

Doing Business 2010

Italy

COMPARING REGULATION IN 183 ECONOMIES



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Contents

Introduction and Aggregate Rankings	1
Starting a Business	5
Dealing with Construction Permits	10
Employing Workers	15
Registering Property	19
Getting Credit	24
Protecting Investors	28
Paying Taxes	32
Trading Across Borders	36
Enforcing Contracts	40
Closing a Business	44
Doing Business 2010 Reforms	48

Introduction

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

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

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

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

The following pages present the summary Doing Business indicators for Italy. The data used for this country profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator. The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

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

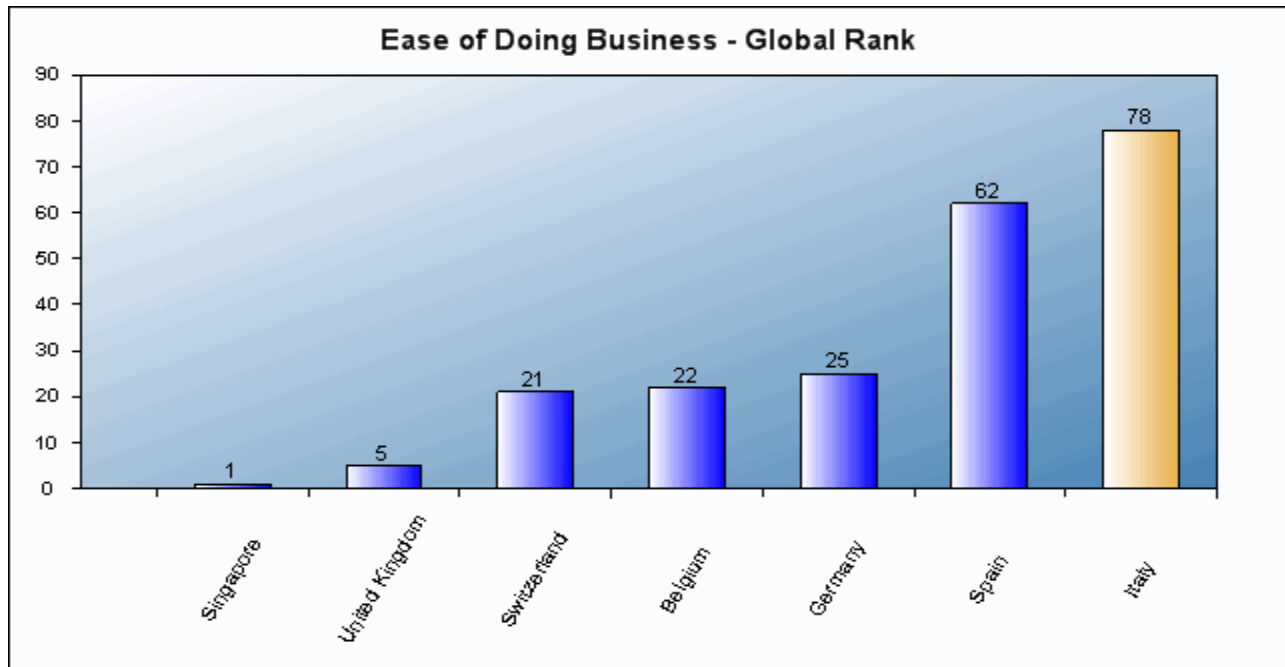
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

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

Economy Rankings - Ease of Doing Business

Italy is ranked 78 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Italy's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	78
Starting a Business	75
Dealing with Construction Permits	85
Employing Workers	99
Registering Property	98
Getting Credit	87
Protecting Investors	57
Paying Taxes	135
Trading Across Borders	50
Enforcing Contracts	156
Closing a Business	29

Summary of Indicators - Italy

Starting a Business	Procedures (number)	6
	Time (days)	10
	Cost (% of income per capita)	17.9
	Min. capital (% of income per capita)	9.7
Dealing with Construction Permits	Procedures (number)	14
	Time (days)	257
	Cost (% of income per capita)	137.2
Employing Workers	Difficulty of hiring index (0-100)	33
	Rigidity of hours index (0-100)	40
	Difficulty of redundancy index (0-10)	40
	Rigidity of employment index (0-100)	38
	Redundancy costs (weeks of salary)	11
Registering Property	Procedures (number)	8
	Time (days)	27
	Cost (% of property value)	4.6
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	12.2
	Private bureau coverage (% of adults)	77.5
Protecting Investors	Extent of disclosure index (0-10)	7
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	6
	Strength of investor protection index (0-10)	5.7
Paying Taxes	Payments (number per year)	15
	Time (hours per year)	334
	Profit tax (%)	22.9
	Labor tax and contributions (%)	43.4
	Other taxes (%)	2.1
	Total tax rate (% profit)	68.4

Trading Across Borders	Documents to export (number)	4
	Time to export (days)	20
	Cost to export (US\$ per container)	1231
	Documents to import (number)	4
	Time to import (days)	18
	Cost to import (US\$ per container)	1231
Enforcing Contracts	Procedures (number)	40
	Time (days)	1210
	Cost (% of claim)	29.9
Closing a Business	Recovery rate (cents on the dollar)	56.6
	Time (years)	1.8
	Cost (% of estate)	22

Starting a Business

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

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

Methodology

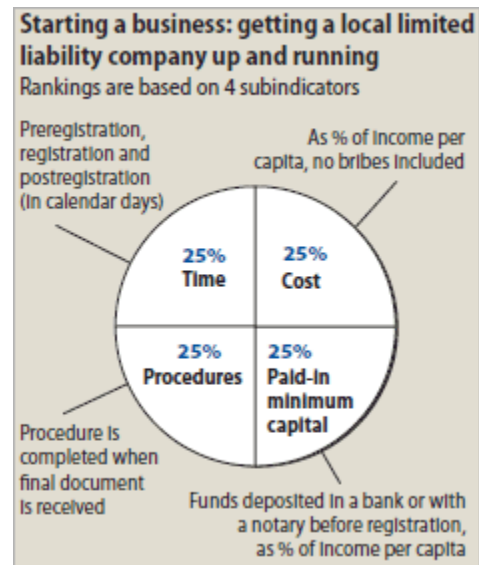
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications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

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

Survey Case Study

The business:

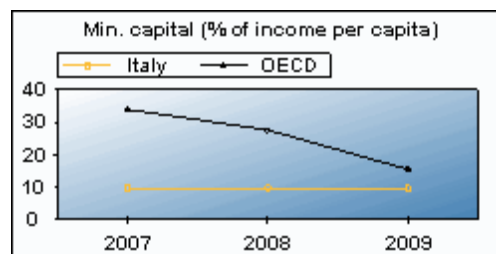
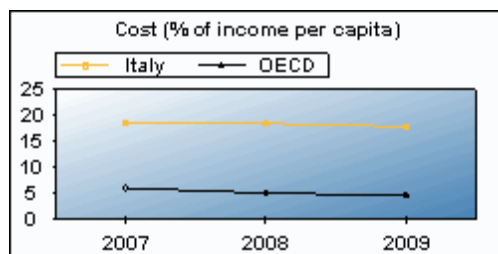
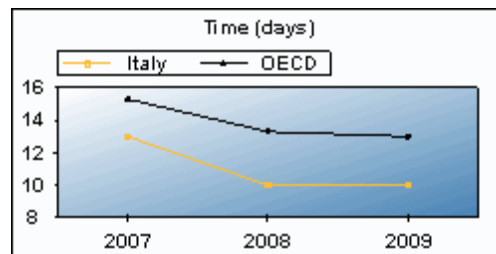
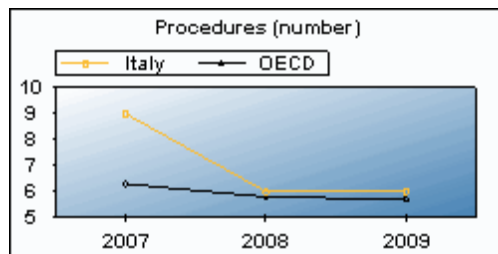
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not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



1. Historical data: Starting a Business in Italy

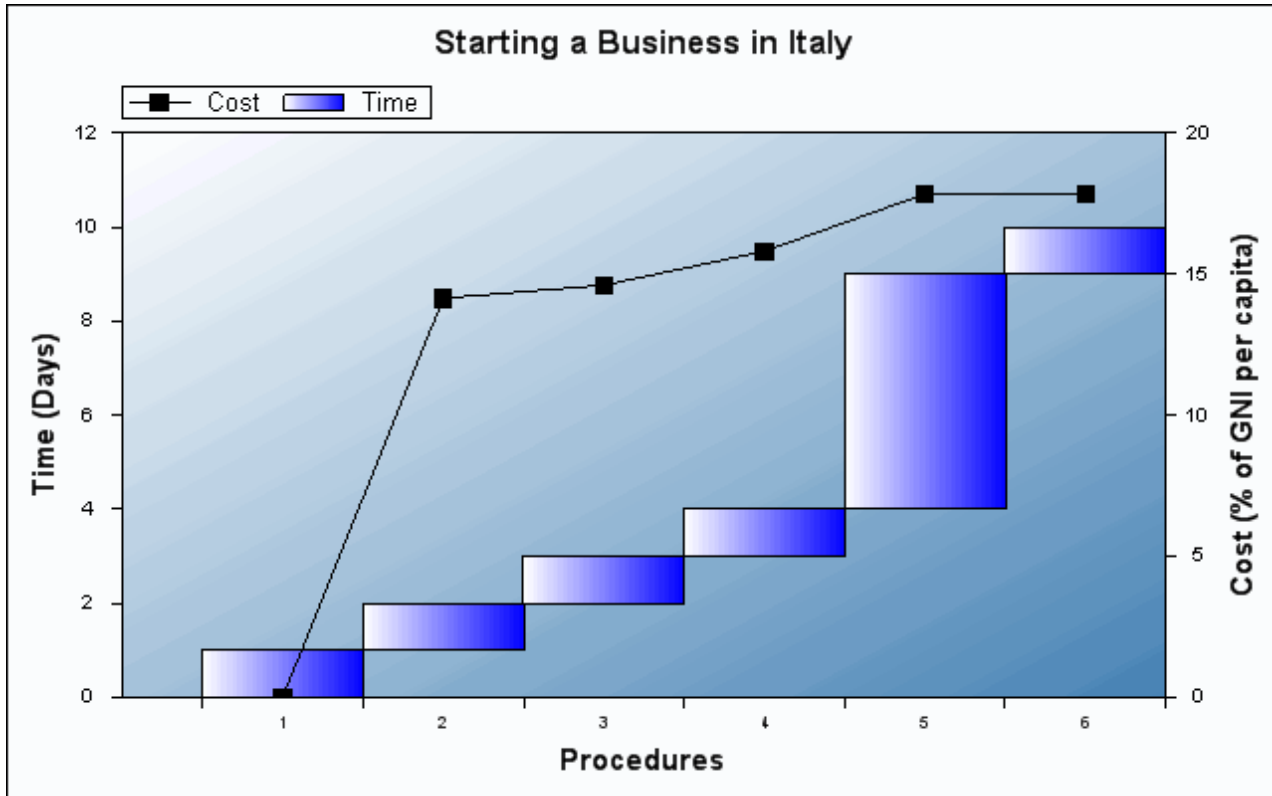
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	54	75
Procedures (number)	9	6	6
Time (days)	13	10	10
Cost (% of income per capita)	18.7	18.5	17.9
Min. capital (% of income per capita)	9.8	9.7	9.7

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



3. Steps to Starting a Business in Italy

It requires 6 procedures, takes 10 days, and costs 17.85 % GNI per capita to start a business in Italy.



