

Doing Business 2010

Tajikistan

COMPARING REGULATION IN 183 ECONOMIES



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Introduction

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

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

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

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

The following pages present the summary Doing Business indicators for Tajikistan. 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).

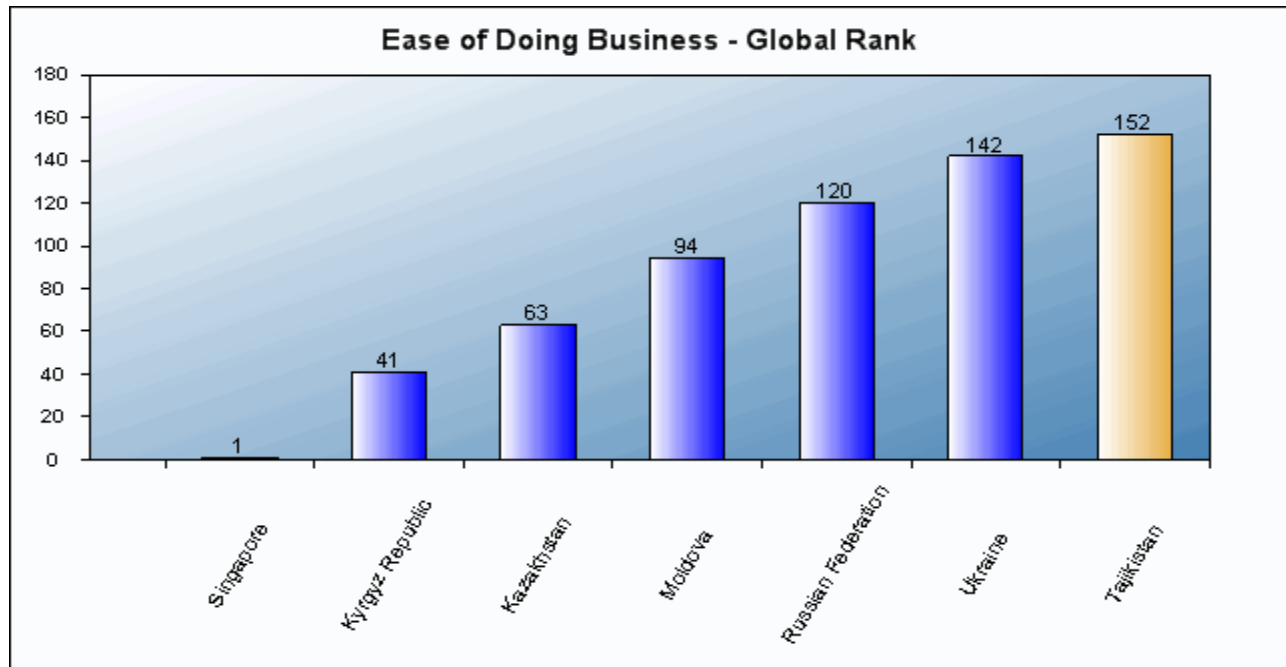
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

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

Tajikistan is ranked 152 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Tajikistan's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	152
Starting a Business	143
Dealing with Construction Permits	177
Employing Workers	143
Registering Property	78
Getting Credit	167
Protecting Investors	73
Paying Taxes	162
Trading Across Borders	179
Enforcing Contracts	39
Closing a Business	100

Summary of Indicators - Tajikistan

Starting a Business	Procedures (number)	12
	Time (days)	25
	Cost (% of income per capita)	24.3
	Min. capital (% of income per capita)	9.9
Dealing with Construction Permits	Procedures (number)	32
	Time (days)	250
	Cost (% of income per capita)	1022.9
Employing Workers	Difficulty of hiring index (0-100)	33
	Rigidity of hours index (0-100)	73
	Difficulty of redundancy index (0-10)	40
	Rigidity of employment index (0-100)	49
	Redundancy costs (weeks of salary)	30
Registering Property	Procedures (number)	6
	Time (days)	37
	Cost (% of property value)	4.6
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	5
	Strength of investor protection index (0-10)	5.3
Paying Taxes	Payments (number per year)	54
	Time (hours per year)	224
	Profit tax (%)	17.7
	Labor tax and contributions (%)	28.5
	Other taxes (%)	39.7
	Total tax rate (% profit)	85.9

Trading Across Borders	Documents to export (number)	10
	Time to export (days)	82
	Cost to export (US\$ per container)	3150
	Documents to import (number)	10
	Time to import (days)	83
	Cost to import (US\$ per container)	4550
Enforcing Contracts	Procedures (number)	34
	Time (days)	430
	Cost (% of claim)	25.5
Closing a Business	Recovery rate (cents on the dollar)	25.4
	Time (years)	3.0
	Cost (% of estate)	9

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

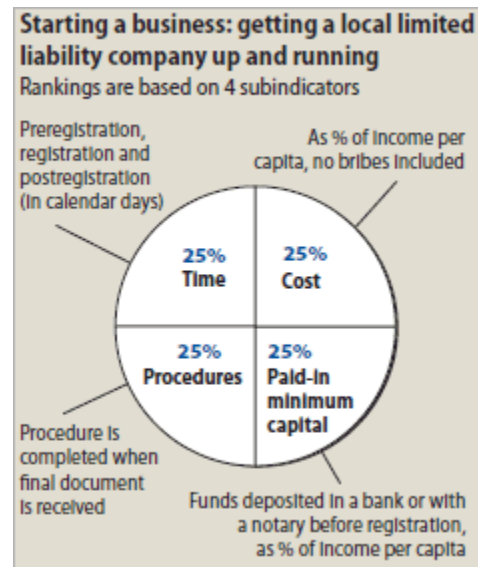
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications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

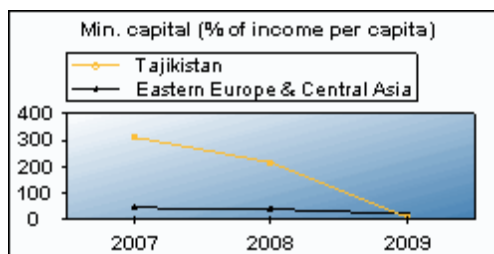
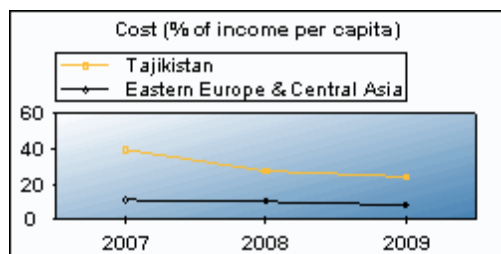
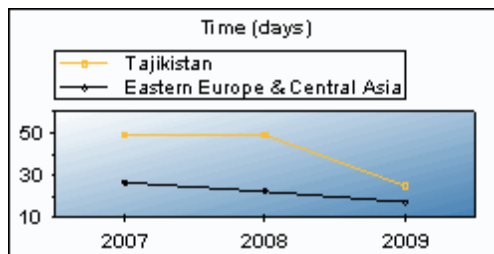
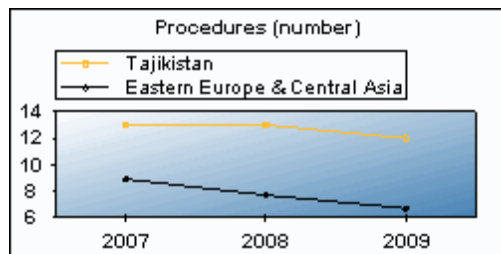
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not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



1. Historical data: Starting a Business in Tajikistan

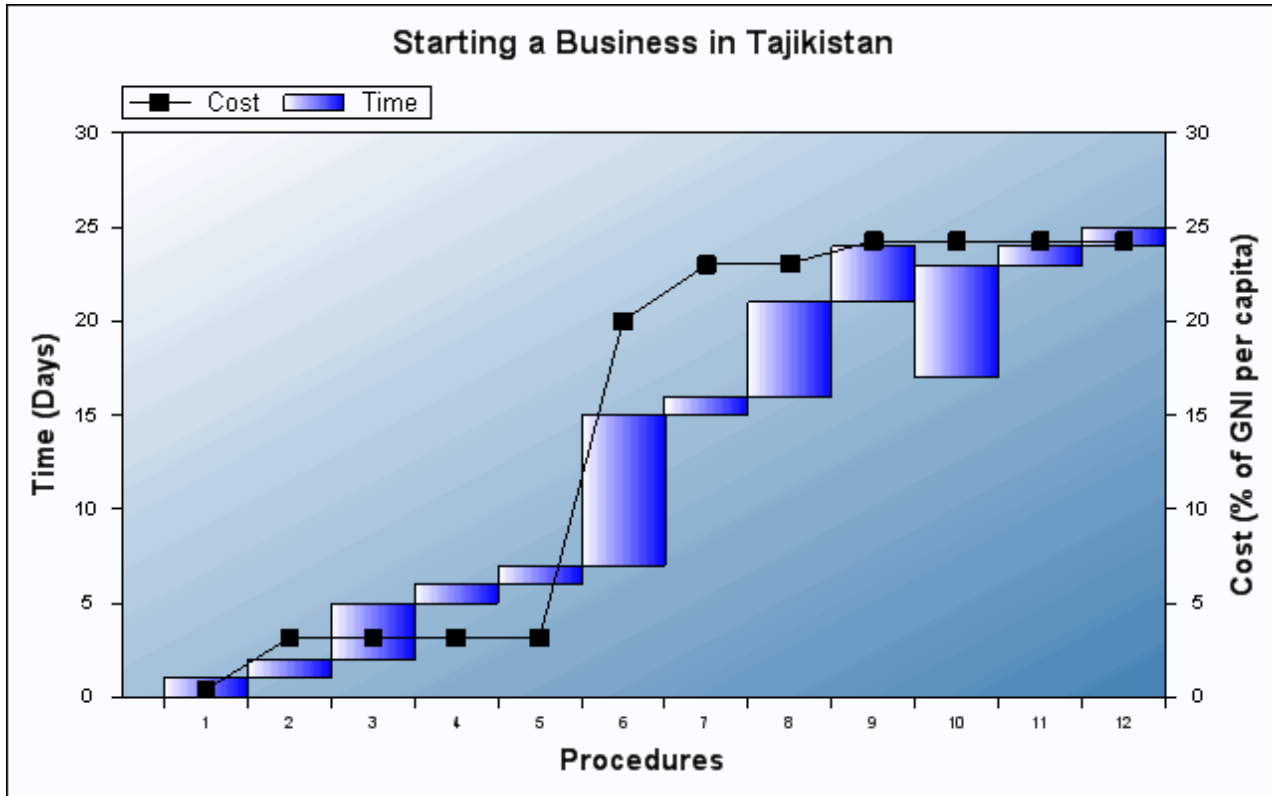
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	169	143
Procedures (number)	13	13	12
Time (days)	49	49	25
Cost (% of income per capita)	39.6	27.6	24.3
Min. capital (% of income per capita)	311.0	216.8	9.9

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



3. Steps to Starting a Business in Tajikistan

It requires 12 procedures, takes 25 days, and costs 24.26 % GNI per capita to start a business in Tajikistan.



List of Procedures:

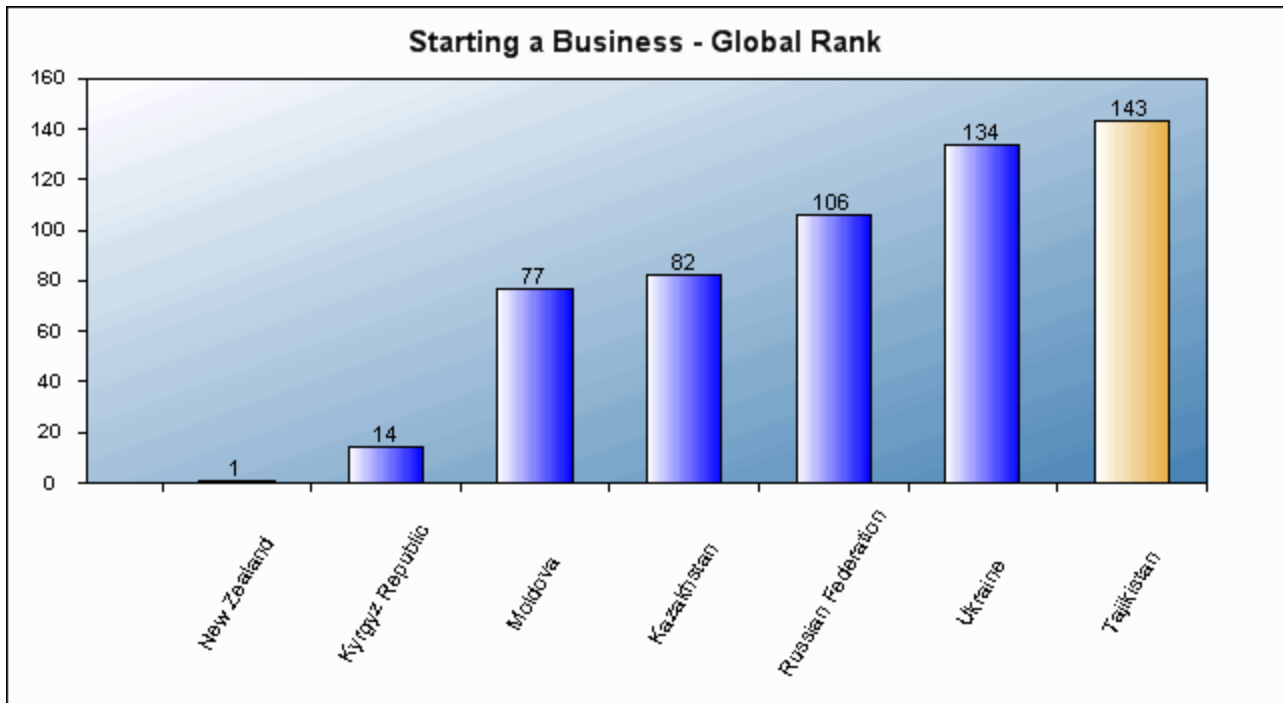
1. Notarize company statutes
2. Deposit the initial capital in a bank
3. Obtain confirmation letter (spravka) from the tax authority confirming the absence of debt for the premises
4. Obtain information letter (spravka) confirming the legal address and location from an authorized state organ ('khukumat')
5. Pay and obtain receipt or copy of a bank order confirming the payment of the registration fee
6. Register with State Registry at the Ministry of Justice
7. Register company with the Tajik Enterprise Register
8. Obtain permission to make a company seal
9. Make a company seal
10. Obtain taxpayer identification number (INN)
11. Register with Social Fund.
12. Unblock the authorized capital and open a bank account

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Tajikistan is ranked 143 overall for Starting a Business.

