ISS) or to a private pension and compensation fund). The employer cannot choose the pension fund on behalf of the employee. Each employee has the right to choose between the public or private pension fund, and the company must complete the respective submissions to the pension funds.

Recently, the creation of a new tool allows online pre-enrollment, which is accessed through the ISS webpage, <http://www.iss.gov.co/>.

Procedure 7 Register employees with a private pension fund

Time to complete: 1

Cost to complete: 0

Comment: The process to register an employee with a private pension fund is the same as with the public pension fund (the ISS), but a private fund representative visits the company and completes the registration quickly.

Procedure 8 Register employees for health coverage (public)

Time to complete: 6

Cost to complete: 0

Comment: To register employees for health coverage, the company must submit a form that indicates the affiliation of its employees to the national health system (Plan Obligatorio de Salud, POS), be it through the public entity (EPS-ISS) or through a private "promoter of health" (EPS). Each employee has the right to choose a provider, and the company is obliged to submit the respective form to the provider designated by the employee. Normally, each

company must make its submissions to at least one provider.

In practice, it usually takes longer than assumed here, because the providers normally do not accept affiliations immediately. The process of acceptance varies depending on the provider and the history of the employee. The employer is obligated to complete and present different forms, enclosing the documents requested by each entity (which may vary), including evidence of affiliation to the pension fund and the administrator of professional risks, as well as a deposition before a notary public for the affiliation of beneficiaries (some entities request these documents).

Procedure 9 Register employees with a severance fund

Time to complete: 1

Cost to complete: 0

Comment: The company is required to present a form that indicates employee affiliation to the severance fund. Each employee has the right to freely choose the severance fund. Consequently, the company is obliged to complete the respective submission to the severance fund requested by the employee. Although 1 day is typically required to affiliate an employee to a severance fund, the time frame may vary depending on the number of entities chosen by the employees. The employer must deposit the employee's severance payment annually before February 15th.

Dealing with Construction Permits in Colombia

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Bogota

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain certificate of free transferability (Certificado de libertad y tradición)	1 day	COP 11,000
2	File for and obtain construction license (licencia de construcción)	33 days	COP 12,190,528
3 *	Pay variable charges and tax on Urban Delineation (Impuesto de Delineación Urbana) at the bank	1 day	COP 22,063,360
4	Request water connection approval from EAAB	10 days	COP 1,845,300
5 *	Receive water inspection from EAAB	1 day	no charge
6 *	Obtain water connection from EAAB	10 days	no charge
7 *	Request installation electricity utilities from Codensa	1 day	COP 5,000,000
8 *	Receive inspection from authorized contractor	1 day	no charge
9 *	Receive connection to electricity from Codensa	11 days	no charge
10 *	Request and obtain telephone connection	4 days	COP 200,000
11	Receive final inspection by Mayor's office	1 day	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Request and obtain certificate of free transferability (Certificado de libertad y tradición)

Time to complete: 1 day

Cost to complete: COP 11,000

Comment: The certificate of free transferability evidences the title holder and the chain of title to the plot and whether the plot is subject to any lien or encumbrance. The certificate's date of issuance cannot exceed the date of the application by more than a month.

To request the certificate, BuildCo submits a request with the Office of Public Instruments Registry (Oficina de Registro de Instrumentos Públicos) of Bogotá. This office will assign BuildCo to the nearest registry office in Bogotá.

