

Doing Business 2010
Iran, Islamic Rep.

COMPARING REGULATION IN 183 ECONOMIES



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ISBN: 978-0-8213-7961-5
E-ISBN: 978-0-8213-7965-3
DOI: 10.1596/978-0-8213-7961-5
ISSN: 1729-2638

Library of Congress Cataloging-in-Publishing Data has been applied for.

Printed in the United States.

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Introduction

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

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

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

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

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

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

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

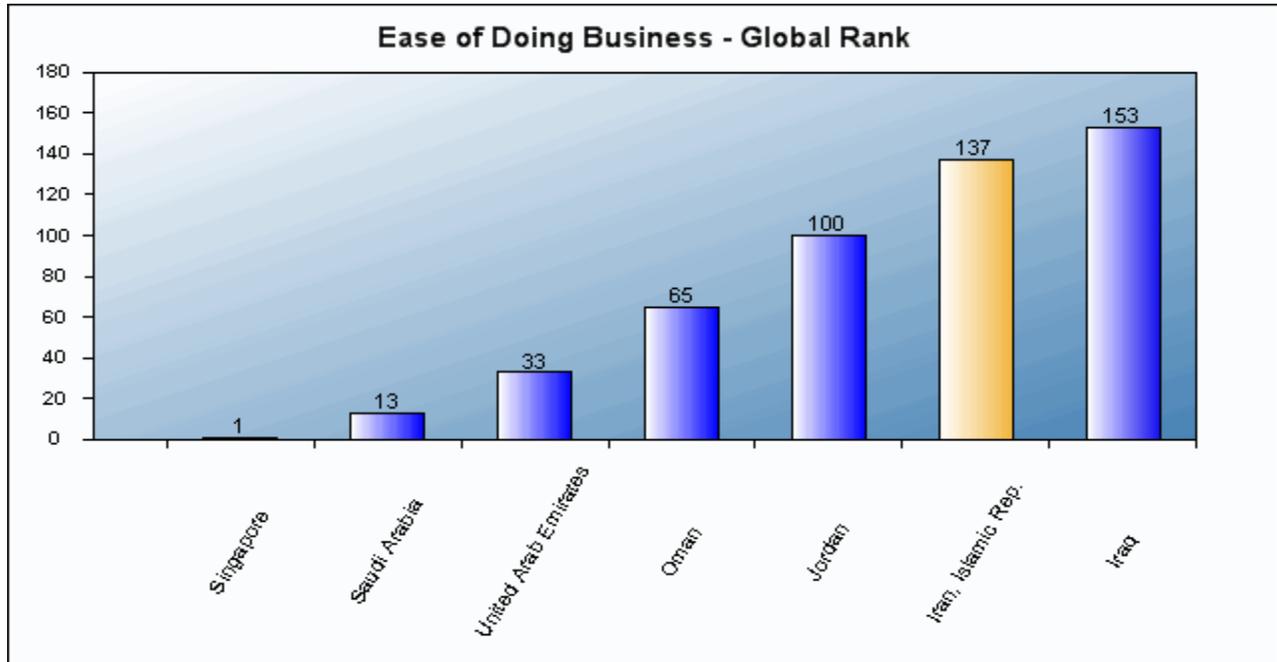
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

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

Economy Rankings - Ease of Doing Business

Iran, Islamic Rep. is ranked 137 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Iran, Islamic Rep. - Compared to global good practice economy as well as selected economies:



Iran, Islamic Rep.'s ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	137
Starting a Business	48
Dealing with Construction Permits	141
Employing Workers	137
Registering Property	153
Getting Credit	113
Protecting Investors	165
Paying Taxes	117
Trading Across Borders	134
Enforcing Contracts	53
Closing a Business	109

Summary of Indicators - Iran, Islamic Rep.

Starting a Business	Procedures (number)	7
	Time (days)	9
	Cost (% of income per capita)	3.9
	Min. capital (% of income per capita)	0.8
Dealing with Construction Permits	Procedures (number)	17
	Time (days)	322
	Cost (% of income per capita)	365.9
Employing Workers	Difficulty of hiring index (0-100)	11
	Rigidity of hours index (0-100)	27
	Difficulty of redundancy index (0-10)	50
	Rigidity of employment index (0-100)	29
	Redundancy costs (weeks of salary)	87
Registering Property	Procedures (number)	9
	Time (days)	36
	Cost (% of property value)	10.5
Getting Credit	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	3
	Public registry coverage (% of adults)	31.3
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	5
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	0
	Strength of investor protection index (0-10)	3.0
Paying Taxes	Payments (number per year)	22
	Time (hours per year)	344
	Profit tax (%)	17.9
	Labor tax and contributions (%)	25.9
	Other taxes (%)	0.4
	Total tax rate (% profit)	44.2

Trading Across Borders	Documents to export (number)	7
	Time to export (days)	25
	Cost to export (US\$ per container)	1061
	Documents to import (number)	8
	Time to import (days)	38
	Cost to import (US\$ per container)	1706
Enforcing Contracts	Procedures (number)	39
	Time (days)	520
	Cost (% of claim)	17.0
Closing a Business	Recovery rate (cents on the dollar)	23.1
	Time (years)	4.5
	Cost (% of estate)	9

Starting a Business

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

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

Methodology

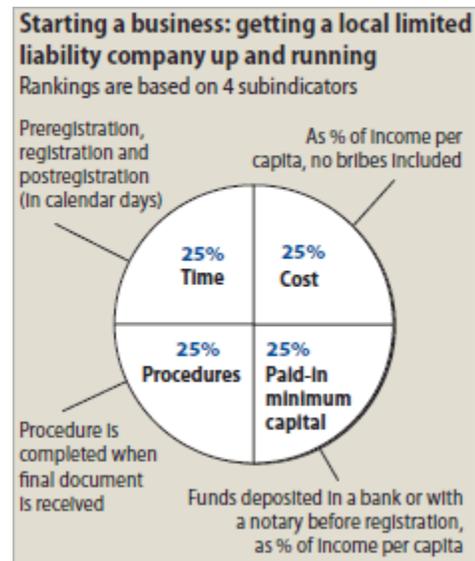
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications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

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

Survey Case Study

The business:

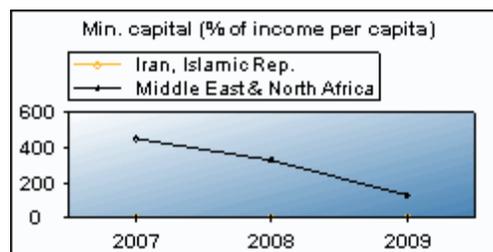
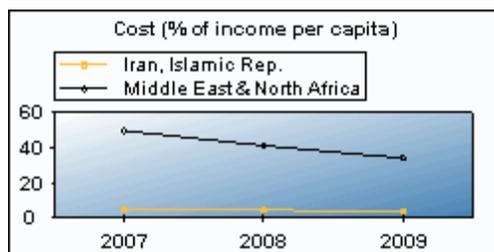
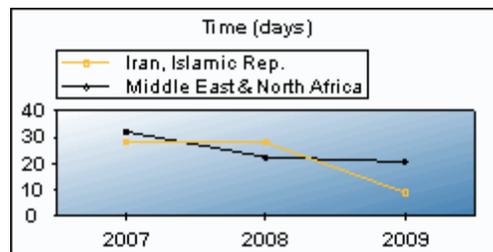
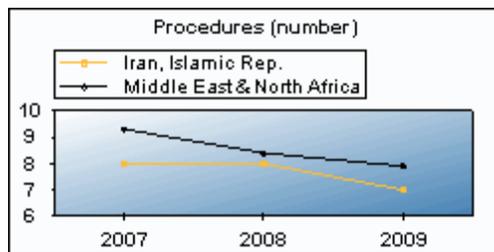
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not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



1. Historical data: Starting a Business in the Islamic Republic of Iran

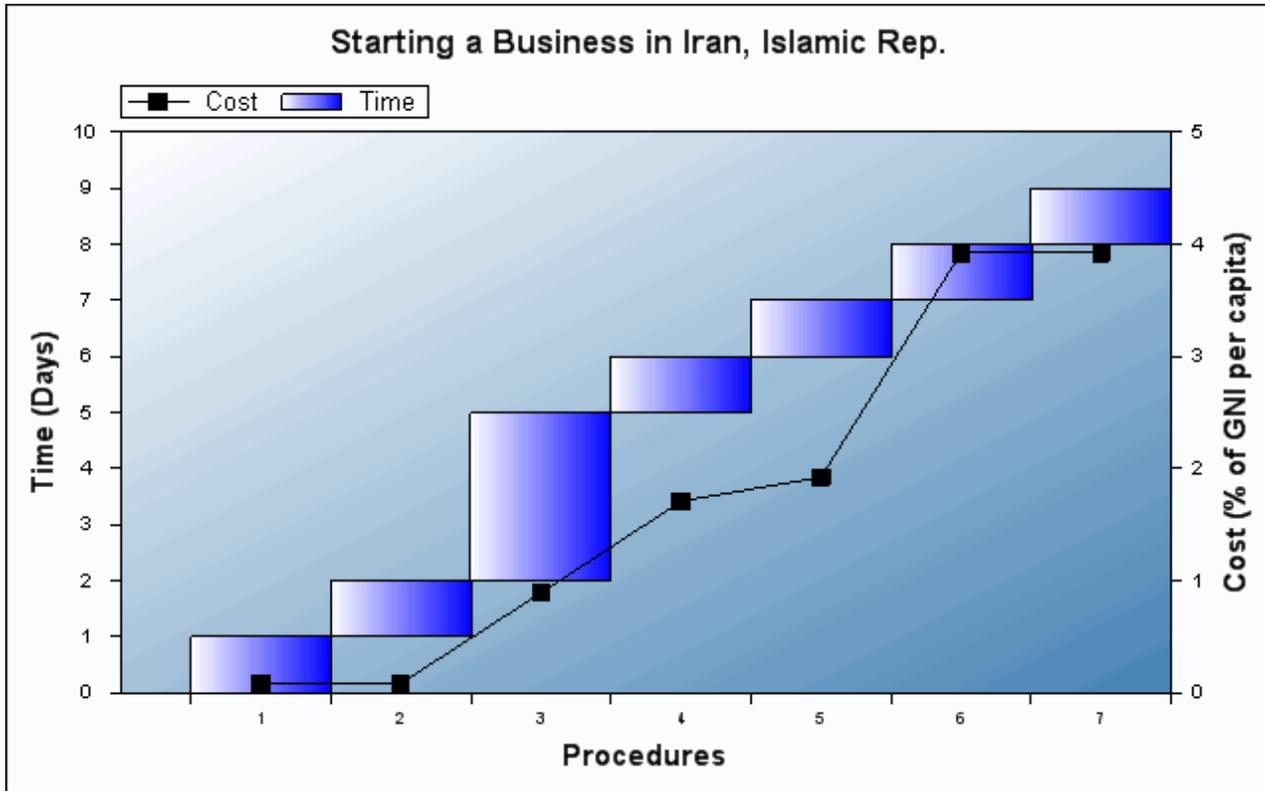
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	73	48
Procedures (number)	8	8	7
Time (days)	28	28	9
Cost (% of income per capita)	5.3	4.6	3.9
Min. capital (% of income per capita)	1.3	1.0	0.8

2. The following graphs illustrates the Starting a Business indicators in the Islamic Republic of Iran over the past 3 years:



3. Steps to Starting a Business in the Islamic Republic of Iran

It requires 7 procedures, takes 9 days, and costs 3.93 % GNI per capita to start a business in the Islamic Republic of Iran.