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



The following table shows Starting a Business data for Tajikistan 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>				
Tajikistan	12	25	24.3	9.9

<i>Comparator Economies</i>				
Kazakhstan	7	20	4.8	13.4
Kyrgyz Republic	3	11	5.2	0.0
Moldova	8	10	7.0	11.4
Russian Federation	9	30	2.7	1.8
Ukraine	10	27	5.8	153.5

* 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.

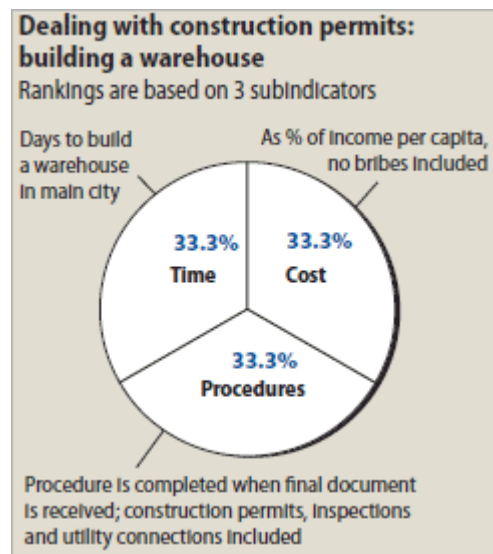
Survey Case Study

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:

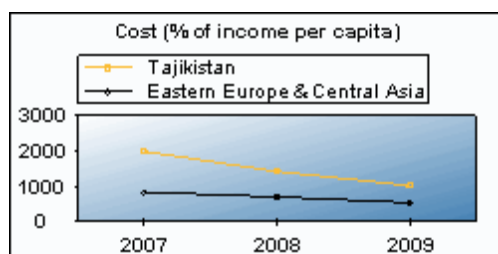
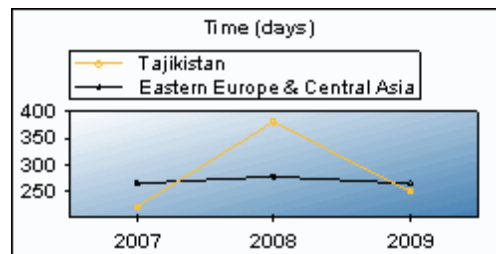
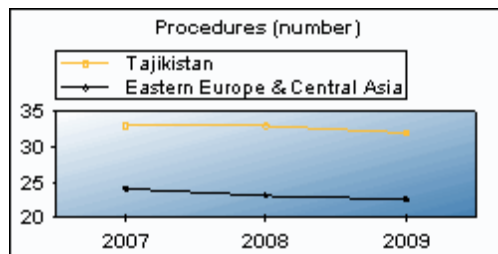
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each 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 Tajikistan

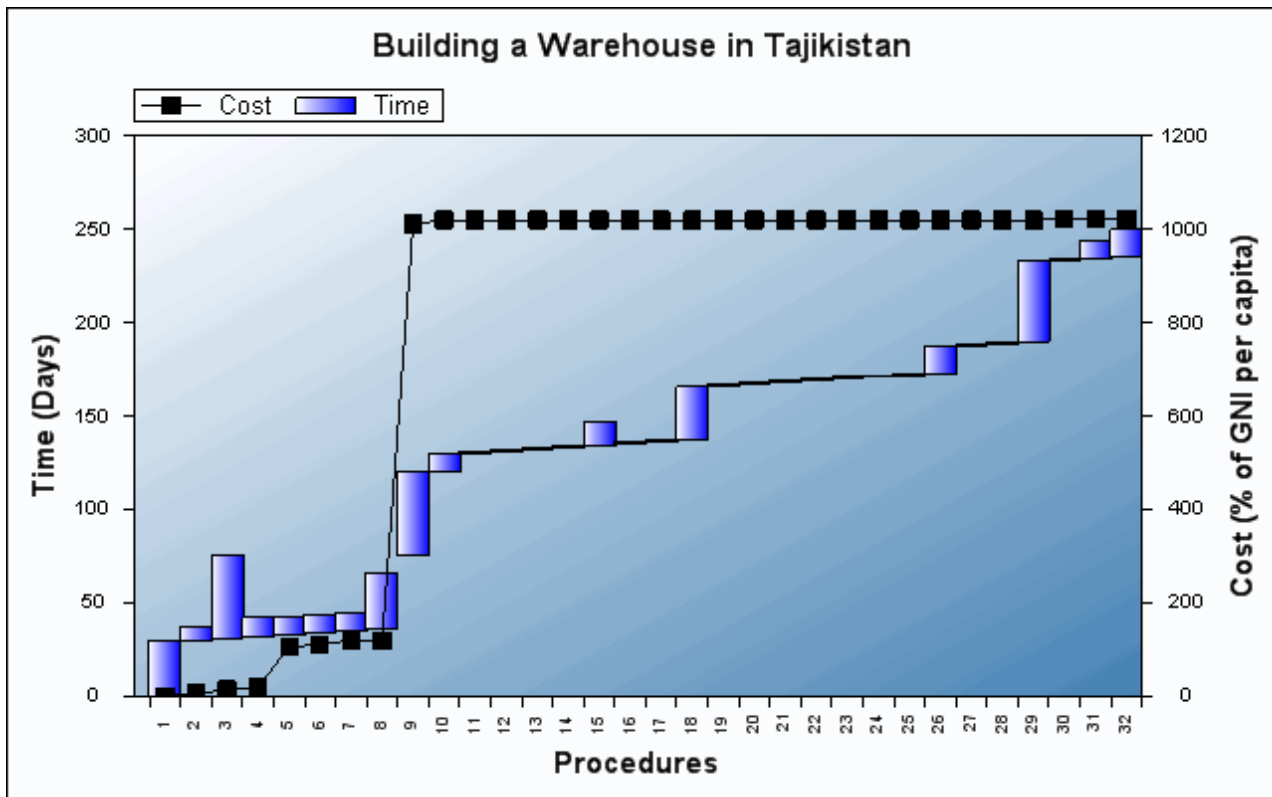
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	180	177
Procedures (number)	33	33	32
Time (days)	221	381	250
Cost (% of income per capita)	1991.9	1420.7	1022.9

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



3. Steps to Building a Warehouse in Tajikistan

It requires 32 procedures, takes 250 days, and costs 1,022.93 % GNI per capita to build a warehouse in Tajikistan.



List of Procedures:

- | | |
|---|---|
| 1. Request and obtain project design permit | 8. Request and obtain project clearance from the State Automobile Inspection Department of Domestic Affairs of Dushanbe city |
| 2. Request and obtain fire safety clearance from state anti-fire agency under the Ministry of Domestic Affairs | 9. Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects |
| 3. Request and obtain environmental approval from the Environmental Protection Agency (Environmental Protection Ministry) | 10. Request and obtain final project clearance from the Construction and Architecture Department (State Inspection Department over Construction and Architecture) |
| 4. Request and obtain Sanitary Hygienic Service approval from State Sanitary Hygienic Service under the Ministry of Health | 11. Receive a periodic inspection from the Sanitary Hygienic Service |
| 5. Request and obtain clearance from State Electric Agency (Barki Tojik) | 12. Receive a periodic inspection from the Fire Safety Agency |
| 6. Request and obtain project clearance from the Water and Sewerage Agency Unitary Enterprise, "Water and Sewerage Agency", of Dushanbe | 13. Request electricity connection |
| 7. Request and obtain project clearance from the Ministry of Transportation and Communications/ Agency on Draft Adjustment Communication of the Communications Department of the RT | 14. Receive electricity inspection |
| | 15. Connect to electricity |

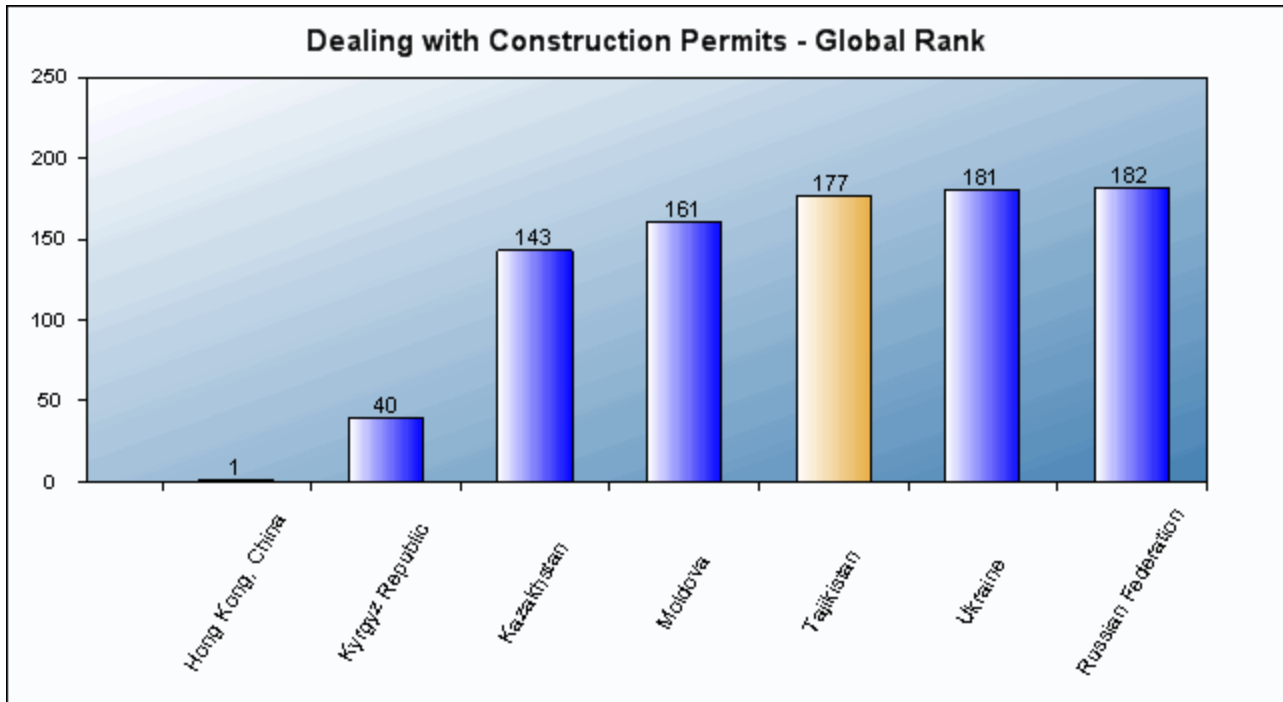
16. Request water services
17. Receive inspection from water services
18. Connect to water
19. Receive a periodic inspection from the Ministry of Environmental Protection
20. Receive a periodic Inspection from the State Architecture Inspection - Dushanbe city
21. Receive a periodic inspection from the State Construction Inspection (State Inspection Department over construction and architecture)
22. Receive a periodic inspection from the Prosecutor's Office
23. Receive a periodic inspection from the Labor Authority
24. Receive a periodic inspection from the Tax Authority
25. Receive a periodic inspection from the Ministry of Transportation and Communications / State Body on Automobile Activity Management
26. Request and receive a decision by Review Commission
27. Request State Acceptance Commission decision
28. Receive inspection by the State Acceptance Commission
29. Obtain decision of the State Acceptance Commission/ final decision of the Mayor
30. Request telephone services
31. Receive inspection from the Department of Project Adjustment and Technical Inspection of Dushanbe Telephone Service (station) of the open joint stock company Tajiktelecom and connect to telephone line
32. Obtain approval of the Bureau on Technical Inventory (BTI) on acceptance of building and issuance of technical passport

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Tajikistan is ranked 177 overall for Dealing with Construction Permits.

