

Doing Business 2011

Lao PDR

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth 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 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. 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, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for Lao PDR. The data used for this economy 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 2011: Making a Difference for Entrepreneurs* 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).

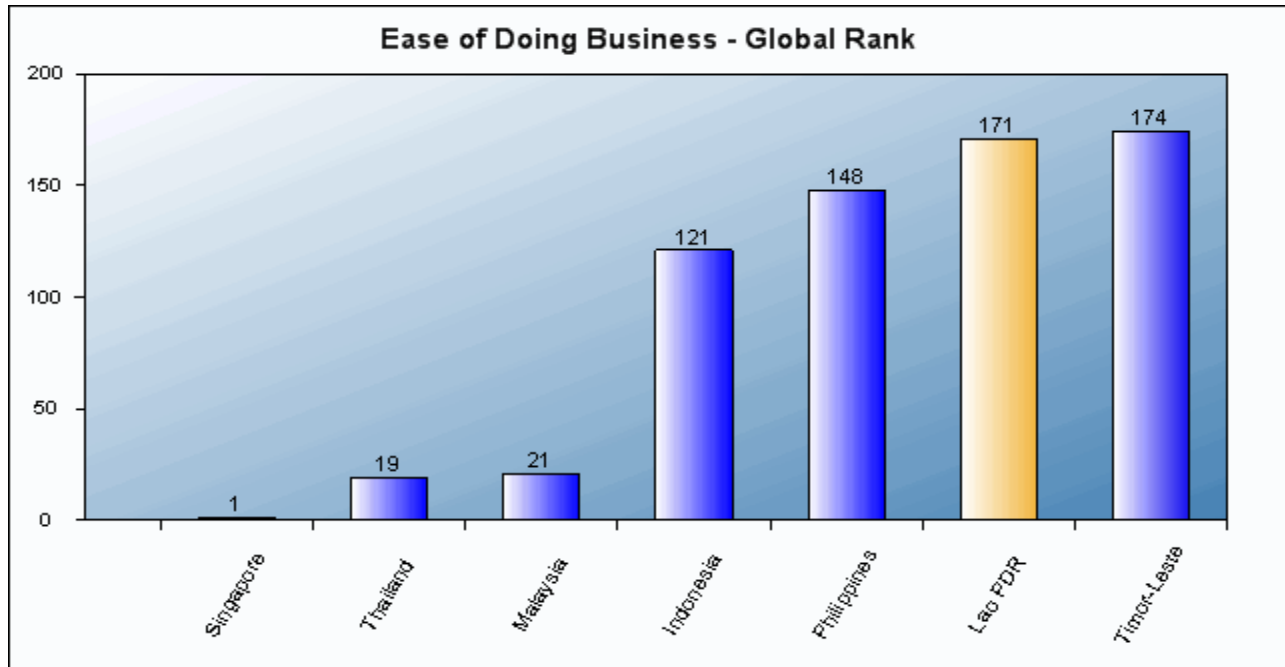
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Lao PDR is ranked 171 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Lao PDR's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	171
Starting a Business	93
Dealing with Construction Permits	115
Registering Property	163
Getting Credit	152
Protecting Investors	182
Paying Taxes	116
Trading Across Borders	170
Enforcing Contracts	110
Closing a Business	183

Summary of Indicators - Lao PDR

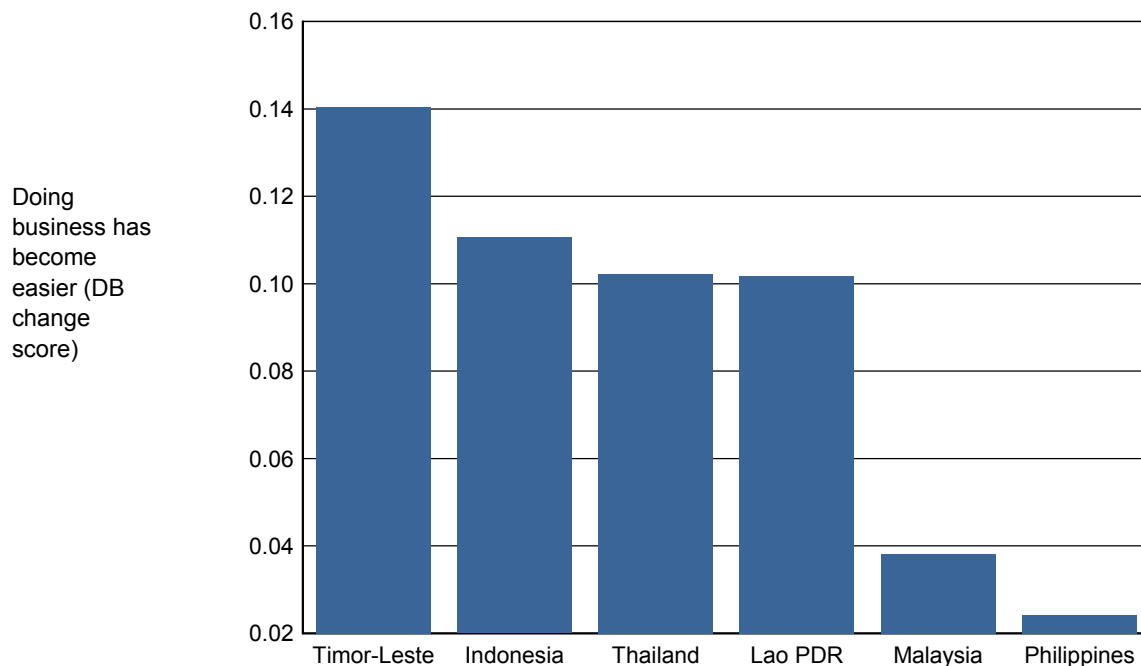
Starting a Business	Procedures (number)	7
	Time (days)	100
	Cost (% of income per capita)	11.3
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	24
	Time (days)	172
	Cost (% of income per capita)	131.3
Registering Property	Procedures (number)	9
	Time (days)	135
	Cost (% of property value)	4.1
Getting Credit	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	2
	Extent of director liability index (0-10)	1
	Ease of shareholder suits index (0-10)	2
	Strength of investor protection index (0-10)	1.7
Paying Taxes	Payments (number per year)	34
	Time (hours per year)	362
	Profit tax (%)	25.2
	Labor tax and contributions (%)	5.6
	Other taxes (%)	2.9
	Total tax rate (% profit)	33.7
Trading Across Borders	Documents to export (number)	9
	Time to export (days)	48
	Cost to export (US\$ per container)	1860
	Documents to import (number)	10
	Time to import (days)	50
	Cost to import (US\$ per container)	2040

Enforcing Contracts	Procedures (number)	42
	Time (days)	443
	Cost (% of claim)	31.6
Closing a Business	Recovery rate (cents on the dollar)	0.0
	Time (years)	no practice
	Cost (% of estate)	no practice

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators-such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

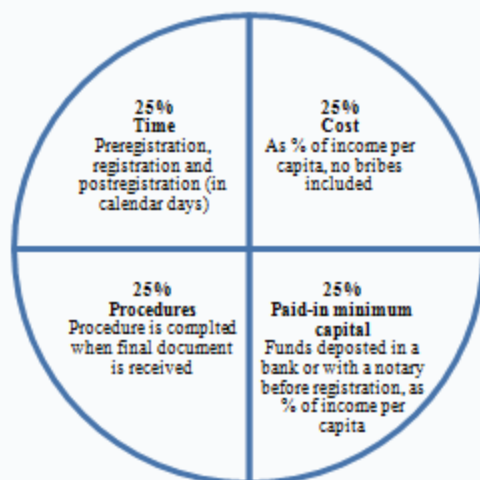
Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

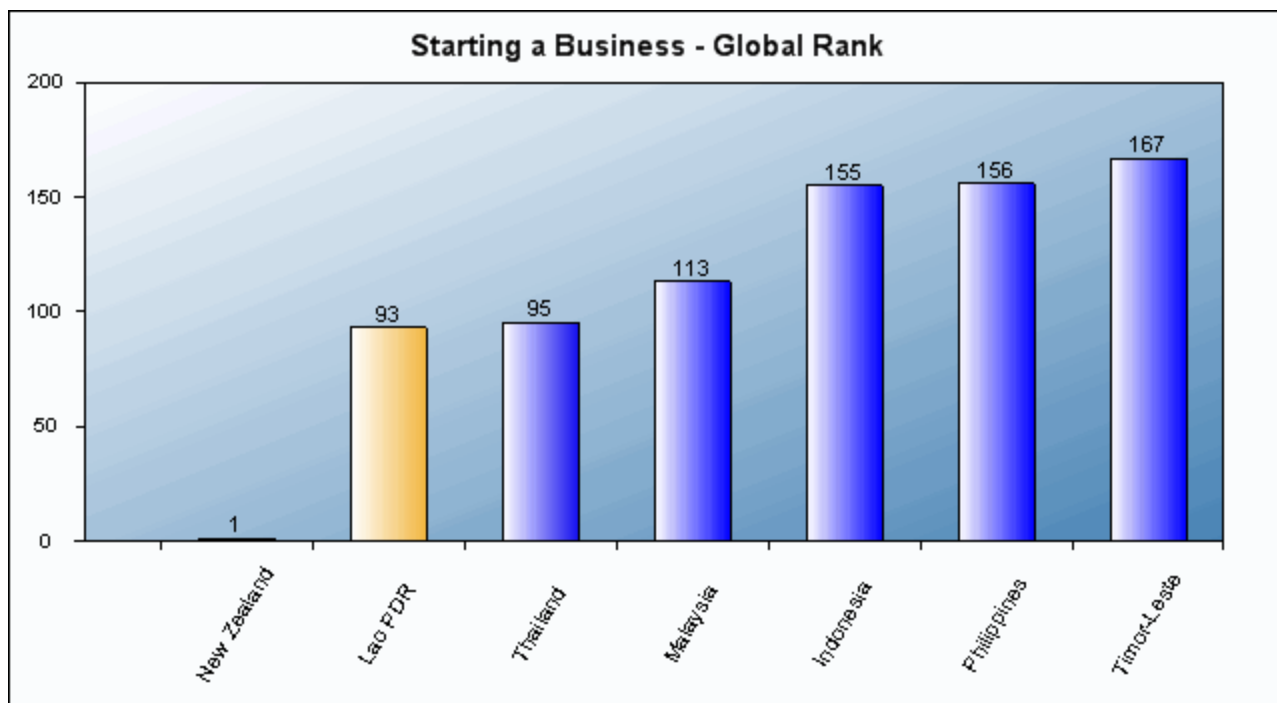
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- 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 at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

Lao PDR is ranked 93 overall for Starting a Business.

