

# Doing Business 2011

Armenia

**Making  
a Difference for  
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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*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 Armenia. 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](http://www.doingbusiness.org)).

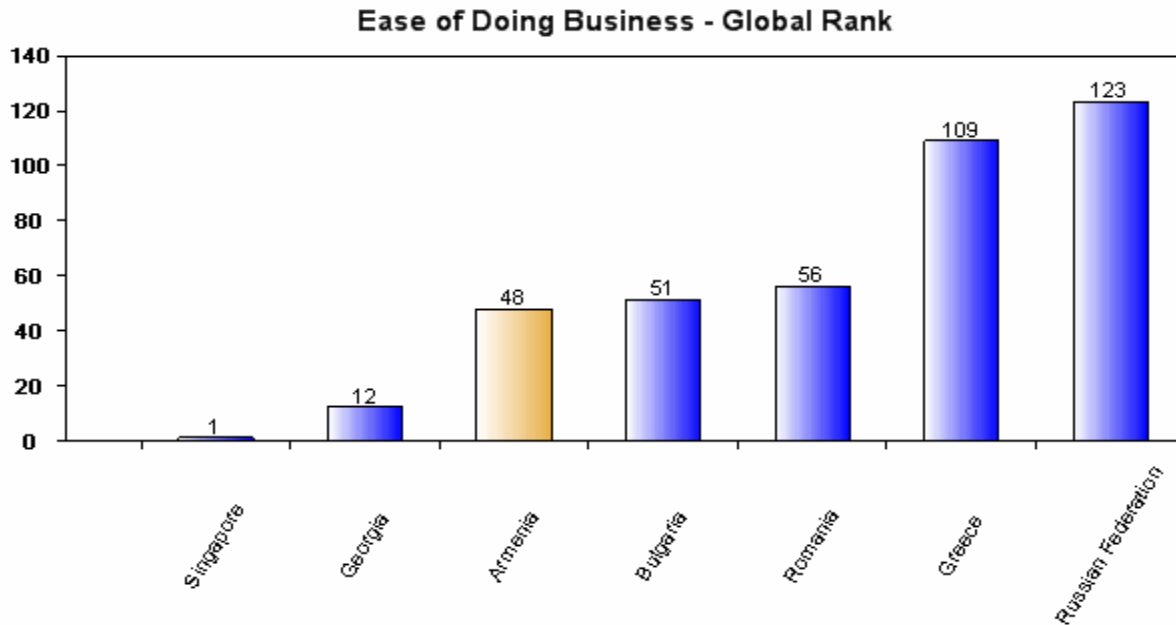
\* Except for the Paying Taxes indicator, which covers the period January to December of 2009.

Note: *Doing Business 2010* data and rankings have been recalculated to reflect changes to the methodology.

## Economy Rankings - Ease of Doing Business

Armenia is ranked 48 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



**Armenia's ranking in Doing Business 2011**

Rank	Doing Business 2011
Ease of Doing Business	48
Starting a Business	22
Dealing with Construction Permits	78
Registering Property	5
Getting Credit	46
Protecting Investors	93
Paying Taxes	159
Trading Across Borders	82
Enforcing Contracts	63
Closing a Business	54

## Summary of Indicators - Armenia

<b>Starting a Business</b>	Procedures (number)	6
	Time (days)	15
	Cost (% of income per capita)	3.1
	Paid-in Min. Capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b>	Procedures (number)	20
	Time (days)	137
	Cost (% of income per capita)	122.7
<b>Registering Property</b>	Procedures (number)	3
	Time (days)	7
	Cost (% of property value)	0.3
<b>Getting Credit</b>	Strength of legal rights index (0-10)	6
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	16.9
	Private bureau coverage (% of adults)	38.3
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	2
	Ease of shareholder suits index (0-10)	8
	Strength of investor protection index (0-10)	5.0
<b>Paying Taxes</b>	Payments (number per year)	50
	Time (hours per year)	581
	Profit tax (%)	16.6
	Labor tax and contributions (%)	23.0
	Other taxes (%)	1.1
	Total tax rate (% profit)	40.7
<b>Trading Across Borders</b>	Documents to export (number)	3
	Time to export (days)	13
	Cost to export (US\$ per container)	1665
	Documents to import (number)	6
	Time to import (days)	18
	Cost to import (US\$ per container)	2045 <sub>3</sub>

<b>Enforcing Contracts</b>	Procedures (number)	49
	Time (days)	285
	Cost (% of claim)	19.0
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	40.6
	Time (years)	1.9
	Cost (% of estate)	4

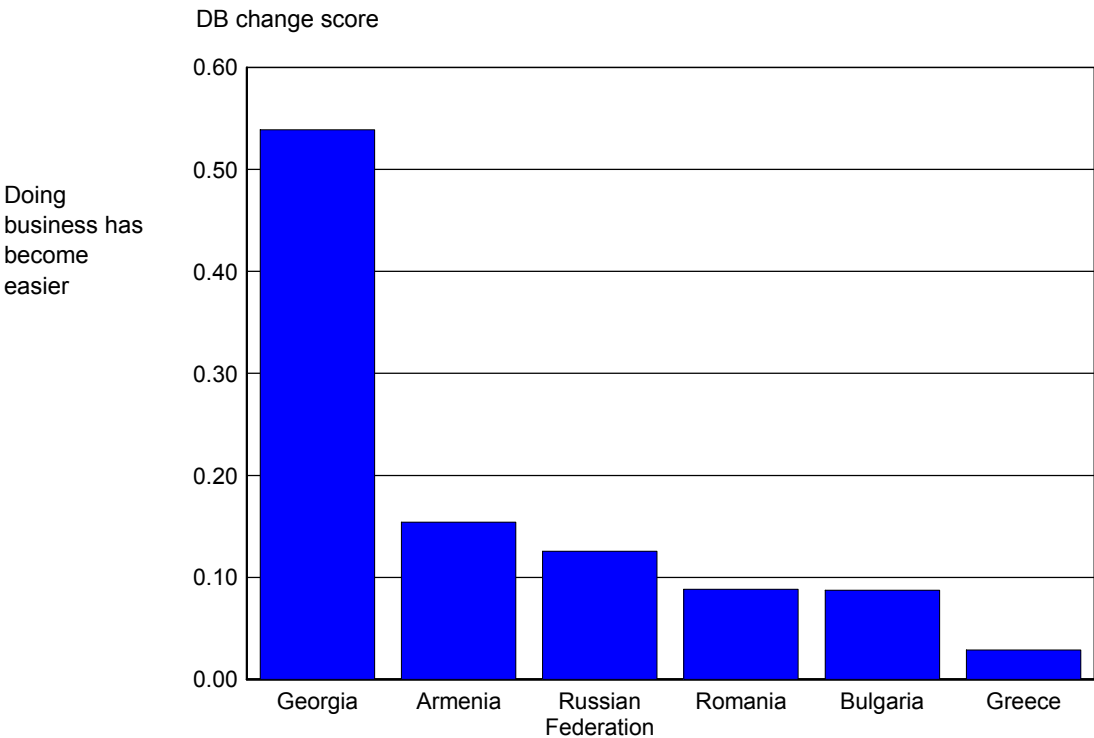


# 5 - Year Measure of Cumulative Change

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 economies 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*.



Note: This year's DB change score ranges from -0.1 to 0.54. More details on how the DB change score is constructed can be found in the methodology section of the website.

\* Bahrain, The Bahamas, Brunei, Cyprus, Kosovo, Liberia, Luxembourg, Montenegro and Qatar do not feature in the new metric because they were included in the *Doing Business* report in years subsequent to the *Doing Business 2005* report and hence, 5 years of data are not yet available.

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

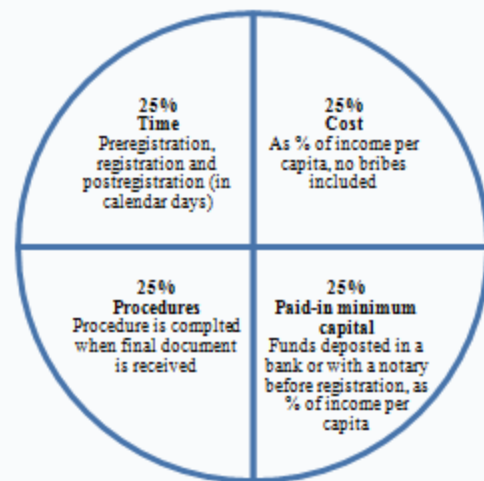
##### Cost required to complete each procedure (% of income per capita)

- 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.

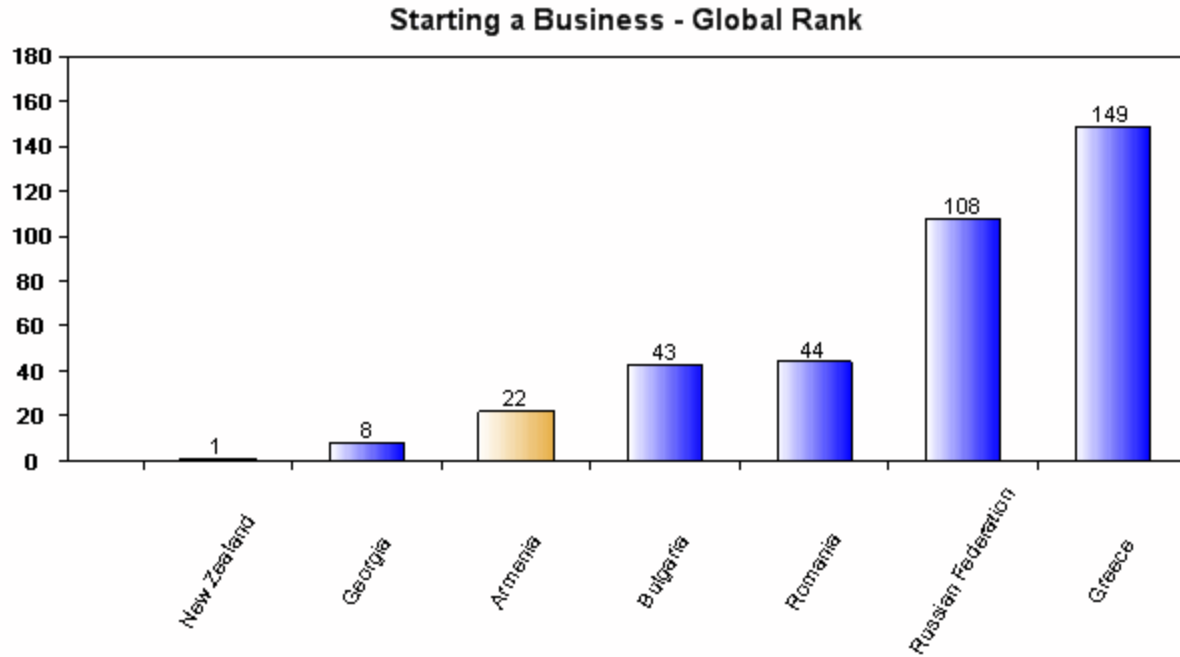
#### The business:

- 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

Armenia is ranked 22 overall for Starting a Business.

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



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

<b>Good Practice Economies</b>	<b>Procedures (number)</b>	<b>Time (days)</b>	<b>Cost (% of income per capita)</b>	<b>Paid-in Min. Capital (% of income per capita)</b>
<b>Denmark</b>			0.0	
<b>New Zealand</b>	1	1		0.0

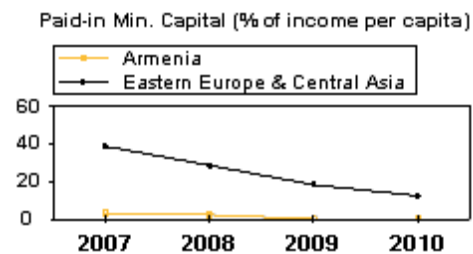
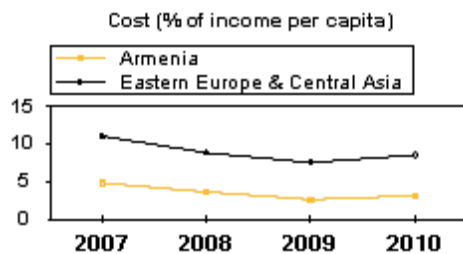
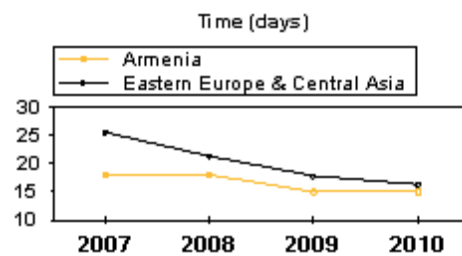
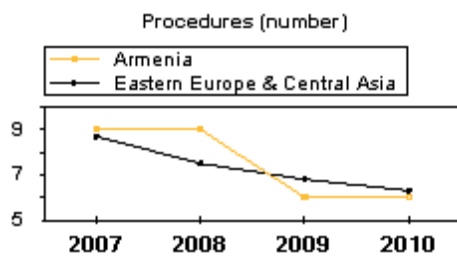
<i>Selected Economy</i>				
<b>Armenia</b>	<b>6</b>	<b>15</b>	<b>3.1</b>	<b>0.0</b>

<i>Comparator Economies</i>				
<b>Bulgaria</b>	4	18	1.6	0.0
<b>Georgia</b>	3	3	5.0	0.0
<b>Greece</b>	15	19	20.7	22.3
<b>Romania</b>	6	10	2.6	0.9
<b>Russian Federation</b>	9	30	3.6	1.9