List of Procedures:

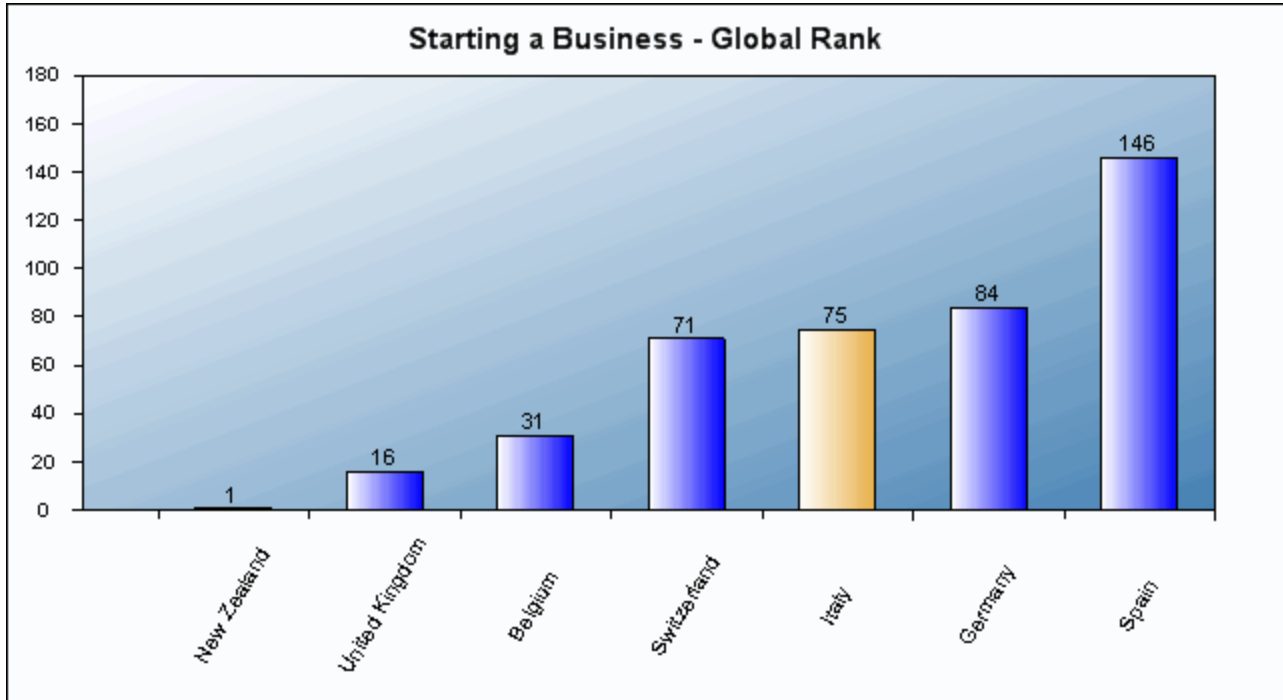
1. Deposit at least 25% of the amounts contributed in cash with a bank
2. Execute a public deed of incorporation and company bylaws before a public notary; pay registration tax
3. Buy corporate books and accounting books
4. Pay government grant tax to the post office current account
5. Register with the Register of Enterprises (Registro delle Imprese) at the local chamber of commerce.
6. Notify the competent Labor Office (DPLMO) the employment of workers

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Italy is ranked 75 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Italy	6	10	17.9	9.7

<i>Comparator Economies</i>				
Belgium	3	4	5.3	19.4
Germany	9	18	4.7	0.0
Spain	10	47	15.0	12.8
Switzerland	6	20	2.0	26.4
United Kingdom	6	13	0.7	0.0

* The following economies are also good practice economies for :

Procedures (number): **Canada**

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

Dealing with Construction Permits

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

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

Methodology

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

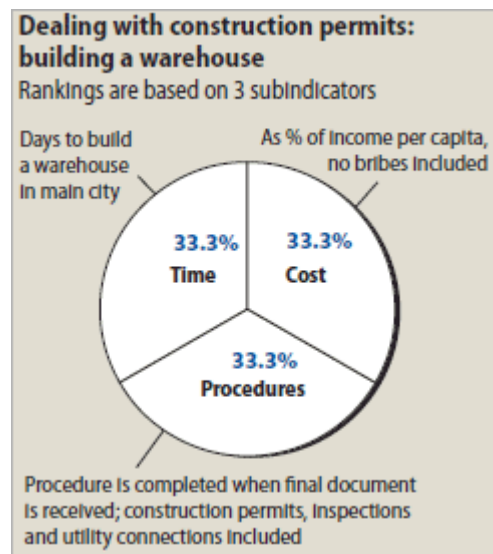
Survey Case Study

The business:

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

The warehouse to be built:

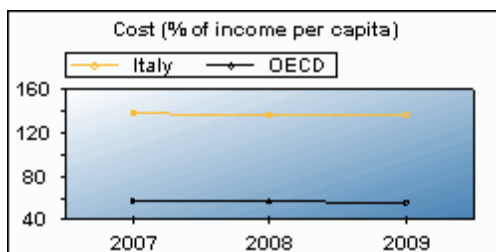
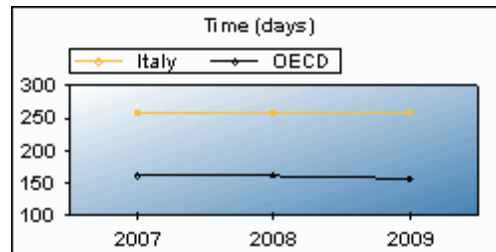
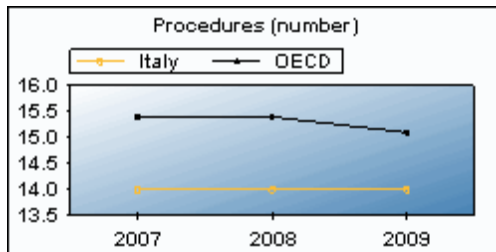
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each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



1. Historical data: Dealing with Construction Permits in Italy

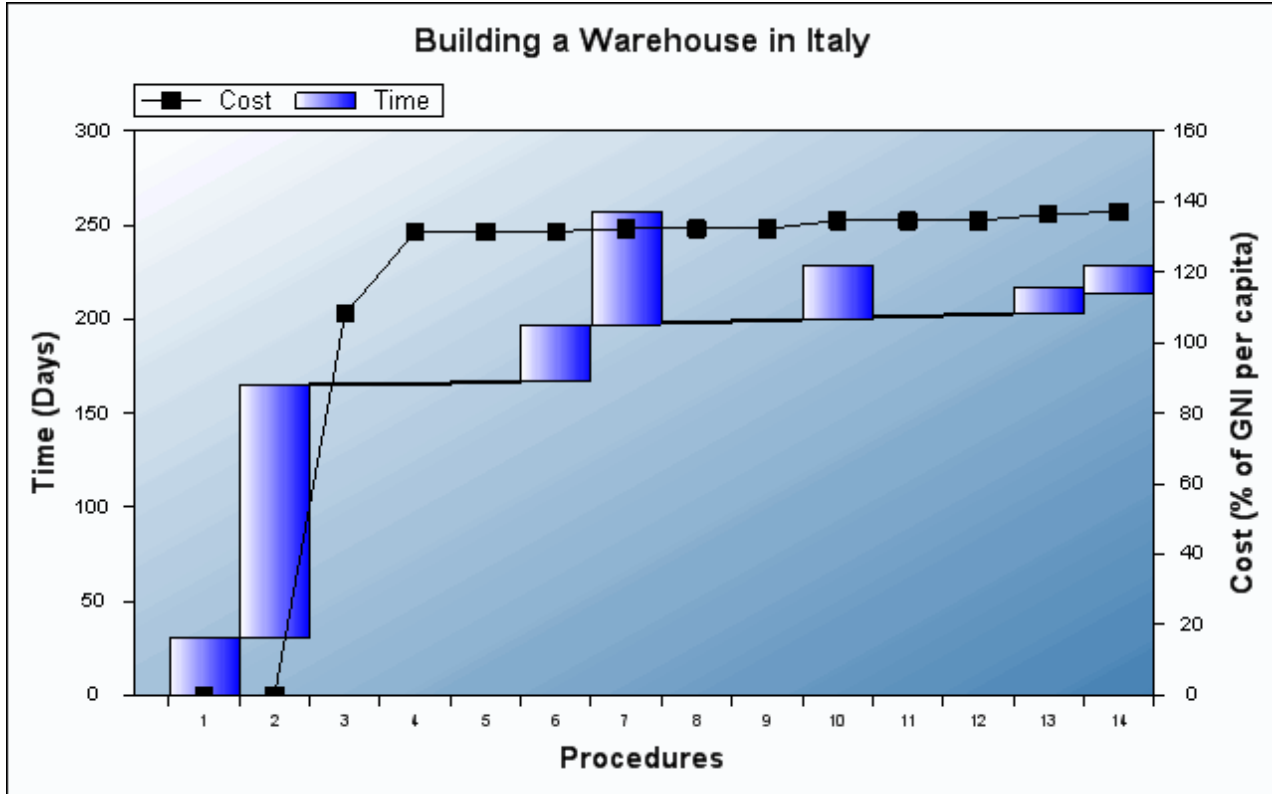
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	81	85
Procedures (number)	14	14	14
Time (days)	257	257	257
Cost (% of income per capita)	138.2	136.4	137.2

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



3. Steps to Building a Warehouse in Italy

It requires 14 procedures, takes 257 days, and costs 137.17 % GNI per capita to build a warehouse in Italy.



List of Procedures:

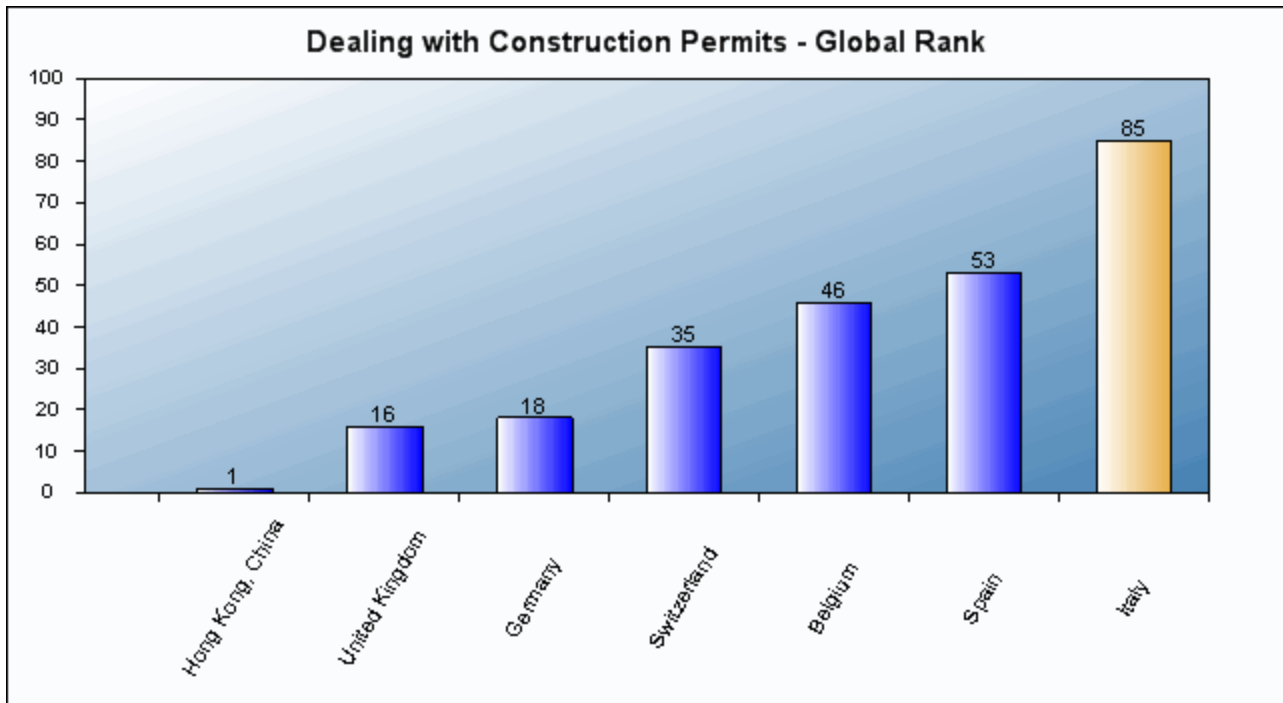
- | | |
|---|--|
| 1. Obtain nulla osta from the Regional Technical Office (Genio Civile) | 12. Receive on-site inspection and obtain estimation of electricity connection costs by local electricity provider |
| 2. Obtain building permit | 13. Obtain power connection installation |
| 3. Pay building permit fees at the post office | 14. Obtain telephone connection |
| 4. Hire an independent engineer to test structure and utilities | |
| 5. Receive on-site inspection by the Fire Department | |
| 6. Obtain occupancy certificate | |
| 7. Register the building | |
| 8. Apply for water and sewerage connection | |
| 9. Receive on-site inspection and estimation of water and sewerage installation costs | |
| 10. Obtain water and sewerage installation | |
| 11. Apply for electricity connection | |

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Italy is ranked 85 overall for Dealing with Construction Permits.

