

Doing Business 2015

Going Beyond Efficiency

Economy Profile 2015

United States



COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN **189** ECONOMIES

A World Bank Group Flagship Report

© 2014 The International Bank for Reconstruction and Development /
The World Bank
1818 H Street NW, Washington, DC 20433
Telephone: 202-473-1000; Internet: www.worldbank.org

All rights reserved.
1 2 3 4 17 16 15 14

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Nothing herein shall constitute or be considered to be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.



This work is available under the Creative Commons Attribution 3.0 Unported license (CC BY 3.0) <http://creativecommons.org/licenses/by/3.0/igo>. Under the Creative Commons Attribution license, you are free to copy, distribute, transmit, and adapt this work,

including for commercial purposes, under the following conditions:

Attribution—Please cite the work as follows: World Bank. 2014. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group. DOI: 10.1596/978-1-4648-0351-2. License: Creative Commons Attribution CC BY 3.0 IGO

Translations—If you create a translation of this work, please add the following disclaimer along with the attribution: *This translation was not created by The World Bank and should not be considered an official World Bank translation. The World Bank shall not be liable for any content or error in this translation.*

Adaptations—If you create an adaptation of this work, please add the following disclaimer along with the attribution: *This is an adaptation of an original work by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank.*

Third-party content—The World Bank does not necessarily own each component of the content contained within the work. The World Bank therefore does not warrant that the use of any third-party-owned individual component or part contained in the work will not infringe on the rights of those third parties. The risk of claims resulting from such infringement rests solely with you. If you wish to re-use a component of the work, it is your responsibility to determine whether permission is needed for that re-use and to obtain permission from the copyright owner. Examples of components can include, but are not limited to, tables, figures or images.

All queries on rights and licenses should be addressed to the Publishing and Knowledge Division, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: pubrights@worldbank.org.

ISBN (paper): 978-1-4648-0351-2
ISBN (electronic): 978-1-4648-0352-9
DOI: 10.1596/978-1-4648-0351-2
ISSN: 1729-2638

Cover design: Corporate Visions, Inc.

CONTENTS

Introduction	4
The business environment	6
Starting a business	16
Dealing with construction permits	27
Getting electricity	43
Registering property	52
Getting credit	58
Protecting minority investors	64
Paying taxes	73
Trading across borders	79
Enforcing contracts	83
Resolving insolvency	91
Labor market regulation	94
Distance to frontier and ease of doing business ranking	101
Resources on the <i>Doing Business</i> website	104

INTRODUCTION

Doing Business sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation.

In a series of annual reports *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies, from Afghanistan to Zimbabwe, over time. The data set covers 47 economies in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in East Asia and the Pacific, 26 in Eastern Europe and Central Asia, 20 in the Middle East and North Africa and 8 in South Asia, as well as 31 OECD high-income economies. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why.

This economy profile presents the *Doing Business* indicators for United States. To allow useful comparison, it also provides data for other selected economies (comparator economies) for each indicator. The data in this report are current as of June

1, 2014 (except for the paying taxes indicators, which cover the period January–December 2013).

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 and getting electricity), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not directly studied by *Doing Business*. 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 policy makers in designing regulatory reform.

More information is available in the full report. *Doing Business 2015* presents the indicators, analyzes their relationship with economic outcomes and presents business regulatory reforms. The data, along with information on ordering *Doing Business 2015*, are available on the *Doing Business* website at <http://www.doingbusiness.org>.

CHANGES IN *DOING BUSINESS 2015*

As part of a 2-year update in methodology, *Doing Business 2015* incorporates 7 important changes. First, the ease of doing business ranking as well as all topic-level rankings are now computed on the basis of distance to frontier scores (see the chapter on the distance to frontier and ease of doing business ranking). Second, for the 11 economies with a population of more than 100 million, data for a second city have been added to the data set and the ranking calculation. These economies are Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States. Third, for getting credit, the methodology has been revised for both the strength of legal rights index and the depth of credit information index. The number of points has been increased in both indices, from 10 to 12 for the strength of legal rights index and from 6 to 8 for the depth of credit information index. In addition, only credit bureaus and registries that cover at least 5% of the adult population can receive a score on the depth of credit information index.

Fourth, the name of the protecting investors indicator set has been changed to protecting minority investors to better reflect its scope—and the scope of the indicator set has been expanded to include shareholders' rights in corporate governance beyond related-party transactions. Fifth, the resolving insolvency indicator set has been expanded to include an index measuring the strength of the legal framework for insolvency. Sixth, the calculation of the distance to frontier score for paying taxes has been changed. The total tax rate component now enters the score in a nonlinear fashion, in an approach different from that used for all other indicators (see the chapter on the distance to frontier and ease of doing business ranking).

Finally, the name of the employing workers indicator set has been changed to labor market regulation, and the scope of this indicator set has also been changed. The indicators now focus on labor market regulation applying to the retail sector rather than the manufacturing sector, and their coverage has been expanded to include regulations on labor disputes and on benefits provided to workers. The labor market regulation indicators continue to be excluded from the aggregate distance to frontier score and ranking on the ease of doing business.

Beyond these changes there are 3 other updates in methodology. For paying taxes, the financial statement variables have been updated to be proportional to 2012 income per capita; previously they were proportional to 2005 income per capita. For enforcing contracts, the value of the claim is now set at twice the income per capita or \$5,000, whichever is greater. For dealing with construction permits, the cost of construction is now set at 50 times income per capita (before, the cost was assessed by the *Doing Business* respondents). In addition, this indicator set no longer includes the procedures for obtaining a landline telephone connection.

For more details on the changes, see the "What is changing in *Doing Business*?" chapter starting on page 24 of the *Doing Business 2015* report. For more details on the data and methodology, please see the "Data Notes" chapter starting on page 114 of the *Doing Business 2015* report. For more details on the distance to frontier metric, please see the "Distance to frontier and ease of doing business ranking" chapter in this profile.

THE BUSINESS ENVIRONMENT

For policy makers trying to improve their economy's regulatory environment for business, a good place to start is to find out how it compares with the regulatory environment in other economies. *Doing Business* provides an aggregate ranking on the ease of doing business based on indicator sets that measure and benchmark regulations applying to domestic small to medium-size businesses through their life cycle. Economies are ranked from 1 to 189 by the ease of doing business ranking. This year's report presents results for 2 aggregate measures: the distance to frontier score and the ease of doing business ranking. The ranking of economies is determined by sorting the aggregate distance to frontier (DTF) scores. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. (See the chapter on the distance to frontier and ease of doing business). The 10 topics included in the ranking in *Doing Business 2015*: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. The labor market regulation indicators (formerly employing workers) are not included in this year's aggregate ease of doing business ranking, but the data are presented in this year's economy profile.

The aggregate ranking on the ease of doing business benchmarks each economy's performance on the indicators against that of all other economies in the *Doing Business* sample (figure 1.1). While this ranking tells much about the business environment in an economy, it does not tell the whole story. The ranking on the ease of doing business, and the underlying indicators, do not measure all aspects of the business environment that matter to firms and investors or that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

ECONOMY OVERVIEW

Region: OECD high income

Income category: High income

Population: 316,128,839

GNI per capita (US\$): 53,670

DB2015 rank: 7

DB2014 rank: 7*

Change in rank: 0

DB 2015 DTF: 82

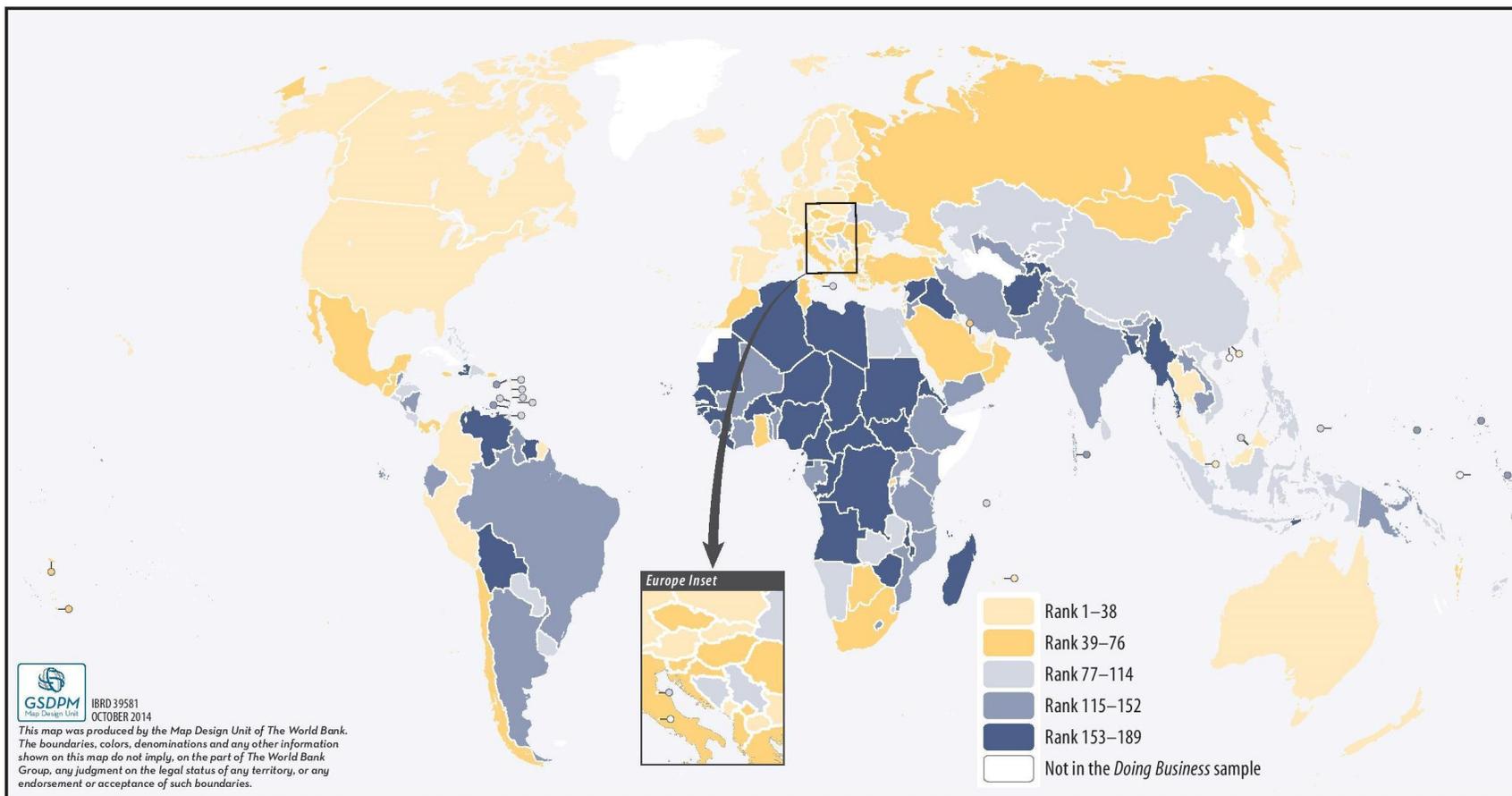
DB 2014 DTF: 82

Change in DTF: 0

* DB2014 ranking shown is not last year's published ranking but a comparable ranking for DB2014 that captures the effects of such factors as data corrections and the changes in methodology. See the data notes starting on page 114 of the *Doing Business 2015* report for sources and definitions.

THE BUSINESS ENVIRONMENT

Figure 1.1 Where economies stand in the global ranking on the ease of doing business



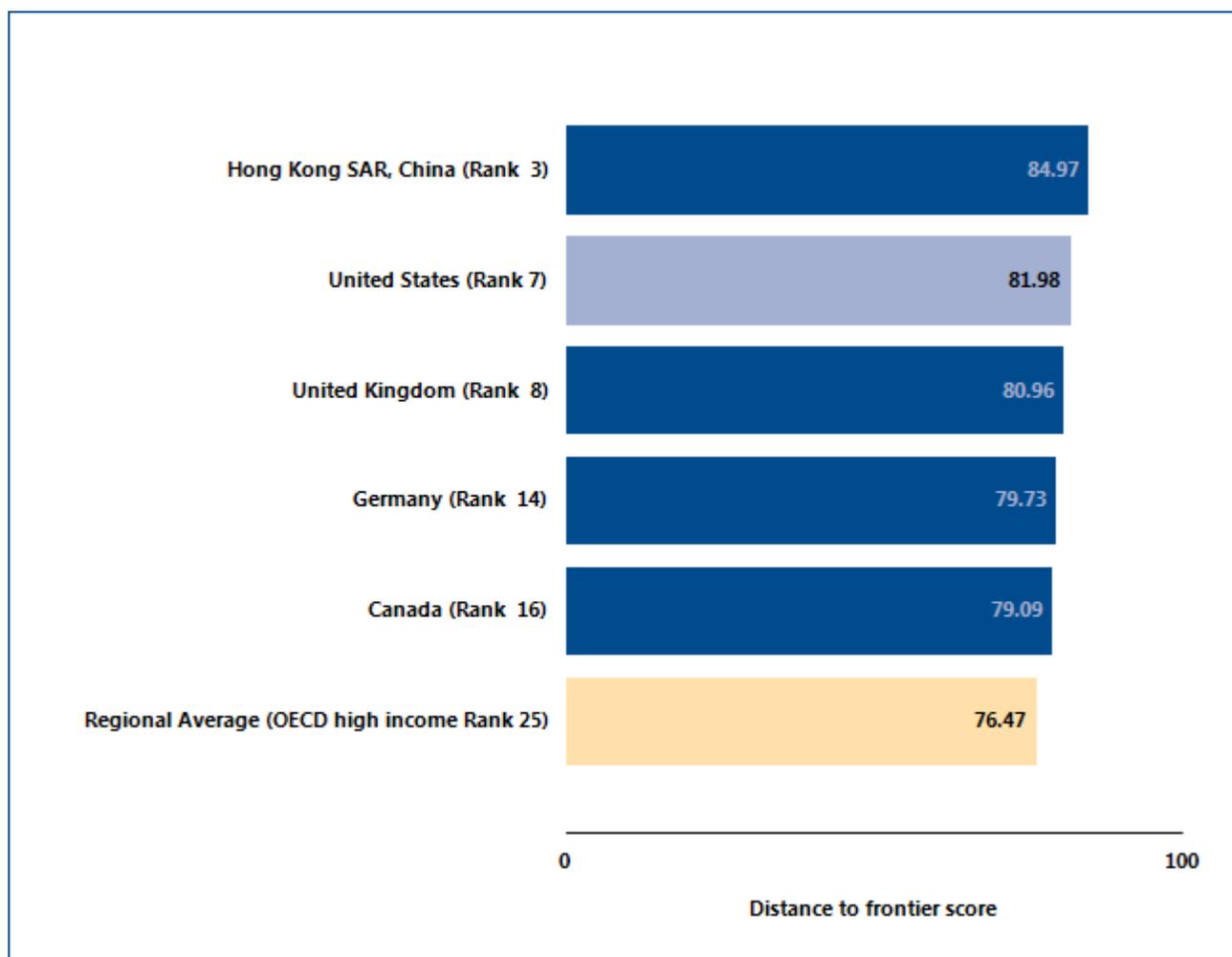
Source: *Doing Business* database.

THE BUSINESS ENVIRONMENT

For policy makers, knowing where their economy stands in the aggregate ranking on the ease of doing business is useful. Also useful is to know how it ranks relative to comparator economies and relative to the

regional average (figure 1.2). The economy's rankings (figure 1.3) and distance to frontier scores (figure 1.4) on the topics included in the ease of doing business ranking provide another perspective.

Figure 1.2 How United States and comparator economies rank on the ease of doing business



Note: The rankings are benchmarked to June 2014 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.

Source: *Doing Business* database.