List of Procedures:

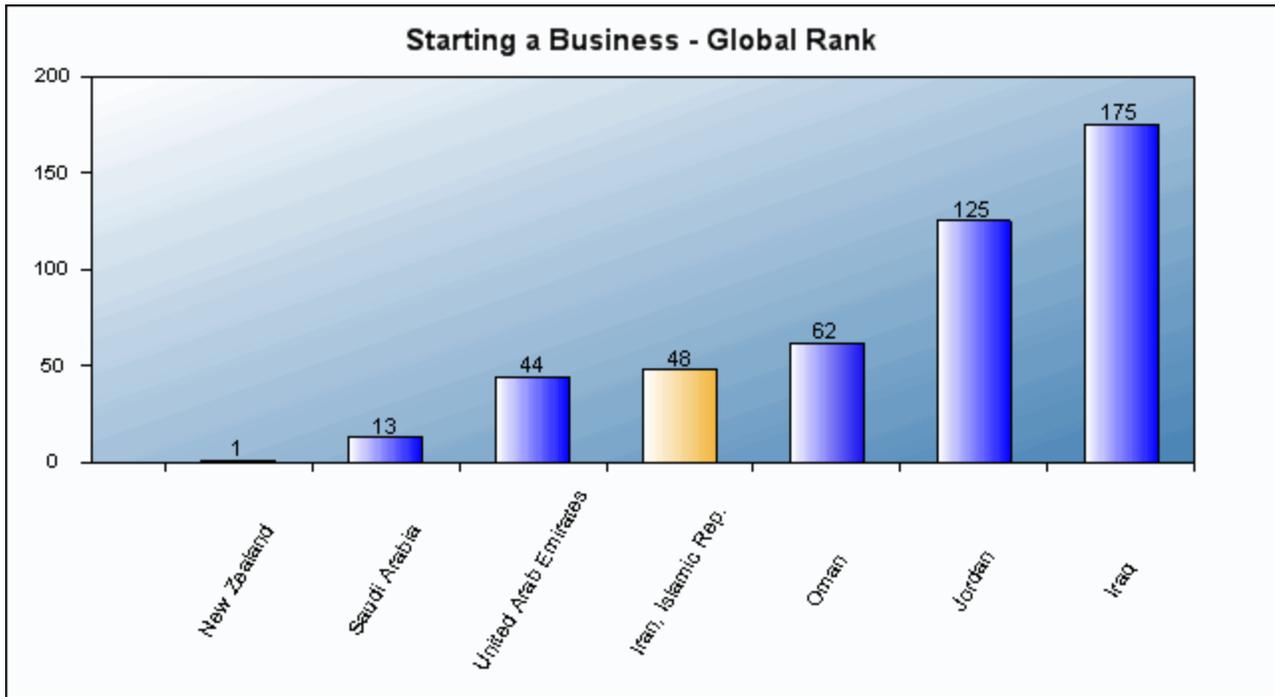
1. Search and reserve a unique company name
2. Deposit at least 35% of the subscribed shares in a bank account and obtain a certificate from the bank
3. Register the company with the Companies Registration Office for companies and pay registration duties
4. Place a notice of the company formation in the Official Gazette and the selected newspaper of general circulation
5. Take out the officially sealed books of account within 30 days after the date of registration
6. Pay the share certificate stamp duty within 60 days after the date of registration of the company
7. Enroll workers in the social security program by open files for all employees before the Iranian Labor Department and obtain a workplace number

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Iran, Islamic Rep. is ranked 48 overall for Starting a Business.

Ranking of the Islamic Republic of Iran in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for the Islamic Republic of Iran 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>				
Iran, Islamic Rep.	7	9	3.9	0.8

<i>Comparator Economies</i>				
Iraq	11	77	75.9	30.3
Jordan	8	13	49.5	19.9
Oman	5	12	2.2	273.6
Saudi Arabia	4	5	7.7	0.0
United Arab Emirates	8	15	6.2	0.0

* The following economies are also good practice economies for :

Procedures (number): **Canada**

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

Dealing with Construction Permits

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

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

Methodology

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

Survey Case Study

The business:

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

The warehouse to be built:

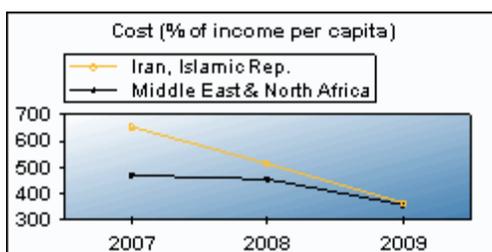
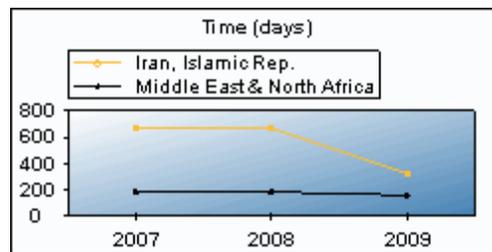
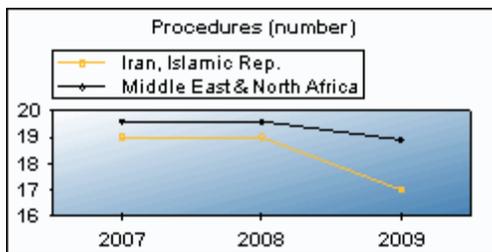
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each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



1. Historical data: Dealing with Construction Permits in the Islamic Republic of Iran

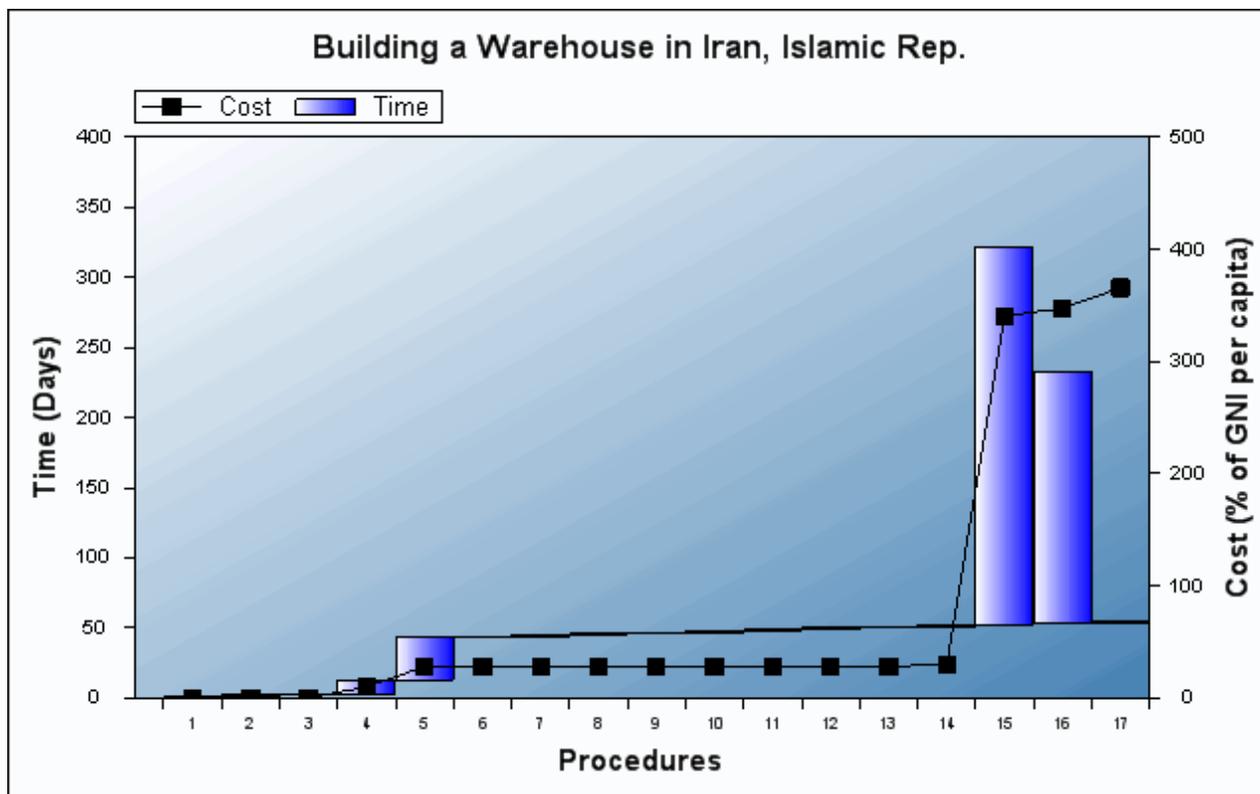
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	164	141
Procedures (number)	19	19	17
Time (days)	670	670	322
Cost (% of income per capita)	653.4	514.2	365.9

2. The following graphs illustrates the Dealing with Construction Permits indicators in the Islamic Republic of Iran over the past 3 years:



3. Steps to Building a Warehouse in the Islamic Republic of Iran

It requires 17 procedures, takes 322 days, and costs 365.91 % GNI per capita to build a warehouse in the Islamic Republic of Iran.



List of Procedures:

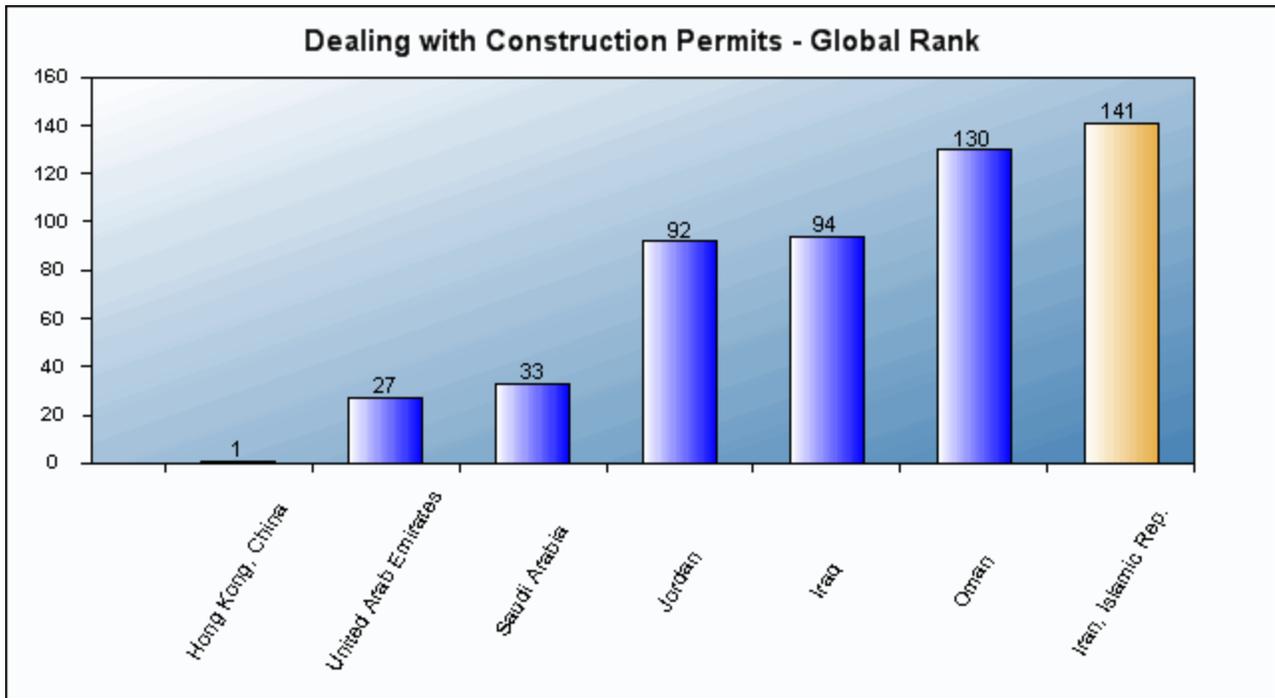
- | | |
|---|---|
| 1. Obtain land tax payment certificate | 12. Apply for building completion certificate |
| 2. Apply for location approval from the district e-service office | 13. Receive final inspection |
| 3. Receive site inspection | 14. Obtain building completion certificate |
| 4. Obtain location approval fro the district e-service office | 15. Obtain water and sewerage connection |
| 5. Obtain construction permit | 16. Obtain electricity connection |
| 6. Hire an independent surveillance company | 17. Obtain fixed telephone line |
| 7. Receive inspection from Municipality - I | |
| 8. Receive inspection from Municipality - II | |
| 9. Receive inspection from Municipality - III | |
| 10. Receive inspection from Municipality - IV | |
| 11. Receive inspection from Municipality - V | |