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



The following table shows Dealing with Construction Permits data for Tajikistan 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>			
Tajikistan	32	250	1022.9

<i>Comparator Economies</i>			
Kazakhstan	37	211	119.7
Kyrgyz Republic	12	137	165.2
Moldova	30	292	120.5
Russian Federation	54	704	2140.7
Ukraine	30	476	1449.3

Employing Workers

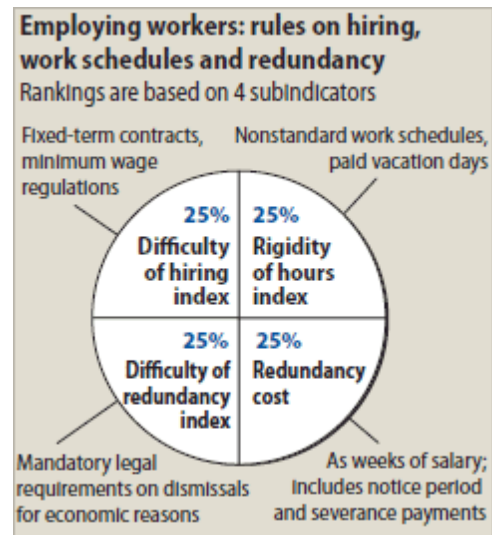
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

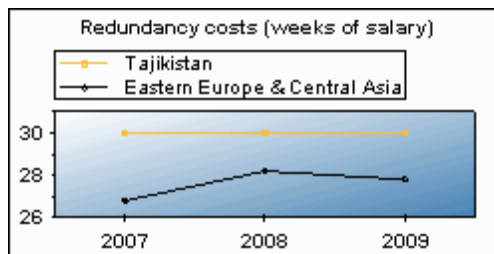
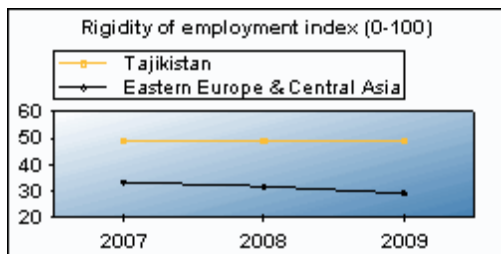
The business:

- 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 Tajikistan

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	142	143
Redundancy costs (weeks of salary)	30	30	30
Rigidity of employment index (0-100)	49	49	49

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



3. Benchmarking Employing Workers Regulations:

Tajikistan is ranked 143 overall for Employing Workers.

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



The following table shows Employing Workers data for Tajikistan 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>		
Tajikistan	49	30

<i>Comparator Economies</i>		
Kazakhstan	17	9
Kyrgyz Republic	18	17
Moldova	41	37
Russian Federation	38	17
Ukraine	31	13

* 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)

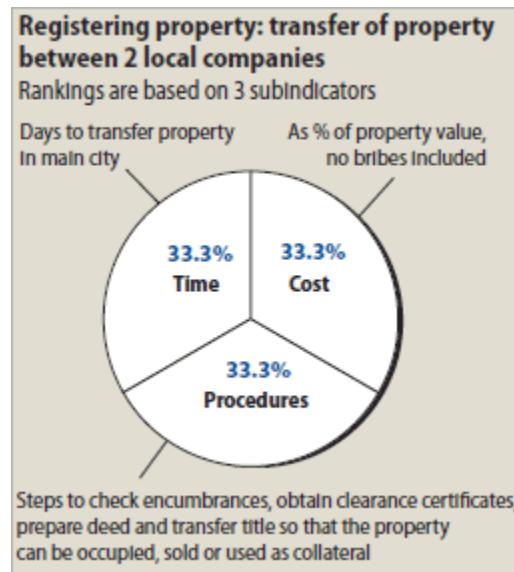
Survey Case Study

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:

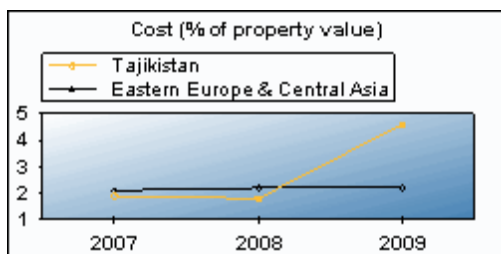
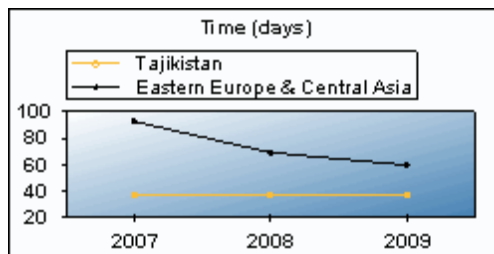
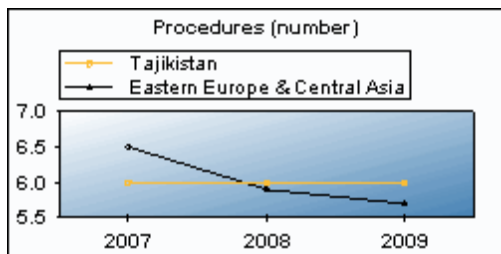
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller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

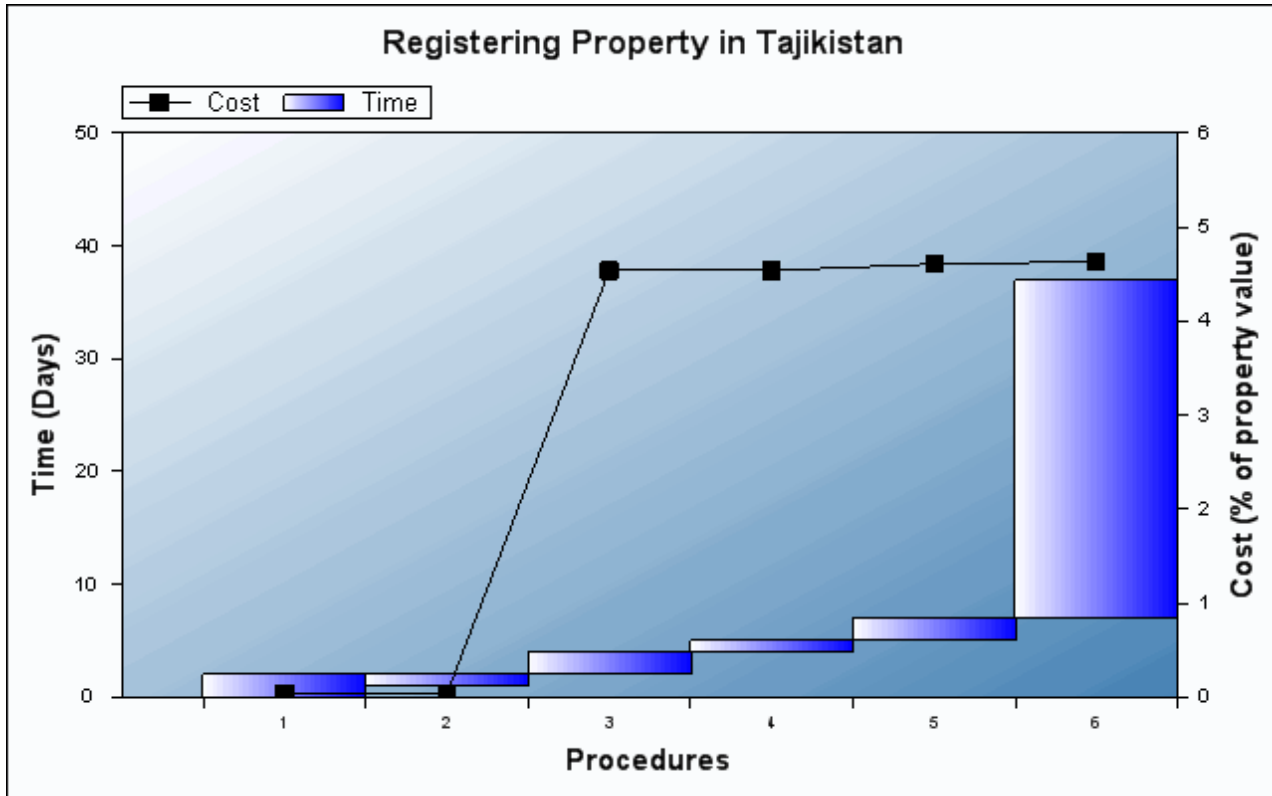
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	47	78
Procedures (number)	6	6	6
Time (days)	37	37	37
Cost (% of property value)	1.9	1.8	4.6

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



3. Steps to Registering Property in Tajikistan

It requires 6 procedures, takes 37 days, and costs 4.63 % of property value to register the property in Tajikistan.



List of Procedures:

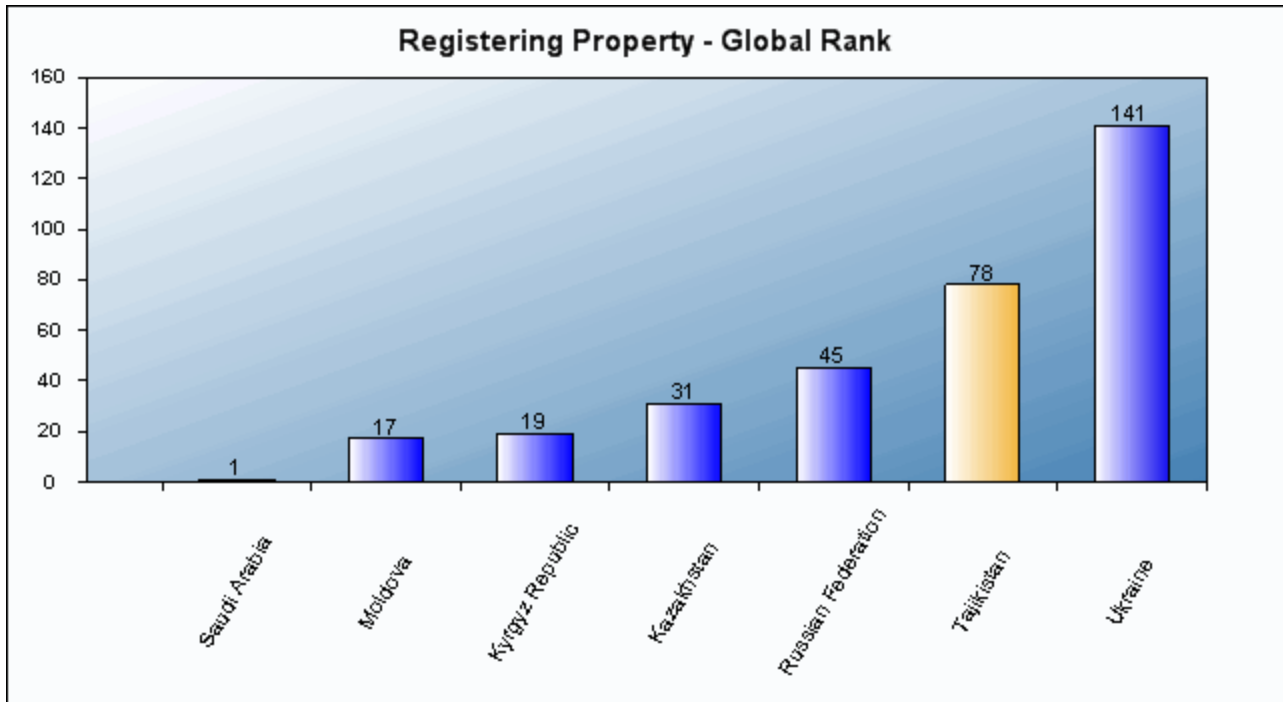
1. Obtain certificate from the Bureau of Technical Inventory (BTI)
2. Obtain tax clearance certificate from the Ministry of State Revenue and Duties
3. Preparation and notarization of sale purchase agreement by notary
4. Registration of sale purchase agreement with the Local Hukumat Utility Office (Raikomkhoz)
5. Registration of building property rights at the BTI
6. Registration of land use rights at the State Land Use Committee affiliate

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Tajikistan is ranked 78 overall for Registering Property.