THE BUSINESS ENVIRONMENT

Figure 1.3 Rankings on *Doing Business* topics - United States
 (Scale: Rank 189 center, Rank 1 outer edge)

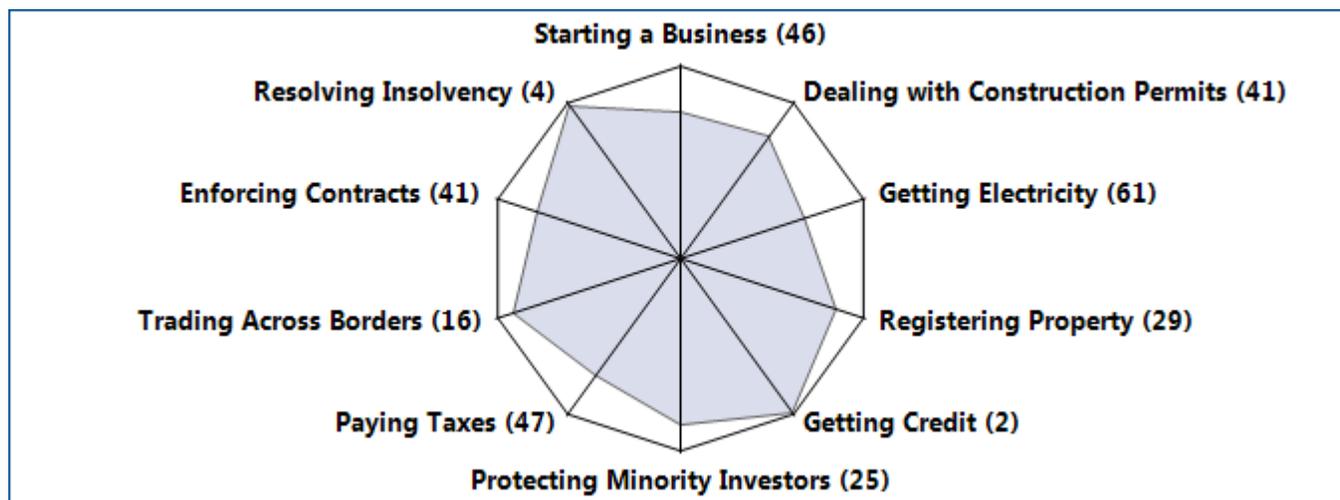
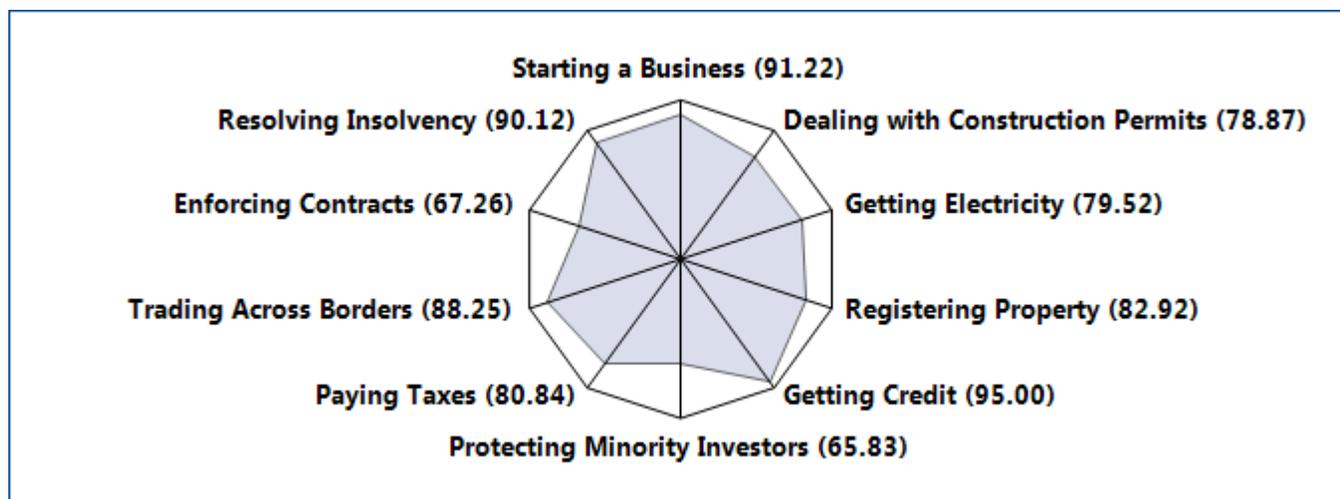


Figure 1.4 Distance to frontier scores on *Doing Business* topics - United States
 (Scale: Score 0 center, Score 100 outer edge)



Note: The rankings are benchmarked to June 2014 and based on the average of each economy’s distance to frontier (DTF) scores for the 10 topics included in this year’s aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy’s distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.
Source: *Doing Business* database.

THE BUSINESS ENVIRONMENT

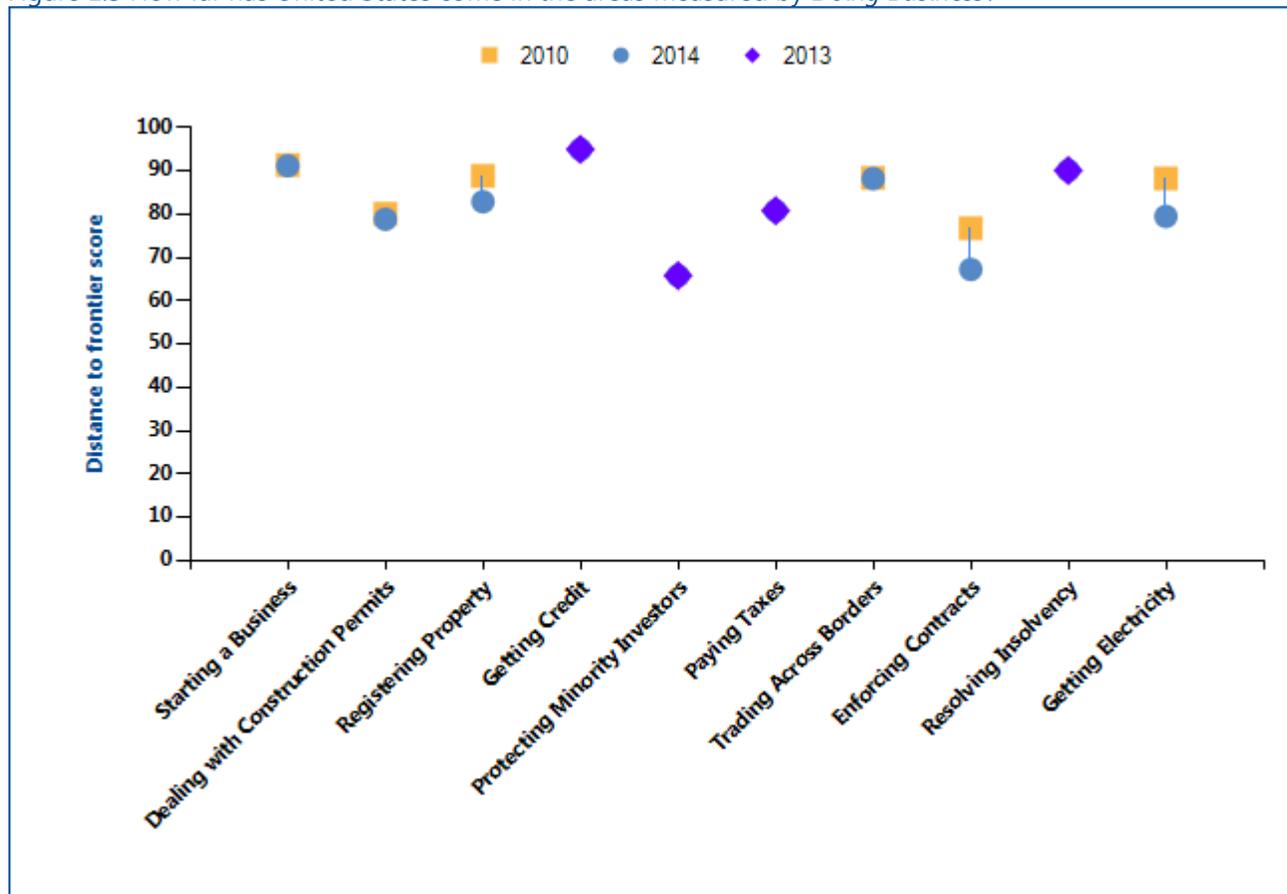
Just as the overall ranking on the ease of doing business tells only part of the story, so do changes in that ranking. Yearly movements in rankings can provide some indication of changes in an economy’s regulatory environment for firms, but they are always relative.

Moreover, year-to-year changes in the overall rankings do not reflect how the business regulatory environment in an economy has changed over time—or how it has changed in different areas. To aid in assessing such changes,

Doing Business introduced the distance to frontier score. This measure shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator.

Comparing the measure for an economy at 2 points in time allows users to assess how much the economy’s regulatory environment as measured by *Doing Business* has changed over time—how far it has moved toward (or away from) the most efficient practices and strongest regulations in areas covered by *Doing Business* (figure 1.5).

Figure 1.5 How far has United States come in the areas measured by *Doing Business*?



Note: The distance to frontier score shows how far on average an economy is from the best performance achieved by any economy on each *Doing Business* indicator since 2010, except for getting credit, paying taxes, protecting minority investors and resolving insolvency which had methodology changes in 2014 and thus are only comparable to 2013. The measure is normalized to range between 0 and 100, with 100 representing the best performance (the frontier). See the data notes starting on page 114 of the *Doing Business 2015* report for more details on the distance to frontier score.

Source: *Doing Business* database.

THE BUSINESS ENVIRONMENT

The absolute values of the indicators tell another part of the story (table 1.1). The indicators, on their own or in comparison with the indicators of a good practice economy or those of comparator economies in the region, may reveal bottlenecks reflected in large numbers of procedures, long delays or high costs. Or they may reveal unexpected strengths in an area of business

regulation—such as a regulatory process that can be completed with a small number of procedures in a few days and at a low cost. Comparison of the economy's indicators today with those in the previous year may show where substantial bottlenecks persist—and where they are diminishing.

Table 1.1 Summary of *Doing Business* indicators for United States

Indicator	United States DB2015	United States DB2014	New York City DB2015	Los Angeles DB2015	Canada DB2015	Germany DB2015	Hong Kong SAR, China DB2015	United Kingdom DB2015	Best performer globally DB2015
Starting a Business (rank)	46	41	--	--	2	114	8	45	New Zealand (1)
Starting a Business (DTF Score)	91.22	91.06	91.59	90.66	98.82	81.38	96.38	91.23	New Zealand (99.96)
Procedures (number)	6.0	6.0	6.0	6.0	1.0	9.0	3.0	6.0	New Zealand (1.0)*
Time (days)	5.6	6.2	4.0	8.0	5.0	14.5	2.5	6.0	New Zealand (0.5)
Cost (% of income per capita)	1.2	1.2	1.4	0.8	0.4	8.8	1.4	0.3	Slovenia (0.0)
Paid-in min. capital (% of income per capita)	0.0	0.0	0.0	0.0	0.0	35.8	0.0	0.0	112 Economies (0.0)*
Dealing with Construction Permits (rank)	41	43	--	--	118	8	1	17	Hong Kong SAR, China (1)
Dealing with Construction Permits (DTF Score)	78.87	78.75	80.10	77.04	67.12	87.42	95.53	85.06	Hong Kong SAR, China (95.53)

Indicator	United States DB2015	United States DB2014	New York City DB2015	Los Angeles DB2015	Canada DB2015	Germany DB2015	Hong Kong SAR, China DB2015	United Kingdom DB2015	Best performer globally DB2015
Procedures (number)	15.8	15.8	15.0	17.0	12.0	8.0	5.0	9.0	Hong Kong SAR, China (5.0)
Time (days)	78.6	78.6	89.0	63.0	249.0	96.0	66.0	105.0	Singapore (26.0)
Cost (% of warehouse value)	1.0	1.1	0.3	2.0	1.3	1.1	0.4	1.2	Qatar (0.0)*
Getting Electricity (rank)	61	58	--	--	150	3	13	70	Korea, Rep. (1)
Getting Electricity (DTF Score)	79.52	79.51	88.30	66.35	59.27	98.37	91.54	78.42	Korea, Rep. (99.83)
Procedures (number)	4.8	4.8	4.0	6.0	7.0	3.0	4.0	4.0	12 Economies (3.0)*
Time (days)	89.6	89.6	60.0	134.0	142.0	28.0	38.0	126.0	Korea, Rep. (18.0)*
Cost (% of income per capita)	25.5	27.2	14.6	41.9	131.0	44.4	1.4	90.1	Japan (0.0)
Registering Property (rank)	29	30	--	--	55	89	96	68	Georgia (1)
Registering Property (DTF Score)	82.92	82.85	82.34	83.79	76.20	67.78	66.19	72.55	Georgia (99.88)
Procedures (number)	4.4	4.4	4.0	5.0	6.0	5.0	5.0	6.0	4 Economies (1.0)*
Time (days)	15.2	15.2	12.0	20.0	16.5	40.0	35.5	21.5	3 Economies (1.0)*
Cost (% of property value)	2.4	2.5	3.4	0.9	3.3	6.7	7.7	4.6	4 Economies (0.0)*
Getting Credit (rank)	2	1	--	--	7	23	23	17	New Zealand (1)
Getting Credit (DTF Score)	95.00	95.00	95.00	95.00	85.00	70.00	70.00	75.00	New Zealand (100)
Strength of legal rights index (0-12)	11	11	11	11	9	6	7	7	3 Economies (12)*

Indicator	United States DB2015	United States DB2014	New York City DB2015	Los Angeles DB2015	Canada DB2015	Germany DB2015	Hong Kong SAR, China DB2015	United Kingdom DB2015	Best performer globally DB2015
Depth of credit information index (0-8)	8	8	8	8	8	8	7	8	23 Economies (8)*
Credit registry coverage (% of adults)	0.0	0.0	0.0	0.0	0.0	1.3	0.0	0.0	Portugal (100.0)
Credit bureau coverage (% of adults)	100.0	100.0	100.0	100.0	100.0	100.0	96.1	100.0	23 Economies (100.0)*
Protecting Minority Investors (rank)	25	21	--	--	7	51	2	4	New Zealand (1)
Protecting Minority Investors (DTF Score)	65.83	65.83	65.83	65.83	72.50	59.17	80.83	78.33	New Zealand (81.67)
Extent of conflict of interest regulation index (0-10)	8.3	8.3	8.3	8.3	8.7	5.0	9.0	8.3	Singapore (9.3)*
Extent of shareholder governance index (0-10)	4.8	4.8	4.8	4.8	5.8	6.8	7.2	7.3	France (7.8)*
Strength of minority investor protection index (0-10)	6.6	6.6	6.6	6.6	7.3	5.9	8.1	7.8	New Zealand (8.2)
Paying Taxes (rank)	47	44	--	--	9	68	4	16	United Arab Emirates (1)*
Paying Taxes (DTF Score)	80.84	80.85	79.65	82.62	93.00	77.02	98.51	90.52	United Arab Emirates (99.44)*
Payments (number per year)	10.6	10.6	11.0	10.0	8.0	9.0	3.0	8.0	Hong Kong SAR, China (3.0)*
Time (hours per year)	175.0	175.0	175.0	175.0	131.0	218.0	78.0	110.0	Luxembourg (55.0)
Trading Across Borders (rank)	16	15	--	--	23	18	2	15	Singapore (1)
Trading Across Borders	88.25	88.34	88.40	88.01	86.07	87.67	95.36	88.32	Singapore (96.47)

Indicator	United States DB2015	United States DB2014	New York City DB2015	Los Angeles DB2015	Canada DB2015	Germany DB2015	Hong Kong SAR, China DB2015	United Kingdom DB2015	Best performer globally DB2015
(DTF Score)									
Documents to export (number)	3	3	3	3	3	4	3	4	Ireland (2)*
Time to export (days)	6.0	6.0	6.0	6.0	8.0	9.0	6.0	8.0	5 Economies (6.0)*
Cost to export (US\$ per container)	1,224.0	1,164.0	1,190.0	1,275.0	1,680.0	1,015.0	590.0	1,005.0	Timor-Leste (410.0)
Cost to export (deflated US\$ per container)	1,224.0	1,181.6	1,190.0	1,275.0	1,680.0	1,015.0	590.0	1,005.0	
Documents to import (number)	5	5	5	5	3	4	3	4	Ireland (2)*
Time to import (days)	5.4	5.4	5.0	6.0	10.0	7.0	5.0	6.0	Singapore (4.0)
Cost to import (US\$ per container)	1,289.0	1,289.0	1,315.0	1,250.0	1,680.0	1,050.0	565.0	1,050.0	Singapore (440.0)
Cost to import (deflated US\$ per container)	1,289.0	1,308.5	1,315.0	1,250.0	1,680.0	1,050.0	565.0	1,050.0	
Enforcing Contracts (rank)	41	41	--	--	65	13	6	36	Singapore (1)
Enforcing Contracts (DTF Score)	67.26	67.26	73.16	58.42	63.76	76.74	80.32	68.08	Singapore (89.54)
Time (days)	420.0	420.0	370.0	495.0	570.0	394.0	360.0	437.0	Singapore (150.0)
Cost (% of claim)	30.5	30.5	22.9	42.0	22.3	14.4	21.2	39.9	Iceland (9.0)
Procedures (number)	33.6	33.6	32.0	36.0	36.0	31.0	26.0	29.0	Singapore (21.0)*
Resolving Insolvency (rank)	4	4	--	--	6	3	25	13	Finland (1)
Resolving Insolvency (DTF Score)	90.12	90.12	90.74	89.20	89.17	91.78	75.06	82.04	Finland (93.85)

Indicator	United States DB2015	United States DB2014	New York City DB2015	Los Angeles DB2015	Canada DB2015	Germany DB2015	Hong Kong SAR, China DB2015	United Kingdom DB2015	Best performer globally DB2015
Time (years)	1.5	1.5	1.5	1.5	0.8	1.2	0.8	1.0	Ireland (0.4)
Cost (% of estate)	8.2	8.2	7.0	10.0	7.0	8.0	5.0	6.0	Norway (1.0)
Outcome (0 as piecemeal sale and 1 as going concern)	1	1	1	1	1	1	1	1	
Recovery rate (cents on the dollar)	80.4	80.4	81.5	78.6	87.3	83.4	87.2	88.6	Japan (92.9)
Strength of insolvency framework index (0-16)	15.0	15.0	15.0	15.0	13.5	15.0	9.0	11.0	5 Economies (15.0)*

Note: DB2014 rankings shown are not last year's published rankings but comparable rankings for DB2014 that capture the effects of such factors as data corrections and changes to the methodology. Trading across borders deflated and non-deflated values are identical in DB2015 because it is defined as the base year for the deflator. The best performer on time for paying taxes is defined as the lowest time recorded among all economies in the DB2015 sample that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and VAT or sales tax. If an economy has no laws or regulations covering a specific area—for example, insolvency—it receives a “no practice” mark. Similarly, an economy receives a “no practice” or “not possible” mark if regulation exists but is never used in practice or if a competing regulation prohibits such practice. Either way, a “no practice” mark puts the economy at the bottom of the ranking on the relevant indicator.