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Iran, Islamic Rep. is ranked 141 overall for Dealing with Construction Permits.

Ranking of the Islamic Republic of Iran in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for the Islamic Republic of Iran compared to good practice and comparator economies:

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

<i>Selected Economy</i>			
Iran, Islamic Rep.	17	322	365.9

<i>Comparator Economies</i>			
Iraq	14	215	397.9
Jordan	19	87	697.1
Oman	16	242	427.9
Saudi Arabia	17	94	32.8
United Arab Emirates	17	64	30.7

Employing Workers

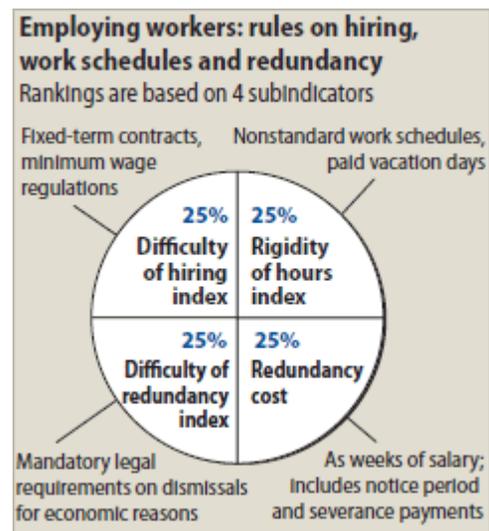
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

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

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

Methodology

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



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

Survey Case Study

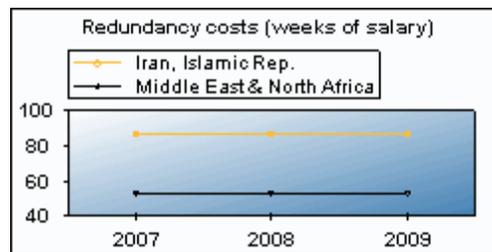
The business:

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

1. Historical data: Employing Workers in the Islamic Republic of Iran

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	137	137
Redundancy costs (weeks of salary)	87	87	87
Rigidity of employment index (0-100)	29	29	29

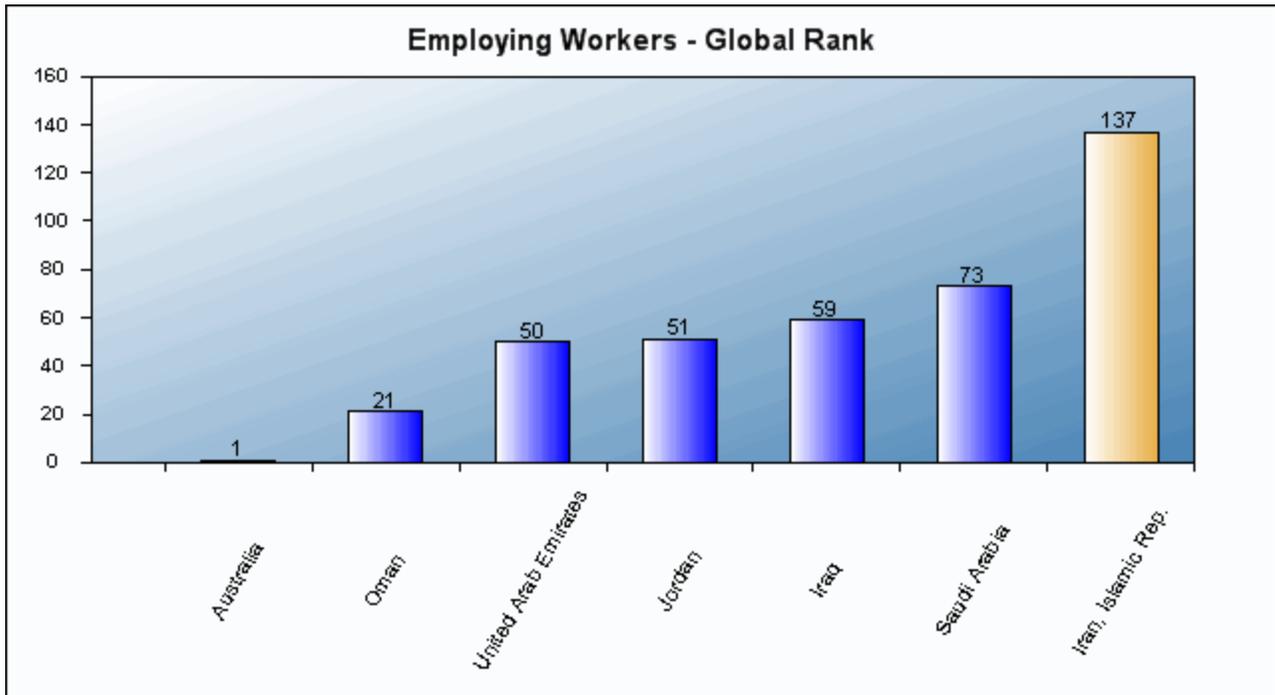
2. The following graphs illustrates the Employing Workers indicators in the Islamic Republic of Iran over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Iran, Islamic Rep. is ranked 137 overall for Employing Workers.

Ranking of the Islamic Republic of Iran in Employing Workers - Compared to good practice and selected economies:



The following table shows Employing Workers data for the Islamic Republic of Iran compared to good practice and comparator economies:

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

<i>Selected Economy</i>		
Iran, Islamic Rep.	29	87

<i>Comparator Economies</i>		
Iraq	24	0
Jordan	24	4
Oman	13	4
Saudi Arabia	13	80
United Arab Emirates	7	84

* The following economies are also good practice economies for :

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

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

Registering Property

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

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

Methodology

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

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

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

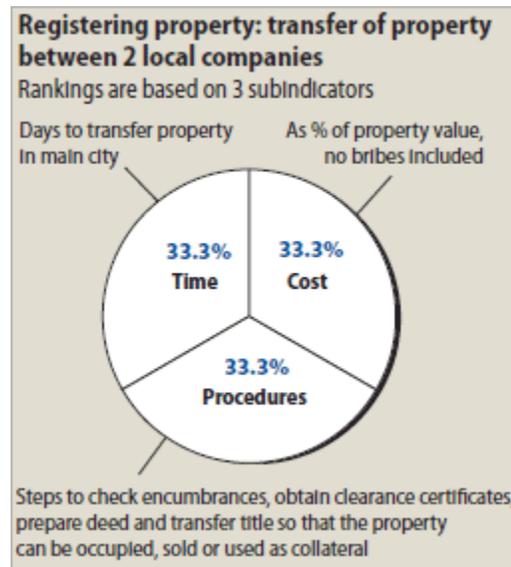
Survey Case Study

The buyer and seller:

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

The property:

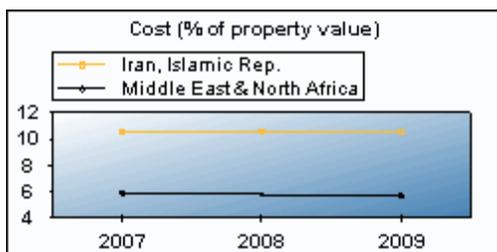
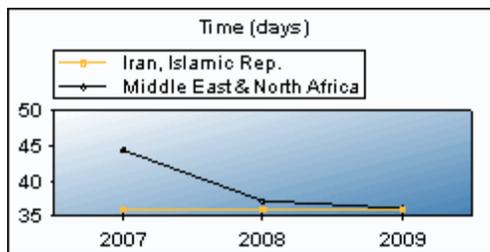
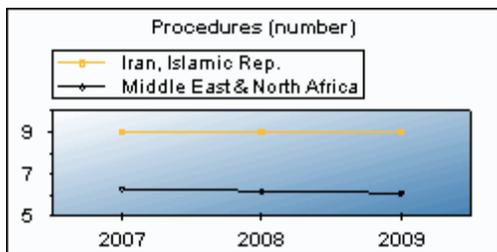
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller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