Procedure 2 File for and obtain construction license (licencia de construcción)

Time to complete: 33 days

Cost to complete: COP 12,190,528

Comment: The previous Decree 1600 (2005) was revoked and replaced by Decree 564 (2006) and further updated with Decree 1272 (2009). According to Article 18 of Decree 564 of 2006, any license application must be accompanied by the following documents:

1. Certificate of free transferability (copy). The certificate's date of issuance cannot be older than a month before the date of application.
2. Unique national format of application for a license (completed). This format was adopted by Resolution 0984, 2005, of the Ministry of Environment, Housing, and Territorial Development.
3. When the applicant for a license is a corporation, the existence and representation must be certified through the proper legal document. The certificate's date of issuance cannot be older than a month before the date of application.
4. Power of attorney, when needed.
5. Payment receipt for real property tax of the plot for the past 5 years, stating the plot's alphanumeric nomenclature or its identification. Whenever there is a payment agreement, the interested party will have to bring a certificate of fulfillment, issued by the Secretariat of Finance.
6. Plot location and identification plan.
7. List of the adjoining plots (the real property contiguous to the project).
8. Manifestation whether the project under consideration will be assigned as a social interest dwelling. Such evidence must be recorded within the act that resolves the license.

Article 21 of Decree 564 also establishes these additional documents for construction license applications:

- Copy of (a) the report of the structural calculations and the structural designs; and of (b) the reports of other nonstructural designs and of geotechnical and soil studies that determine the stability of the work, elaborated according to the norms in force at the moment of application, duly signed and labeled by professionals authorized for such purpose. These persons will be legally responsible for the designs and the information in them.
- Heliographic and magnetic copy of the architectural project, elaborated according to the architectural and urban planning norms in force at the moment of application, duly signed and labeled by a registered architect who will be legally responsible for the design and the information contained therein.
- If the application is presented to a different authority than issued the original license, the interested party will present the previous licenses.

Decree 1272 (2009) introduces risk based categories to determined the time to complete this process. The case study analyzed by Doing Business will be Category III (Medium

complex between 500 sq meters and 2,000 sq meters) and should be approved by the Curator within 33 days (25 calendar days). However, if it requests additional documentation, such requests suspend the 33-day term until the requesting party presents the additional documents. In addition to the suspension of the terms explained above, the urban curator may extend the original 35-day term -only if correctly justified by written resolution- to up to 90 calendar days. If process has no delays the "silent is consent" rule will apply and license will be issued in 45 calendar days.

The cost to complete COP 12,190,528

The license cost is calculated by the formula below, defined in Article 108 of Statutory Decree 564, 2006:

$$E = (Cf * i * m) + (Cv * i * j * m)$$

Where

Cf = fixed charge, according to the use and area: COP 865,068 (including VAT).

Cv = variable charge, according to the use and area: COP 397,520 (formula defined by Article 108 - 80% of minimum salary).

i = use and socioeconomic stratification index, 4 (defined by Article 108).

m = town factor, according to market, 0.938 (for Bogotá, according to Article 110).

j = Ratio between expenses and square meters, given by the formula assigned in Paragraph 3, Article 108 of the Statutory Decree 564, 2006. The variable j is calculated as $3.8 / [0.12 + (800/Q)]$, where Q is the total area in sq. m. Applying this formula, the "j" ratio is equal to 5.17.

Then, applying the formula to the aforementioned values, the cost of the license (E) would be the following:

$$E = (865,068 \times 4 \times 0.938) + (397,520 \times 4 \times 5.17 \times 0.938 + 16\% \text{ VAT}).$$

$$E = 3,245,735 + 8,944,793$$

$$E = 12,190,528$$

Article 108 of Decree No. 564, 2006, specifies that licenses may not be granted by the urban curator without the previous payment of any taxes caused by the license procedure. BuildCo must also pay the urban delimitation and occupation tax (impuesto de delimitación urbana y ocupación) at the local bank. The fees and taxes must be deposited at a designated account held by the district authorities at any bank in Bogotá.

Direct costs are those related to materials, labor, and ancillary elements such as tools and so forth. Indirect costs relate to fees charged by the architects and the engineers and to ancillary payments related to such honoraria. It does not include costs for taxes, land acquisition, project financing, or utility surcharges.

Procedure	3	Pay variable charges and tax on Urban Delineation (Impuesto de Delineación Urbana) at the bank
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Time to complete:

1 day

Cost to complete:

COP 22,063,360

Comment:

The fees and taxes must be deposited at a designated account held by the district authorities at any bank in Bogotá. Urban delimitation and occupation tax for the warehouse amounts (calculated at a rate of 2.6% over the Minimum building direct completion costs).