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



The following table shows Starting a Business data for Lao PDR 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>				
Lao PDR	7	100	11.3	0.0

<i>Comparator Economies</i>				
Indonesia	9	47	22.3	53.1
Malaysia	9	17	17.5	0.0
Philippines	15	38	29.7	6.0
Thailand	7	32	5.6	0.0
Timor-Leste	10	83	18.4	921.3

* The following economies are also good practice economies for :

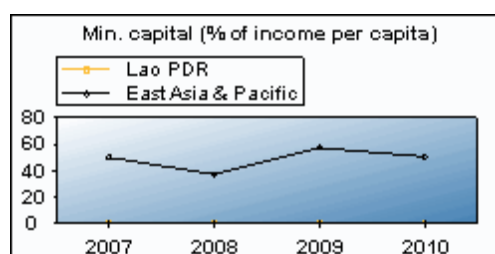
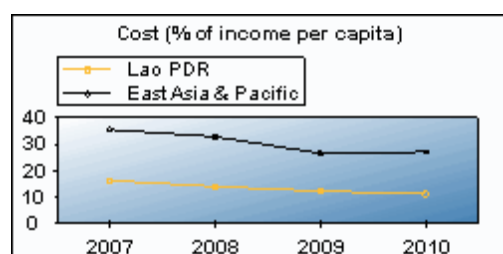
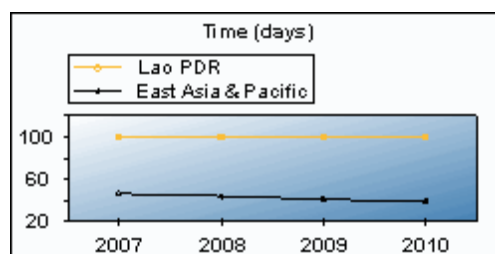
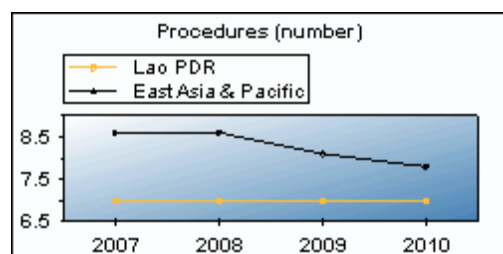
Procedures (number): **Canada**

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

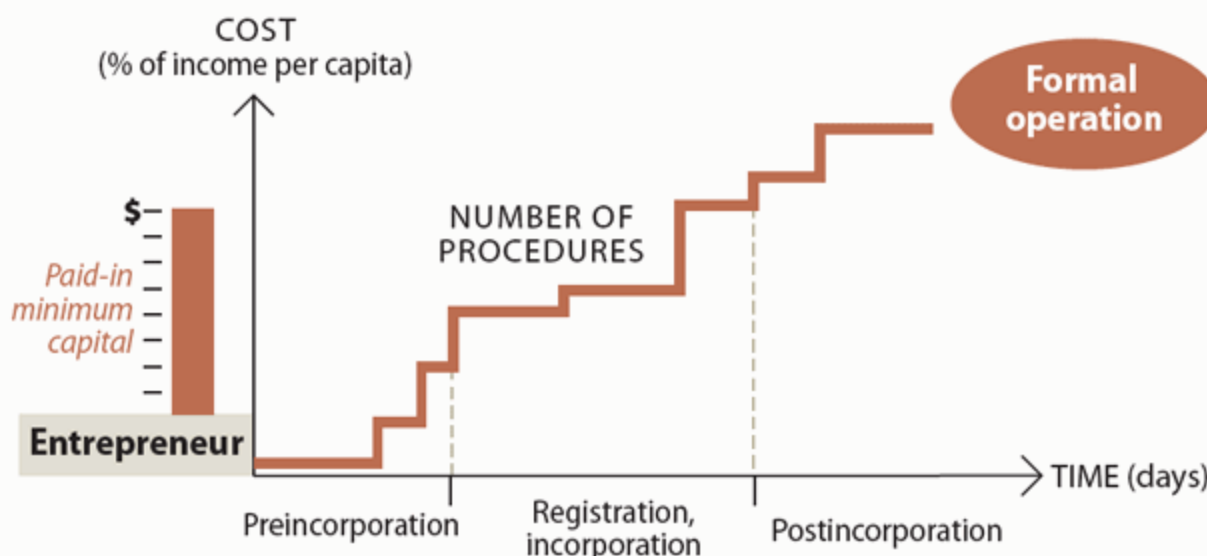
2. Historical data: Starting a Business in Lao PDR

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	87	93
Procedures (number)	7	7	7	7
Time (days)	100	100	100	100
Cost (% of income per capita)	16.3	14.0	12.3	11.3
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Starting a Business sub indicators in Lao PDR over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



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

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Vientiane

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Apply for a Name Reservation Certificate	1	LAK 30,000
2	Apply for a Domestic Investment License and Approval of Articles of Association	30	LAK 50,000
3	Apply for an Enterprise Registration Certificate	10	LAK 500,000
4	Apply for a Tax Registration Certificate	2	LAK 175,000
5	Obtain Approval of Company Sign	5	LAK 10,000
6	Carve a company seal	45	LAK 120,000
7	Register the workers for social security	7	no charge

Starting a Business Details - Lao PDR

Procedure	1	Apply for a Name Reservation Certificate
Time to complete:	1	
Cost to complete:	LAK 30,000	
Comment:	As of 8 August 2008, it is required to obtain a Name Reservation Certificate from the Enterprise Registry Office ("ERO") within the Ministry of Industry and Commerce ("MOIC"). This is required pursuant to Notification No. 1238/MOC.DT, dated 28 July 2008. This notification requires all companies to obtain a Name Reservation Certificate before applying to the ERO for an Enterprise Registration Certificate. A completed Application for Reservation of Company Name, listing three potential names for the company to be established, and a signed Contract of Incorporation (if there are multiple shareholders) in the format approved by the MOIC must be submitted to the ERO in order to obtain a Name Reservation Certificate.	
Procedure	2	Apply for a Domestic Investment License and Approval of Articles of Association
Time to complete:	30	
Cost to complete:	LAK 50,000	
Comment:	<p>Since the Enterprise Law became effective in April 2006, the requirement for all firms to obtain an approval from the respective ministry before registering an enterprise was removed. Only companies with sensitive activities must obtain prior approval from the relevant line ministries before registering with the Ministry of Industry and Commerce. The Registrar also approves the articles of association during the company registration process at the Ministry of Industry and Commerce.</p> <p>The new Prime Minister's Decree No. 67 on the implementation of the Manufacturing Law, which was issued and became effective on April 12, 2006, specifically abolished the requirement for manufacturers to obtain an establishment license, which was originally defined as a necessary procedure to establish manufacturing businesses in Lao PDR under Ministerial Decree 103 (dated February 21, 1992). Under Decree No. 67, manufacturers are, however, required to obtain an operating license as part of the business startup process. According the existing regulations, this operating license shall be issued within 30 days of the day of entrepreneurs' submission of applications.</p> <p>In addition, Ministerial Decision No. 1301/MOIC, dated July 30, 2007 under Article 6, Paragraph 6.3, provided that "...relevant Office of Industry and Commerce must consider and issue Operational License for manufacturing business within 10 days from the date when entrepreneurs submit their application as appropriate." However it takes up to 30 days in practice.</p>	
Procedure	3	Apply for an Enterprise Registration Certificate
Time to complete:	10	
Cost to complete:	LAK 500,000	
Comment:	In April 2006, the Business Law was replaced by the Enterprise Law. Founders shall present an application to form and register the company to the Enterprise Registry Office in the Domestic Commerce Department, Ministry of Industry and Commerce. Upon receipt of an application, the	

Enterprise Registry Office and other concerned sector agencies shall rapidly make a determination (within 10 days). If the proposed type of business is listed in the restricted register, the Enterprise Registry Office must immediately forward the application to the relevant sector in the responsible ministry. The sector authority must make a determination within 10 working days, except for some types of business that require more time for technical or substantive inspection. Subsequently, according to Article 14 of the Enterprise Law, the Enterprise Registry Office must make a determination on whether to issue the enterprise registration within 3 working days.

Procedure 4 Apply for a Tax Registration Certificate

Time to complete: 2

Cost to complete: LAK 175,000

Comment: Pursuant to Tax Law No. 04/NA, dated 19 May 2005 (the "Tax Law"), enterprises operating in Lao PDR are subject to direct and indirect taxes. Direct taxes are profit tax, income tax, and fees. Indirect taxes are business turnover tax and use tax. Once a Tax Registration Certificate is obtained, it must be renewed annually. The fee for the Tax Registration Certificate depends on the annual income of the Company. The fee for a company with an annual business turnover of US \$58,000 is 150,000 LAK. The application fee is 25,000 LAK.

Procedure 5 Obtain Approval of Company Sign

Time to complete: 5

Cost to complete: LAK 10,000

Comment: Companies must obtain approval from the Ministry of Information and Culture before making a sign with the company name. The official fee is based on a cost per square centimeter, depending on the type of sign. The application cost is 10,000 LAK.

Procedure 6 Carve a company seal

Time to complete: 45

Cost to complete: LAK 120,000

Comment: The application form for making the company seal is 10,000 LAK, The cost for the certificate authorizing the design in 60,000 LAK. The carving of a seal in Lao language only is 50,000 LAK, and the carving of a seal in Lao and in another language is 53,000 LA. The total time takes around 45 days.

Procedure 7 Register the workers for social security

Time to complete: 7

Cost to complete: no charge

Comment: The application form to register workers for social security insurance is available at the agency in charge of registration (the Social Security Organization, Ministry of Labor and Social Welfare). According to Social Security Decree No. 207/PM (dated December 23, 1999), employees and employers must participate in the compulsory social security regime. They may not enter into mutual agreements to avoid participation in the social security regime. The social security regime for company employees is established on the principle of state-guaranteed insurance. Decree No. 207/PM applies to (a) employers who have 10 or more employees; and (b) work units with fewer than 10 employees, provided that the work unit is a branch of a large labor unit. Contributions to the social security regime are paid by both the employers and employees: 5.0% of gross salary is to be contributed for social security by the employer and another 4.5%, by the employee. The maximum ceiling for calculating these contributions is LAK 1,500,000 (5% and 4.5% of LAK 1,500,000).

In many economies, especially developing 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.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

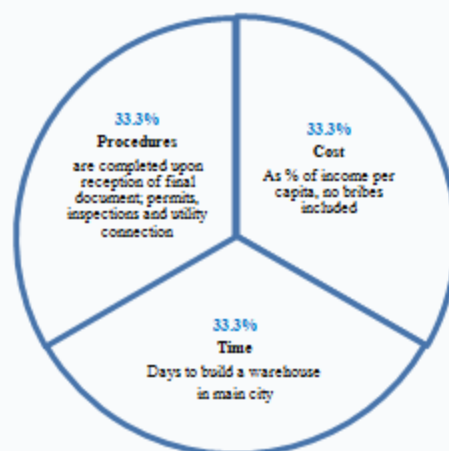
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- 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 a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

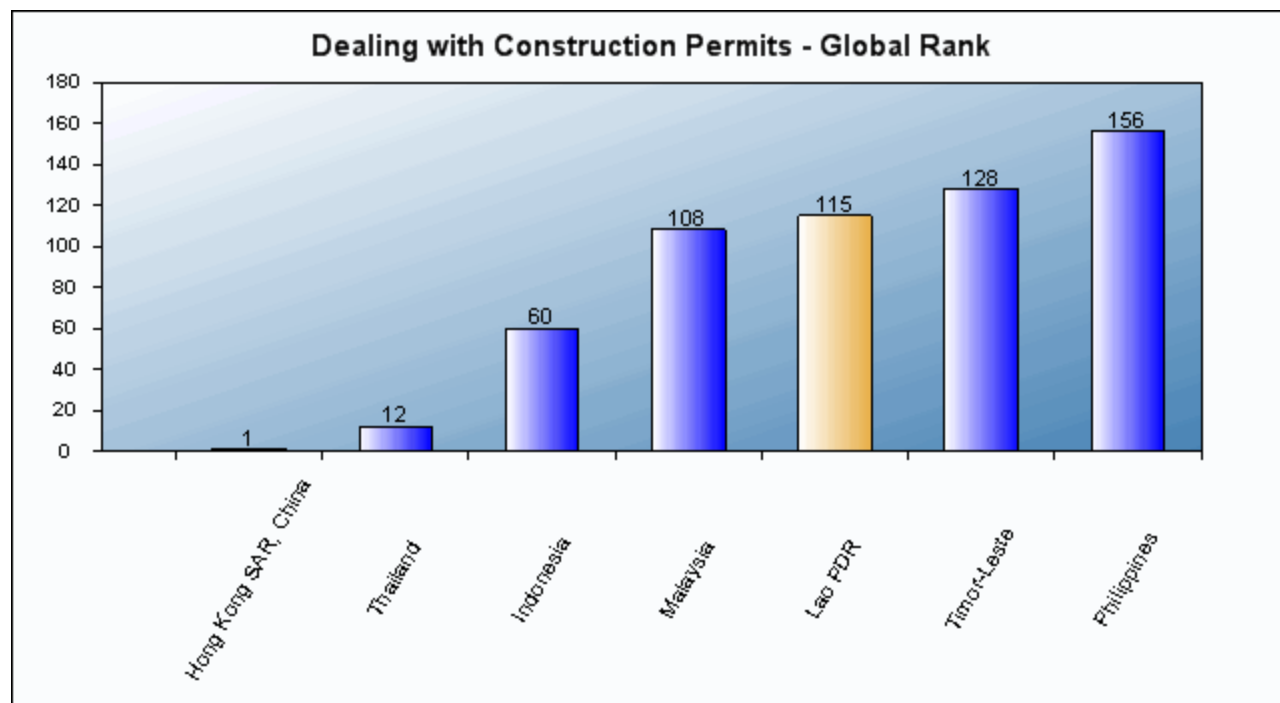
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Lao PDR is ranked 115 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.8
Singapore		25	

