

# Doing Business 2011

Turkey

## Making a Difference for Entrepreneurs

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011  
Business Reforms

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

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

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

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

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

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

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

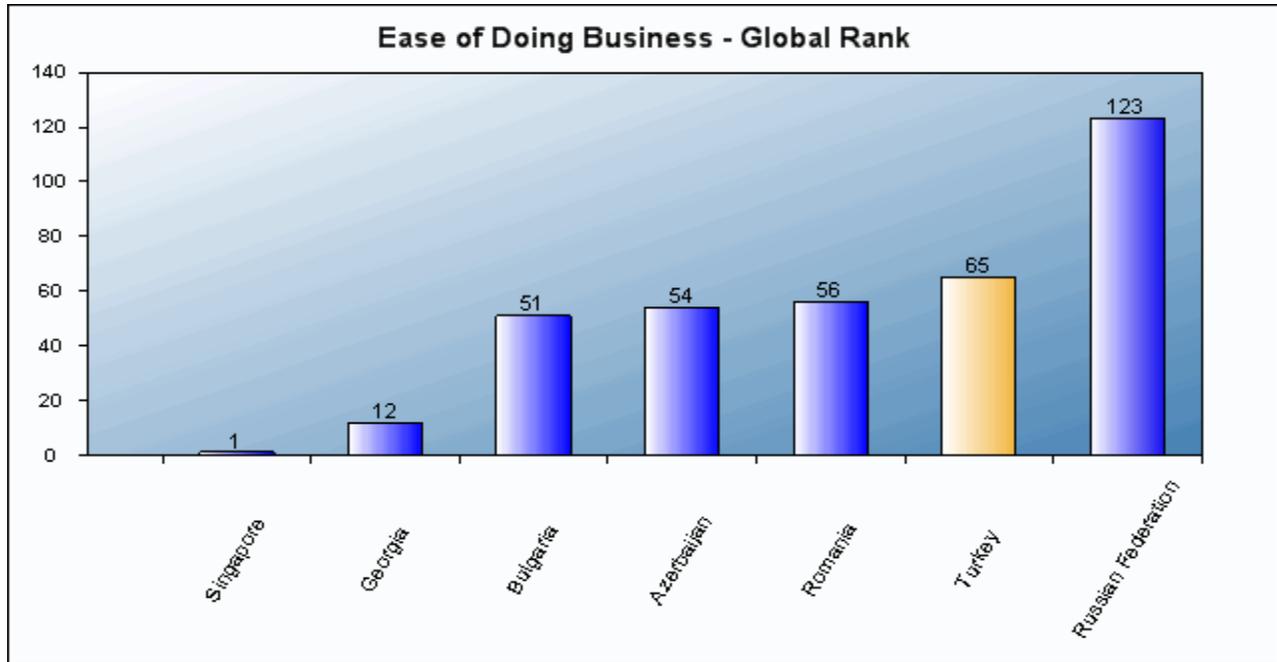
\* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

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

## Economy Rankings - Ease of Doing Business

Turkey is ranked 65 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Turkey's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	65
Starting a Business	63
Dealing with Construction Permits	137
Registering Property	38
Getting Credit	72
Protecting Investors	59
Paying Taxes	75
Trading Across Borders	76
Enforcing Contracts	26
Closing a Business	115

## Summary of Indicators - Turkey

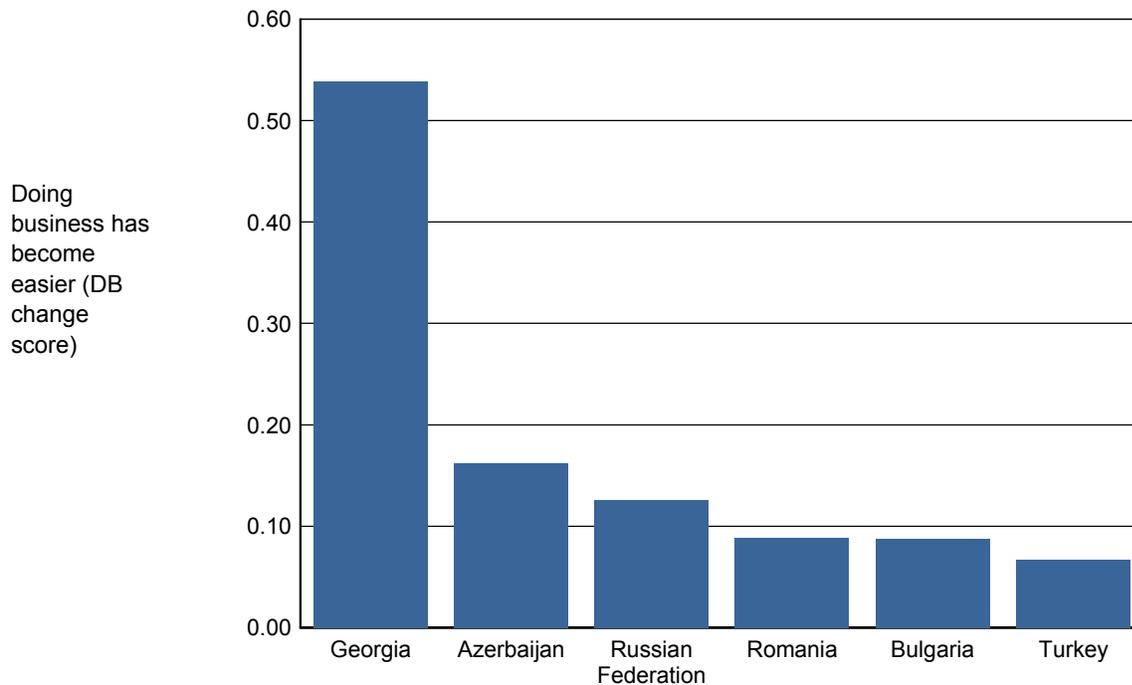
<b>Starting a Business</b>	Procedures (number)	6
	Time (days)	6
	Cost (% of income per capita)	17.2
	Min. capital (% of income per capita)	9.9
<b>Dealing with Construction Permits</b>	Procedures (number)	25
	Time (days)	188
	Cost (% of income per capita)	231.4
<b>Registering Property</b>	Procedures (number)	6
	Time (days)	6
	Cost (% of property value)	3.0
<b>Getting Credit</b>	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	18.3
	Private bureau coverage (% of adults)	42.2
<b>Protecting Investors</b>	Extent of disclosure index (0-10)	9
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	4
	Strength of investor protection index (0-10)	5.7
<b>Paying Taxes</b>	Payments (number per year)	15
	Time (hours per year)	223
	Profit tax (%)	17.0
	Labor tax and contributions (%)	23.1
	Other taxes (%)	4.4
	Total tax rate (% profit)	44.5
<b>Trading Across Borders</b>	Documents to export (number)	7
	Time to export (days)	14
	Cost to export (US\$ per container)	990
	Documents to import (number)	8
	Time to import (days)	15
	Cost to import (US\$ per container)	1063

<b>Enforcing Contracts</b>	Procedures (number)	35
	Time (days)	420
	Cost (% of claim)	18.8
<b>Closing a Business</b>	Recovery rate (cents on the dollar)	21.1
	Time (years)	3.3
	Cost (% of estate)	15

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

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

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



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

#### Some reform outcomes

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

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

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

#### What does Starting a Business measure?

##### Procedures to legally start and operate a company (number)

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

##### Time required to complete each procedure (calendar days)

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

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

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

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

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

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



#### Case Study Assumptions

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

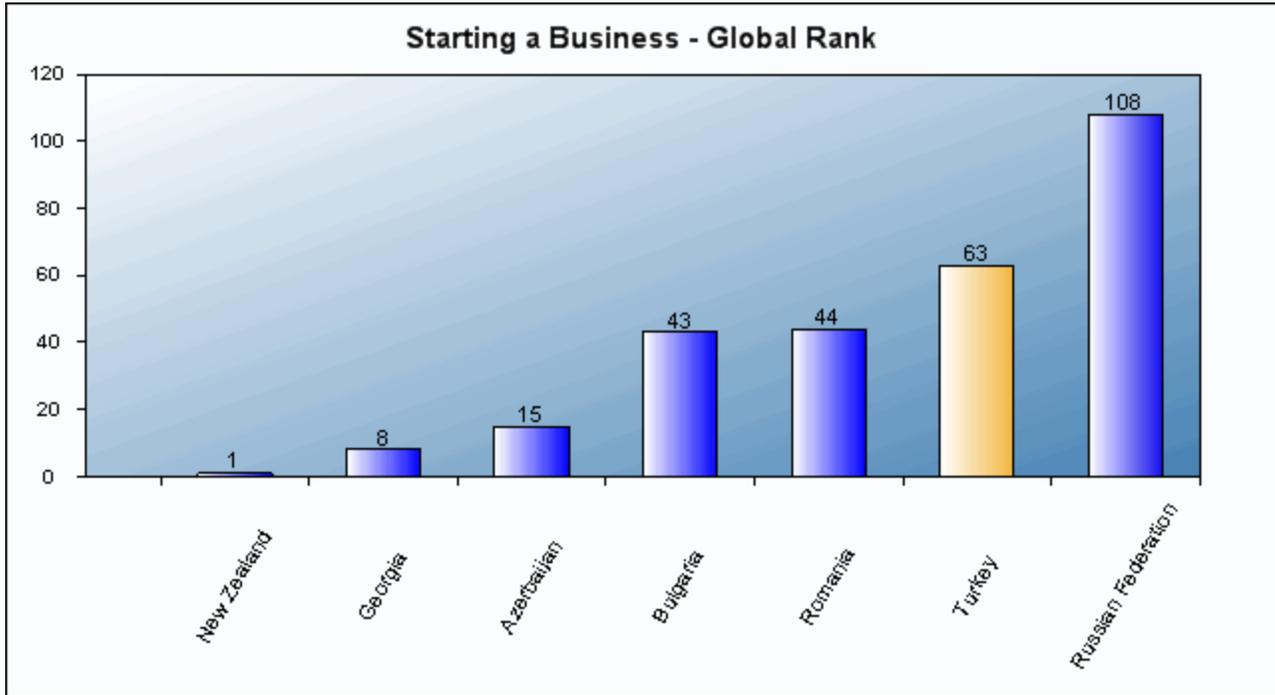
#### The business:

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

## 1. Benchmarking Starting a Business Regulations:

Turkey is ranked 63 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
<b>Turkey</b>	<b>6</b>	<b>6</b>	<b>17.2</b>	<b>9.9</b>

<i>Comparator Economies</i>				
<b>Azerbaijan</b>	6	8	3.1	0.0
<b>Bulgaria</b>	4	18	1.6	0.0
<b>Georgia</b>	3	3	5.0	0.0
<b>Romania</b>	6	10	2.6	0.9
<b>Russian Federation</b>	9	30	3.6	1.9

\* The following economies are also good practice economies for :

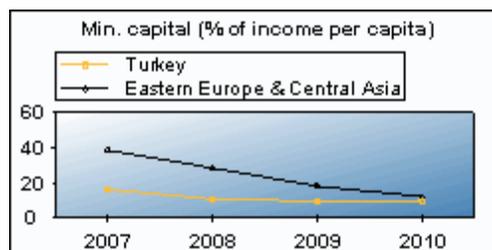
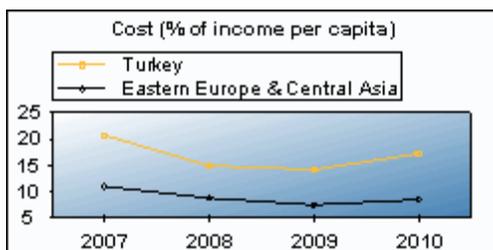
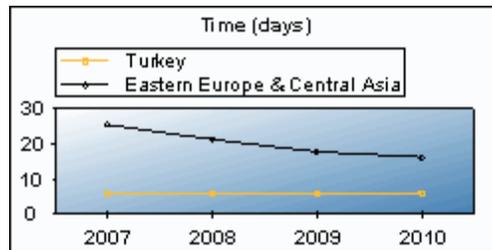
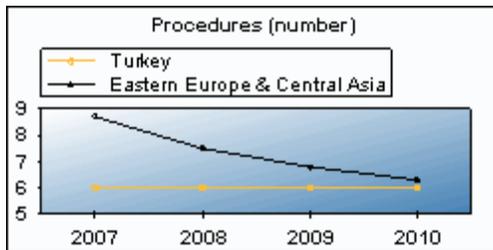
**Procedures (number):** **Canada**

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

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

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	56	63
Procedures (number)	6	6	6	6
Time (days)	6	6	6	6
Cost (% of income per capita)	20.7	14.9	14.2	17.2
Min. capital (% of income per capita)	16.2	10.9	9.5	9.9

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



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



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

STANDARDIZED COMPANY  
 Legal Form: Limited Sirket (LS)  
 City: Istanbul

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Execute and notarize articles of association, signature declaration of the managers, copies of each manager's identity card or passport and commercial books.	1	TRY 1,000
2	Deposit a percentage of capital to the account of Competition Authority	1	TRY 50
3	Deposit the initial capital in a bank and obtain the certificate of paid-in capital	1	no charge
4	File the incorporation notice form, commitment letter, and Chamber registration statement at the Trade Registry Office	2	TRY 942
5	* Have a notary certify the legal books	1	TRY 174
6	Follow up with the tax office on Commercial Registry's notification	1	no charge

\* Takes place simultaneously with another procedure.