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



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

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

<i>Selected Economy</i>			
Italy	14	257	137.2

<i>Comparator Economies</i>			
Belgium	14	169	63.5
Germany	12	100	60.2
Spain	11	233	60.9
Switzerland	14	154	49.9
United Kingdom	11	95	69.1

Employing Workers

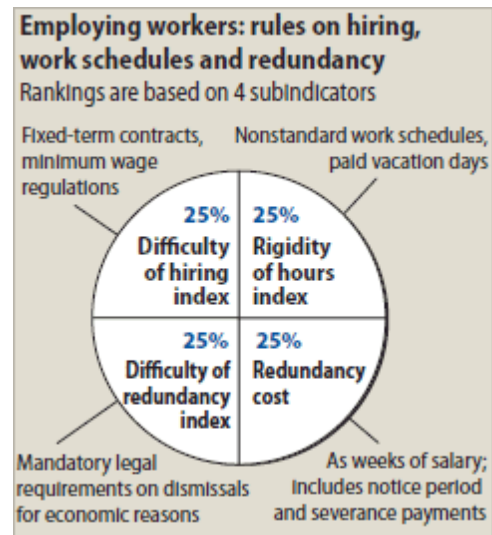
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

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

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

Methodology

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



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

Survey Case Study

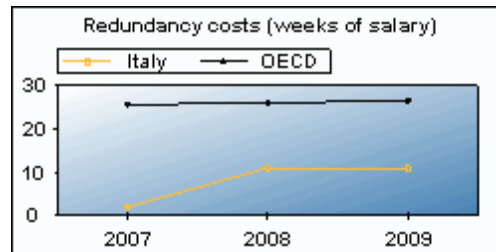
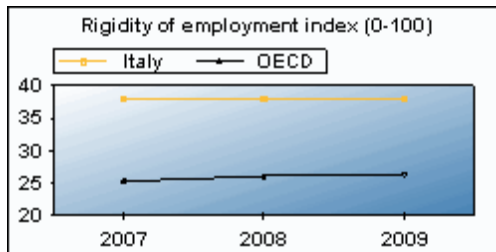
The business:

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

1. Historical data: Employing Workers in Italy

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	97	99
Redundancy costs (weeks of salary)	2	11	11
Rigidity of employment index (0-100)	38	38	38

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



3. Benchmarking Employing Workers Regulations:

Italy is ranked 99 overall for Employing Workers.

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



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

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

<i>Selected Economy</i>		
Italy	38	11

<i>Comparator Economies</i>		
Belgium	17	16
Germany	42	69
Spain	49	56
Switzerland	7	13
United Kingdom	10	22

* The following economies are also good practice economies for :

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

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

Registering Property

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

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

Methodology

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

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

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

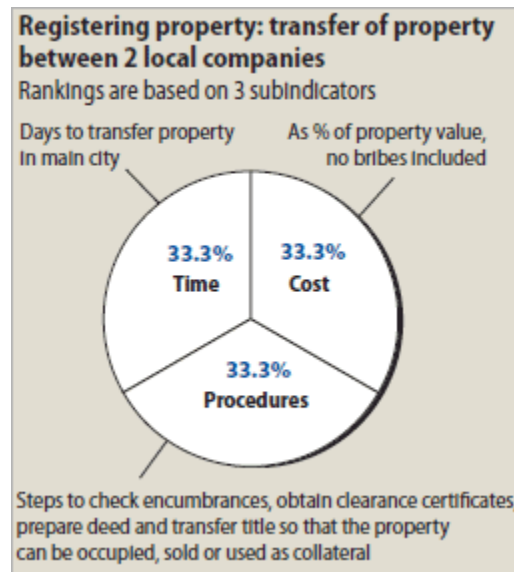
Survey Case Study

The buyer and seller:

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

The property:

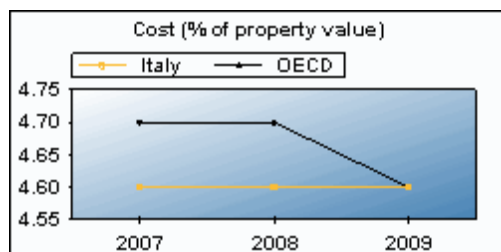
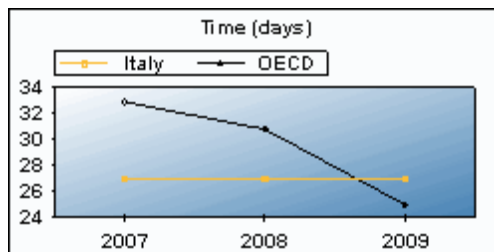
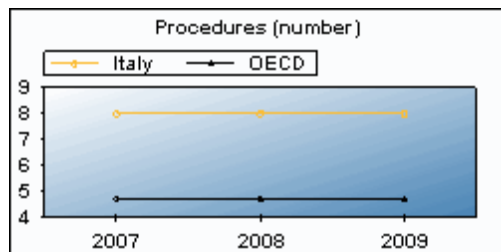
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller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



1. Historical data: Registering Property in Italy

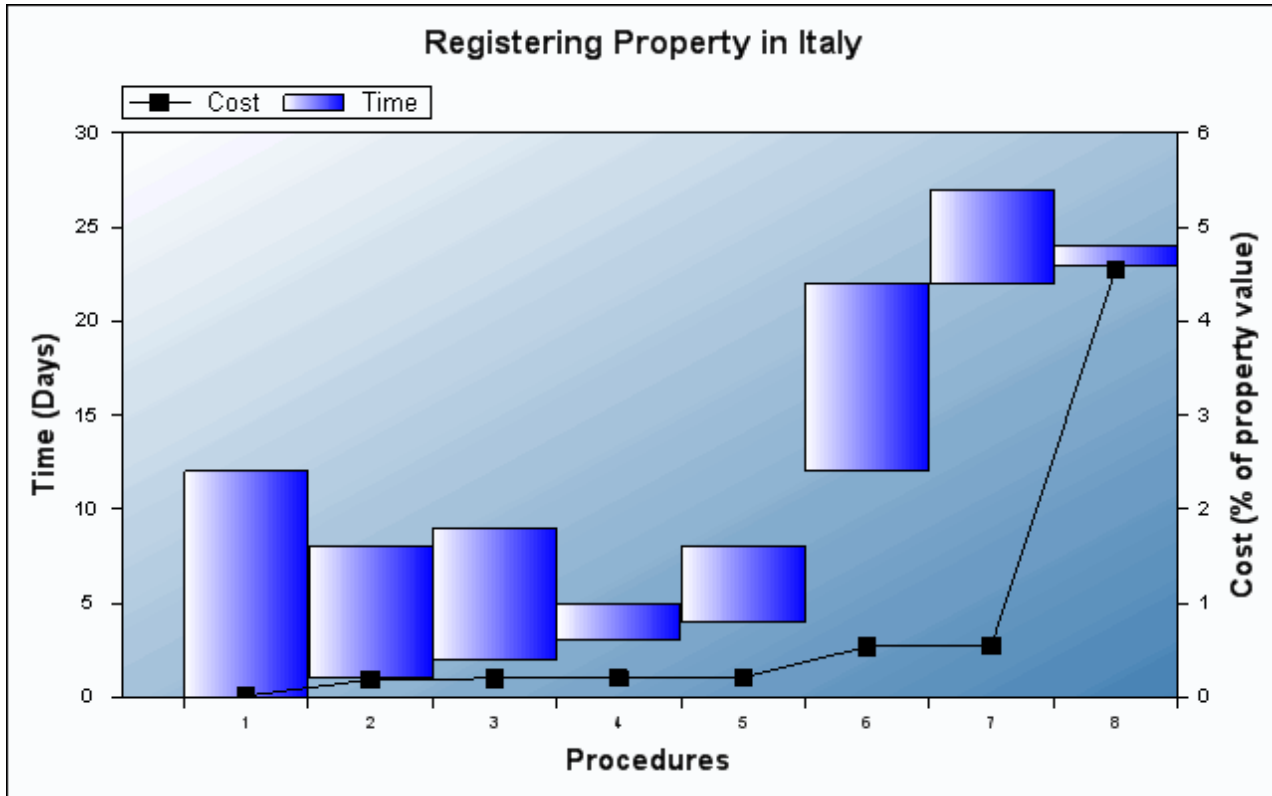
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	97	98
Procedures (number)	8	8	8
Time (days)	27	27	27
Cost (% of property value)	4.6	4.6	4.6

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



3. Steps to Registering Property in Italy

It requires 8 procedures, takes 27 days, and costs 4.60 % of property value to register the property in Italy.