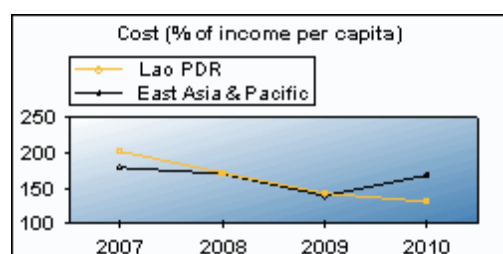
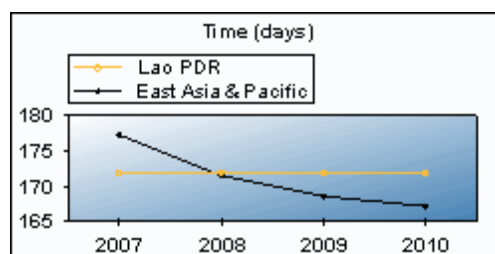
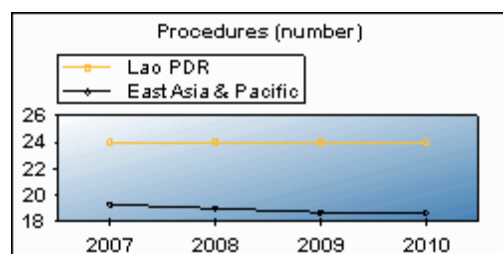
<i>Selected Economy</i>			
Lao PDR	24	172	131.3

<i>Comparator Economies</i>			
Indonesia	14	160	173.3
Malaysia	25	261	7.9
Philippines	26	169	778.5
Thailand	11	156	9.5
Timor-Leste	22	208	138.2

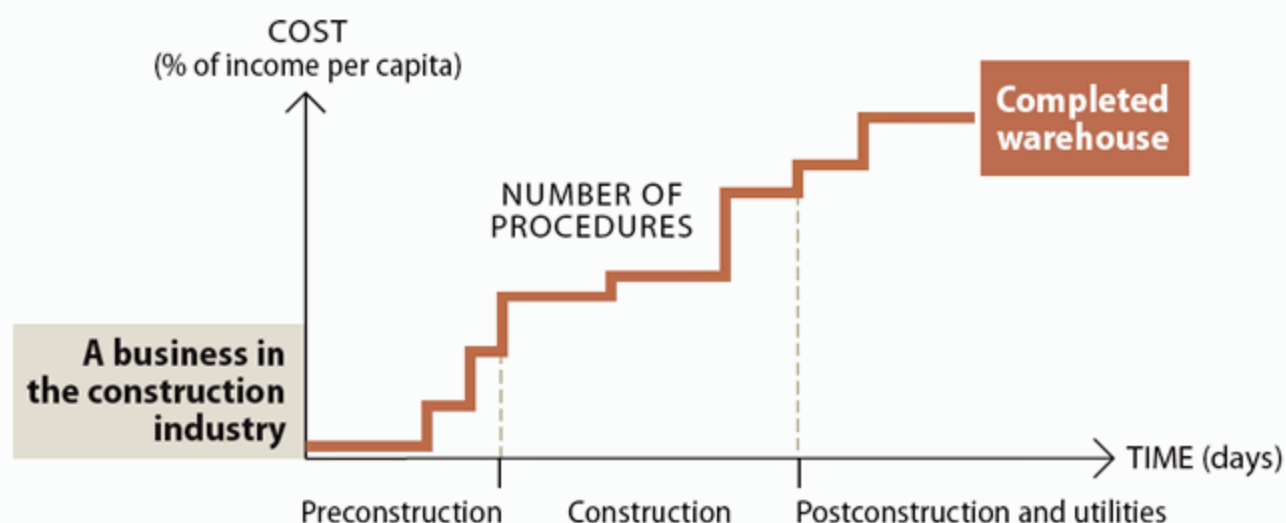
2. Historical data: Dealing with Construction Permits in Lao PDR

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	114	115
Procedures (number)	24	24	24	24
Time (days)	172	172	172	172
Cost (% of income per capita)	202.4	172.1	142.9	131.3

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Lao PDR over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



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

BUILDING A WAREHOUSE

City: Vientiane

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Purchase the application forms for a building permit	1 day	LAK 20,000
2	Request and obtain residence certificate from village chief	1 day	LAK 40,000
3	Request and obtain a map delineating the location of the construction site, and a map delineating the technical characteristics of the ground	14 days	LAK 60,000
4	Submit the building permit application to the district construction division	1 day	LAK 50,000
5	Receive a pre-approval inspection by the district construction division	1 day	no charge
6	Receive a pre-approval inspection from the Vientiane Prefecture	1 day	no charge
7	Obtain a building permit from Vientiane Prefecture	30 days	LAK 710,300
8	Receive an inspection by the Construction Management Committee - I	1 day	no charge

9	Receive an inspection by the Construction Management Committee - II	1 day	no charge
10	Receive an inspection by the Construction Management Committee - III	1 day	no charge
11	Receive inspection by the Construction Management Committee - IV	1 day	no charge
12	Receive an inspection by the Construction Management Committee - V	1 day	no charge
13	Receive an inspection by the Construction Management Committee - VI	1 day	no charge
14	Receive an inspection by the Construction Management Committee - VII	1 day	no charge
15	Receive an inspection by the Construction Management Committee - VIII	1 day	no charge
16	Receive an inspection by the Construction Management Committee - IX	1 day	no charge
17	Receive an inspection by the Construction Management Committee - X	1 day	no charge
18	Receive an inspection by the Construction Management Committee - XI	1 day	no charge
19	Receive an inspection by the Construction Management Committee - XII	1 day	no charge
20	Request and receive final inspection by the Construction Management Committee	1 day	no charge
21	Obtain a certificate of completion of construction	20 days	no charge
22 *	Request and receive connection to electricity	90 days	LAK 5,500,000
23 *	Request and receive connection to water and sewerage services	45 days	LAK 3,000,000
24 *	Request and receive connection to telephone service	30 days	LAK 900,000

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Lao PDR

Procedure	1	Purchase the application forms for a building permit
Time to complete:	1 day	
Cost to complete:	LAK 20,000	
Agency:	District Construction Division	
Comment:	BuildCo should purchase the application forms to apply for a building permit from the district construction division. Vientiane Prefecture is divided into four districts, which are further subdivided into villages.	
Procedure	2	Request and obtain residence certificate from village chief
Time to complete:	1 day	
Cost to complete:	LAK 40,000	
Agency:	Village Chief	
Comment:	BuildCo must obtain a residence certificate certifying that the applicant (the company's manager) has a permanent address.	
Procedure	3	Request and obtain a map delineating the location of the construction site, and a map delineating the technical characteristics of the ground
Time to complete:	14 days	
Cost to complete:	LAK 60,000	
Agency:	District Land Management Authority	
Comment:	BuildCo must obtain from the district land management authority a map (on a scale from 1:5,000 to 1:20,000) delineating the location of the construction site. In addition, the company must obtain from the same authority a map (on a scale from 1:5,000 to 1:20,000) delineating the technical characteristics of the plot: surrounding streets and inner ways, existing buildings, walls, electricity poles, and the like.	
Procedure	4	Submit the building permit application to the district construction division
Time to complete:	1 day	
Cost to complete:	LAK 50,000	
Agency:	District Construction Division	
Comment:	BuildCo must submit the application for a building permit, along with a copy of the land title and documents described above (four copies of each). The district construction division inspects the property. If the inspectors approve the application, the head of the district will sign the approval. For buildings larger than 200 sq. m., the district chief sends a letter to the prefect of Vientiane Prefecture for final approval; the district construction division notifies the applicant that the letter has been forwarded to the Prefecture.	
Procedure	5	Receive a pre-approval inspection by the district construction division

Time to complete:	1 day
Cost to complete:	no charge
Agency:	District Construction Division
Comment:	The district construction division inspects the property. If the inspectors approve the application, the head of the district signs the approval. For buildings larger than 200 sq. m., the district chief sends a letter to the Vientiane Prefecture's Office of Building and Urban Planning for final approval; the district construction division notifies the applicant that the letter has been forwarded to the Prefecture.

Procedure 6 Receive a pre-approval inspection from the Vientiane Prefecture

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Vientiane Capital
Comment:	The inspectors verify that the construction plan complies with building regulations.

Procedure 7 Obtain a building permit from Vientiane Prefecture

Time to complete:	30 days
Cost to complete:	LAK 710,300
Agency:	Vientiane Capital
Comment:	After the plan is approved, the Office of Building and Urban Planning of Vientiane Capital contacts the applicant to pick up the permit. If the Prefecture does not contact the applicant within 30 days, the plan is deemed approved.

Procedure 8 Receive an inspection by the Construction Management Committee - I

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Committee for Management of Construction
Comment:	The inspection committee may inspect the construction site several times before, during, and after construction. The committee may conduct any of the following inspections: pre-construction; excavation work; foundations work; concrete work; steel work for slabs; frame; damp-proof course; drainage; timber scaffolding; electrical; plumbing (water); environmental; sanitary (sewage); surroundings of the building; structure; final inspection.

Procedure 9 Receive an inspection by the Construction Management Committee - II

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Committee for Management of Construction

Comment:

Procedure	10	Receive an inspection by the Construction Management Committee - III
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	11	Receive inspection by the Construction Management Committee - IV
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	12	Receive an inspection by the Construction Management Committee - V
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	13	Receive an inspection by the Construction Management Committee - VI
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	14	Receive an inspection by the Construction Management Committee - VII
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	15	Receive an inspection by the Construction Management Committee - VIII
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	16	Receive an inspection by the Construction Management Committee - IX
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	17	Receive an inspection by the Construction Management Committee - X
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	18	Receive an inspection by the Construction Management Committee - XI
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	19	Receive an inspection by the Construction Management Committee - XII
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Time to complete: 1 day

Cost to complete: no charge

Agency: Committee for Management of Construction

Comment:

Procedure	20	Request and receive final inspection by the Construction Management Committee
Time to complete:	1 day	
Cost to complete:	no charge	
Agency:	Committee for Management of Construction	
Comment:	<p>After construction is finished, the project owner or building owner must request in writing for the Construction Management Committee (CMC) to inspect the construction according to the issued building permit. If the construction complies with construction regulations, the Housing and Urban Planning Department, in coordination with State Asset and Housing Department, officially issues a correct construction certificate (a correct construction certificate means a certificate issued by the CMC to certify that the construction complies with the regulation).</p> <p>Regulation No.1512 (dated September 28, 1991) has been replaced by Decision No. 7681 (dated June 29, 2005).</p>	
Procedure	21	Obtain a certificate of completion of construction
Time to complete:	20 days	
Cost to complete:	no charge	
Comment:		
Procedure	22	Request and receive connection to electricity
Time to complete:	90 days	
Cost to complete:	LAK 5,500,000	
Agency:	Electricité du Laos (EDL)	
Comment:	<p>To obtain a permanent power connection after the completion of construction, the applicant must obtain the correct construction certificate (Letter No. 1819/MCTPC, dated November 20, 1991).</p>	
Procedure	23	Request and receive connection to water and sewerage services
Time to complete:	45 days	
Cost to complete:	LAK 3,000,000	
Agency:	Water Supply Authority of Lao PDR (WASA)	
Comment:	<p>To obtain a water and sewerage connection to the land where the building will be constructed, the applicant must enclose the building permit or a correct construction certificate with the application.</p>	
Procedure	24	Request and receive connection to telephone service

Time to complete: 30 days

Cost to complete: LAK 900,000

Agency: Enterprise of Telecommunications Lao (ETL)

Comment: To obtain a telephone connection to the land where the building will be constructed, the applicant must enclose the building permit or a correct construction certificate with the application.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Procedures to legally transfer title on immovable property (number)

- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

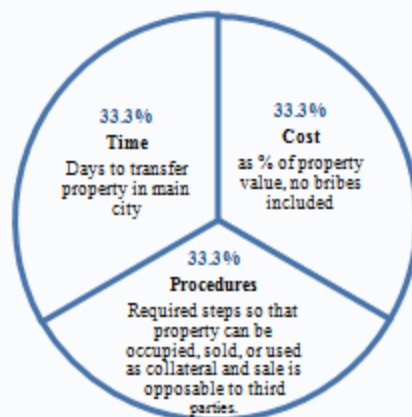
- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