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



The following table shows Registering Property data for Tajikistan 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>			
Tajikistan	6	37	4.6

<i>Comparator Economies</i>			
Kazakhstan	5	40	0.1
Kyrgyz Republic	4	5	2.8
Moldova	5	5	0.9
Russian Federation	6	43	0.1
Ukraine	10	93	2.6

* 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)

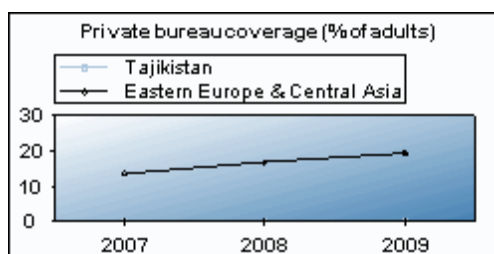
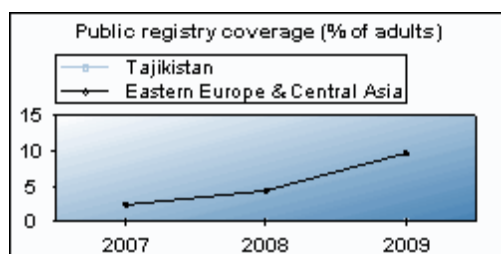
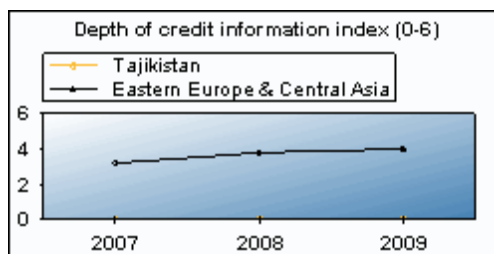
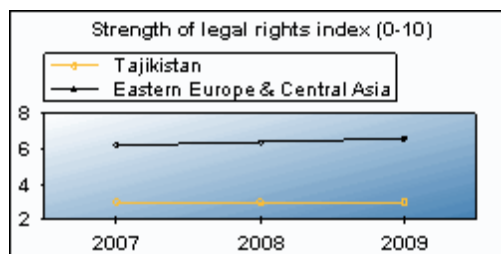
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in Tajikistan

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	165	167
Strength of legal rights index (0-10)	3	3	3
Depth of credit information index (0-6)	0	0	0
Private bureau coverage (% of adults)	0.0	0.0	0.0
Public registry coverage (% of adults)	0.0	0.0	0.0

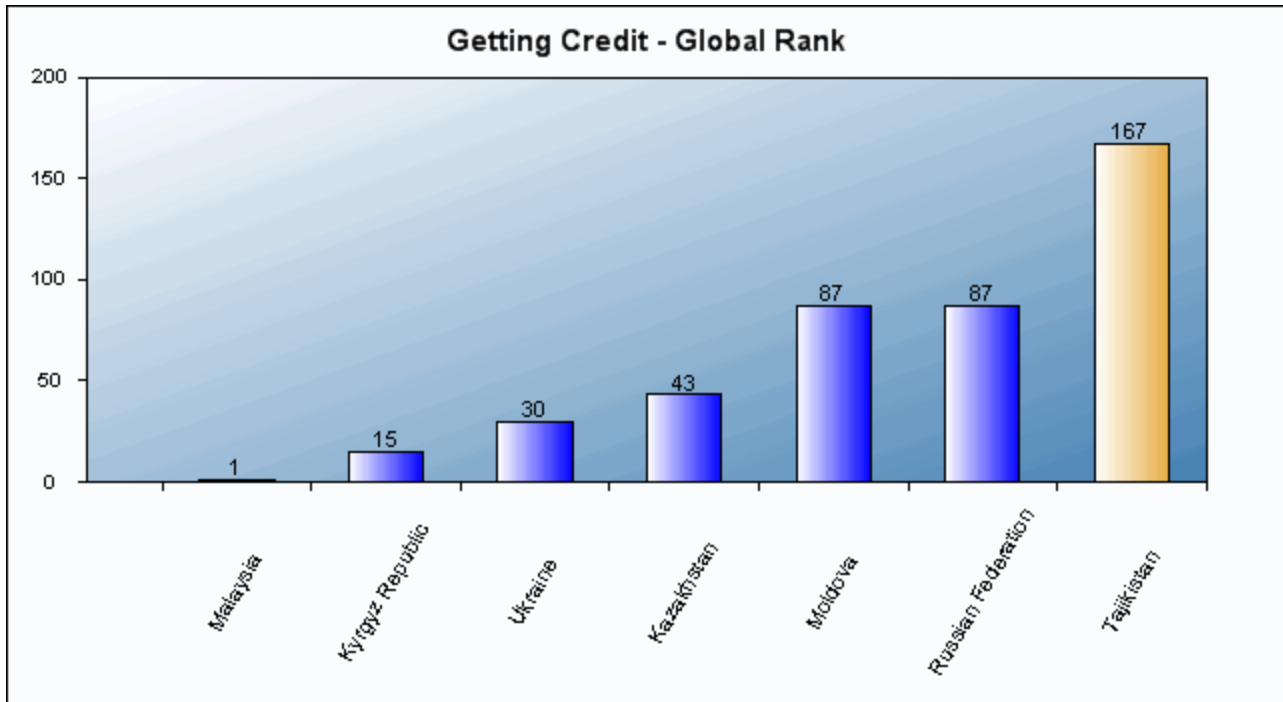
2. The following graphs illustrates the Getting Credit indicators in Tajikistan over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Tajikistan is ranked 167 overall for Getting Credit.

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



The following table shows Getting Credit data for Tajikistan 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>				
Tajikistan	3	0	0.0	0.0

<i>Comparator Economies</i>				
Kazakhstan	5	6	0.0	29.5
Kyrgyz Republic	10	3	0.0	5.9
Moldova	8	0	0.0	0.0
Russian Federation	3	5	0.0	14.3
Ukraine	9	3	0.0	3.0

* 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:

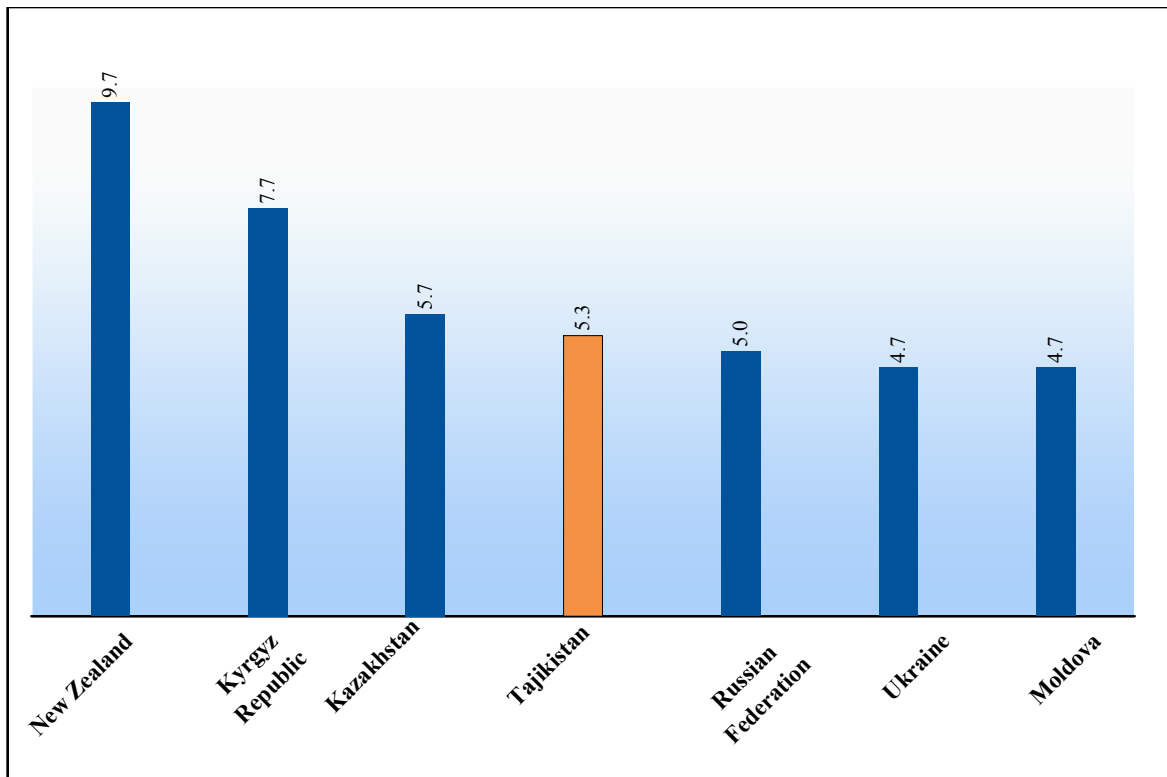
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Doidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in Tajikistan

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	151	73
Strength of investor protection index (0-10)	1.7	3.3	5.3

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

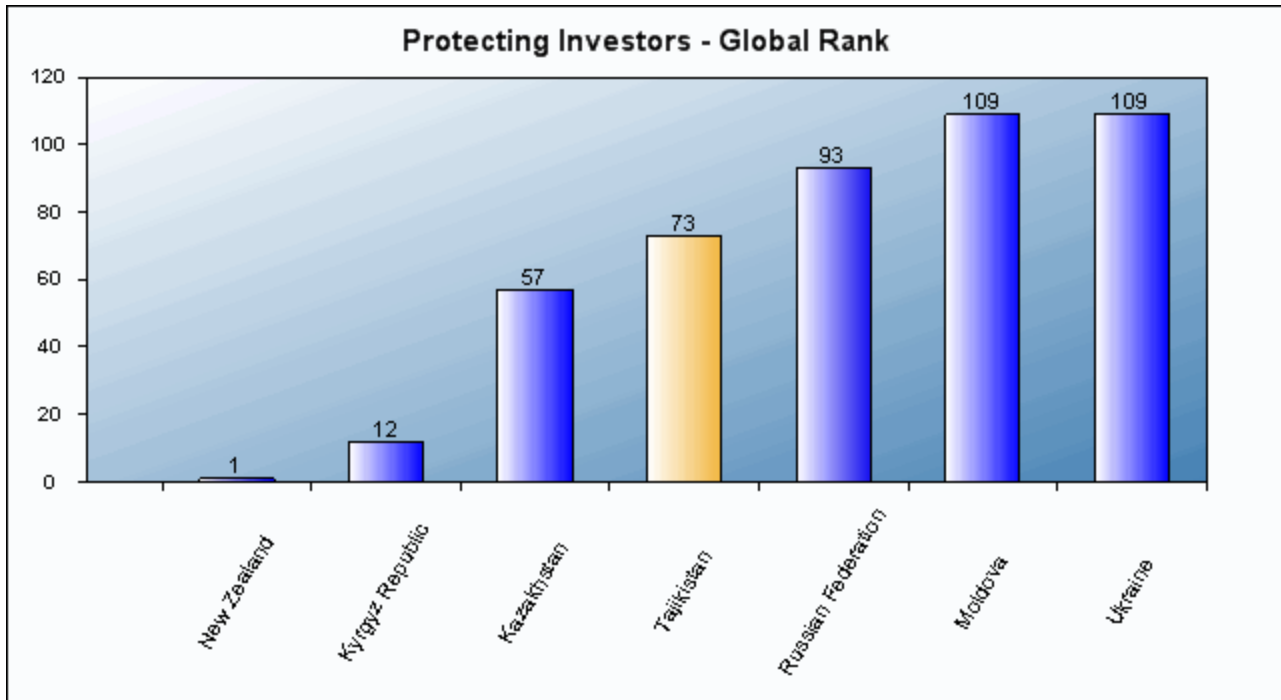


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Tajikistan is ranked 73 overall for Protecting Investors.

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



The following table shows Protecting Investors data for Tajikistan 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>	
Tajikistan	5.3

<i>Comparator Economies</i>	
Kazakhstan	5.7
Kyrgyz Republic	7.7
Moldova	4.7
Russian Federation	5.0
Ukraine	4.7

Paying Taxes

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

Methodology

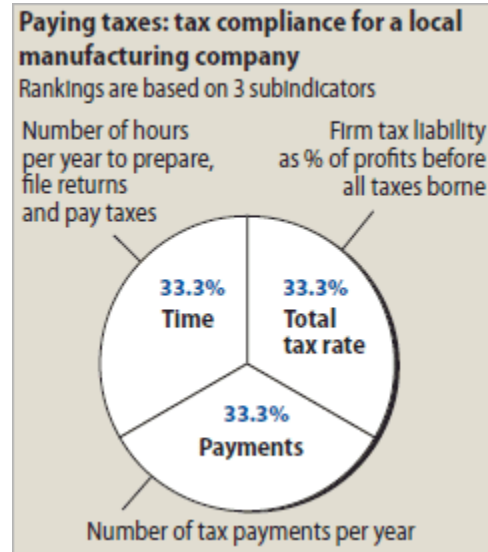
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

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

Survey case study

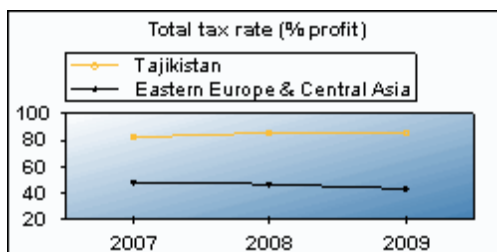
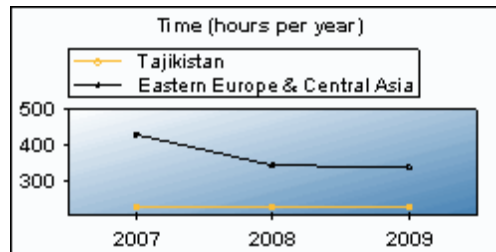
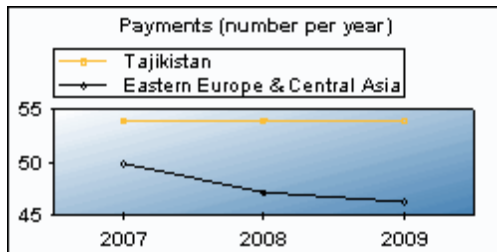
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory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



1. Historical data: Paying Taxes in Tajikistan

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	161	162
Total tax rate (% profit)	82.2	85.5	85.9
Payments (number per year)	54	54	54
Time (hours per year)	224	224	224