## Starting a Business Details - Turkey

<b>Procedure</b>	<b>1</b>	<b>Execute and notarize articles of association, signature declaration of the managers, copies of each manager's identity card or passport and commercial books.</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	TRY 1,000	
<b>Comment:</b>	<p>The following documents are required:</p> <ul style="list-style-type: none"><li>- Notarized articles of association (three, one original).</li><li>- Notarized signature declarations (two copies).</li><li>- Notarized identity cards of company managers (two copies).</li></ul> <p>According to amendments to the Stamp Tax Law (effective January 1, 2004), the incorporation documents are exempt from the stamp tax. The certification fee will be paid to the notary public for executing the articles of incorporation.</p> <p>The updated fee schedule for notarizing incorporation documents:</p> <ul style="list-style-type: none"><li>- Articles of association (three copies, each of 10 pages): YTL 900 (estimate).</li><li>- Signature declarations of company managers (two, each with five signatures): YTL 100 (estimate).</li></ul>	
<b>Procedure</b>	<b>2</b>	<b>Deposit a percentage of capital to the account of Competition Authority</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	TRY 50	
<b>Comment:</b>	<p>To register with the Commercial Registry, founders must obtain the original receipt from Ziraat Bankası. This receipt shows that 0.04% of the company's capital has been paid to the Competition Authority at the central bank or a public bank.</p>	
<b>Procedure</b>	<b>3</b>	<b>Deposit the initial capital in a bank and obtain the certificate of paid-in capital</b>
<b>Time to complete:</b>	1	
<b>Cost to complete:</b>	no charge	
<b>Comment:</b>	<p>If the whole capital of the Company is not paid in advance, the capital of the Company can also be paid in within three months following the registration. Kindly note that another option is; 25% of the capital can be paid in the first 3 months following the registration of the company, and the balance of the subscribed capital shall be paid within 3 years of incorporation.</p>	
<b>Procedure</b>	<b>4</b>	<b>File the incorporation notice form, commitment letter, and Chamber registration statement at the Trade Registry Office</b>
<b>Time to complete:</b>	2	
<b>Cost to complete:</b>	TRY 942	
<b>Comment:</b>	<p>Founders must submit the incorporation notice form, the commitment letter, and the chamber registration statement the Trade Registry Office. However, the formation of a limited liability company does not require a court application. Thus, upon gathering the following documents, founders may begin the registration process:</p>	

- For each individual shareholder who is not a Turkish citizen, one copy of the shareholder's passport notarized by a Turkish notary.
- For each individual shareholder who is a Turkish citizen or for a Turkish representative of such shareholder, two certified copies of the identity card.
- Three copies of an establishment notification form (kuruluş bildirim formu).
- Three copies of the notarized articles of association.
- Bank deposit receipt from the Competition Authority Account (0.04% of the company's capital).
- An undertaking (taahhütname) signed by the authorized company representatives.
- For each person authorized to represent the founders of the limited liability company, two copies of the signature.

The Commercial Registry Office notifies the Tax Office and the District Employment Office about the company incorporation. The Registry arranges for an announcement in the Commercial Registration Gazette within about 10 days of company registration.

A tax identification plaque must be obtained from the local tax office after the Commercial Registry Office notifies the local tax office. The Registry Office also notifies the Ministry of Labor and Social Security, Directorate of the Social Security Institution of the incorporation. A social security number must be obtained from the relevant Social Security Administration office, and company employees must be registered with that administration.

The registration fee for a limited liability company has been increased to YTL 555:

- Publication or advertisement fee: YTL 0.23 per word.
- Startup notice: YTL 38.
- Trade Registry Gazette fee: YTL 1.50.
- Publication: YTL 90–460.
- Registration fee for manager's signature
  - First manager's signature: YTL250.
  - Each additional manager's signature: YTL 198.85.

Fee schedule for annual membership in the Istanbul Chamber of Commerce (based on capital):

- YTL 1 - 999 (capital): YTL 70
- YTL 1,000 - 24,999 (capital): YTL 100
- YTL 25,000 - 249,999 (capital): YTL 150
- YTL 250,000 - 999,999 (capital): YTL 200
- YTL 1,000,000 and up (capital): YTL 225

#### **Procedure 5 Have a notary certify the legal books**

**Time to complete:** 1

**Cost to complete:** TRY 174

**Comment:** The founders must certify the legal books the day they register the company with the Commercial Registry. The notary public must notify the Tax Office about the commercial book certification.

Fee schedule for legal book certification:

- Certification up to 100 pages: YTL 45
- Certification up to 200 pages: YTL 56

#### **Procedure 6 Follow up with the tax office on Commercial Registry's notification**

**Time to complete:** 1

**Cost to complete:** no charge

**Comment:** The Commercial Registry Office notifies the Tax Office and the Social Security Administration of the company's incorporation. In practice, to expedite the registration process, company representatives follow up on whether the notification has been received. A tax officer comes to the company headquarters to prepare a determination report. There must be at least one authorized

signature in the determination report. According to "The Law Number 4884 Regarding the Amendments on Turkish Commercial Code, Tax Procedure Law, Stamp Act, Labor and Social Security Law" Trade Registry Officers send company establishment form which includes tax number notification to Tax Office.

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

### Some reform outcomes

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

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

### What does the Dealing with Construction Permits indicator measure?

#### Procedures to legally build a warehouse (number)

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

#### Time required to complete each procedure (calendar days)

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

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

- Official costs only, no bribes

### Case Study Assumptions

#### The business:

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

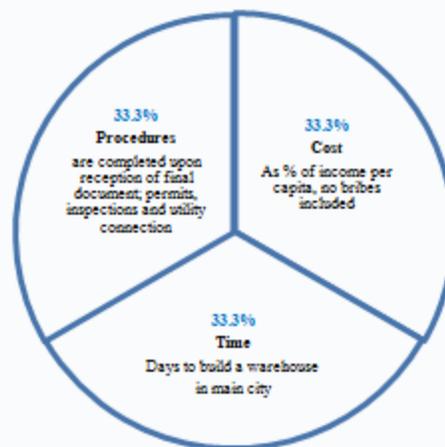
#### The warehouse:

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

### Dealing with Construction Permits:

#### Building a warehouse

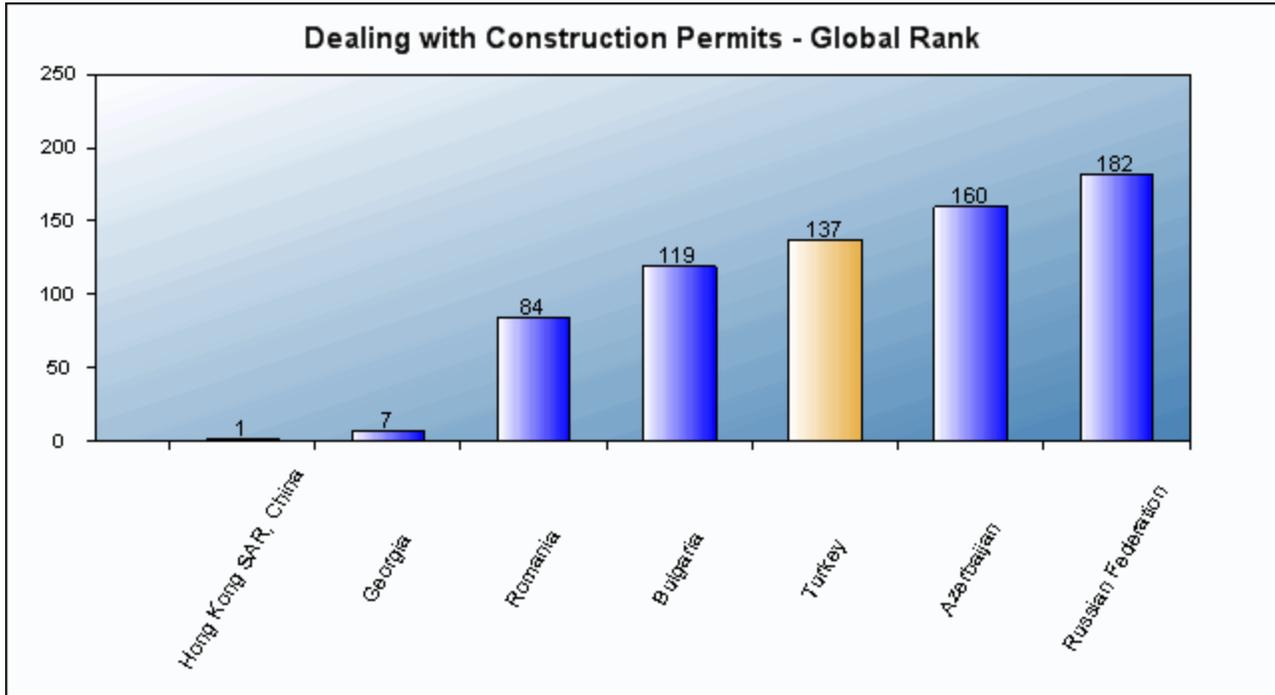
Rankings are based on 3 subindicators



## 1. Benchmarking Dealing with Construction Permits Regulations:

Turkey is ranked 137 overall for Dealing with Construction Permits.

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



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

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

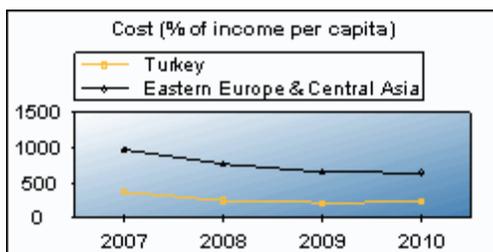
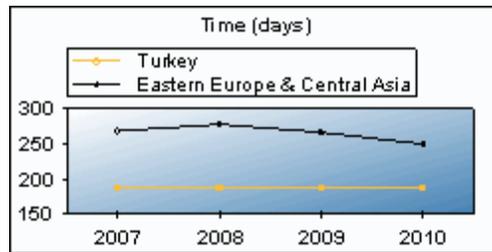
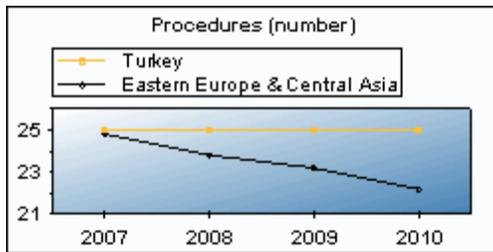
<i>Selected Economy</i>			
<b>Turkey</b>	<b>25</b>	<b>188</b>	<b>231.4</b>

<i>Comparator Economies</i>			
<b>Azerbaijan</b>	31	207	388.9
<b>Bulgaria</b>	24	139	442.3
<b>Georgia</b>	10	98	23.2
<b>Romania</b>	17	228	73.9
<b>Russian Federation</b>	53	540	4141.0

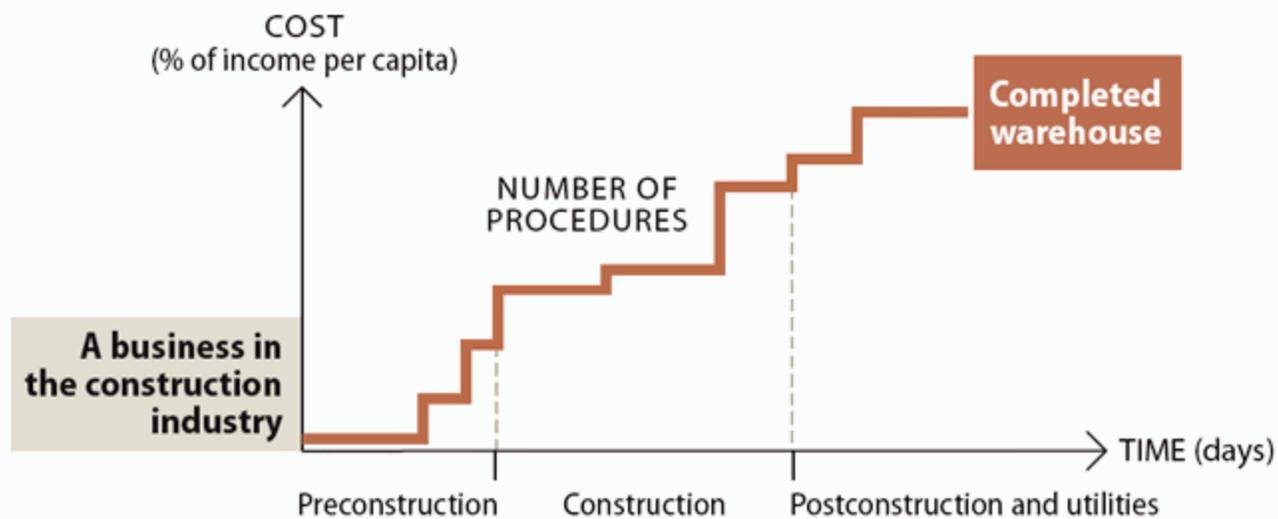
## 2. Historical data: Dealing with Construction Permits in Turkey