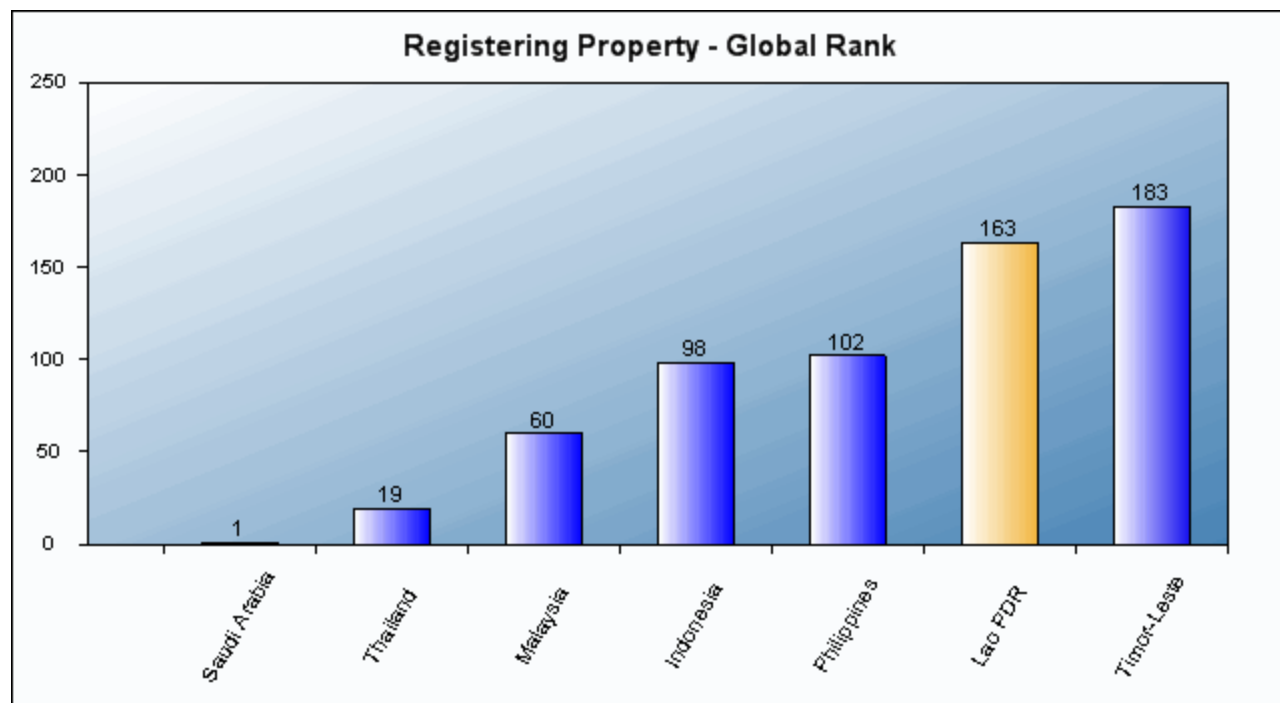
The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

Lao PDR is ranked 163 overall for Registering Property.

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



The following table shows Registering Property data for Lao PDR 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>			
Lao PDR	9	135	4.1

<i>Comparator Economies</i>			
Indonesia	6	22	10.9
Malaysia	5	56	2.5
Philippines	8	33	4.3
Thailand	2	2	4.3
Timor-Leste	no practice	no practice	no practice

* The following economies are also good practice economies for :

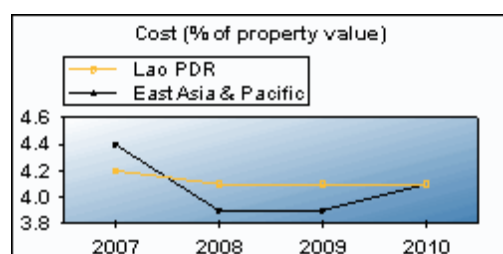
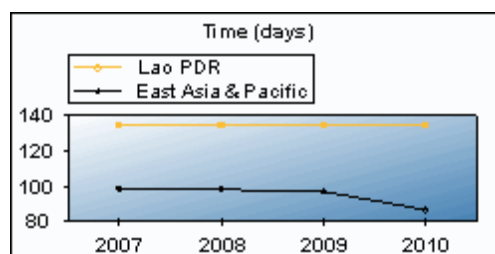
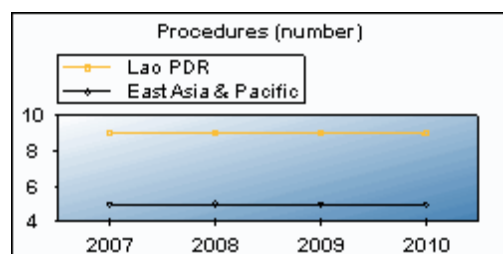
Procedures (number): United Arab Emirates

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

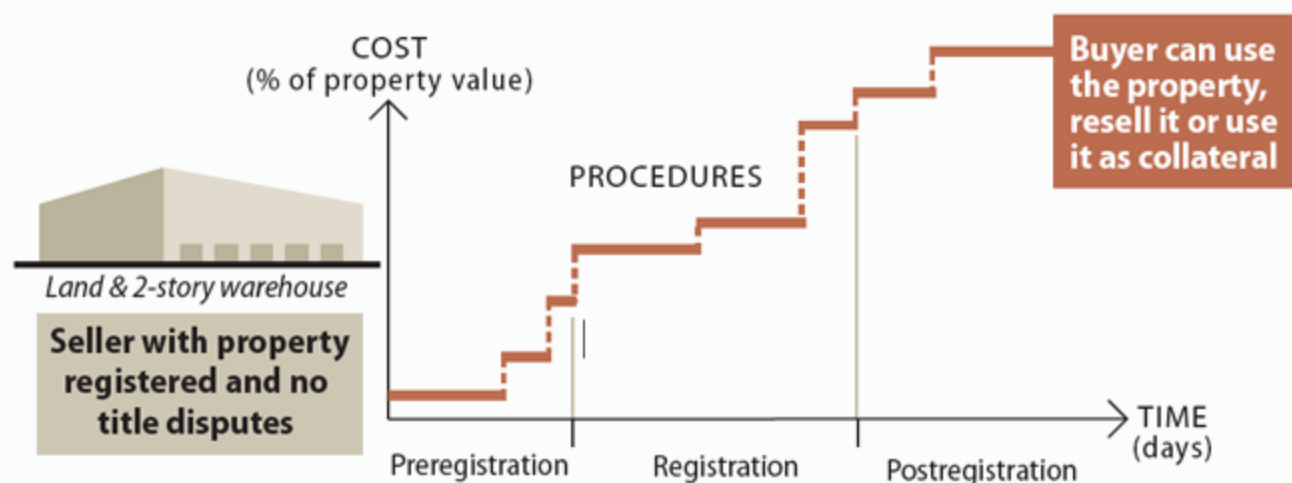
2. Historical data: Registering Property in Lao PDR

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	162	163
Procedures (number)	9	9	9	9
Time (days)	135	135	135	135
Cost (% of property value)	4.2	4.1	4.1	4.1

3. The following graphs illustrate the Registering Property sub indicators in Lao PDR over the past 4 years:



What are the time, cost and number of procedures required to transfer a property between 2 local companies?



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

STANDARDIZED PROPERTY

Property Value: 391,512,500.11

City: Vientiane

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarization of sale-purchase agreement	2-3 days	LAK 186,998 + 1,000 per page (assuming 5 pages)
2	Inspection of the property by a land official	10 days	To be paid in Procedure 3
3	Obtain a certificate of land guarantee and the land map	1 day	LAK 30,000 (certificate) + LAK 30,000 (map)
4	The Village Chief should be informed of the transaction	1 day	Paid in Procedure 6
5	Obtain stamp and signature from the district land office	2 days	Paid in Procedure 6
6	Collect certified information with regard to the purchaser	3-10 days	LAK 50,000

7	Change of the records in the Land Register Book	10 days	LAK 30,000 + LAK 20,000 (stamp duty) + about 1% of property price (transfer tax) + 3% property value (registration fee)
8	Give public notice of the transaction	up to 90 days	LAK 40,000
9	The new land deed is delivered to the buyer by the Land Management Authority	15 days	no cost

Registering Property Details - Lao PDR

Procedure	1	Notarization of sale-purchase agreement
Time to complete:	2-3 days	
Cost to complete:	LAK 186,998 + 1,000 per page (assuming 5 pages)	
Comment:	The signed sale-purchase agreement must be certified by the notary, at the village level, to attest that the land use right has been acquired by transfer. This document will constitute the Land acquisition certificate required for the application for land registration - art. 45 Land Law.	
Procedure	2	Inspection of the property by a land official
Time to complete:	10 days	
Cost to complete:	To be paid in Procedure 3	
Comment:	An inspection by the land official takes place before registration of the property. The duration depends on the availability of the land officers and of the neighbors of the land parcel and generally takes 10 days since several parties are involved. The main issue is the property's contact with neighbors and their agreement.	
Procedure	3	Obtain a certificate of land guarantee and the land map
Time to complete:	1 day	
Cost to complete:	LAK 30,000 (certificate) + LAK 30,000 (map)	
Agency:	District land office and provincial/municipality land office	
Comment:	The buyer should obtain a certificate of land guarantee at the district land office and provincial/municipality land office where the Land Titling Project is being implemented. This will be required for the application for land registration - art. 45 Land Law. The land map is obtained at the province/municipality land office, after measurement of land by the land official in Procedure 2.	
Procedure	4	The Village Chief should be informed of the transaction
Time to complete:	1 day	
Cost to complete:	Paid in Procedure 6	
Comment:	Parties must go to the village where the parcel is located to inform the Village Chief.	
Procedure	5	Obtain stamp and signature from the district land office
Time to complete:	2 days	

Cost to complete:	Paid in Procedure 6
Agency:	District land office
Comment:	Parties must obtain the stamp and signature at the district land office

Procedure 6 Collect certified information with regard to the purchaser

Time to complete:	3-10 days
Cost to complete:	LAK 50,000
Comment:	<p>The purchaser collects the certified statutory document (copy of the contract between the providers of capital, copy of the Enterprise Registry, copy of the articles of association) in order to provide the basic information required for the registration - art. 47 Land Law.</p> <p>The buyer can get the certificate statutory document at district or province/municipality land offices. Before that, he must go to different places to get the certificate: first to the village where the parcel is located to inform the Village Chief, then to the district land office for the stamp and signature and then to the province/municipality land office to obtain the certificate.</p>

Procedure 7 Change of the records in the Land Register Book

Time to complete:	10 days
Cost to complete:	LAK 30,000 + LAK 20,000 (stamp duty) + about 1% of property price (transfer tax) + 3% property value (registration fee)
Comment:	

Procedure 8 Give public notice of the transaction

Time to complete:	up to 90 days
Cost to complete:	LAK 40,000
Comment:	There must be publication of an information notice at the village and district offices, and in the media - art. 49 Land Law. The parties must wait for up to 90 days to continue with the registration process, as long as no objection is presented during that period.

Procedure 9 The new land deed is delivered to the buyer by the Land Management Authority

Time to complete:	15 days
Cost to complete:	no cost
Agency:	Land Management Authority
Comment:	If no claim from third party occurs - according to art. 49 of the Land Law, the buyer receives his new title. This procedure may take longer if there is a dispute on the ownership.