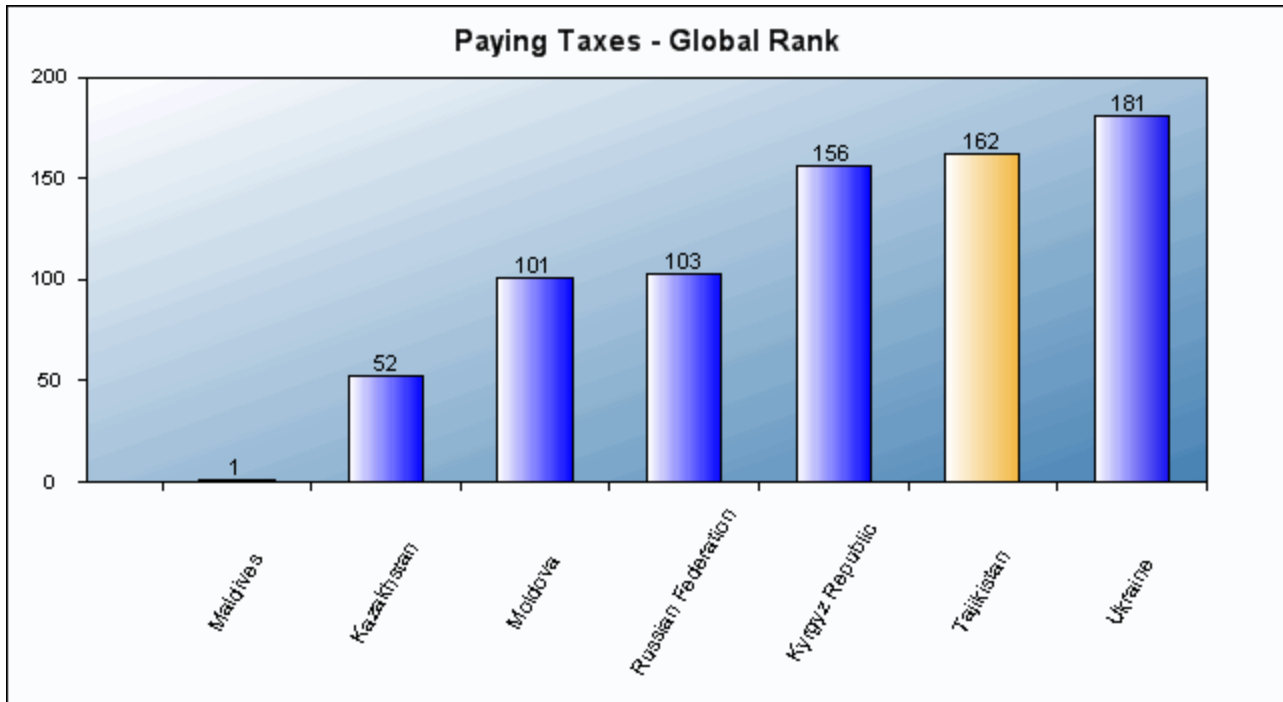
2. The following graphs illustrates the Paying Taxes indicators in Tajikistan over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Tajikistan is ranked 162 overall for Paying Taxes.

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



The following table shows Paying Taxes data for Tajikistan 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>			
Tajikistan	54	224	85.9

<i>Comparator Economies</i>			
Kazakhstan	9	271	35.9
Kyrgyz Republic	75	202	59.4
Moldova	48	228	31.1
Russian Federation	11	320	48.3
Ukraine	147	736	57.2

* 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.

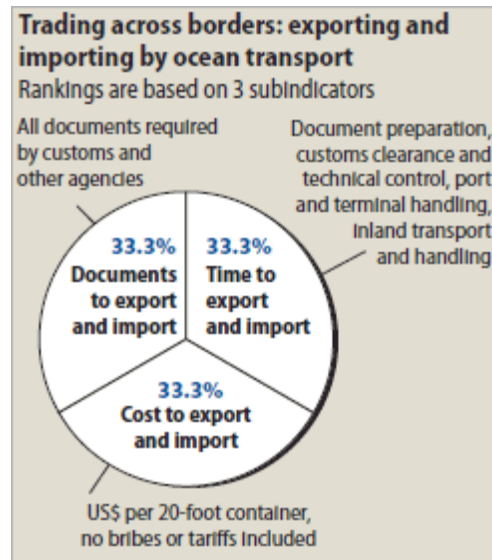
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

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:

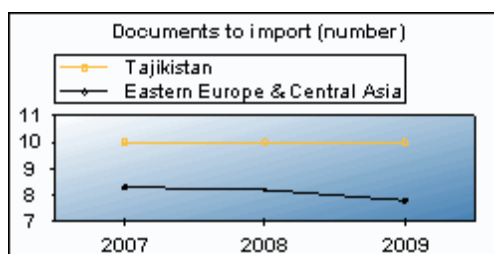
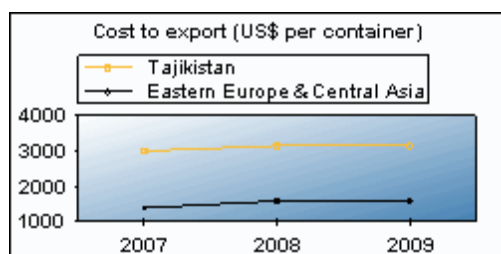
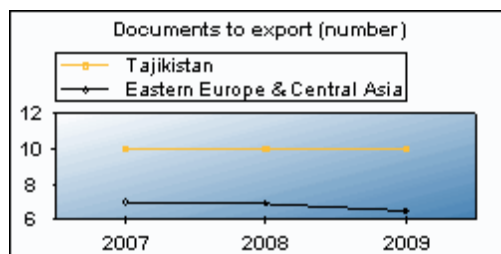
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations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

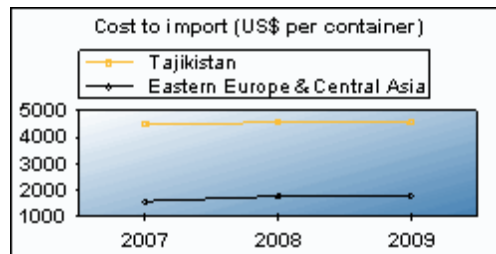


1. Historical data: Trading Across Borders in Tajikistan

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	179	179
Cost to export (US\$ per container)	3000	3150	3150
Cost to import (US\$ per container)	4500	4550	4550
Documents to export (number)	10	10	10
Documents to import (number)	10	10	10
Time to export (days)	82	82	82
Time to import (days)	83	83	83

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

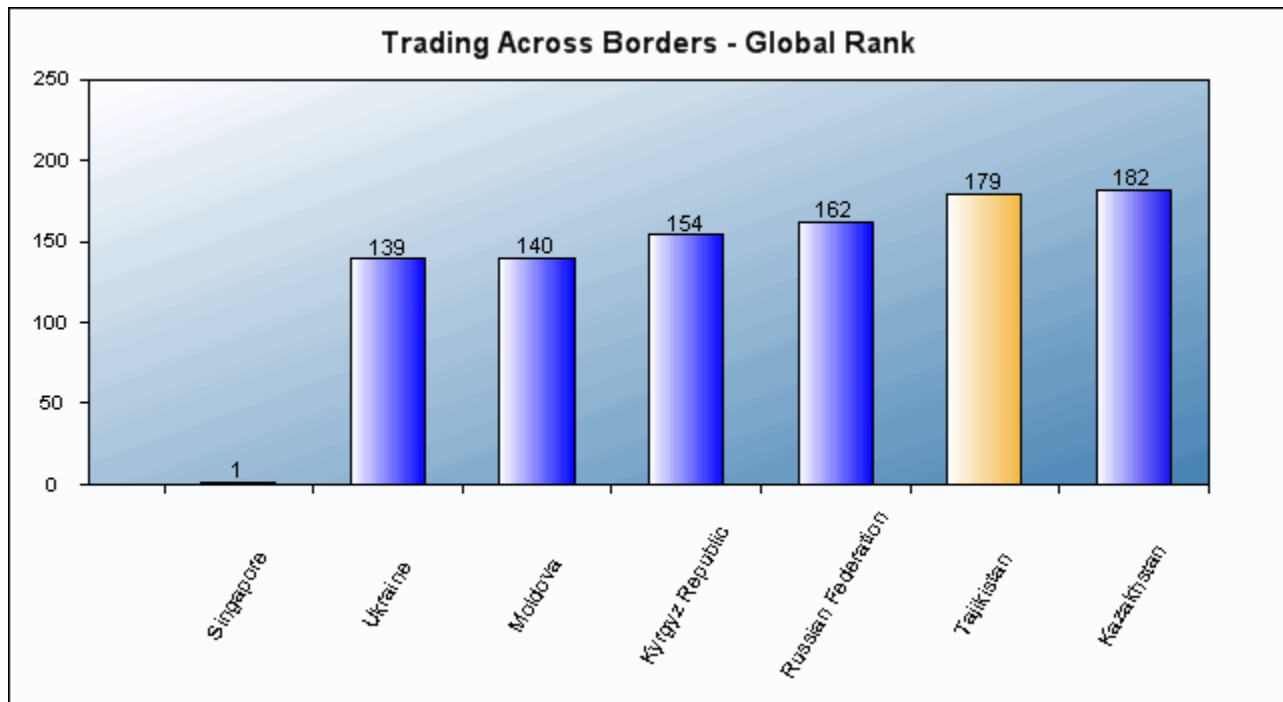




3. Benchmarking Trading Across Borders Regulations:

Tajikistan is ranked 179 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Tajikistan 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>						
Tajikistan	10	82	3150	10	83	4550

<i>Comparator Economies</i>						
Kazakhstan	11	89	3005	13	76	3055
Kyrgyz Republic	7	63	3000	7	72	3250
Moldova	6	32	1815	7	35	1945
Russian Federation	8	36	1850	13	36	1850
Ukraine	6	31	1230	10	36	1430

* 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.

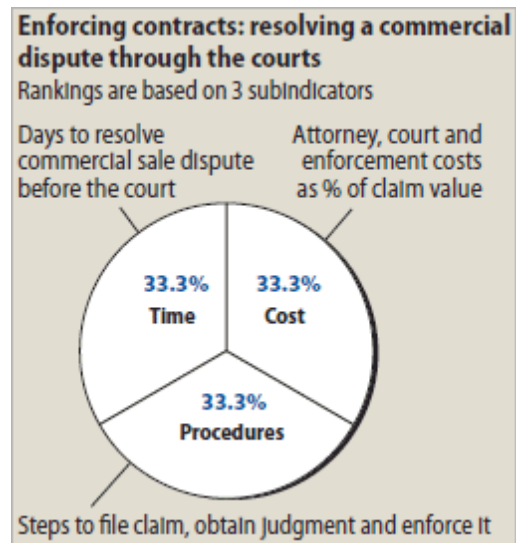
Methodology

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

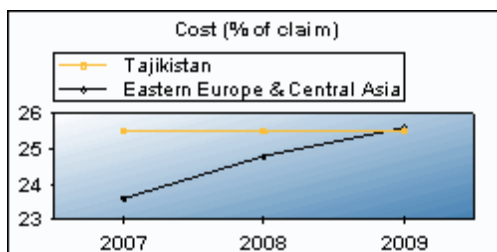
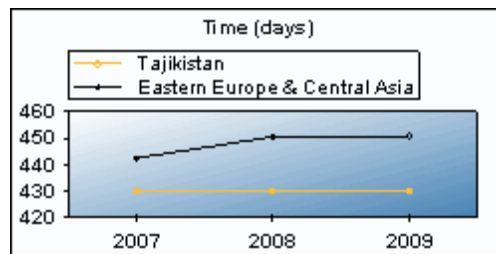
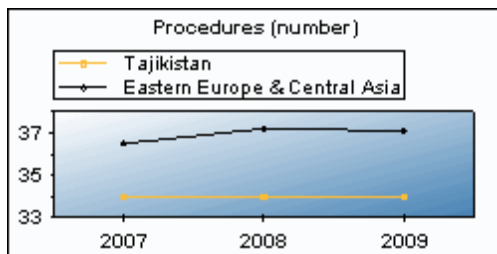
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds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

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	41	39
Procedures (number)	34	34	34
Time (days)	430	430	430
Cost (% of claim)	25.5	25.5	25.5

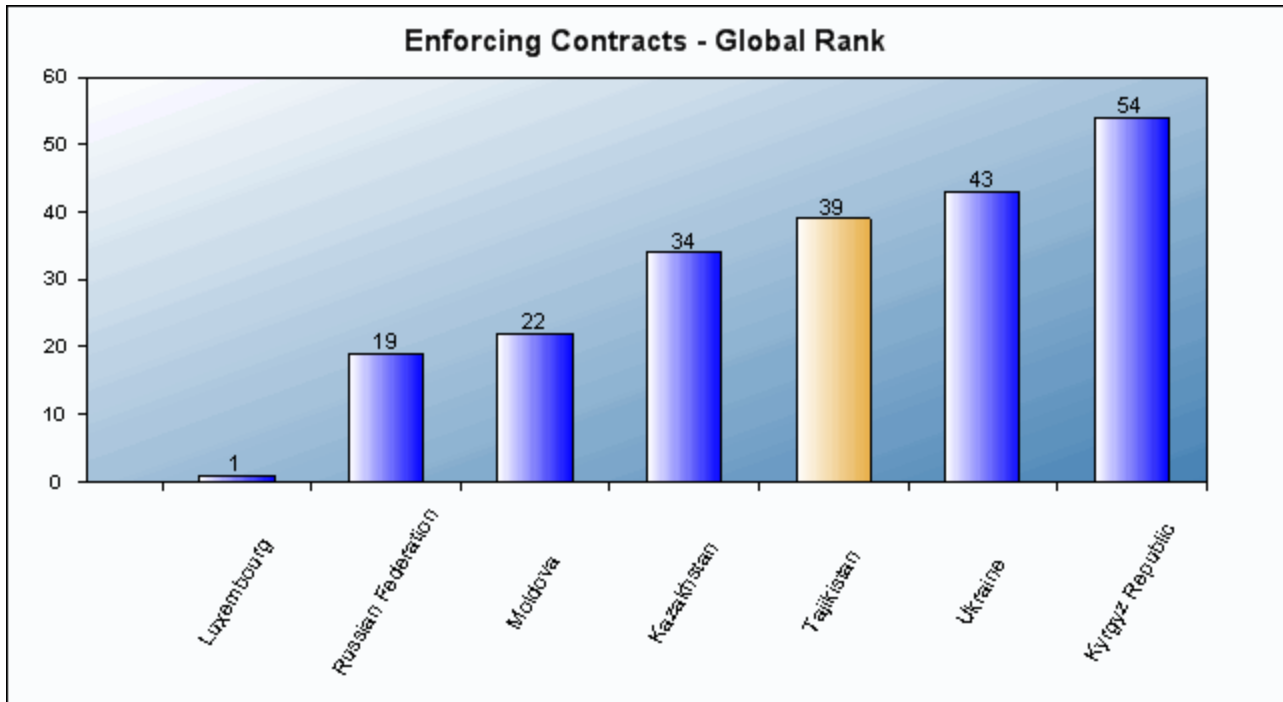
2. The following graphs illustrates the Enforcing Contracts indicators in Tajikistan over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Tajikistan is ranked 39 overall for Enforcing Contracts.