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	133	137
Procedures (number)	25	25	25	25
Time (days)	188	188	188	188
Cost (% of income per capita)	369.9	249.3	218.8	231.4

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



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



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

### BUILDING A WAREHOUSE

City: Istanbul

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain lot plan	7 days	TRY 92
2	Obtain cadastral plan	3 days	no charge
3	Obtain road datum document	2 days	TRY 105
4	Hire an independent building inspector	4 days	TRY 13,490
5	Obtain approval of architectural drawings from the municipality	30 days	TRY 3,500
6	Obtain approval from the Fire Department	2 days	TRY 1,860
7 *	Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS)	1 day	no charge
8 *	Obtain approval of technical drawings from the phone company	1 day	no charge

9	Obtain contractor registration document from the chamber of commerce	1 day	TRY 555
10	Obtain project approval from the civil defense directorate of the district governor's office	7 days	TRY 30
11	Obtain proof of payment and clearance of water and sewerage infrastructure	20 days	TRY 1,208
12	Receive foundation registration number from the Social Security Institution	1 day	no charge
13	Obtain building permit	30 days	TRY 5,000
14	Obtain proof of tax payment	1 day	no charge
15	Request inspection from the civil defense experts	1 day	no charge
16	Receive inspection from the civil defense experts in the district governor's office	1 day	no charge
17	Receive final inspection from the municipality	1 day	no charge
18 *	Obtain occupancy permit	30 days	TRY 2,000
19 *	Obtain proof of real estate tax payment	10 days	no charge
20 *	Change the title deed from a land title deed to a building title deed	10 days	TRY 300
21	Request water connection and permission for discharge of sewerage and rainwater	40 days	no charge
22	Receive inspection and obtain connection from the water and sewerage department	7 days	no charge
23	Obtain electricity connection	2 days	TRY 1,000
24 *	Obtain approval of telephone system from the Telephone Regional directorate	3 days	no charge
25 *	Obtain telephone connection	2 days	TRY 7

\* Takes place simultaneously with another procedure.

## Dealing with Construction Permits Details - Turkey

### Procedure 1 Obtain lot plan

**Time to complete:** 7 days

**Cost to complete:** TRY 92

**Agency:** District Land Registry

**Comment:** BuildCo applies to the Land Registry. Technicians from the Land Registry peg the corners of the plot, fix its location on the land, and prepare the plan for application.

According to annual indexation of official fees for issuing the lot plan by the Land Registry there would be the following table:

1-1000 m2 .....	92,00.TL.
1001-3000 m2 .....	139,00.TL.
3001-5000 m2 .....	290,00.TL.
5001- 10000 m2 .....	359,00.TL.
10001-20000 m2 .....	488,00.TL.
20001-50000 m2 .....	637,00.TL.
50001-100000 m2 .....	778,00.TL.
100001-200000 m2 .....	922,00.TL.
200001-500000 m2 .....	1.074,00.TL.

The fee applied for BuildCo case is TYR 92, which may be multiplied by a ratio based on the actual location of the warehouse in certain district.

### Procedure 2 Obtain cadastral plan

**Time to complete:** 3 days

**Cost to complete:** no charge

**Agency:** District Cadastral Office

**Comment:** BuildCo submits an application to the Cadastral Plan Branch of the relevant municipality, along with the two documents described in the previous procedure, and obtains the Cadastral Plan Document. This document states the development conditions applicable to the plot.

### Procedure 3 Obtain road datum document

**Time to complete:** 2 days

**Cost to complete:** TRY 105

**Agency:** Road Datum Branch, Istanbul Metropolitan Municipality

**Comment:** BuildCo must apply to the Road Datum Branch of the relevant municipality with the documents obtained in the previous procedures. The branch technicians set all the necessary levels—road, entrance, plot, building corners, and the like—to be the basis for the design process of the works that will follow, and issue a “road datum document.”

### Procedure 4 Hire an independent building inspector

**Time to complete:** 4 days

**Cost to complete:** TRY 13,490

**Agency:** Private Building Inspection Agency

**Comment:** The company must select an independent building inspector and sign a service contract with this inspector. The inspector must check and approve all the project's plans before they are submitted to the municipality. The list of project plans is extensive and includes the architectural design of the building done by design consultants; the reinforced concrete and insulation project plans prepared by a civil engineer; the fire safety project plans prepared jointly by an architect and the mechanical engineer for utilities; the project plans and documents for hot water, and those of central heating facilities prepared by a mechanical engineer; the electrical wiring project plans prepared by an electrical engineer; the telecommunications system project plans prepared by an electrical engineer; and the landscape project plans prepared by a landscape engineer.

Selecting an independent building consultant takes only a day. However, practitioners agree that it takes at least 3 days for the building inspector to review and approve all the documents before they are submitted to the municipality. Hence, for the case considered here, it is assumed that 4 days are needed to complete this procedure.

The building inspector charges a fee of 3% of the total building cost. On 5 February 2008, "Regulation on the Implementation of Building Inspection" was adopted. According to it there have been several amendments in amount of the building inspector's fee.

Accordingly, upon the period of the construction, the building inspector's fee changes between 2,57% and 5,31% of total construction cost. This fee is now paid in six installments whereas before was in four installments. The inspector receive the following payments at the following stages:

- 10% when the building permit is obtained.
- 10% when the foundation is completed.
- 40% when the static structure is completed.
- 20% when the detailed works are completed.
- 15% when the mechinacal and electricity system are completed.
- 5 % when the construction completion minute is approved by the municipality.

However, for the case considered here, it is assumed that any interaction with the independent building inspector is an internal process within BuildCo. Hence, the phased-out payment is included in this procedure as a one lump sum, for methodological reasons.

## **Procedure 5 Obtain approval of architectural drawings from the municipality**

**Time to complete:** 30 days

**Cost to complete:** TRY 3,500

**Agency:** District Municipality

**Comment:** The company must submit the documents listed below along with the architectural drawings to the project branch of the municipality:

- The authorization document of the architect.
- The plan for the application.
- The cadastral plan document.
- The road datum document.
- The title deed registration document.
- The plot share distribution table, if there is more than one independent section on the land (for instance, an apartment building)
- Built-up area breakdown table in square meters.
- Ratified geological study.

- Three sets of the elevator preliminary report (not applicable in the warehouse case).

The municipality must approve the project's proposed designs. The fire safety project should also be submitted to the municipality for approval and can be included in this procedure.

If the municipality asks for changes to be made to the architectural designs during the approval process, these changes should be reflected in the engineering and landscaping projects as well. For final approval, these project plans are submitted to the municipal project branch, for static, sanitation facility, heating and heat insulation, and landscaping project plans to the Turkish Electricity Distribution Corporation (TEDAS), for the electricity project plans; and to the telephone company, for the telecommunication project plans. Fire-electricity and fire-mechanical project plans must be approved by the Fire Department.

Article 22 of the Land Development Law establishes a 30-day statutory time limit for this procedure. Although in some cases the approval may be granted within 7 days, practitioners agree that most cases require the full 30 days allowed by law.

The cost estimated for this procedure ranges from TRY 3,000 to TRY 3,500. The fees found on one district municipality's Web site show the cost breakdown to include fees for examination, approval, and various other taxes (e.g., sign posts, trees).

**Procedure 6 Obtain approval from the Fire Department**

<b>Time to complete:</b>	2 days
<b>Cost to complete:</b>	TRY 1,860
<b>Agency:</b>	Fire Department, Istanbul Metropolitan Municipality
<b>Comment:</b>	BuildCo must apply for fire facilities approval to the Istanbul Metropolitan Municipality Fire Brigade. TAs of January 1, 2009 the fee schedule for issuing fire approval of construction projects has been updated:  <ul style="list-style-type: none"><li>1. group buildings: m<sup>2</sup> (exempted)</li><li>2. group buildings: m<sup>2</sup> 0.36 TRY</li><li>3. group buildings: m<sup>2</sup> 0.60 TRY</li><li>4. group buildings: m<sup>2</sup> 0.80 TRY</li><li>5. group buildings: m<sup>2</sup> 1.20 TRY</li><li>6. group buildings: m<sup>2</sup> 1.43 TRY</li><li>7. group buildings: m<sup>2</sup> 3.50 TRY</li><li>8. group buildings: m<sup>2</sup> 3.50 TRY</li></ul>

In case of BuildCo it would classify into group 6 (factory buildings, hospitals, hotels, warehouses). So, in the present case the total cost is  $1.300,6 \times 1.43 = \text{TRY } 1.859$ .

**Procedure 7 Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS)**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Agency:</b>	Turkish Electricity Corporation (TEDAS)
<b>Comment:</b>	If the building requires new electrical facilities from the Turkish electricity corporation (TEDAS), the TEDAS charges a fee for the new facilities.

**Procedure 8 Obtain approval of technical drawings from the phone company**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Türk Telekom

**Comment:** If the building requires new telecommunication facilities from the Post and Telephone Corporation (PTT), the PTT charges a fee for these new facilities.

**Procedure 9 Obtain contractor registration document from the chamber of commerce**

**Time to complete:** 1 day

**Cost to complete:** TRY 555

**Agency:** Chamber of Commerce

**Comment:** The contractor (BuildCo) must obtain the “contractor registration document” for the year in which the building permit is issued.

**Procedure 10 Obtain project approval from the civil defense directorate of the district governor’s office**

**Time to complete:** 7 days

**Cost to complete:** TRY 30

**Agency:** Civil Defense Directorate (District Governor's office)

**Comment:** The company must submit the project to the civil defense directorate of the district governor’s office for approval of the shelter provided in the designed building.

**Procedure 11 Obtain proof of payment and clearance of water and sewerage infrastructure**

**Time to complete:** 20 days

**Cost to complete:** TRY 1,208

**Agency:** Water and Sewerage Department (Istanbul Metropolitan Municipality)

**Comment:** The company contacts the water and sewerage department to pay the fees and participation share in the cost of the water and sewerage infrastructure. A clearance document is obtained, that shows that complete payment was made.

**Procedure 12 Receive foundation registration number from the Social Security Institution**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Social Security Institution

**Comment:** The company must register the staff that will be working at the construction site with the Social Security Institution.

**Procedure 13 Obtain building permit**

**Time to complete:** 30 days

**Cost to complete:** TRY 5,000

**Agency:** District Municipality, Licensing Branch

**Comment:** The company requests a building permit from the licensing branch of the municipality. The approved design, engineering drawings, and other necessary documents (described in Procedures 7 to 16) must be attached to this request. The company must pay the fees before receiving the building permit and starting foundation work.

Building permits are usually issued 1–2 months after submission of the application. The law provides for a statutory time limit of 30 days for the municipality issuing the permit. There are frequent complaints from applicants about not receiving the building permit within the specified time.

Following the building permit issuance, the municipal building control authority will randomly conduct inspections during the construction on site, in addition to private inspection.

**Procedure 14 Obtain proof of tax payment**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Tax Department

**Comment:** The company must pay all taxes owed, and obtain a tax clearance document from the appropriate tax departments. This document states that all taxes owed have been paid.

**Procedure 15 Request inspection from the civil defense experts**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Civil Defense Directorate (District Governor's office)

**Comment:** BuildCo must first request an inspection that takes a day. Depending on the availability of inspectors, it takes approximately a week to receive the final inspection from the district governor's office.

**Procedure 16 Receive inspection from the civil defense experts in the district governor's office**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Agency:** Civil Defense Directorate (District Governor's office)

**Comment:** The civil defense experts of the district governor's office determine (on site) whether the property conforms to the project, documenting its conformity with a report.

**Procedure 17 Receive final inspection from the municipality**

**Time to complete:** 1 day  
**Cost to complete:** no charge  
**Agency:** District Metropolitan Municipality  
**Comment:**

#### **Procedure 18 Obtain occupancy permit**

**Time to complete:** 30 days  
**Cost to complete:** TRY 2,000  
**Agency:** District Metropolitan Municipality  
**Comment:** Land Development Law No. 3194 requires an occupancy permit for all new constructions. The company applies for the occupancy permit by submitting the following documents:  
- The invoice for the building.  
- The building permit.  
- The built-up area breakdown table in square meters.  
- The original copy of the plot title deed.  
- The real estate tax declaration.  
- The real estate tax receipt.  
  
An authorized commission from the municipality inspects the building and verifies that it complies with the project. This commission then issues the occupancy permit.  
  