* Two or more economies share the top ranking on this indicator. A number shown in place of an economy's name indicates the number of economies that share the top ranking on the indicator. For a list of these economies, see the *Doing Business* website (<http://www.doingbusiness.org>).

Source: *Doing Business* database.

STARTING A BUSINESS

Formal registration of companies has many immediate benefits for the companies and for business owners and employees. Legal entities can outlive their founders. Resources are pooled as several shareholders join forces to start a company. Formally registered companies have access to services and institutions from courts to banks as well as to new markets. And their employees can benefit from protections provided by the law. An additional benefit comes with limited liability companies. These limit the financial liability of company owners to their investments, so personal assets of the owners are not put at risk. Where governments make registration easy, more entrepreneurs start businesses in the formal sector, creating more good jobs and generating more revenue for the government.

What do the indicators cover?

Doing Business measures the ease of starting a business in an economy by recording all procedures officially required or commonly done in practice by an entrepreneur to start up and formally operate an industrial or commercial business—as well as the time and cost required to complete these procedures. It also records the paid-in minimum capital that companies must deposit before registration (or within 3 months). The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the procedures. It assumes that all information is readily available to the entrepreneur and that there has been no prior contact with officials. It also assumes that the entrepreneur will pay no bribes. And it assumes that the business:

- Is a limited liability company, located in the largest business city and is 100% domestically owned¹.
- Has between 10 and 50 employees.
- Conducts general commercial or industrial activities.
- Has a start-up capital of 10 times income per capita.
- Has a turnover of at least 100 times income per capita.
- Does not qualify for any special benefits.
- Does not own real estate.

WHAT THE STARTING A BUSINESS

INDICATORS MEASURE

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration in the economy's largest business city¹
- Postregistration (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 (2 procedures cannot start on the same day). Procedures that can be fully completed online are recorded as ½ 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 before registration (or within 3 months)

¹ For the 11 economies with a population of more than 100 million, data for a second city have been added.

STARTING A BUSINESS

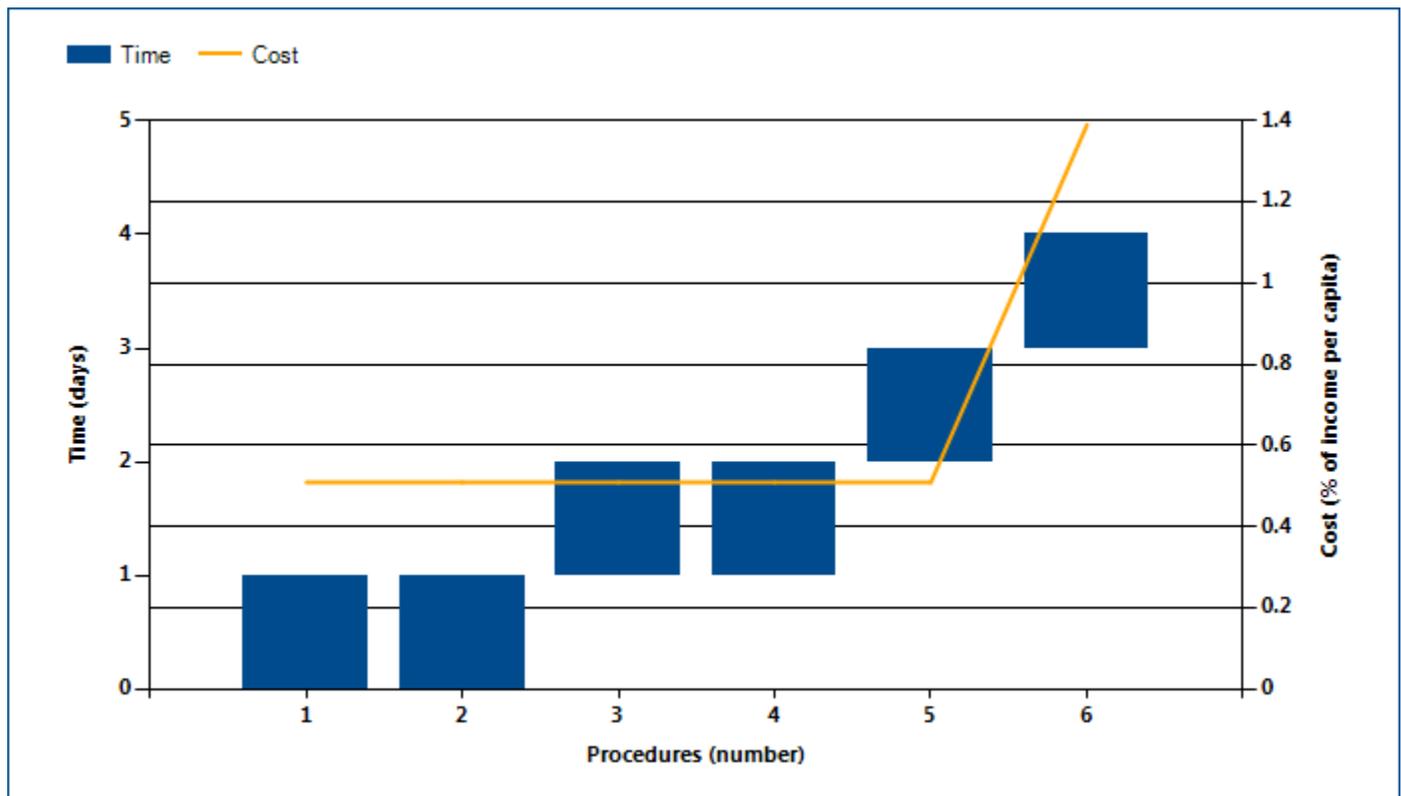
Where does the economy stand today?

What does it take to start a business in United States? According to data collected by *Doing Business*, starting a business there requires 6.0 procedures, takes 5.6 days, costs 1.2% of income per capita and requires paid-in minimum capital of 0.0% of income per capita (figure 2.1). Most indicator sets refer to a case scenario in the

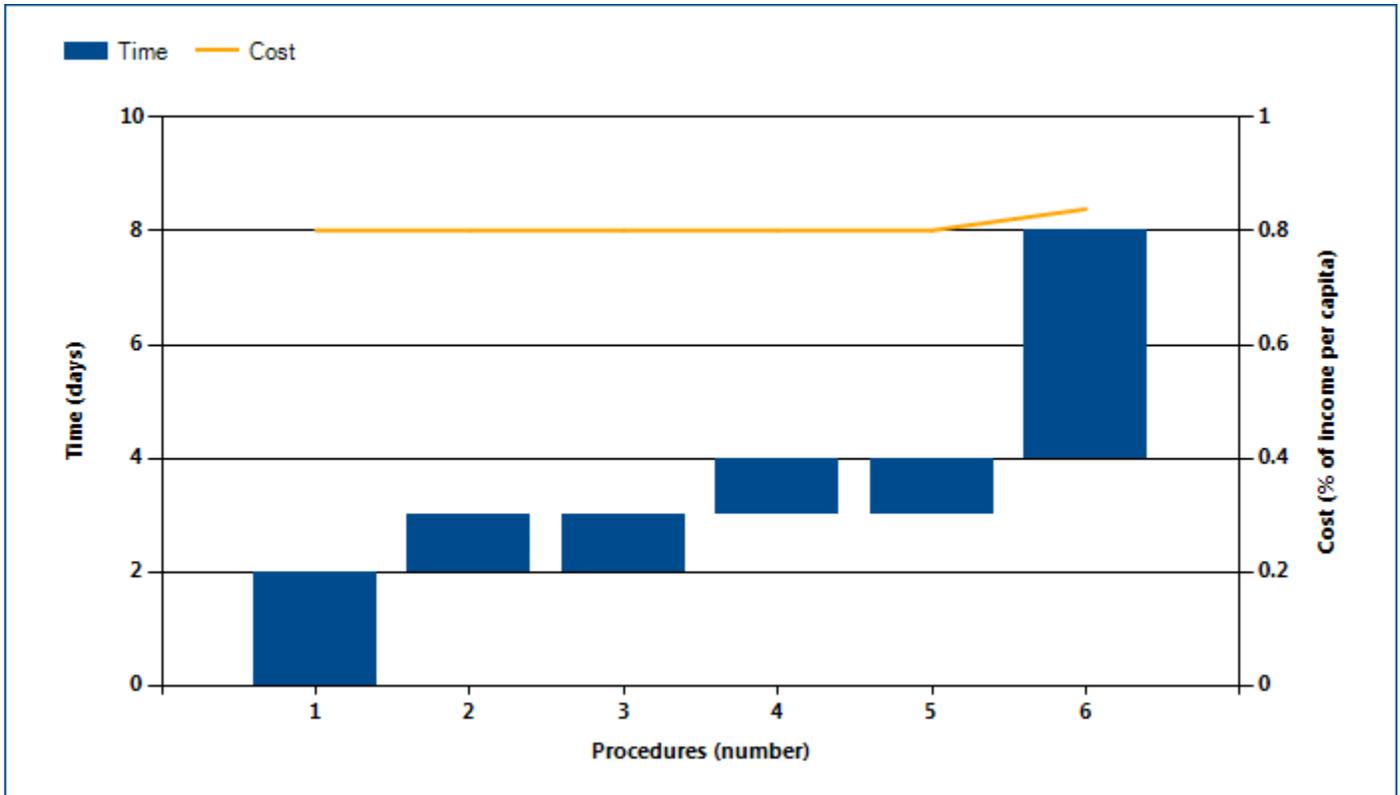
largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 2.1 What it takes to start a business in United States - New York City

Paid-in minimum capital (% of income per capita): 0.0



What it takes to start a business in United States - Los Angeles



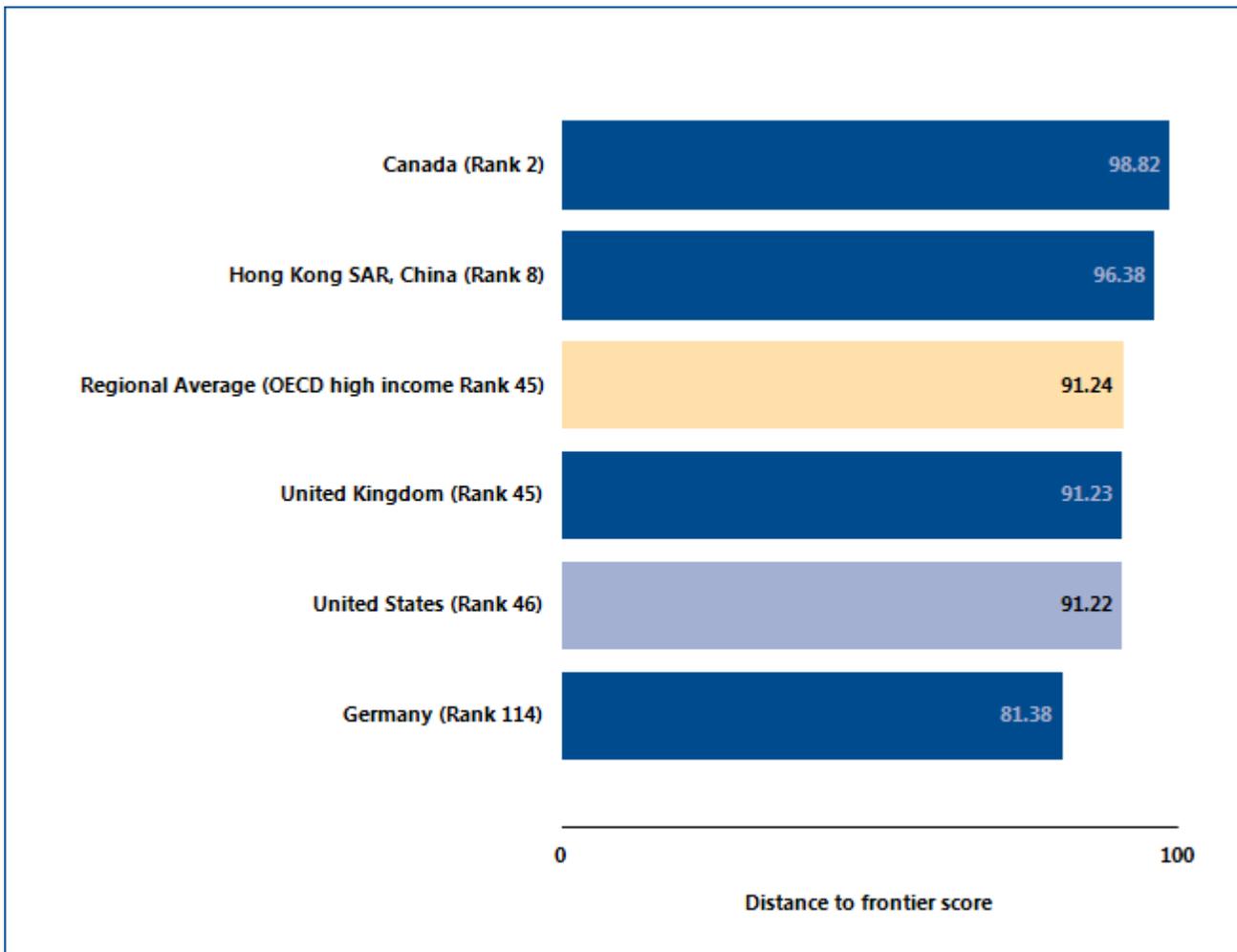
Note: Time shown in the figure above may not reflect simultaneity of procedures. Online procedures account for 0.5 days in the total time calculation. For more information on the methodology of the starting a business indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter. Source: *Doing Business* database.

STARTING A BUSINESS

Globally, United States stands at 46 in the ranking of 189 economies on the ease of starting a business (figure 2.2). The rankings for comparator economies and the regional

average ranking provide other useful information for assessing how easy it is for an entrepreneur in United States to start a business.

Figure 2.2 How United States and comparator economies rank on the ease of starting a business



Source: *Doing Business* database.

STARTING A BUSINESS

Economies around the world have taken steps making it easier to start a business—streamlining procedures by setting up a one-stop shop, making procedures simpler or faster by introducing technology and reducing or eliminating minimum capital requirements. Many have undertaken business registration reforms in stages—and

they often are part of a larger regulatory reform program. Among the benefits have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities.

What business registration reforms has *Doing Business* recorded in United States (table 2.1)?

Table 2.1 How has United States made starting a business easier—or not?
By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
DB2015	In the United States starting a business became easier in New York City thanks to faster online procedures.

Note: For information on reforms in earlier years (back to DB2005), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.

STARTING A BUSINESS

What are the details?

Underlying the indicators shown in this chapter for United States is a set of specific procedures—the bureaucratic and legal steps that an entrepreneur must complete to incorporate and register a new firm. These are identified by *Doing Business* through collaboration with relevant local professionals and the study of laws, regulations and publicly available information on business entry in that economy. Following is a detailed summary of those procedures, along with the associated time and cost. These procedures are those that apply to a company matching the standard assumptions (the “standardized company”) used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators measure).