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the 'information asymmetry' in lending and enable lenders to view a borrower's financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor's rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam's new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors' rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

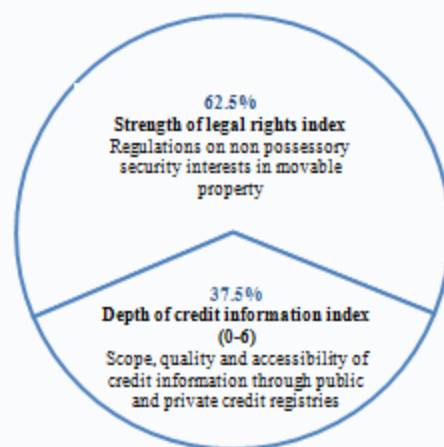
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of adult population

Getting Credit: collateral rules and credit information



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

Case Study Assumptions (applying to the Legal Rights Index only)

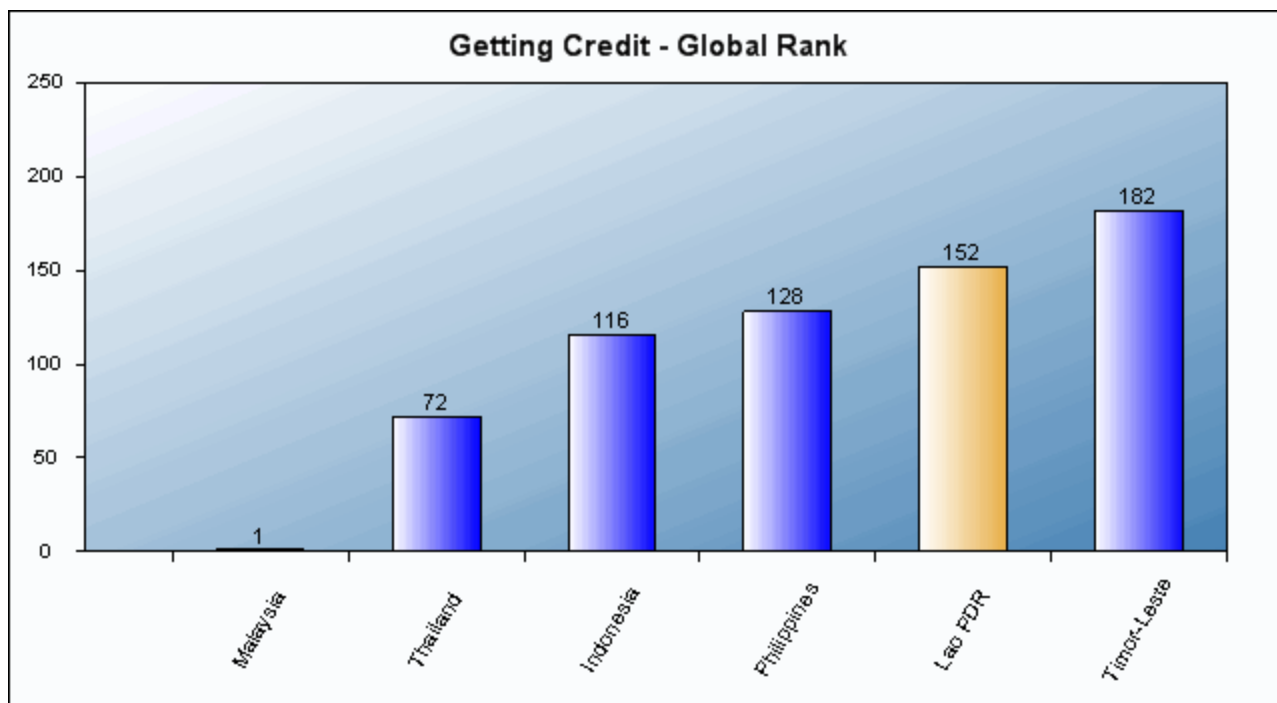
The Debtor

- 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 creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

Lao PDR is ranked 152 overall for Getting Credit.

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



The following table shows Getting Credit data for Lao PDR 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			67.1	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Lao PDR	4	0	0.0	0.0

<i>Comparator Economies</i>				
Indonesia	3	4	25.2	0.0
Malaysia	10	6	62.0	100.0
Philippines	3	3	0.0	7.4
Thailand	4	5	0.0	35.7
Timor-Leste	1	0	0.0	0.0

* The following economies are also good practice economies for :

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

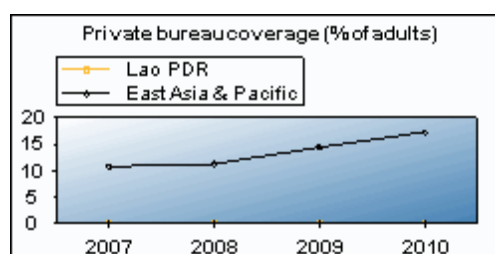
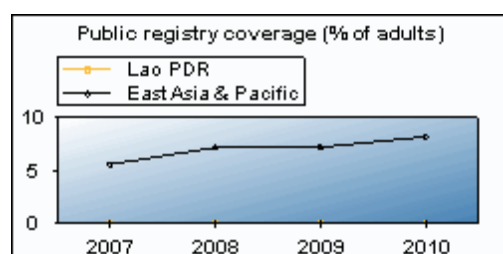
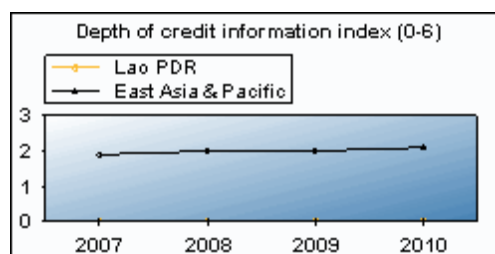
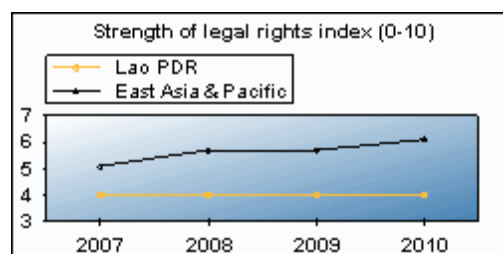
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

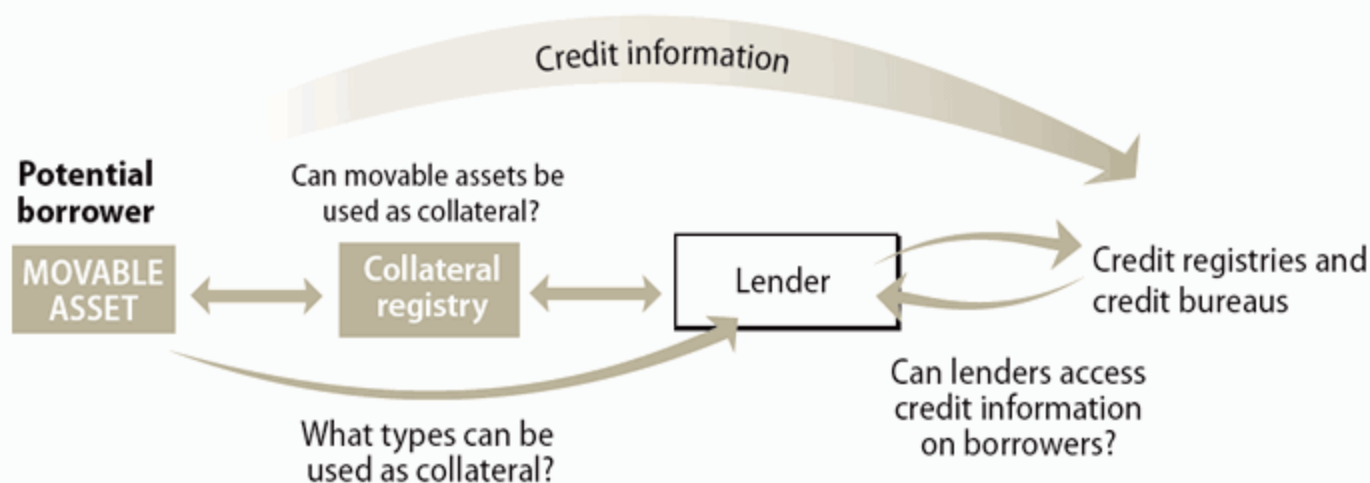
2. Historical data: Getting Credit in Lao PDR

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	150	152
Strength of legal rights index (0-10)	4	4	4	4
Depth of credit information index (0-6)	0	0	0	0
Private bureau coverage (% of adults)	0.0	0.0	0.0	0.0
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in Lao PDR over the past 4 years:



Do lenders have credit information on entrepreneurs seeking credit? Is the law favorable to borrowers and lenders using movable assets as collateral?



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	0
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	0.0	0.0	
Number of individuals		0	0
Number of firms		0	0

Strength of legal rights index (0-10)**4**

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 movable assets, without requiring a specific description of collateral?	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 collateral?	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	No
Does the law authorize parties to agree on out of court enforcement?	Yes

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

Some reform outcomes

In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).

After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

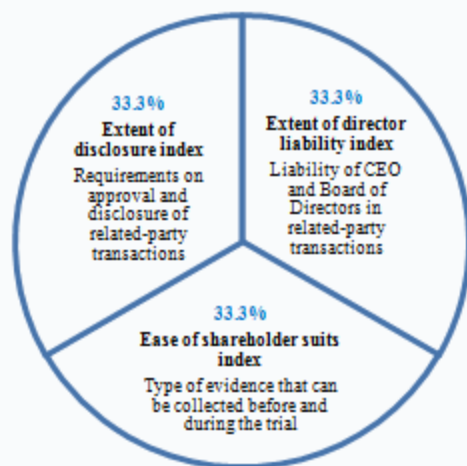
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

- Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders).
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

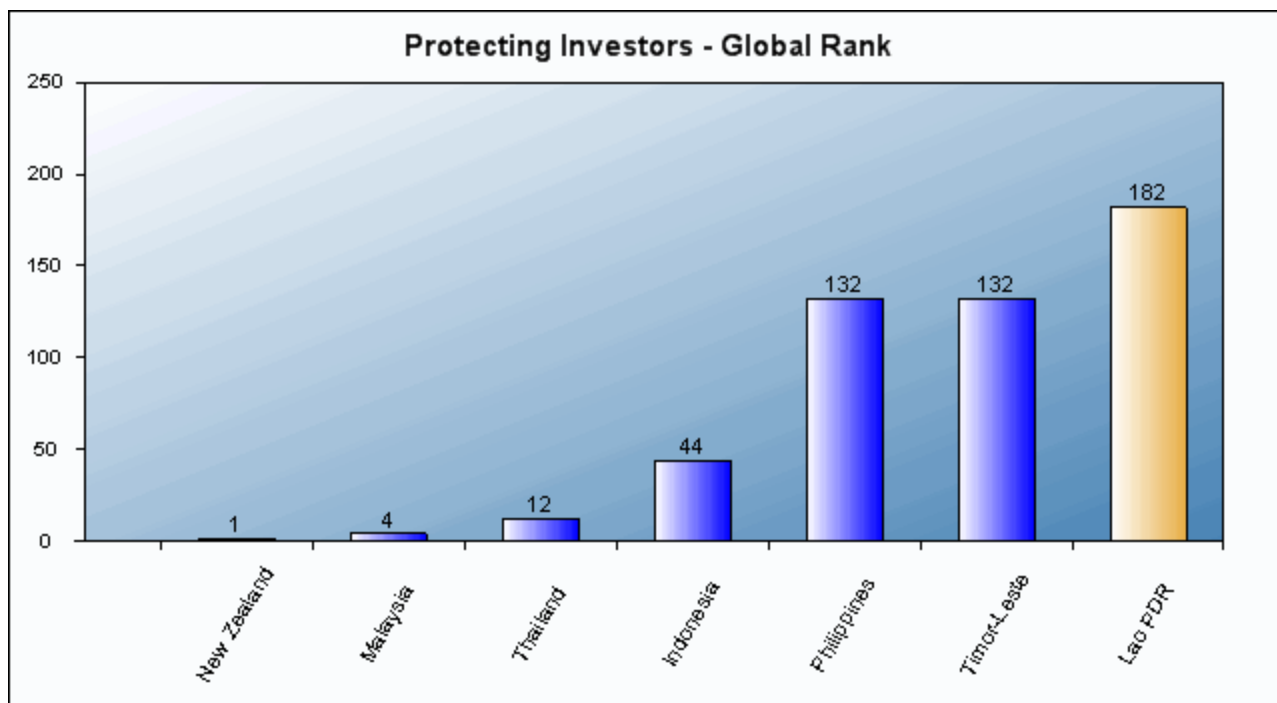
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Lao PDR is ranked 182 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Lao PDR compared to good practice and comparator economies:

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

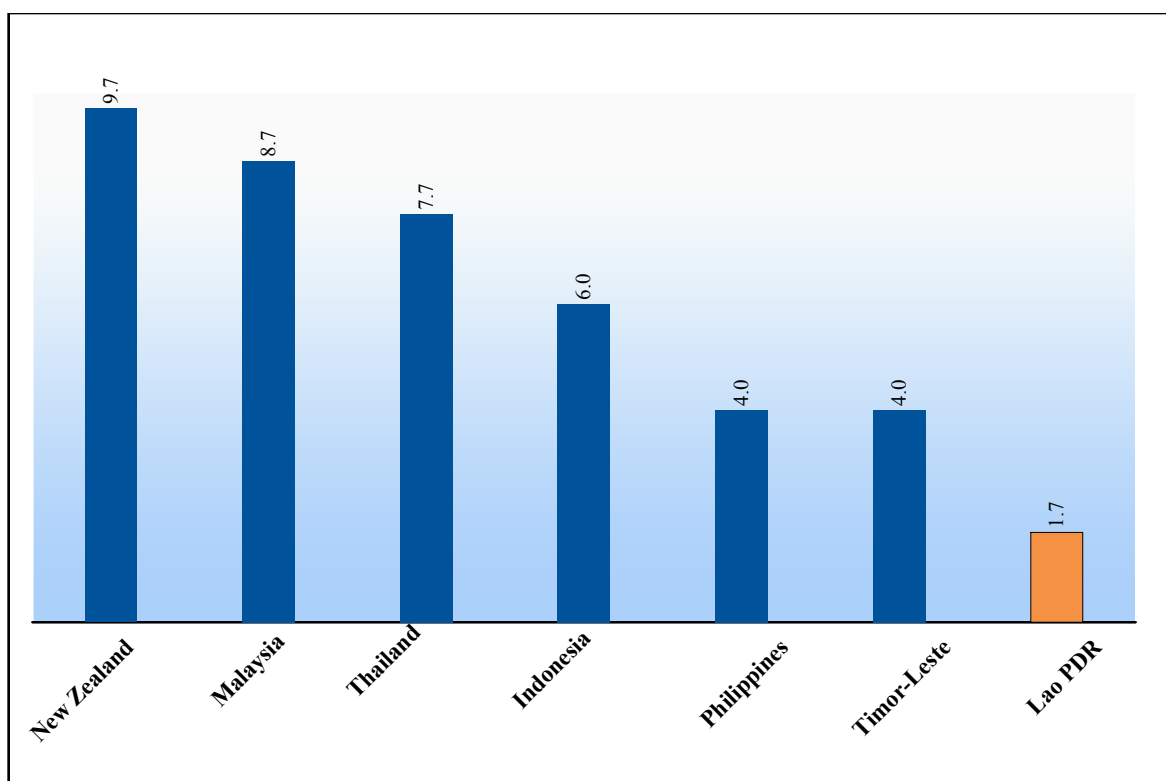
<i>Selected Economy</i>	
Lao PDR	1.7

<i>Comparator Economies</i>	
Indonesia	6.0
Malaysia	8.7
Philippines	4.0
Thailand	7.7
Timor-Leste	4.0

2. Historical data: Protecting Investors in Lao PDR

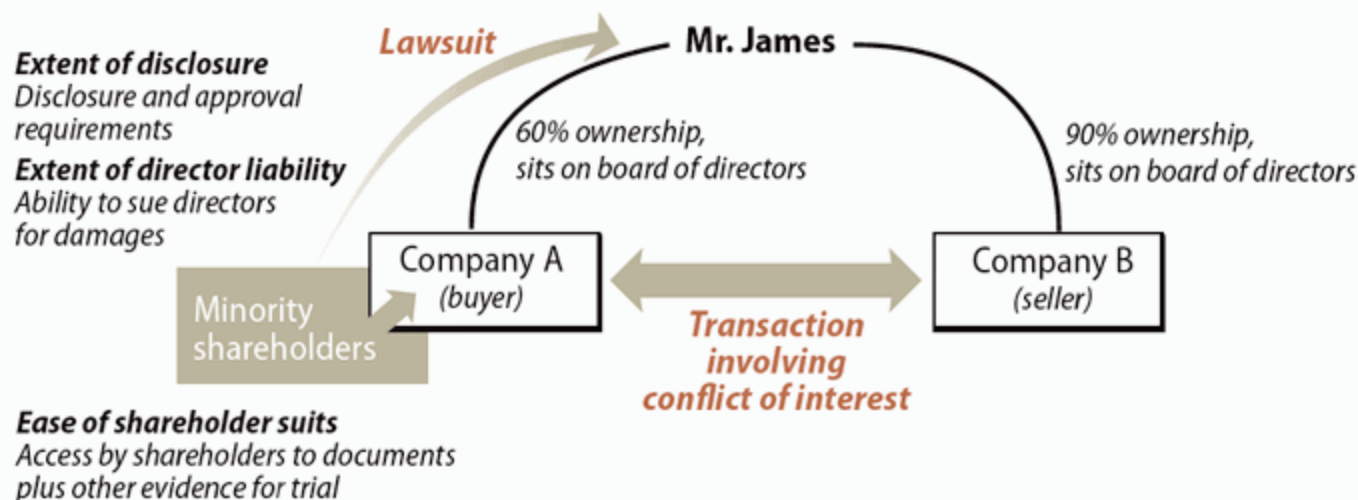
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	182	182
Strength of investor protection index (0-10)	1.7	1.7	1.7	1.7

3. The following graph illustrates the Protecting Investors index in Lao PDR compared to best practice and selected Economies:



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

How well are minority shareholders protected against self-dealing in related-party transactions?



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	2
What corporate body provides legally sufficient approval for the transaction?	0
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	1
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	2
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	0
Whether the plaintiff can directly question the defendant and witnesses during trial?	1
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	1.7

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

Some reform outcomes

Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.

Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.

What do the Paying taxes indicators measure?

Tax payments for a manufacturing company in 2009
(number per year adjusted for electronic or joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

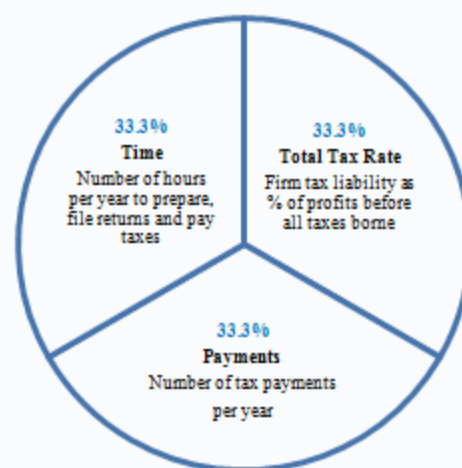
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



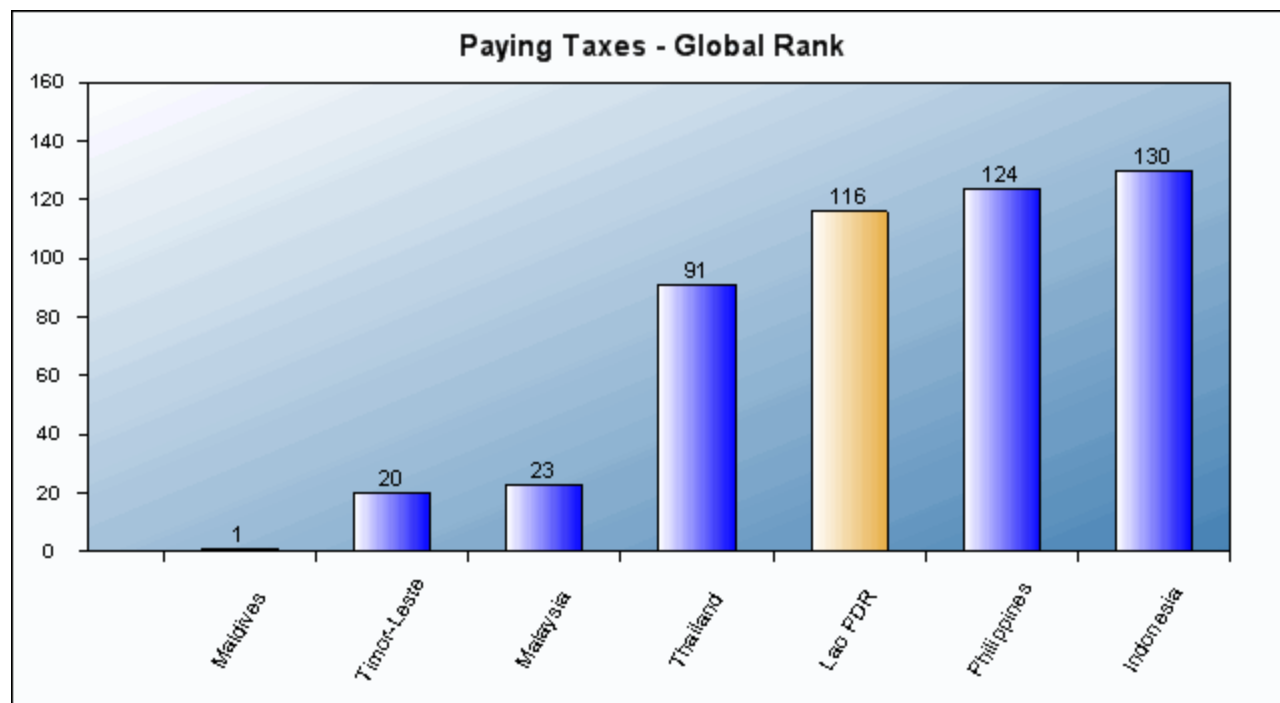
Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as 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
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations:

Lao PDR is ranked 116 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	3	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Lao PDR	34	362	33.7

<i>Comparator Economies</i>			
Indonesia	51	266	37.3
Malaysia	12	145	33.7
Philippines	47	195	45.8
Thailand	23	264	37.4
Timor-Leste	6	276	0.2

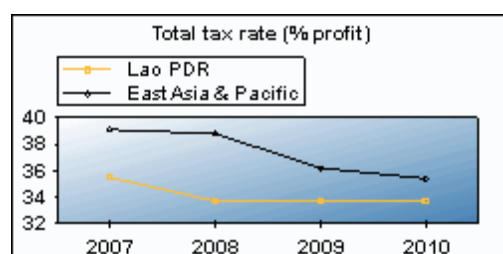
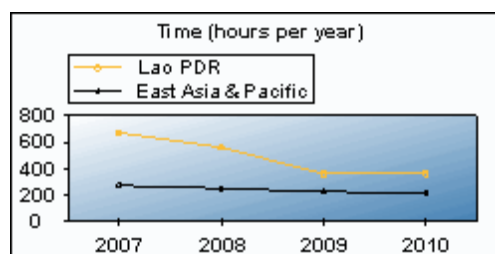
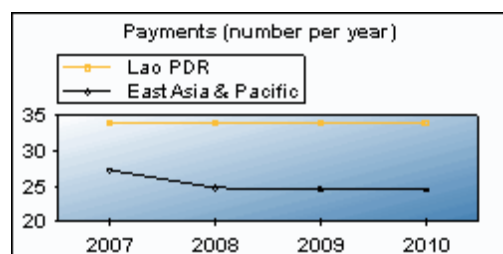
* The following economies are also good practice economies for :

Payments (number per year): Qatar

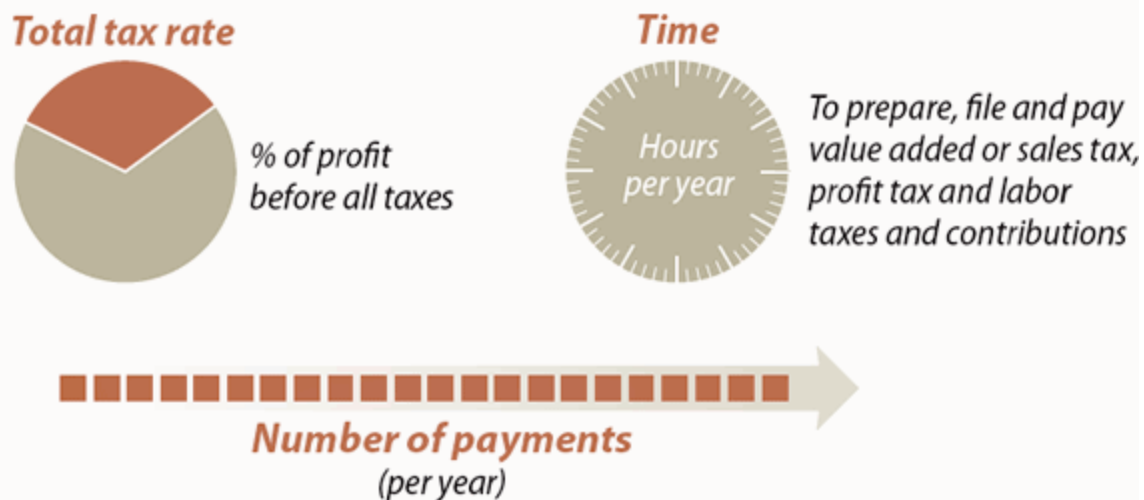
2. Historical data: Paying Taxes in Lao PDR

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	109	116
Total tax rate (% profit)	35.5	33.7	33.7	33.7
Payments (number per year)	34	34	34	34
Time (hours per year)	672	560	362	362

3. The following graphs illustrate the Paying Taxes sub indicators in Lao PDR over the past 4 years:



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Lao PDR, 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 on general contracts	1			Kip 10,000	per contract		
Business turnover tax on sales (VAT)	12		182	5% and 10%	value added		
Land tax	1			80 to 180 kip	per square meter	0.00	
Vehicle tax	1			Kip 40,000	type of vehicle	0.00	
Tax on insurance contracts	1			0.2%	insurance premium	0.00	
Fuel tax	1				included in the price of fuel	0.40	
Property transfer tax (stamp duty)	1			3% or 4%	sale price	2.40	
Social Security contributions	12		42	5.0%	gross salaries	5.60	
Corporate income tax	4		138	35.0%	taxable profit	25.20	

Totals	34	362	33.7
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Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.

