

Doing Business 2011

Finland

Making a Difference for Entrepreneurs

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

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

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for Finland. The data used for this economy profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

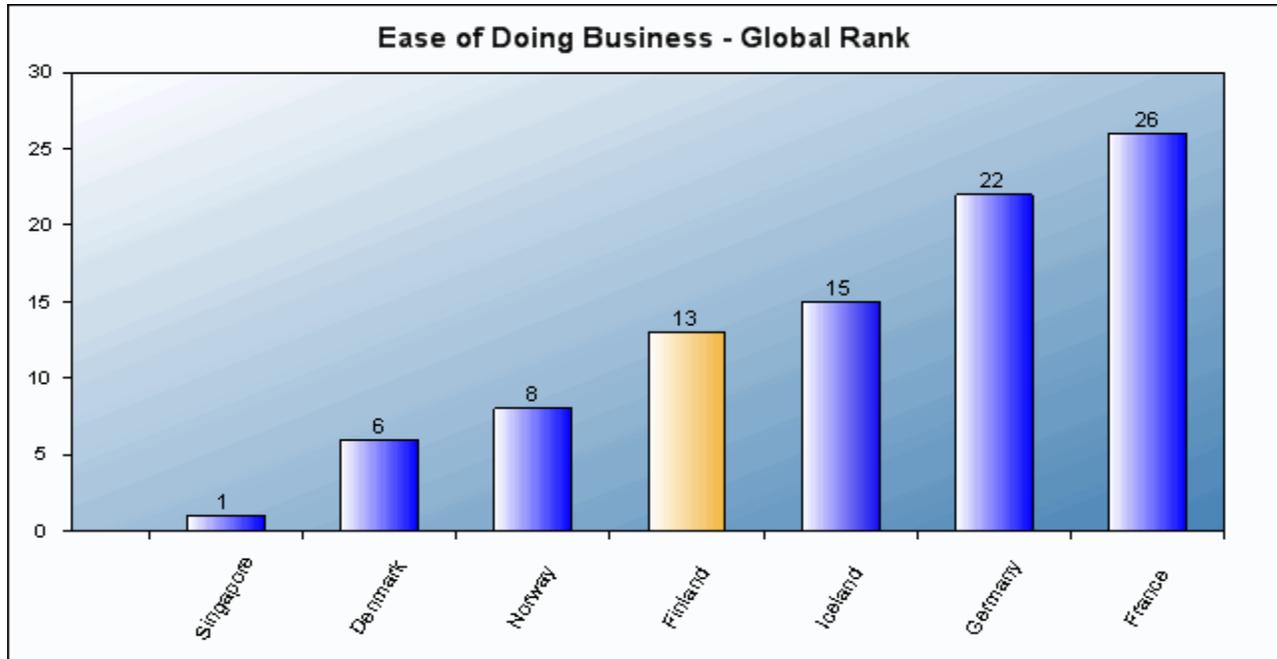
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

Economy Rankings - Ease of Doing Business

Finland is ranked 13 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Finland's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	13
Starting a Business	32
Dealing with Construction Permits	55
Registering Property	26
Getting Credit	32
Protecting Investors	59
Paying Taxes	65
Trading Across Borders	6
Enforcing Contracts	11
Closing a Business	6

Summary of Indicators - Finland

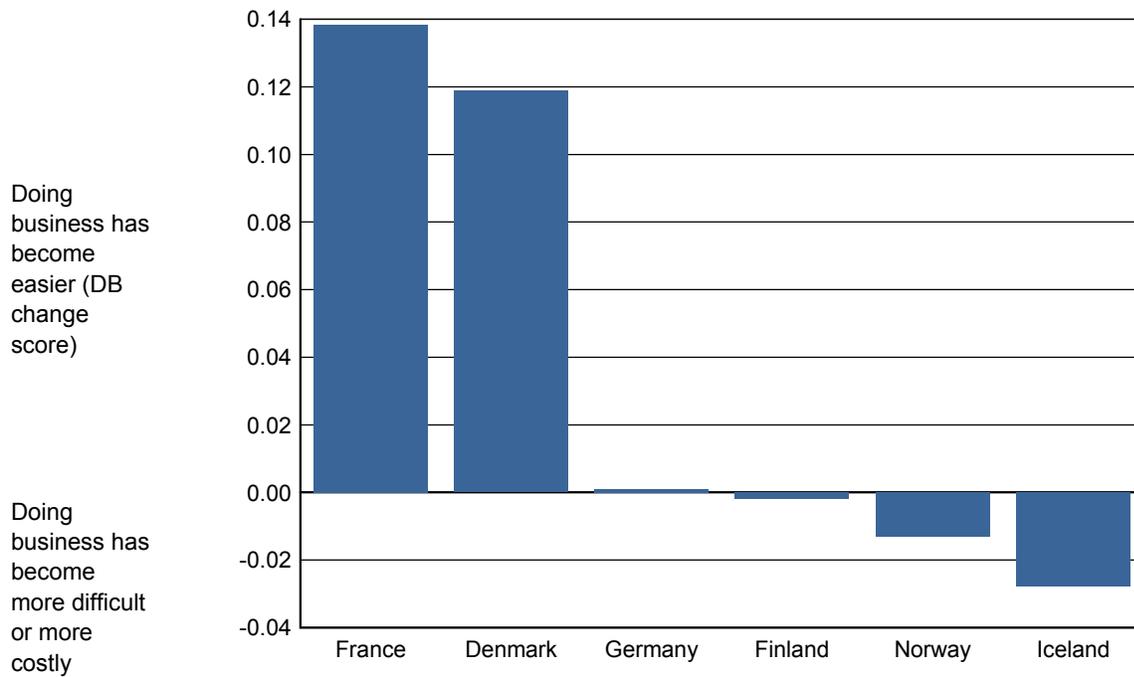
Starting a Business	Procedures (number)	3
	Time (days)	14
	Cost (% of income per capita)	1.1
	Min. capital (% of income per capita)	7.9
Dealing with Construction Permits	Procedures (number)	18
	Time (days)	66
	Cost (% of income per capita)	134.2
Registering Property	Procedures (number)	3
	Time (days)	14
	Cost (% of property value)	4.0
Getting Credit	Strength of legal rights index (0-10)	7
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	14.9
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	5.7
Paying Taxes	Payments (number per year)	8
	Time (hours per year)	243
	Profit tax (%)	15.9
	Labor tax and contributions (%)	27.7
	Other taxes (%)	1.0
	Total tax rate (% profit)	44.6
Trading Across Borders	Documents to export (number)	4
	Time to export (days)	8
	Cost to export (US\$ per container)	540
	Documents to import (number)	5
	Time to import (days)	8
	Cost to import (US\$ per container)	620

Enforcing Contracts	Procedures (number)	32
	Time (days)	375
	Cost (% of claim)	13.3
Closing a Business	Recovery rate (cents on the dollar)	89.4
	Time (years)	0.9
	Cost (% of estate)	4

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

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

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



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

Some reform outcomes

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

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

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

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

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

Time required to complete each procedure (calendar days)

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

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

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

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

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

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



Case Study Assumptions

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

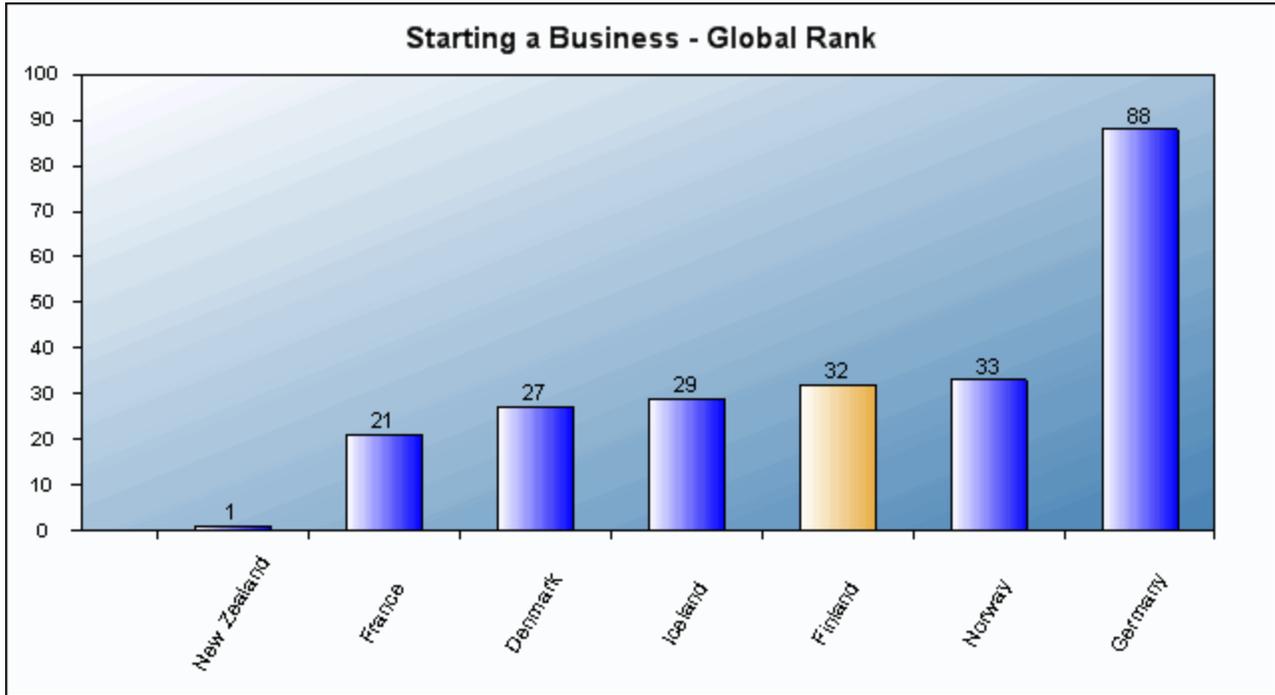
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

Finland is ranked 32 overall for Starting a Business.