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



The following table shows Enforcing Contracts data for Tajikistan 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>			
Tajikistan	34	430	25.5

<i>Comparator Economies</i>			
Kazakhstan	38	390	22.0
Kyrgyz Republic	39	260	29.0
Moldova	31	365	20.9
Russian Federation	37	281	13.4
Ukraine	30	345	41.5

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.

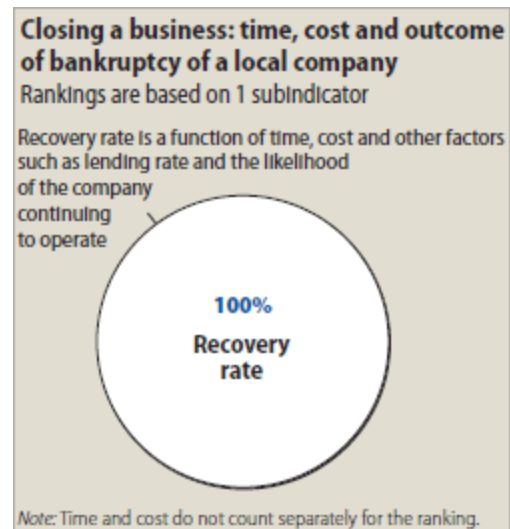
Methodology

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:

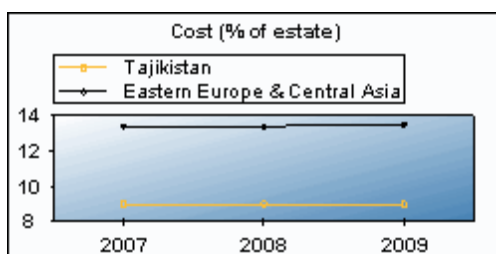
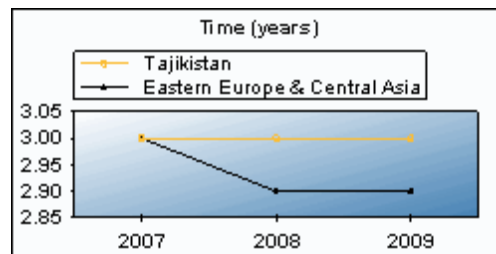
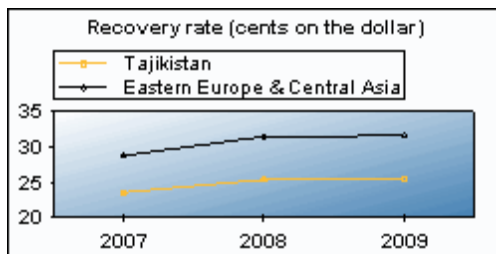
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed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

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	100	100
Time (years)	3.0	3.0	3.0
Cost (% of estate)	9	9	9
Recovery rate (cents on the dollar)	23.6	25.4	25.4

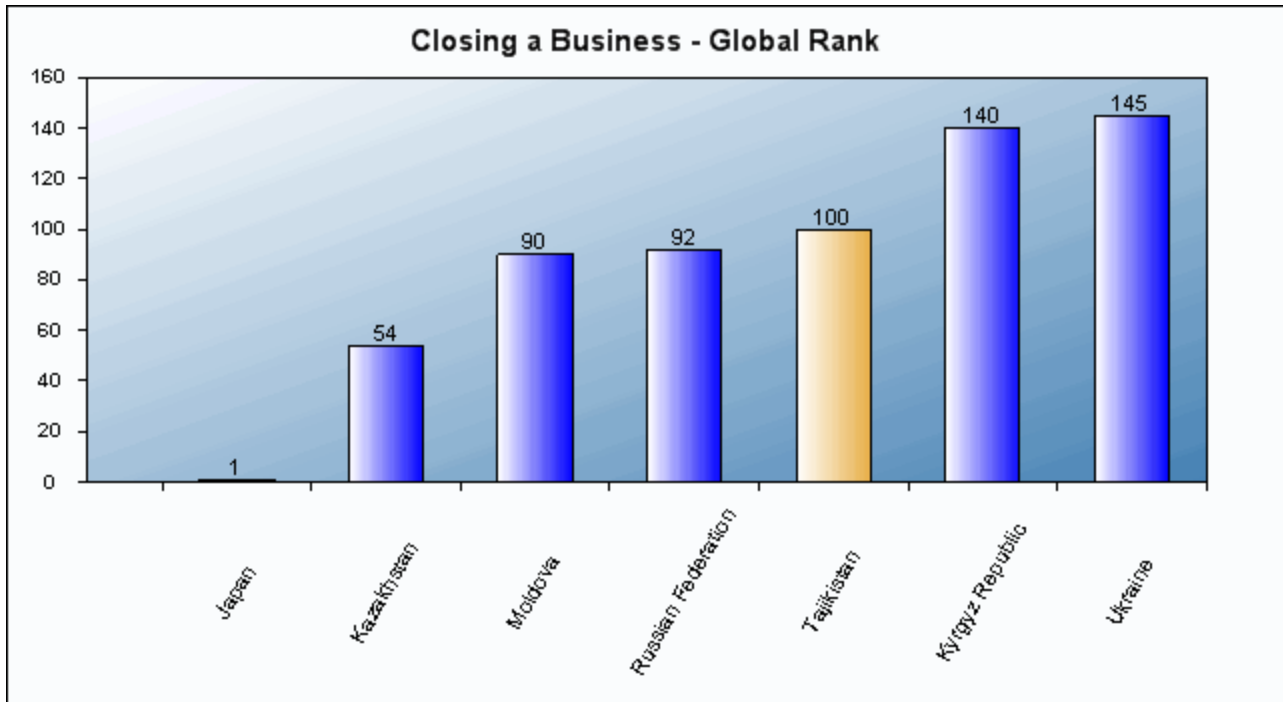
2. The following graphs illustrates the Closing Business indicators in Tajikistan over the past 3 years:



3. Benchmarking Closing Business Regulations:

Tajikistan is ranked 100 overall for Closing a Business.

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



The following table shows Closing Business data for Tajikistan 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>			
Tajikistan	25.4	3.0	9

<i>Comparator Economies</i>			
Kazakhstan	40.6	1.5	15
Kyrgyz Republic	14.2	4.0	15
Moldova	28.6	2.8	9
Russian Federation	28.2	3.8	9
Ukraine	9.1	2.9	42

* The following economies are also good practice economies for :

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

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

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

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.
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.
Kazakhstan	Kazakhstan has eased the process for getting construction permits by eliminating the requirement to pay for new electrical connection, reducing time limits for building permits, and lowering the cost of topographic surveys. The tax burden on companies was eased by lowering the social tax for 2008 and the corporate income tax for 2009 (from 30 percent to 10 percent). Business start-up was made easier by simplifying documentation requirements and abolishing the requirement to register at the local tax office.
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.
Russian Federation	The Russian Federation introduced several changes to its insolvency law to speed up liquidation and strengthen the legal status of secured creditors. The corporate income tax rate was cut from 24 percent to 20 percent. Property registration was expedited by introducing new documentation requirements—such as cadastral passports—in lieu of inventory documents and cadastral maps.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.
Tajikistan	Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.
Ukraine	Ukraine enhanced investor protections by adopting a new law on joint stock companies that regulates approval of transactions between interested parties, increases disclosure requirements in annual reports, and makes it easier to sue directors in cases of prejudicial transactions between interested parties.
United Arab Emirates	The United Arab Emirates shortened the time for delivering building permits by improving its online system for processing applications. Business start-up was eased by simplifying the documents needed for registration, abolishing the minimum capital requirement, and removing the requirement that proof of deposit of capital be shown for registration. Greater capacity at the container terminal, elimination of the terminal handling receipt as a required document, and an increase in trade finance products, have improved trade processes.

APPENDICES

Starting a Business in Tajikistan

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

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

Minimum Capital Requirement:

City: Dushanbe

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarize company statutes	1	
2	Deposit the initial capital in a bank	1	70
3	Obtain confirmation letter (spravka) from the tax authority confirming the absence of debt for the premises	3	0
4	Obtain information letter (spravka) confirming the legal address and location from an authorized state organ ('khukumat')	1	0
5	Pay and obtain receipt or copy of a bank order confirming the payment of the registration fee	1	0
6	Register with State Registry at the Ministry of Justice	8	
7	Register company with the Tajik Enterprise Register	1	
8	Obtain permission to make a company seal	5	2
9	Make a company seal	3	30
10 *	Obtain taxpayer identification number (INN)	6	0
11	Register with Social Fund.	1	0
12	Unblock the authorized capital and open a bank account	1	0

* Takes place simultaneously with another procedure.

Procedure 1 Notarize company statutes**Time to complete:** 1**Cost to complete:**

Comment: Company founders must also authenticate their signatures by notarial act if they submit the company statutes to a registering body (Ministry of Justice) through their agents. Founders who apply in person are not bound by this procedure. One signature notarization costs 3% of the minimum wage, or TJS 1. The total notarization fee for a company founded by five people is about TJS 10. The bank also requires notarized signatures of the company manager and the chief accountant; the fee is 3% of the minimum wage.

Procedure 2 Deposit the initial capital in a bank**Time to complete:** 1**Cost to complete:** 70

Comment: Costs vary by bank (TJS 70 is an average). The minimum paid-in capital is 50% of the total amount required (400 times the minimum wage).

Procedure 3 Obtain confirmation letter (spravka) from the tax authority confirming the absence of debt for the premises**Time to complete:** 3**Cost to complete:** 0

Comment: To obtain a confirmation letter (spravka) on the absence of debt for the premises, founders must arrange for a tax inspection. If no debt exists, the confirmation letter is issued and presented to the State authorities (khukumat) when seeking clearance on the use of the premises as the company's registered location and legal address (see Procedure 4).

Procedure 4 Obtain information letter (spravka) confirming the legal address and location from an authorized state organ ('khukumat')**Time to complete:** 1**Cost to complete:** 0

Comment: The state authorities (khukumat) require an application; documents on the company premises, such as a rental agreement or a house register (domovaya kniga); and the confirmation letter (spravka) from the tax inspection, confirming the absence of debt for the company premises.

Procedure 5 Pay and obtain receipt or copy of a bank order confirming the payment of the registration fee**Time to complete:** 1**Cost to complete:** 0

Comment: The bank payment confirmation must be attached to the documents required for the state registration. Fees for the confirmation are paid at a branch of the State Savings Bank of the Republic of Tajikistan (Amonatbank).

Procedure 6 Register with State Registry at the Ministry of Justice

Time to complete: 8

Cost to complete:

Comment: According to Law No. 5 of the Republic of Tajikistan (of April 22, 2003), "On state registration of the legal entity," the state registration must be completed in 10 days. According to Law No. 5, if another legal entity with an identical name has been registered in the territory of the Republic of Tajikistan (having the form of a limited liability company or a limited liability partnership), state registration under the same title may be refused.

Fee schedule : 375 Stamp duty and 50 Registration fee

Procedure 7 Register company with the Tajik Enterprise Register

Time to complete: 1

Cost to complete:

Comment: All legal entities are registered with the Tajik Enterprise Register, managed by the Statistics Committee. Registration with the statistics authorities aims to provide reliable information about existing legal entities in the Republic of Tajikistan for the use of the state organs in conducting analysis, social and economic forecasts, scientific inquiry, and commercial activity. The statistics authorities assign companies various statistical codes. By law, this procedure must be completed in 3 days, but in practice, it is done within a few hours. The company receives a registration card with the designated code (the Republic Enterprise and Organization Code, or OKPO statistical code) of the General Classification of Enterprises and Organizations. This code is necessary for opening bank settlement and other accounts.

Procedure 8 Obtain permission to make a company seal

Time to complete: 5

Cost to complete: 2

Comment: The procedure to obtain permission to make a company seal is regulated by an internal order of the Ministry of Internal Affairs (the order is not included in the public database of Tajik legislation). To obtain permission, the founder must submit to the Department of Internal Affairs a letter to the head of the Department of Internal Affairs with a request for permission. This letter must accompany the following documents: (a) seal blueprint, approved by a founder (2 copies); (b) state registration certificate; (c) act of legal expertise by the Department of Justice; (d) charter of the legal entity (notarized); (e) information letter from the State Statistics Committee on assigning the Republic Enterprise and Organization Code; and (f) receipt for fee payment.