In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.

What do the Trading Across Borders indicators measure?

Documents required to export and import (number)

- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

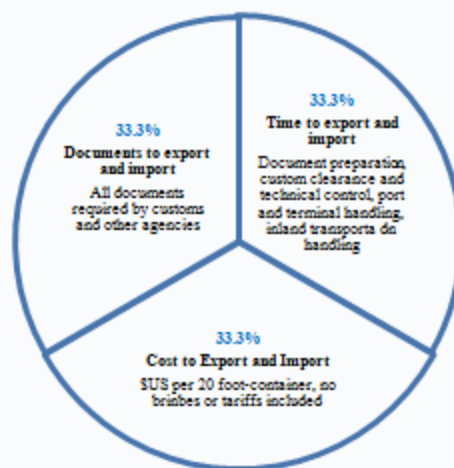
- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators



Case Study Assumptions

The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

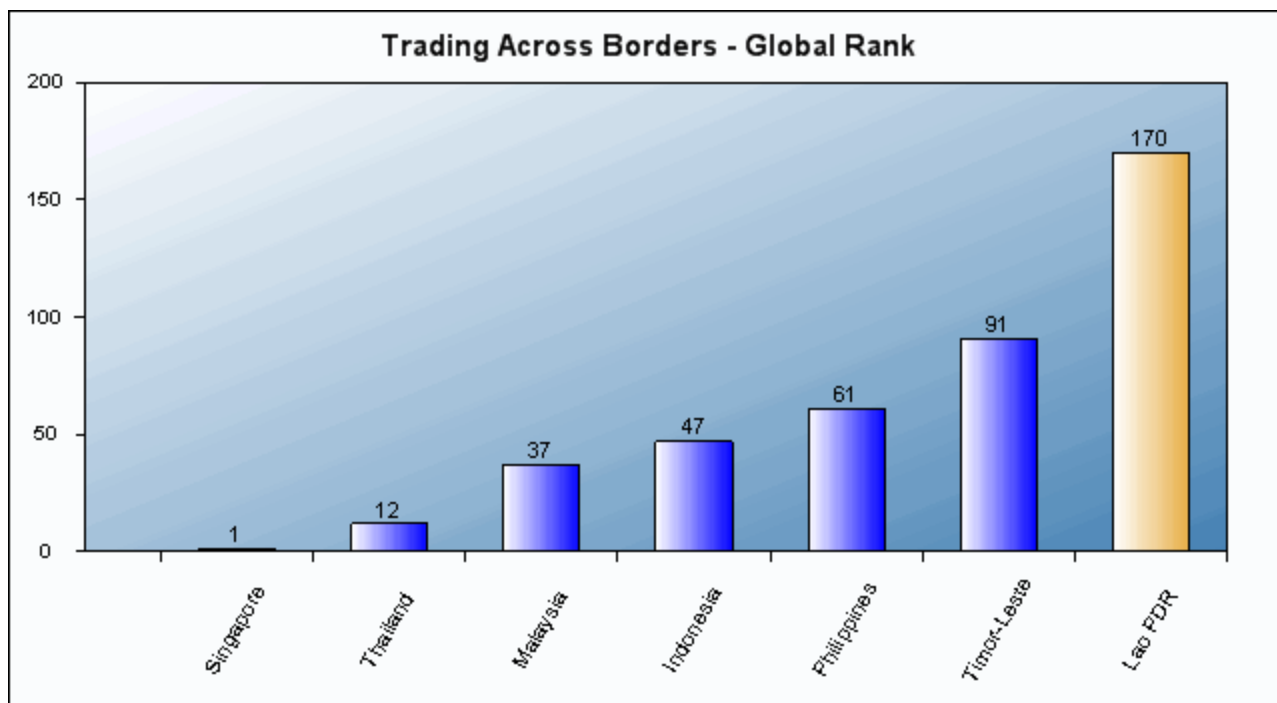
The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

1. Benchmarking Trading Across Borders Regulations:

Lao PDR is ranked 170 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Lao PDR 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					4	439

<i>Selected Economy</i>						
Lao PDR	9	48	1860	10	50	2040

<i>Comparator Economies</i>						
Indonesia	5	20	704	6	27	660
Malaysia	7	18	450	7	14	450
Philippines	8	15	675	8	14	730
Thailand	4	14	625	3	13	795
Timor-Leste	6	25	1010	7	26	1015

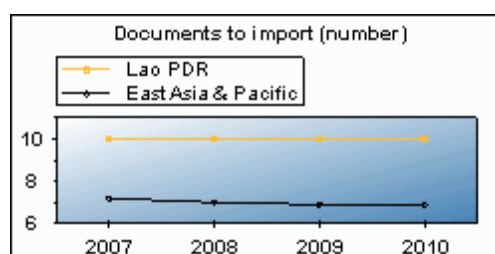
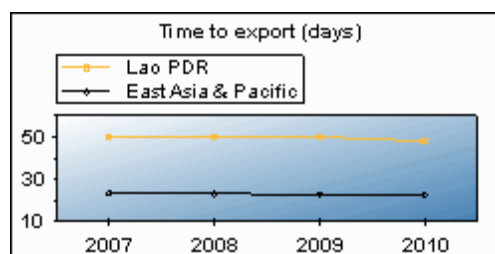
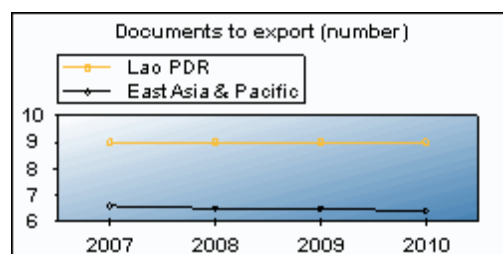
* The following economies are also good practice economies for :

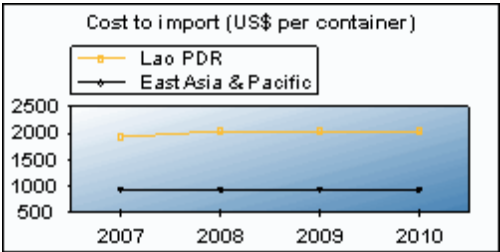
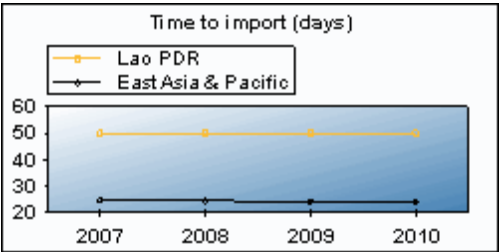
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Lao PDR

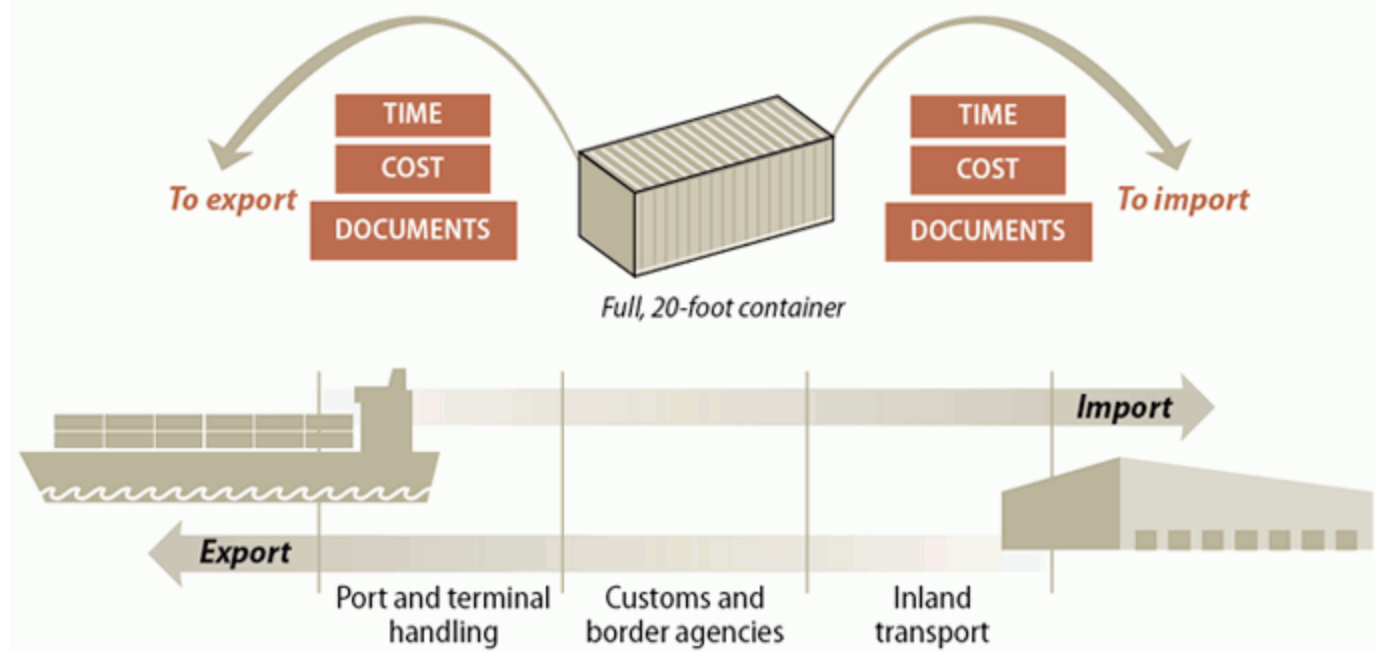
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	170	170
Cost to export (US\$ per container)	1750	1860	1860	1860
Cost to import (US\$ per container)	1930	2040	2040	2040
Documents to export (number)	9	9	9	9
Documents to import (number)	10	10	10	10
Time to export (days)	50	50	50	48
Time to import (days)	50	50	50	50

3. The following graphs illustrate the Trading Across Borders sub indicators in Lao PDR over the past 4 years:





How much time, how many documents and what cost to export and import across borders by ocean transport?



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	33	120
Customs clearance and technical control	3	10
Ports and terminal handling	4	130
Inland transportation and handling	8	1600
Totals	48	1860

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	33	120
Customs clearance and technical control	8	20
Ports and terminal handling	2	300
Inland transportation and handling	7	1600
Totals	50	2040

Documents for Export and Import

Export
Equipment interchange receipt
Export license
Packing list
Pre-shipment inspection clean report of findings
Technical standard/health certificate
Bill of lading
Certificate of origin
Commercial invoice
Customs export declaration
Import
Pre-shipment inspection clean report of findings
Technical standard/health certificate
Certificate of origin
Commercial invoice
Customs import declaration
Customs transit document
Import license
Packing list
Bill of lading
Cargo release order

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are 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).

Some reform outcomes

In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.

In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.

What do the Enforcing Contracts indicators measure?