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



The following table shows Starting a Business data for Finland 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>				
Finland	3	14	1.1	7.9

<i>Comparator Economies</i>				
Denmark	4	6	0.0	26.0
France	5	7	0.9	0.0
Germany	9	15	4.8	0.0
Iceland	5	5	2.3	12.0
Norway	5	7	1.8	20.0

* The following economies are also good practice economies for :

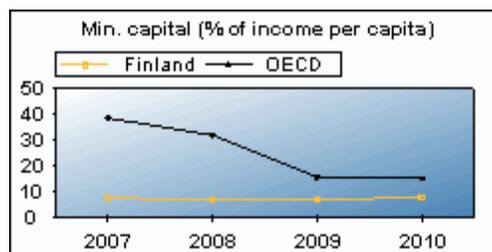
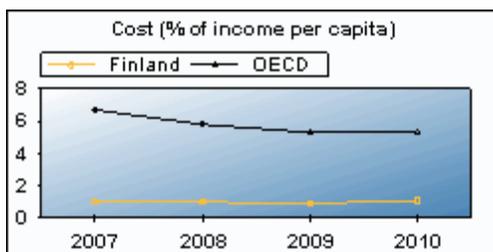
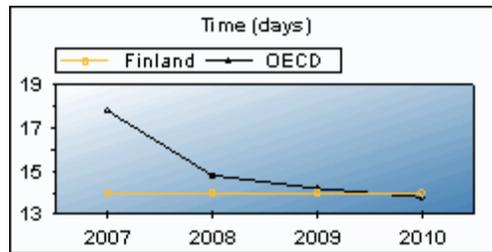
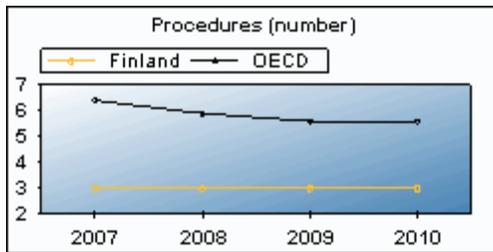
Procedures (number): **Canada**

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

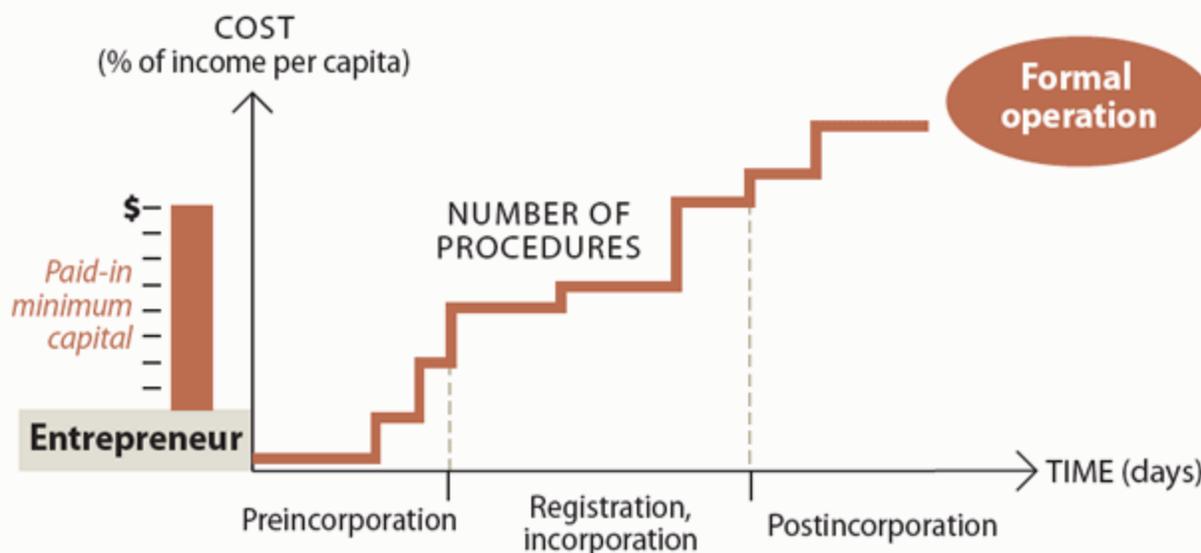
2. Historical data: Starting a Business in Finland

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	29	32
Procedures (number)	3	3	3	3
Time (days)	14	14	14	14
Cost (% of income per capita)	1.0	1.0	0.9	1.1
Min. capital (% of income per capita)	7.7	7.4	7.2	7.9

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



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



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

STANDARDIZED COMPANY

Legal Form: Private Limited Company (Oy)

City: Helsinki

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit the paid-in share capital in a bank; pay the registration fee and get a receipt	1	no charge
2	Submit a single start-up notification form to the NBPR (National Board of Patents and Registration) and the Tax Administration.	13	EUR 350
3	* File at a private insurer for pension insurance, accident insurance, and medical insurance of employees	1	no charge

* Takes place simultaneously with another procedure.

Starting a Business Details - Finland

Procedure 1 Deposit the paid-in share capital in a bank; pay the registration fee and get a receipt

Time to complete: 1

Cost to complete: no charge

Comment: The paid-in share capital must be paid in full into the company's bank account. According to the new Companies Act, the subscription price may be paid to a bank account abroad. However, the bank account should correspond to a bank account of a Finnish depository bank or a branch of a foreign credit company in Finland. There is no legal maximum for the company's share capital. However, the company's articles of association may limit the maximum capital. To open a bank account, the company must produce at least the following documentation:

- The memorandum of association (a copy).
- The minutes of the meeting of the board of directors containing a resolution to open a bank account and the persons authorized to make withdrawals from the account.
- A description of the nature of future banking transactions.
- A detailed description of the company's field of business.

No withdrawals may be made from the account until the company has been registered and has provided the bank with proof of registration. The company's auditors shall issue a written statement confirming the payment of the share capital.

Procedure 2 Submit a single start-up notification form to the NBPR (National Board of Patents and Registration) and the Tax Administration.

Time to complete: 13

Cost to complete: EUR 350

Comment: A basic declaration to the Trade Register must be filed (in either Finnish or Swedish) as specified on forms issued by the National Board of Patents and Registration. For each type of business, a separate basic declaration form must be used. The forms are available from the National Board of Patents and Registration, regional tax offices, local tax offices, Centers for Economic Development, Transport and the Environment ("ELY" Centers), local register offices, and Chamber of Commerce and Enterprise Agencies. All registrations to the Trade Register and to the Tax Administration are performed with the same basic declaration. Copies of any licenses for licensed trades are required, where applicable.

If the company has employees, the company must be entered into the Employer Register, according to Section 31 of the Preliminary Taxation Act.

When the basic declaration is submitted, a certificate of the company's business identification number may be obtained at a fee of EUR 5. This certificate allows companies to use their bank accounts before registration has been completed.

Procedure 3 File at a private insurer for pension insurance, accident insurance, and medical insurance of employees

Time to complete: 1

Cost to complete: no charge

Comment:

Under the statutory pension insurance scheme, an employer must subscribe its employees for pension insurance with a pension provider handling earnings-related pensions. Supplemental pension insurance is optional.

The employer also pays the pension institution statutory employee earnings-related contributions: accident insurance, unemployment insurance, and group life assurance premium. A social security contribution is also payable to the Regional Tax Office.

The employer must insure its employees against accidents and occupational diseases, according to Section 8 of the Employment Accidents Act. In addition, certain collective labor agreements require that employers provide their employees with group life insurance. No proof of insurance is needed to start operations.

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

Some reform outcomes

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

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

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

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

Time required to complete each procedure (calendar days)

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

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

- Official costs only, no bribes

Case Study Assumptions

The business:

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

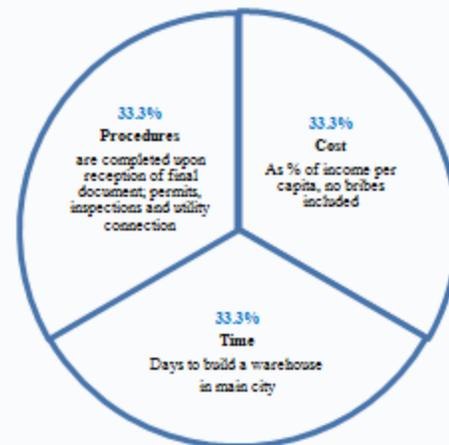
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

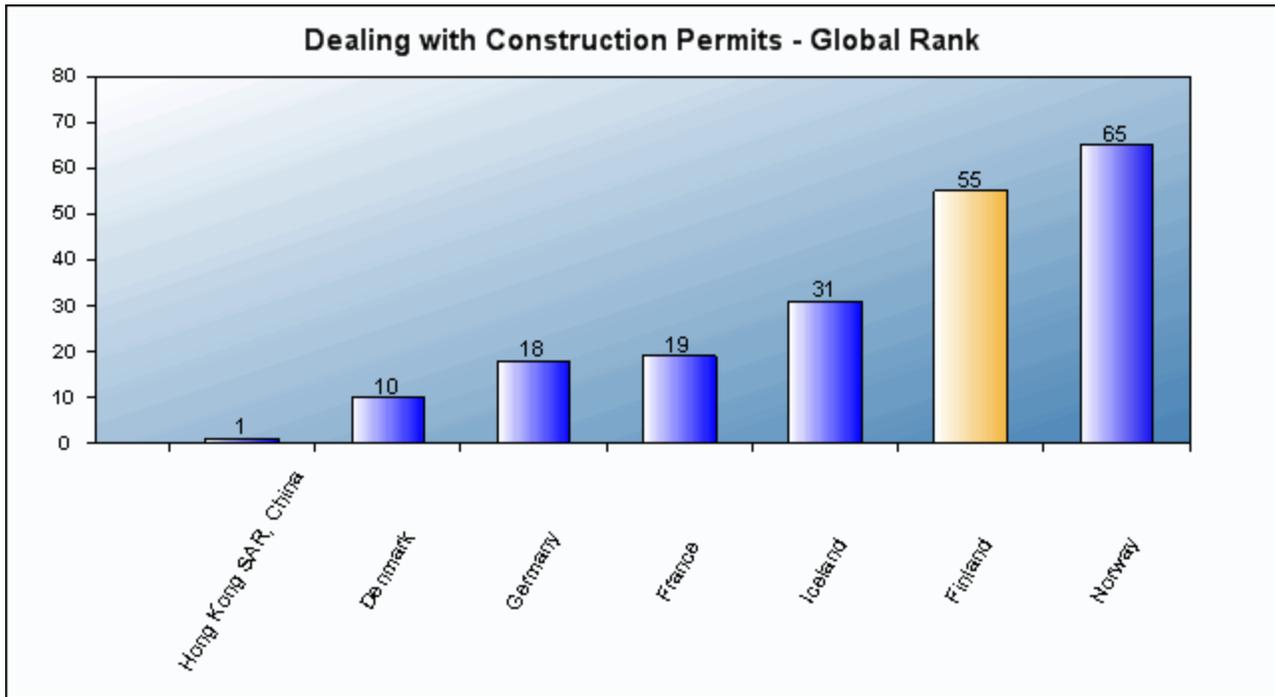
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Finland is ranked 55 overall for Dealing with Construction Permits.

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



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

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

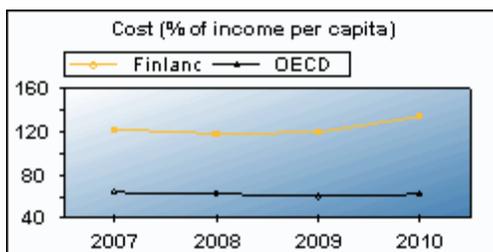
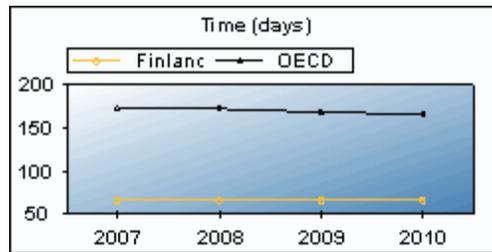
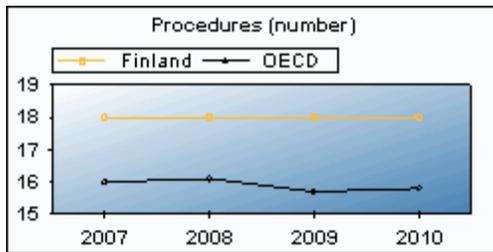
<i>Selected Economy</i>			
Finland	18	66	134.2

<i>Comparator Economies</i>			
Denmark	6	69	61.7
France	13	137	23.6
Germany	12	100	61.8
Iceland	18	75	19.6
Norway	14	252	43.8