It takes about 5 days to obtain permission, plus 3 days to make the seal.

Procedure 9 Make a company seal

Time to complete: 3

Cost to complete: 30

Comment:

Procedure 10 Obtain taxpayer identification number (INN)

Time to complete: 6

Cost to complete: 0

Comment: Requested documents to register for a tax identification number are (a) the state registration certificates; (b) the company statutes and the articles of incorporation; (c) the circular from the body of statistics; and (d) the reference from the Social Protection Fund. Note that these documents must be certified.

By issuance of the tax identification number, the founder is registered for all taxes except VAT, including customs duty. VAT requires separate registration and is not required when registering the company. The company can register for VAT within a year of starting operations. The tax code came into force on January 1, 2005.

Procedure 11 Register with Social Fund.

Time to complete: 1

Cost to complete: 0

Comment:

Procedure 12 Unblock the authorized capital and open a bank account

Time to complete: 1

Cost to complete: 0

Comment: To unblock authorized start-up capital and to open settlement and other accounts, the company must provide the bank with the following documents:

- Application, according to the bank-established format.
- Copies of founding and registration documents, certified by the company itself.
- Signature specimen cards and a print an impression of the legal entity seal in duplicate.

Dealing with Construction Permits in Tajikistan

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Dushanbe

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain project design permit	30 days	no charge
2	Request and obtain fire safety clearance from state anti-fire agency under the Ministry of Domestic Affairs	7 days	TJS 150
3 *	Request and obtain environmental approval from the Environmental Protection Agency (Environmental Protection Ministry)	45 days	TJS 200
4 *	Request and obtain Sanitary Hygienic Service approval from State Sanitary Hygienic Service under the Ministry of Health	10 days	TJS 150
5 *	Request and obtain clearance from State Electric Agency (Barki Tojik)	10 days	TJS 2,170
6 *	Request and obtain project clearance from the Water and Sewerage Agency Unitary Enterprise, "Water and Sewerage Agency", of Dushanbe	10 days	TJS 100
7 *	Request and obtain project clearance from the Ministry of Transportation and Communications/ Agency on Draft Adjustment Communication of the Communications Department of the RT	10 days	TJS 250
8 *	Request and obtain project clearance from the State Automobile Inspection Department of Domestic Affairs of Dushanbe city	30 days	no charge
9	Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects	45 days	TJS 22,474
10	Request and obtain final project clearance from the Construction and Architecture Department (State Inspection Department over Construction and Architecture)	10 days	TJS 229
11	Receive a periodic inspection from the Sanitary Hygienic Service	1 day	no charge
12	Receive a periodic inspection from the Fire Safety Agency	1 day	no charge
13	Request electricity connection	1 day	no charge

14 *	Receive electricity inspection	1 day	no charge
15 *	Connect to electricity	13 days	no charge
16 *	Request water services	1 day	no charge
17 *	Receive inspection from water services	1 day	no charge
18 *	Connect to water	29 days	no charge
19	Receive a periodic inspection from the Ministry of Environmental Protection	1 day	no charge
20	Receive a periodic inspection from the State Architecture Inspection - Dushanbe city	1 day	no charge
21	Receive a periodic inspection from the State Construction Inspection (State Inspection Department over construction and architecture)	1 day	no charge
22	Receive a periodic inspection from the Prosecutor's Office	1 day	no charge
23	Receive a periodic inspection from the Labor Authority	1 day	no charge
24	Receive a periodic inspection from the Tax Authority	1 day	no charge
25	Receive a periodic inspection from the Ministry of Transportation and Communications / State Body on Automobile Activity Management	1 day	no charge
26	Request and receive a decision by Review Commission	15 days	no charge
27	Request State Acceptance Commission decision	1 day	no charge
28	Receive inspection by the State Acceptance Commission	1 day	no charge
29	Obtain decision of the State Acceptance Commission/ final decision of the Mayor	43 days	no charge
30 *	Request telephone services	1 day	TJS 57
31 *	Receive inspection from the Department of Project Adjustment and Technical Inspection of Dushanbe Telephone Service (station) of the open joint stock company Tajiktelecom and connect to telephone line	10 days	no charge
32	Obtain approval of the Bureau on Technical Inventory (BTI) on acceptance of building and issuance of technical passport	15 days	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Request and obtain project design permit

Time to complete: 30 days

Cost to complete: no charge

Comment: Companies planning construction do not need to obtain, as first step, a project permit (razresheniye na proektirovaniye). By law, this procedure should be completed within 30 days. The permit is obtained from the local Hukumat free of charge.

BuildCo does not need to obtain a location permit, for it is assumed that already obtained it while establishing the company and purchasing/leasing the land. In addition to these remarks, according to the changes to Articles 26 and 30 of the Land Code as of January 8, 2009, no special location permit for construction purposes is required if the company already has an approved project for construction (project na stroitel'stvo).

Procedure 2 Request and obtain fire safety clearance from state anti-fire agency under the Ministry of Domestic Affairs

Time to complete: 7 days

Cost to complete: TJS 150

Comment: The approval is granted with technical requirements to be complied with. Although official tariffs have been adopted and collected, they are not published, disclosed in full to applicants, or registered with the Ministry of Justice as required by law.

The applicable legislation is Article 9 of the Law on Fire Safety, No. 995 (dated July 21, 1994) and Section 4.8 of the Regulation on State Fire Control, No. 726 (dated December 7, 1995). This Law was abrogated by a new Law №363 "On fire Safety" as of 20 March 2009.

Procedure 3 Request and obtain environmental approval from the Environmental Protection Agency (Environmental Protection Ministry)

Time to complete: 45 days

Cost to complete: TJS 200

Comment: BuildCo must obtain a permit for air pollutant emissions and waste disposal after environmental clearance has been obtained. Although official tariffs have been adopted and collected, they are not published, disclosed in full to applicants, or registered with the Ministry of Justice as required by law.

The statutory time limit is now 45 days. The applicable legislation is Articles 17, 19, 30, and 31 of the Law on Ecological Expertise, No. 20 (dated April 22, 2003).

Procedure 4 Request and obtain Sanitary Hygienic Service approval from State Sanitary Hygienic Service under the Ministry of Health

Time to complete: 10 days

Cost to complete: TJS 150

Comment: Although official tariffs have been adopted and collected, they are not published, disclosed in full to applicants, or registered with the Ministry of Justice as required by law.

The applicable legislation is Articles 9, 13, 25, and 26 of the Regulation of the Government on the Order of Registration, Drawing and Issuing of Sanitary Hygienic

Procedure	5	Request and obtain clearance from State Electric Agency (Barki Tojik)
Time to complete:	10 days	
Cost to complete:	TJS 2,170	
Comment:	This procedure is required by the Regulation of the Government, Rules of Electricity Usage, No. 84 (dated March 6, 1998). The cost is calculated based on Decision of Antitrust Policy and Business Support Agency as of 7 July 2003, N 34 (enforced 1 September 2003, as follows: TJS 2,170 = (TJS 15 per kilowatt x 140 kilowatts) + TJS 7 per meter x 10 meters. TJS 15 is applied for range of electricity capacity from 61 kWt to 150 kWt.	
Procedure	6	Request and obtain project clearance from the Water and Sewerage Agency Unitary Enterprise, “Water and Sewerage Agency”, of Dushanbe
Time to complete:	10 days	
Cost to complete:	TJS 100	
Comment:	The applicable legislation is the Code of Norms and Rules of the Republic of Tajikistan (dated November 11, 2005), Structure and the Order of Development, Concordance and Approval of Project Estimates on Construction of Buildings, registered in the Ministry of Justice, No. 199 (dated April 25, 2006); Water Code of the Republic of Tajikistan No. 34 (dated November 29, 2000).	
Procedure	7	Request and obtain project clearance from the Ministry of Transportation and Communications/ Agency on Draft Adjustment Communication of the Communications Department of the RT
Time to complete:	10 days	
Cost to complete:	TJS 250	
Comment:	This clearance is required because this agency needs to verify whether or not some of their related cables pass under the warehouse. If they do, that might intervene with the construction and permission to construct the building will not be granted.	
Procedure	8	Request and obtain project clearance from the State Automobile Inspection Department of Domestic Affairs of Dushanbe city
Time to complete:	30 days	
Cost to complete:	no charge	
Comment:	The applicable regulations are the Regulation of the Government on Approving the Rules of Usage of Wayside of Automobile Roads of the Republic of Tajikistan, No. 214 (dated May 2, 2005); and the Regulation of the Government of the Republic of Tajikistan on the List of Services of State Automobile Inspection of the Ministry of Domestic Affairs on Which the Tariffs Are Fixed, No. 399 (dated October 2, 2002).	
Procedure	9	Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects
Time to complete:	45 days	
Cost to complete:	TJS 22,474	

Comment: Approval is granted in the form of a Consolidated Expert Approval of the Project.

The tariffs have been approved by the State Committee on Construction and Architecture under the Government in 14 June 2007 under which payment for the expertise is calculated based on the design estimate. In our case, it is calculated as 10.8% of the value of design project. We can assume that the design project cost is 10% of the value of the warehouse, thus the total would be TJS 22,890.

The applicable legislation is the Code of Norms and Rules of the Republic of Tajikistan, Structure and the Order of Development, Concordance and Approval of Project Estimates on Construction of Buildings, registered in the Ministry of Justice, No. 199 (dated April 25, 2006); Valuation of Works on Holding State Expertise of Design Estimates, on Major and Current Repairs of Objects Irrespective the Sources of Finance and Forms of Enterprise Property, approved by the Chairman of the Committee on Architecture and Construction under the Government (dated September 20, 2002).

Government Resolution #282 on May 6, 2009 changed statutory time to 20 working days for constructions over 1,000 cubic meters. However, in practice it takes more than stipulated time.

The agency involved is the Construction and Architecture Department of the State Committee on Construction and Architecture.

Procedure 10 Request and obtain final project clearance from the Construction and Architecture Department (State Inspection Department over Construction and Architecture)

Time to complete: 10 days

Cost to complete: TJS 229

Comment: On June 14, 2007 a new normative legal act "Prices for State Expertise and Project Design Estimates" was approved upon which 0.15% is reduced to 0.11%. Previously, the 0.15% of the design project value was not registered within the Ministry of Justice and therefore was not applied legally. The rate of 0.11% is applied on the design project value. The design project value in our case is 10% of overall construction cost TJS 208,096. The Construction and Architecture Department of the State Committee on Construction and Architecture, after considering all the clearances from the above agencies, issues a permit for the start of construction work.

The applicable legislation is the Regulation of the Government of Republic of Tajikistan, Provision on Agencies Involved in State Construction Inspection, No. 553 (dated December 25, 1997); Articles 1.1, 2.6, 2.7, and 2.9 of the Regulation of the Chairman of Dushanbe City, On Applying a Simple Mechanism of Receiving and Reviewing of Applications Submitted by Legal Entities and Physical Persons with Regard to Construction, Architecture, and Land Allocation.

Procedure 11 Receive a periodic inspection from the Sanitary Hygienic Service

Time to complete: 1 day

Cost to complete: no charge

Comment: Periodic inspections occur during construction at the discretion of the authority and without prior notice. BuildCo does not request these inspections.

The applicable legislation is Regulation of the Government of Republic of Tajikistan on Approving the Order of Registration, Drawing and Issuing of Sanitary Hygienic Conclusion, No. 139 (dated March 31, 2004); Provision on State Sanitary Hygienic Services of Republic of Tajikistan, Regulation of the Government of Republic of

Procedure 12 Receive a periodic inspection from the Fire Safety Agency

Time to complete: 1 day

Cost to complete: no charge

Comment: Periodic inspections occur during construction at the discretion of the authority and without prior notice. BuildCo does not request these inspections.

The applicable legislation is the Law on Fire Safety, No. 995 (dated July 21, 1994), Regulation on State Fire Control, dated December 1, 1995; Regulation of the Government of RT, Provision on Agencies Involved in State Construction Inspection, No. 553, dated December 25, 1997.

Procedure 13 Request electricity connection

Time to complete: 1 day

Cost to complete: no charge

Comment: Electricity services are requested by filling out application forms.

Procedure 14 Receive electricity inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: Periodic inspections may occur several times at the discretion of inspecting bodies. There is no legal fee, though there is a penalty for violations.

Procedure 15 Connect to electricity

Time to complete: 13 days

Cost to complete: no charge

Comment: The applicable law is the Law on Electricity, No. 56 (dated May 10, 2002); Regulation of the Government of the Republic of Tajikistan, Provision on Agencies Involved in State Construction Inspection, No. 553 (dated December 25, 1997).

Procedure 16 Request water services

Time to complete: 1 day

Cost to complete: no charge

Comment: Water services are requested in writing by filling out the application form.

Procedure 17 Receive inspection from water services

Time to complete:	1 day
Cost to complete:	no charge
Comment:	Periodic inspections may occur several times at the discretion of inspecting bodies. There is no legal fee, though there is a penalty for violations.