1. Historical data: Registering Property in the Islamic Republic of Iran

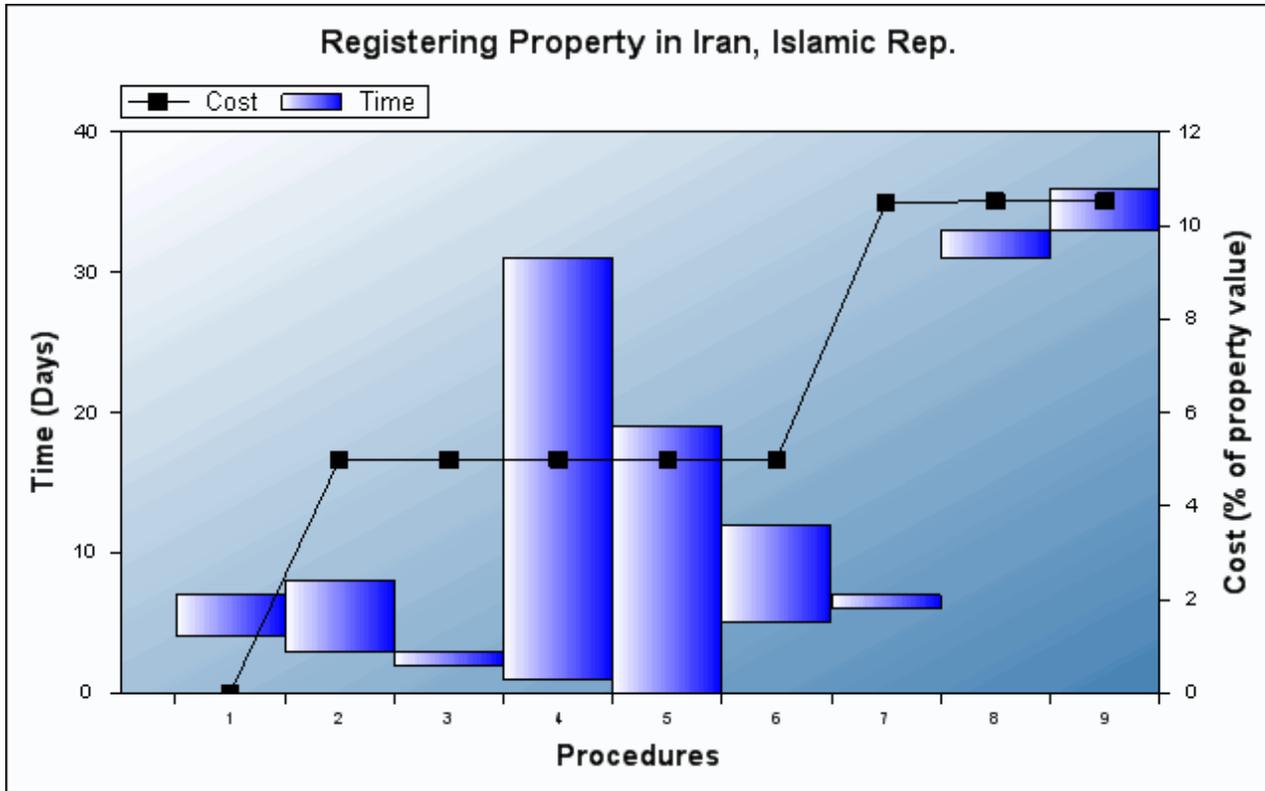
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	152	153
Procedures (number)	9	9	9
Time (days)	36	36	36
Cost (% of property value)	10.6	10.6	10.5

2. The following graphs illustrates the Registering Property indicators in the Islamic Republic of Iran over the past 3 years:



3. Steps to Registering Property in the Islamic Republic of Iran

It requires 9 procedures, takes 36 days, and costs 10.53 % of property value to register the property in the Islamic Republic of Iran.



List of Procedures:

1. Conduct a check on the property at the Real Estate Registration Department
2. Obtain a tax clearance certificate from the Tax Affairs Organization
3. Obtain settlement certificate for reconstruction duty from the Municipality
4. Obtain a certificate of completion of the building
5. Obtain a certificate of occupation and insurance liquidation
6. Obtain a social security clearance certificate
7. Payment of transfer tax at Bank Melli
8. The deed is prepared and notarized at the notary public's office
9. The title is registered at the Real Estate Registration Department

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Iran, Islamic Rep. is ranked 153 overall for Registering Property.

Ranking of the Islamic Republic of Iran in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for the Islamic Republic of Iran 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>			
Iran, Islamic Rep.	9	36	10.5

<i>Comparator Economies</i>			
Iraq	5	8	7.7
Jordan	7	21	7.5
Oman	2	16	3.0
Saudi Arabia	2	2	0.0
United Arab Emirates	1	2	2.0

* The following economies are also good practice economies for :

Procedures (number): United Arab Emirates

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

Getting Credit

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

Methodology

Credit information: three indicators are constructed

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

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

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

Legal Rights Survey Case Study

The Debtor:

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

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

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

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

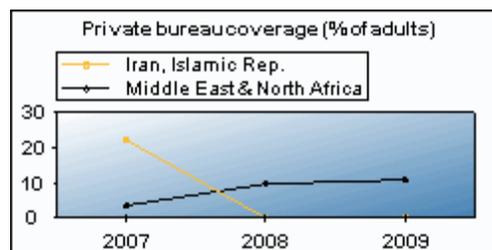
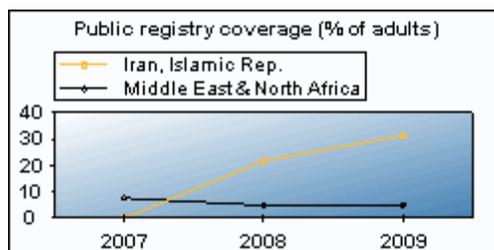
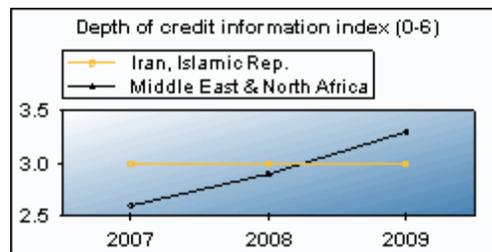
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in the Islamic Republic of Iran

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	109	113
Strength of legal rights index (0-10)	4	4	4
Depth of credit information index (0-6)	3	3	3
Private bureau coverage (% of adults)	22.2	0.0	0.0
Public registry coverage (% of adults)	0.0	21.7	31.3

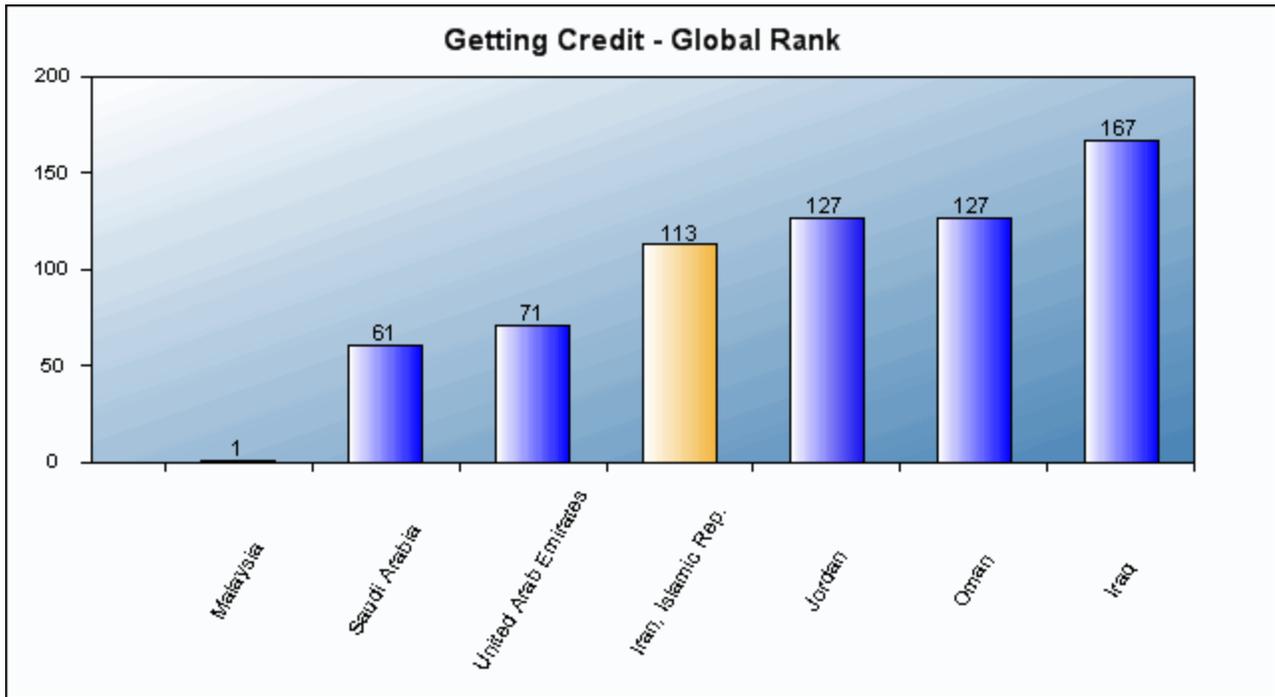
2. The following graphs illustrates the Getting Credit indicators in the Islamic Republic of Iran over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Iran, Islamic Rep. is ranked 113 overall for Getting Credit.

Ranking of the Islamic Republic of Iran in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for the Islamic Republic of Iran compared to good practice and comparator economies:

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

<i>Selected Economy</i>				
Iran, Islamic Rep.	4	3	31.3	0.0

<i>Comparator Economies</i>				
Iraq	3	0	0.0	0.0
Jordan	4	2	1.0	0.0
Oman	4	2	17.0	0.0
Saudi Arabia	4	6	0.0	17.9
United Arab Emirates	4	5	7.3	12.6

* The following economies are also good practice economies for :

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

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

27 countries have the highest credit information index.

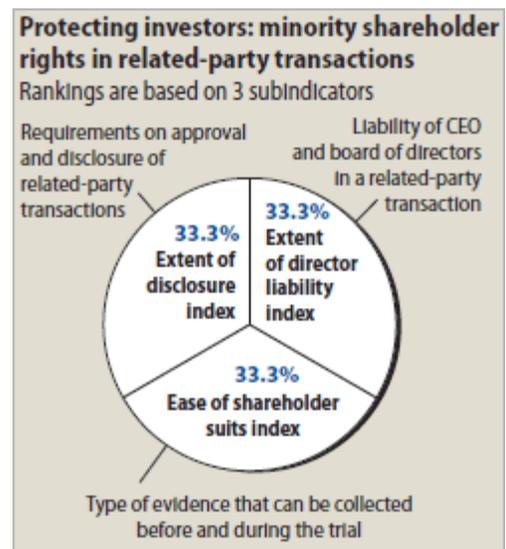
Protecting Investors

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

Methodology

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

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



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

Survey case study

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

Several questions arise:

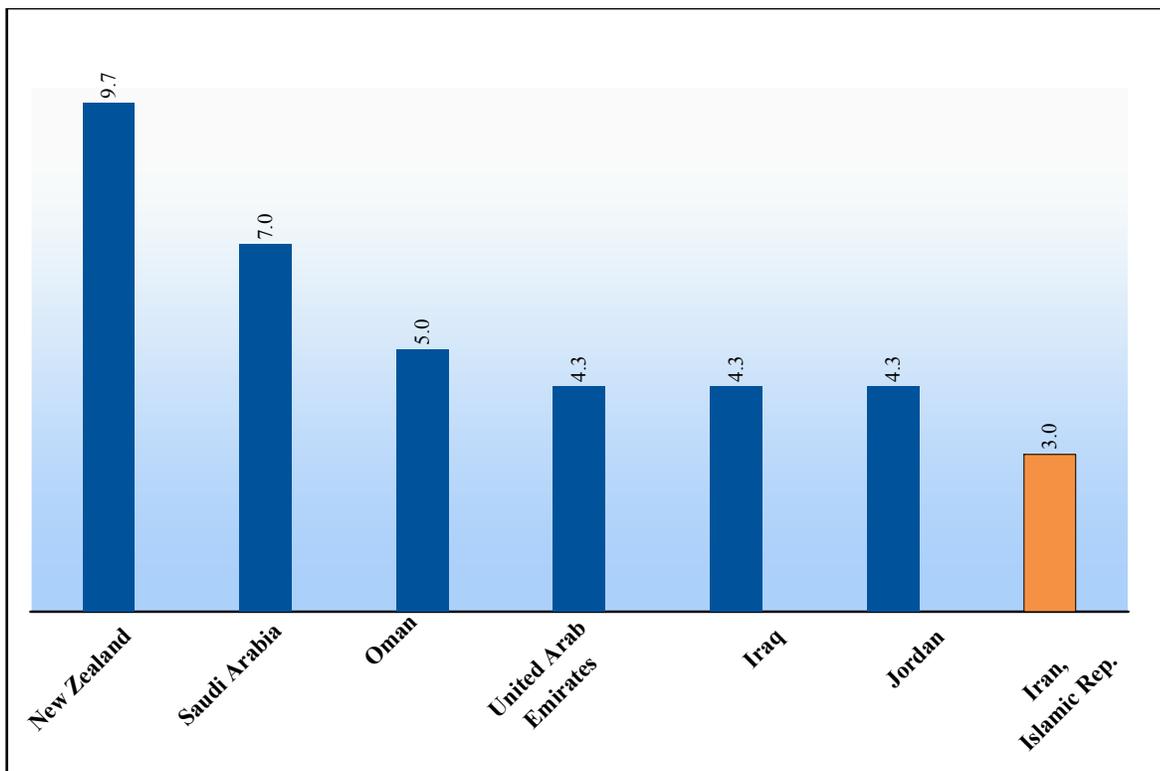
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Dojidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in the Islamic Republic of Iran