## 2. Historical data: Starting a Business in Armenia

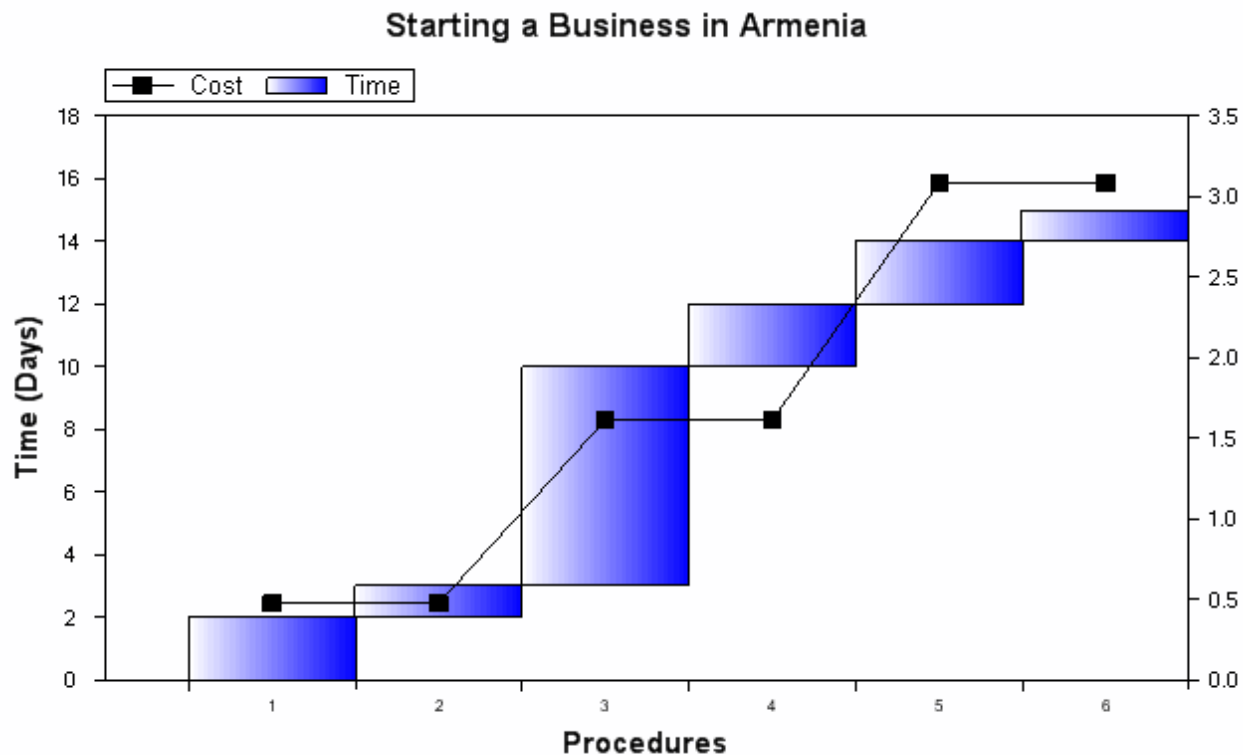
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	20	22
Procedures (number)	9	9	6	6
Time (days)	18	18	15	15
Cost (% of income per capita)	4.8	3.6	2.6	3.1
Paid-in Min. Capital (% of income per capita)	3.1	2.3	0.0	0.0

## 3. Starting a Business sub indicators in Armenia over the past 4 years



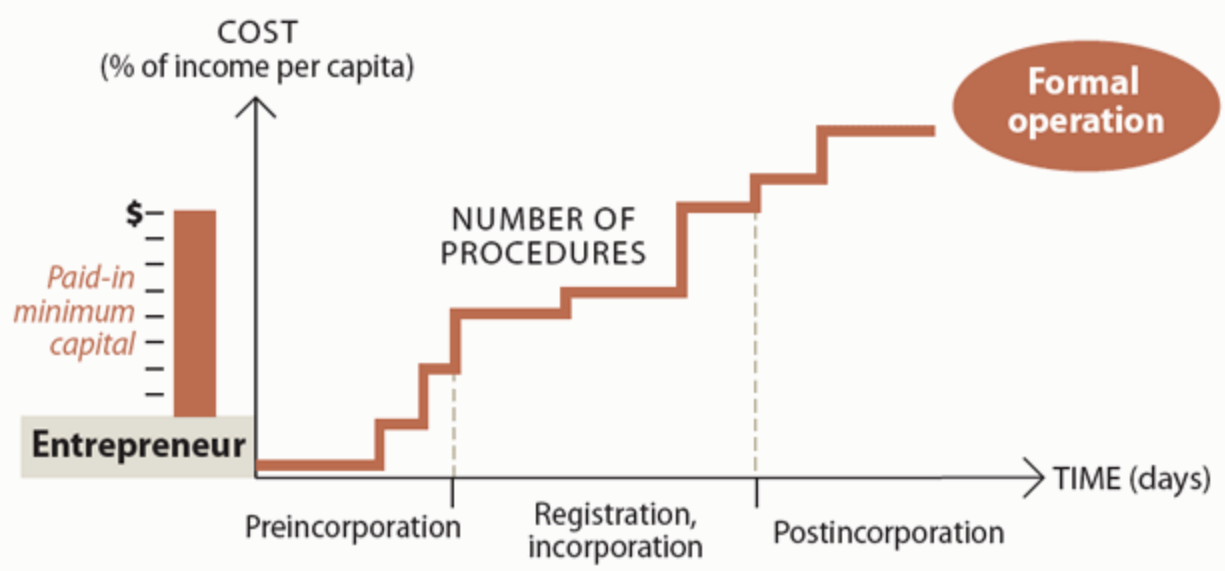
#### 4. Overview of the steps to Starting a Business in Armenia

It requires 6 procedures, takes 15 days, and costs 3.09 % GNI per capita to start a business in Armenia.



No:	Procedure	Time to complete (days)	Cost to complete
1	Register the name of the company at the State Patent Department	2	AMD 5,000
2	Pay the registration fee at any bank	1	see next procedure
3	Register with the State Registrar	7	AMD 12,000
4	Register with tax authorities and obtain a tax identification number (TIN)	2	no charge
5	Order a seal	2	AMD 15,500
6	Register with statistical office	1	no charge

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



### 5. Details on Starting a Business in Armenia

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

#### STANDARDIZED COMPANY

Legal Form: ApS

Paid-in Minimum Capital: 0.0 (% of income per capita)

City: Yerevan

#### Procedure 1 Register the name of the company at the State Patent Department

Time to complete(days): 2

Cost to complete: AMD 5,000

Comment: The application form should be submitted to the State Registrar, who coordinates with the State Patent Department and registers the company name.

#### Procedure 2 Pay the registration fee at any bank

Time to complete(days): 1

Cost to complete: see next procedure

Comment:

#### Procedure 3 Register with the State Registrar

**Time to complete(days):** 7

**Cost to complete:** AMD 12,000

**Comment:** According to a recent government decision, the State Registrar must either approve or deny registration applications within 5 working days. According to the law on state registry of enterprises, a registration may be refused only if the legal entity's founding documents are either incomplete or inaccurate. The registration fee is AMD 12,000 for all business entity types, except for banks, investment funds, and insurance companies, where the fee is AMD 40,000.

**Procedure 4 Register with tax authorities and obtain a tax identification number (TIN)**

**Time to complete(days):** 2

**Cost to complete:** no charge

**Comment:** The company must file the registration certificate with the State Registrar. Within 30 days of registering with the state, all legal entities are required to register with the tax authorities and obtain a tax identification number (TIN). Within 2 weeks of submitting the application, the local tax inspectorate issues an eight-digit TIN, and the entity is considered officially registered with the tax authorities. Social security registration is conducted by the tax authorities as well.

**Procedure 5 Order a seal**

**Time to complete(days):** 2

**Cost to complete:** AMD 15,500

**Comment:** The company files for the TIN certificate with the tax authorities. Moreover and by government decree, legal persons must register and obtain a company seal for all official company transactions to be obtained from the Ministry of Internal Affairs within 1 to 30 days. The fee for seal issuance varies according to turnaround time as following.  
- 1 day: AMD 15,500.  
- 30 days: AMD 2,800.

**Procedure 6 Register with statistical office**

**Time to complete(days):** 1

**Cost to complete:** no charge

**Comment:**

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

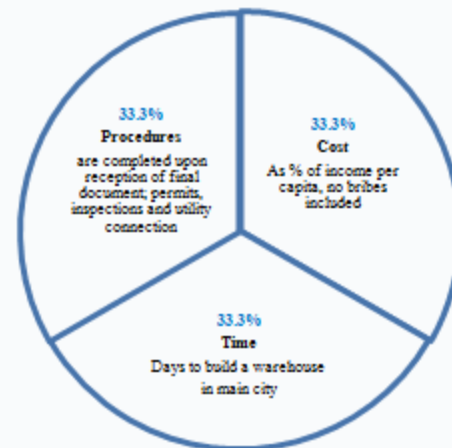
#### The warehouse:

- 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

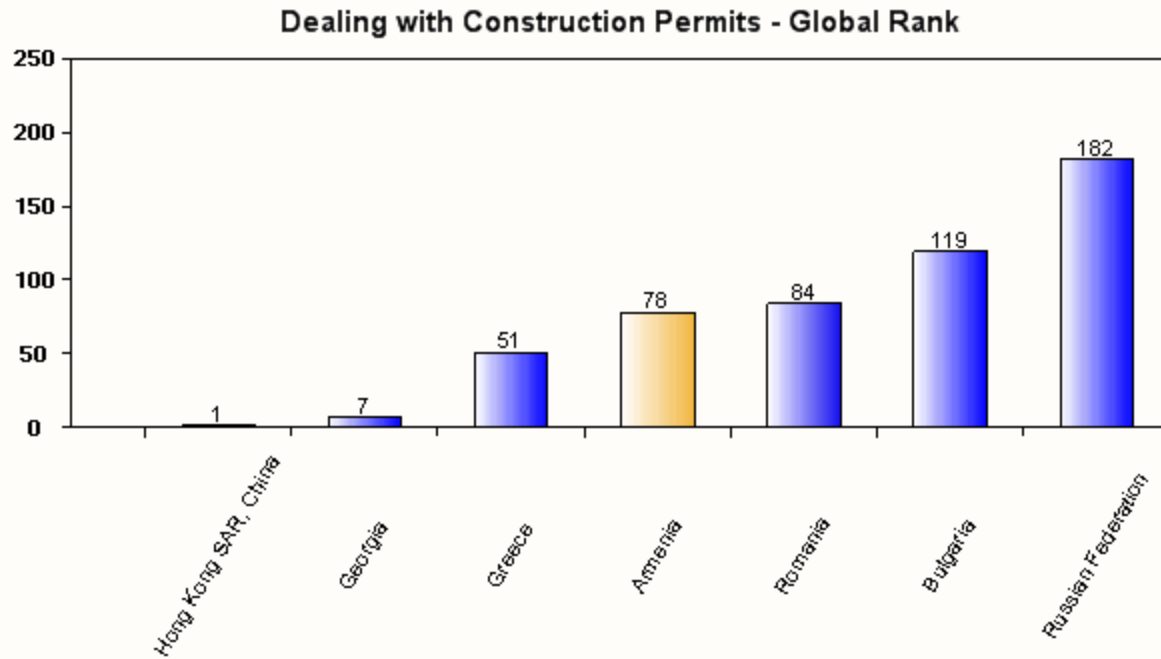
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations

Armenia is ranked 78 overall for Dealing with Construction Permits.

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



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

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

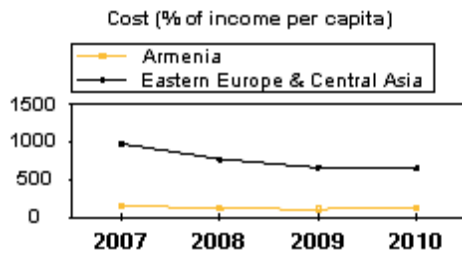
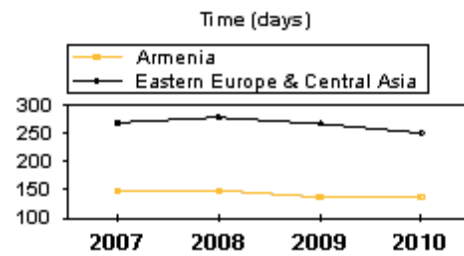
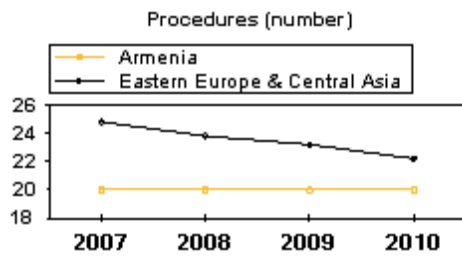
<i>Selected Economy</i>			
<b>Armenia</b>	<b>20</b>	<b>137</b>	<b>122.7</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	24	139	442.3
<b>Georgia</b>	10	98	23.2
<b>Greece</b>	15	169	52.9
<b>Romania</b>	17	228	73.9
<b>Russian Federation</b>	53	540	4141.0

## 2. Historical data: Dealing with Construction Permits in Armenia

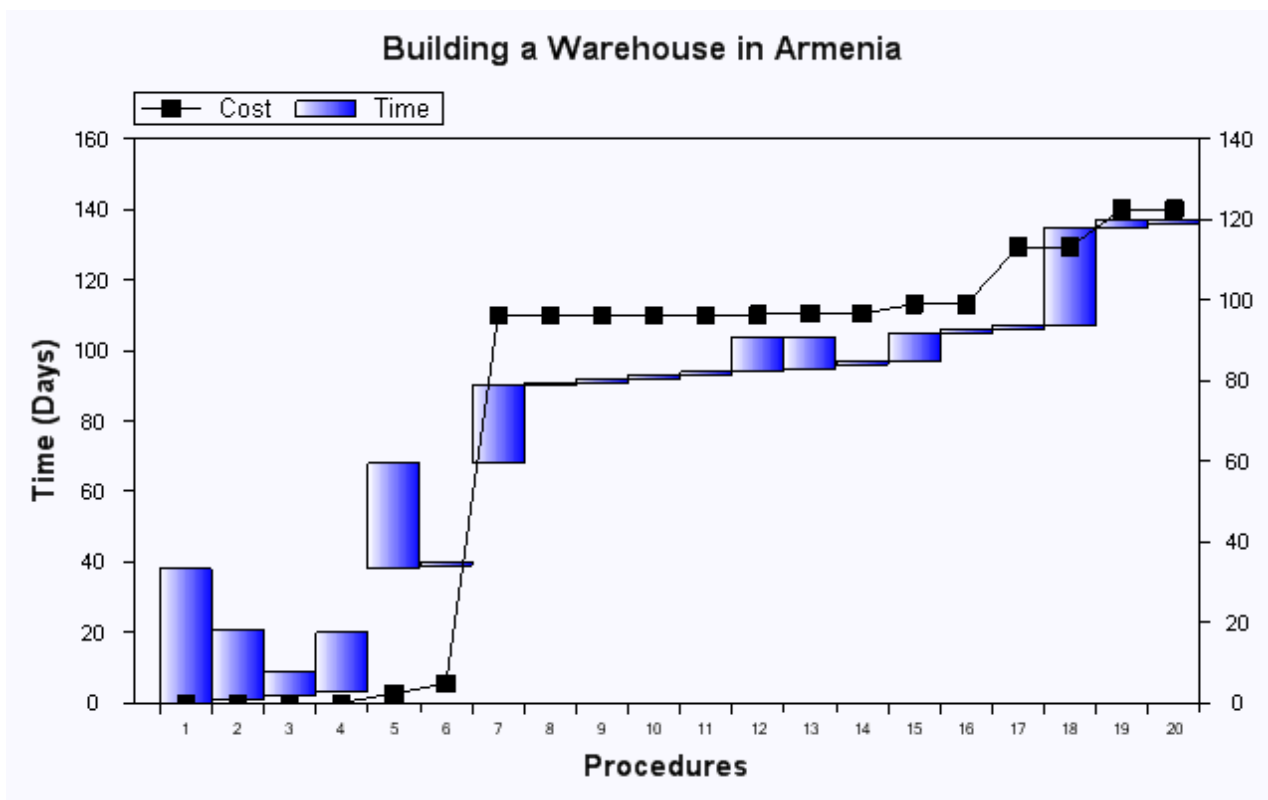
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	72	78
Procedures (number)	20	20	20	20
Time (days)	149	149	137	137
Cost (% of income per capita)	152.0	113.0	104.9	122.7

## 3. Dealing with Construction Permits sub indicators in Armenia over the past 4 years



#### 4. Overview of the steps to Building a Warehouse in Armenia

It requires 20 procedures, takes 137 days, and costs 122.66 % GNI per capita to build a warehouse in Armenia.