Minimum building direct completion costs (MBDCC)* - estimated by DANE (National Statistics Department): COP 652,461/sq. m. (only direct costs) x 1300.6 sq. m. = COP 905,545,651.38 x 2.6%=COP 22,063,360.19

* MBDC in 2008 was 696,252 but it was updated by DANE in January 2009 to 652,461

This is a one-time payment. Direct costs are those related to materials, labor, and ancillary elements such as tools and so forth. Indirect costs relate to fees charged by the architects and engineers and to ancillary payments for such honoraria. It does not include costs for taxes, land acquisition, project financing, and utility surcharges.

The fees and taxes must be deposited at a designated account held by the district authorities at any bank in Bogotá. This tax is payable once the license has been approved, and it is a precondition for the delivery of the approved license. If at the end of the construction the actual costs surpass the estimated ones, BuildCo must pay an additional 3% on the difference.

Procedure 4 Request water connection approval from EAAB

Time to complete: 10 days

Cost to complete: COP 1,845,300

Comment: The owner of the plot (or a representative) must request a water connection by providing Bogotá's public water utility (Empresa de Acueducto y Alcantarillado de Bogotá, EAAB) with copies of the following documents:

- Nomenclature certificate (boletín de nomenclatura) of the plot where the warehouse will be located.
- Certificate of free transferability of the plot.
- Authorization of the plot owner for the installation service request, if the owner is not requesting the service directly.
- Description of the warehouse purpose (whether commercial or industrial).

According to Resolution 1281 from August 2008 the cost is: COP 1,123,520 for connection fee and COP 699,120 to install the meters and COP 22,660 for meter verification. EAAB has 21 points of service at the different service centers that the local government has established throughout Bogotá.

Procedure 5 Receive water inspection from EAAB

Time to complete: 1 day

Cost to complete: no charge

Comment: EAAB undertakes supervision, control, and evaluation of construction according to regulations. It takes place during the whole construction process.

Procedure 6 Obtain water connection from EAAB

Time to complete: 10 days

Cost to complete: no charge

Comment: EAAB undertakes the final inspection.

Procedure 7 Request installation electricity utilities from Codensa

Time to complete: 1 day

Cost to complete: COP 5,000,000

Comment: The owner of the plot (or a representative) must request that Codensa install the electric utilities by furnishing copies of the following documents:

- Nomenclature certificate (boletín de nomenclatura) of the plot where the warehouse will be located.
- Certificate of the plot's free transferability.
- Authorization of the plot owner for the service installation request if the owner is not requesting the service directly.
- A description of the use that will be given to the warehouse (whether commercial or industrial).

No later than 20 days after requesting the connection, Codensa must send a service agent that will review the construction and estimate the connection costs.

Procedure 8 Receive inspection from authorized contractor

Time to complete: 1 day

Cost to complete: no charge

Comment: No later than 20 days after requesting the connection, Codensa must send a service agent that will review the construction and estimate the connection costs.

Procedure 9 Receive connection to electricity from Codensa

Time to complete: 11 days

Cost to complete: no charge

Comment: If the party agrees with the quote (see previous procedure), Codensa must complete the installation within 10 days after the installation approval. Generally, it takes 3 days after the party agrees with Condensa's quote.

Procedure 10 Request and obtain telephone connection

Time to complete: 4 days

Cost to complete: COP 200,000

Comment: The line may be requested by phone or in person at any of the points of service. In both cases, the party requesting the installation must provide its citizen's identification number (número de cédula), the information on the exact plot location, and the stratus of the place where the plot is located.