The law specifies a statutory time limit of 30 days for the municipality to issue an occupancy permit. Practitioners observe that this statutory time limit is not frequently observed, and so, this process can take on average 2 months.

#### **Procedure 19 Obtain proof of real estate tax payment**

**Time to complete:** 10 days  
**Cost to complete:** no charge  
**Agency:** District Metropolitan Municipality  
**Comment:** Real estate taxes must be submitted to the tax office within 3 months of receipt of the title deeds. The company must obtain a copy of the real estate tax form and a tax clearance statement from municipal accounting office.

#### **Procedure 20 Change the title deed from a land title deed to a building title deed**

**Time to complete:** 10 days  
**Cost to complete:** TRY 300  
**Agency:** Title Deed Department  
**Comment:** The company must submit the following documents to the title deed department in order to register the building:  
- The title deed.  
- The plot share distribution table.  
- The occupancy permit.

- The cadastral survey pages.

Registering the warehouse takes some time due to backlogs and long waiting times at the Land Registry. However, with connections at the Land Registry, the process may take as little as 3 days.

**Procedure 21 Request water connection and permission for discharge of sewerage and rainwater**

**Time to complete:** 40 days

**Cost to complete:** no charge

**Agency:** Istanbul Water Supply and Sewerage General Directorate (ISKI)

**Comment:** The company must request permission from the water and sewerage department to discharge sewage and rainwater. The technicians from this department perform their inspections at the site and grant permission for connection of wastewater and rainwater to the system.

The company can also request the water connection at the same time. The technicians from the same department check that the canal connections comply with the approved design. The technicians then issue a letter of approval for connection.

**Procedure 22 Receive inspection and obtain connection from the water and sewerage department**

**Time to complete:** 7 days

**Cost to complete:** no charge

**Agency:** Istanbul Water Supply and Sewerage General Directorate (ISKI)

**Comment:**

**Procedure 23 Obtain electricity connection**

**Time to complete:** 2 days

**Cost to complete:** TRY 1,000

**Agency:** Turkish Electricity Corporation (TEDAS)

**Comment:**

**Procedure 24 Obtain approval of telephone system from the Telephone Regional directorate**

**Time to complete:** 3 days

**Cost to complete:** no charge

**Agency:** Telephone Regional Directorate

**Comment:**

**Procedure 25 Obtain telephone connection**

**Time to complete:** 2 days  
**Cost to complete:** TRY 7  
**Agency:** Türk Telekom  
**Comment:**

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

### Some reform outcomes

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

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

### What does the Registering Property indicator measure?

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

Rankings are based on 3 subindicators

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

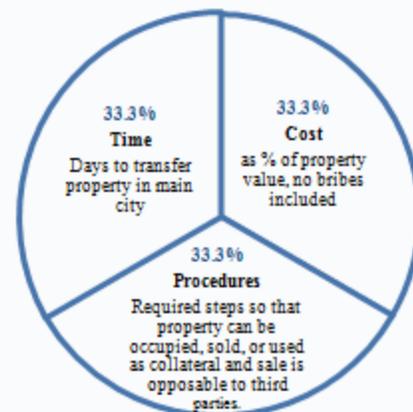
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

### Time required to complete each procedure (calendar days)

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

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

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



### Case Study Assumptions

#### The parties (buyer and seller):

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

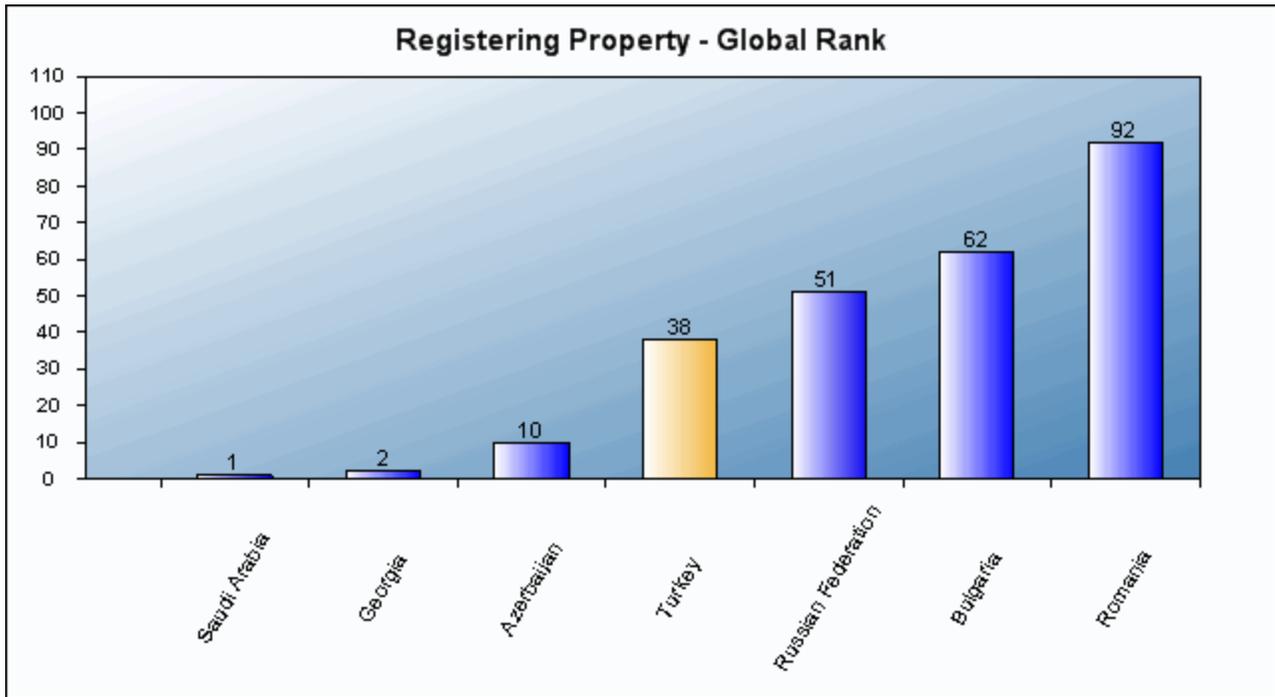
#### The property (fully owned by the seller):

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

## 1. Benchmarking Registering Property Regulations:

Turkey is ranked 38 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
<b>Turkey</b>	<b>6</b>	<b>6</b>	<b>3.0</b>

<i>Comparator Economies</i>			
<b>Azerbaijan</b>	4	11	0.2
<b>Bulgaria</b>	8	15	3.0
<b>Georgia</b>	1	2	0.1
<b>Romania</b>	8	48	1.3
<b>Russian Federation</b>	6	43	0.1

\* The following economies are also good practice economies for :

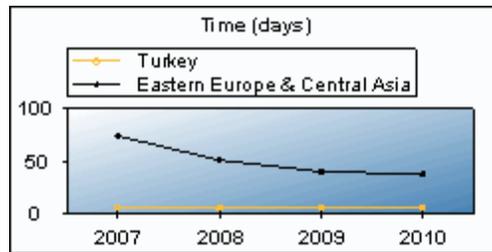
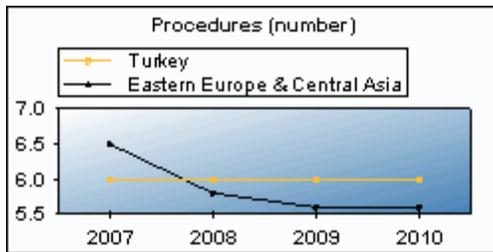
**Procedures (number): United Arab Emirates**

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

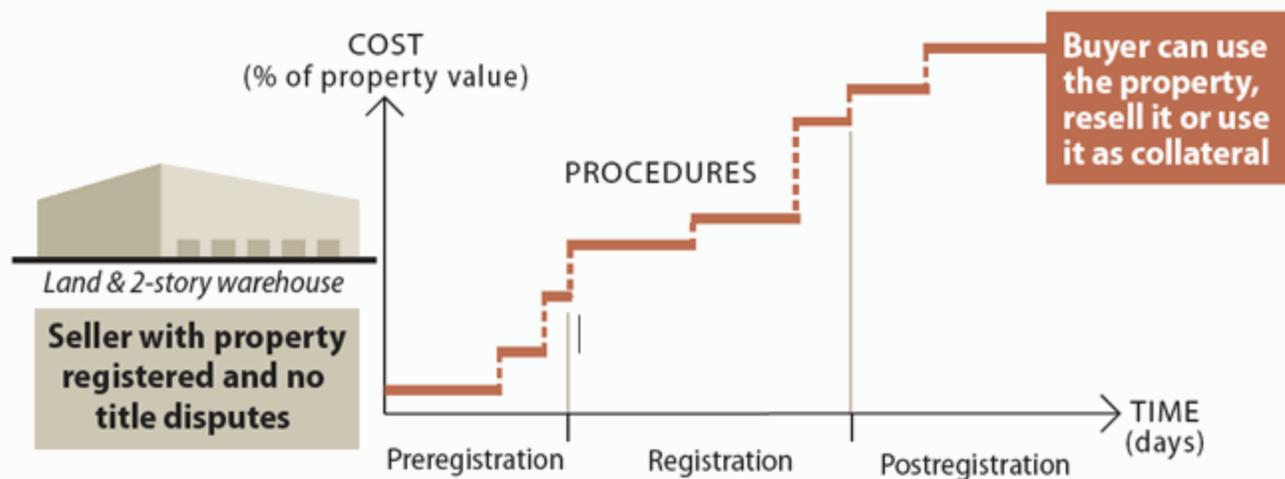
## 2. Historical data: Registering Property in Turkey

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	35	38
Procedures (number)	6	6	6	6
Time (days)	6	6	6	6
Cost (% of property value)	3.1	3.0	3.0	3.0

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



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



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

#### STANDARDIZED PROPERTY

Property Value: 629,667.49

City: Istanbul

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	The buyer conducts a non-encumbrance check on the property	1 day	no cost
2	Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf	1 day	TL 21
3	Obtain an earthquake insurance policy, or amend the existing one	1 day	no cost (unless a new insurance is needed)
4	Parties apply for registration and obtain tax payment assesment	1 day	no cost
5	Registration fee is paid at a commercial bank	1 day	TL 135(registration fee) + 3% of declared transaction price (mortar dues) or 3% of the taxable value of the real estate (whichever is higher)
6	Transaction is completed at the registry office	1 day	Already paid in Procedure 5

## Registering Property Details - Turkey

<b>Procedure</b>	<b>1</b>	<b>The buyer conducts a non-encumbrance check on the property</b>
<b>Time to complete:</b>	1 day	
<b>Cost to complete:</b>	no cost	
<b>Agency:</b>	Registry Office	
<b>Comment:</b>	Although not mandated by law, non-encumbrance check is a must procedure without which buyers do not proceed with the transfer process. The buyer almost always checks whether or not the property is free of liens and encumbrances. For this, the seller would need to obtain the document showing that the property is free of disputes. By law, the records are not open to public: the buyer can obtain this document only with a power attorney of the seller. Therefore, this document is typically obtained by the seller who is often accompanied by the buyer. For transactions that are undertaken by lawyers, this procedure is taken care of by lawyers (who have the power of attorney from the seller and have a legal right to search titles). The information is computerized, takes minutes to check and is free of charge.	
<b>Procedure</b>	<b>2</b>	<b>Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf</b>
<b>Time to complete:</b>	1 day	
<b>Cost to complete:</b>	TL 21	
<b>Agency:</b>	Company Registrar	
<b>Comment:</b>	If the sale transaction will be made in person by the company signatories, the managers should obtain a separate document from the trade registry, showing that they have the authority to conduct transactions before land registry on companies' behalf. If the sale transaction will be made in proxy given by the company signatories, the representatives should be given special proxies, which will be issued before the notary and inclusive of the authorized managers' statement as well as the photographs. The notary might ask the manager to show the above mentioned authorization document or a signature circular of the company.	
<b>Procedure</b>	<b>3</b>	<b>Obtain an earthquake insurance policy, or amend the existing one</b>
<b>Time to complete:</b>	1 day	
<b>Cost to complete:</b>	no cost (unless a new insurance is needed)	
<b>Agency:</b>	Insurance Company	
<b>Comment:</b>	If a "compulsory earthquake insurance policy" had not been issued for the building, one must be prepared since in practice, when selling the building or asking for a loan on it, it is usually required. The cost of this insurance policy depends on the features such as the area of the building and the place thereof, and the insurance brokers automatically calculate it. If there is an existing "compulsory earthquake insurance policy" which is still valid at the date of the sale (i.e. if the term of the insurance policy has not yet expired), then there is no need to issue another one just as a result of the change of ownership. However, the new owner of the property shall have the insurance policy amended to indicate his own name under the policy, which will be arranged between the insurance company and the new owner.	