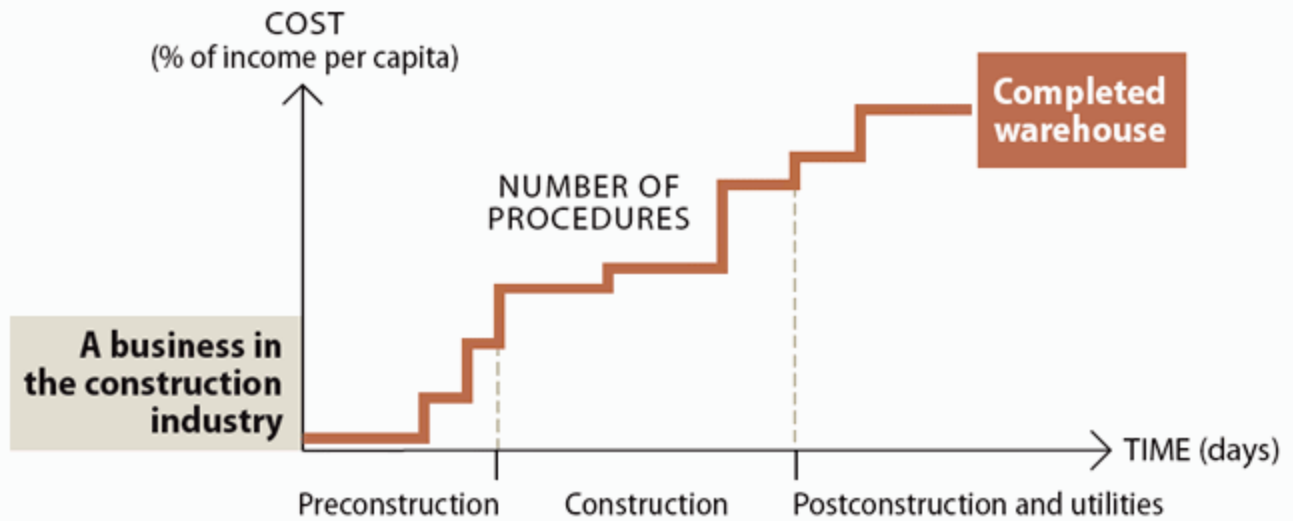


No:	Procedure	Time to complete (days)	Cost to complete
1	Apply and obtain architectural- constructional assignment (AII3)	38 days	no charge
2	* Request and obtain technical conditions approval from water authority	20 days	no charge
3	* Request and obtain architectural plan approval from telecommunications provider	7 days	no charge
4	* Request and obtain architectural plan approval from electricity provider	17 days	no charge
5	Request and obtain ecological expertise approval	30 days	AMD 25,000
6	* Hire a licensed expert/ company to conduct the expertise approval of architectural drawings	1 day	AMD 25,000
7	Request and obtain building permit from Yerevan Municipality	22 days	AMD 963,340
8	Receive inspection by Municipal Construction Inspection	1 day	no charge
9	Receive inspection by Municipal Construction Inspection	1 day	no charge

10	Receive Inspection by State Inspection of Urban Development of Ministry of Urban Development	1 day	no charge
11	Receive Inspection by State Inspection of Urban Development of Ministry of Urban Development	1 day	no charge
12	Request and connect to electricity services	10 days	AMD 2,600
13 *	Request water and sewage services	9 days	AMD 2,600
14 *	Receive water and sewage inspection and connect	1 day	no charge
15 *	Request and connect to telephone service	8 days	AMD 24,000
16	Request final municipal inspection to obtain occupancy permit	1 day	no charge
17	Request final municipal inspection and apply for occupancy permit	1 day	AMD 150,000
18	Receive on-site final inspection and obtain occupancy permit	28 days	no charge
19	Register the building with the cadastre	2 days	AMD 99,397
20 *	Receive on-site inspection for building registration	1 day	no charge

\* Takes place simultaneously with another procedure.

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



### 5. Details on Building a Warehouse in Armenia

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

#### BUILDING A WAREHOUSE

Estimated warehouse value: AMD 190,977,762

City: Yerevan

Procedure	1	Apply and obtain architectural- constructional assignment (AII3)
<b>Time to complete:</b>	38 days	
<b>Cost to complete:</b>	no charge	
<b>Agency:</b>	Yerevan Municipality (Architectural and Urban Development Department)	
<b>Comment:</b>	<p>The company submits an application form to the Architectural and Urban Development Department of the Yerevan Municipality with the following information: the purpose of usage, building type and address, and the name(s) and license number (s) of the design firm(s). As part of this process, the owner receives technical conditions from appropriate authorities for drawing, building, and using the building's engineering substructures. The fee and time line are determined by the agreement with the company.</p> <p>For BuildCo to obtain a building permit, the municipality awards an architectural-constructional engineering assignment contract to a licensed building design firm, upon receiving the application and the drawings. The design firm prepares the drawing(s) with information on technical, urban, and other necessary conditions. The architectural drawing undergoes a review performed by a specialized institution. The drawings are then approved by the Yerevan municipality, citing the duration of the construction. Until May 2008, a architectural construction assignment and building permit would not be issued without contributing AMD 3–5 million to a charitable "Yerevan Fund" designated by the municipal authority. There was no specific law or norm about this fund. However, Mayor of Erevan abolished this requirement through a municipal</p>	

decision. This came as result of order by Prime Minister of Republic of Armenia on January 15, 2008 (Cabinet Meeting Protocol #2-2). Companies are no longer required to pay this fee. To further enforce the implementation of the decision , Mayor’s Office launched a public campaign among construction sector, following allegations of recurring use of this contribution.

According to legislation the official time limit to issue the APZ is 20 days. However, because the technical conditions are obtained individually the APZ is issued subsequent to having all technical conditions from utilities.

Following the issuance of APZ, Build CO start developing all aspects of construction documents. It is assumed that a geologist would be part of BuildCo staff. It is also assumed that the technical supervision expert, normally hired by developers-investors to oversee the quality of works done by builders, in case of BuildCo would be part of its core staff, and do not need to be hired separately. Both companies and individual technical supervision experts can be licensed according to Government Resolution N 26 (12 December 2008) that becomes effective 21 June 2009.

**Procedure 2 Request and obtain technical conditions approval from water authority**

**Time to complete:** 20 days

**Cost to complete:** no charge

**Agency:** Yerevan Water and Sewage Company (YWSC)

**Comment:** According regulation #1473 (2002), applicants must seek individual technical condition approvals from each authority. All technical conditions must be free of charge.

Response time is about a month.

Before starting earthwork, BuildCo must apply to utility providers, citing the planned route(s) of underground communications. Upon starting work, BuildCo must request the presence of utility company representatives during connecting communications of the building.

**Procedure 3 Request and obtain architectural plan approval from telecommunications provider**

**Time to complete:** 7 days

**Cost to complete:** no charge

**Agency:** ArmenTel

**Comment:**

**Procedure 4 Request and obtain architectural plan approval from electricity provider**

**Time to complete:** 17 days

**Cost to complete:** no charge

**Agency:** Electric Networks of Armenia

**Comment:** After obtaining conditions from the utilities, BuildCo assigns an architect or a licensed building design firm to prepare the architectural drawings. During the whole construction process, the drawing company must conduct copyright control to ensure compliance of

construction with the architectural-engineering drawings, according to the agreement concluded between the owner and the drawing company.

#### **Procedure 5 Request and obtain ecological expertise approval**

<b>Time to complete:</b>	30 days
<b>Cost to complete:</b>	AMD 25,000
<b>Agency:</b>	Ecological Expertise of Ministry of Ecology
<b>Comment:</b>	If projects are larger than 1000 sq. m.. they will be subject to simple expertise of project documents. This requirement is stipulated in paragraph 2 of Article 4 of the Law "On Expert Examination of Environmental Impact", as of 20 November 1995, and implemented by Article 7 of the Government Resolution #193, as of March 30, 1999. According to regulation the ecological expertise takes 120 days. This expertise is obtained before submitting documents to expertise of architectural drawings.

#### **Procedure 6 Hire a licensed expert/ company to conduct the expertise approval of architectural drawings**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	AMD 25,000
<b>Agency:</b>	Expertise Company
<b>Comment:</b>	<p>The architectural drawings undergo a review performed by a licensed expertise institution.</p> <p>A number of licensed private organizations exist in Armenia with expertise in architectural drawing. In Armenia, architectural drawing is subject to both engineering and ecological expertise review. The results of expertise are then submitted to Municipality along with other documents for building permit.</p>

#### **Procedure 7 Request and obtain building permit from Yerevan Municipality**

<b>Time to complete:</b>	22 days
<b>Cost to complete:</b>	AMD 963,340
<b>Agency:</b>	Municipality
<b>Comment:</b>	<p>The company must resubmit the approved architectural drawings to the municipality.</p> <p>According to Decision #91 (2002) the permit must be issued in 7 days.</p> <p>Since 2005, the construction permit and the construction document approvals are granted simultaneously. In Yerevan, the mayor grants the construction permit. The local construction permit fee is up to AMD 70,000. In some regions and districts, as determined by the central authorities, the fee ranges from AMD 21,000 to AMD 350,000.</p> <p>According to Decision #91 (2002), Art. 27 after obtaining the building permit, BuildCo will need to notify State Inspection of Urban Development of Ministry of Urban Development. BuildCo writes a letter 3 days prior to construction works, and does not await for approval.</p> <p>According to Resolution of Yerevan Mayor's Office # 245 as of 23 February 2006, additional fees apply to industrial rubbish produced by BuildCo. It consists of two</p>

components: infrastructure use fee and earth excavation and rubbish fee. The fee would be assessed by a municipal company- Technical Decisions Implementation Agency for Development of Yerevan (, created in second half of 2007 by Yerevan Mayor's Office. The fee for industrial earth excavation and rubbish AMD 300 for each truck, and infrastructure use fee AMD 960 sq. m.. Total cost is: 1) AMD 300 x 10 trucks= AMD 3000 + 2) AMD 960 x 1300.6 = AMD 1,248,576 = AMD 1,251,576

**Procedure 8 Receive inspection by Municipal Construction Inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipal Construction Inspection

**Comment:** The construction site may be visited during entire duration of project at least twice, provided all works are done properly. There is no need to stop works. Inspections occur on random basis. According to Law on Inspection all inspections must take place only once a year. However, so called 'operational inspections' are widespread.

**Procedure 9 Receive inspection by Municipal Construction Inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Municipal Construction Inspection/District Authorities

**Comment:** The construction site may be visited during entire duration of project at least twice, provided all works are done properly. There is no need to stop works. Inspections occur on random basis. According to Law on Inspection all inspections must take place only once a year. However, so called 'operational inspections' are widespread.

**Procedure 10 Receive Inspection by State Inspection of Urban Development of Ministry of Urban Development**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** State Inspection of Urban Development of Ministry of Urban Development

**Comment:** The construction site may be visited during entire duration of project at least twice, even if works are conducted properly. There is no need to stop works. Inspections occur on random basis. According to Law on Inspection all inspections must take place only once a year. However, so called 'operational inspections' are widespread.

**Procedure 11 Receive Inspection by State Inspection of Urban Development of Ministry of Urban Development**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** State Inspection of Urban Development of Ministry of Urban Development

**Comment:** The construction site may be visited during entire duration of project at least twice, even if works are conducted properly. There is no need to stop works. Inspections occur on random basis. According to Law on Inspection all inspections must take place only once a

year. However, so called ‘operational inspections’ are widespread.

**Procedure 12 Request and connect to electricity services**

**Time to complete:** 10 days  
**Cost to complete:** AMD 2,600  
**Agency:** ArmElNet  
**Comment:** An additional facilitation fee of AMD 200–300 is required to expedite the process.

**Procedure 13 Request water and sewage services**

**Time to complete:** 9 days  
**Cost to complete:** AMD 2,600  
**Agency:** Yerevan Water and Sewage Company (YWSC)  
**Comment:** An additional facilitation fee of AMD 200–300 is required to expedite the process.

**Procedure 14 Receive water and sewage inspection and connect**

**Time to complete:** 1 day  
**Cost to complete:** no charge  
**Agency:** Yerevan Water and Sewage Company (YWSC)  
**Comment:**

**Procedure 15 Request and connect to telephone service**

**Time to complete:** 8 days  
**Cost to complete:** AMD 24,000  
**Agency:** ArmenTel  
**Comment:** An additional facilitation fee of AMD 200-300 is required to expedite the process.