List of Procedures:

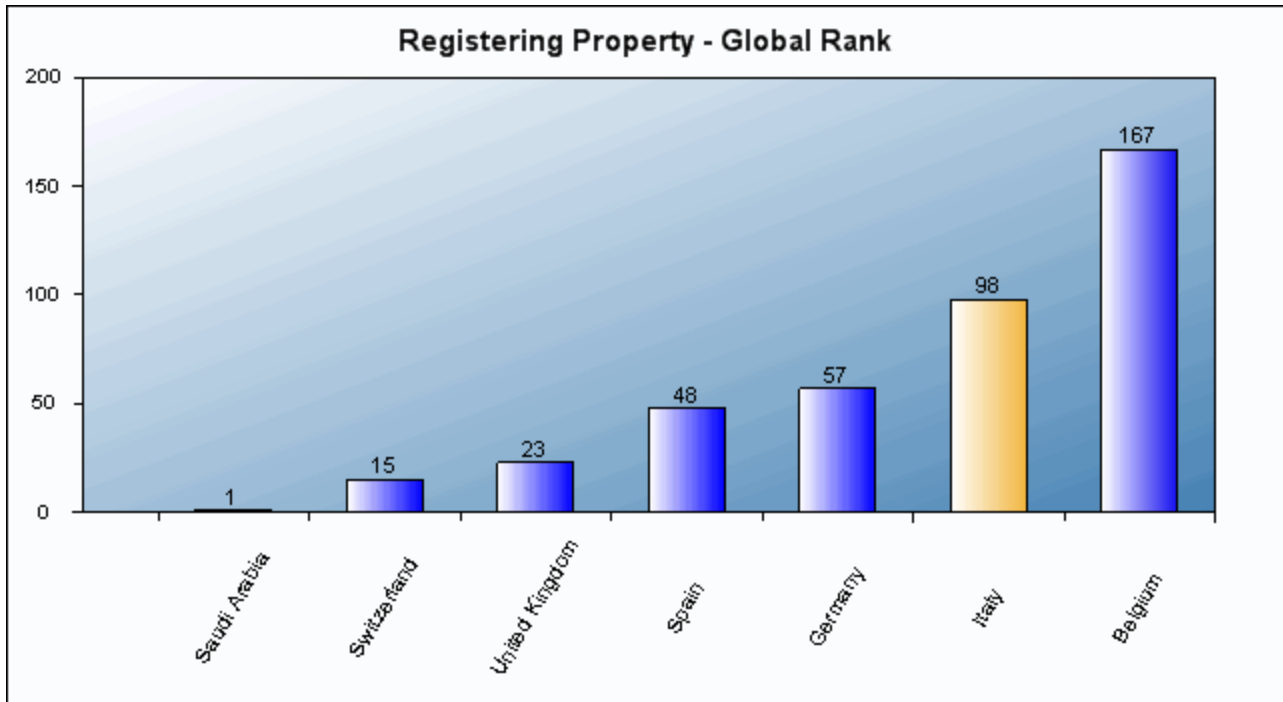
1. Obtain copies of building and occupancy permits from Municipality
2. Obtain necessary surveys from Land Registry
3. Obtain necessary surveys from Cadastral Registry
4. Notary verifies the powers of relevant signatories
5. Authentication of seller's documents
6. A notary public drafts and executes the deed of sale
7. Registration of the deed at the Registration Office
8. Registration of the deed at the Land Registry and the Cadastral Office

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Italy is ranked 98 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Italy	8	27	4.6

<i>Comparator Economies</i>			
Belgium	7	79	12.7
Germany	4	40	5.2
Spain	4	18	7.2
Switzerland	4	16	0.4
United Kingdom	2	8	4.1

* The following economies are also good practice economies for :

Procedures (number): United Arab Emirates

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

Getting Credit

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

Methodology

Credit information: three indicators are constructed

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

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

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

Legal Rights Survey Case Study

The Debtor:

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

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

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

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

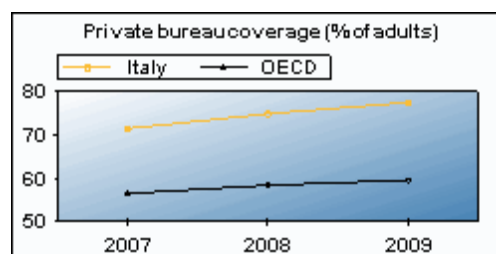
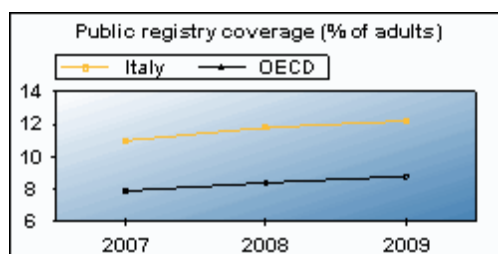
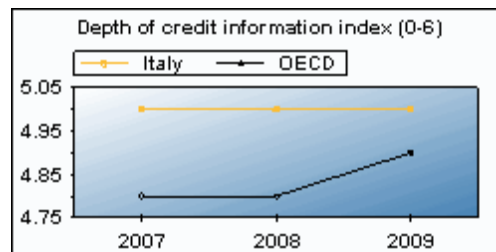
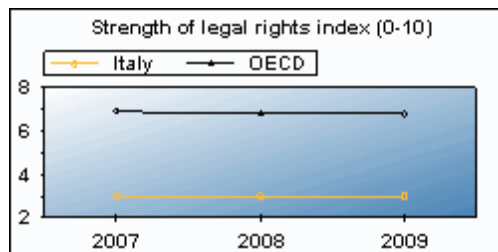
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in Italy

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	84	87
Strength of legal rights index (0-10)	3	3	3
Depth of credit information index (0-6)	5	5	5
Private bureau coverage (% of adults)	71.5	74.9	77.5
Public registry coverage (% of adults)	11.0	11.8	12.2

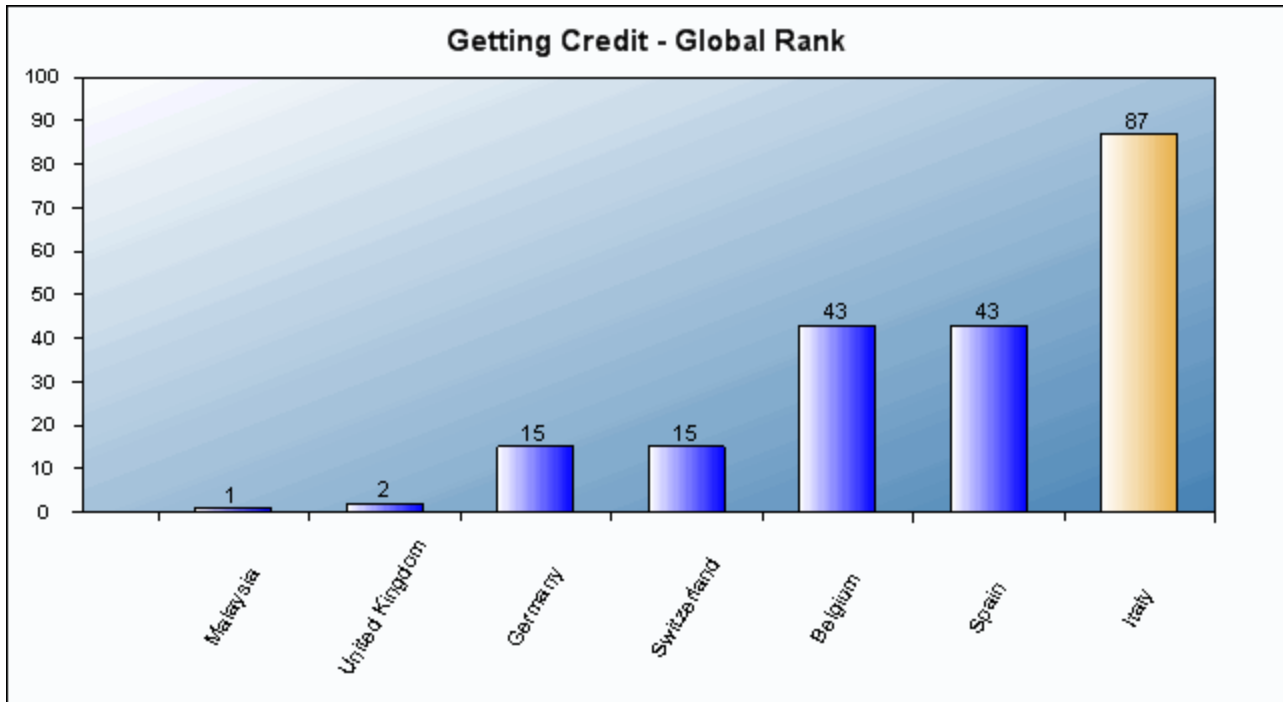
2. The following graphs illustrates the Getting Credit indicators in Italy over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Italy is ranked 87 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Italy	3	5	12.2	77.5

<i>Comparator Economies</i>				
Belgium	7	4	56.5	0.0
Germany	7	6	0.8	98.3
Spain	6	5	45.3	7.6
Switzerland	8	5	0.0	22.5
United Kingdom	9	6	0.0	100.0

* The following economies are also good practice economies for :

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

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

27 countries have the highest credit information index.

Protecting Investors

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

Methodology

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

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

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

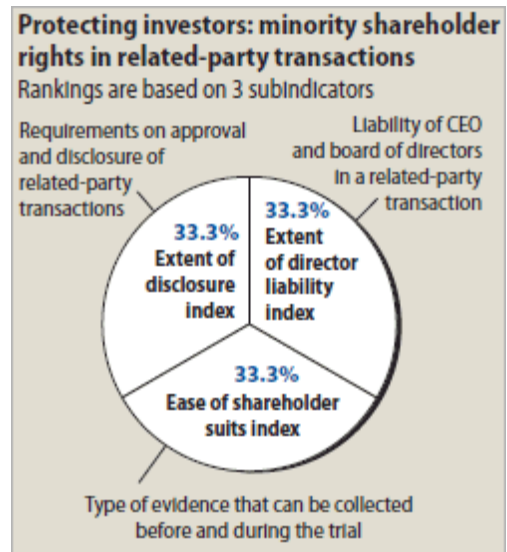
Survey case study

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

Several questions arise:

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

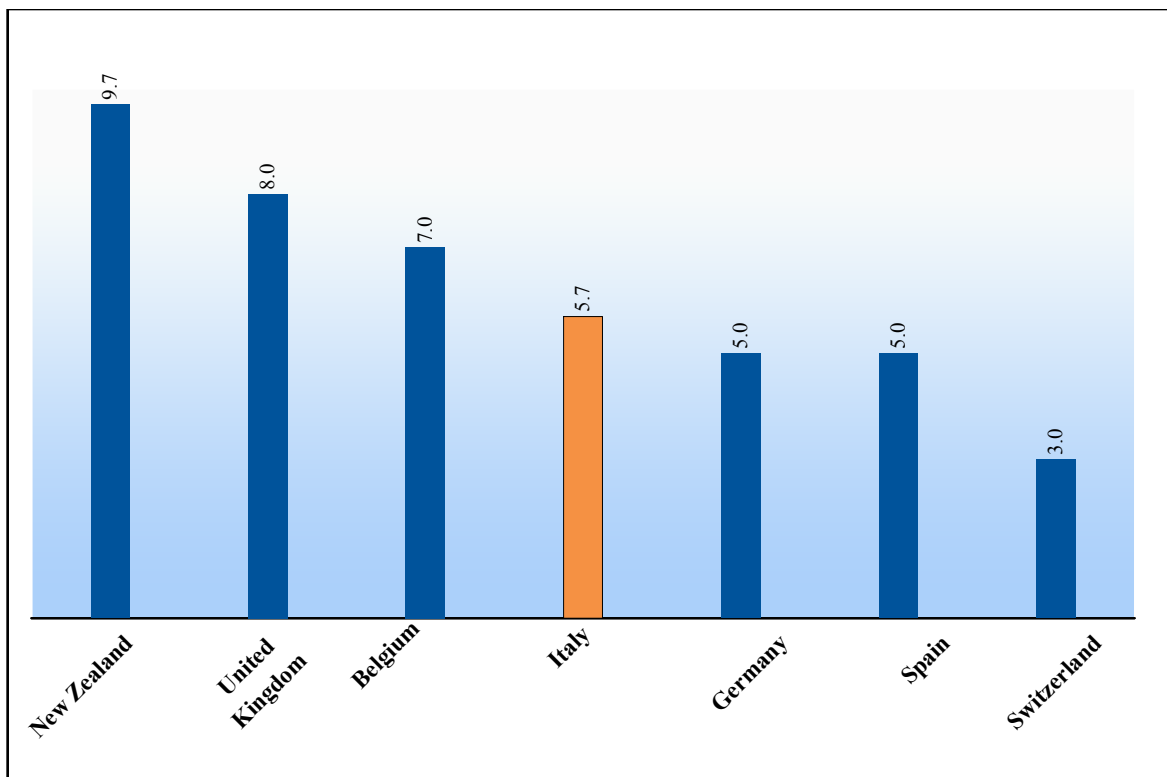
*Doidge, Kardy and Stulz (2007)