STANDARDIZED COMPANY

Legal form: NY Limited Liability Company

Paid in minimum capital requirement: USD 0

City: New York City, Los Angeles

Start-up Capital: 10 times GNI per capita

Table 2.2 Summary of time, cost and procedures for starting a business in United States - New York City

No.	Procedure	Time to complete	Cost to complete
1	<p>Reserve the company's business name (optional), file the company's articles of organization and adopt the company's operating agreement</p> <p>The company founders may reserve the name of the company with the New York State Department of State Division of Corporations prior to filing the company's articles of organization. To reserve a name, the founders should file an application for Reservation of Name and pay a fee of USD 20. The application holds the name for 60 days and may be extended twice for additional periods of 60 days. The fee to extend the reservation of name is also USD 20. The company name must contain the words "Limited Liability Company," "L.L.C.," or "LLC."</p> <p>The founders must file the company's articles of organization with the New York Department of State Division of Corporations. Forms can be purchased at a legal supply store or downloaded from the department's website. The application processing time is about seven business days. However, optional expedited processing is available according to the following fee schedule:</p> <ul style="list-style-type: none"> - 2-hour turnaround: USD 150 (additional fee) - Same-day service: USD 75 (additional fee) - 24-hour turnaround: USD 25 (additional fee) <p>New York State requires an LLC to have a written operating agreement but such agreement does not have to be filed with the state. The business members may enter into an operating agreement before, at the time of, or within 90 days after the filing of the articles of organization. Regardless of when such an agreement was entered into, it may be effective upon the formation of the LLC or at a later date</p>	Less than one day (online procedure)	USD 275 (USD 200 filing fee, USD 75 expedited service fee)

No.	Procedure	Time to complete	Cost to complete
	<p>specified in the operating agreement (provided, however, that under no circumstances shall an operating agreement become effective prior to the formation of such company).</p> <p><i>Agency: New York State Department of State, Division of Corporations</i></p>		
<p>2</p>	<p>Apply for federal identification number (EIN) for tax and employer purposes</p> <p>The company needs to apply for a federal Employer Identification Number ("EIN"), which is used for tax and employer purposes. Founders must file IRS Form SS-4 (available from the US Internal Revenue Service).</p> <p>It is possible to apply online (processing time: immediate), by telephone (processing time: immediate), by fax (processing time: 4 business days), or by mail (processing time: 4 weeks). If applicants apply online, they do not need fill out IRS Form SS-4.</p> <p><i>Agency: US Internal Revenue Service</i></p>	<p>Less than one day (online procedure)</p>	<p>no charge</p>
<p>3</p>	<p>Register to collect state sales tax</p> <p>Businesses that "sell taxable tangible personal property, perform taxable services, receive amusement charges, or operate a hotel or motel, and restaurants, taverns, or other establishments that sell food and drink" must register as a sales tax vendor and obtain a Certificate of Authority, as well as those businesses that buy and sell for resale (for example, a wholesale distributor). See the Department of Taxation and Finance's Official Publication 750, "A Guide to Sales Tax in New York State."</p> <p>To register, the founders must file Form DTF-17 or register online at the website of the New York State Department of Taxation and Finance. After the company has registered, it generally must file quarterly sales and use tax returns regardless of whether it has started or done any business.</p> <p><i>Agency: New York State Department of Taxation and Finance</i></p>	<p>Less than one day (online procedure)</p>	<p>no charge</p>
<p>4</p>	<p>Register as an employer with the Unemployment Insurance Division at the State Labor Department</p> <p>Founders must register as an employer by completing Form NYS-100 to determine whether or not the company is liable under the New York State Unemployment Insurance Law. If the company is determined liable, the Department of Labor will send the company quarterly combined withholding, wage reporting and unemployment insurance returns for reporting wages paid to the company's employees. General business employers may register online at the New York State</p>	<p>Less than one day (online procedure)</p>	<p>no charge</p>

No.	Procedure	Time to complete	Cost to complete
	<p>Department of Labor website or by completing Form NYS-100 and submitting it by mail or fax.</p> <p><i>Agency: New York State Department of Labor</i></p>		
5	<p>Arrange for workers' compensation and disability insurance</p> <p>As New York employers, the LLC founders must obtain and maintain workers' compensation insurance and disability insurance for its employees by purchasing a workers' compensation insurance policy and a disability benefits insurance policy from an authorized private insurance carrier or through the NYS Insurance Fund (or by self-insurance for workers' compensation).</p> <p>The company's federal Employer Identification Number ("EIN") is the company's primary identification with respect to communications with the Workers' Compensation Board or by becoming a member of a group self-insurer authorized by the board. The company must give its EIN to its insurance carrier when obtaining or maintaining its workers' compensation or disability coverage. Workers' compensation insurance floor is calculated using each employee's risk classification, salary, and total payroll.</p> <p><i>Agency: New York State Workers' Compensation Board</i></p>	1 day	no charge
6	<p>Arrange for publication and submit certificate and affidavits of publication</p> <p>Section 206 of the New York State Limited Liability Company Law requires that within 120 days (after the effectiveness of the initial articles of organization), a limited liability company (LLC) must publish in two newspapers a copy of the Articles of Organization or a notice related to the formation of the LLC once a week for six successive weeks. The newspapers must be designated by the county clerk of the county in which the office of the LLC is located, as stated in the Articles of Organization.</p> <p>The State of New York website has a directory of all New York county websites (http://www.nysegov.com/citguide.cfm?context=citguide&content=munibycounty1), which entrepreneurs can use as a reference to find their relevant county for publishing. The cost of notice of publication varies by county.</p> <p>After publication, the printer or publisher of each newspaper will provide the entrepreneur with a Certificate of Publication, with the affidavits of publication of the newspapers attached. It must be submitted to the New York Department of State, Division of Corporations, One Commerce Plaza, 99 Washington Avenue, Albany, NY 12231. The fee for filing the Certificate of Publication is USD 50.</p>	1 day	USD 475

No.	Procedure	Time to complete	Cost to complete
	<i>Agency: New York State Department of State, Division of Corporations</i>		

* Takes place simultaneously with another procedure.

Note: Online procedures account for 0.5 days in the total time calculation.

Source: *Doing Business* database.

Summary of time, cost and procedures for starting a business in United States - Los Angeles

No.	Procedure	Time to complete	Cost to complete
1	<p>Reserve the company name and file the Articles of Organization</p> <p>Organization of the company (i.e., company registration) has to be done in person at the office of the Secretary of State of California located in Sacramento. The formation date is the date in which the document is received and accepted by the Secretary of State. The company may hire a "messenger" located in Sacramento to file on its behalf so that founders do not have to personally go to the Secretary of State office. The fee for hiring a messenger would be USD 20 in addition to the official company organization fees.</p> <p>The name of the limited liability company may not contain the words "bank," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp.," and the name must not contain the words "insurer" or "insurance company" or any other words suggesting that it is in the business of issuing policies of insurance and assuming insurance risks.</p> <p>Pursuant to Section 17702.01, Articles of Organization shall contain the below statement: THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE CALIFORNIA REVISED UNIFORM LIMITED LIABILITY COMPANY ACT.</p> <p>The special handling fee or preclearance and expedited filing services are not applicable to documents submitted by mail. In addition to the time-frames specified in the previous year report, the Secretary of State offers a 4-hour expedited filing service for additional \$500.00 to those who precleared their documents, i.e. submitted their documents for review in advance and paid special fee.</p> <p><i>Agency: Secretary of State of California</i></p>	2 days (with 24-hour rush filing)	USD 70 (official fee for organization of an LLC) + USD 10 (name reservation fee) + USD 350 (24-hour rush fee)
2	<p>Apply for a Federal Employer Identification Number (EIN)</p> <p>The company needs to apply for the federal employer identification number ("EIN"), used for tax and employer purposes, founders must file IRS Form SS-4 (available from the US Internal Revenue Service).</p>	Less than one day (online procedure)	no charge

No.	Procedure	Time to complete	Cost to complete
	<p>It is possible to apply online (processing time: immediate), by telephone (processing time: immediate), by fax (processing time: 4 business days) or by mail (processing time: 4 weeks).</p> <p><i>Agency: US Internal Revenue Service</i></p>		
<p>3</p>	<p>Register for California State Sales Tax and Obtain Seller’s Permit from the California Board of Equalization</p> <p>Businesses that are either: (i) engaged in business in California; (ii) intend to sell or lease tangible personal property that would ordinarily be subject to sales tax if sold at retail (this includes wholesalers, manufactures and retailers.); or (iii) will make sales for a temporary period, normally lasting no longer than 90 days at one or more locations (for example, fireworks booth, Christmas tree lots, garage sale) must register for a seller’s permit with Board of Equalization ("BOE") .</p> <p>A company may register online at the BOE website or in person at one of the BOE field offices. After the company has registered, the BOE assigns a filing frequency (quarterly prepay, quarterly, monthly, fiscal yearly, yearly) based on your reported sales tax or your anticipated taxable sales at the time of registration.</p> <p><i>Agency: Board of Equalization</i></p>	<p>Less than one day (online procedure)</p>	<p>no charge</p>
<p>4</p>	<p>Register for taxes with the City of Los Angeles and Obtain the Tax Registration Certificate (TRC)</p> <p>Pursuant to Section 21.03 of the Los Angeles Municipal Code (Imposition of Tax), every person engaged in any trade, calling, occupation, vocation, profession or other means of livelihood in the City of Los Angeles, must obtain a Tax Registration Certificate (TRC) and pay the required business tax due, specified in Sections 21.41 to 21.199 of the Business Tax Ordinance. The Office of Finance of the City of Los Angeles is responsible for the collection of business taxes. The amount of business tax due is based on the company’s gross receipts generated during the previous reporting period, subject to applicable reductions under City Clerk Rulings.</p> <p>After submitting the online application, a temporary business tax registration certificate will be issued for the company to print and display at its place of business (please see below a sample TRC certificate for a Professional Corporation, similar to that of a Limited Liability Company as an example). A permanent certificate will be sent via mail and should arrive within 4 weeks from completing the online registration. Inspectors may sometimes pass by the business premises to make sure that this certificate is properly displayed and that the taxpayer company has fulfilled all of its tax duties.</p>	<p>Less than one day (online procedure)</p>	<p>no charge</p>

No.	Procedure	Time to complete	Cost to complete
	<p><i>Agency: City of Los Angeles Office of Finance</i></p>		
<p>5</p>	<p>Register for the California State Employer Payroll Tax Account Number</p> <p>All employers conducting business in California are subject to the employment tax laws of the California Unemployment Insurance Code (CUIC). Pursuant to Section 1086 of the California Unemployment Insurance Code, every employer in California must register for employer tax payroll number. Once a business hires an employee, the business is considered an employer and must register with the Employment Development Department (EDD) within 15 days after paying wages in excess of \$100 in a quarter. No distinction is made between full-time and part-time or permanent and temporary employees in meeting this requirement.</p> <p><i>Agency: Employment Development Department</i></p>	<p>Less than one day (online procedure)</p>	<p>no charge</p>
<p>6</p>	<p>File a Statement of Information with the California Secretary of State</p> <p>Pursuant to Article 2 (Formation: Articles of Organization and Other Filings [17702.09]) of the California Revised Uniform Limited Liability Company Act (RULLCA), every registered limited liability company must file a Statement of Information with the Secretary of State in Sacramento within 90 days after filing of its original Articles of Organization. In addition, a Statement of Information must be filed every 2 years thereafter during the applicable filing period. The Statement of Information is to be filed on form LLC-12 by mailing the form to the Secretary of State with a USD 20 filing fee. It can also be delivered in person to the Secretary of State's Sacramento office.</p> <p><i>Agency: Secretary of State of California</i></p>	<p>4 days</p>	<p>USD 20</p>

* Takes place simultaneously with another procedure.

Note: Online procedures account for 0.5 days in the total time calculation.

Source: Doing Business database.

DEALING WITH CONSTRUCTION PERMITS

Regulation of construction is critical to protect the public. But it needs to be efficient, to avoid excessive constraints on a sector that plays an important part in every economy. Where complying with building regulations is excessively costly in time and money, many builders opt out. They may pay bribes to pass inspections or simply build illegally, leading to hazardous construction that puts public safety at risk. Where compliance is simple, straightforward and inexpensive, everyone is better off.

What do the indicators cover?

Doing Business records the procedures, time and cost for a business in the construction industry to obtain all the necessary approvals to build a warehouse in the economy's largest business city, connect it to basic utilities and register the warehouse so that it can be used as collateral or transferred to another entity.

The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the warehouse, including the utility connections.

The business:

- Is a limited liability company operating in the construction business and located in the largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added. Is domestically owned and operated.
- Has 60 builders and other employees.

The warehouse:

- Is valued at 50 times income per capita.
- Is a new construction (there was no previous construction on the land).

WHAT THE DEALING WITH CONSTRUCTION PERMITS INDICATORS MEASURE

Procedures to legally build a warehouse (number)

Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates

Submitting all required notifications and receiving all necessary inspections

Obtaining utility connections for water and sewerage

Registering the warehouse after its completion (if required for use as collateral or for transfer of the warehouse)

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day. Procedures that can be fully completed online are recorded as ½ day.

Procedure considered completed once final document is received

No prior contact with officials

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

Official costs only, no bribes

- Will have complete architectural and technical plans prepared by a licensed architect or engineer.
- Will be connected to water and sewerage (sewage system, septic tank or their equivalent). The connection to each utility network will be 150 meters (492 feet) long.
- Will be used for general storage, such as of books or stationery (not for goods requiring special conditions).
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

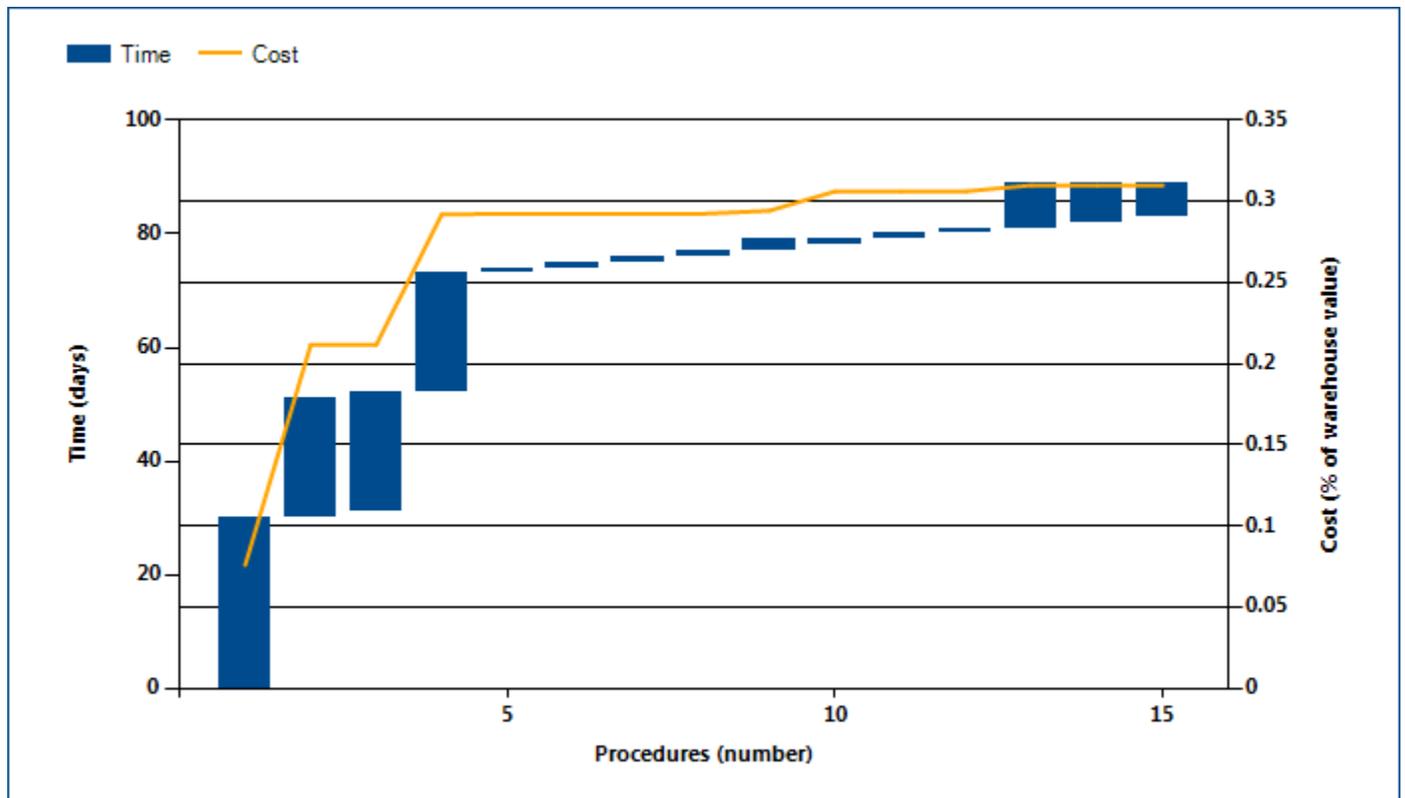
DEALING WITH CONSTRUCTION PERMITS

Where does the economy stand today?