Procedure 11 Receive final inspection by Mayor's office

Time to complete: 1 day

Cost to complete: no charge

Comment: Through its agents, the mayor's office (Alcaldía Distrital) is the entity in charge of monitoring and controlling construction projects in Bogotá. This is true also of municipal major's offices nationwide for construction projects developed within their jurisdictions. The inspections are carried out to confirm that the construction is being completed according to the construction license.

Employing Workers in Colombia

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

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		11.1
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?	0.38	0.33
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)		58.6
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)		58.6
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		10.4
Rigidity of hours index (0-100)		20.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	Yes	0.67
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	Yes	0.33
What is the paid annual vacation (in working days) for an employee with 20 years of service?	15	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 Colombia

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

STANDARDIZED PROPERTY

Property Value: 512,827,919.23

City: Bogota

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain certificate about history of the property ("Libertad y tradicion")	1 day	no cost
2	A certificate of good standing ("Existencia y Representacion legal") of the company must be obtained at the Chamber of Commerce	1 day	COP 3,500
3	A study of the titles of the property is done by a lawyer	5 days	COP 1,113,000
4	Obtain tax certificates ("predial" and "valorizacion")	1 day	no cost
5	The notary prepares the public deed	8 days	0.27% of property value COP 7,120 for the escritu + COP 26,700 for copies escritura + COP 3,465 t the Superintendency of t Notary + COP 3,465 to t National Fund of the Not
6	Pay registration fees at the bank counter in the registry	1 day	1% of property value (Registry Tax) + 0.5% c property value (Registrati Fee)
7	The public deed must be registered at the Registry Office	3 days	already paid in procedur

Procedure 1 Obtain certificate about history of the property ("Libertad y tradicion")

Time to complete: 1 day

Cost to complete: no cost

Comment: It is possible to obtain online the certificado de libertad y tradición. This certificate with the ownership history (at least 20 years) of the property ("Certificado de Tradición") can also be obtained at the corresponding registry office. Fees are set by Decree 2280 of 2008.
For properties with no liens, the certificate obtained and printed out from the internet at the notary's offices can now be submitted to the Land Registry.

Procedure 2 A certificate of good standing ("Existencia y Representacion legal") of the company must be obtained at the Chamber of Commerce

Time to complete: 1 day

Cost to complete: COP 3,500

Comment: When the parties are companies, a certificate of good standing ("Certificado de Existencia y Representación legal de la Compañía") of the company must be requested at the Chamber of Commerce. This certificate does not have an expiration date for its validity, but some entities, such banks or authorities, request for certificates issued with less than three months in order to obtain updated information.

Procedure 3 A study of the titles of the property is done by a lawyer

Time to complete: 5 days

Cost to complete: COP 1,113,000

Comment: A lawyer, usually external to the company, will make a study of the past titles of the property and about the history of the owners to carry out the transaction.
The study of the titles is not mandatory, but it takes place almost always for the transactions that follow these assumptions.

The documentation shall include:

The lawyer must be provided with the certificates obtained in Procedures 1 and 2 and with a copy of the company's shareholders act authorizing its representative to act on their behalf.

Procedure 4 Obtain tax certificates ("predial" and "valorizacion")

Time to complete: 1 day

Cost to complete: no cost

Comment: From the VUR website, it is now possible to see and obtain online the "certificado de paz y salvo predial" (stating municipal property taxes have been paid from Urban Development Institute -IDU) and the "certificado de paz y salvo de valorización" (taxes related to increases in the value of the property due to constructions, roads, etc).

For properties with no liens, the certificates obtained and printed out from the internet at

the notary's offices can now be submitted to the Land Registry. Notaries have a special login to access these certificates. This certificate has no cost if requested online and can be obtained by submitting the "chip catastral".
The VUR website is: <http://www.registratupropiedad.com/>

Procedure 5 The notary prepares the public deed

Time to complete: 8 days

Cost to complete: 0.27% of property value + COP 7,120 for the escritura + COP 26,700 for copies of escritura + COP 3,465 to the Superintendency of the Notary + COP 3,465 to the National Fund of the Notary

Comment: The notary public will prepare the final public deed with all the documentation previously obtained by the parties

The participation of a notary in the preparation of the public deed is mandatory by law, and his fees are also established by law (0.27% of property value + other indicated fees).