1. Historical data: Protecting Investors in Italy

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	53	57
Strength of investor protection index (0-10)	5.7	5.7	5.7

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

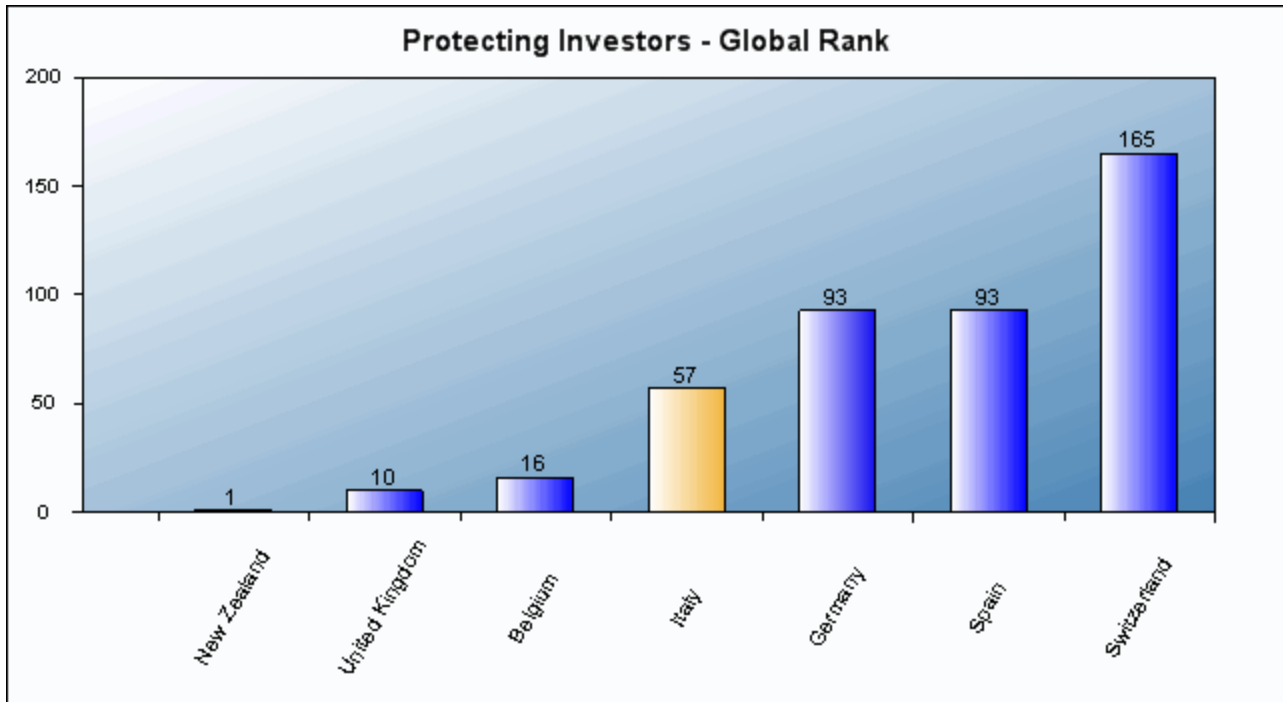


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Italy is ranked 57 overall for Protecting Investors.

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



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

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

<i>Selected Economy</i>	
Italy	5.7

<i>Comparator Economies</i>	
Belgium	7.0
Germany	5.0
Spain	5.0
Switzerland	3.0
United Kingdom	8.0

Paying Taxes

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

Methodology

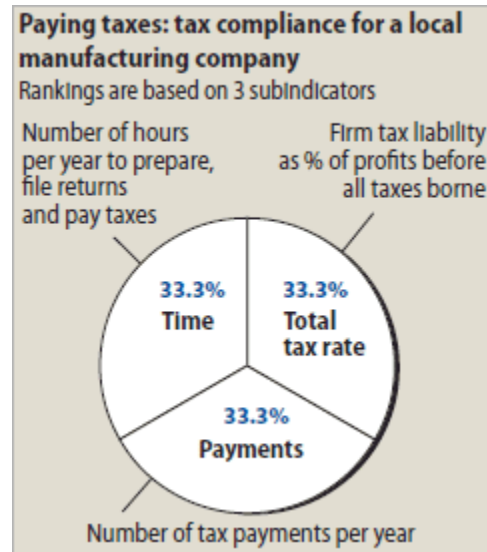
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

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

Survey case study

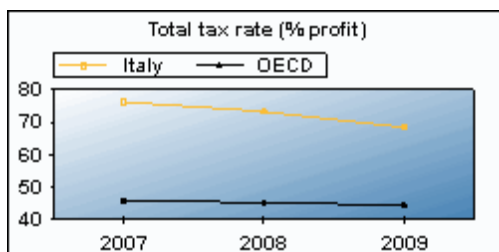
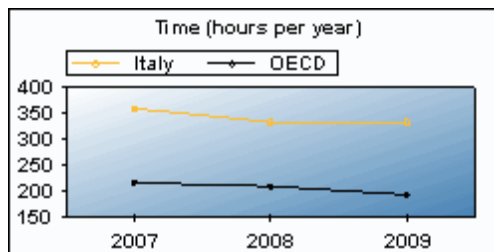
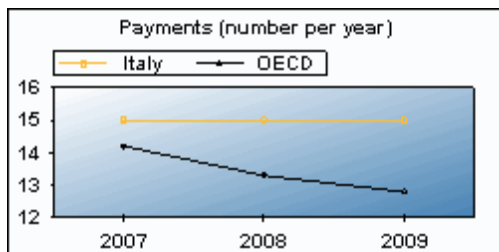
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory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



1. Historical data: Paying Taxes in Italy

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	131	135
Total tax rate (% profit)	76.2	73.3	68.4
Payments (number per year)	15	15	15
Time (hours per year)	360	334	334

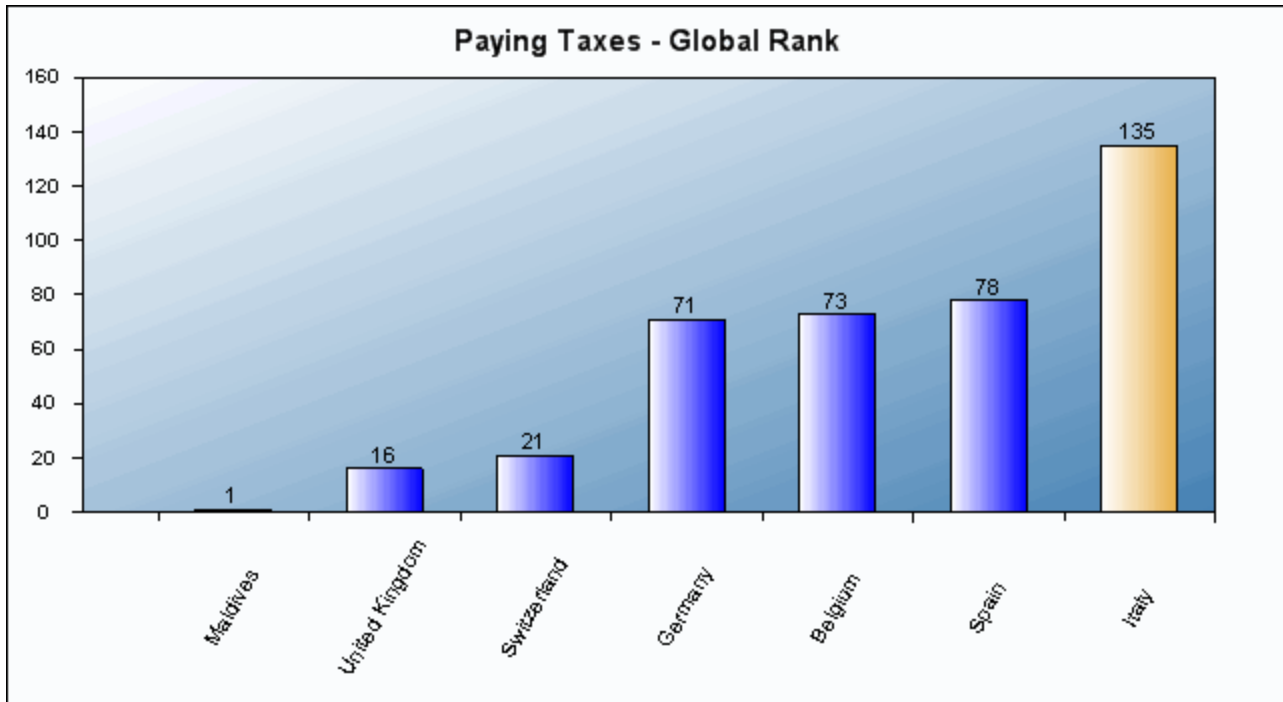
2. The following graphs illustrates the Paying Taxes indicators in Italy over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Italy is ranked 135 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Italy	15	334	68.4

<i>Comparator Economies</i>			
Belgium	11	156	57.3
Germany	16	196	44.9
Spain	8	213	56.9
Switzerland	24	63	29.7
United Kingdom	8	110	35.9

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

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

Methodology

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

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

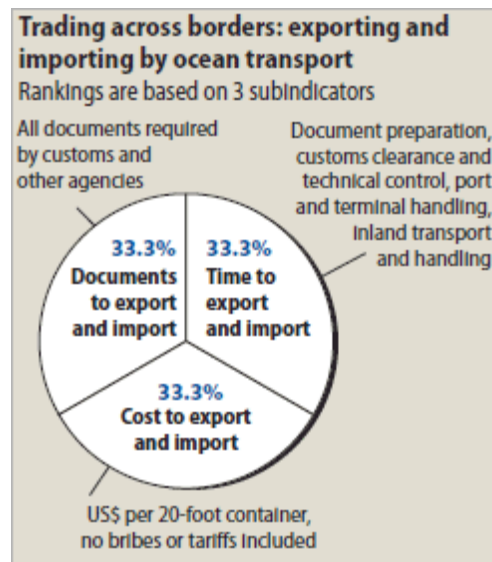
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

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

Survey case study

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

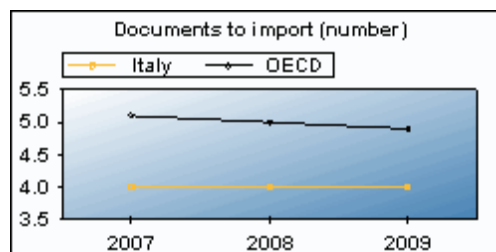
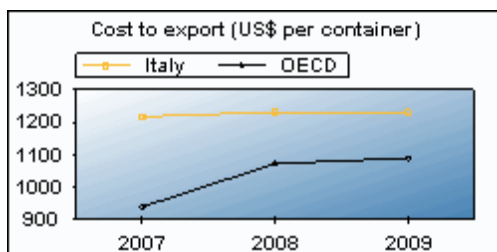
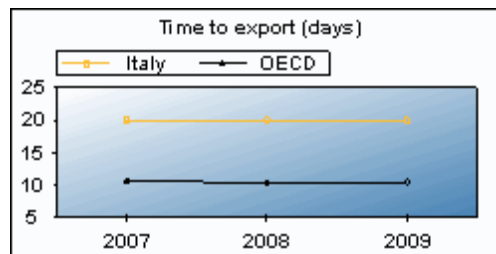
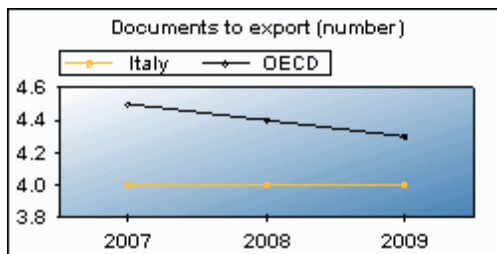
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations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