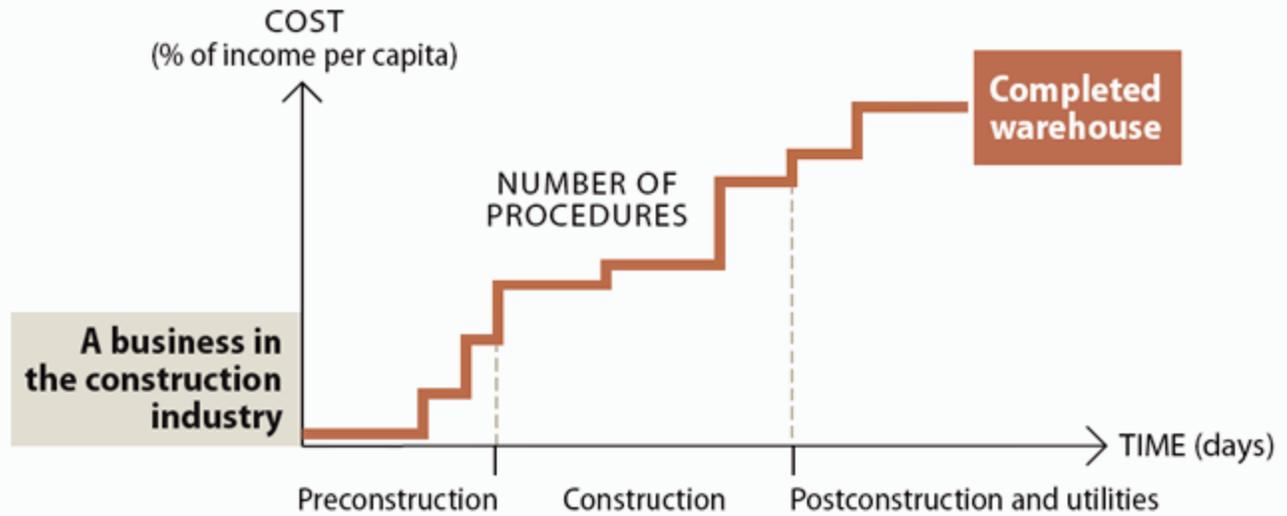
2. Historical data: Dealing with Construction Permits in Finland

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	49	55
Procedures (number)	18	18	18	18
Time (days)	66	66	66	66
Cost (% of income per capita)	122.3	118.3	119.7	134.2

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



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



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

BUILDING A WAREHOUSE

City: Helsinki

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain extract from the trade register	1 day	EUR 21
2 *	Obtain building permit maps and extract from the real estate registry	12 days	EUR 170
3 *	Obtain report on the height of the intended construction	7 days	no charge
4 *	Obtain official opinion on the connection of the wastewater drain and water pipeline	7 days	no charge
5 *	Schedule start-up meeting	7 days	no charge
6	Obtain building permit	38 days	EUR 6,919
7	Receive foundation work inspection	1 day	no charge
8	Receive location inspection from the real estate office	1 day	EUR 1,520

9	Submit electric wiring designs to Helsinki Energy and receive inspection	1 day	no charge
10	Receive structure inspection	1 day	no charge
11	Receive ventilation inspection	1 day	no charge
12	Receive sewer and water pipeline inspection	1 day	no charge
13 *	Request and obtain electricity connection	3 days	EUR 20,000
14 *	Request and obtain water connection	3 days	EUR 13,700
15 *	Request and obtain phone connection	3 days	EUR 389
16	Receive fire inspection from the Public Rescue Service	1 day	no charge
17	Receive final inspection	1 day	no charge
18	Obtain occupancy permit	4 days	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Finland

Procedure 1 Obtain extract from the trade register

Time to complete: 1 day

Cost to complete: EUR 21

Agency: Trade Register

Comment: This procedure is usually required when the building permit applicant is a company. It takes about 7 days if ordered by mail. The extract from the trade register costs €13 + delivery and invoicing cost €8.

Procedure 2 Obtain building permit maps and extract from the real estate registry

Time to complete: 12 days

Cost to complete: EUR 170

Agency: Real Estate Registry

Comment: The Real Estate Office issues the building permits maps, which must be attached as originals to the application. The applicant cannot use a map that is older than 3 months. The fee includes also the extract from the real estate register and the report of the build-site height.

Procedure 3 Obtain report on the height of the intended construction

Time to complete: 7 days

Cost to complete: no charge

Agency: Real Estate Office

Comment: Obtained from the Real Estate Office, the report is required to ensure that the height of the new building is in proportion with other buildings in the same neighborhood.

Procedure 4 Obtain official opinion on the connection of the wastewater drain and water pipeline

Time to complete: 7 days

Cost to complete: no charge

Agency: HSY Helsinki Region Environmental Services Authority, HSY Water

Comment: The official opinion on the connection of the wastewater drain and the water pipeline must be attached to the building permit application if the building will be connected to the public water distribution system and to the public sewerage system. The opinion is issued by the municipal organization in charge of the water supply (in the greater Helsinki area, Helsinki Water). The cost is included in the connection charge.

Procedure 5 Schedule start-up meeting

Time to complete: 7 days

Cost to complete: no charge

Comment: BuildCo must set a date for a startup meeting with the building supervision authority and convene all necessary persons to the meeting. The meeting must be held before the beginning of construction (some excavation work can be done, but the foundation may not be laid before the meeting). At a minimum, the following persons should attend the meeting: the person starting the building project, the head designer, and the site manager. The meeting attendees must be agreed with the building supervision authority.

Procedure 6 Obtain building permit

Time to complete: 38 days

Cost to complete: EUR 6,919

Agency: Municipal Building Inspection

Comment: The building permit is issued by the Municipal Building Inspection. The applicant is required to provide the needed information to the local building supervision authority to decide on the building permit application. The quality and the extent of the required information depend on the project features.

The following documentation is usually required for warehouse projects:

- The completed application form issued by the building supervision authority. The owner or the holder of the building site in question must sign the form. If there are several owners or holders, all must sign the application form.
- A power of attorney is required only if a representative files the building permit application. (This is not applicable to the warehouse project considered here.)
- The establishment of the ownership title is required because the building permit can be granted only based on the application made by the owner or the holder of the building site. Usually one of the following documents is presented to the building supervision authority:
 - The deed of sale of the real estate.
 - The lease contract.
 - The deed of title.
- The extract from the trade register.
- The building permit map and the extract from the real estate registry.
- The decision to deviate from the provisions, regulations, prohibitions, and other restrictions on building and other action must be attached to the application, in original, if the project requires such a decision.
- The certificate of the decision's legal validity must be presented before the actual launching of the building project. (This is not applicable to the warehouse project.)
- The environmental permit is required if the use of the building poses a threat of environmental pollution. The decision on the building permit can be postponed until the environmental permit is attached to the application. (This is not applicable to the warehouse project.)
- Three master drawings must be attached to the application. One document will be archived with the building supervision authority, and the other will be returned to the applicant with the final decision. The master drawings to be followed in construction master drawings are approved in connection with the grant of the building permit.
- Report of the height of the building site.
- The ground investigation report of the building site. If needed, also enclosed with the building permit application will be an account of the site's health effects and ground levels, and the type of foundation and any other measures required as a result. This report may be produced by BuildCo.
- The official opinion on the connection of the wastewater drain and the water pipeline.
- Notification to the neighbors. When the building permit application is filed with the building supervision authority, the neighbors must also be notified. The applicant may do this personally by using the official form, obtained from the building supervision

authority. Otherwise, subject to a fee, the applicant may request the building supervision authority to conduct the notification.

- Forms for official statistics. The building supervision authority must deliver information on building projects to the Population Register Center. Thus, the forms in question must be attached to the application. These forms are available at the building supervision authority or at the public printing center.

- The official form on the building designer. Every building project must have a qualified head designer in charge of the construction design and the quality of the design as a whole.

- Other documents are required, as follows:

- Working designs.
- Calculation of permitted building volume.
- Report on fire load, parking spaces, handling construction waste; on environmental issues, with photographs (can be produced by BuildCo).
- Constructional drawings and strength calculations and drawings on ventilation and heating devices, on water and sewage devices, and on bomb shelters and the notification of the bomb shelter.

The price is determined by the building size: EUR 5 per sq. m. plus EUR 419 for each building. The total the cost for the warehouse would be EUR 6419.

Procedure 7 Receive foundation work inspection

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Municipality
Comment:	The ground inspection and the setting out of the building's location and level are conducted after the foundation work is completed.

Procedure 8 Receive location inspection from the real estate office

Time to complete:	1 day
Cost to complete:	EUR 1,520
Agency:	Real Estate Office
Comment:	The location inspection must be requested from the Real Estate Office after the foundation work is completed. This inspection is held to determine that the building height and location are in accordance with the master drawings.

Procedure 9 Submit electric wiring designs to Helsinki Energy and receive inspection

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Helsinki Energy
Comment:	The electricity designer must deliver, for inspection and approval, the electrical wiring design for the connection and metering to Helsinki Energy's connection service. BuildCo must enter into a connection agreement about a month before the actual construction of the connection cable.

The electricity contractor conducts the commissioning inspection of the metering center

and delivers the request for metering to Helsinki Energy at least 4 working days before the requested date. The electricity contract must be signed before the metering. The electricity contractor conducts the commissioning inspection of the electrical installation before handing over the entity.

BuildCo must deliver the final drawings to Helsinki Energy for completing the drawings archives to ensure that the drawings are available if needed. The filing does not have a cost

Procedure 10 Receive structure inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment: The inspection of the building structure is conducted after the load-bearing structure and connected insulation works are completed.

Procedure 11 Receive ventilation inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Municipality

Comment: The ventilation inspection is conducted after the completion of the exit flue and the ventilation installation.

Procedure 12 Receive sewer and water pipeline inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The inspection of the sewer and water pipeline fittings is conducted after the completion of these fittings.

Procedure 13 Request and obtain electricity connection

Time to complete: 3 days

Cost to complete: EUR 20,000

Agency: Helsinki Energy

Comment: The electricity connection charges are determined by the fuse size of building. Up-to-date fees can be found at the Helsingin Energia Web site (www.helsinginenergia.fi).

Procedure 14 Request and obtain water connection

Time to complete: 3 days

Cost to complete: EUR 13,700

Agency: HSY Helsinki Region Environmental Services Authority

Comment: HSY Helsinki Region Environmental Services Authority, is responsible for all matters of connections to the water distribution and sewerage systems. The procedure for ordering a connection is as follows:

- Helsinki Water customer service staff provide the new customer with a statement on the connection. The street address of the plot or property is required, as is the owner's name, address, and phone number.
- Helsinki Water provides the customer with a preliminary estimate of the recently introduced connection charge.
- The customer should acquire a building permit for the plot.
- After the customer has obtained the building permit, Helsinki Water will send the customer the connection charge notice. The property owner can file a complaint within 14 days of receiving the notice. Unless a complaint is made, the proposed charge will be considered as having been accepted by the customer.
- Water service connection and meter installation will be conducted after the connection charge is paid. The customer is responsible for the construction and maintenance of the connection pipes and conduits and their financing. Before the start of on-site construction work, a supervisor responsible for the construction of the water facility and sewerage system—approved by the municipal building control officials—should be assigned. Helsinki Water always takes care of installation of water meters with seals, water main connection with water-sealed joints, and connections to the sewerage system on the customer's properties. Service charges will be invoiced at rates valid at the time of the order.
- A connection agreement is concluded.
- The invoicing procedure is settled.

The fee is now EUR 4761.66 based on the building area (1300.6 sq. m.) and the nature of the building (a warehouse). The fee which includes a water pipe and a sewer connection is EUR 1850.74. Thus, the total cost is EUR 6612.40.

Procedure 15 Request and obtain phone connection

Time to complete: 3 days

Cost to complete: EUR 389

Agency: Helsinki Telephone

Comment: The telephone subscription can be ordered, for example, from Elisa Oyj, which is a publicly listed company. The charge for setting up the subscription is EUR 99 (basic connection). Usually, the installation requires that a mechanic come to the building to finish the installation. The hourly charge of the mechanic is EUR 84. The hours required depend on the features of the building. It is assumed here that the mechanic must work for 4.2 hours to finalize the connection.