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	164	165
Strength of investor protection index (0-10)	3.0	3.0	3.0

2. The following graph illustrates the Protecting Investors index in the Islamic Republic of Iran compared to best practice and selected Economies:

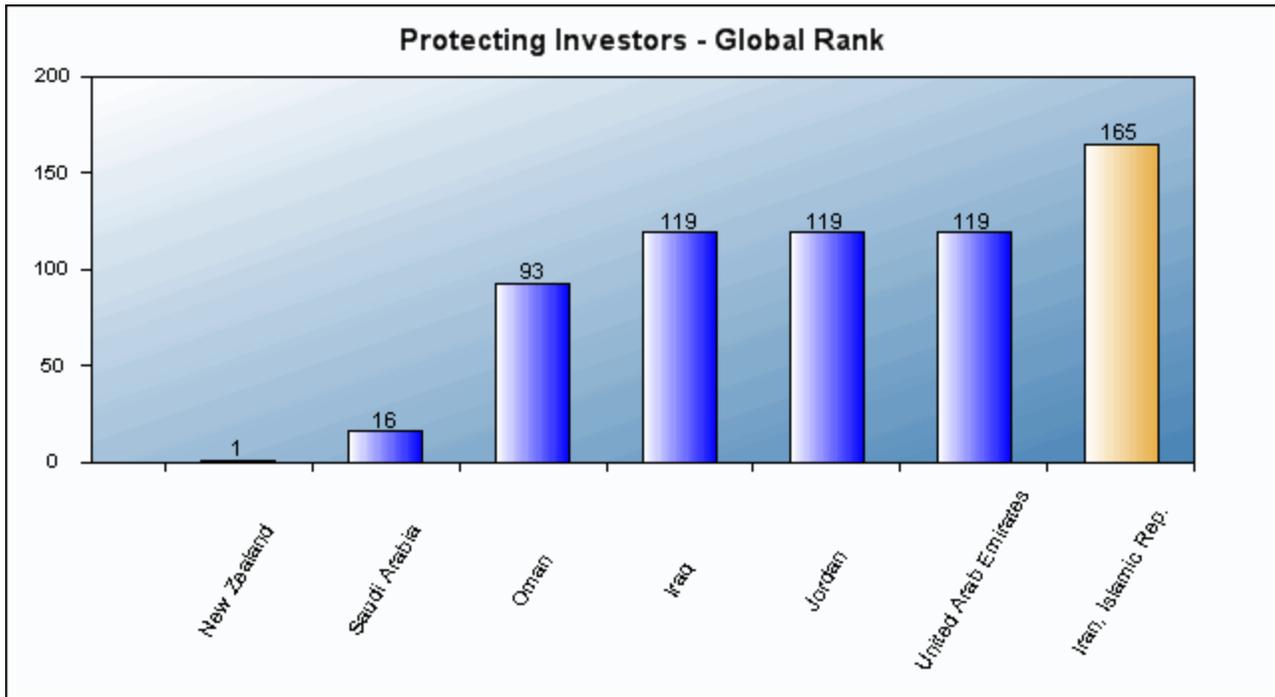


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Iran, Islamic Rep. is ranked 165 overall for Protecting Investors.

Ranking of the Islamic Republic of Iran in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for the Islamic Republic of Iran 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>	
Iran, Islamic Rep.	3.0

<i>Comparator Economies</i>	
Iraq	4.3
Jordan	4.3
Oman	5.0
Saudi Arabia	7.0
United Arab Emirates	4.3

Paying Taxes

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

Methodology

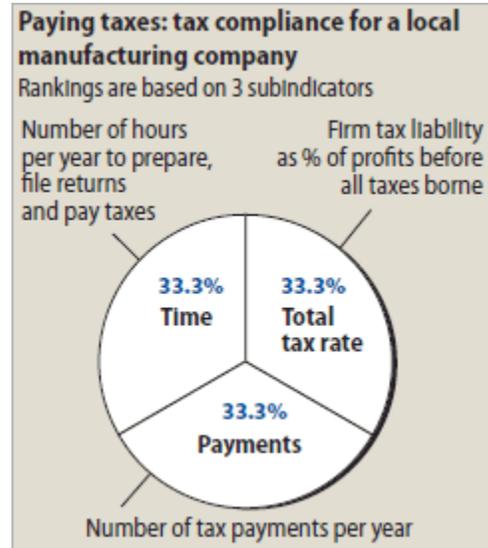
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

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

Survey case study

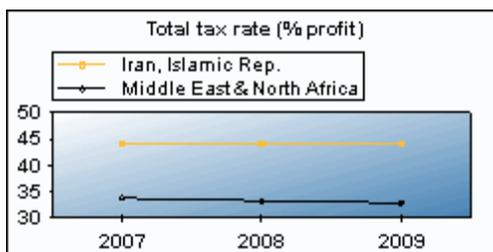
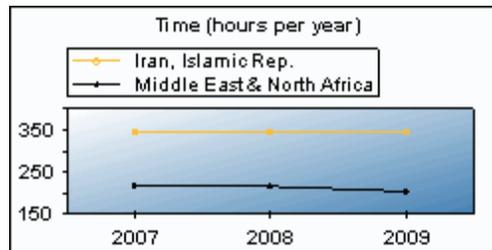
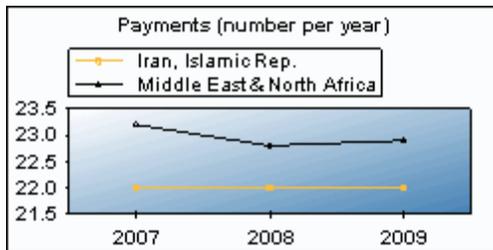
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory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



1. Historical data: Paying Taxes in the Islamic Republic of Iran

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	107	117
Total tax rate (% profit)	44.2	44.2	44.2
Payments (number per year)	22	22	22
Time (hours per year)	344	344	344

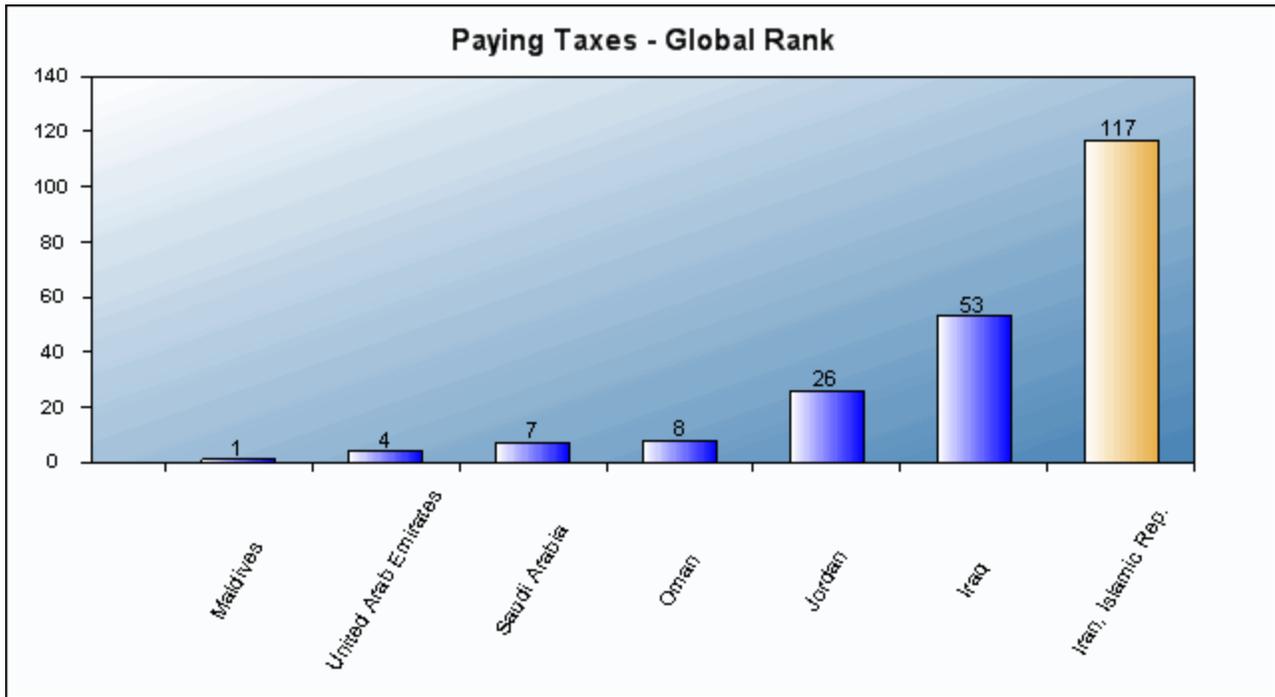
2. The following graphs illustrates the Paying Taxes indicators in the Islamic Republic of Iran over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Iran, Islamic Rep. is ranked 117 overall for Paying Taxes.