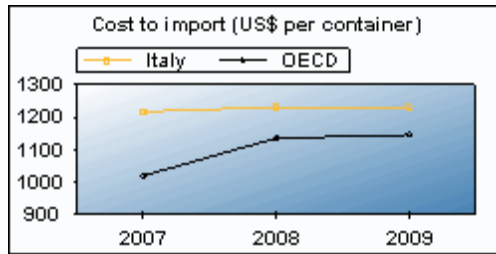
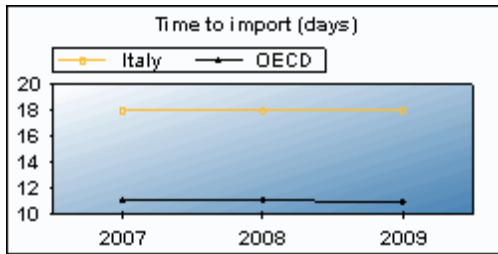


1. Historical data: Trading Across Borders in Italy

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	51	50
Cost to export (US\$ per container)	1217	1231	1231
Cost to import (US\$ per container)	1217	1231	1231
Documents to export (number)	4	4	4
Documents to import (number)	4	4	4
Time to export (days)	20	20	20
Time to import (days)	18	18	18

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

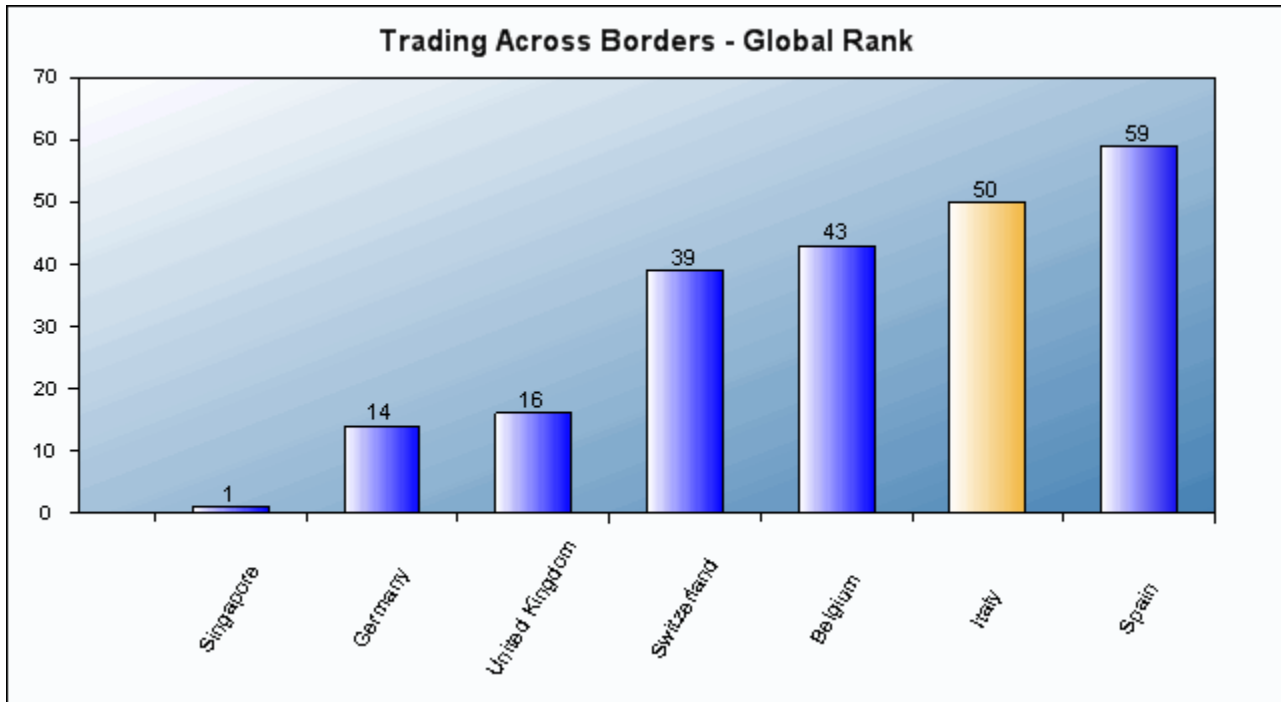




3. Benchmarking Trading Across Borders Regulations:

Italy is ranked 50 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Italy	4	20	1231	4	18	1231

<i>Comparator Economies</i>						
Belgium	4	8	1619	5	9	1600
Germany	4	7	872	5	7	937
Spain	6	9	1221	8	10	1221
Switzerland	4	8	1537	5	9	1540
United Kingdom	4	9	1030	4	8	1160

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

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

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

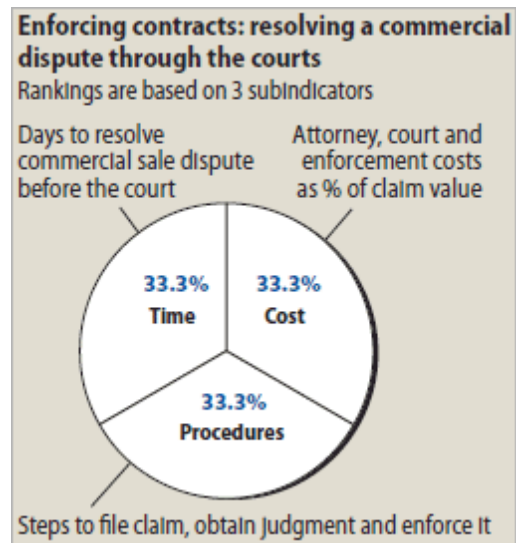
Methodology

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

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

Survey case Study

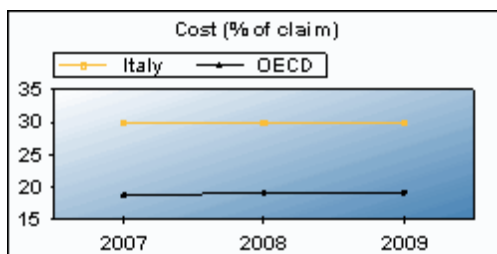
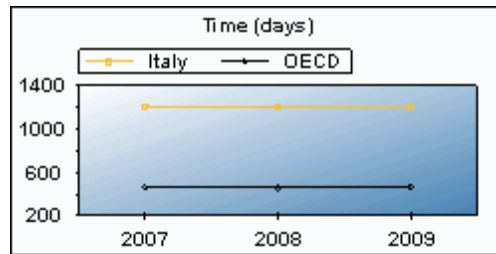
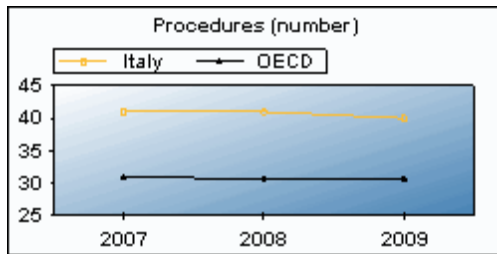
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds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



1. Historical data: Enforcing Contracts in Italy

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	158	156
Procedures (number)	41	41	40
Time (days)	1210	1210	1210
Cost (% of claim)	29.9	29.9	29.9

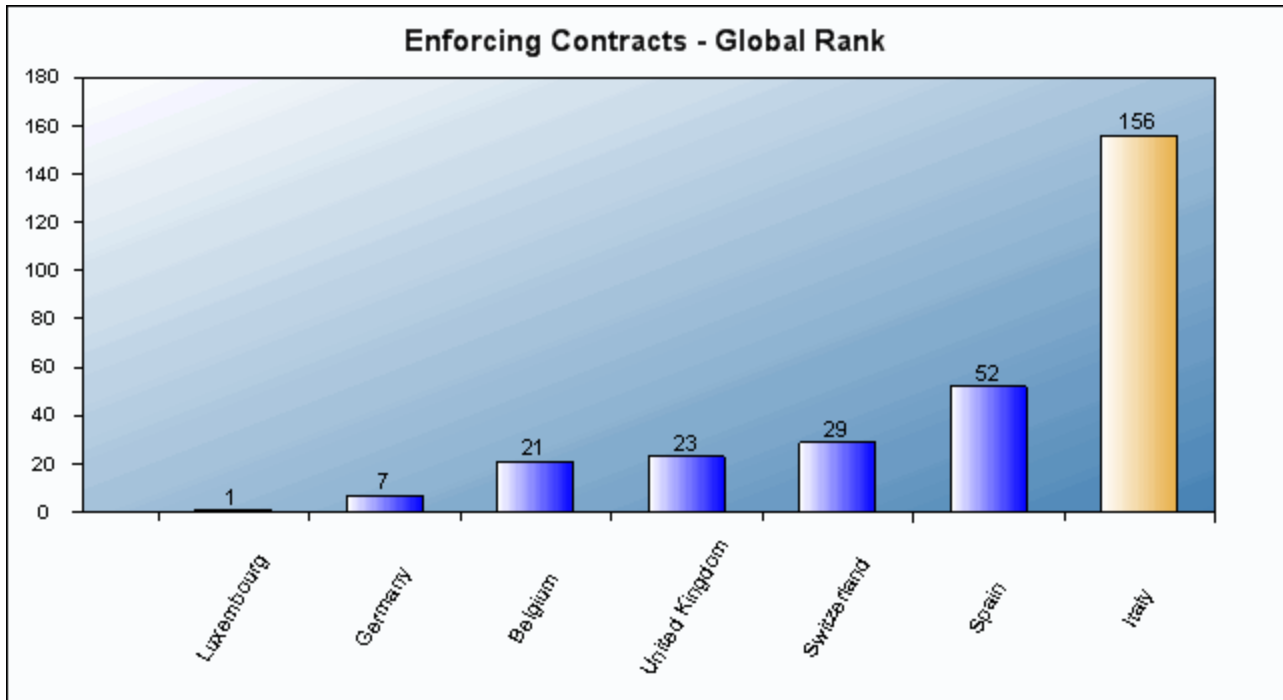
2. The following graphs illustrates the Enforcing Contracts indicators in Italy over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Italy is ranked 156 overall for Enforcing Contracts.

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



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

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

<i>Selected Economy</i>			
Italy	40	1210	29.9

<i>Comparator Economies</i>			
Belgium	25	505	16.6
Germany	30	394	14.4
Spain	39	515	17.2
Switzerland	31	417	24.0
United Kingdom	30	399	23.4

Closing a Business

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

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

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

Methodology

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

Survey case study

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

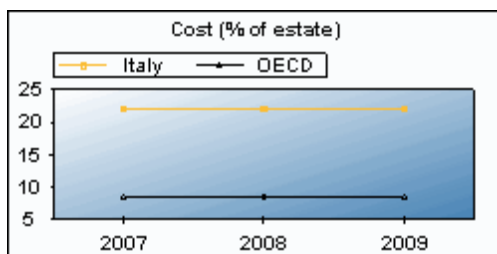
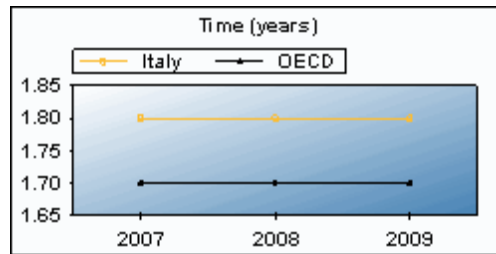
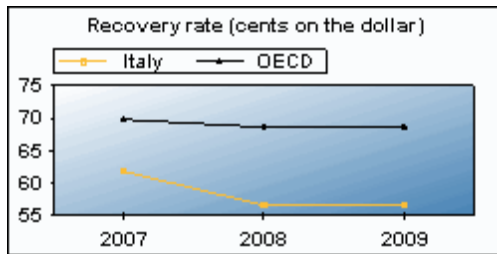
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed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



1. Historical data: Closing Business in Italy

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	29	29
Time (years)	1.8	1.8	1.8
Cost (% of estate)	22	22	22
Recovery rate (cents on the dollar)	61.8	56.6	56.6

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



3. Benchmarking Closing Business Regulations:

Italy is ranked 29 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Italy	56.6	1.8	22

<i>Comparator Economies</i>			
Belgium	86.3	0.9	4
Germany	52.2	1.2	8
Spain	73.2	1.0	15
Switzerland	46.8	3.0	4
United Kingdom	84.2	1.0	6

* The following economies are also good practice economies for :

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

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

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

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

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

Liberia	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
Macedonia, FYR	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
Moldova	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.
Spain	Spain eased the tax burden on business by reducing the corporate income tax rate from 32.5 percent to 30 percent and increasing efficiency through an electronic filing and payment system.
Switzerland	In Switzerland no major reform was recorded.
Tajikistan	Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

United Arab Emirates

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

United Kingdom

The United Kingdom eased the process of dealing with construction permits with wider use of approved inspectors, reducing the time and number of steps required. The lodging of a land transaction return is now processed automatically and electronically by the revenue and customs authority, reducing the time to register property.