Procedure 16 Receive fire inspection from the Public Rescue Service

Time to complete: 1 day

Cost to complete: no charge

Agency: Public Rescue Service

Comment:

Procedure 17 Receive final inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: BuildCo

Comment: A building, or a part thereof, shall not be commissioned before it has been finally inspected and approved for use. The minutes of the commissioning inspection of the electrical installation (drafted by the electricity contractor) are necessary for obtaining a use or occupancy permit. This inspection can be performed by BuildCo, provided that the company has qualified employees.

Procedure 18 Obtain occupancy permit

Time to complete: 4 days

Cost to complete: no charge

Agency: Municipality

Comment:

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

Some reform outcomes

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

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

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

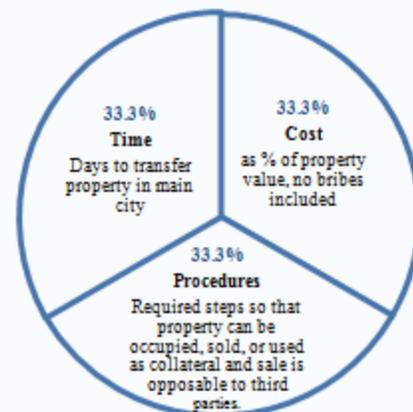
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

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

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

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



Case Study Assumptions

The parties (buyer and seller):

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

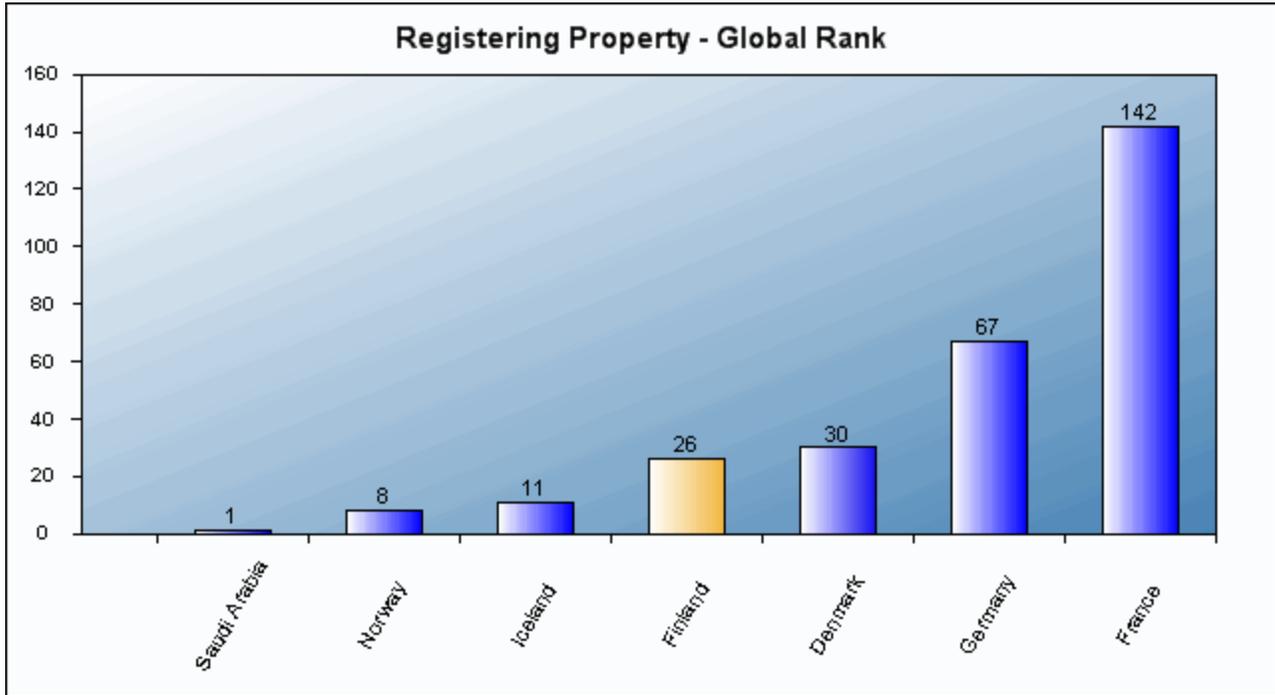
The property (fully owned by the seller):

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

1. Benchmarking Registering Property Regulations:

Finland is ranked 26 overall for Registering Property.

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



The following table shows Registering Property data for Finland 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>			
Finland	3	14	4.0

<i>Comparator Economies</i>			
Denmark	3	42	0.6
France	8	59	6.1
Germany	5	40	5.1
Iceland	3	4	2.4
Norway	1	3	2.5

* The following economies are also good practice economies for :

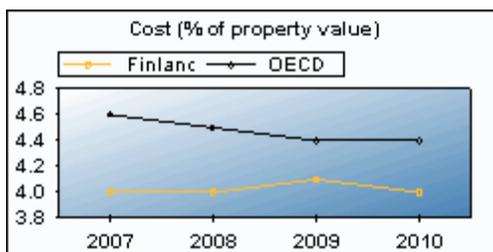
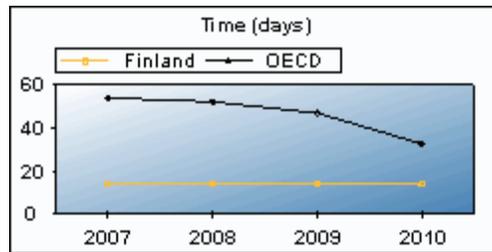
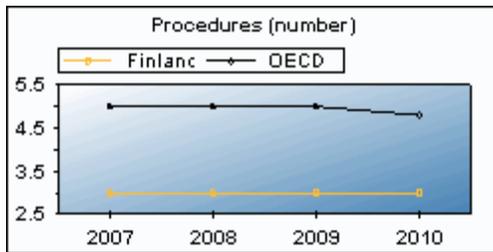
Procedures (number): United Arab Emirates

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

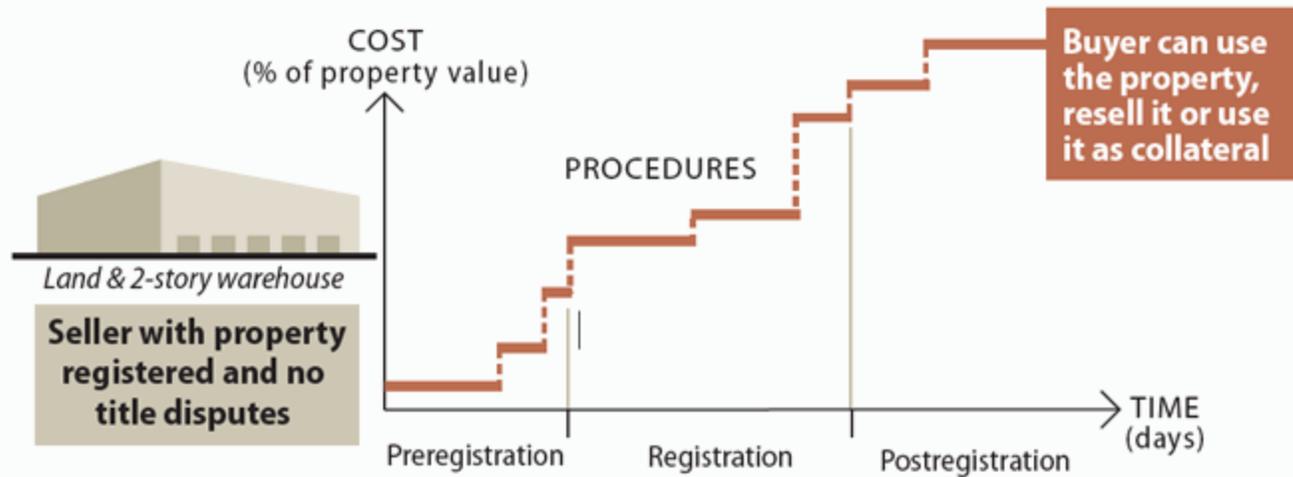
2. Historical data: Registering Property in Finland

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	27	26
Procedures (number)	3	3	3	3
Time (days)	14	14	14	14
Cost (% of property value)	4.0	4.0	4.1	4.0

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



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



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

STANDARDIZED PROPERTY

Property Value: 1,591,319.24

City: Helsinki

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	The seller and buyer notarize the deed of sale in the presence of an attesting notary	1 day	EUR 77
2	The buyer pays the transfer tax	1 day	4% of the property value
3	The buyer applies for a land title at the District Court	7-20 days	EUR 65 (registration fee)

Registering Property Details - Finland

Procedure	1	The seller and buyer notarize the deed of sale in the presence of an attesting notary
Time to complete:		1 day
Cost to complete:		EUR 77
Comment:		<p>The agreement can be prepared by the seller or the buyer, no involvement of a lawyer or real estate agent is required. In general the seller shall present an extract from the land register and an abstract of title confirming the title of the property, but this is not formally required. The agreement should be in writing and contain at a minimum the following (according to the Code of Real Estate): name of the seller and buyer, the object of purchase, the purchase price or equivalent compensation and possible subsequent conditions. The sale agreement shall be signed both by the seller and buyer, in the presence of the attesting notary. The attesting notary checks the ID of the seller and buyer and verifies the formal validity of the sales agreement. Failure to follow these requirements will result in the transaction being automatically null and void.</p> <p>Note that an attesting notary is required only when ownership (full freehold title) of the property is assigned. When the right of tenancy or other right to possess the property is assigned, the presence of the attesting notary is not required.</p> <p>The attesting notary will inform the land registry of the transaction (and the municipality for properties over 5,000m²).</p>
Procedure	2	The buyer pays the transfer tax
Time to complete:		1 day
Cost to complete:		4% of the property value
Agency:		Local Bank, Tax Authority or online
Comment:		<p>The transfer tax can be paid at a local bank, directly at the Tax Authorities or online. The attesting notary gives the buyer instructions on the transfer tax payment. The payment is done using a printed tax form for the Transfer Tax. The receipt of the payment of the taxes must be included in the application for the registration of title to the property (see procedure 3).</p>
Procedure	3	The buyer applies for a land title at the District Court
Time to complete:		7-20 days
Cost to complete:		EUR 65 (registration fee)
Agency:		District Survey Office of National Land Survey of Finland
Comment:		<p>The buyer is under obligation to register the property title at the Land Registry within 6 months from the purchase. The application shall be submitted to the District Survey Office of the region where the property is situated. The Land Register enjoys public credibility and thus the validity of the registration of title and the information of the register can be trusted. The District Land Survey Office examines the preconditions of title and when those are met, grants the title that is registration of the ownership in the Land Registry (Register of Titles and Mortgages).</p>

The documentation shall include:

Original sales agreement.

The receipt of the paid transfer tax (Paid in Procedure 2).

Extract from the Register of Companies, articles of Association, minutes from the General Meeting of the companies (seller and buyer) where the sale and purchase was resolved (this is verified through company's trade register extract which can be obtained online from the Register of Companies).

Copy of the sales agreement.

Registration fee is paid at bank, local court (registry authority) or online, based on invoice sent by the registration authority after registration.

Registration of ownership and mortgage affairs has been moved from local courts to District offices of the National Land Survey as of January 1st, 2010 based on change of Land Code by law 572/2009 (<http://www.finlex.fi/fi/laki/alkup/2009/20090572>) and Law 584/2009 (implementation of removal of Land registration issues from District courts to National Land Survey).