Ranking of the Islamic Republic of Iran in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for the Islamic Republic of Iran compared to good practice and comparator economies:

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

<i>Selected Economy</i>			
Iran, Islamic Rep.	22	344	44.2

<i>Comparator Economies</i>			
Iraq	13	312	28.4
Jordan	26	101	31.1
Oman	14	62	21.6
Saudi Arabia	14	79	14.5
United Arab Emirates	14	12	14.1

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

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

Methodology

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

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

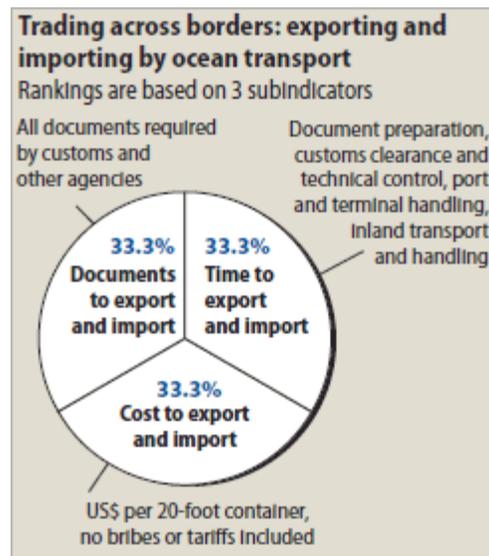
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

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

Survey case study

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

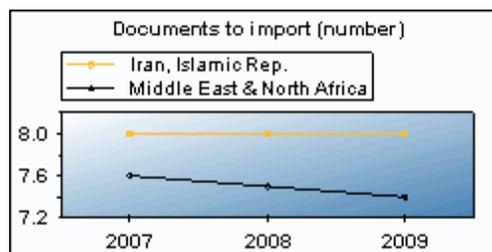
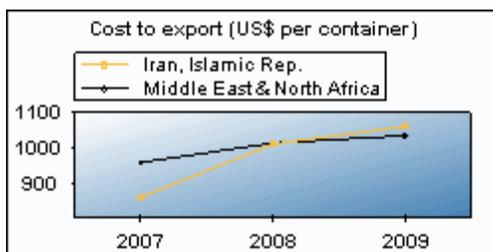
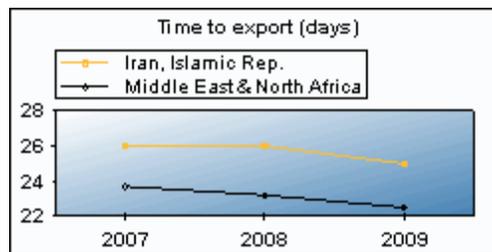
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations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

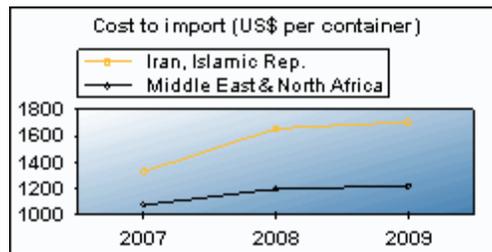
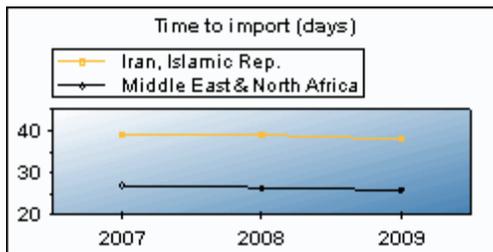


1. Historical data: Trading Across Borders in the Islamic Republic of Iran

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	132	134
Cost to export (US\$ per container)	860	1011	1061
Cost to import (US\$ per container)	1330	1656	1706
Documents to export (number)	7	7	7
Documents to import (number)	8	8	8
Time to export (days)	26	26	25
Time to import (days)	39	39	38

2. The following graphs illustrates the Trading Across Borders indicators in the Islamic Republic of Iran over the past 3 years:

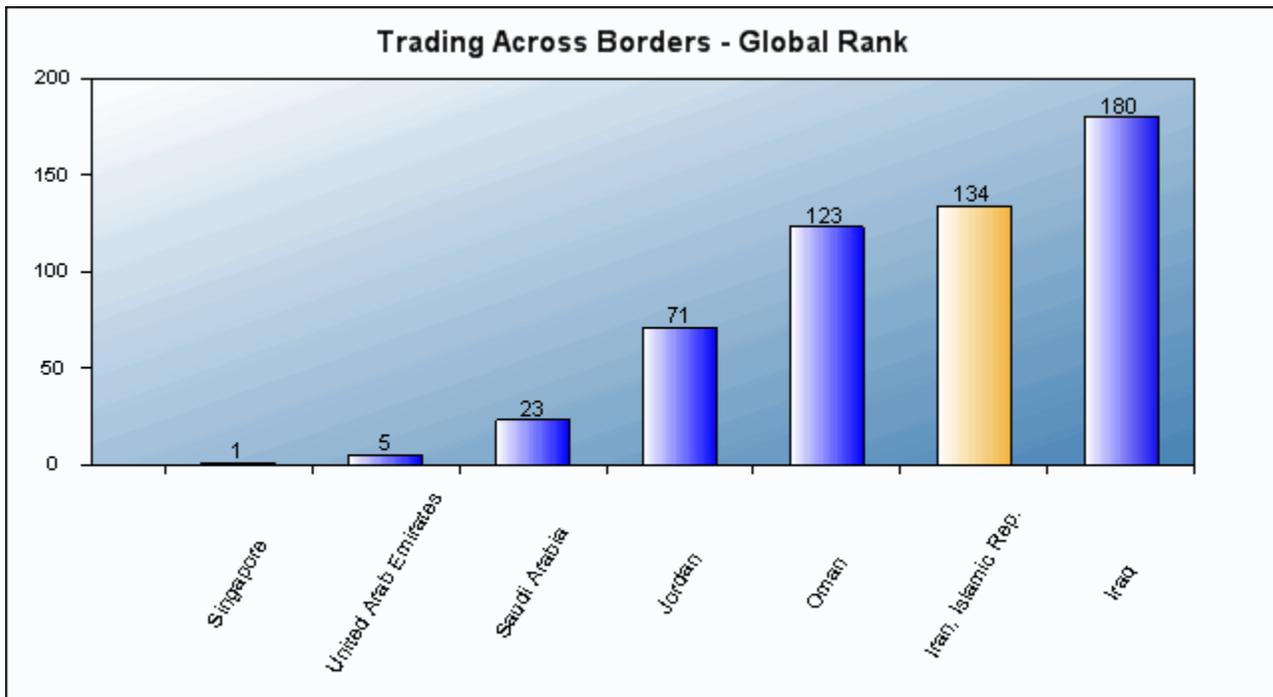




3. Benchmarking Trading Across Borders Regulations:

Iran, Islamic Rep. is ranked 134 overall for Trading Across Borders.

Ranking of the Islamic Republic of Iran in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for the Islamic Republic of Iran compared to good practice and comparator economies:

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

<i>Selected Economy</i>						
Iran, Islamic Rep.	7	25	1061	8	38	1706

<i>Comparator Economies</i>						
Iraq	10	102	3900	10	101	3900
Jordan	7	17	730	7	19	1290
Oman	10	22	821	10	26	1037
Saudi Arabia	5	17	681	5	18	678
United Arab Emirates	4	8	593	5	9	579

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

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

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

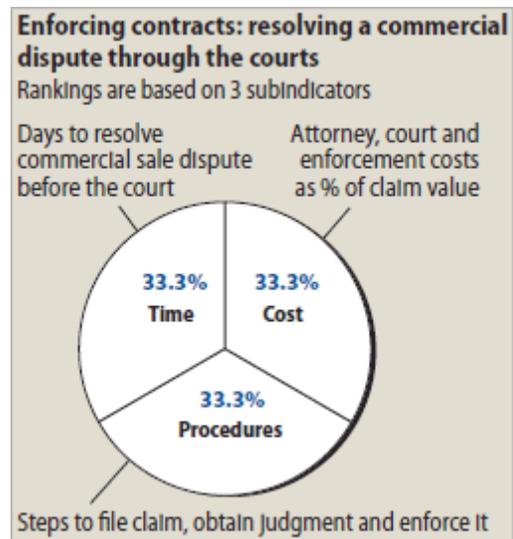
Methodology

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

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

Survey case Study

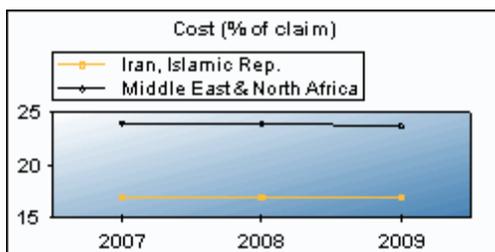
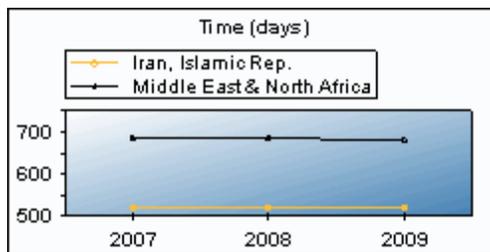
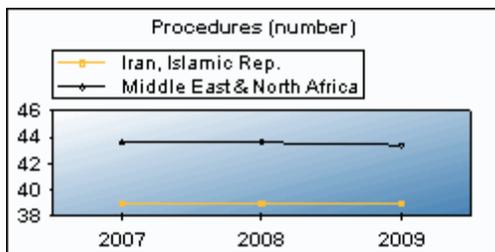
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds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



1. Historical data: Enforcing Contracts in the Islamic Republic of Iran

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	54	53
Procedures (number)	39	39	39
Time (days)	520	520	520
Cost (% of claim)	17.0	17.0	17.0

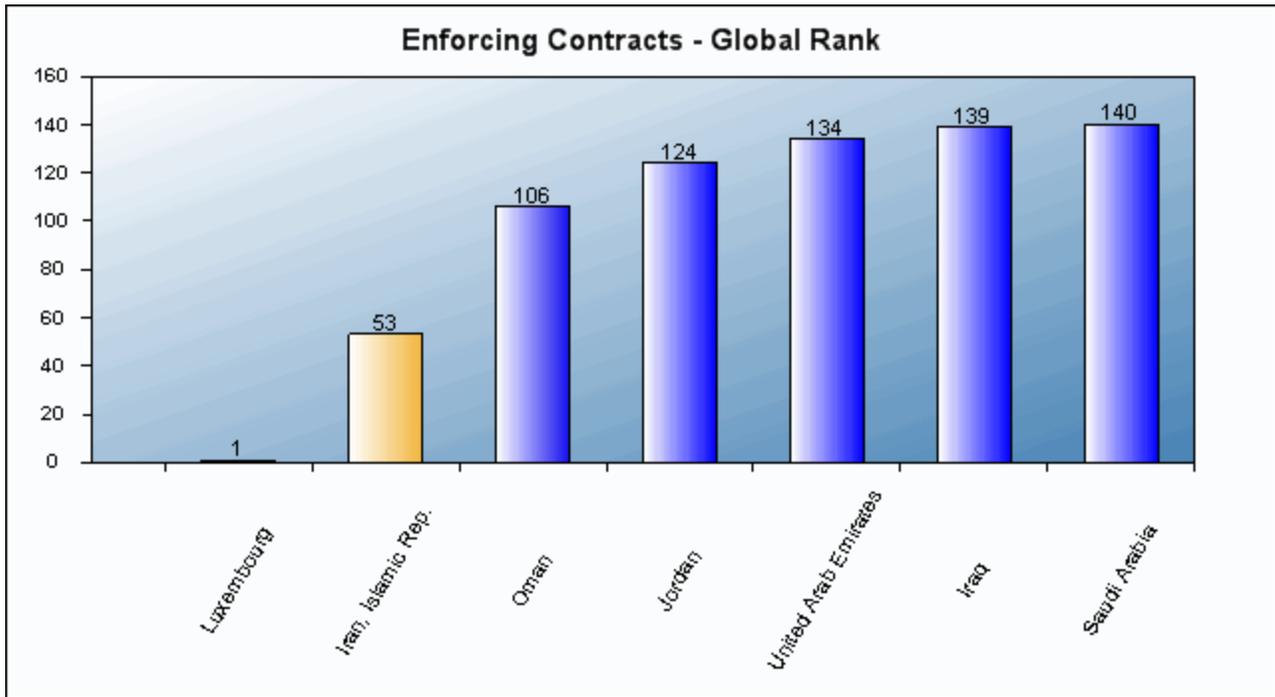
2. The following graphs illustrates the Enforcing Contracts indicators in the Islamic Republic of Iran over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Iran, Islamic Rep. is ranked 53 overall for Enforcing Contracts.