APPENDICES

Starting a Business in Italy

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

STANDARDIZED COMPANY

Legal Form: Società a responsabilità limitata (Srl)

Minimum Capital Requirement:

City: Rome

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit at least 25% of the amounts contributed in cash with a bank	1	0
2	Execute a public deed of incorporation and company bylaws before a public notary; pay registration tax	1	3638.32
3	Buy corporate books and accounting books	1	118.86
4	Pay government grant tax to the post office current account	1	309.87
5	Register with the Register of Enterprises (Registro delle Imprese) at the local chamber of commerce.	5	524.81
6	Notify the competent Labor Office (DPLMO) the employment of workers	1	0

Procedure 1 Deposit at least 25% of the amounts contributed in cash with a bank**Time to complete:** 1**Cost to complete:** 0

Comment: At incorporation, 25% of the company's capital contributed in cash must be paid in and deposited in a bank account. The payment of the capital may be replaced by an insurance policy or by a bank guarantee for at least the same amount, though it is possible for the quota holders to pay in the due amount at any time. If the company capital is not wholly paid in at incorporation, the company has a credit against the founding shareholders for payment of the outstanding portion of the capital. The directors have power to claim the payment at any time.

Procedure 2 Execute a public deed of incorporation and company bylaws before a public notary; pay registration tax**Time to complete:** 1**Cost to complete:** 3638.32

Comment: A public deed of incorporation (atto costitutivo), including the company's bylaws (statuto) must be drafted and executed before a public notary by the quota holders or their authorized representatives. The public notary drafts company bylaws on standard forms, which the notary provides. The cost of the forms and stamp duties are included in the notary fees.

Registration tax, due within 20 days of incorporation, is paid to the notary public, who will also provide the registered public deed of incorporation.

Registration fee schedule:

- Electronic registration: EUR 90.

- Stamp duty: EUR 156

Procedure 3 Buy corporate books and accounting books**Time to complete:** 1**Cost to complete:** 118.86

Comment: According to Article 2478 c.c. , of the Italian Civil Code, a company denominated as a limited liability company (società a responsabilità limitata, or SRL) must keep the following corporate books: minute book of shareholders' meetings; minute book of board of directors' meetings; minute book of board of Statutory Auditors (Collegio Sindacale), which are subject to authentication.

According to Article 2241 c.c. of the Italian Civil Code, a company denominated as a stock corporation (società per azioni, or SPA) must keep two accounting books: the journal book and the inventory book. The company must not authenticate accounting books (according to Law No. 383/2001). All books are available in standard format at stationary stores or through a notary public. However, entrepreneurs can also use a loose-leaf book at no additional cost.

Law Decree 182/2008 which became effective as of March 2009, introduced abolished the shareholders book for S.r.l. (remove the words "shareholders' register") and introduced Art. 2215-bis of the Civil Code which provides for the possibility to keep all corporate books and accounting books on electronic format; in this case, a digital time stamp (and electronic signature) must be put on a three months basis and the cost to register electronic

books depends on D.M. 23 gennaio 2004.

Procedure 4 Pay government grant tax to the post office current account

Time to complete: 1

Cost to complete: 309.87

Comment: The tax is due to the Office of Revenue every year. The amount is EUR 309,87 to pay the grant tax if the company's social capital exceeds EUR 516,456.90.

Procedure 5 Register with the Register of Enterprises (Registro delle Imprese) at the local chamber of commerce.

Time to complete: 5

Cost to complete: 524.81

Comment: The applicant can electronically file a single notice (Comunicazione Unica) with the Register of Enterprises. This includes issuance of the tax identification number, VAT number, and registration with Social Security Administration (INPS) and Accident Insurance Office (INAIL). Must attach the forms requested by (i) the Register of Enterprises for the registration (ii) the Italian Tax Authorities for immediate starting of business, and (iii) by INPS and INAIL for the registration with these Administrations.

Under Decree Law no. 185/2008, converted into Law no. 2/2009 dated January 28th 2009, companies are now required to provide a certified e-mail address on the registry of companies registration form. Furthermore, all businesses incorporated as a company must communicate their certified electronic mail address to the Registry of Companies within 29th Novembre 2011.

After the single notice is filed, the firm receives all the documents within 7 days. All notices, communications and receipts of filing are sent to the Company's certified email address. In detail,

- the Company receives immediately a reference number for the registration procedure as well as the receipt of the filing of the Single Notice with the Register of Enterprises
- immediately the tax identification number and the VAT number;
- within 5 business days, the Registration with the Register of Enterprises
- within 7 days INAIL documentation;
- within 7 days INPS documentation.

Total : EUR 168 for registration tax with Revenue Agency + EUR 155 or EUR 185 for registration with Chamber of Commerce (EUR 65 for stamp fee and EUR 90 or EUR 120 for electronic registration or registration with floppy disk) + EUR 200 (membership fees).

Procedure 6 Notify the competent Labor Office (DPLMO) the employment of workers

Time to complete: 1

Cost to complete: 0

Comment: The Law no. 296/2006 provided that the Company shall have to notify the Provincial Labor office (direzione provinciale del lavoro e della massima occupazione, DPLMO) about the hiring of personnel one day before from the star of the labor relationship.

Dealing with Construction Permits in Italy

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Rome

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain nulla osta from the Regional Technical Office (Genio Civile)	30 days	no charge
2	Obtain building permit	135 days	no charge
3	Pay building permit fees at the post office	1 day	EUR 27,814
4	Hire an independent engineer to test structure and utilities	1 day	EUR 6,000
5	Receive on-site inspection by the Fire Department	1 day	no charge
6	Obtain occupancy certificate	30 days	EUR 20
7	Register the building	60 days	EUR 200
8 *	Apply for water and sewerage connection	1 day	no charge
9 *	Receive on-site inspection and estimation of water and sewerage installation costs	1 day	no charge
10 *	Obtain water and sewerage installation	29 days	EUR 600
11 *	Apply for electricity connection	1 day	no charge
12 *	Receive on-site inspection and obtain estimation of electricity connection costs by local electricity provider	1 day	no charge
13 *	Obtain power connection installation	14 days	EUR 450
14 *	Obtain telephone connection	15 days	EUR 200

* Takes place simultaneously with another procedure.

Procedure 1 Obtain nulla osta from the Regional Technical Office (Genio Civile)

Time to complete: 30 days

Cost to complete: no charge

Comment: BuildCo must obtain a technical clearance (nulla osta) from the Regional Technical Office (genio civile) prior to obtaining a building permit. Effective October 23, 2005, and pursuant to the Ministerial Decree of September 14, 2005, the project design drawings related to the warehouse's construction must be consistent with certain specific technical provisions. The regulations do not affect the procedures for the issuance of the building permit, although they increase the construction costs to be sustained by the owner by 15–20%.

Procedure 2 Obtain building permit

Time to complete: 135 days

Cost to complete: no charge

Comment: The application for a building permit is filed with the Municipal Agency. The company must file proof of title of ownership to the property for which the building permit is requested, as well as the project design drawings signed by an engineer or an architect, including the drawings relating to electric utilities, air conditioning systems, and fire protection devices. The Municipal Agency then requests project clearance from the Fire Department and from the Public Health Agency, which take 45 and 30 days, respectively. These requests can be made simultaneously. The municipality takes 135 days to issue the building permit.

The fees for the issuance of the building permit are calculated based on the building value and on the urbanization costs sustained by the municipality. The fee based on building value must be paid no later than 60 days after the completion of the building; the fee based on urbanization costs must be paid upon issuance of the building permit.

Procedure 3 Pay building permit fees at the post office

Time to complete: 1 day

Cost to complete: EUR 27,814

Comment:

Procedure 4 Hire an independent engineer to test structure and utilities

Time to complete: 1 day

Cost to complete: EUR 6,000

Comment: The structure and utilities tests must be performed by an engineer or an architect who was not directly involved in the project. In addition to the final test on completed structures, the work site director must provide test results for the structural material used to build the structure. In the case of reinforced concrete, the testing must be done on three samples taken on each day that concrete is poured and on one sample for each steel per file used in the structure. The testing is based on per files traction and compression resistance and must be done by an authorized testing lab. The cost of each test is EUR 200. For the warehouse in this case, BuildCo can expect to pay EUR 4,000 for the structural tests (about 20 in total) and EUR 2,000 for testing the utility systems.

Procedure 5 Receive on-site inspection by the Fire Department

Time to complete: 1 day

Cost to complete: no charge

Comment: In order to obtain the occupancy permit, the warehouse must first be inspected by the Fire Department.

Procedure 6 Obtain occupancy certificate

Time to complete: 30 days

Cost to complete: EUR 20

Comment: Within 15 days of the building's completion, the builder should file with the Municipal Agency an application for an occupancy certificate and (a) the request for cadastral registration, (b) the builder's statement attesting the compliance of the building with the project specifications and the favorable outcome of the Fire Department's inspection, (c) statements of the independent experts involved in Procedures 4 and 5, and (d) the conformity certificate issued by the Regional Technical Office. The Municipal Agency issues the occupancy certificate within 30 days after the application is filed.

Procedure 7 Register the building

Time to complete: 60 days

Cost to complete: EUR 200

Comment:

Procedure 8 Apply for water and sewerage connection

Time to complete: 1 day

Cost to complete: no charge

Comment: The company should contact the water authority to obtain the water and sewerage connection.

Procedure 9 Receive on-site inspection and estimation of water and sewerage installation costs

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 Obtain water and sewerage installation

Time to complete: 29 days

Cost to complete: EUR 600

Comment:

Procedure 11 Apply for electricity connection

Time to complete: 1 day

Cost to complete: no charge

Comment: The company should apply for power connection with the local electricity provider.

Procedure 12 Receive on-site inspection and obtain estimation of electricity connection costs by local electricity provider

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 13 Obtain power connection installation

Time to complete: 14 days

Cost to complete: EUR 450

Comment:

Procedure 14 Obtain telephone connection

Time to complete: 15 days

Cost to complete: EUR 200

Comment: The company should contact the telecommunication provider to obtain a telephone connection.