Only if the area of the sold property is 5000 m² or more, according to the pre-emption Act, Oct 1, 1977 (amended several times since), the municipality has a right to buy a real estate or an un-separated area or a share thereof that has been sold. In those cases, the Municipality will get the information about real estate conveyances from the attesting notaries. If the municipality decides to use its pre-emption right it has to notify the buyer, seller, and the Land Registry about the decision within three months from the conveyance. The real estate owner could also get an advance notice from the municipality that it will not use its pre-emption right (the fee is less than 100 euros). A title can be granted only after the three-month dead-line if the municipality has not announced it will use the pre-emption right or if the municipality has given the advance notice of not using the right. Cities of Helsinki, Espoo, Vantaa and Kauniainen have pre-emption in all sales covering more than 3000 m² accordingly. The attesting notary will notify National Land Survey within two days from the sale.

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

Some reform outcomes

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

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

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

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

Depth of credit information index (0–6)

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

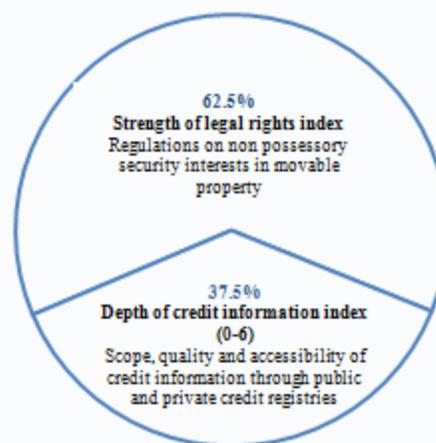
Public credit registry coverage (% of adults)

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

Private credit bureau coverage (% of adults)

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

Getting Credit: collateral rules and credit information



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

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

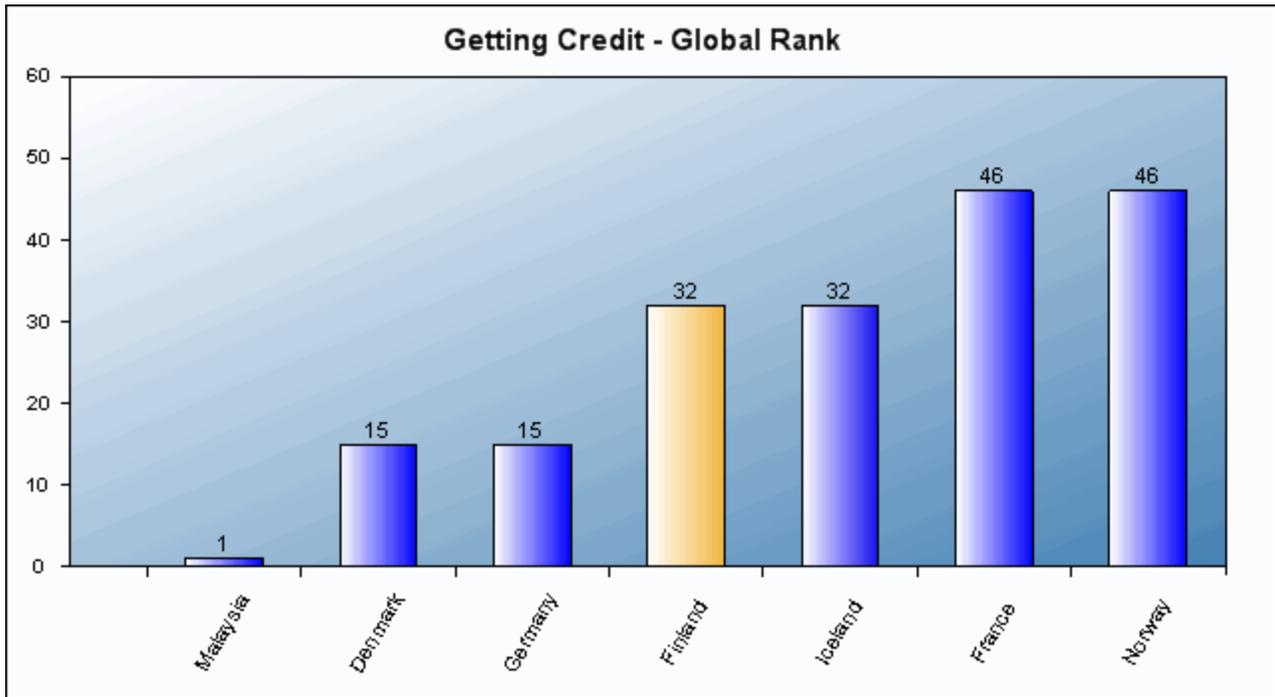
The Debtor

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

1. Benchmarking Getting Credit Regulations:

Finland is ranked 32 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Finland	7	5	0.0	14.9

<i>Comparator Economies</i>				
Denmark	9	4	0.0	5.4
France	7	4	33.3	0.0
Germany	7	6	1.0	98.4
Iceland	7	5	0.0	100.0
Norway	7	4	0.0	100.0

* The following economies are also good practice economies for :

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

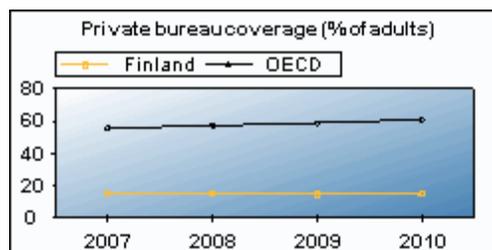
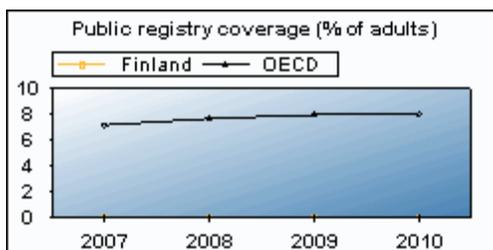
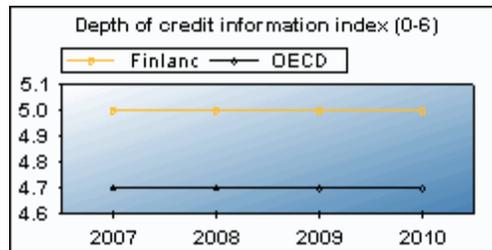
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

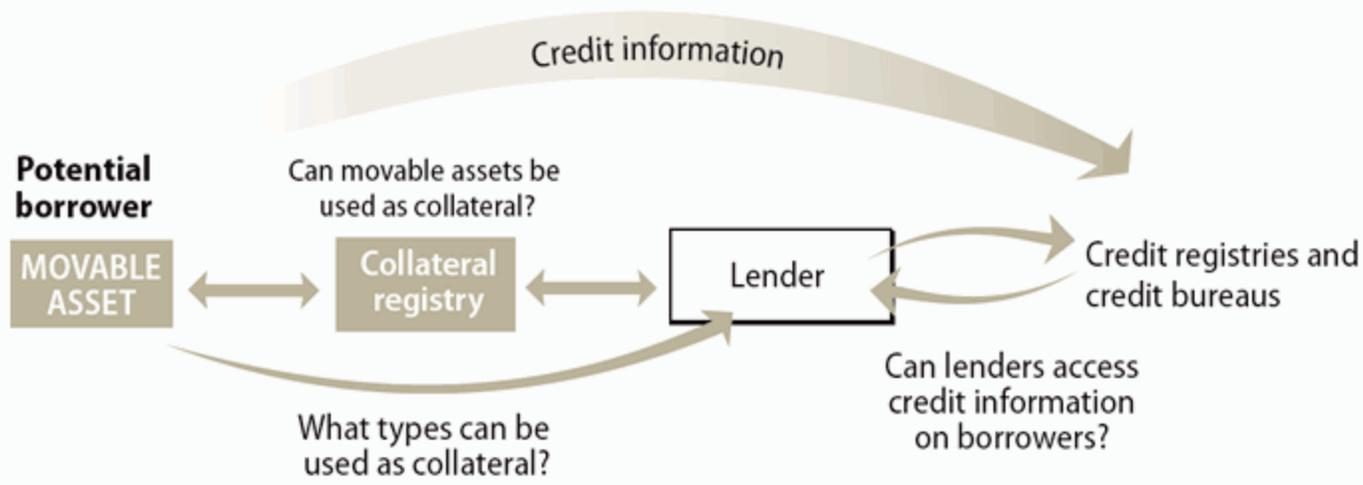
2. Historical data: Getting Credit in Finland

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	30	32
Strength of legal rights index (0-10)	7	7	7	7
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	14.9	14.8	14.7	14.9
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

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



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



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	14.9	0.0	
Number of individuals	350,000		0
Number of firms	310,000		0

Strength of legal rights index (0-10)**7**

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

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

Some reform outcomes

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

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

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

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

Extent of director liability index (0–10)

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

Ease of shareholder suits index (0–10)

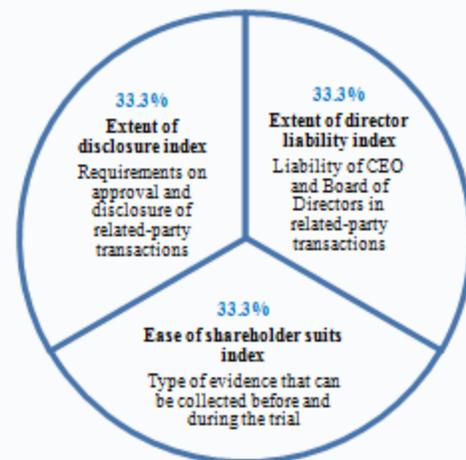
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

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

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

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

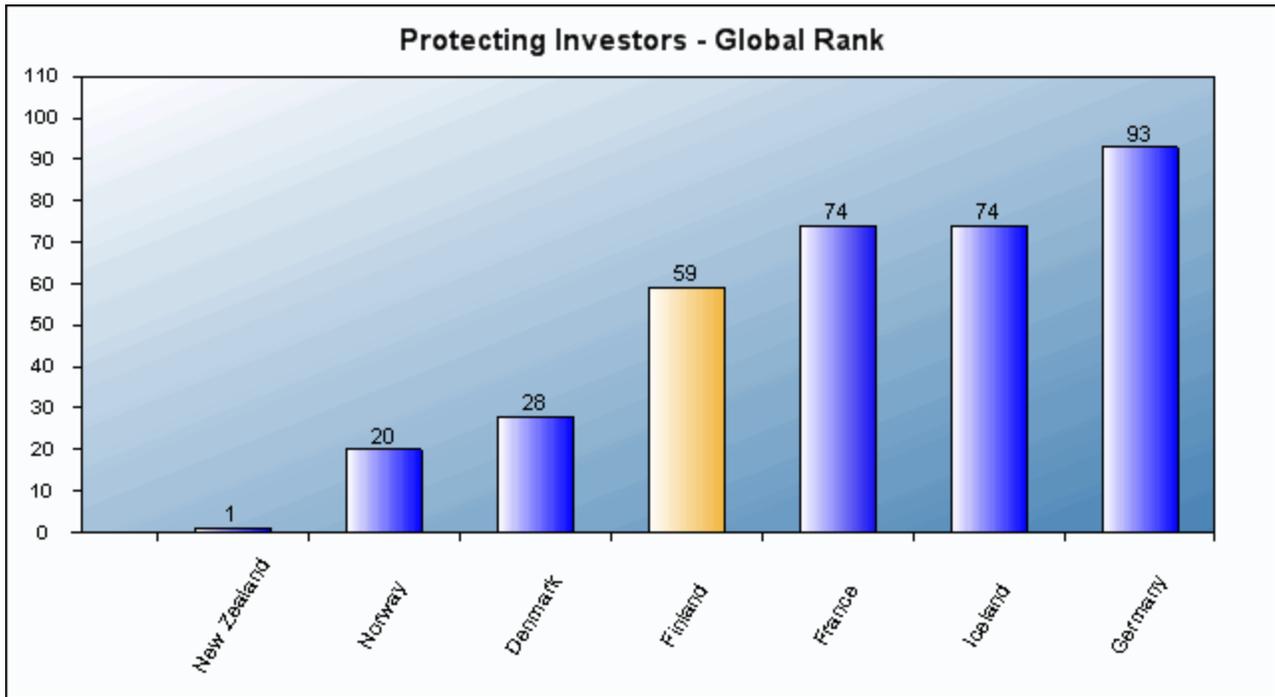
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Finland is ranked 59 overall for Protecting Investors.