**Procedure 16 Request final municipal inspection to obtain occupancy permit**

**Time to complete:** 1 day  
**Cost to complete:** no charge  
**Agency:** Municipality/State Inspection of Urban Development of Ministry of Urban Development  
**Comment:** The completion of construction certificate, obtained upon completion through joint meeting of investor and builder, is required to file for the final inspection process. This is

required to obtain the occupancy permit from the municipality. The application is made to receive final inspection by municipality. State Inspection of Ruban Development under the Ministry of Urban Development, must be notified as well.

**Procedure 17 Request final municipal inspection and apply for occupancy permit**

**Time to complete:** 1 day

**Cost to complete:** AMD 150,000

**Agency:** Municipality/State Inspection of Urban Development of Ministry of Urban Development

**Comment:** By ministerial decree, the municipality must undertake the final inspection within 15 days of receiving the application. After the inspection, the application is forwarded to the state expert office for final approval. This takes another 10–15 business days. Inspection by State Inspection of Urban Development of Ministry of Urban Development takes place separately. After all signatures are signed the occupancy permit is issued by the Mayor's Office.

**Procedure 18 Receive on-site final inspection and obtain occupancy permit**

**Time to complete:** 28 days

**Cost to complete:** no charge

**Agency:** Municipality

**Comment:** After all signatures are signed the occupancy permit is issued by the Mayor's Office.

**Procedure 19 Register the building with the cadastre**

**Time to complete:** 2 days

**Cost to complete:** AMD 99,397

**Agency:** Local Cadastre Office

**Comment:** The company must register the building with the cadastre by submitting the land title, the allocation permit, the building permit, and the construction plans. The next step is an on-site inspection, required for metering the building.

As of second half of 2009 the State Cadastre introduced new fast track options whereby transactions can be done in 2, 4 and 7 days.

Fee schedule for registration:  
Registration: AMD 10,000  
Building metering: AMD 45 929+AMD 45 1300.6=AMD 100,332(fast track- 1 day)  
Building sketch: AMD 500 (for each page-2 pages)= AMD 1,000  
Stamp duty: AMD 1,000  
Total: AMD 112 332

Documents to be submitted:  
Construction permits;  
Architectural construction assignment;  
Occupancy permit.

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Local Cadastre Office

**Comment:** Inspection of site is done for all projects, both first time and re-sale of property. The mapping team visits the site and thereafter draws all relevant measurements in the records. BuildCo representative must be present at the moment of inspection.

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?

**Registering Property:** transfer of property between 2 local companies

Rankings are based on 3 subindicators

### Procedures to legally transfer title on immovable property (number)

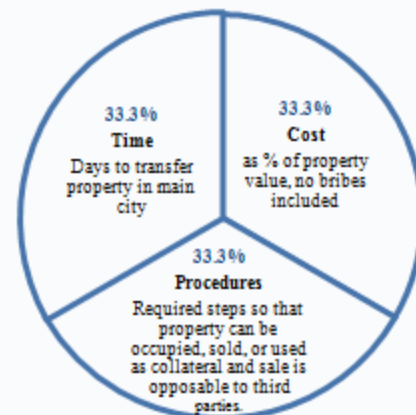
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### 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



### 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.

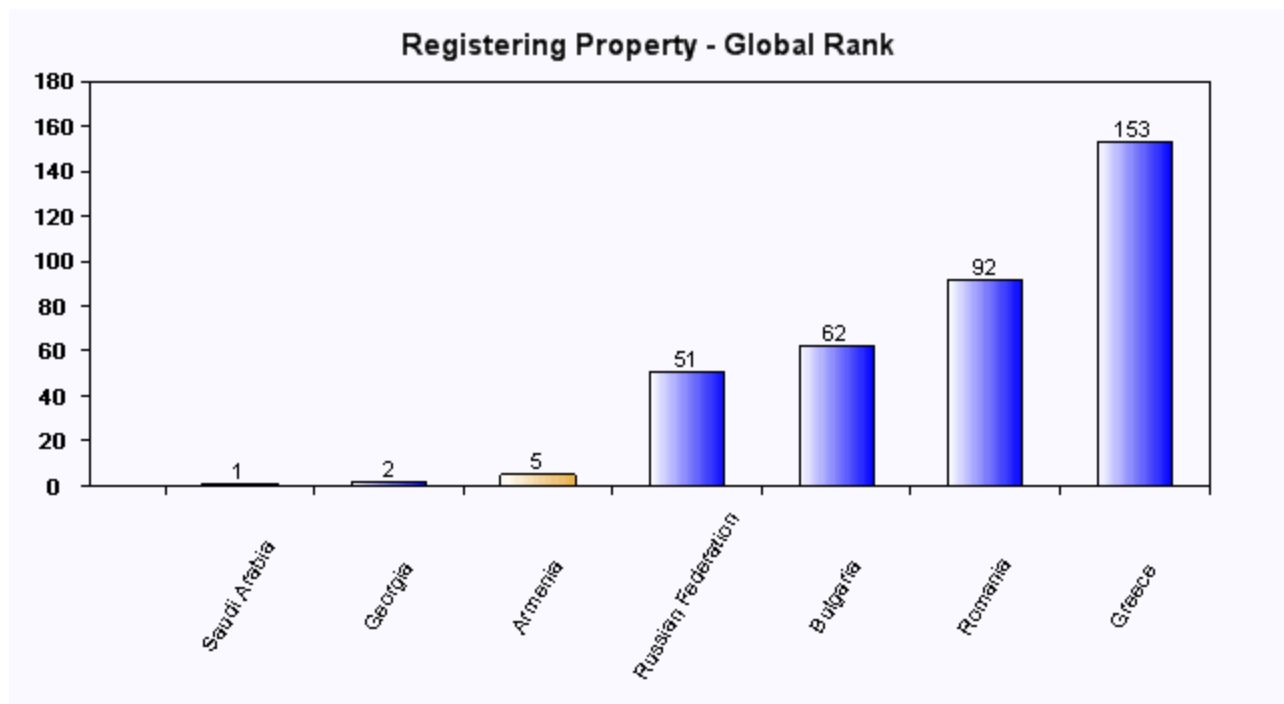
#### The property (fully owned by the seller):

- 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

Armenia is ranked 5 overall for Registering Property.

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



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

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

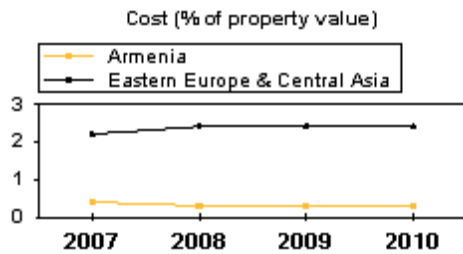
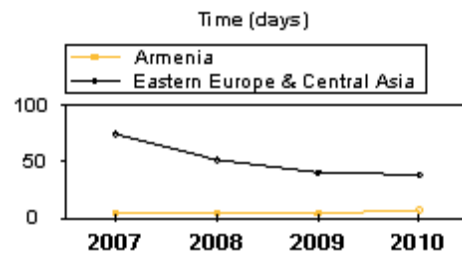
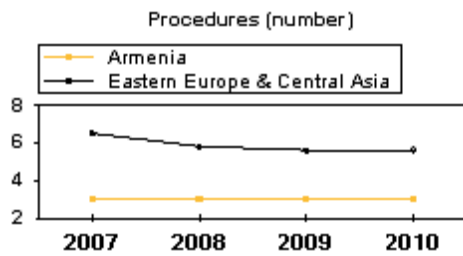
<i>Selected Economy</i>			
<b>Armenia</b>	<b>3</b>	<b>7</b>	<b>0.3</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	8	15	3.0
<b>Georgia</b>	1	2	0.1
<b>Greece</b>	11	22	12.7
<b>Romania</b>	8	48	1.3
<b>Russian Federation</b>	6	43	0.1

## 2. Historical data: Registering Property in Armenia

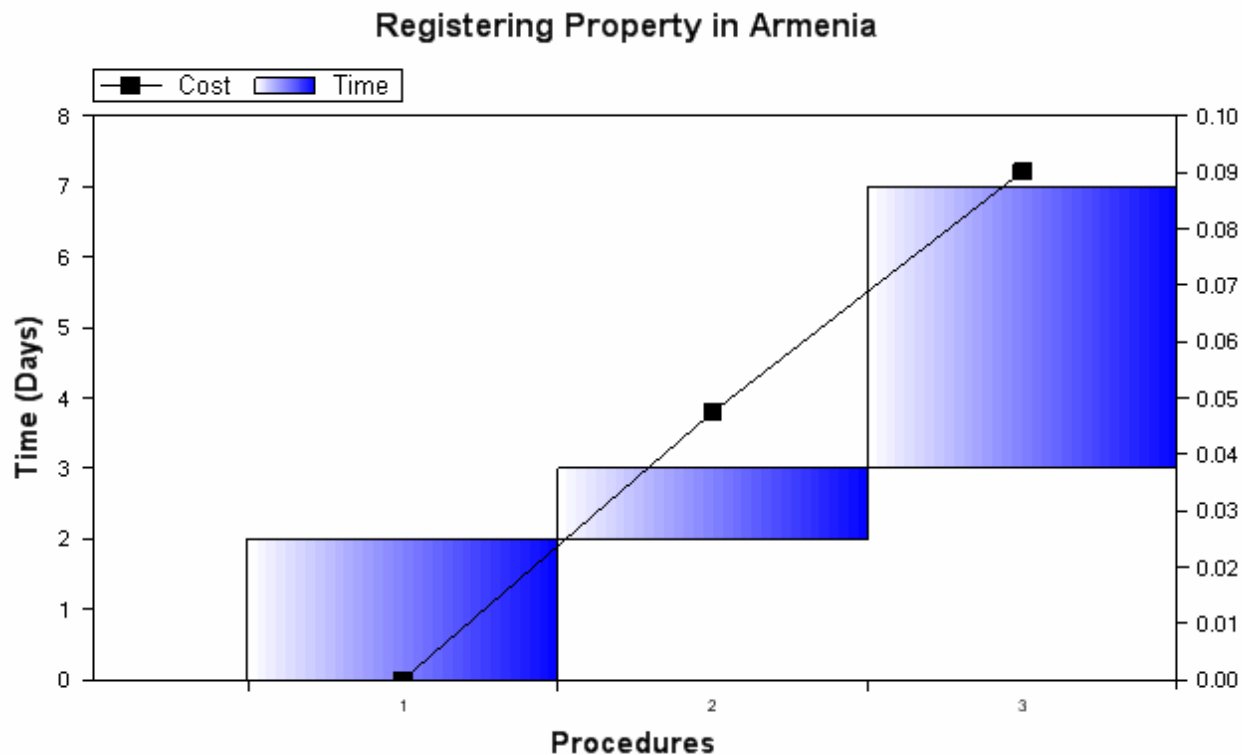
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	4	5
Procedures (number)	3	3	3	3
Time (days)	4	4	4	7
Cost (% of property value)	0.4	0.3	0.3	0.3

## 3. Registering Property sub indicators in Armenia over the past 4 years



#### 4. Overview of the steps to Registering Property in Armenia

It requires 3 procedures, takes 7 days, and costs 0.30 % of property value to register the property in Armenia.

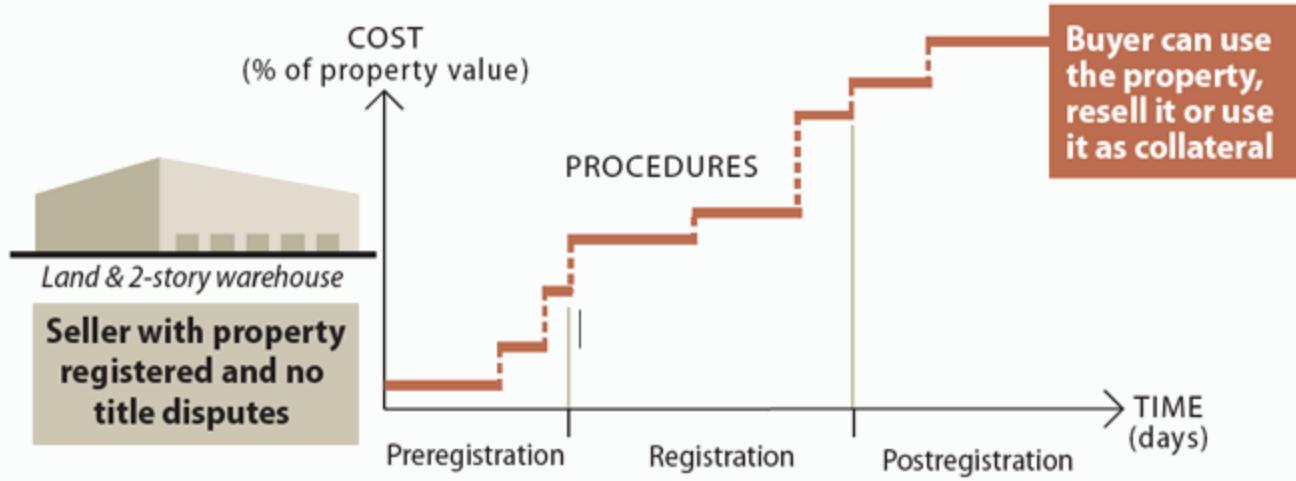


No:	Procedure	Time to complete (days)	Cost to complete
1	Seller obtains a special reference on restrictions on the property at the State Committee of the Real Property Cadastre of the Republic of Armenia (SCRPC)	2 days	According to new few schedule
2	Payment of stamp duty and notarization of sale-purchase agreement by public notary	1 day	AMD 5,000 (Stamp duty for Notarization) + AMD 15,000 – 20,000 (Notary’s fees)

3	The local office of the SCRPC registers the title and provides a registration certificate to the new owner	4 days	<p>AMD 40,000 (Stamp duty for registration) + registration fee according to new fee schedule + AMD 1,000 (cost of cameral works) AMD 3 per square meter (cost of measurement works for land) + AMD 20 per square meter (cost of measurement works for buildings and constructions)The costs of both measurements and the cameral works are doubled to have the procedure done in 4 days, and tripled to have it done in only 2 days. The registration fee for public or industrial property located in Yerevan is calculated as follows: Up to 100 sq.m. AMD 30.000From 100 sq.m. to 200 sq.m. AMD 50.000From 200 sq.m. to 500 sq.m. AMD 60.000From 500 sq.m. to 1000sq.m. AMD 70.000From 1000 sq.m. to 5000 sq.m. AMD 80.000From 5000 sq.m. to 10.000 sq.m. AMD 150.000More than 10.000 [including 10000] sq.m. AMD 160.000</p>
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## What are the time, cost and number of procedures required to transfer a property between 2 local companies?