Employing Workers in Italy

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

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		33.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.00	0.00
Difficulty of redundancy index (0-10)		40.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 9 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	Yes	1
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
Redundancy costs (weeks of salary)		10.8
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		10.8
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		0.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		37.8
Rigidity of hours index (0-100)		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	Yes	1.00
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	Yes	1.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	20	0

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

Registering Property in Italy

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

STANDARDIZED PROPERTY

Property Value: 1,286,123.99

City: Rome

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain copies of building and occupancy permits from Municipality	10-15 days (simultaneous with procedures 2, 3, 4, and 5)	EUR 25 (permits) + EU 150 (fees for the surveyor check the files with the Municipality)
2 *	Obtain necessary surveys from Land Registry	5-10 days (simultaneous with procedures 1, 3, 4, and 5)	EUR 500 (cost of examination of Land Registrar files) + EUR 1,700 (notary fees)
3 *	Obtain necessary surveys from Cadastral Registry	5-10 days (simultaneous with procedures 1, 2, 4, and 5)	EUR 25 (historical cadastral situation) + EUR 163 (cadastral maps)
4 *	Notary verifies the powers of relevant signatories	1-2 days (simultaneous with procedures 1, 2, 3, and 5)	EUR 25-50
5 *	Authentication of seller's documents	2-5 days (simultaneous with procedures 1, 2, 3, and 4)	EUR 100
6	A notary public drafts and executes the deed of sale	10 days	Notary's fees are EUR 4194.9
7 *	Registration of the deed at the Registration Office	2-7 days (simultaneous with procedure 8)	EUR 168 registration tax (imposta di registro)
8 *	Registration of the deed at the Land Registry and the Cadastral Office	1 day (simultaneous with procedure 7)	3% of property value (imposta ipotecaria) + 1% of property value (imposta catastale)

* Takes place simultaneously with another procedure.

Procedure 1 Obtain copies of building and occupancy permits from Municipality

Time to complete:	10-15 days (simultaneous with procedures 2, 3, 4, and 5)
Cost to complete:	EUR 25 (permits) + EUR 150 (fees for the surveyor to check the files with the Municipality)
Comment:	<p>The notary obtains a copy of the Building Permit, Occupancy Permit and of application(s) for Building Amnesty, if any, from the Municipality. Otherwise, the seller might provide them. Should those documents not be available the seller requests copies from the Municipality. This can be done by an instructed surveyor normally appointed and paid by the seller.</p> <p>Note that it is not necessary to produce the Building Permit for buildings erected prior to the year 1967 and that should a copy of such a document not be available for buildings erected after that year it is sufficient that the Seller mentions in the deed of conveyance the data of the relevant Building Permit, after having been warned by the Notary of the criminal sanctions which apply in case of false and reticent statements.</p>

Procedure 2 Obtain necessary surveys from Land Registry

Time to complete:	5-10 days (simultaneous with procedures 1, 3, 4, and 5)
Cost to complete:	EUR 500 (cost of examination of Land Registrar files) + EUR 1,700 (notary fees)
Comment:	<p>The notary public obtains a report from the Land Registry stating:</p> <ul style="list-style-type: none">(i) the ownership situation of the property in the last twenty years, and(ii) that the property is free from any encumbrances. <p>The notary needs to verify the Land Registrar files (usually by means of an instructed surveyor) and extract the relevant information, that are then included in the report and are certified as truthful by the notary, since the issuance of an actual certificate from the Land Registrar would require an extremely long time.</p>

Procedure 3 Obtain necessary surveys from Cadastral Registry

Time to complete:	5-10 days (simultaneous with procedures 1, 2, 4, and 5)
Cost to complete:	EUR 25 (historical cadastral situation) + EUR 163 (cadastral maps)
Comment:	<p>The notary public obtains from the Cadastral Office:</p> <ul style="list-style-type: none">(i) historical cadastral situation and Cadastral Certificate (EUR 25, normally requested online)(ii) Cadastral Maps of the premises (EUR 38 cost + EUR 50 fees for the plans of the premises) and of the land (EUR 25 cost plus EUR 50 fees for the general map including the land) <p>Since the cadastral data are available online it is possible to obtain a cadastral situation immediately, while the maps need to be requested to the Cadastral Offices.</p>

Procedure 4 Notary verifies the powers of relevant signatories

Time to complete:	1-2 days (simultaneous with procedures 1, 2, 3, and 5)
Cost to complete:	EUR 25-50

Comment: The notary public checks the Company Registry regarding the selling and purchasing companies and verifies the powers of the relevant signatories. Should it be required, according to the by-laws of the selling or purchasing company, that a resolution be adopted by the administrative body or by the shareholders' meeting to authorize the transaction, an extract of the minutes of said resolution, certified by a notary public, shall be provided. The Chamber of Commerce's certificate can be requested online.

Procedure 5 Authentication of seller's documents

Time to complete: 2-5 days (simultaneous with procedures 1, 2, 3, and 4)

Cost to complete: EUR 100

Comment: The seller must provide the buyer with:
(i) an authenticated copy of the Seller's purchase documents and
(ii) an authenticated copy of the Transcription Note
The documents are authenticated by a notary public, at a cost of about EUR 100. As of July 2006, all payments must be made with cheques or bank transfer, and the notary must indicate these details (check number, bank account, etc.) in the deed; in the same way in the final deed parties have to indicate all amounts paid to real estate agents. This increases slightly the time needed to complete this procedure.

Procedure 6 A notary public drafts and executes the deed of sale

Time to complete: 10 days

Cost to complete: Notary's fees are EUR 4194.9

Comment: The notary public prepares and executes the deed of sale.
The National Notary Publics' Order proposes a table of fees to the Ministry of Justice who has the power to approve them, which is sent to all the Notary Publics, in which there are certain thresholds. Notary fees (Law 248 of 2006) might vary and are adjusted according to local districts economic conditions and vary across the regions; they can be calculated on the website for Lecco and Como (not for Rome):
<http://www.notaicomolecco.it/jumpCh.asp?idChannel=98&idUser=0&idLang=IT&tariffa=1>.
The fees are subject to 20% VAT and sometimes an additional 4% tax, as well as any other stamps, archive or registration taxes.

Procedure 7 Registration of the deed at the Registration Office

Time to complete: 2-7 days (simultaneous with procedure 8)

Cost to complete: EUR 168 registration tax (imposta di registro)

Comment: The notary public files on line the deed of sale and the transcription note (the file is called "Modello Unico"), with the Registration Office corresponding to the location of the property, within the 30th day after the signature of the contract.
The Registration office will deliver immediately a receipt with the date of registration and number of registration. The notary then delivers a copy of the deed of sale and transcription note to the parties.
The main function of the Registration Office is to grant the deeds a certified date ("data certa") and to collect the relevant taxes. The certified date of the deed of transfer is granted by the date resulting from the notary deed. If the notary does not file the deed of sale within 30 days after the signature of the contract, he has to pay a fine equal to the

double of the due tax.

The "VAT Alternative Principle" states that either a property deed is subject to VAT (therefore having to pay the fixed registration tax) or to proportional Deed Registration Tax.

As the envisaged deed is subject to 20% VAT, upon registration in the Registration Office, only a fixed tax is due. Otherwise, a proportional Deed Registration Tax would be due (the ordinary rate is 7% of the consideration, which, in specific cases, can be reduced up to 1%).

Procedure 8 Registration of the deed at the Land Registry and the Cadastral Office

Time to complete: 1 day (simultaneous with procedure 7)

Cost to complete: 3% of property value (imposta ipotecaria) + 1% of property value (imposta catastale)

Comment: The notary public files the deed of sale and the transcription note with Land Registry. The copy of the deed with the registration date from the Registration Office (Procedure 7) is sufficient to deposit the deed in the Land Registry. The Land Registry delivers immediately a receipt with the date and registration numbers. The Land Registry has the purpose of rendering deeds enforceable towards all third parties. Until a deed has been registered in the Land Registry, it is only enforceable between the parties thereto. The Italian Land Registry system is based on the principle of continuity of the registrations ("continuità delle trascrizioni"). This means that an individual or an entity may sell a property only if the relative deed of purchase has been registered beforehand in the Land Registry.

Registration at the cadastral office takes place automatically after registering the deed at the Land Registry, which the notary public does. The notary also collects all due taxes from the parties and pays them through a bank transfer to the various public administration offices. In the case of a warehouse used for commercial purposes, sold by a company that is not in the construction business the cadastral tax is equal to 1% of sale price, according to the law 248 of 2006, and the transcription tax is equal to 3% of sale price.

The notary then delivers a copy of the deed of sale and transcription note to the parties.

After July 4th 2006, property transfer taxes were changed to:

- 3% of property value, imposta ipotecaria, according to art. 1-bis Tariffa D.Lgs. 31 October 1990, no. 347, introduced by art. 35, paragraph 10-bis of the D.L. 4 July 2006, no. 226 converted in Law 4 August 2006, no. 248;
- 1% of property value, imposta catastale, according to art. 10 D.Lgs. 31 October 1990, no. 347 introduced by art. 35, paragraph 10-bis of the D.L. 4 July 2006, no. 226 converted in Law 4 August 2006, no. 248;
- VAT 20% rate.

Getting Credit in Italy

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

Getting Credit Indicators (2009)			Indicator
			<u>score</u>
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	Yes	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage		77.5	12.2
Number of individuals	35,583,000		4,997,550
Number of firms	4,334,000		1,312,680

Strength of legal rights index (0-10)		3
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		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 ?		Yes
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

No

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

No

Protecting Investors in Italy

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

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	7
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	1
Immediate disclosure to the public and/or shareholders (0-2; see notes)	2
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Extent of director liability index (0-10)	4
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Ease of shareholder suits index (0-10)	6
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	4
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	1
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Strength of investor protection index (0-10)

5.7

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in Italy

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Italy, 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
Vehicle tax	1	online filing		various rates	vehicle KW		
Value added tax (VAT)	1	online filing	33	20%	value added and land		
Advertising tax	1			various rates	type of advertising		
Environmental tax	1			various rates			
Insurance tax	1			various rates	insurance premium		
Stamp duty on contracts	1			various rates	pages of contracts		
Tax on check transactions	1			fixed amount (EUR 74)	Account held at an Italian Bank	0.01	
Stamp duty on property transfer	1			fixed amount		0.02	
Fixed tax on legal and fiscal registries	1			fixed fee (EUR 516)		0.04	
Chamber of commerce duties	1	online filing		fixed fee (EUR 373) + % of previous year turnover	previous year turnover	0.13	
Tax on interest	0			27%	interest income	0.69	
Tax on real estate (ICI)	1	online filing		0%	cadastral value of property	0.85	
Fuel tax	1			various rates	per liter	1.02	
Regional tax on productive activities (IRAP)	1	online filing		4%	Difference between taxable revenues and deductible costs	6.68	

Mandatory contribution for work termination (TFR)	0	paid jointly		7%	gross salaries	8.61
Corporate income tax (IRES)	1	online filing	37	28%	taxable profits	16.18
Social security contributions	1	online filing	264	26.86% -31.88%	gross salaries	34.83
Totals	15		334			68.4

Notes:

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

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

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

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

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

Trading Across Borders in Italy

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	10	218
Customs clearance and technical control	3	153
Ports and terminal handling	3	340
Inland transportation and handling	4	520
Totals	20	1231

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	10	218
Customs clearance and technical control	2	153
Ports and terminal handling	3	340
Inland transportation and handling	3	520
Totals	18	1231

Export

Bill of lading

Commercial invoice

Customs export declaration

Export license

Technical standard/health certificate

Import

Bill of lading

Certificate of origin

Commercial invoice

Customs import declaration

Import license

Enforcing Contracts in Italy

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

Nature of Procedure (2009)	Indicator
Procedures (number)	40
Time (days)	1210
Filing and service	40.0
Trial and judgment	900.0
Enforcement of judgment	270.0
Cost (% of claim)*	29.90
Attorney cost (% of claim)	21.8
Court cost (% of claim)	2.9
Enforcement Cost (% of claim)	5.2

Court information: Rome District Court ("Tribunale Civile di Roma")

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



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