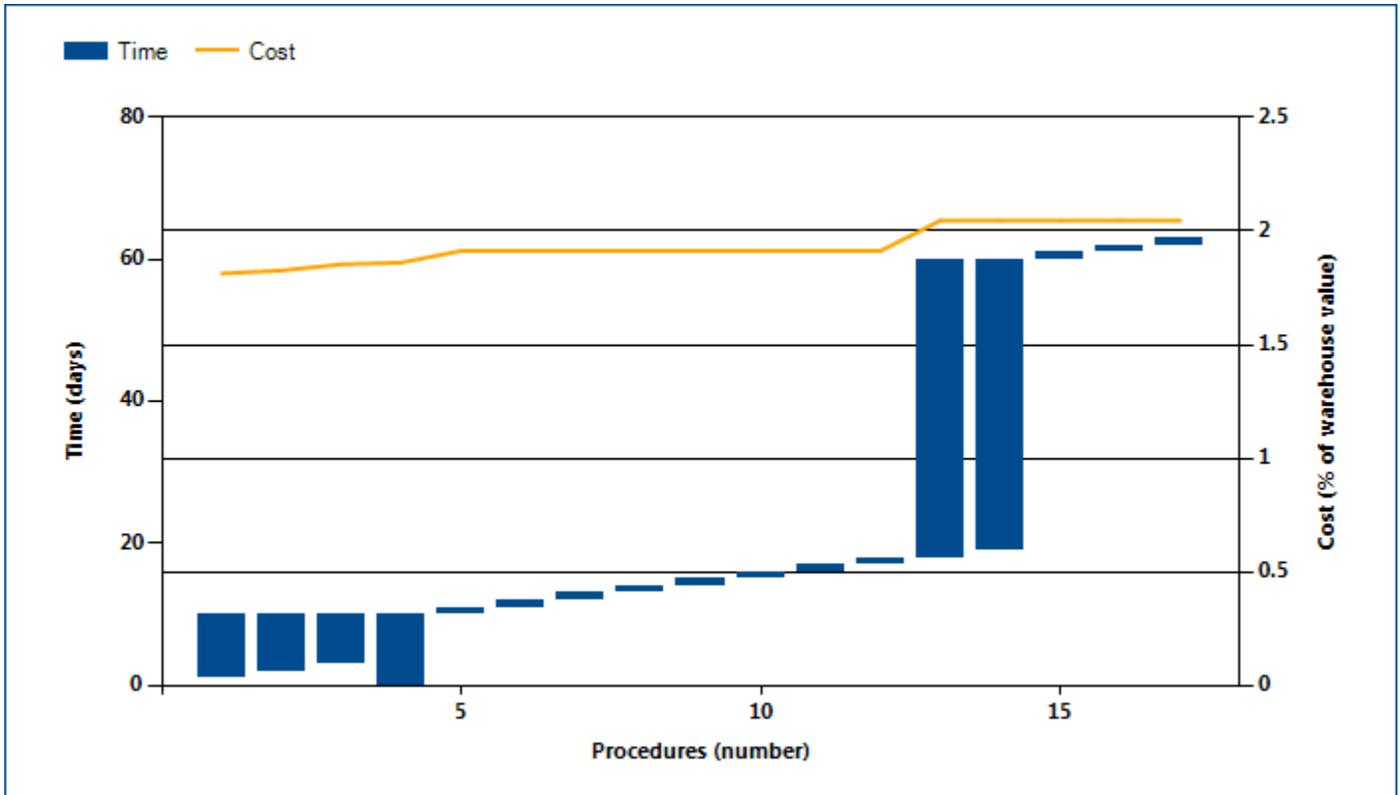
What does it take to comply with the formalities to build a warehouse in United States? According to data collected by *Doing Business*, dealing with construction permits there requires 15.8 procedures, takes 78.6 days and costs 1.0% of the warehouse value (figure 3.1). Most indicator sets refer to a case scenario in the largest

business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 3.1 What it takes to comply with formalities to build a warehouse in United States - New York City



What it takes to comply with formalities to build a warehouse in United States - Los Angeles



Note: Time shown in the figure above may not reflect simultaneity of procedures. Online procedures account for 0.5 days in the total time calculation. For more information on the methodology of the dealing with construction permits indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter.

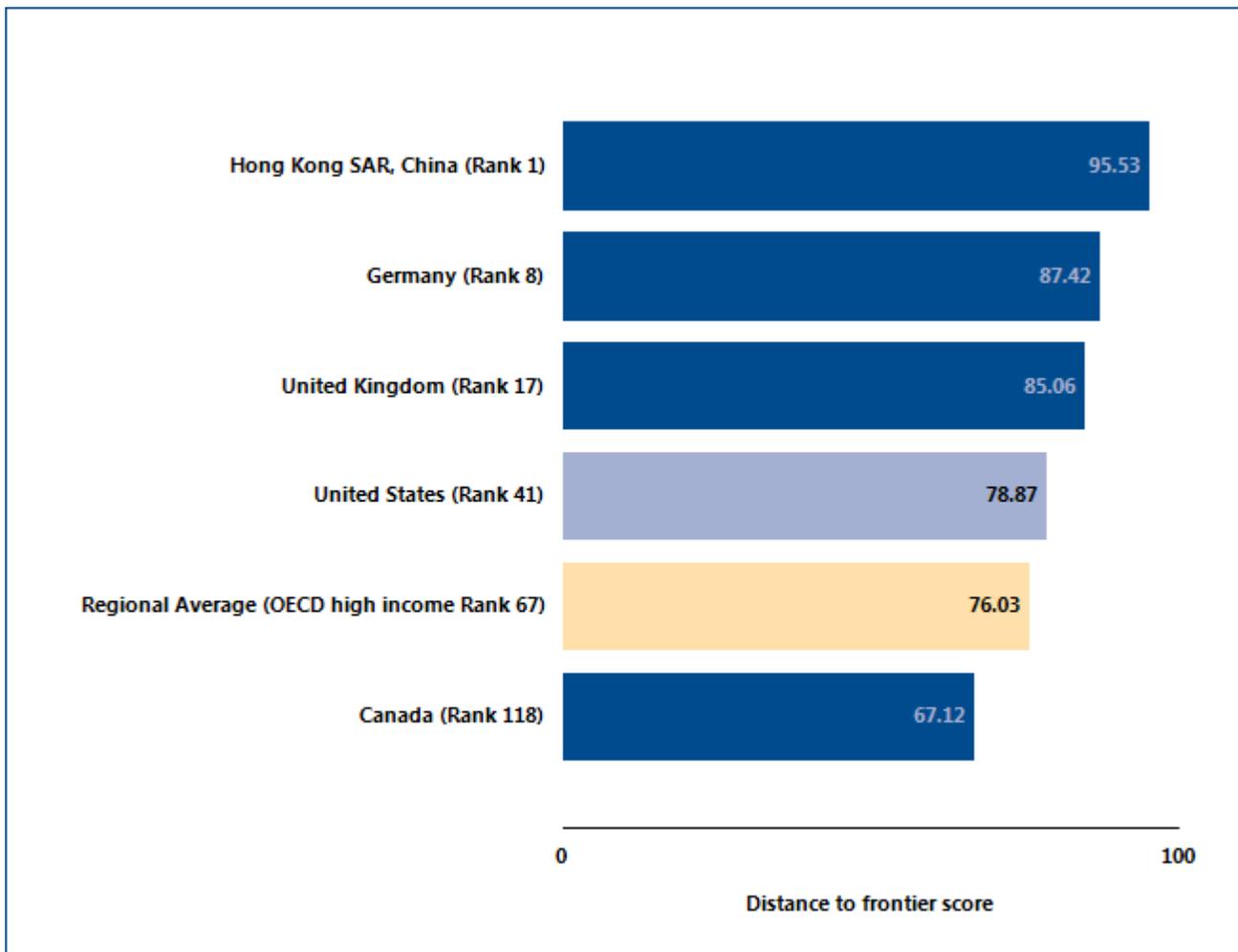
Source: *Doing Business* database.

DEALING WITH CONSTRUCTION PERMITS

Globally, United States stands at 41 in the ranking of 189 economies on the ease of dealing with construction permits (figure 3.2). The rankings for comparator economies and the regional average ranking provide

other useful information for assessing how easy it is for an entrepreneur in United States to legally build a warehouse.

Figure 3.2 How United States and comparator economies rank on the ease of dealing with construction permits



Source: Doing Business database.

DEALING WITH CONSTRUCTION PERMITS

What are the details?

The indicators reported here for United States are based on a set of specific procedures—the steps that a company must complete to legally build a warehouse—identified by *Doing Business* through information collected from experts in construction licensing, including architects, civil engineers, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations. These procedures are those that apply to a company and structure matching the standard assumptions used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover).

BUILDING A WAREHOUSE

Estimated cost of construction : **USD 2,697,696**

City : **New York City, Los Angeles**

The procedures, along with the associated time and cost, are summarized below.

Table 3.2 Summary of time, cost and procedures for dealing with construction permits in United States - New York City

No.	Procedure	Time to complete	Cost to complete
1	<p>Submit the new Zoning Diagram (ZD1), PW1, Schedule A, Form TR2 & TR3 and obtain approval</p> <p>BuildCo must submit the Zoning Diagram (ZD1), PW1 and Schedule A. PW1 Plan/Work Approval Application must include information about the project such as a description, intended location, etc. However, separate PW1 applications must be filed for:</p> <ol style="list-style-type: none"> 1. General construction 2. Sprinkler protection 3. Fire alarm 4. Standpipe System 5. Boiler 6. Plumbing 7. Pavement 8. Foundation and earth work 9. Electrical 10. Elevator/lift (to comply with law on disability) <p>A fee of \$165 is paid for each PW1 filing. BuildCo has a choice of paying half of this amount with PW1 filing, and the remaining balance with PW2 filing. But the majority of customers choose to pay the full amount upfront with PW1.</p> <p>For Forms TR2 and TR3, the director of the licensed concrete laboratory must provide his/her name, sign and date the report, and place his/her seal in the space provided identifying responsibility of conducting the testing in accordance with Building Code 1905.6 and Building Code 1704.1.</p> <p><i>Agency: New York City Department of Buildings (DOB)</i></p>	30 days	USD 2,040

No.	Procedure	Time to complete	Cost to complete
2	<p>Request and obtain plan approval from the New York City Department of Buildings (DOB)</p> <p>The applicant must be either a Registered Architect (RA) or a Professional Engineer (PE) to submit the plans. The Department of Buildings (DOB) reviews construction plans to ensure that they comply with the Building Code and meet current safety standards and zoning requirements. Once plans are approved, a contractor or contractor's representative may apply for a construction work permit.</p> <p>Simple projects, as in the case of BuildCo, can opt for a fast-track service offered by the New York City Department of Buildings (DOB), called the Professional Certification Program. The program, introduced in 1996, enables registered architects and professional engineers to certify, through an affidavit signed by the owner, contractor, and all responsible professionals (architects, engineers, plumbers, and the like) that the plans they file with the department are in compliance with all applicable laws. This reduces the amount of time a builder normally would wait for a DOB permit by eliminating the process of DOB examination and approval of the plans.</p> <p>The professional certification must be submitted at the time of pre-filing and in advance. A professionally certified application goes through the same pre-filing, payment, and data entry process as normal applications:</p> <ul style="list-style-type: none"> • Information on the availability of a public sewer system • If a private sewage treatment plant is proposed, evidence of submission of plans for approval of such a plant to the department of environmental protection and the department of health as required by law • The lot diagram showing compliance with the zoning resolution • The foundation plans • The floor and roof plans showing compliance with exit requirements • The detailed architectural, structural, and mechanical drawings • General description of the proposed work <p>After analyzing the plans (assuming that all required documents are present), the DOB approves the application at the end of data entry.</p> <p>A professionally certified application does not go through plan examination. The applicant can check the application status by using the Buildings Information System and, upon approval, can retrieve the application folder from the DOB to apply for a permit. Twenty percent of all professionally certified applications are selected for audit within 10 days of first permit issuance. The audits for new projects may take place within 30 days after the application is issued.</p> <p>The overall time of application clearance is 5 days on average.</p> <p>According to the 2008 Building Code No. 26-212, the fee for the new building permit is USD 0.26 per square foot. The plumbing permit and foundation fee are calculated inside the above flat rate.</p> <p>The Building Code says that "fifty percent of the total fee for the work permit, but not less than one hundred dollars, or the total fee for the work permit where such fee is less than one hundred dollars, shall be</p>	21 days	USD 3,640

No.	Procedure	Time to complete	Cost to complete
	<p>paid by or on behalf of the owner or lessee of the building premises or property affected, and shall accompany the first application for the approval of plans or other statement describing the building work when submitted prior to submission of the permit application; and the whole or remainder of the total fee shall be paid before the work permit may be issued." Still, most companies of BuildCo's size would opt to pay the amount upfront, not in two separate transactions. Only for large projects is dividing the amount widespread.</p> <p>Starting in 2011, the NYC Department of Buildings began accepting digital plans for new buildings. While our contributors have noted that the processing time isn't any faster in practice than submitting in person, it does allow the applicant more project control and improved accessibility to the plan examiner and inter-agency communications, as well as online tracking of application progress.</p> <p><i>Agency: New York City Department of Buildings (DOB)</i></p>		
3	<p>* Submit application and receive Sewer Availability Certification</p> <p>Sewer certification application must be submitted by a New York State licensed Professional Engineer (PE) or Registered Architect (RA). Applicant submits 6 copies of the application form, signed and sealed by RA/PE, with signed cover letter, fees, attachments and completed checklist to DEP. DEP reviews the application to ensure it is accurate, complete and compliant with applicable DEP rules and regulations. DEP then issues Sewer Certification (valid for 2 years). Once the application is certified, the applicant is notified that it may be picked up from the DEP Borough Water and Sewer Office or it may be mailed upon request.</p> <p><i>Agency: Department of Environmental Protection (DEP)</i></p>	21 days	no charge
4	<p>Master Plumber applies for and receives Sewer Connection Permit</p> <p>The Licensed Master Plumber must apply for a Sewer Connection Permit prior to obtaining the work permit. DEP Bureau of Water and Sewer reviews the permit application for accuracy and completion. Licensed Master Plumber brings stamped DEP permit along with permit fees to to DEP Bureau of Customer Service local office. Once the permit is approved, the Master Plumber can connect to water and sewage at any point during or after construction.</p> <p><i>Agency: Department of Environmental Protection (DEP)</i></p>	21 days	USD 2,155
5	<p>Notarize signatures of contractor and site safety manager on work permit application form, PW2 form and cost affidavit form (PW3 form)</p> <p>The site safety manager must be an employee of BuildCo and possess a valid site safety manager certificate. The cost affidavit must be filed to certify estimated and actual costs, in order to obtain a work permit.</p>	1 day	USD 12

No.	Procedure	Time to complete	Cost to complete
6	<p>Obtain work permit from the Department of Buildings (DOB)</p> <p>After obtaining the Building permit, the company must request a work permit. The request should be accompanied by a copy of the current insurance policy of workers' compensation insurance. This procedure must be done by the contractor even if they are not the owner of the land. Different types of work require separate licenses. However, in one application, more than one permit can be requested. For instance, plumbing and construction work permits can be requested in the same application.</p> <p>For a warehouse, BuildCo must request a new building permit, a plumbing permit, and a foundation and earthwork permit. The request must include the detailed architectural, structural, and mechanical plans. One to two days prior to construction works, the company must notify the DOB by phone.</p> <p><i>Agency: Department of Buildings (DOB)</i></p>	1 day	no charge
7	<p>Submit notice to Department of Buildings on commencement of foundation and earthwork</p> <p>The foundation and earthwork permit shall be issued on the condition that the applicant provides a written notice to the Department of Buildings at least 24 hours, but no more than 48 hours prior to the commencement of the foundation or earthwork.</p> <p><i>Agency: New York City Department of Buildings (DOB)</i></p>	1 day	no charge
8	<p>* Notify all the owners of adjacent plots about the works</p> <p>Notification of adjacent owners, done 5 days prior to excavations for new building foundations, is necessary for obtaining the foundation and earthwork permit.</p>	1 day	no charge
9	<p>Request and obtain work permit from the Department of Transportation</p> <p>A Construction Activity Permit fee costs USD 50.00, and is valid for 90 days unless otherwise stated. Once the 90 days expire, the company buys another work permit for the remaining period of construction. Upon applying, the company gets an account number, and the next day obtains the work permit.</p>	2 days	USD 50

No.	Procedure	Time to complete	Cost to complete
	<p>Unless otherwise authorized, permits shall be kept at the work site or designated field headquarters at all times and shall be made available for inspection upon request of any police officer or any authorized employee of the Departments of Environmental Protection, Buildings, Police, and Transportation, or any other city employees specifically authorized by the Commissioner to enforce these rules.</p> <p><i>Agency: Department of Transportation</i></p>		
<p>10</p>	<p>* Receive on-site inspection by the Department of Transportation (DOT) and obtain approval</p> <p>Approval from the Department of Transportation is granted after inspection.</p> <p><i>Agency: Department of Transportation</i></p>	<p>1 day</p>	<p>USD 320</p>
<p>11</p>	<p>Request occupancy certificate from the Department of Buildings (DOB)</p> <p>Upon completion of construction, the company must arrange for DOB inspections. For construction and plumbing, the company should contact the borough office where property is located.</p> <p>After completion of satisfactory inspections and submission of the required fillings (including inspections reports), DOB issues a new certificate of occupancy that describes the legal use and occupancy of a property.</p> <p>Each application must be accompanied by an accurate and complete lot survey made by a licensed surveyor. If the certificate of occupancy application is not signed by a professional engineer or registered architect, the form must be notarized by an official notary public.</p> <p>To obtain the certificate of occupancy, the company must obtain the work permit/approval from the Bureau of Electrical Control, the Department of Environmental Protection, and the Department of Transportation. If these approvals have not yet been granted at the time of applying for the certificate of occupancy, a temporary certificate can be issued. The company then has a year to obtain all the necessary approvals.</p> <p>If the building does not comply with all the plans and the New York City building code, the company must make the necessary changes. Then the Department of Buildings inspects the warehouse again. This process is repeated until the building complies with all the rules. It is common to have 2 -- 3 inspections of this sort. Once the building passes the inspection, the issuance of the certificate of occupancy is immediate.</p> <p><i>Agency: Department of Buildings (DOB)</i></p>	<p>1 day</p>	<p>no charge</p>

No.	Procedure	Time to complete	Cost to complete
12	<p>* Receive final inspection by the Department of Buildings (DOB)</p> <p>The inspection takes place after all inspections (electricity, water and sewerage, and transport) have taken place.</p> <p>Agency: Department of Buildings (DOB)</p>	1 day	no charge
13	<p>Obtain occupancy certificate from the Department of Buildings (DOB)</p> <p>Agency: Department of Buildings (DOB)</p>	8 days	USD 100
14	<p>* Receive final inspection by the Department of Environmental Protection (DEP) and obtain approval</p> <p>Approval from the Department of Environmental Protection is granted after inspection.</p> <p>Agency: Department of Environmental Protection (DEP)</p>	1 day	no charge
15	<p>* Receive sewer connection inspection and obtain Certificate of Inspection</p> <p>The licensed master plumber will notify DEP when sewer connection is ready for inspection. The trench must be open for any un-inspected length and all work on pipes, joints etc must be visible. The connection inspection must be scheduled at least 24 hours in advance. DEP will issue Certificate of Inspection after all works are in compliance with the sewer certification. The original Certificate of Inspection is stored with the DEP Borough Water and Sewer Office and a copy is sent to the plumber and DOB.</p> <p>Agency: Department of Environmental Protection (DEP)</p>	1 day	no charge

* Takes place simultaneously with another procedure.