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



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

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

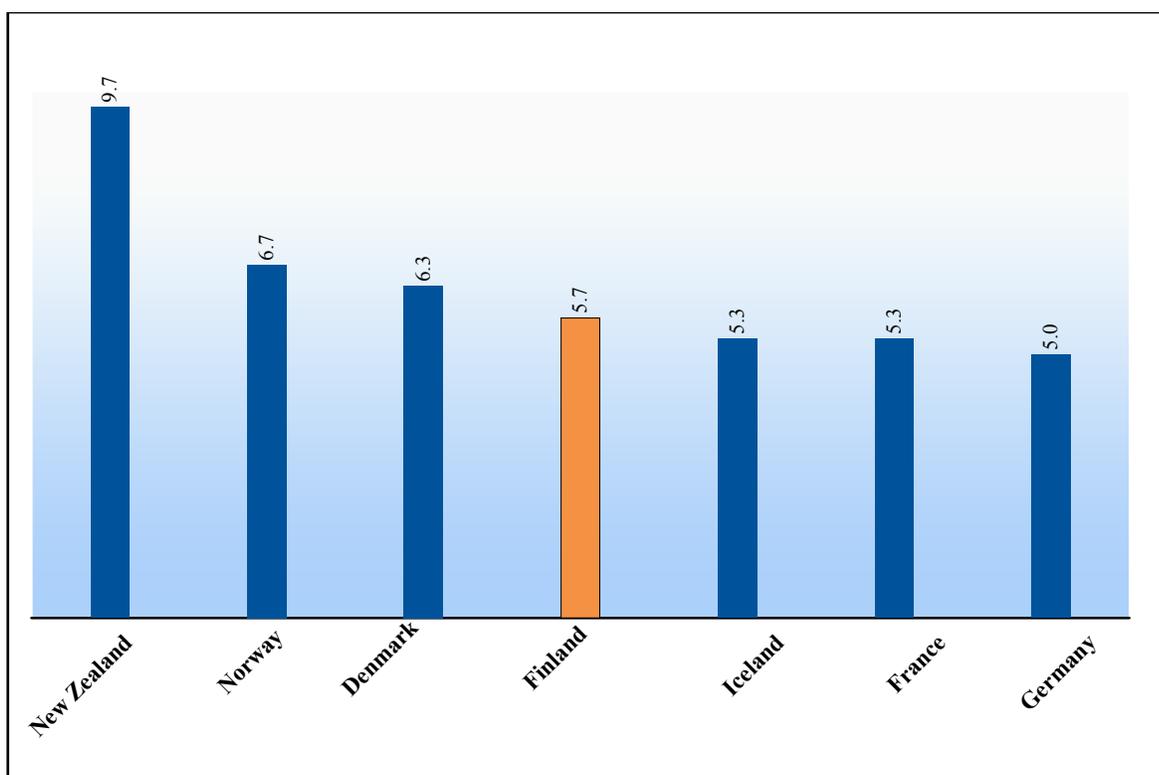
<i>Selected Economy</i>	
Finland	5.7

<i>Comparator Economies</i>	
Denmark	6.3
France	5.3
Germany	5.0
Iceland	5.3
Norway	6.7

2. Historical data: Protecting Investors in Finland

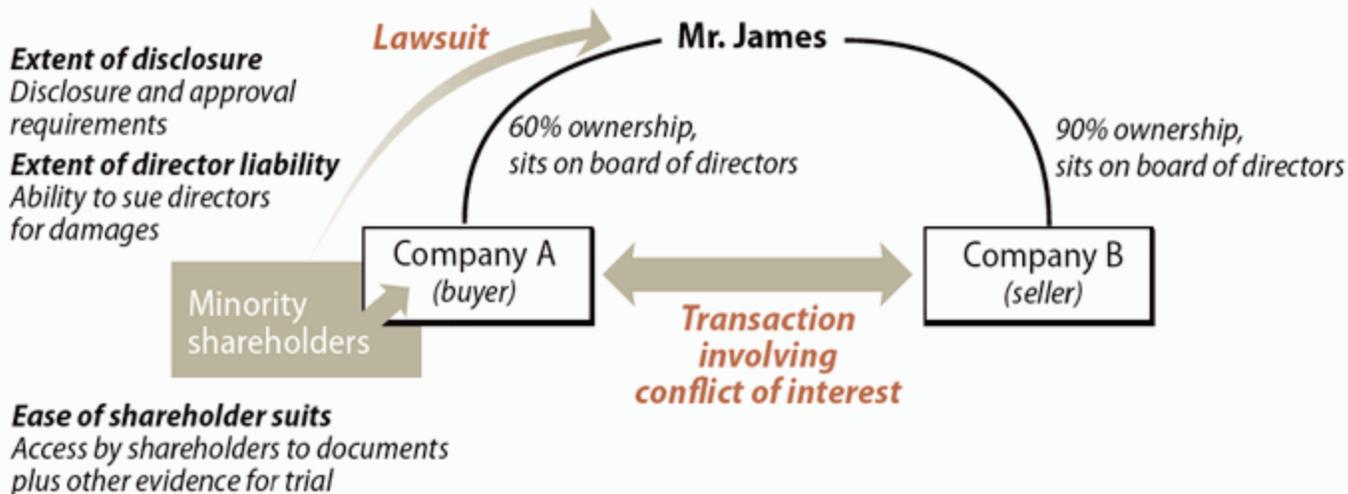
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	57	59
Strength of investor protection index (0-10)	5.7	5.7	5.7	5.7

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



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

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



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	1
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	4
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	7
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	5.7

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

Some reform outcomes

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

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

What do the Paying taxes indicators measure?

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

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

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

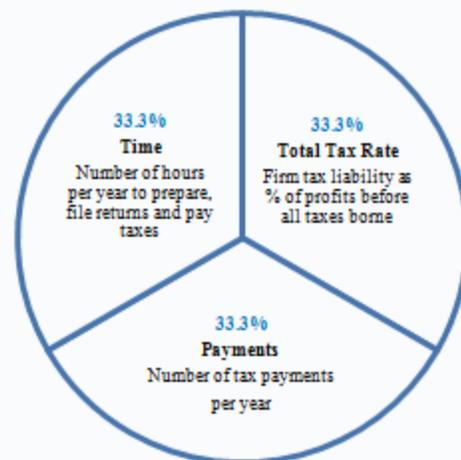
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

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

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



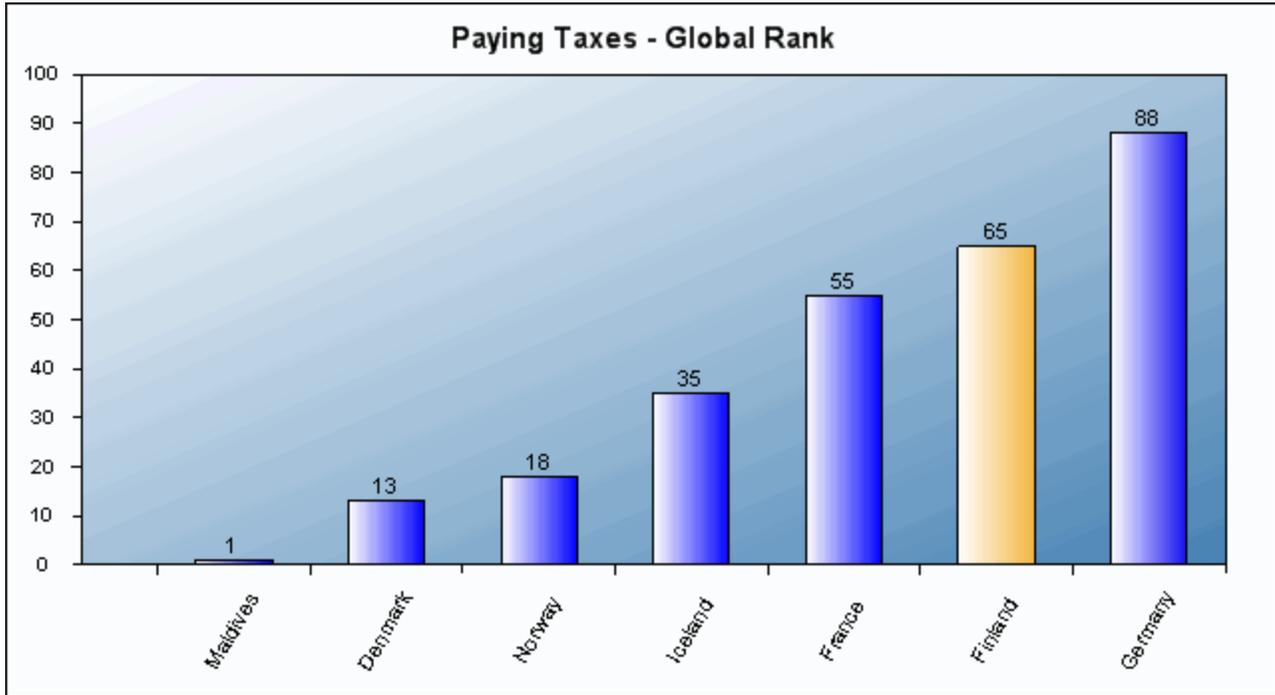
Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations:

Finland is ranked 65 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
Finland	8	243	44.6

<i>Comparator Economies</i>			
Denmark	9	135	29.2
France	7	132	65.8
Germany	16	215	48.2
Iceland	31	140	26.8
Norway	4	87	41.6

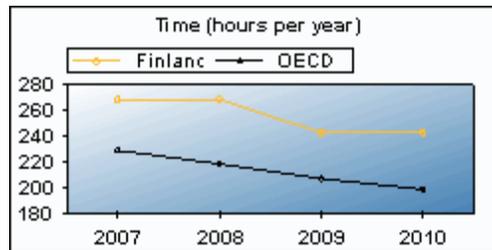
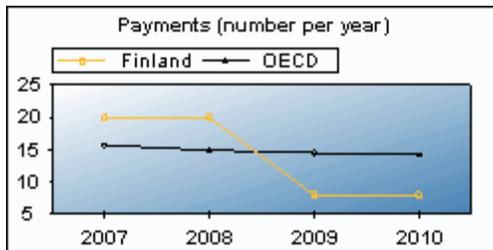
* The following economies are also good practice economies for :