**Procedure 4 Parties apply for registration and obtain tax payment assesment**

**Time to complete:** 1 day

**Cost to complete:** no cost

**Agency:** Registry Office

**Comment:** The seller and the purchaser (or their representatives) meet at the registry office and fill in an application form. Once the required documents are presented, the parties declare the consideration to be paid by the purchaser. The officer calculates the mortar dues, and gives the account details of the registry office for the payment, and makes an appointment on the very day or on the consecutive day for the parties to pay the dues and come back again for signature.

The documentation shall include:

Tax registration certificates of the companies.

The Authorization Certificate of the manager obtained from trade registry, if transactions are carried out by the company signatories.

The notarized proxies of the representatives (if they will perform the transaction)

The identity cards of signatories (passport for foreigners)

Two photographs of each person who would actually sign the registry documents.

Signature Circular

Title deed copy or information regarding the title deed of the property

**Procedure 5 Registration fee is paid at a commercial bank**

**Time to complete:** 1 day

**Cost to complete:** TL 135(registration fee) + 3% of declared transaction price (mortar dues) or 3% of the taxable value of the real estate (whichever is higher)

**Agency:** Commercial Bank

**Comment:** Mortar dues are paid to the bank account of the land registry, and the bank will give a receipt of the payment. The mortar due is equal to 3% of the declared amount in Turkish Lira, collected 1.5% each from the parties, but in practice usually the purchaser pays all. The parties also pay a registration fee to cover overall expenses of Land Registries in Turkey. This is usually paid by the purchaser.

**Procedure 6 Transaction is completed at the registry office**

**Time to complete:** 1 day

**Cost to complete:** Already paid in Procedure 5

**Agency:** Registry Office

**Comment:** Once all the above procedures are fulfilled, the parties meet at registry office before the registry manager or his deputy at the appointment hour decided previously. The purchaser pays the consideration at that time. If it is already paid, the seller declares that it is fully paid. Then the parties both sign the land record sheet as well as the photographs of each other that are stuck to the document. Each person witnesses that he/she had made the transaction mutually with the person in the picture, the transfer of the title is then completed. The documentation shall include: payment receipts .



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

### Some reform outcomes

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

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

### What do the Getting Credit indicators measure?

#### Strength of legal rights index (0–10)

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

#### Depth of credit information index (0–6)

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

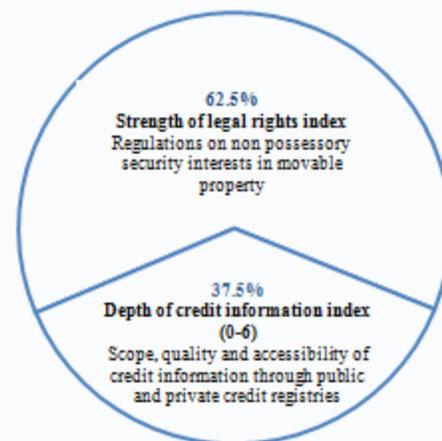
#### Public credit registry coverage (% of adults)

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

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

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

### Getting Credit: collateral rules and credit information



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

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

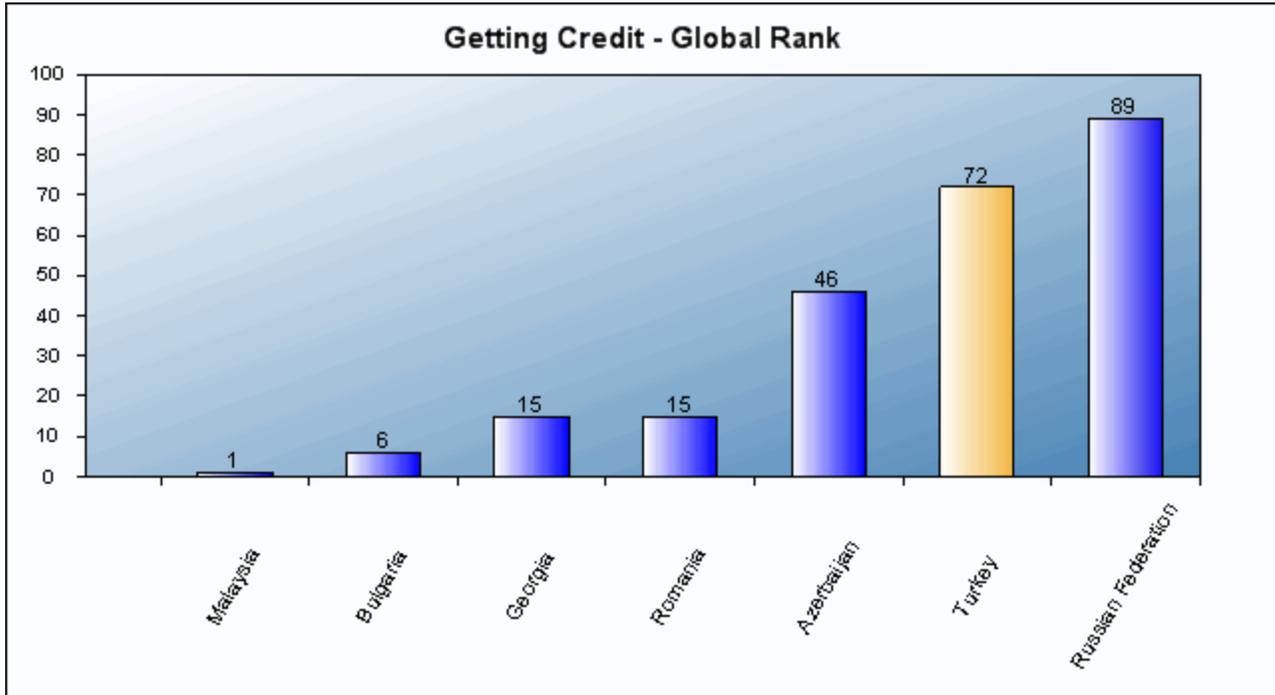
#### The Debtor

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

## 1. Benchmarking Getting Credit Regulations:

Turkey is ranked 72 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
<b>Turkey</b>	<b>4</b>	<b>5</b>	<b>18.3</b>	<b>42.2</b>

<i>Comparator Economies</i>				
<b>Azerbaijan</b>	6	5	7.0	0.0
<b>Bulgaria</b>	8	6	37.0	13.1
<b>Georgia</b>	7	6	0.0	16.4
<b>Romania</b>	8	5	13.0	33.3
<b>Russian Federation</b>	3	5	0.0	14.4

\* The following economies are also good practice economies for :

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

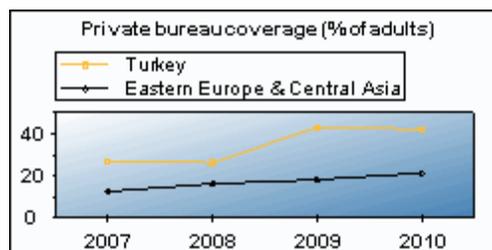
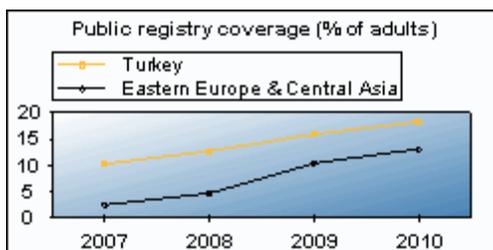
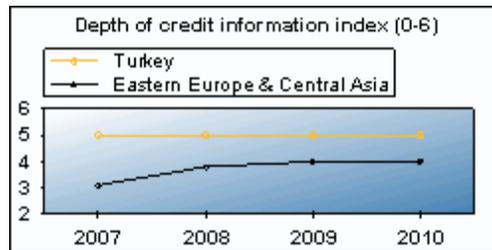
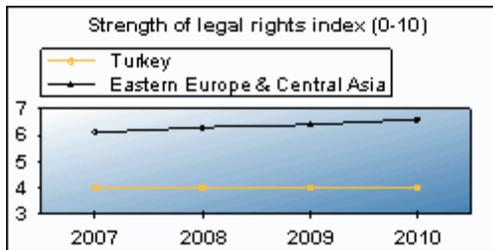
**Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States**

**27 countries have the highest credit information index.**

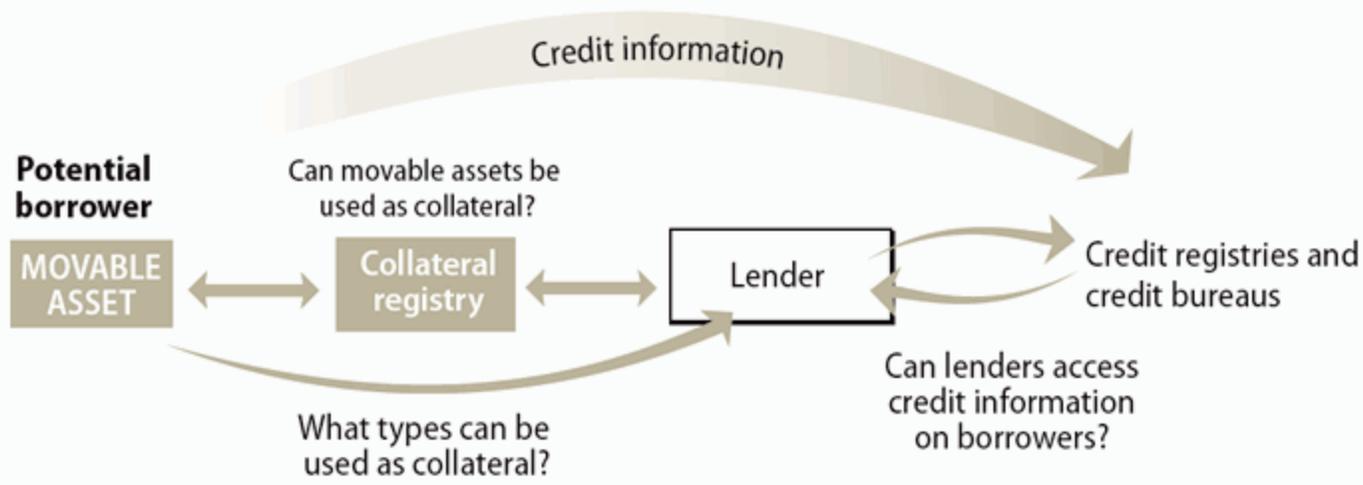
## 2. Historical data: Getting Credit in Turkey

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	69	72
Strength of legal rights index (0-10)	4	4	4	4
Depth of credit information index (0-6)	5	5	5	5
Private bureau coverage (% of adults)	27.0	26.3	42.9	42.2
Public registry coverage (% of adults)	10.3	12.7	15.9	18.3

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



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



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

Getting Credit Indicators (2010)			Indicator
<b>Private bureau coverage (% of adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>5</b>
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
<b>Coverage</b>	42.2	18.3	
<b>Number of individuals</b>	20,000,000	7,799,160	
<b>Number of firms</b>	3,000,000	2,148,810	

**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 movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	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?	No

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

### Some reform outcomes

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

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

### What do the Protecting Investors indicators measure?

#### Extent of disclosure index (0–10)

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

#### Extent of director liability index (0–10)

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

#### Ease of shareholder suits index (0–10)

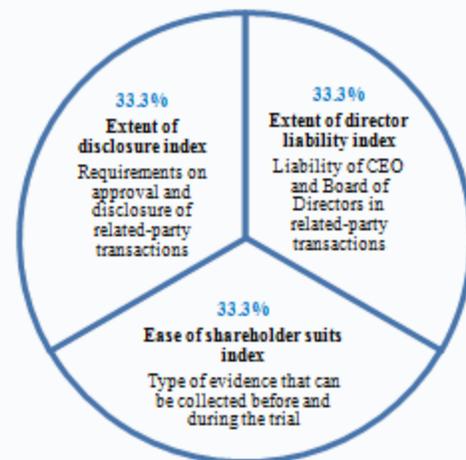
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