Note: Online procedures account for 0.5 days in the total time calculation.

Source: Doing Business database.

Summary of time, cost and procedures for dealing with construction permits in United States - Los Angeles

No.	Procedure	Time to complete	Cost to complete
-----	-----------	------------------	------------------

No.	Procedure	Time to complete	Cost to complete
1	<p>Receive building plan check and permit</p> <p>Building plans are screened for completeness and accuracy. An option to expedite the plan check is available for an expedite fee of 50% of the plan check fee. Plans that are expedited are usually handled in 5 calendar days, as expedited plans can include weekend work, instead of the normal 3-4 week waiting period.</p> <p>Smaller projects such as tenant improvements and small offices may receive a counter plan check that takes only 45-60 minutes.</p> <p>Building plans must be submitted to the Department of Building and Safety, including:</p> <ul style="list-style-type: none"> • Description of the work to be covered by the permit. • Description of the land on which the proposed work is to be done, and the street address. • Description of the use for which the proposed work is intended. • Two sets of site plans, including all boundaries, lot lines, existing and proposed buildings and structures, neighboring public ways, and dimensions. • Valuation of any new building. • Be signed by the permittee, or an authorized agent. • Give such other data and information as may be required by the Superintendent of Building. <p>Building plan checks include electrical, mechanical, disabled access and structural plan checks. Grading plan checks may also be required if the location is in a hillside area. Mechanical plan checks may also be required when there are HVAC systems or elevators required. HVAC systems may be required if the building is in the desert areas, but would not be required in the beach or basin areas. BuildCo's warehouse is also not likely to require an elevator, according to the CBC Title 42 Chapter 11B, because it is fewer than three stories, and "a reasonable portion of [the] facilities and accommodations normally sought by the public... are accessible to and usable by persons with disabilities."</p> <p>Costs include:</p> <ul style="list-style-type: none"> - For the plan check, a total of \$22,782.75 including: <ul style="list-style-type: none"> • Plan check fee: \$9,699 (90% of the building permit fee) but if expedited this amounts to \$14,548.53 (additional 50% of the plan check fee for expedited services) • Planning fee: \$1,610.34 • One stop surcharge: \$290.97 • System development surcharge: \$872.91 • Arts development surcharge: \$5,460.00 (\$0.39 / sq. ft. and it is only applicable to commercial projects valued at \$500,000 or more) - For the building permit, total of \$25,863.45 including: <ul style="list-style-type: none"> • Permit fee: \$10,776.69 • Fire hydrant fee: \$5,526.82 • Plan maintenance fee: \$215.53 • EQ instrumentation fee: \$531.38 • Planning fee: \$1,209.14 • One stop surcharge: \$230.47 • System development surcharge: \$691.42 • State green building surcharge: \$102.00 	5 days	USD 48,646

No.	Procedure	Time to complete	Cost to complete
	<ul style="list-style-type: none"> • School district fee: \$6,580.00 (applicable to projects with a total area of 500 square feet or more) <p><i>Agency: Department of Building and Safety (LADBS)</i></p>		
<p>2</p>	<p>* Receive plumbing plan check and permit</p> <p>The cost includes the following:</p> <ul style="list-style-type: none"> - For the plumbing plan check, a total of \$179.63 including: <ul style="list-style-type: none"> • Plan check fee of \$110.88 (70% of the plumbing permit fee) but if expedited this amounts to \$166.32 (additional 50% of the permit fee for expedited services) • One stop surcharge: \$3.33 • System development surcharge: \$9.98 - For the plumbing permit, a total of \$195.91 including: <ul style="list-style-type: none"> • Expedited permit includes: 1 sink/lavatory (\$23.00), 1 water service connection (\$64.00), one water using device (sub-pump) (\$17.00), 1 public sewer connection (\$40.00) • Permit issuance fee: \$23 • One stop surcharge: \$3.63 • System development surcharge: \$10.88 <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	<p>1 day</p>	<p>USD 376</p>
<p>3</p>	<p>* Bonded plumber applies for and receives sewer connection permit.</p> <p>A sewer permit is required for all new connections to sewers. This is an over-the-counter permit and can be issued in as little as 30 minutes.</p> <p>In order to issue an S-Permit, BuildCo must identify the address of the property and work. This will be verified by the Bureau of Engineering (BOE) staff, and they will confirm the availability of the main line sewer. Furthermore, the BOE District Office where the project is located must be identified, in case the District Engineer's input is required.</p> <p>Only a bonded plumber can apply for this permit. The Doing Business methodology assumes that BuildCo has a registered plumber on staff.</p> <p>The cost includes:</p> <ul style="list-style-type: none"> • \$265 flat fee • 2% one-stop surcharge • 7% equipment and training surcharge • \$2.84 per linear foot of sewer connection for the inspection <p><i>Agency: Los Angeles Department of Sanitation</i></p>	<p>1 day</p>	<p>USD 715</p>

No.	Procedure	Time to complete	Cost to complete
4	<p>* File a Service Advisory Request (SAR) and receive the maximum flow requirements report</p> <p>A Service Advisory Request (SAR) must be filed with the Los Angeles Department of Power and Water.</p> <p>Information required:</p> <ul style="list-style-type: none"> • Address of proposed service installation or legal description of property • Proposed service location (distance from property line or distance to centerline of nearest cross street) • Flow requirements (gallons per minute [gpm]) or size, and type of service desired (fire, domestic, irrigation) <p>A customized hydraulic analysis of existing LADWP facilities serving your location is made. The analysis is based on your service location and your maximum flow requirements. The time required to analyze and process your SAR report generally ranges from a few days to two weeks depending on the volume of requests and the complexity of the analysis. At this time, the average turnaround time is approximately 10 days. The SAR report will be mailed and/or faxed to you at your request.</p> <p>A copy of the completed report is sent to the DBS so that you may obtain your fire sprinkler permit.</p> <p><i>Agency: Los Angeles Department of Water and Power</i></p>	10 days	USD 210
5	<p>Receive fire sprinkler plan check and permit</p> <p>The cost details include the following:</p> <ul style="list-style-type: none"> - For the sprinkler plan check, a total of \$620.30 including: <ul style="list-style-type: none"> • Plan check fee: \$382.90 but if expedited this amounts to \$574.35 (50% additional fee for expedited services) • One stop surcharge: \$11.49 • System development surcharge: \$34.46 - For the sprinkler permit, a total of \$760.32 including: <ul style="list-style-type: none"> • Expedited permit: 180 sprinkler heads (about 90 per floor) (\$547.00) and 2 standpipe flush risers (1 per floor) (\$134.00) • Permit issuance fee: \$23 • One stop surcharge: \$14.08 • System development surcharge: \$42.24 <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	1 day	USD 1,381
6	<p>Request and receive foundation inspection</p> <p>This inspection occurs when the excavation for footings is complete and footing forms and required reinforcing steel are in place, but before any concrete is placed.</p>	1 day	no charge

No.	Procedure	Time to complete	Cost to complete
	<p>The request can be made online. The cost of inspection is included in the cost of the permit.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>		
<p>7</p>	<p>Request and receive inspection of wood framing</p> <p>This inspection occurs when all roof, walls and floor framing, fire stopping and bracing are complete and all pipes are in place, but before any of this work is covered.</p> <p>The request can be made online. The cost of inspection is included in the cost of the permit.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	<p>1 day</p>	<p>no charge</p>
<p>8</p>	<p>Request and receive inspection of wall covering</p> <p>This inspection takes place when the backing and lath or drywall are in place ready for plaster, stucco or taping.</p> <p>The request can be made online. The cost of inspection is included in the cost of the permit.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	<p>1 day</p>	<p>no charge</p>
<p>9</p>	<p>Request and receive inspection of reinforced concrete</p> <p>This inspection takes place when forms and reinforcing steel are in place ready for concrete.</p> <p>The request can be made online. The cost of inspection is included in the cost of the permit.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	<p>1 day</p>	<p>no charge</p>
<p>10</p>	<p>Request and receive inspection of reinforced masonry</p> <p>This inspection takes place in grouted masonry when vertical reinforcing steel is in place and other reinforcing steel distributed and ready for placing, but before any units are laid up.</p> <p>The request can be made online. The cost of inspection is included in the cost of the permit.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	<p>1 day</p>	<p>no charge</p>

No.	Procedure	Time to complete	Cost to complete
11	<p>Request and receive inspection of structural steel</p> <p>This inspection takes place when structural steel members are in place and required connections are complete, but before concealing any members or connection.</p> <p>The request can be made online. The cost of inspection is included in the cost of the permit.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	1 day	no charge
12	<p>Request and receive final interior plumbing inspection</p> <p>The plumbing inspection must be completed before water may be turned on. This inspection would include inspection of the installed sub-meter.</p> <p>The request can be made online. The cost of the plumbing inspection is included in the cost of the plumbing permit.</p> <p>Note: There may also be one or two rough inspections of the installation of the plumbing during the construction, but the main control check takes place during the final inspection</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	1 day	no charge
13	<p>Request and receive water connection</p> <p>The sub-meter purchased from the LADWP can be installed by a licensed plumber. After installation, LADWP will turn on the meter for usage.</p> <p><i>Agency: Los Angeles Department of Water and Power</i></p>	42 days	USD 3,584
14	<p>* Request and receive final sewer inspection</p> <p>The sewer connection is made by a bonded plumber, which BuildCo is assumed to have on staff. Upon completion of the sewer connection work, the inspector will perform a final inspection. If the work is done correctly, the inspector will sign off on the permit, and a copy of the permit with the inspector's signature will be sent electronically to the Bureau of Engineering. If the work is part of a Department of Building and Safety (DBS) permit and all other conditions are cleared, the Department of Public Works will agree to the issuance of a Certificate of Occupancy by LADBS.</p> <p>The cost of the final inspection is included in the cost of the sewer permit.</p> <p><i>Agency: Bureau of Contract Administration</i></p>	1 day	no charge

No.	Procedure	Time to complete	Cost to complete
15	<p>Request and receive final fire sprinkler inspection</p> <p>This inspection takes place to ensure full functionality of fire sprinklers after everything is completed.</p> <p>The request can be made online. The cost of the fire inspection is included in the cost of the fire sprinkler permit.</p> <p><i>Agency: Los Angeles Fire Department (LAFD)</i></p>	1 day	no charge
16	<p>Request and receive final building inspection</p> <p>This inspection takes place when the construction or work is completed and the structure ready for occupancy, but before being occupied.</p> <p>The request can be made online. The cost of inspection is included in the cost of the building permit.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	1 day	no charge
17	<p>Receive certificate of occupancy</p> <p>After the receipt and approval of the final inspection report from each of the divisions of the Department of Building and Safety, and after the city engineer has reported that all required public improvements have been completed, the Superintendent of Building shall issue a certificate of occupancy, without charge, to the owner of the building.</p> <p>In practice this takes 1-2 days.</p> <p><i>Agency: Department of Building and Safety (LADBS)</i></p>	1 day	no charge

* Takes place simultaneously with another procedure.

Note: Online procedures account for 0.5 days in the total time calculation.

Source: Doing Business database.

GETTING ELECTRICITY

Access to reliable and affordable electricity is vital for businesses. To counter weak electricity supply, many firms in developing economies have to rely on self-supply, often at a prohibitively high cost. Whether electricity is reliably available or not, the first step for a customer is always to gain access by obtaining a connection.

What do the indicators cover?

Doing Business records all procedures required for a local business to obtain a permanent electricity connection and supply for a standardized warehouse, as well as the time and cost to complete them. These procedures include applications and contracts with electricity utilities, clearances from other agencies and the external and final connection works. The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, several assumptions are used.

The warehouse:

- Is owned by a local entrepreneur, located in the economy's largest business city, in an area where other warehouses are located. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- Is not in a special economic zone where the connection would be eligible for subsidization or faster service.
- Is located in an area with no physical constraints (ie. property not near a railway).
- Is a new construction being connected to electricity for the first time.
- Is 2 stories, both above ground, with a total surface of about 1,300.6 square meters (14,000 square feet), is built on a plot of 929 square meters (10,000 square feet), is used for storage of refrigerated goods

The electricity connection:

- Is 150 meters long and is a 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity) connection.

WHAT THE GETTING ELECTRICITY INDICATORS MEASURE

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

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

- Official costs only, no bribes
- Excludes value added tax
- Is to either the low-voltage or the medium-voltage distribution network and either overhead or underground, whichever is more common in the area where the warehouse is located. Included only negligible length in the customer's private domain.
- Requires crossing of a 10-meter road but all the works are carried out in a public land, so there is no crossing into other people's private property.
- Involves installing one electricity meter. The monthly electricity consumption will be 26880 kilowatt hour (kWh). The internal electrical wiring has been completed.

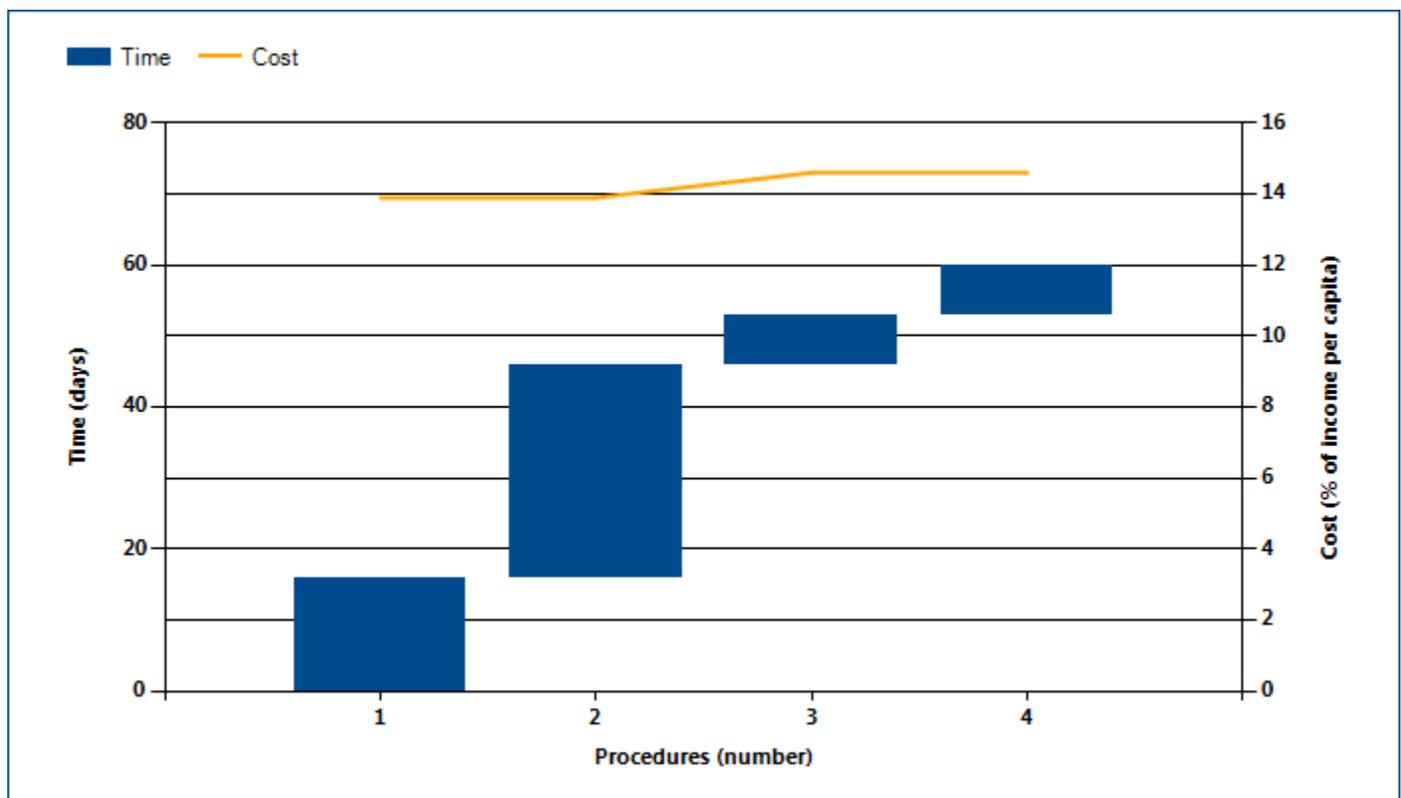
GETTING ELECTRICITY

Where does the economy stand today?