Payments (number per year): Qatar

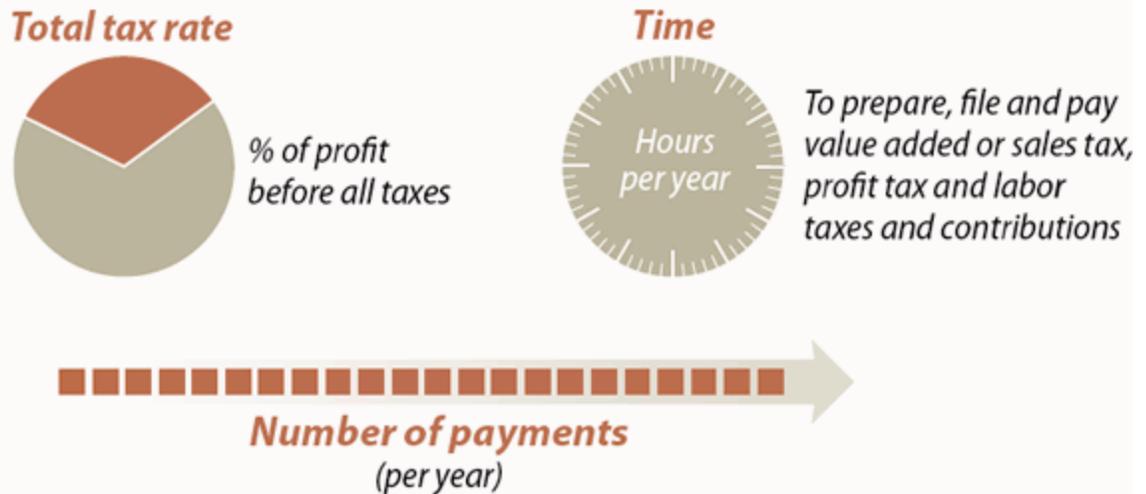
2. Historical data: Paying Taxes in Finland

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	71	65
Total tax rate (% profit)	47.8	47.8	47.7	44.6
Payments (number per year)	20	20	8	8
Time (hours per year)	269	269	243	243

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



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



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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Vehicle tax	1			fixed fee depending on vehicle			
Value added tax (VAT)	1	online filing	22	22.0%	value added		
Group-life insurance contributions	0	paid jointly		0.08%	gross salaries	0.10	
Real estate tax	2			0.5%-1%	property value	1.00	
Accident insurance contributions	0	paid jointly		1.1%	gross salaries	1.20	
Unemployment insurance contributions	1	online filing		0.65% -2.70%	gross salaries	2.20	
Social security contributions	1	online filing		2.0%-5.1% (2.	gross salaries	6.50	
Corporate income tax	1		21	26.0%	taxable profits	15.90	
Pension insurance contributions	1	online filing	200	16.8%	gross salaries	17.80	

Totals

8

243

44.6

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

Some reform outcomes

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

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

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

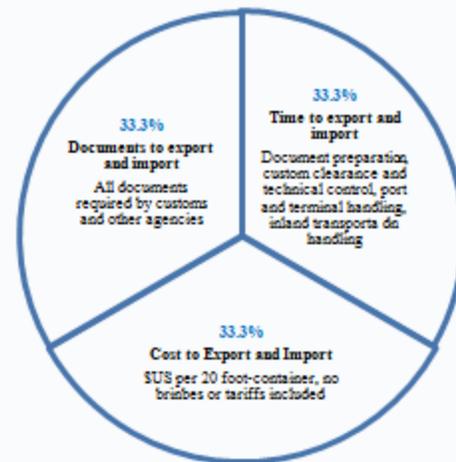
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

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

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

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



Case Study Assumptions

The Business

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

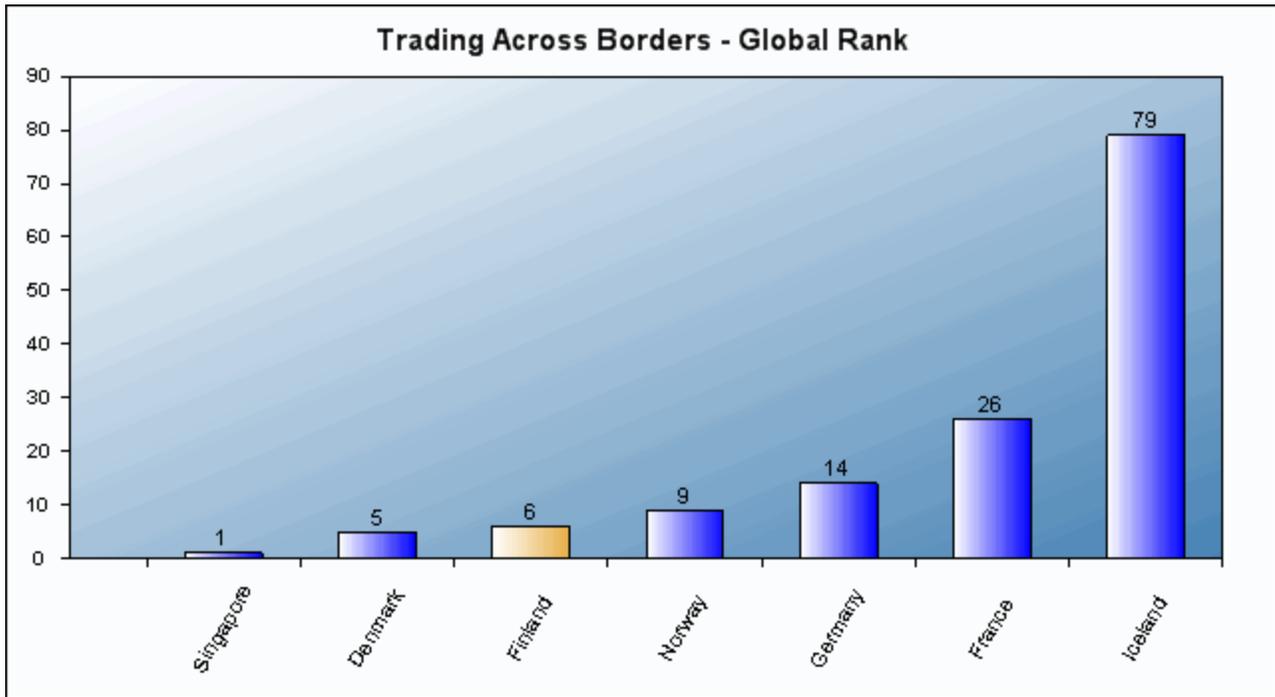
The traded product

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

1. Benchmarking Trading Across Borders Regulations:

Finland is ranked 6 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Finland	4	8	540	5	8	620

<i>Comparator Economies</i>						
Denmark	4	5	744	3	5	744
France	2	9	1078	2	11	1248
Germany	4	7	872	5	7	937
Iceland	5	19	1532	5	14	1674
Norway	4	7	830	4	7	729

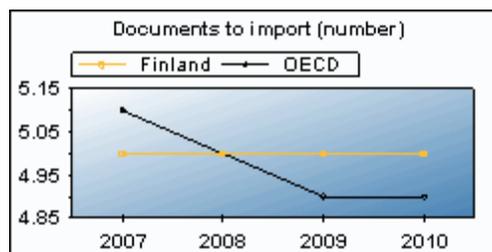
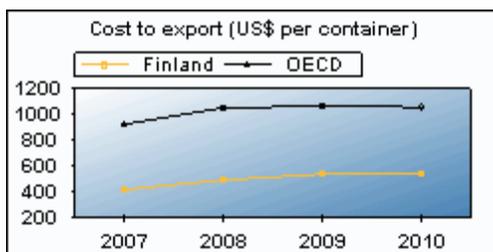
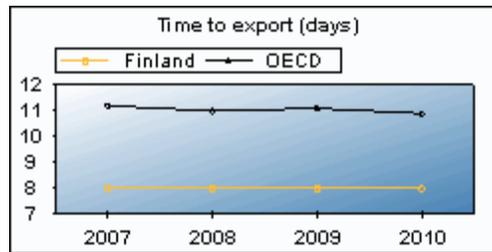
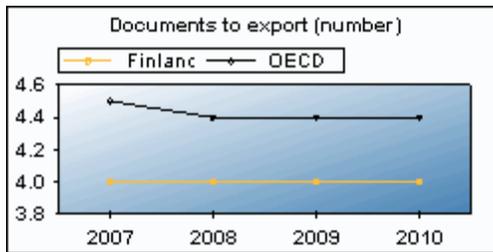
* The following economies are also good practice economies for :

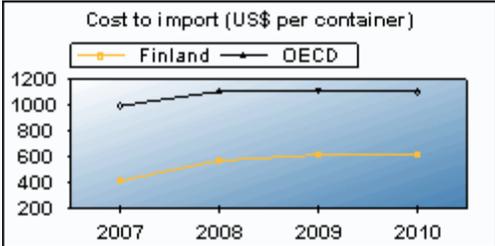
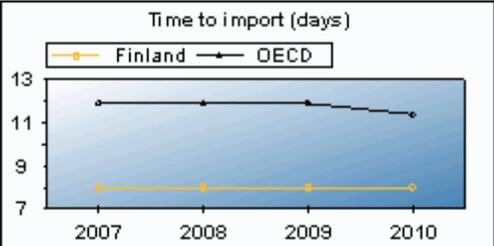
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Finland

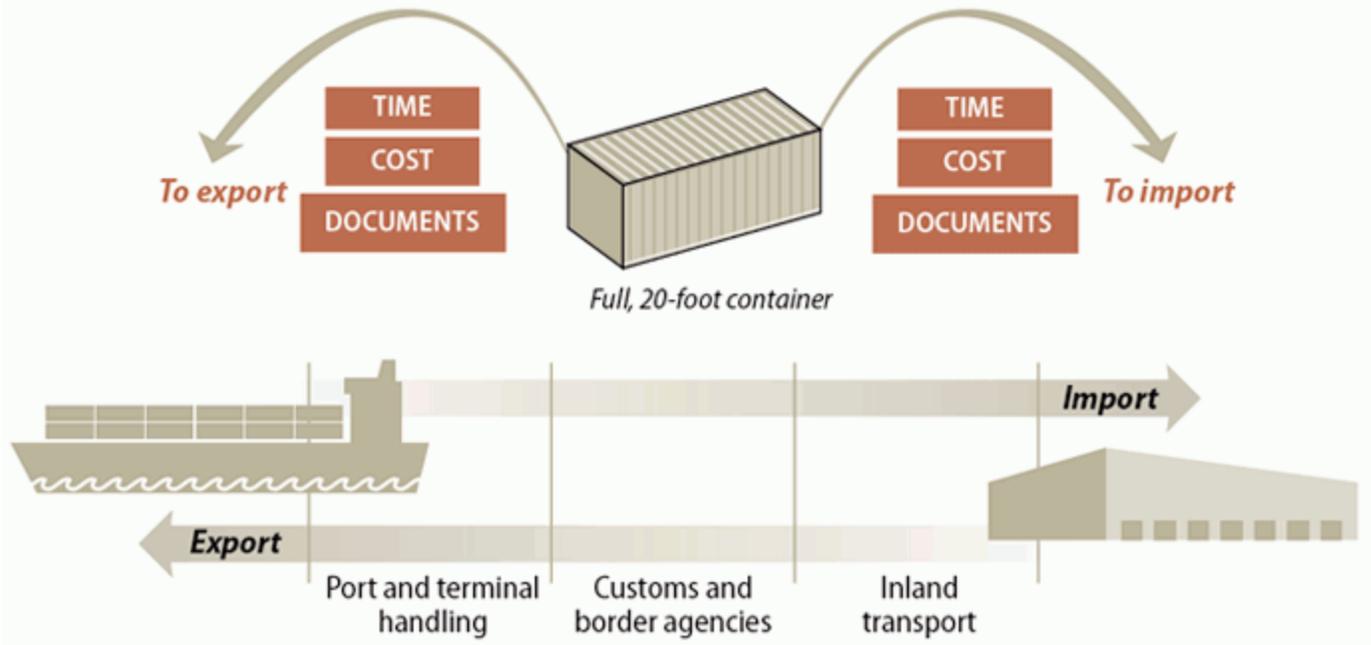
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	5	6
Cost to export (US\$ per container)	420	495	540	540
Cost to import (US\$ per container)	420	575	620	620
Documents to export (number)	4	4	4	4
Documents to import (number)	5	5	5	5
Time to export (days)	8	8	8	8
Time to import (days)	8	8	8	8