### 5. Details on Registering Property in Armenia

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

#### STANDARDIZED PROPERTY

Property Value: AMD 52,662,792.52

City: Yerevan

Procedure	1
	Seller obtains a special reference on restrictions on the property at the State Committee of the Real Property Cadastre of the Republic of Armenia (SCRPC)
<b>Time to complete:</b>	2 days
<b>Cost to complete:</b>	According to new few schedule
<b>Agency:</b>	State Committee of the Real Property Cadastre of the Republic of Armenia (SCRPC)
<b>Comment:</b>	<p>The seller has to obtain information about the encumbrances and other restrictions (mortgage, easement, etc.) on the real property which should be provided to the notary. In this regard, the seller has to apply to the local office of the SCRPC to obtain the appropriate reference, which is valid within 15 days of the issuing (Order # 20-K, as of 16.01.1998).</p> <p>For public and industrial property of more than 200 sq. meters located in Yerevan, the fee to obtain the encumbrance certificate is as follows per the Order No 99- N. 23 Apr. 2009 of the Chairman of SCRPC and Order No 452-N, 18 May 2009 of the Ministry of Finance, registered by the Ministry of Justice on 22 May 2009, Reg. no. 32209222, came into force 11.06.2009</p> <p>up to 100 sq.m. AMD10.000                      from 100sq.m to 200 sq.m. AMD 15.000                      from 200 sq.m. to 500 sq.m. AMD 20.000                      from 500 sq.m. to 1000 sq.m. AMD 25.000                      from 1000 sq.m. to 5000 sq.m. AMD 30.000                      from 5000 sq.m. to 10000 sq.m. AMD 65.000</p>

more than 10000 [including 10000] sq.m. AMD 80.000

The documentation shall include:  
Application (in the established form)

## Procedure 2 Payment of stamp duty and notarization of sale-purchase agreement by public notary

**Time to complete:** 1 day

**Cost to complete:** AMD 5,000 (Stamp duty for Notarization) + AMD 15,000 – 20,000 (Notary’s fees)

**Comment:** Previously, stamp duty for notarization was paid to the respective settlement account at a commercial bank – however, it is now possible to pay this stamp duty directly at the notary office. According to the legislation, the sale-purchase agreement is subject to notarization. The notary explains to the parties the point and significance of the contract, and checks whether the provisions of the contract comply with the intention of the parties and whether it does not contradict the law. Along with the status of the property rights and the absence of prohibition, the notary checks the authority of the representatives and legal entities of the contract parties and notarizes the agreement.

In order to get the agreement notarized the seller must provide evidence of his title to the property, i.e. the registration certificate and the reference information mentioned in Procedure 1.

There is no legal requirement for the agreement to be prepared by a lawyer. Accordingly, the parties are free to prepare the agreement themselves.

The documentation for notarization of sale-purchase agreement shall include:  
Sale-purchase agreement  
Registration certificate (in possession of the seller)  
Reference on restrictions (Obtained in Procedure 1)  
Corporate documents of the parties, i.e. charters, foundation agreements, powers of attorney

## Procedure 3 The local office of the SCRPC registers the title and provides a registration certificate to the new owner

**Time to complete:** 4 days

**Cost to complete:** AMD 40,000 (Stamp duty for registration) + registration fee according to new fee schedule + AMD 1,000 (cost of cameral works) AMD 3 per square meter (cost of measurement works for land) + AMD 20 per square meter (cost of measurement works for buildings and constructions)The costs of both measurements and the cameral works are doubled to have the procedure done in 4 days, and tripled to have it done in only 2 days. The registration fee for public or industrial property located in Yerevan is calculated as follows: Up to 100 sq.m. AMD 30.000From 100 sq.m. to 200 sq.m. AMD 50.000From 200 sq.m. to 500 sq.m. AMD 60.000From 500 sq.m. to 1000sq.m. AMD 70.000From 1000 sq.m. to 5000 sq.m. AMD 80.000From 5000 sq.m. to 10.000 sq.m. AMD 150.000More than 10.000 [including 10000] sq.m. AMD 160.000

**Agency:** State Committee of the Real Property Cadastre of the Republic of Armenia (SCRPC)

**Comment:** According to the legislation, within 30 days of the notarization of the sale and purchase contract the buyer shall apply to the SCRPC for the state registration of the transfer of title. SCRPC inspects the authenticity of the presented documents, including verification through the database, surveys building and land, makes a decision about registration, registers in the registry and issues a certificate of title registration to the new owner.

The measurement works are done only in the cases when the first time registration is done and there is a change in the property layout after issuing new certificate of ownership.

According to the law the ownership right arises only after the registration has been completed. Stamp duty in this case equals AMD 40,000. For the dwelling space, as well as for the

property of public and industrial use less than 200 square meters, the stamp duty is AMD 20,000.

Stamp duty for registration can be paid in Procedure 3 to the respective settlement account at a commercial bank.

All other payments shall be made at the local office of SCRPC.

The cost of the measurement works is AMD 3 per square meter of land and AMD 20 per square meter of buildings and constructions. For the property described in the case study the measurement works cost (for the expedited procedure) AMD 836.1 for 92.9 square meters of land (the measurement works are done only for the land plot not covered by the building) and AMD 55,740 for 929 square meters for the building (warehouse).

For residential property, lands without constructions, as well as for the property of public and industrial use less than 200 sq. meters the accomplishment time is 4days.

Fee schedule for registration of property located in Yerevan

Up to 100 sq.m. AMD 30.000

From 100 sq.m. to 200 sq.m. AMD 50.000

From 200 sq.m. to 500 sq.m. AMD 60.000

From 500 sq.m. to 1000sq.m. AMD 70.000

From 1000 sq.m. to 5000 sq.m. AMD 80.000

From 5000 sq.m. to 10.000 sq.m AMD 150.000

More than 10.000 [including 10000] sq.m. AMD 160.000

Property transfers as a rule are subject to a 20% VAT, except if the parties are natural persons.

The documentation shall include:

Application (in the established form)

One copy of the notarized sale purchase agreement

Corporate documents of the new owner

At the same time, new time limits were introduced, abolishing the previous expedited procedures put in place to facilitate registration (procedure 1: 2 days; procedure 3: 4 days). Those changes were made by the Order No 99- N. 23 Apr. 2009 of the Chairman of SCRPC and Order No 452-N, 18 May 2009 of the Ministry of Finance, registered by the Ministry of Justice on 22 May 2009, Reg. no. 32209222, came into force 11.06.2009.

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

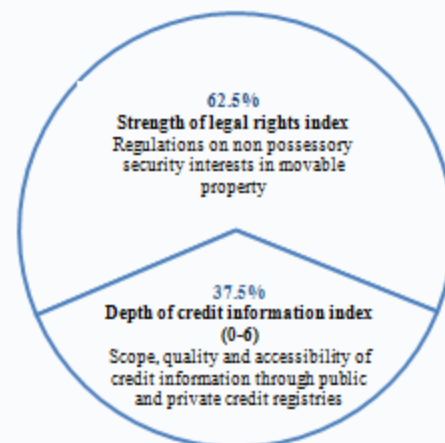
##### Public credit registry coverage (% of adults)

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

##### Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a 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)

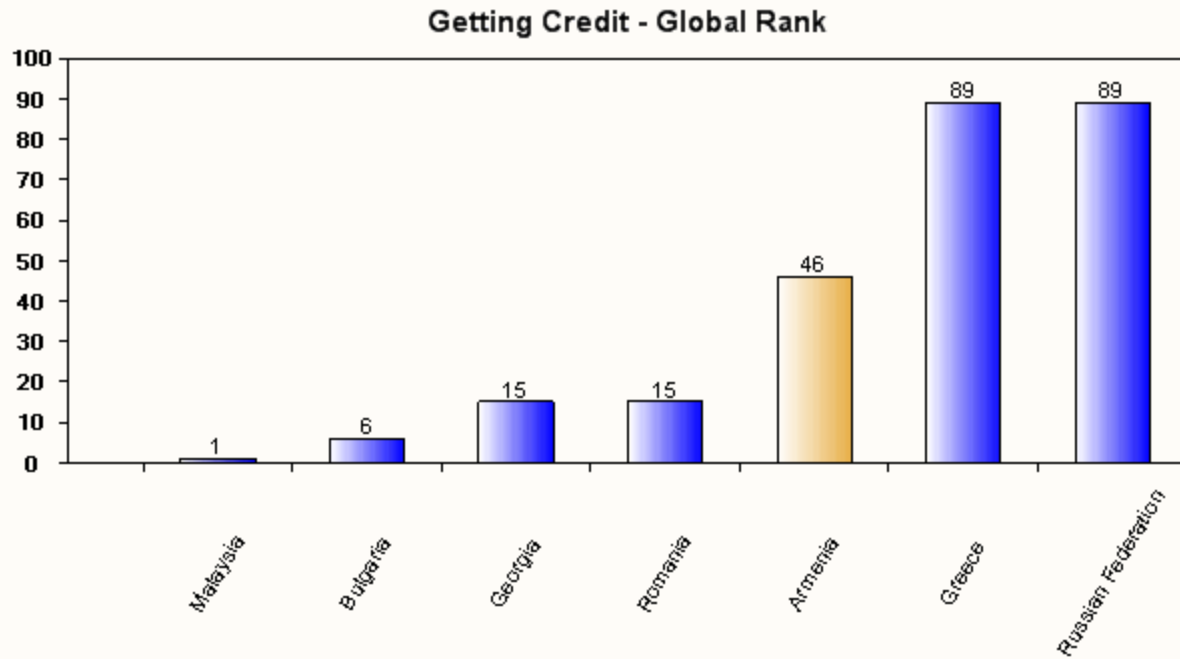
##### The Debtor

- 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

Armenia is ranked 46 overall for Getting Credit.

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



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

<b>Good Practice Economies</b>	<b>Strength of legal rights index (0-10)</b>	<b>Depth of credit information index (0-6)</b>	<b>Public registry coverage (% of adults)</b>	<b>Private bureau coverage (% of adults)</b>
<b>New Zealand</b>				100.0
<b>Portugal</b>			67.1	
<b>Singapore</b>	10			
<b>United Kingdom</b>		6		

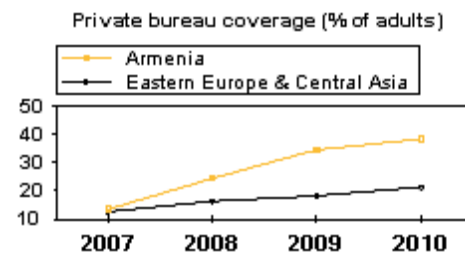
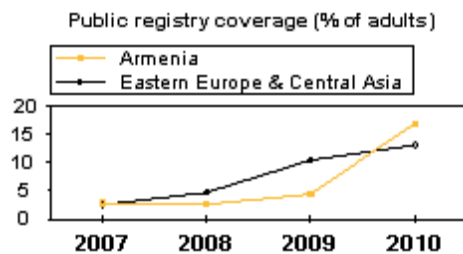
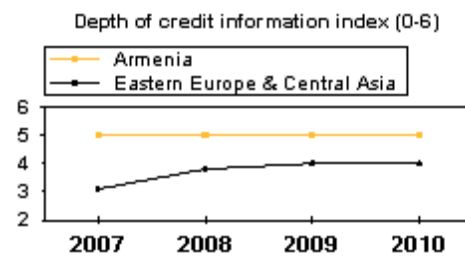
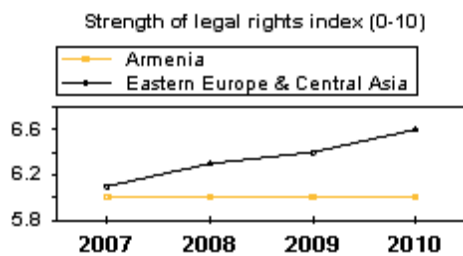
<i>Selected Economy</i>				
<b>Armenia</b>	<b>6</b>	<b>5</b>	<b>16.9</b>	<b>38.3</b>

<i>Comparator Economies</i>				
<b>Bulgaria</b>	8	6	37.0	13.1
<b>Georgia</b>	7	6	0.0	16.4
<b>Greece</b>	3	5	0.0	61.5
<b>Romania</b>	8	5	13.0	33.3
<b>Russian Federation</b>	3	5	0.0	14.4

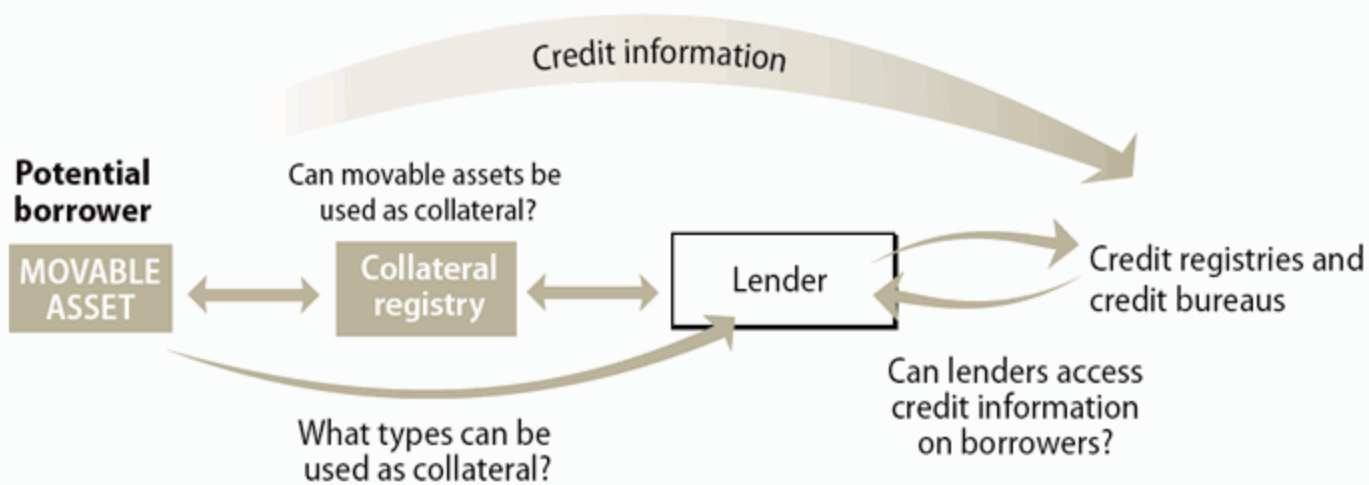
## 2. Historical data: Getting Credit in Armenia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	44	46
Strength of legal rights index (0-10)	6	6	6	6
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	13.5	24.4	34.5	38.3
Public registry coverage (% of adults)	2.8	2.6	4.4	16.9