#### Strength of investor protection index (0–10)

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

**Protecting Investors:** minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



### Case Study Assumptions

#### The business (Buyer):

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

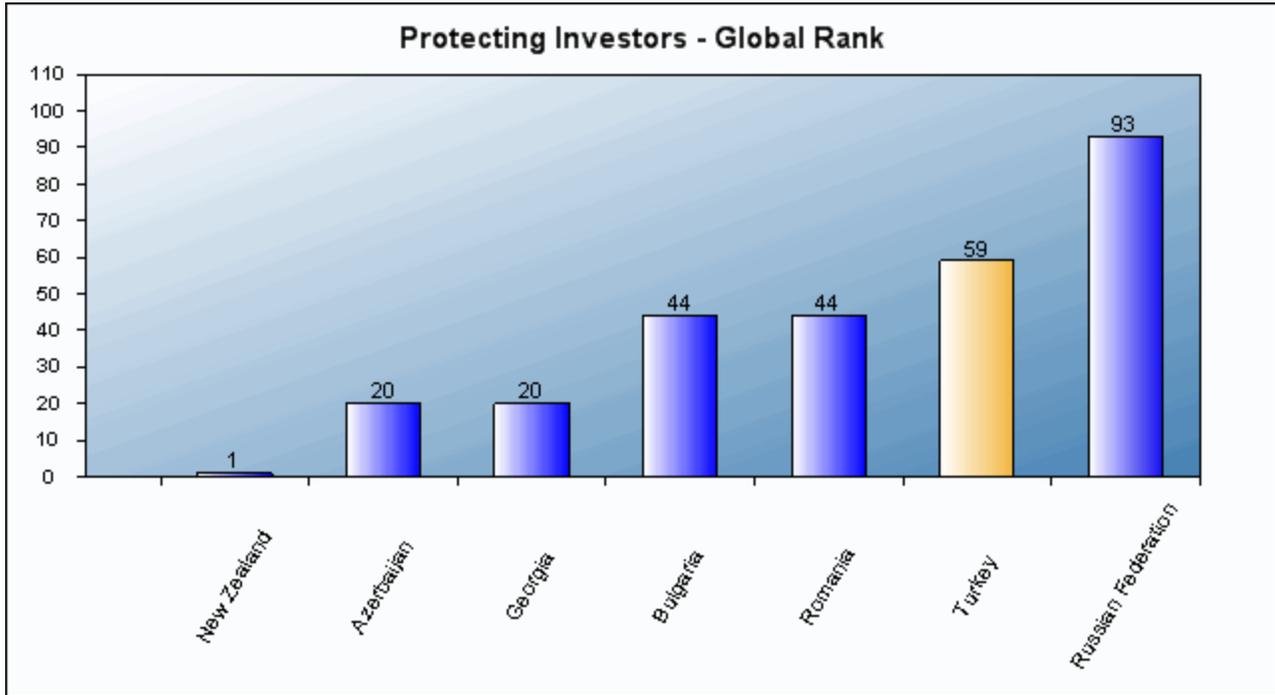
#### The transaction

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

## 1. Benchmarking Protecting Investors Regulations:

Turkey is ranked 59 overall for Protecting Investors.

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



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

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

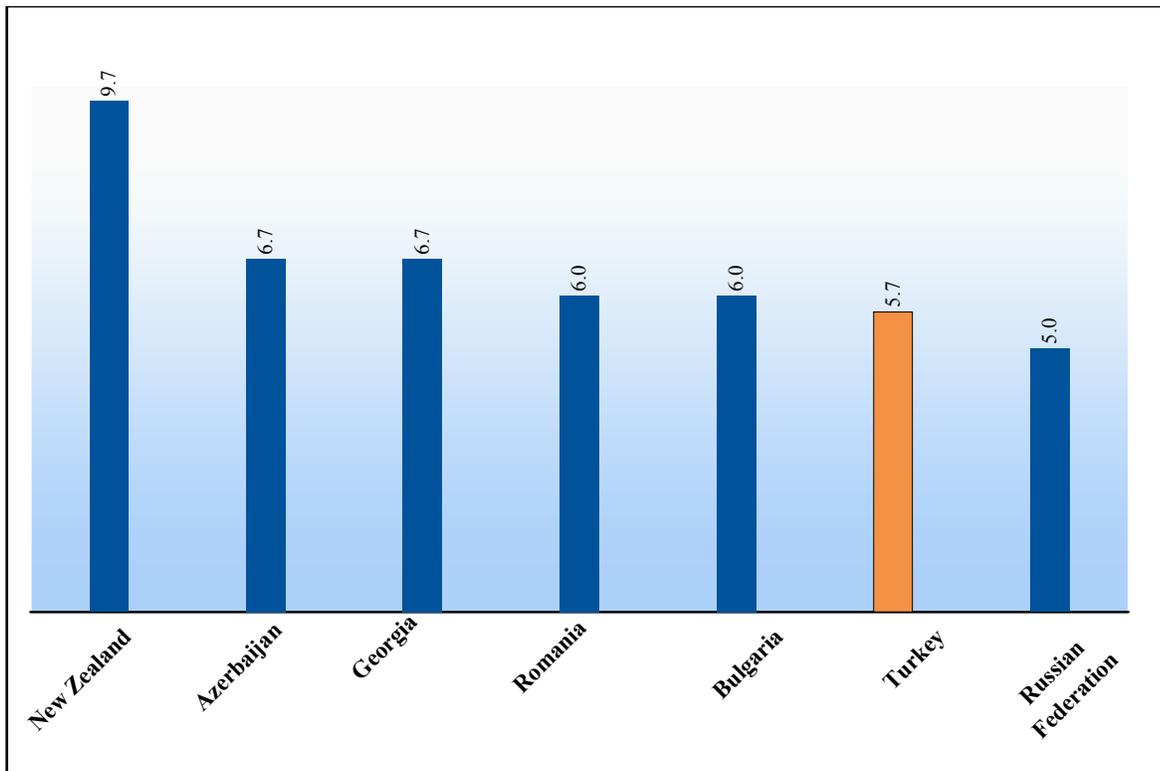
<i>Selected Economy</i>	
<b>Turkey</b>	<b>5.7</b>

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

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

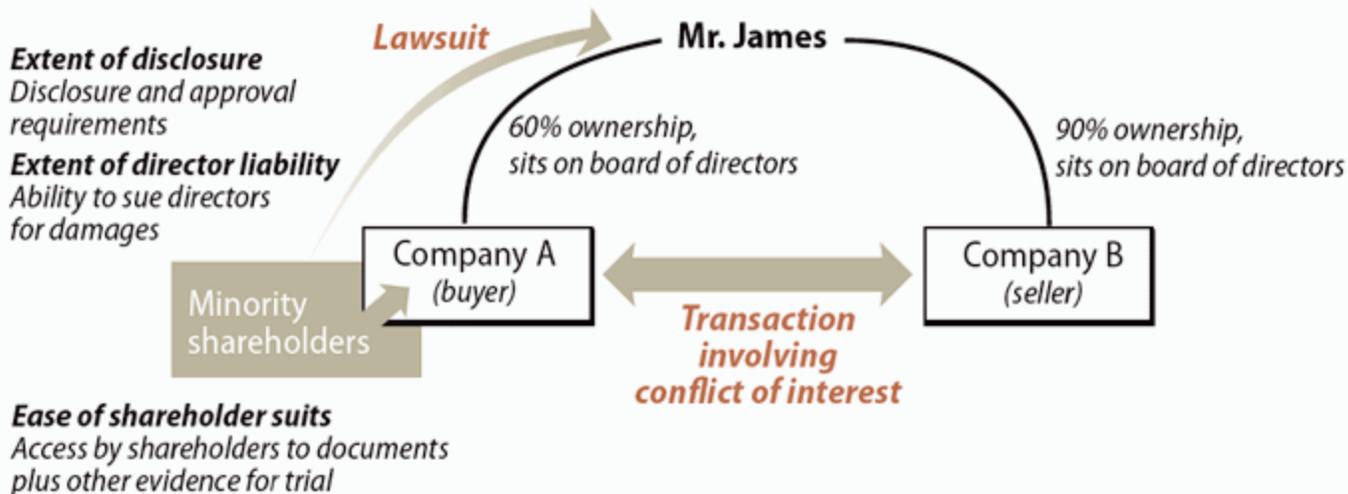
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	57	59
Strength of investor protection index (0-10)	5.3	5.7	5.7	5.7

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



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

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



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

Protecting Investors Data (2010)	Indicator
<b>Extent of disclosure index (0-10)</b>	<b>9</b>
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	1
<b>Extent of director liability index (0-10)</b>	<b>4</b>
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
<b>Ease of shareholder suits index (0-10)</b>	<b>4</b>
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	0
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
<b>Strength of investor protection index (0-10)</b>	<b>5.7</b>

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

### Some reform outcomes

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

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

### What do the Paying taxes indicators measure?

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

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

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

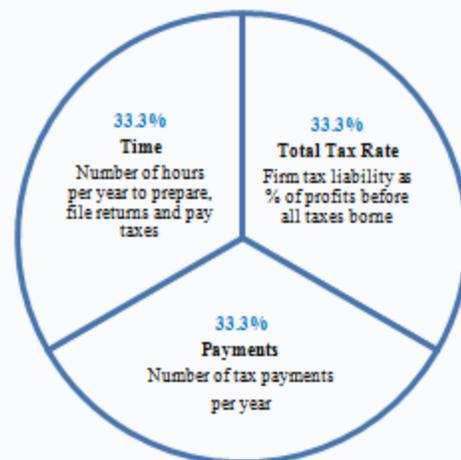
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

**Total tax rate** (% of profit)

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

**Paying Taxes:** tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



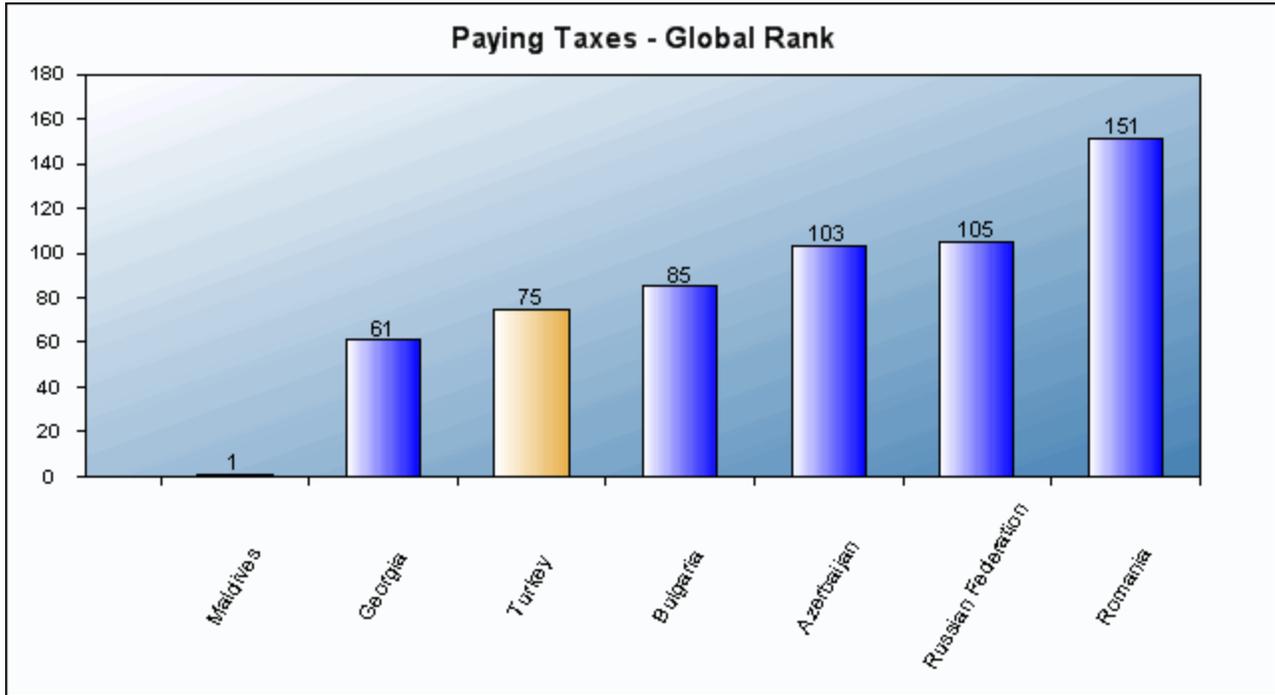
### Case Study Assumptions

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

## 1. Benchmarking Paying Taxes Regulations:

Turkey is ranked 75 overall for Paying Taxes.