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





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



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	3	100
Customs clearance and technical control	1	85
Ports and terminal handling	2	155
Inland transportation and handling	2	200
Totals	8	540

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	3	180
Customs clearance and technical control	2	85
Ports and terminal handling	2	155
Inland transportation and handling	1	200
Totals	8	620

Documents for Export and Import

Export

- Bill of lading
- Commercial invoice
- Customs export declaration
- Packing list

Import

- Bill of lading
- Cargo release order
- Commercial Invoice
- Customs import declaration
- Packing list

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Some reform outcomes

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

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

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

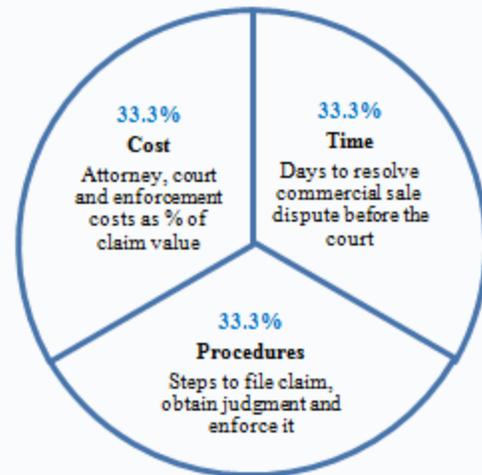
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

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

Cost required to complete procedures (% of claim)

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



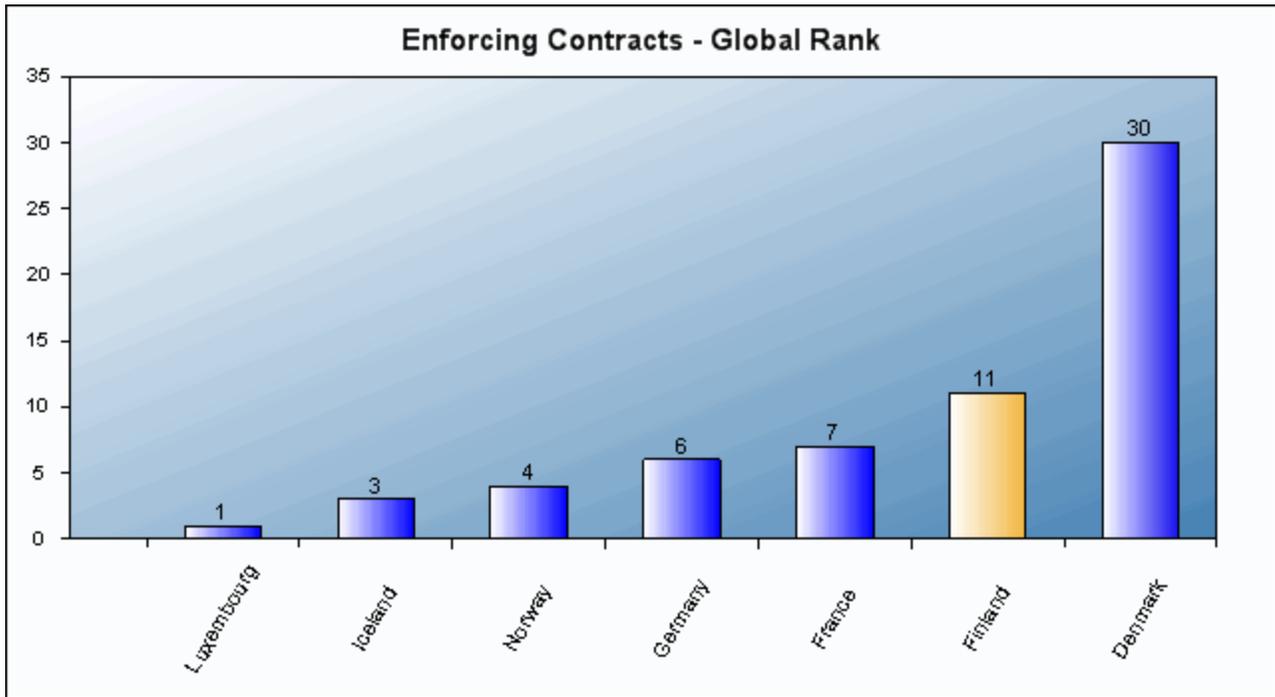
Case Study Assumptions

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

1. Benchmarking Enforcing Contracts Regulations:

Finland is ranked 11 overall for Enforcing Contracts.

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



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

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

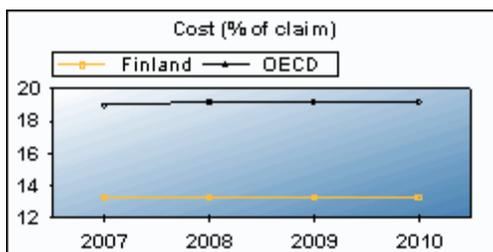
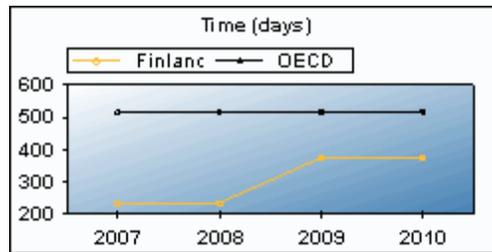
<i>Selected Economy</i>			
Finland	32	375	13.3

<i>Comparator Economies</i>			
Denmark	35	410	23.3
France	29	331	17.4
Germany	30	394	14.4
Iceland	27	417	8.2
Norway	33	280	9.9

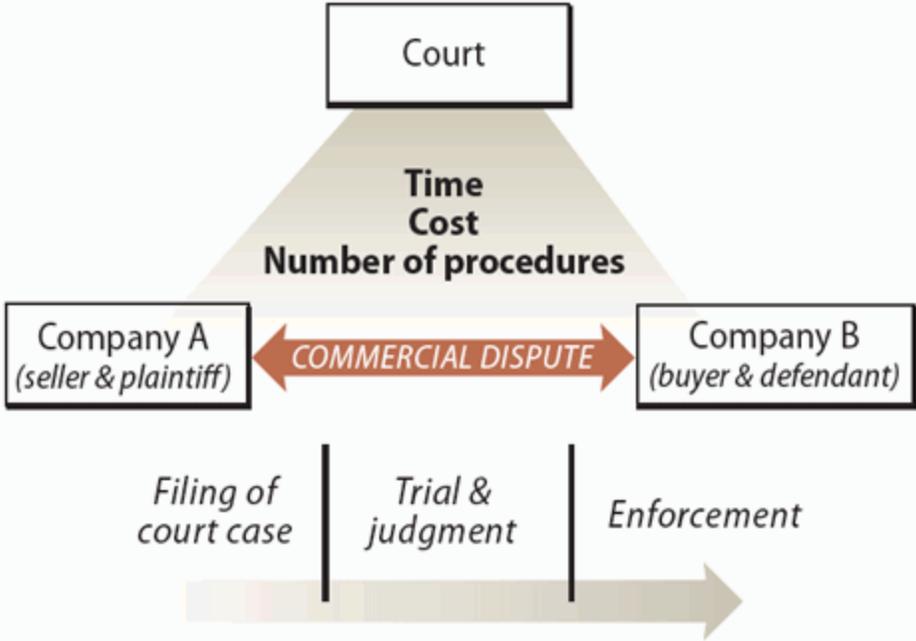
2. Historical data: Enforcing Contracts in Finland

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	10	11
Procedures (number)	32	32	32	32
Time (days)	235	235	375	375
Cost (% of claim)	13.3	13.3	13.3	13.3

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



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



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

Nature of Procedure (2010)	Indicator
Procedures (number)	32
Time (days)	375
Filing and service	14.0
Trial and judgment	255.0
Enforcement of judgment	106.0
Cost (% of claim)*	13.30
Attorney cost (% of claim)	10.0
Court cost (% of claim)	3.1
Enforcement Cost (% of claim)	0.2

Court information: Helsinki District Court ("Helsingin kaeraerjaoikeus")

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

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

Some reform outcomes

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

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

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

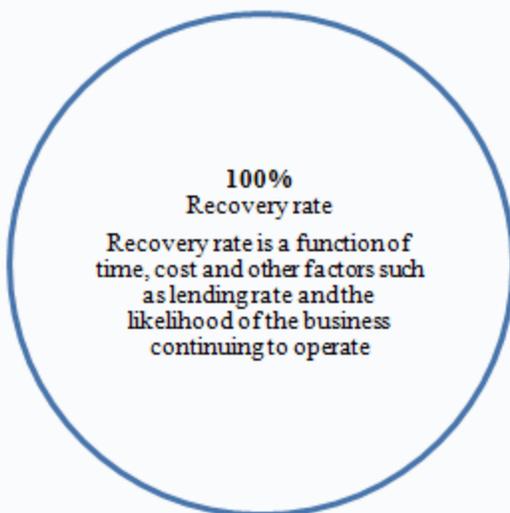
- Measured in calendar years
- Appeals and requests for extension are included

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

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

Recovery rate for creditors (cents on the dollar)

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



Case Study Assumptions

The Company

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

1. Benchmarking Closing Business Regulations:

Finland is ranked 6 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Finland	89.4	0.9	4

<i>Comparator Economies</i>			
Denmark	89.4	1.1	4
France	45.2	1.9	9
Germany	53.1	1.2	8
Iceland	78.5	1.0	4
Norway	90.9	0.9	1

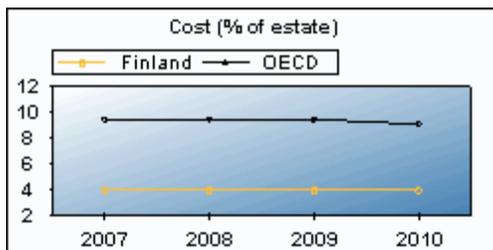
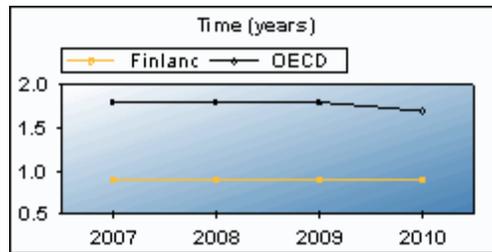
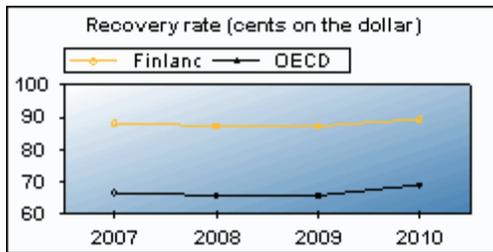
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Finland

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	5	6
Time (years)	0.9	0.9	0.9	0.9
Cost (% of estate)	4	4	4	4
Recovery rate (cents on the dollar)	88.2	87.3	87.3	89.4

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



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

The top 10 most-improved in Doing Business 2011

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

 Positive Change
 Negative Change

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

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

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Denmark	Denmark eased business start-up by reducing the minimum capital requirement for limited liability companies from 125,000 Danish kroner (\$22,850) to 80,000 Danish kroner (\$14,620). Computerization of Denmark's land registry cut the number of procedures required to register property by half.
Germany	Germany eased business start-up by increasing the efficiency of communications between the notary and the commercial registry and eliminating the need to publish an announcement in a newspaper.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Iceland	Iceland made dealing with construction permits more costly by increasing the fees to obtain the design approval and receive inspections. Iceland increased the corporate income tax rate from 15% to 18% and raised social security and pension contribution rates.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

Vietnam

Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.

Zambia

Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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