## 3. Getting Credit sub indicators in Armenia 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?



### 4. Details on Getting Credit in Armenia

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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>5</b>
Are data on both firms and individuals distributed?	Yes	Yes	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?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
<b>Coverage</b>	38.3	16.9	
Number of individuals	921,412	401,855	
Number of firms	17,847	12,172	

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?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	Yes
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	Yes
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	No
Does the law authorize parties to agree on out of court enforcement?	Yes

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)

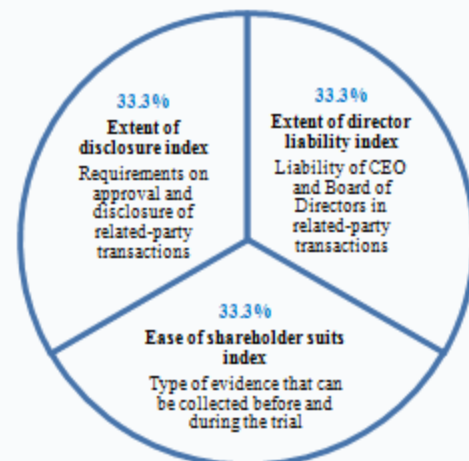
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### 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.

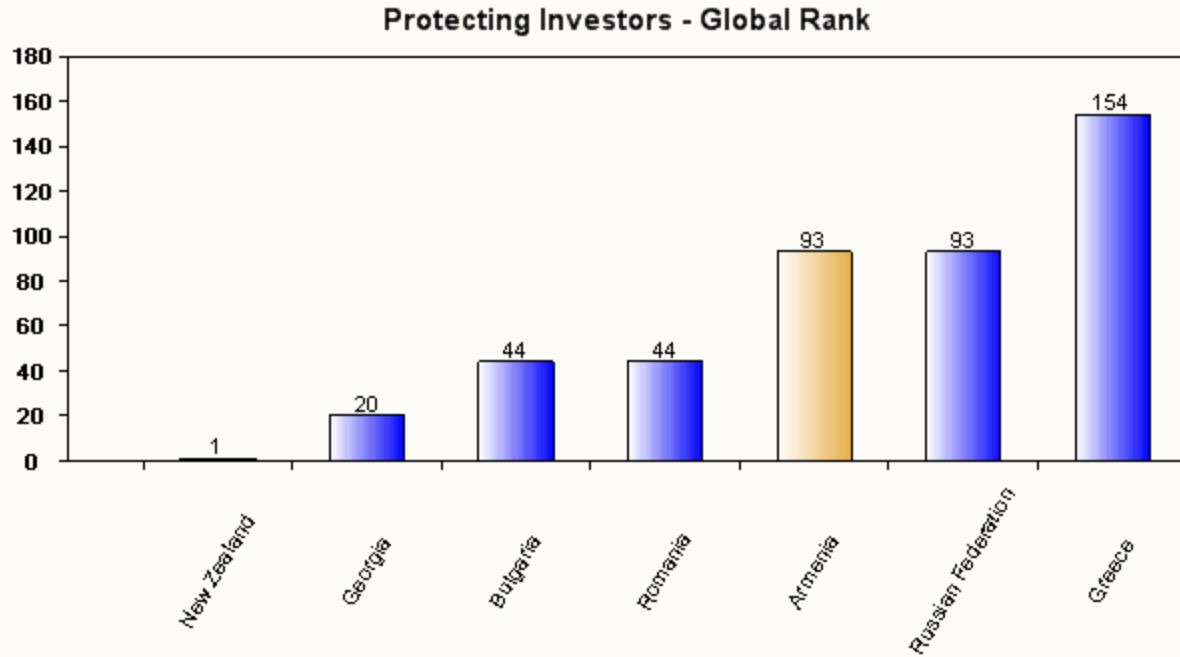
#### The transaction

- 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

Armenia is ranked 93 overall for Protecting Investors.

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



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

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

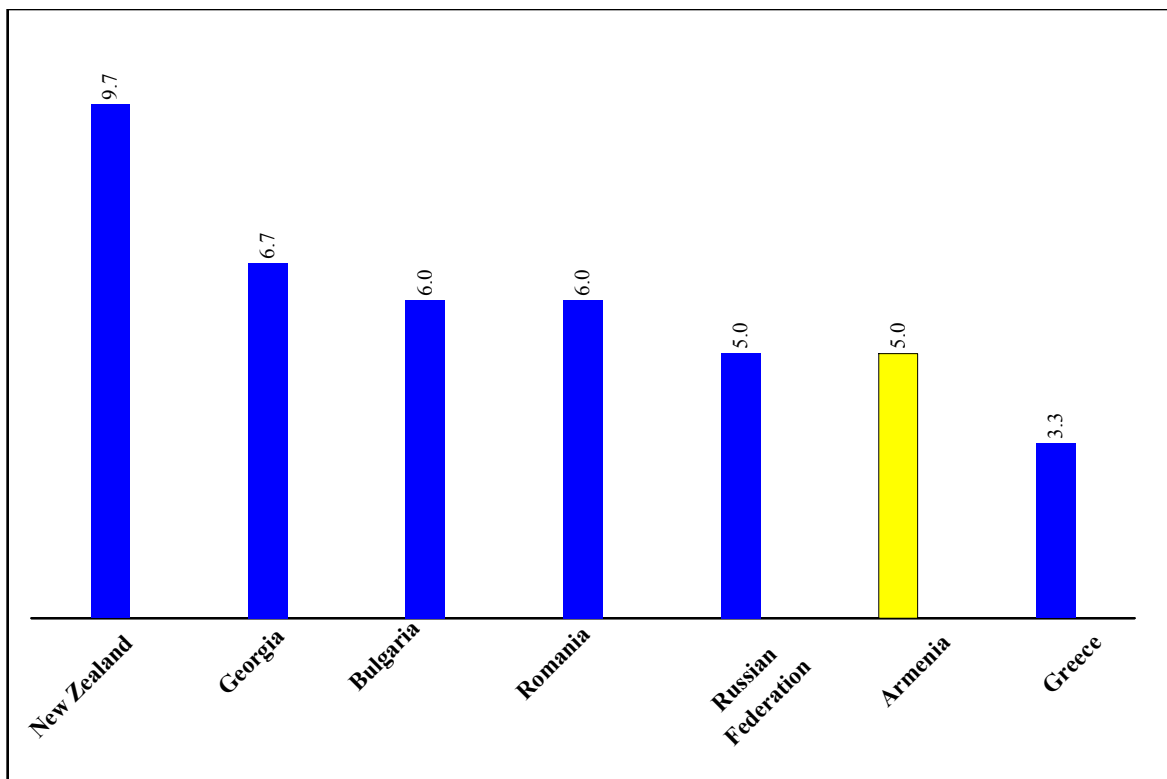
<i>Selected Economy</i>	
<b>Armenia</b>	<b>5.0</b>

<i>Comparator Economies</i>	
<b>Bulgaria</b>	6.0
<b>Georgia</b>	6.7
<b>Greece</b>	3.3
<b>Romania</b>	6.0
<b>Russian Federation</b>	5.0

**2. Historical data: Protecting Investors in Armenia**

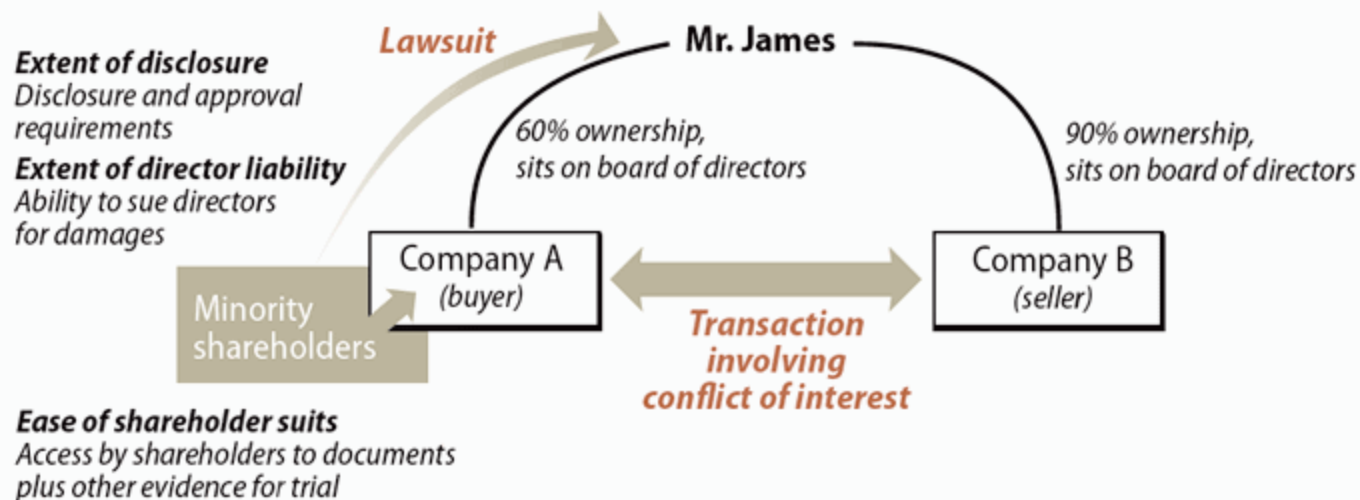
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	92	93
Strength of investor protection index (0-10)	5.0	5.0	5.0	5.0

**3. The following graph illustrates the Protecting Investors index in Armenia 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?



### 4. Details on Protecting Investors in Armenia

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

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>5</b>
What corporate body provides legally sufficient approval for the transaction?	3
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?	0
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	0
<b>Extent of director liability index (0-10)</b>	<b>2</b>
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?	1
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
<b>Ease of shareholder suits index (0-10)</b>	<b>8</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
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
<b>Strength of investor protection index (0-10)</b>	<b>5.0</b>

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)

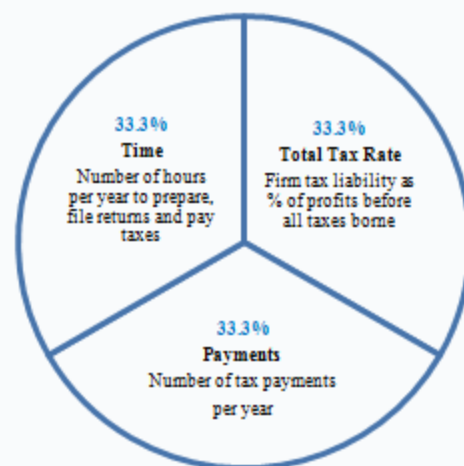
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**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



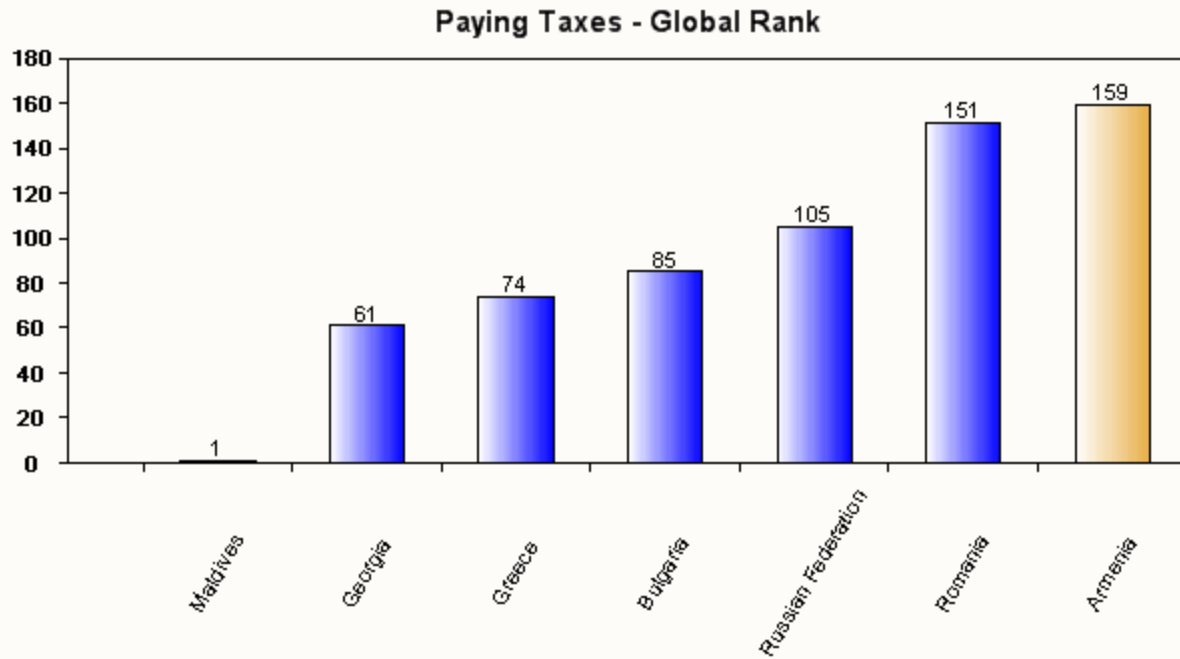
### Case Study Assumptions

- 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

Armenia is ranked 159 overall for Paying Taxes.