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



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

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

<i>Selected Economy</i>			
<b>Turkey</b>	<b>15</b>	<b>223</b>	<b>44.5</b>

<i>Comparator Economies</i>			
<b>Azerbaijan</b>	18	306	40.9
<b>Bulgaria</b>	17	616	29.0
<b>Georgia</b>	18	387	15.3
<b>Romania</b>	113	222	44.9
<b>Russian Federation</b>	11	320	46.5

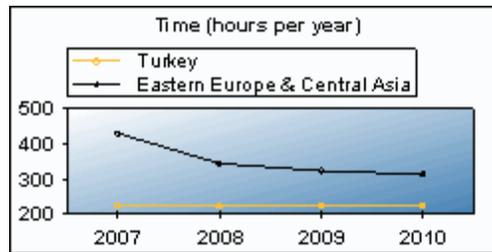
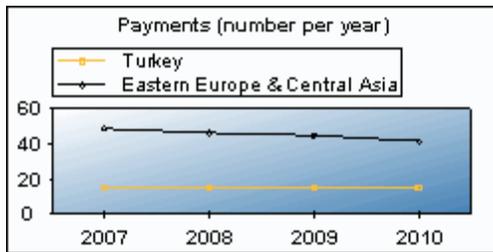
\* The following economies are also good practice economies for :

**Payments (number per year): Qatar**

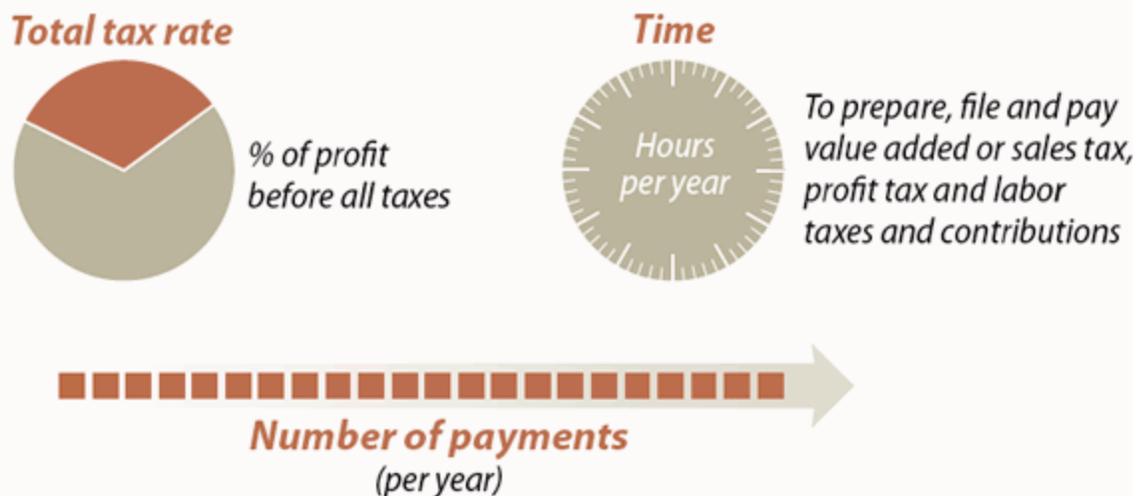
## 2. Historical data: Paying Taxes in Turkey

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	73	75
Total tax rate (% profit)	45.1	45.5	44.5	44.5
Payments (number per year)	15	15	15	15
Time (hours per year)	223	223	223	223

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



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



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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	97	18.0%	value added		
Advertising tax	2			various rates	advertising expenses		
Stamp duty on contracts	1			0.8%	transaction value		
Environment tax	2			fixed fee (TRY 2,375) with 25% surcharge		0.00	
Transaction tax on checks	1			TRY 3.10 per check	number of checks	0.10	
Vehicle tax	1			fixed fee (TRY 1,703)		0.40	
Tax on interest	0	withheld		15.0%	interest income	0.40	
Stamp duty on property sale	1			0.8%	sale price	0.50	

Property transfer fee	1			1.5%	sale price	0.90
Property tax	2			0.2% and 0.3% (doubled in Istanbul)	value of building and land (reevaluated each year)	0.90
Fuel tax	1			included in fuel price		1.50
Unemployment insurance contributions	0	paid jointly		2.0%	gross salaries	2.30
Corporate income tax	1	online filing	46	20.0%	taxable profit	17.00
Social security contributions	1	online filing	80	18.25% (19.5% January - September, 14.5% October - December)	gross salaries	20.80
<b>Totals</b>	<b>15</b>		<b>223</b>			<b>44.5</b>

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

### Some reform outcomes

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

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

### What do the Trading Across Borders indicators measure?

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

Rankings are based on 3 subindicators

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

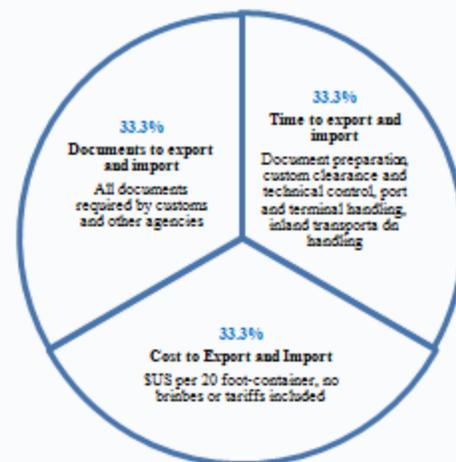
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

#### Time required to export and import (days)

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

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

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



### Case Study Assumptions

#### The Business

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

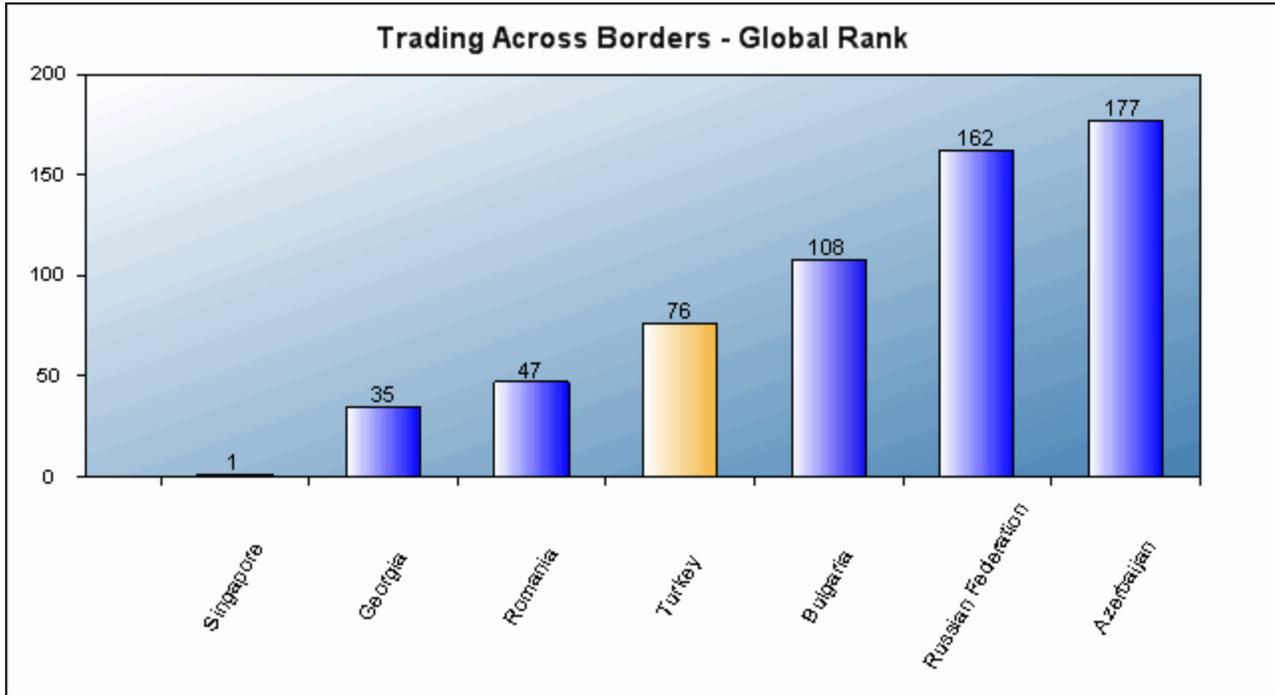
#### The traded product

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

## 1. Benchmarking Trading Across Borders Regulations:

Turkey is ranked 76 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
<b>Turkey</b>	<b>7</b>	<b>14</b>	<b>990</b>	<b>8</b>	<b>15</b>	<b>1063</b>

<i>Comparator Economies</i>						
<b>Azerbaijan</b>	9	43	2980	14	46	3480
<b>Bulgaria</b>	5	23	1551	7	21	1666
<b>Georgia</b>	4	10	1329	4	13	1316
<b>Romania</b>	5	12	1275	6	13	1175
<b>Russian Federation</b>	8	36	1850	13	36	1850

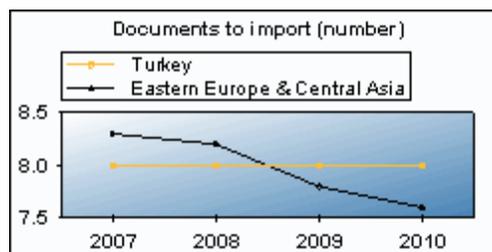
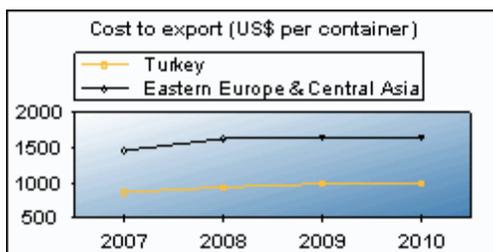
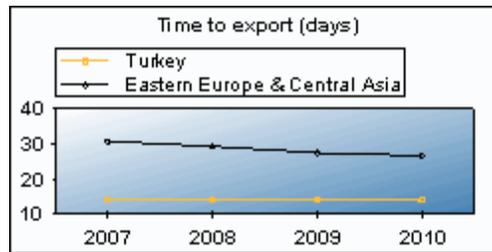
\* The following economies are also good practice economies for :

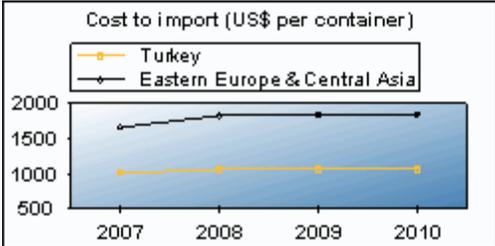
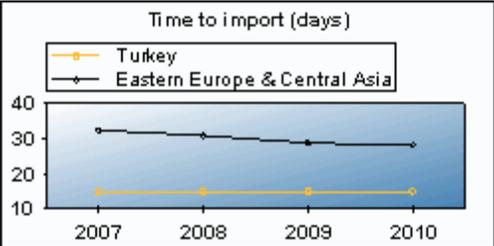
**Time to export (days): Estonia**

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

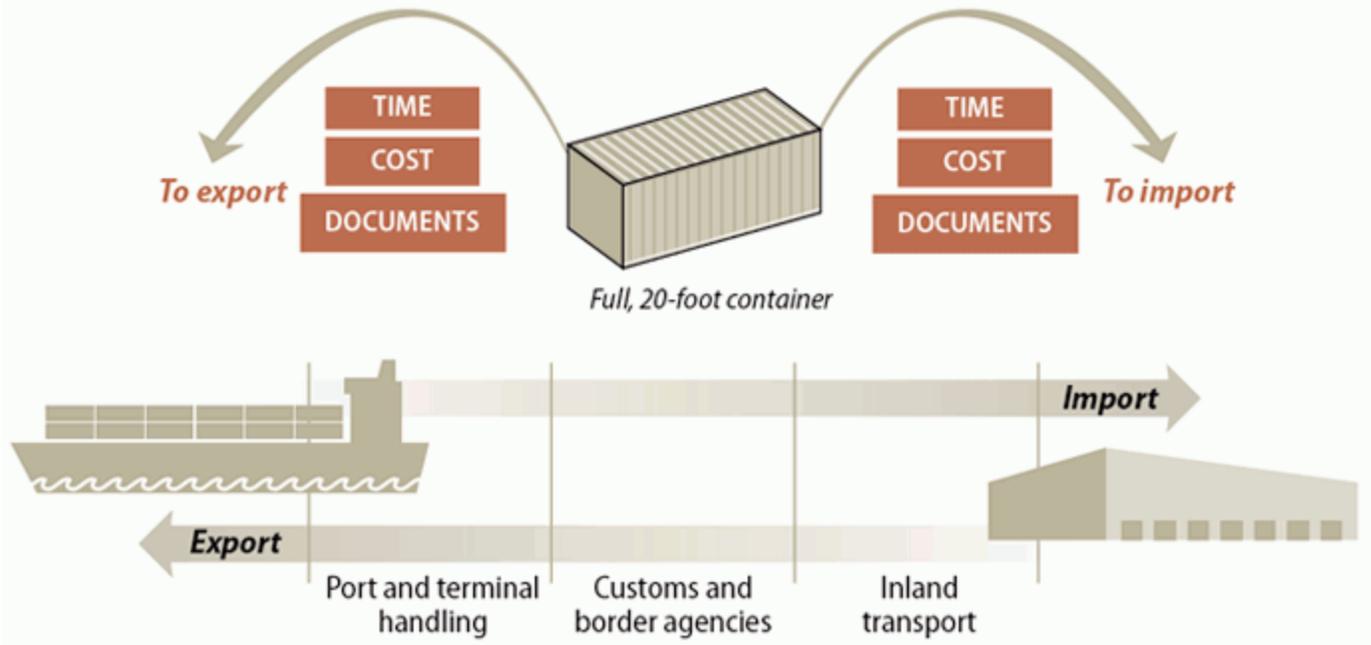
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	72	76
Cost to export (US\$ per container)	865	940	990	990
Cost to import (US\$ per container)	1013	1063	1063	1063
Documents to export (number)	7	7	7	7
Documents to import (number)	8	8	8	8
Time to export (days)	14	14	14	14
Time to import (days)	15	15	15	15

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





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



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	6	220
Customs clearance and technical control	3	200
Ports and terminal handling	3	270
Inland transportation and handling	2	300
Totals	14	990