Ranking of the Islamic Republic of Iran in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for the Islamic Republic of Iran 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>			
Iran, Islamic Rep.	39	520	17.0

<i>Comparator Economies</i>			
Iraq	51	520	27.3
Jordan	38	689	31.2
Oman	51	598	13.5
Saudi Arabia	43	635	27.5
United Arab Emirates	49	537	26.2

Closing a Business

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

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

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

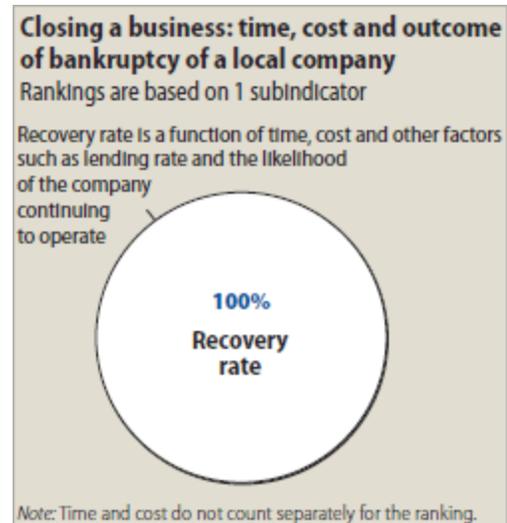
Methodology

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

Survey case study

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

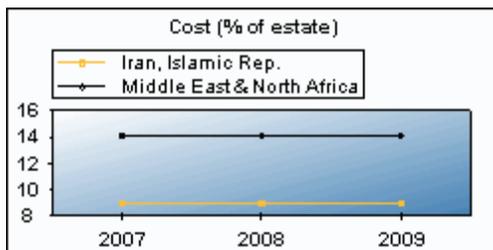
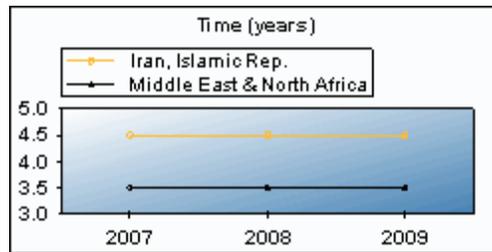
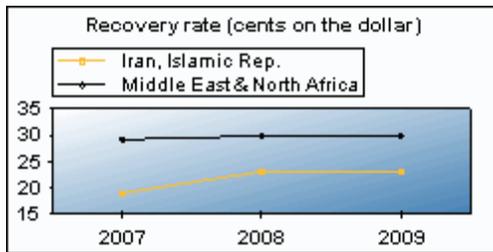
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed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



1. Historical data: Closing Business in the Islamic Republic of Iran

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	109	109
Time (years)	4.5	4.5	4.5
Cost (% of estate)	9	9	9
Recovery rate (cents on the dollar)	19.0	23.1	23.1

2. The following graphs illustrates the Closing Business indicators in the Islamic Republic of Iran over the past 3 years:



3. Benchmarking Closing Business Regulations:

Iran, Islamic Rep. is ranked 109 overall for Closing a Business.

Ranking of the Islamic Republic of Iran in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for the Islamic Republic of Iran compared to good practice and comparator economies:

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

<i>Selected Economy</i>			
Iran, Islamic Rep.	23.1	4.5	9

<i>Comparator Economies</i>			
Iraq	0.0	no practice	no practice
Jordan	27.3	4.3	9
Oman	35.1	4.0	4
Saudi Arabia	37.5	1.5	22
United Arab Emirates	10.2	5.1	30

* The following economies are also good practice economies for :

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

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

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

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

Belarus

Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.

Colombia

Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.

Egypt, Arab Rep.

The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.

Iran, Islamic Rep.

In the Islamic Republic of Iran the process for dealing with construction permits was quickened with the introduction of e-service offices in Tehran, streamlining the process for obtaining location approvals, construction permits, and building completion certificates. In addition, the time needed to obtain water and electricity connections fell substantially. The tax burden on businesses was eased by converting the sales tax into a value added tax. Business start-up was simplified with the adoption of an electronic registration system. Trade times were shortened by the installation of scanners at the port of Shahid Rajaei and the reorganization of customs clearance offices to separate inspections of special goods (chemicals, petroleum) from those of general goods.

Iraq

In Iraq no major reform was recorded.

Jordan

Jordan eased the process for dealing with construction permits by extending the services of the one-stop shop in Greater Amman to medium-size commercial construction projects. Contract enforcement was improved by setting up special commercial courts and equipping them with computer-aided case management systems. In addition, a higher threshold for the lower conciliation court is expected to result in better distribution of cases. Taxpaying for businesses was eased with the introduction of an online filing and payment system and a simplification of form filing. Transfer fees for registering property were cut from 10 percent to 7.5 percent of a property's value. Business start-up was eased by offering a single reception service for company registration at the company registrar. Trade was made more efficient by implementing a risk-based inspection regime of post-destination clearance for preapproved traders as well as by reducing to 30 percent the share of containers subject to physical inspection. In addition, implementation of new software allowing online submissions of customs declarations has reduced customs clearance times by two days for exporters and three days for importers.

Kyrgyz Republic	The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.
Liberia	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
Macedonia, FYR	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
Moldova	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
Oman	Oman simplified business start-up by introducing an online name registry and enabling payment with a prepaid card. A new tax law will modernize the tax regime and simplify procedures.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.

Saudi Arabia

Saudi Arabia expedited the process for dealing with construction permits by introducing a one-day permit procedure, enabling builders to obtain a temporary building permit allowing them to begin construction after one day and a final building permit after one week. Business start-up was eased with the creation of a one-stop office at the Ministry of Commerce that merged registration procedures and simplified publication requirements.

Tajikistan

Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

United Arab Emirates

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

APPENDICES

Starting a Business in the Islamic Republic of Iran

This table summarizes the procedures and costs associated with setting up a business in the Islamic Republic of Iran.

STANDARDIZED COMPANY

Legal Form: Private Joint Stock Company

(Sherkat-e-Sahami Khass)

Minimum Capital Requirement:

City: Tehran

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Search and reserve a unique company name	1	40000
2	Deposit at least 35% of the subscribed shares in a bank account and obtain a certificate from the bank	1	0
3	Register the company with the Companies Registration Office for companies and pay registration duties	3	375000
4	Place a notice of the company formation in the Official Gazette and the selected newspaper of general circulation	1	380000
5	Take out the officially sealed books of account within 30 days after the date of registration	1	100000
6	Pay the share certificate stamp duty within 60 days after the date of registration of the company	1	19.65
7	Enroll workers in the social security program by open files for all employees before the Iranian Labor Department and obtain a workplace number	1	0

Procedure 1 Search and reserve a unique company name

Time to complete: 1

Cost to complete: 40000

Comment: Name checks are checked thoroughly against a comprehensive electronic database for identical or similar existing names.

Procedure 2 Deposit at least 35% of the subscribed shares in a bank account and obtain a certificate from the bank

Time to complete: 1

Cost to complete: 0

Comment: Deposit at least 35% of the subscribed shares in a bank account and obtain a certificate from the bank.

Procedure 3 Register the company with the Companies Registration Office for companies and pay registration duties

Time to complete: 3

Cost to complete: 375000

Comment: To register with the Companies Registration Office, the company must submit the articles of association, signed by all shareholders; a declaration, stating that all shares have been subscribed; the minutes of the general assembly of founders and board of directors; a bank certificate, showing that at least 35% of all shares have been paid in; the minutes of the shareholders' meeting, reflecting the election of the first directors and inspector(s); a written statement accepting the position of directorship and inspectorship; birth certificates (certified copies) of the shareholders and inspectors; the name of a mass circulation newspaper in which all company announcements will be published.

Application files receive a bar code and each internal desk that receives the file tracks its entrance and exit. In addition, an electronic payment system is conducted with a card and a machine is used to pay registration fees.

Procedure 4 Place a notice of the company formation in the Official Gazette and the selected newspaper of general circulation

Time to complete: 1

Cost to complete: 380000

Comment: It is possible to directly publish the notice of the company formation through the Official Gazette and the selected newspaper or general circulation or submit it to the post office, which then forward them to the Gazette. This process takes 15 to 30 days. However, businesses do not need to wait until the publication is completed to start their business. Upon submission of the registration notice to the official gazette for publication, a copy of which is affixed with the stamp of the official gazette office as the sign of the notice being in the process of publication. This notice, bearing the stamp of the official gazette, in terms of the start of the business has the same value as the notice published in the Gazette. With this notice the company can continue other business operation formalities.

Procedure 5 Take out the officially sealed books of account within 30 days after the date of registration

Time to complete: 1

Cost to complete: 100000

Comment: The cost depends on the number of pages of the official sealed books of account.

Procedure 6 Pay the share certificate stamp duty within 60 days after the date of registration of the company

Time to complete: 1

Cost to complete: 19.65

Comment: The stamp duty must be paid within 60 days after the date of registration of the company.

Procedure 7 Enroll workers in the social security program by open files for all employees before the Iranian Labor Department and obtain a workplace number

Time to complete: 1

Cost to complete: 0

Comment: To open files in the social security program, the applicant sends a copy of the first monthly salary report to the Iranian Labor Department with a premium contribution of 33% of the employee's monthly salary (7% worker, 23% employer (3% unemployment contribution, and 3% government).

Dealing with Construction Permits in the Islamic Republic of Iran

The table below summarizes the procedures, time, and costs to build a warehouse in the Islamic Republic of Iran.

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Tehran

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain land tax payment certificate	1 day	no charge
2	Apply for location approval from the district e-service office	1 day	no charge
3	Receive site inspection	1 day	no charge
4	Obtain location approval fro the district e-service office	10 days	IRR 4,550,210
5	Obtain construction permit	30 days	IRR 8,500,000
6 *	Hire an independent surveillance company	1 day	no charge
7 *	Receive inspection from Municipality - I	1 day	no charge
8	Receive inspection from Municipality - II	1 day	no charge
9	Receive inspection from Municipality - III	1 day	no charge
10	Receive inspection from Municipality - IV	1 day	no charge
11	Receive inspection from Municipality - V	1 day	no charge
12	Apply for building completion certificate	1 day	no charge
13	Receive final inspection	1 day	no charge
14	Obtain building completion certificate	1 day	IRR 860,000
15 *	Obtain water and sewerage connection	270 days	USD 14,700

16 *	Obtain electricity connection	180 days	IRR 3,278,200
17 *	Obtain fixed telephone line	1 day	IRR 8,500,000

* Takes place simultaneously with another procedure.

Procedure 1 Obtain land tax payment certificate

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 2 Apply for location approval from the district e-service office

Time to complete: 1 day
Cost to complete: no charge
Comment: BuildCo must obtain zoning permission from the e-service office. BuildCo submits the request and the e-service officer scans the request and supporting documents into the system. An inspection is scheduled usually with a couple of days at most. By the third or fourth day, the inspector will enter the information about the site into the system and it is transferred electronically to the Municipality for approval. The Municipality will usually approve the location permit request within 1-2 days and send the approval back to the relevant e-service office. BuildCo can obtain the location approval within 10 days of submitting the application.

The cost for the zoning approval is 350 IRR per square meter = 450,000 IRR. Payment is made using an ATM card in POS system available in the e-service offices.