Procedure 18 Connect to water

Time to complete:	29 days
Cost to complete:	no charge
Comment:	The applicable legislation is Code of Norms and Rules of the Republic of Tajikistan, Structure and the Order of Development, Concordance and Approval of Project Documents with Regard to Construction of Buildings and Erections, No. 199 (dated April 25, 2006); Water Code of the Republic of Tajikistan No. 34 (dated November 29, 2000).

Procedure 19 Receive a periodic inspection from the Ministry of Environmental Protection

Time to complete:	1 day
Cost to complete:	no charge
Comment:	Periodic inspections occur during construction at the discretion of the authority and without prior notice. BuildCo does not request these inspections.

Procedure 20 Receive a periodic inspection from the State Architecture Inspection - Dushanbe city

Time to complete:	1 day
Cost to complete:	no charge
Comment:	<p>The applicable legislation is the Regulation of the Chairman of Dushanbe City on Applying a Simple Mechanism of Receiving and Reviewing of Applications Submitted by Legal Entities and Physical Persons with Regard to Construction, Architecture, and Land Allocation.</p> <p>Law no 194, as of 28 June 2006 “On Inspections of Business Entities in Republic of Tajikistan” was amended through List of Inspection Authorities, approved by Resolution (№38/01) as of 23 May 2008 and registered in Ministry of Justice №426. According to these changes in case if inspection is conducted by one controlling entity (district, city, province or national level) then the other entities of the same controlling authority are not allowed to inspect the same business within next tow years.</p>

Procedure 21 Receive a periodic inspection from the State Construction Inspection (State Inspection Department over construction and architecture)

Time to complete:	1 day
Cost to complete:	no charge
Comment:	<p>The applicable legislation is Regulation of the Government of the Republic of Tajikistan, Provision on Agencies Involved in State Construction Inspection, No. 553 (dated December 25, 1997).</p> <p>Law No 194, as of 28 June 2006 “On Inspections of Business Entities in Republic of</p>

Tajikistan” was added with a List of Inspection Authorities, approved by Resolution (№38/01) as of 23 May 2008, and registered in Ministry of Justice #426. According to these changes, in case if inspection is conducted by one controlling entity (district, city, province or national level), then the other entities of the same controlling authority are not allowed to inspect the same business within next two years. However in practice inspections from various levels continue taking place.

Procedure 22 Receive a periodic inspection from the Prosecutor’s Office

Time to complete: 1 day

Cost to complete: no charge

Comment: There is no legal basis for the inspection by this agency, but it occurs in practice.

Procedure 23 Receive a periodic inspection from the Labor Authority

Time to complete: 1 day

Cost to complete: no charge

Comment: There is no legal basis for the inspection by this agency, but it occurs in practice.

Procedure 24 Receive a periodic inspection from the Tax Authority

Time to complete: 1 day

Cost to complete: no charge

Comment: There is no legal basis for the inspection by this agency, but it occurs in practice.

Procedure 25 Receive a periodic inspection from the Ministry of Transportation and Communications / State Body on Automobile Activity Management

Time to complete: 1 day

Cost to complete: no charge

Comment: The applicable legislation is the Law on Motor Road and Road Activity (dated May 10, 2002); Regulation of the Government on Approving the Rules of Usage of Wayside of Automobile Roads of the Republic of Tajikistan, No. 214 (dated May 2, 2005).

Procedure 26 Request and receive a decision by Review Commission

Time to complete: 15 days

Cost to complete: no charge

Comment: The Review Commission includes representatives from the customer (BuildCo), general contractors and subcontractors, the general designer, the City Land Committee’s senior architect, the Fire and Sanitary Station, the electric power agency, the Environment Ministry, the rayon Khukumat (district authority) the water agency, and other interested state agencies.

The applicable legislation is the Regulation of Construction and Architecture Committee under the Government of the Republic of Tajikistan on Approving Code of Rules and Norms of the Republic of Tajikistan (dated January 3, 2001); Accepted to Put into Operation of Objects, Basic Provisions, No. 1 (dated January 4, 2002).

Procedure 27 Request State Acceptance Commission decision

Time to complete: 1 day

Cost to complete: no charge

Comment: A request is made through the local authority.

Procedure 28 Receive inspection by the State Acceptance Commission

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 29 Obtain decision of the State Acceptance Commission/ final decision of the Mayor

Time to complete: 43 days

Cost to complete: no charge

Comment: The Chairman of the State Acceptance Commission acts as the representative of the city. The decision of the mayor is made based on the commission's decision. The State Acceptance Commission includes representatives from the city, the rayon, the customer (the builder), general contractors and subcontractors, the general designer, the senior architect of the city, the Fire and Sanitary Station, the electric power agency, the Environment Ministry, the water agency, and other interested state agencies.

The applicable legislation is the Regulation of the Committee on Architecture and Construction under the Government of the Government of the Republic of Tajikistan on Approving Code of Norms and Rules (dated January 3, 2004); Accepted to Put into Operation of Objects, Basic Provisions No. 1 (dated January 4, 2002); and Articles 1.1., 2.6., 2.7., and 2.9 of the Regulation of the Chairman of Dushanbe City on Applying of a Simple Mechanism of Receiving and Reviewing of Applications Submitted by Legal Entities and Physical Persons with Regard to Construction, Architecture and Land Allocation, No. 264 (dated June 12, 2006).

The Law No: 380 "On Architecture, Urban Construction and Construction Activities" as of March 2008, introduced two time frames for obtaining final decision of the State acceptance Commission. Depending on the type of the construction it should take: 30 days for objects with commercial purposes, and 10 days for residential purposes. However, in practice it still takes longer due difficulty in convening different members of the Commission.

Procedure 30 Request telephone services

Time to complete: 1 day

Cost to complete: TJS 57

Comment: The applicable legislation is the Law on Electric Coupling, No. 56 (dated May 10, 2002); Rules of Providing Communication, approved by the Minister of Communications of the Republic of Tajikistan, No. 42 (dated June 24, 1999).

Procedure 31 Receive inspection from the Department of Project Adjustment and Technical Inspection of Dushanbe Telephone Service (station) of the open joint stock company Tajiktelecom and connect to telephone line

Time to complete: 10 days

Cost to complete: no charge

Comment: Activation of telephone service can occur during construction but often occurs after construction. Unlike other utility connections, the connection procedure is separate from the inspection during construction.

Procedure 32 Obtain approval of the Bureau on Technical Inventory (BTI) on acceptance of building and issuance of technical passport

Time to complete: 15 days

Cost to complete: no charge

Comment: Although official tariffs have been adopted and are collected, they are not published or registered in the Ministry of Justice as required by law. Approval is granted by the Bureau on Technical Inventory of State Trust, Tajikcommunservice.

The applicable legislation is the Regulation of the Government of the Republic of Tajikistan on Approving the Provision on Technical Inventory of Plots, Buildings, Engineering Nets, and Objects of Outside Improvement in Towns, Rayon Centers, Housing Estates, and Villages No. 513 (dated December 30, 1998); Instruction on the Order of Legal Registration of Buildings and Other Objects in Towns, Rayon Centers, Housing Estates, and Villages of the Republic of Tajikistan, approved by Order of the State Trust, Tajikcomunservice, No. 217.11 (dated October 4, 1999).

Employing Workers in Tajikistan

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

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?	0.17	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?	Yes	1
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?	No	0
Redundancy costs (weeks of salary)		30.3
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		8.7
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		21.7
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		48.9
Rigidity of hours index (0-100)		73.3
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	No	1

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	0.67
What is the paid annual vacation (in working days) for an employee with 20 years of service?	28	1

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 Tajikistan

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

STANDARDIZED PROPERTY

Property Value: 126,010.45

City: Dushanbe

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain certificate from the Bureau of Technical Inventory (BTI)	1-3 days (simultaneous with procedure 2)	45 somoni
2 *	Obtain tax clearance certificate from the Ministry of State Revenue and Duties	1 day (simultaneous with procedure 1)	no cost
3	Preparation and notarization of sale purchase agreement by notary	2 days	40% of the calculation index applied on each square meter of the prope (25 Somoni x 0.4=10 Somoni per square meter 100 somoni (registratio fee)
4	Registration of sale purchase agreement with the Local Hukumat Utility Office (Raikomkhoz)	1 day	no cost
5	Registration of building property rights at the BTI	1-3 days	26 somoni (Registration fee) + 60 somoni (Certificate)
6	Registration of land use rights at the State Land Use Committee affiliate	30 days	20 somoni + 12 somoni (new Land Use Certificat

* Takes place simultaneously with another procedure.

Procedure 1 Obtain certificate from the Bureau of Technical Inventory (BTI)

Time to complete: 1-3 days (simultaneous with procedure 2)

Cost to complete: 45 somoni

Comment: The vendor prepares documents confirming the ownership rights for the buildings and documents confirming absence of bans, arrest and mortgage on the property to be sold. Also, ownership documents for the building, BTI certificate (Technical Passport) providing characteristics of the building and its inventory cost, as well as information on encumbrances, are required.

The current BTI certificate is taken to the BTI, where there is a database with all plots of land. The certificate is to be updated with the most recent information, including additional obligations and characteristics. The updated certificate is returned to the vendor. If the building is a new construction, an inspection is likely to be conducted at this stage.

Procedure 2 Obtain tax clearance certificate from the Ministry of State Revenue and Duties

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

Cost to complete: no cost

Comment: The vendor obtains a certificate (spravka) to show that all taxes have been paid, and makes any necessary payments in arrears.

Procedure 3 Preparation and notarization of sale purchase agreement by notary

Time to complete: 2 days

Cost to complete: 40% of the calculation index applied on each square meter of the property (25 Somoni x 0.4=10 Somoni per square meter) + 100 somoni (registration fee)

Comment: It is mandatory for the notary to prepare the sale purchase agreement.

Documentation requirements:

- Identification documents of buyer and seller
- Documents confirming the seller's ownership rights for the property
- BTI Certificate providing characteristics of the building and its inventory cost (including information on encumbrances – bans, arrests, mortgages.)
- Certificate from the Tax inspection confirming absence of tax debts
- Rights confirming documents for the land plot where the building is located

Procedure 4 Registration of sale purchase agreement with the Local Hukumat Utility Office (Raikomkhoz)

Time to complete: 1 day

Cost to complete: no cost

Comment: Raikomkhoz puts a seal on the sale purchase agreement and the new owner is formally recorded in their books.

Procedure 5 Registration of building property rights at the BTI

Time to complete: 1-3 days

Cost to complete: 26 somoni (Registration fee) + 60 somoni (Certificate)

Comment: The purchaser goes to the BTI in order to register the building and the property rights transfer. A note is made in the registry book and the inventory cards of BTI on the basis of the purchase agreement. Thus, a new entry is made in the BTI database.

Procedure 6 Registration of land use rights at the State Land Use Committee affiliate

Time to complete: 30 days

Cost to complete: 20 somoni + 12 somoni (for new Land Use Certificate)

Comment: Parties prepare documents confirming land use rights for the land plot where the building is located, including current land use certificate and other documents confirming the rights for the land. An application is submitted to the State Land Use Committee in order to receive the new land use certificate.

It can take up to one month to re-register the rights on land use to the new owner. According to the Land Code, land rights are automatically transferred with the rights to the building, however, the purchaser still needs to make a visit to the State Land Use Committee affiliate, where the old land use certificate is cancelled and a new certificate is issued.

Documentation requirements:

- Notarized sale purchase agreement
- Land use certificate

Getting Credit in Tajikistan

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

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

Strength of legal rights index (0-10)		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 ?		No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		Yes
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

No

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

Yes

Protecting Investors in Tajikistan

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

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	3
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	0
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)	1
Extent of director liability index (0-10)	5
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	2
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
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)	5
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	1
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

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

Strength of investor protection index (0-10)

5.3

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in Tajikistan

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Sales Tax	0			3%	turnover		
VAT	12		96	20%	value added		
Land tax	4			0.05S	per square meter	0.05	
Tax on interest	0			12%	interest	0.31	
Vehicle tax	1			4.5% of minimum wage	vehicle capacity	0.63	
Real estate tax	1			0.96 -2.5 S	per square meter	3.70	
Corporate income tax	12		80	max of 25% or 1%	taxable profits or turnover	17.68	
Social tax	12		48	25%	gross salaries	28.48	
Road tax	12			2%	turnover	35.35	
Totals	54		224			85.9	

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 Tajikistan

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	20	800
Customs clearance and technical control	2	150
Ports and terminal handling	2	200
Inland transportation and handling	58	2000
Totals	82	3150

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	20	800
Customs clearance and technical control	4	150
Ports and terminal handling	2	100
Inland transportation and handling	57	3500
Totals	83	4550

Export

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Conclusion of Tajik universal commodity exchange for goods according to listing of TUCE

Customs export declaration

Foreign exchange authorization

Packing list

Technical standard/health certificate

Terminal handling receipts

Import

Bill of lading
Certificate of origin
Commercial invoice
Customs import declaration
Foreign exchange authorization
Inspection report
Packing list
Tax certificate
Technical standard/health certificate
Terminal handling receipts

Enforcing Contracts in Tajikistan

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

Nature of Procedure (2009)	Indicator
Procedures (number)	34
Time (days)	430
Filing and service	40.0
Trial and judgment	120.0
Enforcement of judgment	270.0
Cost (% of claim)*	25.50
Attorney cost (% of claim)	8.5
Court cost (% of claim)	15.0
Enforcement Cost (% of claim)	2.0

Court information: Dushanbe Commercial Court ("Экономический суд города Душанбе")

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



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