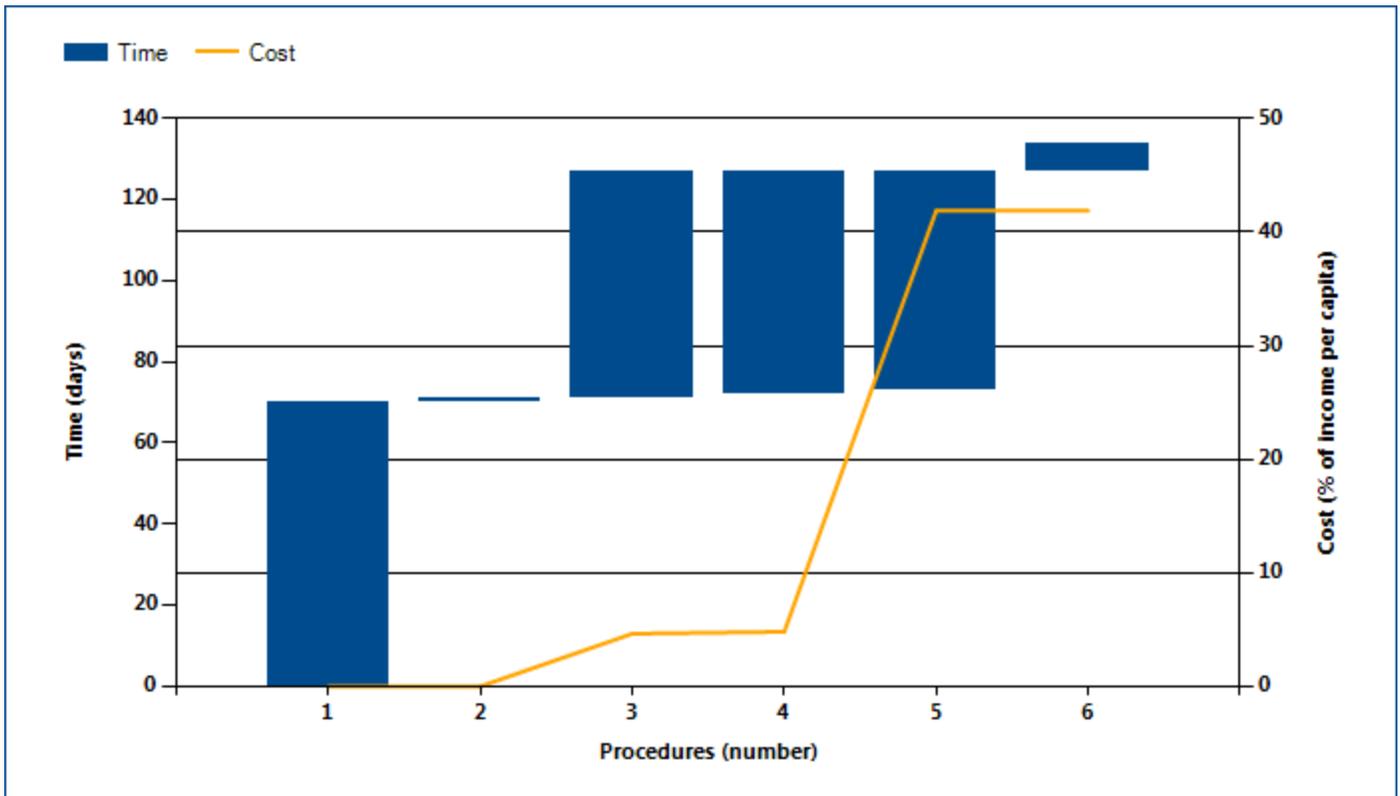
What does it take to obtain a new electricity connection in United States? According to data collected by *Doing Business*, getting electricity there requires 4.8 procedures, takes 89.6 days and costs 25.5% of income per capita (figure 4.1).

Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 4.1 What it takes to obtain an electricity connection in United States - New York City



What it takes to obtain an electricity connection in United States - Los Angeles



Note: Time shown in the figure above may not reflect simultaneity of procedures. For more information on the methodology of the getting electricity indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter.

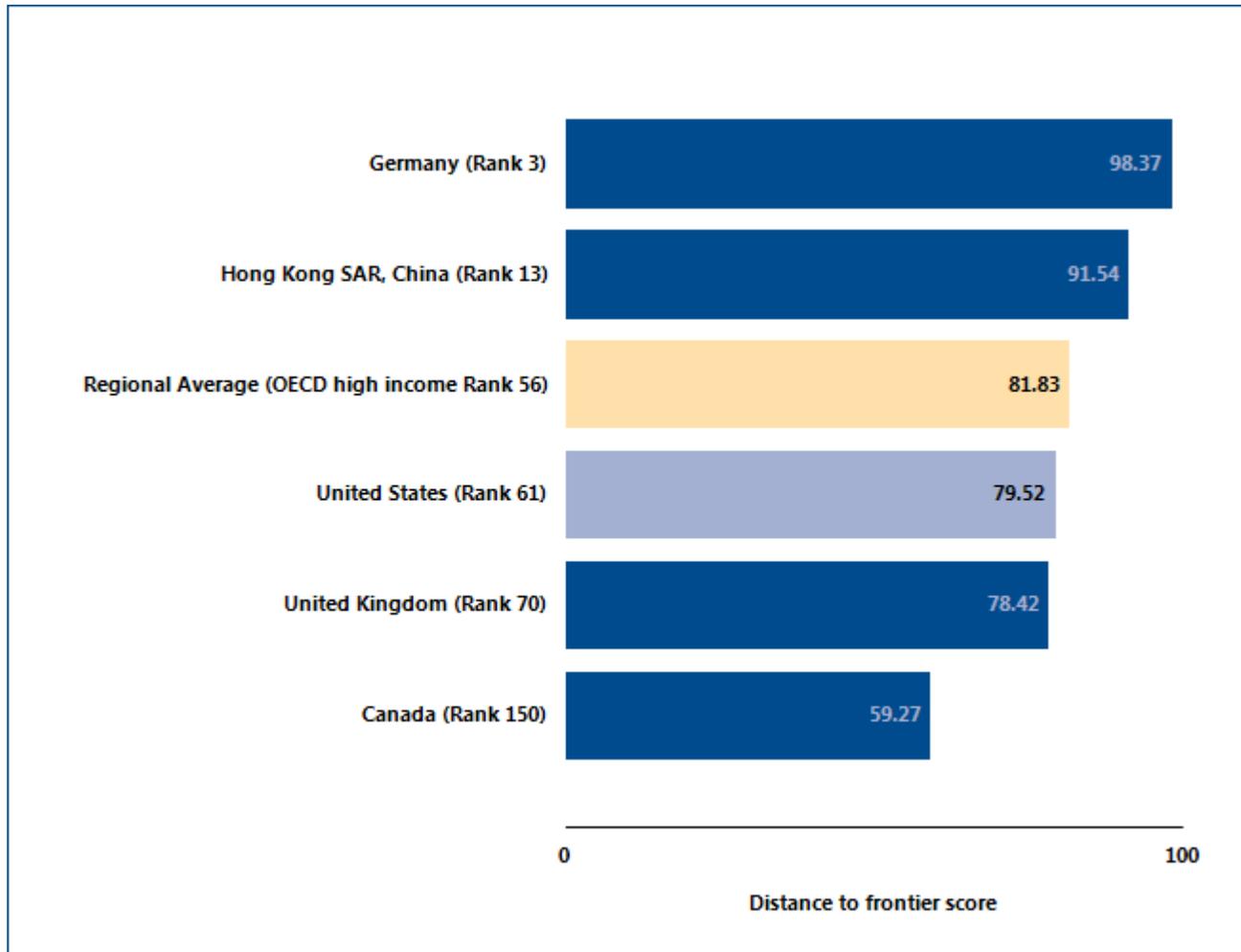
Source: *Doing Business* database.

GETTING ELECTRICITY

Globally, United States stands at 61 in the ranking of 189 economies on the ease of getting electricity (figure 4.2). The rankings for comparator economies and the regional

average ranking provide another perspective in assessing how easy it is for an entrepreneur in United States to connect a warehouse to electricity.

Figure 4.2 How United States and comparator economies rank on the ease of getting electricity



Source: Doing Business database.

GETTING ELECTRICITY

What are the details?

The indicators reported here for United States are based on a set of specific procedures—the steps that an entrepreneur must complete to get a warehouse connected to electricity by the local distribution utility—identified by *Doing Business*. Data are collected from the distribution utility, then completed and verified by electricity regulatory agencies and independent professionals such as electrical engineers, electrical contractors and construction companies. The electricity distribution utility surveyed is the one serving the area (or areas) in which warehouses are located. If there is a choice of distribution utilities, the one serving the largest number of customers is selected.

OBTAINING AN ELECTRICITY CONNECTION

Name of utility - Los Angeles:	Los Angeles Department of Water and Power
Name of utility - New York City:	Con Edison
City:	New York City, Los Angeles

The procedures are those that apply to a warehouse and electricity connection matching the standard assumptions used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover). The procedures, along with the associated time and cost, are summarized below.

Table 4.2 Summary of time, cost and procedures for getting electricity in United States - New York City

No.	Procedure	Time to complete	Cost to complete
1	<p>Electrician files contractor work request with Con Edison (Coned) and receives service layout from them</p> <p>Application for service may be made by mail, fax or by using Con Edison web site at www.coned.com/es/. However, written confirmation is required.</p> <p>The customer or their contractor should consult Con Edison regarding the characteristics of service available before plans are completed, equipment purchased or construction started on facilities to be connected to the company's distribution system. Information the customer or their contractor furnishes Con Edison with regard to the customer's proposed electrical installation, must be in writing. The company has Electrical Contractor or Work Request Pads for your convenience. Only licensed electricians can conduct electrical connections. The licensing is done by the City of NY. The electrician hired by customer should be a licensed master electrician. The licensing is done by the City of New York. The service layout usually requires an inspection by Coned's staff who then give the technical conditions on the spot. After that the electrician can start the works. The electrician could have completed the works until the panels/ switchboard before Coned comes and inspects and then only do the wiring when they know from Coned where the service room is going to be. If the electrician however, wants to avoid to have to re-wire, they can first wait for the service layout that tells them where the service room should be. The electrician is in charge of all the works until the connection point. The</p>	16 calendar days	USD 7,500

No.	Procedure	Time to complete	Cost to complete
	<p>connection point should be on the customer's land and within a distance of 10 feet from the property line (border between public and private lands), which we assume here. The service layout usually require an inspection by Coned's staff who then give the technical conditions on the spot. After that the electrician can start the works. Now, the electrician could have completed the works until the panels/ switchboard before Coned comes and inspects and then only do the wiring when they know from Coned where the service room is going to be, etc. If they want to avoid to have to re-wire though, they can first wait for the service layout that tells them where the service room should be. The electrician is in charge of all the works until the connection point. The connection point should be on the customer's land and within a distance of 10 feet from the property line (border between public and private lands).</p> <p><i>Agency: Coned</i></p>		
2	<p>Electrician submits final checklist to Coned and security deposit (online), requests and receives external works from Coned</p> <p>The security deposit will not be recorded as it is refunded to the customer in 3 months time. The security deposit amount is twice the average monthly usage. Con Edison representative performs an inspection to verify that the site is ready for service construction (property-line box or sweep is installed, area graded to within 6" of final grade, curbs are installed, sewer & water lines installed, etc.). Electrician submits final checklist to Coned, requests and receives the works. The works consist of laying out a cable from the connection point to the closest supply source on the LV network (usually a manhole and not necessarily all the way to the distribution transformer). The works by Coned can be carried out in parallel with the electrician's works.</p> <p><i>Agency: Coned</i></p>	30 calendar days	USD 0
3	<p>Electrician requests and receives internal wiring inspection from NY Buildings Dept.</p> <p>The NY Building Dept Electric division inspector does the internal and external wiring inspection once all wiring and connections are final. This step is usually carried out after electricity has been turned on, and is not a requirement to obtain supply. It is required however in order to obtain an occupancy permit. If the inspector finds that everything is ok, he submits his report to the clerk in the NY Buildings office, who files it, and then publishes the Certificate of Completion online on the NY Buildings Website. This is usually done on the same day or next business day after inspection.</p> <p>The actual application for Certificate of Internal Inspection is done by the electrician before internal wiring commences. The Dept of Buildings then issues a Control Number to the electrician.</p>	7 calendar days	USD 380

No.	Procedure	Time to complete	Cost to complete
	<i>Agency: NY Dept. of Buildings</i>		
4	<p>Customer requests meter installation and electricity turn on from Coned</p> <p>The electrician contacts the utility to inform them that the certificate of completion has been obtained, gives them the Dept of Buildings Control Number, and requests the utility to turn electricity on.</p> <p><i>Agency: Coned</i></p>	7 calendar days	USD 0

* Takes place simultaneously with another procedure.

Source: Doing Business database.

Summary of time, cost and procedures for getting electricity in United States - Los Angeles

No.	Procedure	Time to complete	Cost to complete
1	<p>Submit site plan, single line diagram, load schedule and address to the office of Los Angeles Department of Water and Power and await commitment letter</p> <p>At the time of initial contact with the utility office, customer provides the following items:</p> <ul style="list-style-type: none"> a. A completed Service Planning Information sheet b. Electrical plans including load schedules, single-line diagrams, and equipment elevation drawings. c. Plot, grading, elevation, and site improvement plans. d. Any additional information requested by the service planner needed to assist the Department in finalizing the customer's plans. <p><i>Agency: Los Angeles Department of Water and Power</i></p>	70 calendar days	USD 0
2	<p>Receive commitment letter from LADWP and request and receive external site inspection</p> <p>Once the utility has reviewed the project, they provide a commitment letter. After receiving the commitment letter, the customer contacts the utility's Electric Service Representative to schedule a site inspection. . The utility engineer visits the warehouse to locate the site of the transformer and connection</p> <p><i>Agency: Los Angeles Department of Water and Power</i></p>	1 calendar day	USD 0

No.	Procedure	Time to complete	Cost to complete
3	<p>Utility conducts external connection works</p> <p>The utility furnishes the customer with a commitment letter, along with estimated cost. The cost of transformer itself is borne by the utility. The customer is charged for certain administrative fees and taxes. The connection works project could be sent out for bid by the utility depending on the utility's work load.</p> <p>With regards to transformer installation at customer premises, the utility furnishes and installs:</p> <p>(a) All electrical equipment at, or in, the installation except for equipment which is provided by the customer as specified in the utility's customer requirement drawings.</p> <p>(b) Conductors supplying the primary side of the utility-owned transformers and secondary distribution conductors to supply points.</p> <p>(c) Service supply conductors from the utility-owned transformer, or supply point, to the point of service.</p> <p>(5) The customer shall furnish and install all facilities specified by the utility on the Customer requirement drawings, including:</p> <p>(a) Cable bus structures from the terminating room or enclosure to the service terminating enclosure when required or approved for use by the customer station design engineer. The Department will furnish and supply the conductors.</p> <p>(b) Busway service (bus duct) from the transformer room or enclosure to the point of service when approved for use by the customer station design engineer. The bus duct will be owned and maintained by the customer at the customer's cost.</p> <p><i>Agency: Los Angeles Department of Water and Power</i></p>	56 calendar days	USD 2,500
4	<p>* Customer submits the internal wiring plan to the Los Angeles Department of Building and Safety to obtain the electrical permit and receives internal wiring inspection</p> <p>The customer's electrical contractor applies for a electrical permit with the Los Angeles Department of Building & Safety. This permit can be applied for online. The contractor needs to specify the type of work, and pay the necessary fees online. Once the contractor has received the permit number online, he can request for an inspection (this request can be done online or by phone). The proposed date of the inspection is then informed to the contractor.</p> <p><i>Agency: Los Angeles Department of Building and Safety</i></p>	21 calendar days	USD 97.2

No.	Procedure	Time to complete	Cost to complete
5	<p>* Customer hires private contractor to undertake civil works</p> <p>Customer's contractor undertakes underground wiring, excavation, conduits, construction of concrete slab.</p> <p><i>Agency: Customer's contractor</i></p>	14 calendar days	USD 20,000
6	<p>Customer submits application for energizing connection online, utility installs meter and electricity starts flowing</p> <p>Customer's contractor applies online for "turn on" of electricity, providing details of connection and proof of electrical permit approval by Los Angeles Department of Building and Safety. Contractor calls the utility for scheduling of inspection of power release.</p> <p><i>Agency: Los Angeles Department of Water and Power</i></p>	7 calendar days	USD 0

* Takes place simultaneously with another procedure.