Procedure 3 Receive site inspection

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 4 Obtain location approval from the district e-service office

Time to complete: 10 days
Cost to complete: IRR 4,550,210
Comment:

Procedure 5 Obtain construction permit

Time to complete: 30 days
Cost to complete: IRR 8,500,000
Comment: BuildCo submits the construction permit application through the e-service office. The e-service office will send the documents to the Municipality for approval. The application is reviewed and signed by the following people: Head of Masterplan (at the location approval stage), Head of issuing permission, Deputy of Urban and City Planning District, and the District Mayor. Once everyone has signed off, the approved application is sent

back to the e-service office and the permit is issued. Applicants are informed by email, SMS, or telephone that their applications have been approved. The whole process takes about 1 month.

The cost for the construction permit is 850,000,000 IRR. Payment is made using an ATM card in POS system available in the e-service offices.

Procedure 6 Hire an independent surveillance company

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 7 Receive inspection from Municipality - I

Time to complete: 1 day

Cost to complete: no charge

Comment: The design and supervision team provides technical supervision through an architectural engineer for the duration of the construction work and directs the workers in accordance with the plans. This team reports on all construction activities to the Engine

Procedure 8 Receive inspection from Municipality - II

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 9 Receive inspection from Municipality - III

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 Receive inspection from Municipality - IV

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 11 Receive inspection from Municipality - V

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 12 Apply for building completion certificate

Time to complete: 1 day

Cost to complete: no charge

Comment: Upon completion of construction works, BuildCo must submit the site file containing all the inspection reports signed by the supervising engineer at each stage of construction to the e-service office. The e-service office will scan and transmit the file to the Municipality which will assign an inspector to come and check that there have been no breaches to the construction permit. The inspector files a no-breach report at the municipality. The building completion certificate must be signed by: The head of Issuing Permission, the Head of Technical Supervision, Deputy for Urban Planning, and the District Mayor. Once all signatures are obtained, the approved building completion certificate is transmitted back to the relevant e-service office who will notify BuildCo.

Procedure 13 Receive final inspection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 14 Obtain building completion certificate

Time to complete: 1 day

Cost to complete: IRR 860,000

Comment: The cost for the building completion certificate is 860,000,000 IRR. Payment is made using an ATM card in POS system available in the e-service offices.

Procedure 15 Obtain water and sewerage connection

Time to complete: 270 days

Cost to complete: USD 14,700

Comment: The procedure for obtaining water and sewerage connection depends on the plans and the district. The cost for material and labor has increased by approximately 15% (IRR 11.6 million to IRR 23 million).

Procedure 16 Obtain electricity connection

Time to complete: 180 days

Cost to complete: IRR 3,278,200

Comment: The cost of obtaining electricity connections increased by approximately 12% over the last year.

Procedure 17 Obtain fixed telephone line

Time to complete: 1 day

Cost to complete: IRR 8,500,000

Comment: A telephone line can be obtained from the telecommunications authority for a fee.

Employing Workers in the Islamic Republic of Iran

Employing workers indices are based on responses to survey questions. The table below shows these responses in the Islamic Republic of Iran.

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		11.1
Are fixed-term contracts prohibited for permanent tasks?	No	0
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.47	0.33
Difficulty of redundancy index (0-10)		50.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	Yes	2
Must the employer notify a third party before terminating a group of 9 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	Yes	1
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
Redundancy costs (weeks of salary)		86.7
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		0.0
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		86.7
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		29.3
Rigidity of hours index (0-100)		26.7
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	Yes	0.33
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	No	0.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	24	1

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

Registering Property in the Islamic Republic of

This topic examines the steps, time, and cost involved in registering property in the Islamic Republic of Iran.

STANDARDIZED PROPERTY

Property Value: 2,324,575,841.25

City: Tehran

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Conduct a check on the property at the Real Estate Registration Department	2-3 days (simultaneous with procedures 2, 3, 4, 5, 6, and 7)	IRR 400
2 *	Obtain a tax clearance certificate from the Tax Affairs Organization	2-7 days (simultaneous with procedures 1, 3, 4, 5, 6, and 7)	5% regional property value
3 *	Obtain settlement certificate for reconstruction duty from the Municipality	1 day (simultaneous with procedures 1, 2, 4, 5, 6, and 7)	no cost
4 *	Obtain a certificate of completion of the building	30 days (simultaneous with procedures 1, 2, 3, 5, 6, and 7)	no cost
5 *	Obtain a certificate of occupation and insurance liquidation	7 – 30 days (simultaneous with procedures 1, 2, 3, 4, 6 and 7)	no cost
6 *	Obtain a social security clearance certificate	7 days (simultaneous with procedures 1, 2, 3, 4, 5, and 7)	no cost
7 *	Payment of transfer tax at Bank Melli	1 day (simultaneous with procedures 1, 2, 3, 4, 5, and 6)	5% of property value (transfer tax) + 0.5% of property value (legal star transferred to government)
8	The deed is prepared and notarized at the notary public's office	1-3 days	IRR 607,205.94
9	The title is registered at the Real Estate Registration Department	3 days	Registration fee already paid in Procedure 8

* Takes place simultaneously with another procedure.

Procedure 1 Conduct a check on the property at the Real Estate Registration Department

Time to complete: 2-3 days (simultaneous with procedures 2, 3, 4, 5, 6, and 7)

Cost to complete: IRR 400

Comment: The inquiry is valid for 1 month if done in Tehran.

Procedure 2 Obtain a tax clearance certificate from the Tax Affairs Organization

Time to complete: 2-7 days (simultaneous with procedures 1, 3, 4, 5, 6, and 7)

Cost to complete: 5% regional property value

Comment: The clearance of taxes is determined according to official regional values. The certificate is valid for 1 month.
The Law on the Facilitation of Administration of Notary Public Office of July 2006 introduced changes to ease the property registration process and limit rent seeking. Article 1 of the new law introduced more flexible requirements. Rather than obtain these documents from the relevant authorities, buyers can obtain a sworn declaration from the sellers that all taxes, social security payments, and changes to the building are in good order and have been paid. In practice, agents still obtain the certificates.

Procedure 3 Obtain settlement certificate for reconstruction duty from the Municipality

Time to complete: 1 day (simultaneous with procedures 1, 2, 4, 5, 6, and 7)

Cost to complete: no cost

Comment: A tax clearance certificate must be obtained from the Municipality to account for all the renovations made to the property.

Procedure 4 Obtain a certificate of completion of the building

Time to complete: 30 days (simultaneous with procedures 1, 2, 3, 5, 6, and 7)

Cost to complete: no cost

Comment: A certificate of completion of the building erected on the land must be obtained from the Municipality.

Procedure 5 Obtain a certificate of occupation and insurance liquidation

Time to complete: 7 – 30 days (simultaneous with procedures 1, 2, 3, 4, 6 and 7)

Cost to complete: no cost

Comment: In case the building is used for administrative purposes and has a certificate of completion of the building, a certificate of occupation and insurance liquidation must be obtained from the Department of Labor & Social Affairs for all insured workers.

Procedure 6 Obtain a social security clearance certificate

Time to complete: 7 days (simultaneous with procedures 1, 2, 3, 4, 5, and 7)

Cost to complete: no cost

Comment: A social security clearance certificate must be obtained from the Social Security Organization.

Procedure 7 Payment of transfer tax at Bank Melli

Time to complete: 1 day (simultaneous with procedures 1, 2, 3, 4, 5, and 6)

Cost to complete: 5% of property value (transfer tax) + 0.5% of property value (legal stamp transferred to government)

Comment: The legal stamp should be paid at Bank Melli Iran before drafting the sale purchase agreement. According to the laws and regulations of the Registration Department, transfer tax is calculated according to the "Mantaghe Bandi" (zoning) price, so transfer tax for deeds up to IRR 40,000,000 would be 3% and for deeds of over IRR 40,000,000 would be 5% of the total amount. The price mentioned in the deed may be the "Mantaghe Bandi" price or the real price. In any way "Mantaghe Bandi" price is the basis of calculation which is between 7% to 10% of the real price. Even if the real price is mentioned in the deed, the basis of calculation for transfer tax is the "Mantaghe Bandi" price which is calculated by the notary.

Procedure 8 The deed is prepared and notarized at the notary public's office

Time to complete: 1-3 days

Cost to complete: IRR 607,205.94

Comment: The notary public collects an amount according to legal tariffs determined by the Organization of Deeds and Properties Registration at the time of drawing up the deed, which includes writing fee and the registration fee. According to the decree 87/8039 of the Deputy Head of the Organization for the Registration of Deeds and Properties.

Decree 87/8039 of the Deputy Head of the Organization for the Registration of Deeds and Properties, of July 10, 2008 stated that new notary fees must be established. The Organization of Deeds and Properties Registration introduced a new law that came into force in September 2008.

Fee Schedule:

Government rate Notary Public Fee:

2,000,000 IRR: 150,000 IRR flat fee

up to 10,000,000 IRR: 150,000 IRR + 2% of the difference

up to 200,000,000 IRR: 150,000 IRR + 0.2% of the difference

Procedure 9 The title is registered at the Real Estate Registration Department

Time to complete: 3 days

Cost to complete: Registration fee already paid in Procedure 8

Comment: The title is registered at the Real Estate Registration Department by the notary public.

who sends an abstract of the deed.

Getting Credit in the Islamic Republic of Iran

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

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	3
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Coverage		0.0	31.3
Number of individuals		0	16,273,700
Number of firms		0	217,236

Strength of legal rights index (0-10)		4
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
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?		No

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

Yes

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

Yes

Protecting Investors in the Islamic Republic of Iran

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

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

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

Strength of investor protection index (0-10)	3.0
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Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in the Islamic Republic of Iran

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Sales tax	6		72	0.03	sales		
Property tax	1			various rates	assessment of property value		
Tax on check transactions (stamp duty)	1			IRR 200 per check	number of checks issued	0.00	
Property transfer tax	1			0.05	assessed value of land	0.36	
Corporate income tax	1		32	0.25	taxable profits	17.90	
Social insurance contributions	12		240	0.23	gross salaries	25.94	
Totals	22		344			44.2	

Notes:

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

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

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

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

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

Trading Across Borders in the Islamic Republic of Iran

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	12	176
Customs clearance and technical control	2	150
Ports and terminal handling	4	210
Inland transportation and handling	7	525
Totals	25	1061

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	23	296
Customs clearance and technical control	2	200
Ports and terminal handling	5	210
Inland transportation and handling	8	1000
Totals	38	1706

Export

Bill of lading

Certificate of origin

Commercial Invoice

Customs export declaration

Insurance policy

Packing list

Technical standard/health certificate

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration
Insurance policy
Packing list
Technical standard/health certificate

Enforcing Contracts in the Islamic Republic of Iran

This topic looks at the efficiency of contract enforcement in the Islamic Republic of Iran.

Nature of Procedure (2009)	Indicator
Procedures (number)	39
Time (days)	520
Filing and service	40.0
Trial and judgment	300.0
Enforcement of judgment	180.0
Cost (% of claim)*	17.00
Attorney cost (% of claim)	10.0
Court cost (% of claim)	2.0
Enforcement Cost (% of claim)	5.0

Court information: Tehran First Instance Court ("دادگاه بدری")

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



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2010

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ISBN: 978-0-8213-7961-5



Printed in the
United States