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	280
Customs clearance and technical control	3	200
Ports and terminal handling	3	183
Inland transportation and handling	1	400
Totals	15	1063

**Documents for Export and Import**

**Export**

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Packing list
- Preferential certificate
- Technical standard/health certificate

**Import**

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Import license
- Technical standard/health certificate
- Terminal handling receipts

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

#### Some reform outcomes

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

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

#### What do the Enforcing Contracts indicators measure?

**Enforcing Contracts:** resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

#### Procedures to enforce a contract (number)

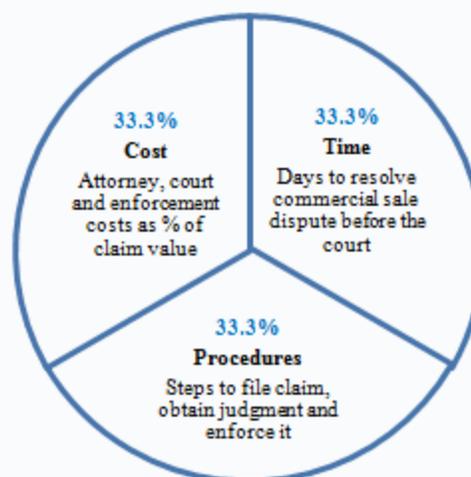
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

#### Time required to complete procedures (calendar days)

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

#### Cost required to complete procedures (% of claim)

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



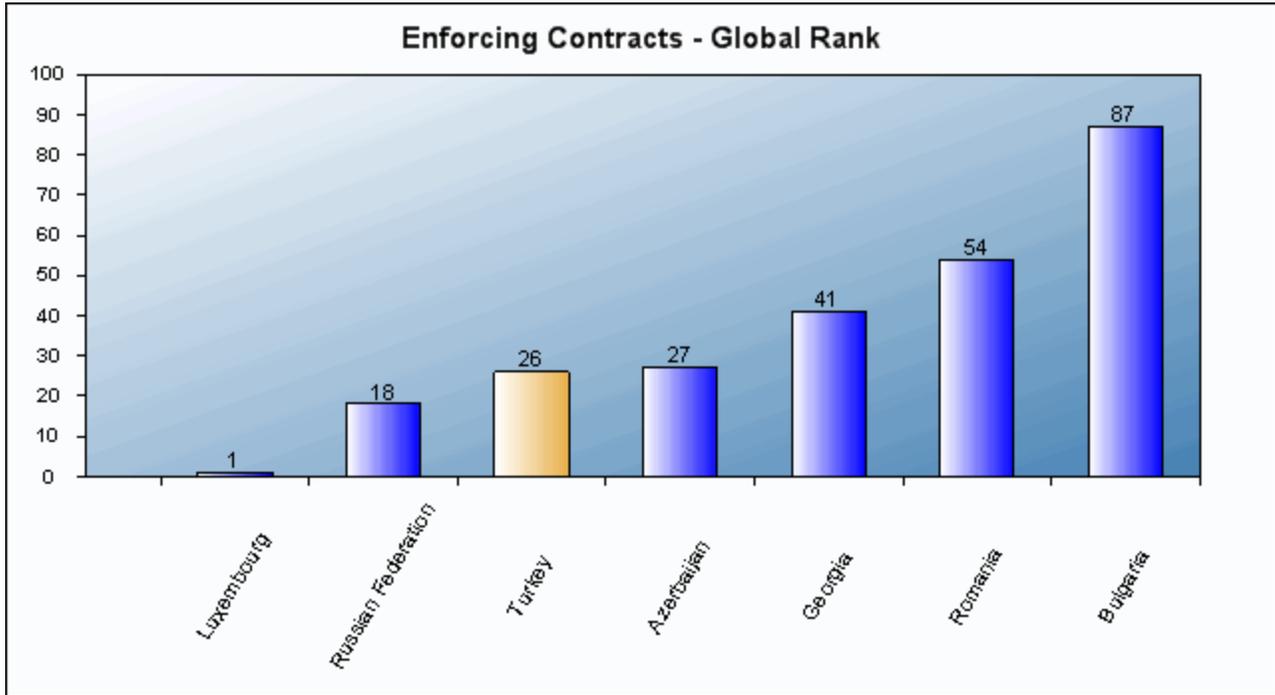
#### Case Study Assumptions

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

## 1. Benchmarking Enforcing Contracts Regulations:

Turkey is ranked 26 overall for Enforcing Contracts.

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



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

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

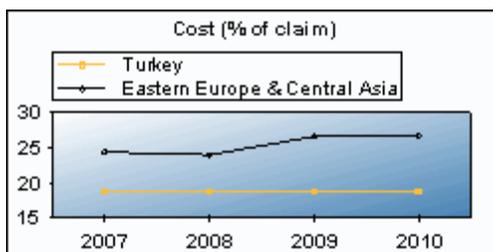
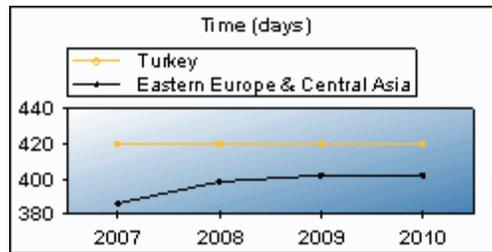
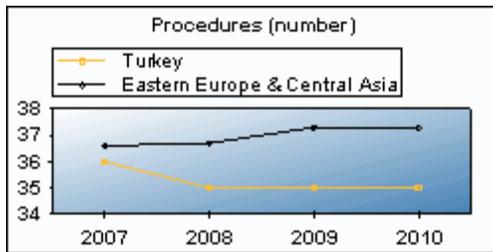
<i>Selected Economy</i>			
<b>Turkey</b>	<b>35</b>	<b>420</b>	<b>18.8</b>

<i>Comparator Economies</i>			
<b>Azerbaijan</b>	39	237	18.5
<b>Bulgaria</b>	39	564	23.8
<b>Georgia</b>	36	285	29.9
<b>Romania</b>	31	512	28.9
<b>Russian Federation</b>	37	281	13.4

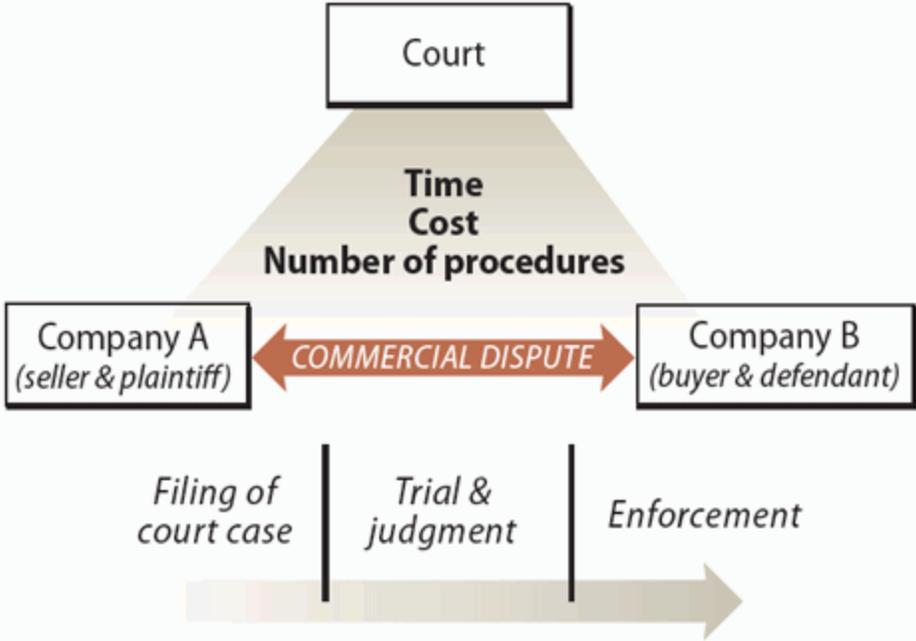
## 2. Historical data: Enforcing Contracts in Turkey

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	25	26
Procedures (number)	36	35	35	35
Time (days)	420	420	420	420
Cost (% of claim)	18.8	18.8	18.8	18.8

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



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



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

Nature of Procedure (2010)	Indicator
Procedures (number)	35
Time (days)	420
Filing and service	30.0
Trial and judgment	290.0
Enforcement of judgment	100.0
<b>Cost (% of claim)*</b>	<b>18.80</b>
Attorney cost (% of claim)	12.0
Court cost (% of claim)	5.4
Enforcement Cost (% of claim)	1.4

**Court information:** Istanbul Commercial Court of ("Ticaret Mahkemesi")  
First Instance

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

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

### Some reform outcomes

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

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

### What does the Closing a Business indicator measure?

**Closing a Business:** insolvency proceedings against local company

#### Time required to recover debt (years)

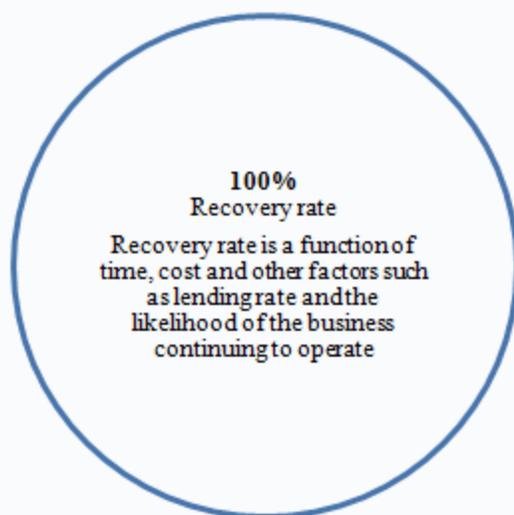
- Measured in calendar years
- Appeals and requests for extension are included

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

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

#### Recovery rate for creditors (cents on the dollar)

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



### *Case Study Assumptions*

#### The Company

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

## 1. Benchmarking Closing Business Regulations:

Turkey is ranked 115 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
<b>Turkey</b>	<b>21.1</b>	<b>3.3</b>	<b>15</b>

<i>Comparator Economies</i>			
<b>Azerbaijan</b>	28.8	2.7	8
<b>Bulgaria</b>	31.0	3.3	9
<b>Georgia</b>	25.1	3.3	4
<b>Romania</b>	25.7	3.3	11
<b>Russian Federation</b>	25.3	3.8	9

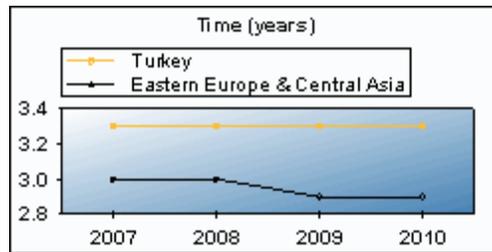
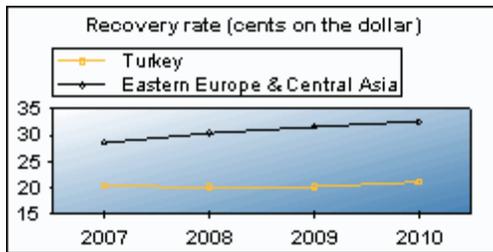
\* The following economies are also good practice economies for :

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

## 2. Historical data: Closing Business in Turkey

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	119	115
Time (years)	3.3	3.3	3.3	3.3
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	20.3	20.2	20.2	21.1

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



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

## The top 10 most-improved in Doing Business 2011

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

 Positive Change  
 Negative Change

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

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

<b>Azerbaijan</b>	Azerbaijan improved access to credit by establishing an online platform allowing financial institutions to provide information to, and retrieve it from, the public credit registry. A revision of Azerbaijan's tax code lowered several tax rates, including the profit tax rate, and simplified the process of paying corporate income tax and value added tax.
<b>Brunei Darussalam</b>	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
<b>Bulgaria</b>	Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva (\$3,250) to 2 leva (\$1.30). Bulgaria reduced employer contribution rates for social security.
<b>Cape Verde</b>	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
<b>Georgia</b>	Georgia improved access to credit by implementing a central collateral registry with an electronic database accessible online. Georgia strengthened investor protections by allowing greater access to corporate information during the trial. Georgia made the enforcement of contracts easier by streamlining the procedures for public auctions, introducing private enforcement officers and modernizing its dispute resolution system. Georgia improved insolvency proceedings by streamlining the regulation of auction sales.
<b>Grenada</b>	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
<b>Hungary</b>	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
<b>Kazakhstan</b>	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
<b>Peru</b>	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
<b>Romania</b>	Romania amended regulations related to construction permitting to reduce fees and expedite the process. Romania introduced tax changes, including a new minimum tax on profit, that made paying taxes more costly for companies. Substantial amendments to Romania's bankruptcy laws—introducing, among other things, a procedure for out-of-court workouts—made dealing with insolvency easier.
<b>Russian Federation</b>	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.

<b>Rwanda</b>	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
<b>Tajikistan</b>	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
<b>Vietnam</b>	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
<b>Zambia</b>	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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