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



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

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

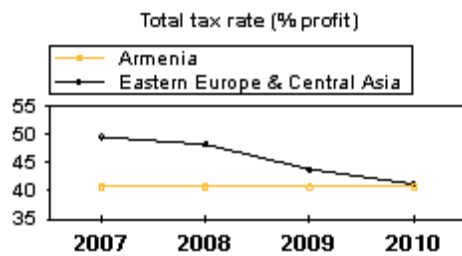
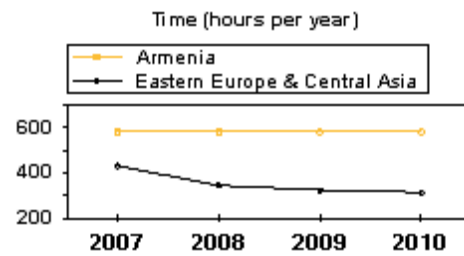
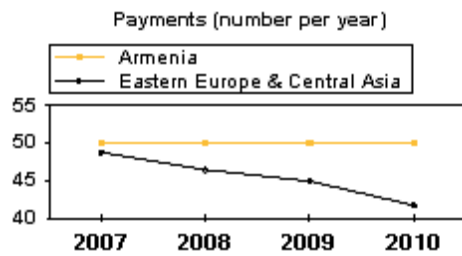
<i>Selected Economy</i>			
<b>Armenia</b>	<b>50</b>	<b>581</b>	<b>40.7</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	17	616	29.0
<b>Georgia</b>	18	387	15.3
<b>Greece</b>	10	224	47.2
<b>Romania</b>	113	222	44.9
<b>Russian Federation</b>	11	320	46.5

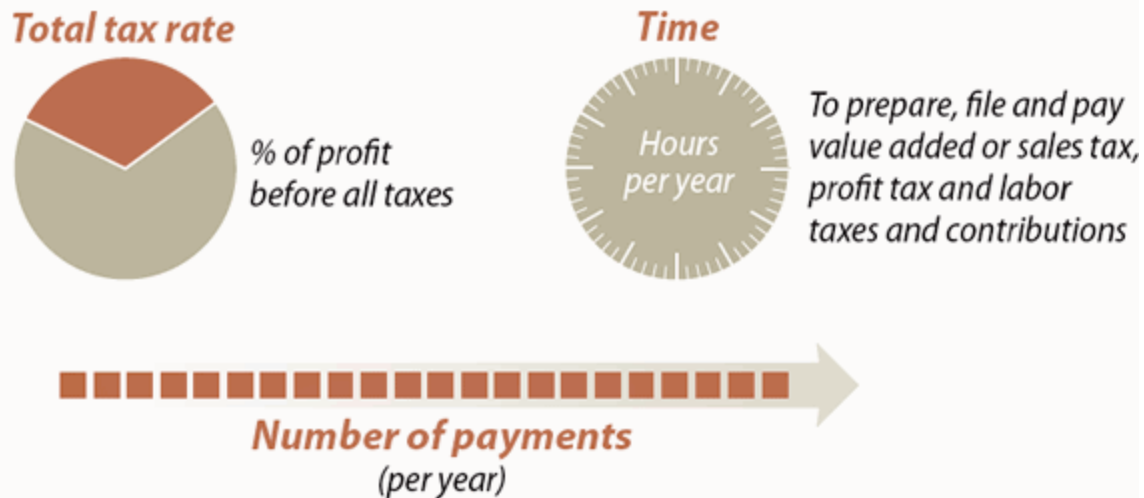
## 2. Historical data: Paying Taxes in Armenia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	157	159
Total tax rate (% profit)	40.7	40.7	40.7	40.7
Payments (number per year)	50	50	50	50
Time (hours per year)	581	581	581	581

## 3. Paying Taxes sub indicators in Armenia 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?



### 4. Details on Paying Taxes in Armenia

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		202	20.0%	value added, land sale		

Vehicle tax	4		(1) 1-120 horsepower - AMD 200 per horsepower; (2) 121-250 horsepower - AMD 300 per horsepower, and additional AMD 1000 per each horsepower in excess of 150 horsepower; (3) 251 and more horsepower - AMD 500 per horsepower, and additional AMD 1000 per each	engine of the vehicle (in horsepower)	0.00
Environmental pollution charge for vehicles	1		AMD 50 per horsepower	engine of the vehicle (in horsepower)	0.00
Property tax on Building	4		0.3%	cadastral value	0.30
Land Tax	4		1.0%	cadastral value	0.80
Corporate income tax	13	146	20.0%	taxable profit	16.60
Social security contributions	12	233	(i) AMD 7,000 for first AMD 20,000 of monthly salary; (ii) AMD 7,000 plus 15% of the monthly salary exceeding AMD 20,000; (ii) AMD 19,000 plus 5% of the monthly salary exceeding AMD 100,000.	gross salaries	23.00

Totals

50

581

40.7

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?

**Trading Across Borders:** exporting and importing by ocean transport

Rankings are based on 3 subindicators

#### Documents required to export and import (number)

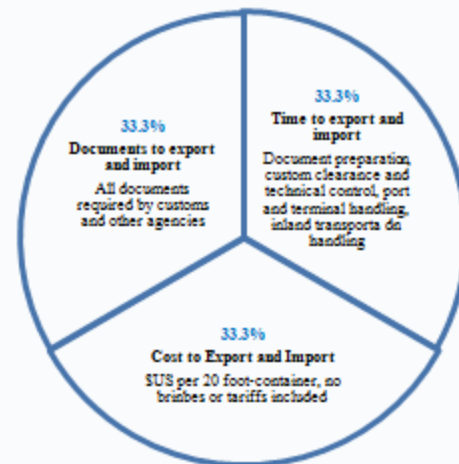
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### 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



### 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

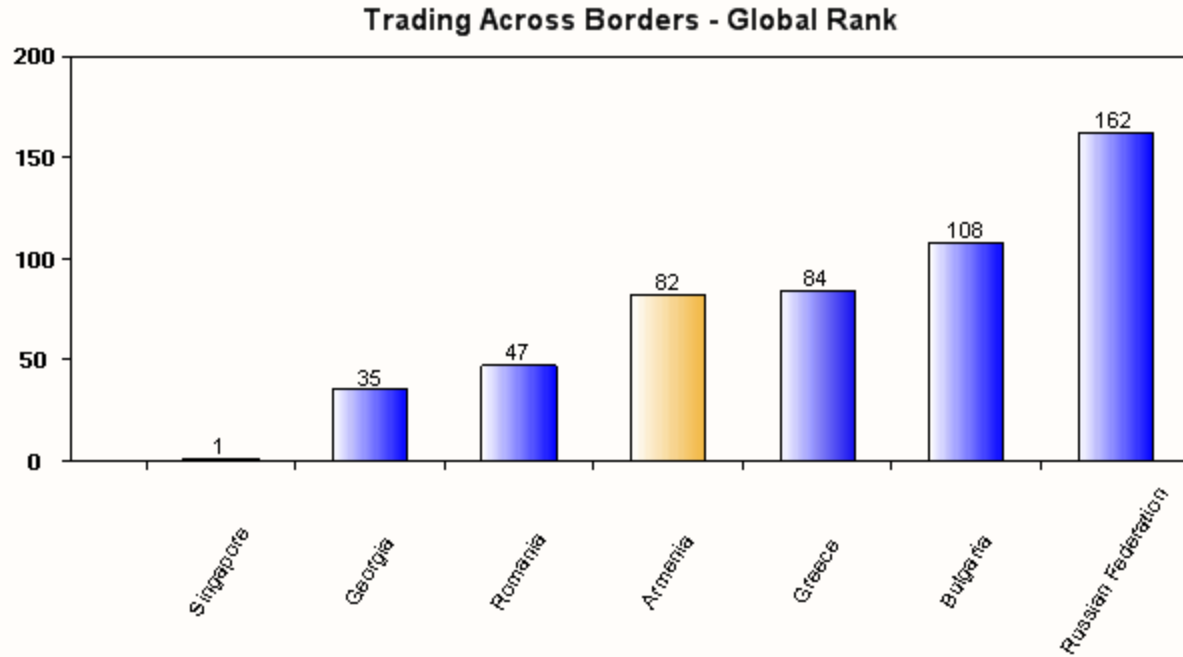
#### The traded product

- 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

Armenia is ranked 82 overall for Trading Across Borders.

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



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

<b>Good Practice Economies</b>	<b>Documents to export (number)</b>	<b>Time to export (days)</b>	<b>Cost to export (US\$ per container)</b>	<b>Documents to import (number)</b>	<b>Time to import (days)</b>	<b>Cost to import (US\$ per container)</b>
<b>Denmark</b>		5				
<b>France</b>	2			2		
<b>Malaysia</b>			450			
<b>Singapore</b>					4	439

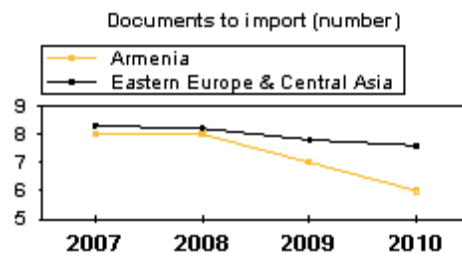
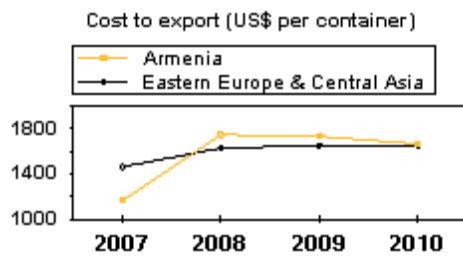
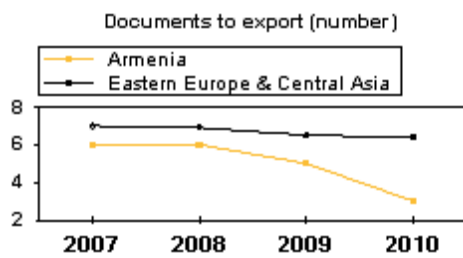
<i>Selected Economy</i>						
<b>Armenia</b>	<b>3</b>	<b>13</b>	<b>1665</b>	<b>6</b>	<b>18</b>	<b>2045</b>

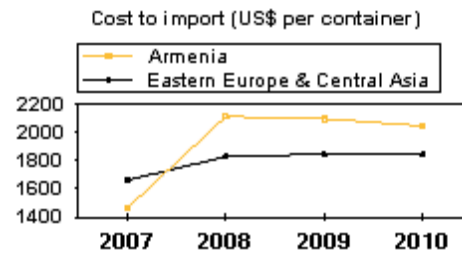
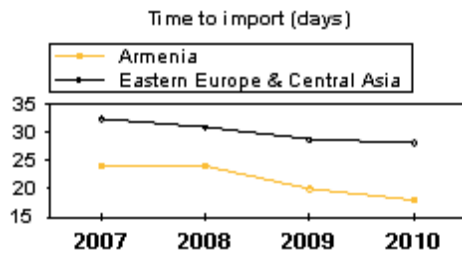
<i>Comparator Economies</i>						
<b>Bulgaria</b>	5	23	1551	7	21	1666
<b>Georgia</b>	4	10	1329	4	13	1316
<b>Greece</b>	5	20	1153	6	25	1265
<b>Romania</b>	5	12	1275	6	13	1175
<b>Russian Federation</b>	8	36	1850	13	36	1850

## 2. Historical data: Trading Across Borders in Armenia

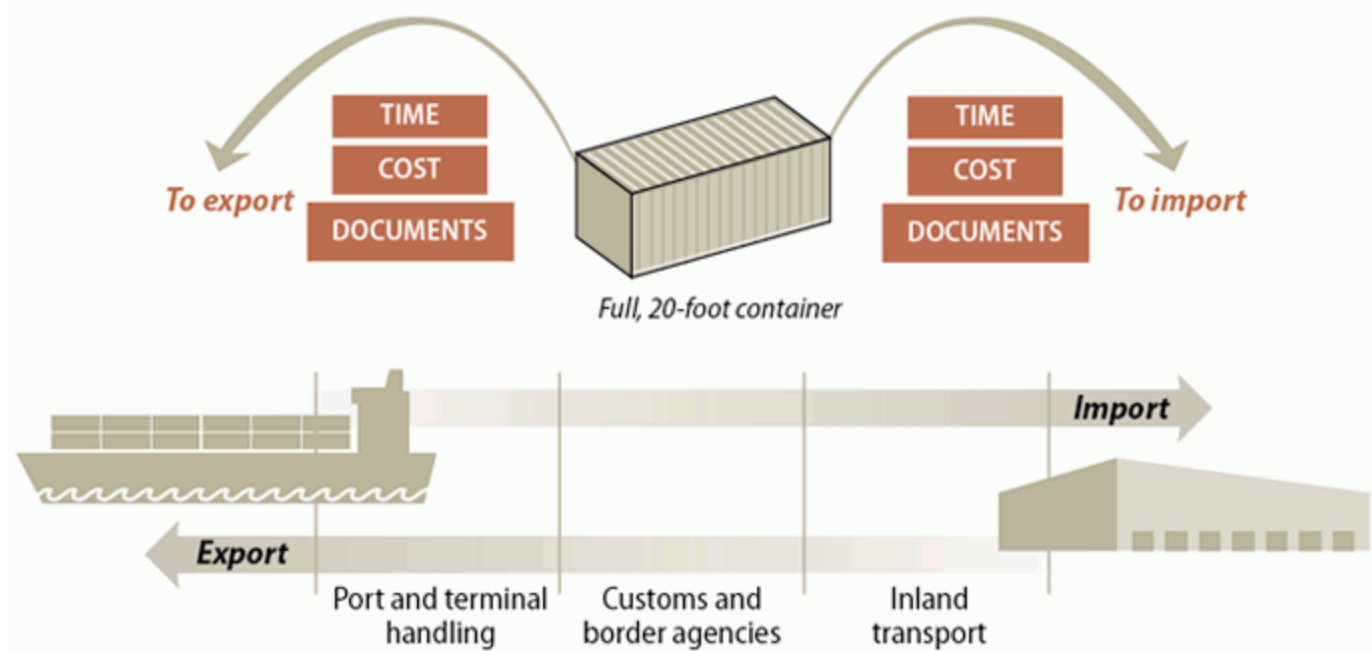
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	103	82
Cost to export (US\$ per container)	1165	1746	1731	1665
Cost to import (US\$ per container)	1465	2111	2096	2045
Documents to export (number)	6	6	5	3
Documents to import (number)	8	8	7	6
Time to export (days)	30	30	17	13
Time to import (days)	24	24	20	18