Procedures to enforce a contract (number)

- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

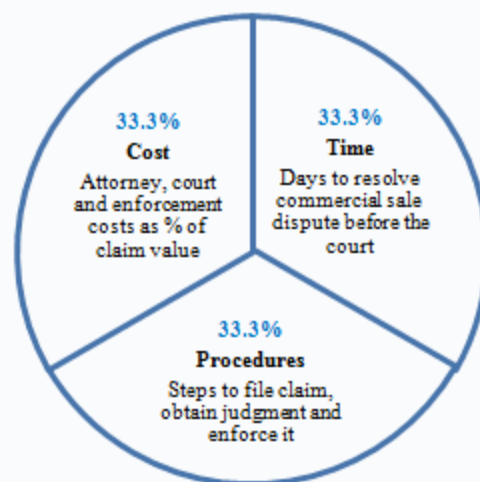
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators



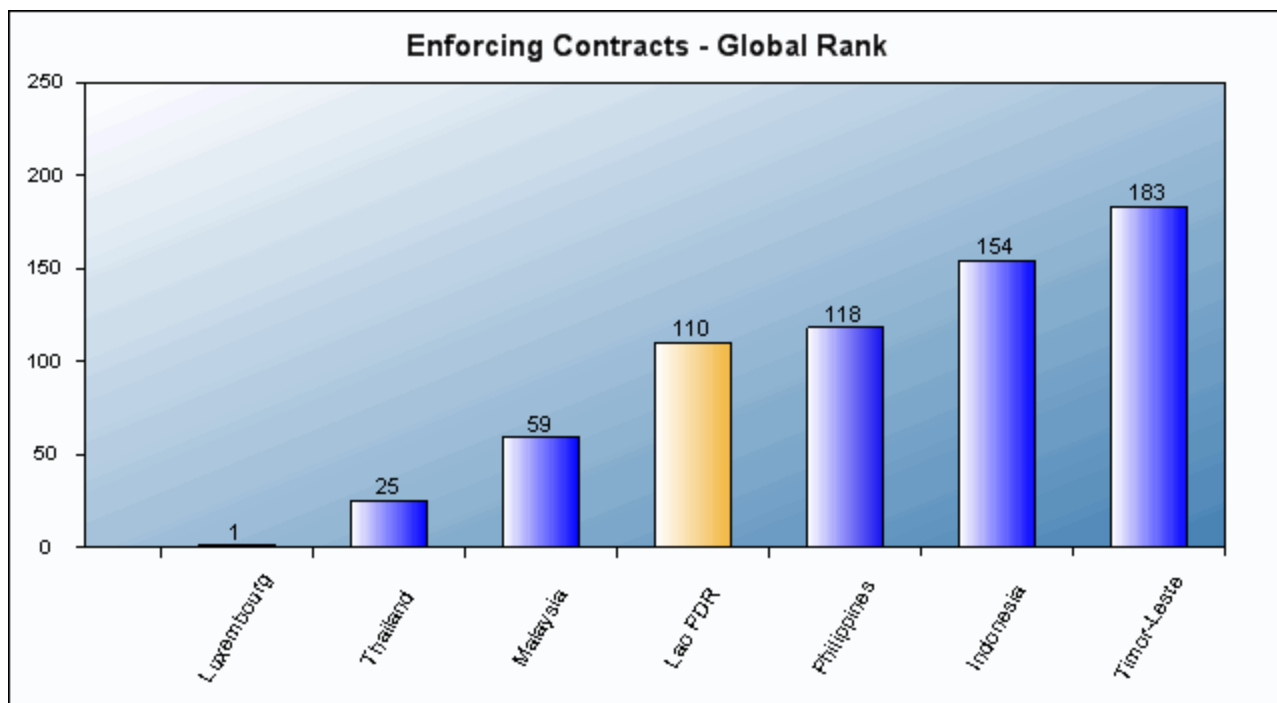
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations:

Lao PDR is ranked 110 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Lao PDR compared to good practice and comparator economies:

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

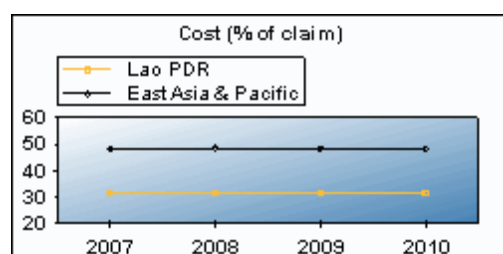
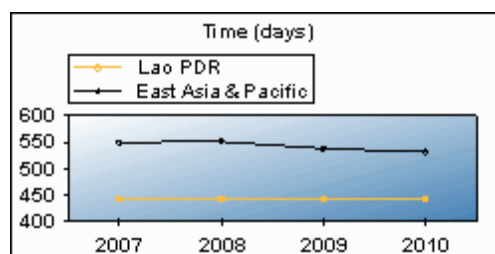
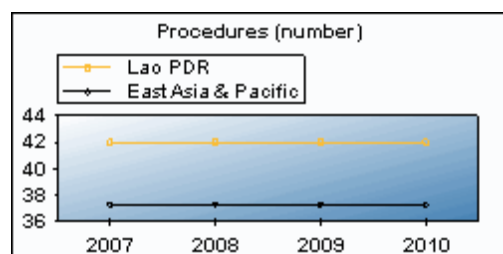
<i>Selected Economy</i>			
Lao PDR	42	443	31.6

<i>Comparator Economies</i>			
Indonesia	40	570	122.7
Malaysia	30	585	27.5
Philippines	37	842	26.0
Thailand	36	479	12.3
Timor-Leste	51	1285	163.2

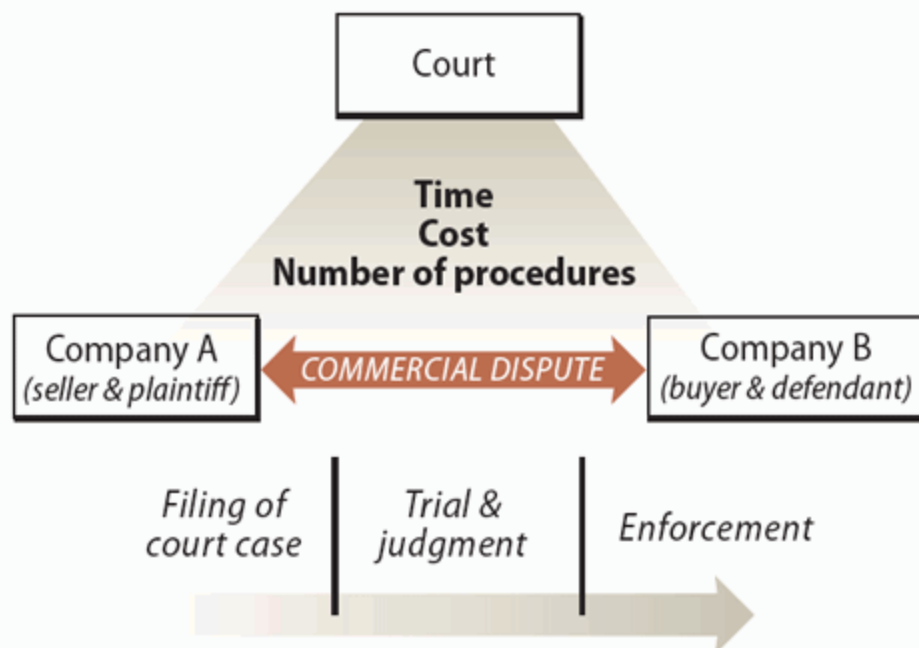
2. Historical data: Enforcing Contracts in Lao PDR

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	110	110
Procedures (number)	42	42	42	42
Time (days)	443	443	443	443
Cost (% of claim)	31.6	31.6	31.6	31.6

3. The following graphs illustrate the Enforcing Contracts sub indicators in Lao PDR over the past 4 years:



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



This topic looks at the efficiency of contract enforcement in Lao PDR.

Nature of Procedure (2010)	Indicator
Procedures (number)	42
Time (days)	443
Filing and service	91.0
Trial and judgment	202.0
Enforcement of judgment	150.0
Cost (% of claim)*	31.60
Attorney cost (% of claim)	27.9
Court cost (% of claim)	1.4
Enforcement Cost (% of claim)	2.3

Court information: Vientiane Capital City Court ("San Nah Kon Luang, San Khoang")

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

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

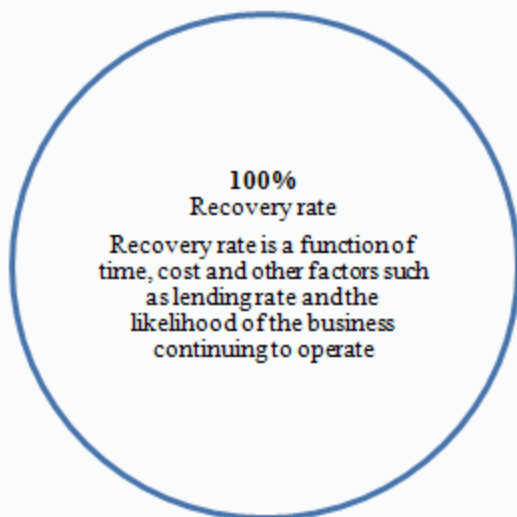
- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



Case Study Assumptions

The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations:

Lao PDR is ranked 183 overall for Closing a Business.

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



The following table shows Closing Business data for Lao PDR 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	92.7		
Singapore*			1

<i>Selected Economy</i>			
Lao PDR	0.0	no practice	no practice

<i>Comparator Economies</i>			
Indonesia	13.2	5.5	18
Malaysia	39.8	2.3	15
Philippines	4.5	5.7	38
Thailand	43.5	2.7	36
Timor-Leste	0.0	no practice	no practice

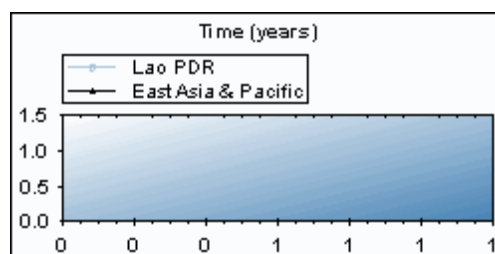
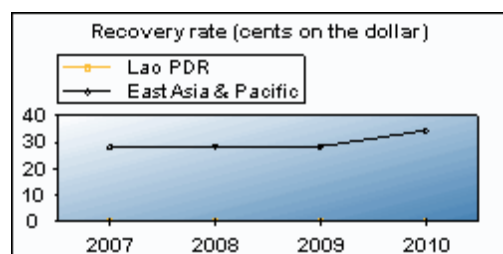
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Lao PDR

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	183	183
Time (years)	no practice	no practice	no practice	no practice
Cost (% of estate)	no practice	no practice	no practice	no practice
Recovery rate (cents on the dollar)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Closing Business sub indicators in Lao PDR over the past 4 years:






Doing Business 2011 Business Reforms

Since 2004 Doing Business has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . * Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by Doing Business have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

The top 10 most-improved in Doing Business 2011

Economy	<div><div> Positive Change</div><div> Negative Change</div></div>								
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Kazakhstan	✓	✓			✓		✓		
Rwanda		✓		✓			✓		
Peru	✓	✓	✓				✓		
Vietnam	✓	✓		✓					
Cape Verde	✓		✓				✓		
Tajikistan	✓				✓		✓		
Zambia	✓						✓	✓	
Hungary		✓	✓				✓		✓
Grenada	✓		✓				✓		
Brunei Darussalam	✓						✓	✓	

* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Indonesia	Indonesia eased business start-up by reducing the cost for company name clearance and reservation and the time required to reserve the name and approve the deed of incorporation. Indonesia reduced its corporate income tax rate. Indonesia reduced the time to export by launching a single-window service.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Lao PDR	Lao PDR replaced the business turnover tax with a new value added tax.
Malaysia	Malaysia eased business start-up by introducing more online services. Malaysia's introduction of online stamping reduced the time and cost to transfer property.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Philippines	The Philippines eased business startup by setting up a one-stop shop at the municipal level. The Philippines made construction permitting more cumbersome through updated electricity connection costs. The Philippines reduced the time and cost to trade by improving its electronic customs systems, adding such functions as electronic payments and online submission of declarations.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.

Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Thailand	Thailand made registering property more costly by repealing a 2-year temporary tax reduction for property transfers. Thailand temporarily lowered taxes on business by reducing its specific business tax for 12 months.
Timor-Leste	Timor-Leste increased court efficiency by training and appointing new judges and passing a new civil procedure code.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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