The standard preliminary deed "minuta" that can be prepared by the parties can be obtained for free in the notaries offices or online at http://www.registratupropiedad.com/index.php?option=com_content&view=article&id=71&Itemid=76

The minuta establishes the terms of the sale between parties. It is not mandatory, but it is normally prepared by a lawyer. If parties prepare the minuta, the notary will review it while preparing the public deed. The documentation presented shall include: certificates of good standing (procedure 2), of municipal tax payments (procedure 4), and the Board of directors minutes authorizing the sale and purchase of each property respectively for each limited liability company.

Procedure 6 Pay registration fees at the bank counter in the registry

Time to complete: 1 day

Cost to complete: 1% of property value (Registry Tax) + 0.5% of property value (Registration Fee)

Comment: The "registry tax" or "Impuesto de Registro" can be paid at the registry office in the city of Bogotá and other large cities, where the commercial bank in charge of collection of this tax has installed a branch for this purpose. In smaller cities it will have to be paid prior to registration in a commercial bank. Despite its name, the "Impuesto de Registro" is a tax that goes to finance state-level programs on public health. It is not a fee for a service but a tax.

Procedure 7 The public deed must be registered at the Registry Office

Time to complete: 3 days

Cost to complete: already paid in procedure 6

Comment: After the "registry tax" is paid, the public deed prepared by the notary must be registered at the Registry Office for its validity. After registration, the new public deed is automatically sent (internal procedure) to the Office of the Cadastre to register the change of ownership.

Getting Credit in Colombia

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

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage		60.5	0.0
Number of individuals	18,433,900		0
Number of firms	626,838		0

Strength of legal rights index (0-10)		5
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		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?		No

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

No

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

No

Protecting Investors in Colombia

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

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	8
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	3
Immediate disclosure to the public and/or shareholders (0-2; see notes)	2
Disclosures in published periodic filings (0-2; see notes)	1
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)	8
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)	1
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)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

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

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

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Colombia, 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
Stamp duty	1						
Labor risk insurance	0	paid jointly		0.00522	gross salaries		
Welfare security system	0	paid jointly		0.08	gross salaries		
Value added tax (VAT)	6		66	16.00%	value added		
Real estate tax	1			0,002% to 0.033%	assessed real estate value	0.03	
Vehicle tax	1			fixed fee		0.16	
Fuel tax	1			0.06	consumption value	0.20	
Financial transactions tax	1			0%	withdrawals from bank account	6.57	
Payroll tax	0	paid jointly		0.09	gross salaries	10.15	
Corporate income tax	2		40	34%	taxable profit	17.72	
Municipal tax	6			0%	gross income	20.15	
Social security contributions	1		102	12%	gross salaries	23.71	
Totals	20		208			78.7	

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 Colombia

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	5	350
Customs clearance and technical control	2	250
Ports and terminal handling	3	170
Inland transportation and handling	4	1000
Totals	14	1770

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	7	330
Customs clearance and technical control	2	250
Ports and terminal handling	2	170
Inland transportation and handling	3	1000
Totals	14	1750

Export

Bill of lading

Certificate of origin

Commercial invoice

Customs export declaration

Inspection report

Packing list

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration

Inspection report

Technical standard

Terminal handling receipts

Enforcing Contracts in Colombia

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

Nature of Procedure (2009)	Indicator
Procedures (number)	34
Time (days)	1346
Filing and service	68.0
Trial and judgment	913.0
Enforcement of judgment	365.0
Cost (% of claim)*	52.60
Attorney cost (% of claim)	23.2
Court cost (% of claim)	12.6
Enforcement Cost (% of claim)	16.8

Court information: Bogota Civil Municipal Court ("Juzgado Civil Municipal de Bogotá")

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



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