## 3. Trading Across Borders sub indicators in Armenia over the past 4 years





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



### 4. Details on Trading Across Borders in Armenia

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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	6	190
Customs clearance and technical control	1	75
Ports and terminal handling	2	250
Inland transportation and handling	4	1150
Totals	13	1665

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	9	210
Customs clearance and technical control	2	135
Ports and terminal handling	3	250
Inland transportation and handling	4	1450
Totals	18	2045

**Documents for Export and Import**

**Export**

Bill of lading

Commercial invoice

Customs export declaration

**Import**

Bill of lading

Certificate of origin

Commercial Invoice

Customs import declaration

Preliminary customs import declaration

Terminal handling receipts

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)

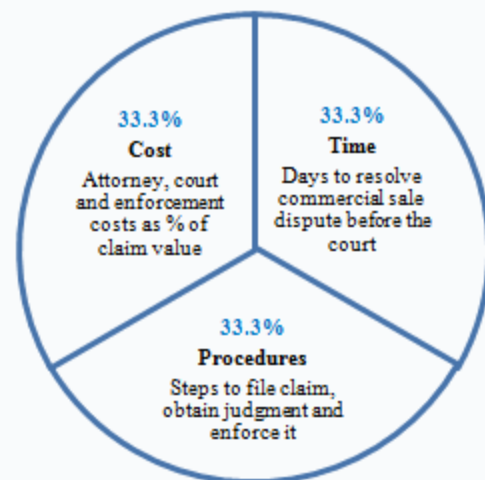
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

##### 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



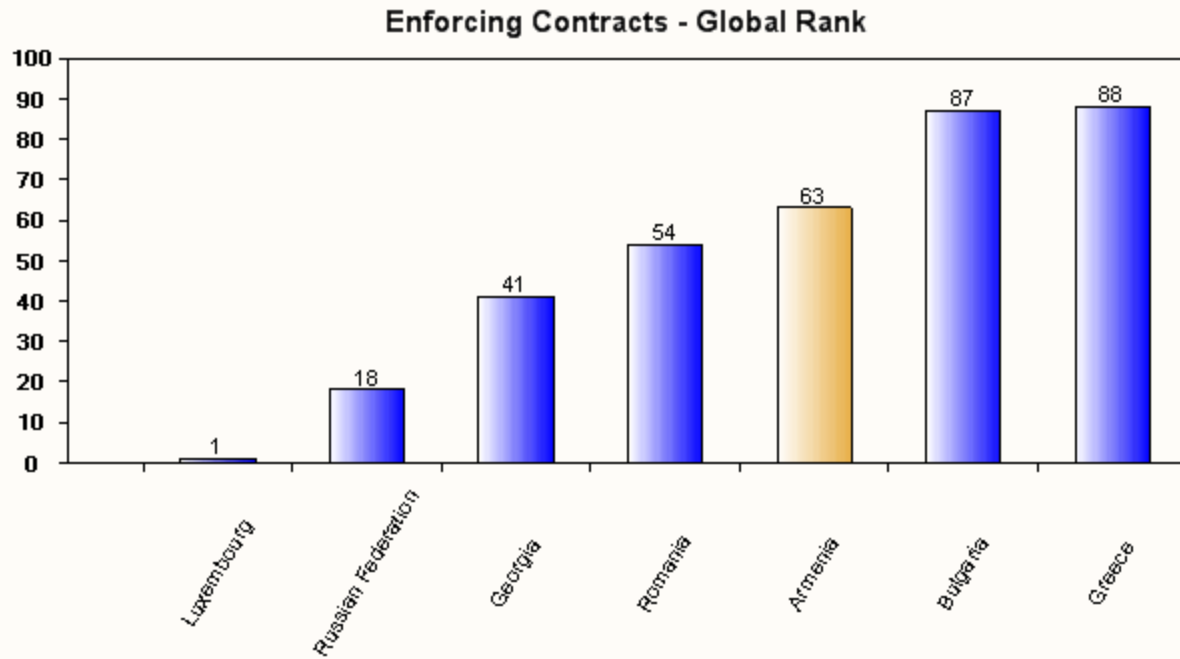
#### Case Study Assumptions

- 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

Armenia is ranked 63 overall for Enforcing Contracts.

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



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

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

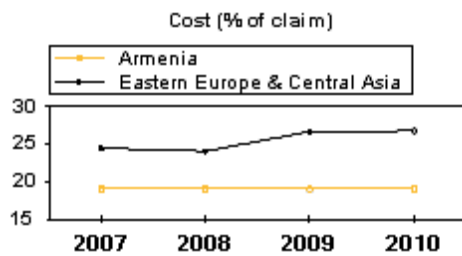
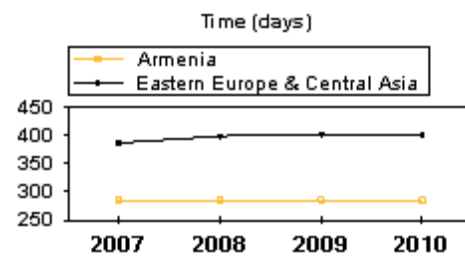
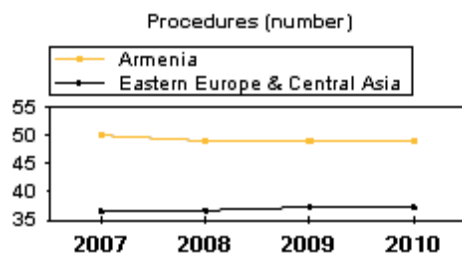
<i>Selected Economy</i>			
<b>Armenia</b>	<b>49</b>	<b>285</b>	<b>19.0</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	39	564	23.8
<b>Georgia</b>	36	285	29.9
<b>Greece</b>	39	819	14.4
<b>Romania</b>	31	512	28.9
<b>Russian Federation</b>	37	281	13.4

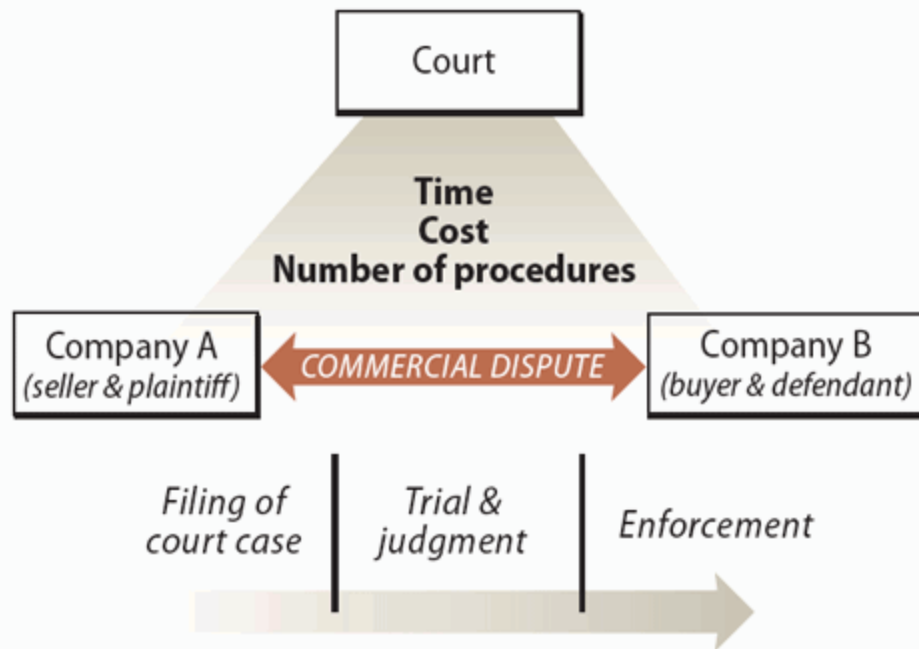
## 2. Historical data: Enforcing Contracts in Armenia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	62	63
Procedures (number)	50	49	49	49
Time (days)	285	285	285	285
Cost (% of claim)	19.0	19.0	19.0	19.0

## 3. Enforcing Contracts sub indicators in Armenia over the past 4 years



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



### 4. Details on Contract Enforcement in Armenia

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

**Court information:** Yerevan Court of First Instance ("Yndhanur iravasutyanyan dataran")

Nature of Procedure (2010)	Indicator
Procedures (number)	49
Time (days)	285
Filing and service	20.0
Trial and judgment	145.0
Enforcement of judgment	120.0
Cost (% of claim)*	19.00
Attorney cost (% of claim)	12.0
Court cost (% of claim)	2.0
Enforcement Cost (% of claim)	5.0

\* 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)

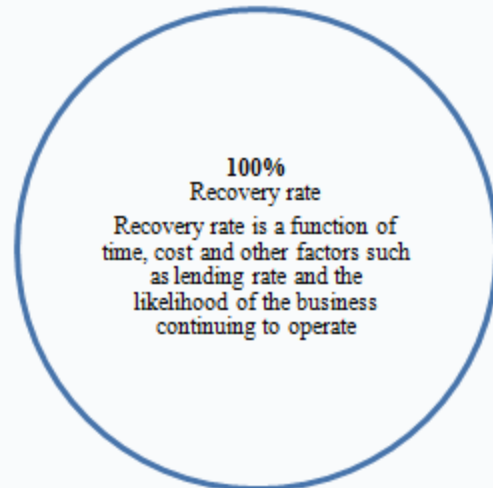
- Measured in calendar years
- Appeals and requests for extension are included

#### 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

Armenia is ranked 54 overall for Closing a Business.

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



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

<b>Good Practice Economies</b>	<b>Recovery rate (cents on the dollar)</b>	<b>Time (years)</b>	<b>Cost (% of estate)</b>
<b>Ireland</b>		0.4	
<b>Japan</b>	92.7		
<b>Singapore</b>			1

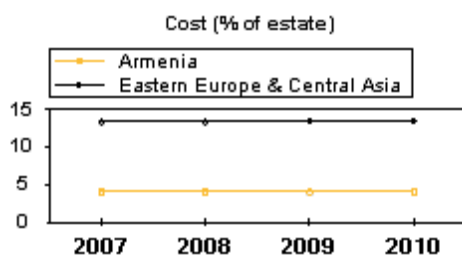
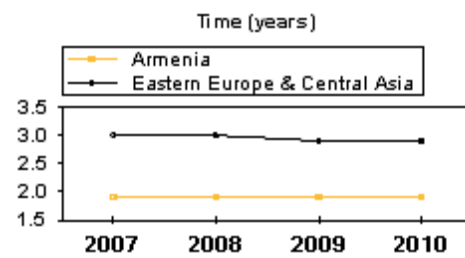
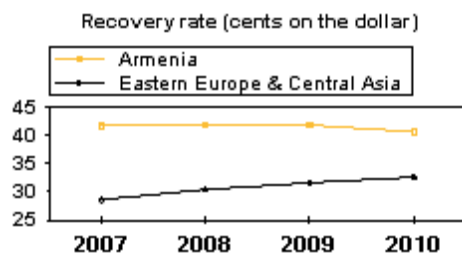
<i>Selected Economy</i>			
<b>Armenia</b>	<b>40.6</b>	<b>1.9</b>	<b>4</b>

<i>Comparator Economies</i>			
<b>Bulgaria</b>	31.0	3.3	9
<b>Georgia</b>	25.1	3.3	4
<b>Greece</b>	43.2	2.0	9
<b>Romania</b>	25.7	3.3	11
<b>Russian Federation</b>	25.3	3.8	9

## 2. Historical data: Closing Business in Armenia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	49	54
Time (years)	1.9	1.9	1.9	1.9
Cost (% of estate)	4	4	4	4
Recovery rate (cents on the dollar)	41.7	41.8	41.8	40.6

## 3. Closing Business sub indicators in Armenia over the past 4 years



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	Indicator									
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Employing Workers
Kazakhstan	✓	✓				✓	✓			
Rwanda		✓		✓			✓			
Peru	✓	✓	✓				✓			
Vietnam	✓	✓		✓						
Cape Verde	✓		✓				✓			
Tajikistan	✓				✓	✓	✓			
Zambia	✓						✓	✓		
Hungary		✓	✓				✓			✓
Grenada	✓		✓				✓			
Brunei Darussalam	✓					✓	✓			

✓ Positive Change  
 ✗ Negative Change

\* 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.

<b>Armenia</b>	Armenia made trading easier by introducing self-declaration desks at customs houses and warehouses, investing in new equipment to improve border operations and introducing a risk management system.
<b>Brunei Darussalam</b>	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.
<b>Bulgaria</b>	Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva (\$3,250) to 2 leva (\$1.30). Bulgaria reduced employer contribution rates for social security.
<b>Cape Verde</b>	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.
<b>Georgia</b>	Georgia improved access to credit by implementing a central collateral registry with an electronic database accessible online. Georgia strengthened investor protections by allowing greater access to corporate information during the trial. Georgia made the enforcement of contracts easier by streamlining the procedures for public auctions, introducing private enforcement officers and modernizing its dispute resolution system. Georgia improved insolvency proceedings by streamlining the regulation of auction sales.
<b>Greece</b>	Greece made transferring property more costly by increasing the transfer tax from 1% of the property value to 10%.
<b>Grenada</b>	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.
<b>Hungary</b>	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.
<b>Kazakhstan</b>	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.
<b>Peru</b>	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.
<b>Romania</b>	Romania amended regulations related to construction permitting to reduce fees and expedite the process. Romania introduced tax changes, including a new minimum tax on profit, that made paying taxes more costly for companies. Substantial amendments to Romania's bankruptcy laws—introducing, among other things, a procedure for out-of-court workouts—made dealing with insolvency easier.

<b>Russian Federation</b>	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
<b>Rwanda</b>	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.
<b>Tajikistan</b>	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.
<b>Vietnam</b>	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.
<b>Zambia</b>	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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