Source: *Doing Business* database.

REGISTERING PROPERTY

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. And where property is informal or poorly administered, it has little chance of being accepted as collateral for loans—limiting access to finance.

What do the indicators cover?

Doing Business records the full sequence of procedures necessary for a business to purchase property from another business and transfer the property title to the buyer's name. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it. The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned and perform general commercial activities.
- Are located in the economy's largest business city².
- Have 50 employees each, all of whom are nationals.

The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Is registered in the land registry or cadastral, or both, and is free of title disputes.
- Property will be transferred in its entirety.

WHAT THE REGISTERING PROPERTY INDICATORS MEASURE

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 city²

Postregistration (for example, filing title with the municipality)

Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day. Procedures that can be fully completed online are recorded as ½ day.

Procedure considered completed once final document is received

No prior 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

- Is located in a periurban commercial zone, and no rezoning is required.
- Has no mortgages attached, has been under the same ownership for the past 10 years.
- Consists of 557.4 square meters (6,000 square feet) of land and a 10-year-old, 2-story warehouse of 929 square meters (10,000 square feet). The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. There is no heating system.

² For the 11 economies with a population of more than 100 million, data for a second city have been added.

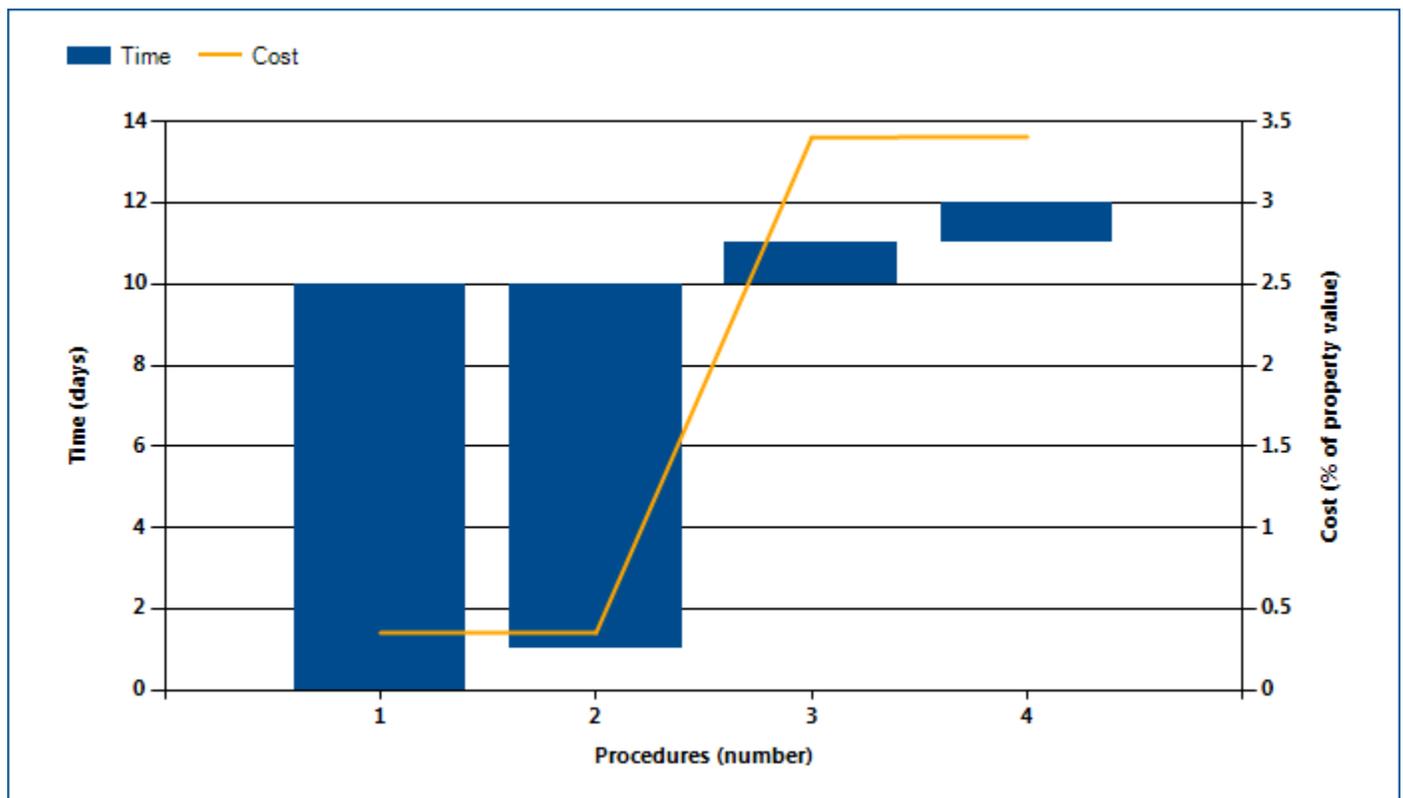
REGISTERING PROPERTY

Where does the economy stand today?

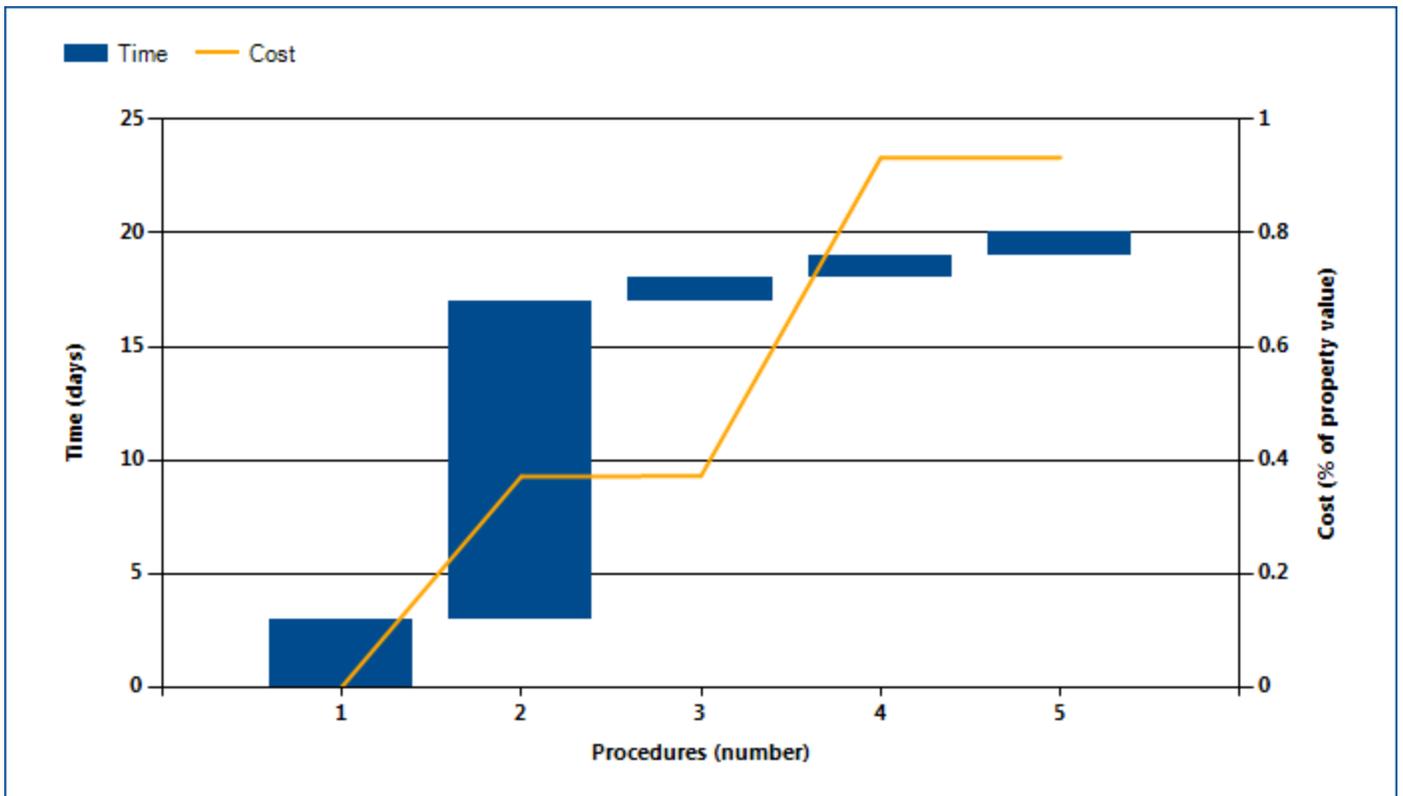
What does it take to complete a property transfer in United States? According to data collected by *Doing Business*, registering property there requires 4.4 procedures, takes 15.2 days and costs 2.4% of the property value (figure 5.1).

Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Figure 5.1 What it takes to register property in United States - New York City



What it takes to register property in United States - Los Angeles



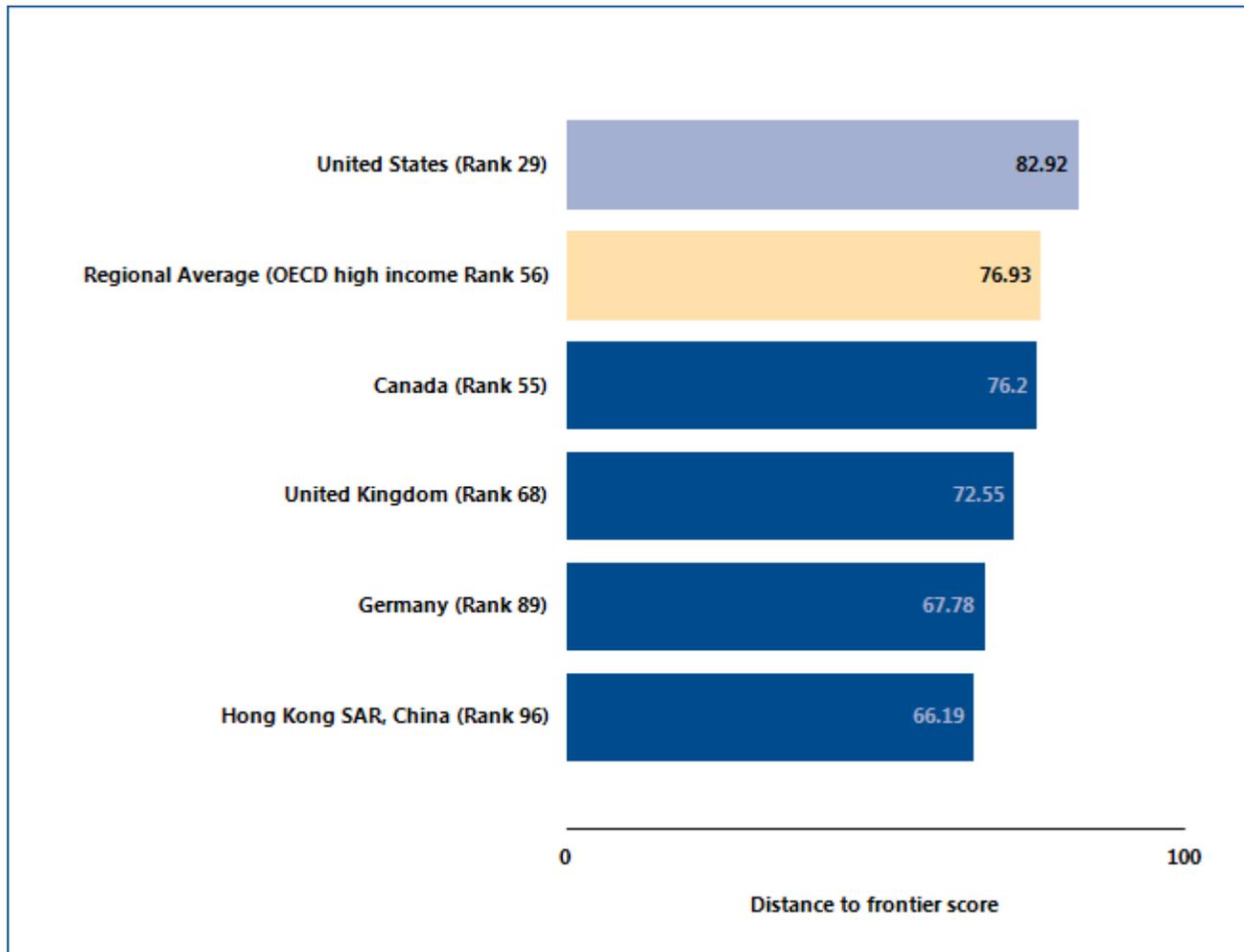
Note: Time shown in the figure above may not reflect simultaneity of procedures. Online procedures account for 0.5 days in the total time calculation. For more information on the methodology of the registering property indicators, see the *Doing Business* website (<http://www.doingbusiness.org>). For details on the procedures reflected here, see the summary at the end of this chapter. Source: *Doing Business* database.

REGISTERING PROPERTY

Globally, United States stands at 29 in the ranking of 189 economies on the ease of registering property (figure 5.2). The rankings for comparator economies and the

regional average ranking provide other useful information for assessing how easy it is for an entrepreneur in United States to transfer property.

Figure 5.2 How United States and comparator economies rank on the ease of registering property



Source: Doing Business database.

REGISTERING PROPERTY

What are the details?

The indicators reported here are based on a set of specific procedures—the steps that a buyer and seller must complete to transfer the property to the buyer’s name—identified by *Doing Business* through information collected from local property lawyers, notaries and property registries. These procedures are those that apply to a transaction matching the standard assumptions used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover).

STANDARD PROPERTY TRANSFER	
Property value:	USD 2,697,696
City:	New York City, Los Angeles

The procedures, along with the associated time and cost, are summarized below.

Table 5.2 Summary of time, cost and procedures for registering property in United States

No.	Procedure	Time to complete	Cost to complete
1	<p>Obtain a title report</p> <p>The preliminary title report is to investigate any outstanding issues on the property such as easements or dues to utility companies, existing mortgages on the property, and CC&Rs (Covenants, Conditions and Restrictions which are rules and restrictions placed on the property by the owners association, etc.)</p> <p><i>Agency: Private company</i></p>	About 3 days	Included in procedure 2
2	<p>Obtain Title Insurance policy (Environmental requirement and inspections)</p> <p>Parties sign an escrow agreement. The agreement would usually allow for a period of 30 days for due diligence checks and is subject to certain contingencies (i.e. the property meeting the contingency requirements to move forward with the sale). At the end of this period, the buyer’s deposit will no longer be refundable. During this period, a variety of inspections take place. The checks may be completed before this period ends, but cannot exceed this period. In the due-diligence phase, the two following requirements have to be undertaken: - Phase I Environmental inspection. This is a visual inspection to check if there are any hazardous materials such as oil stains or chemicals on the property or if it is located near or formerly used as a gas station or dry cleaners for instance. - Natural Hazards Disclosure Statement (usually ordered online by the escrow company and provided to the Buyer; it is public data. This Report is required by law as of 1998 for all real estate transactions in California: Assembly Bill 1195 now known as California Civil Code 1103. It mandates 3 natural hazard disclosures into one statutory form: Seismic, fire and floods, given that California is especially sensitive to seismic movements and earthquakes. More information can be found here: http://archive.calbar.ca.gov/calbar/2cbj/99aug/mclestdy.htm)</p>	2 weeks	USD 9,961 (Title Insurance, Escrow, Environmental report, Natural Hazards Disclosure report)

No.	Procedure	Time to complete	Cost to complete
	<i>Agency: Private company</i>		
3	<p>Sign and Notarize Deed with a Notary Public</p> <p><i>Agency: Notary</i></p>	1 day	USD 20
4	<p>The buyer obtains and fills the forms needed for the transfer</p> <p>Documentary Transfer Tax Los Angeles City charges \$4.5 per 1,000 and Los Angeles County (according to LA City Ordinance) charges \$1.10 per 1,000 (or 0.55 cents per \$500, rounding up to the highest \$500 according to the California Revenue and Taxation Code)</p> <p><i>Agency: Los Angeles County Treasurer and tax collector</i></p>	1 day	USD 4.5 per 1,000 (Los Angeles City) and 0.55 cents per \$500 (Los Angeles County)
5	<p>The title is recorded with the County Clerk</p> <p>To record the deed, the following documents must be filed: - Notarized Deed - Preliminary Change of Ownership Form (If this is not filed, a USD 20 fee is added per Revenue and Taxation Code 480.3) - Declaration of Documentary Transfer Tax These forms can be obtained from the website of the RRCC: http://www.lavote.net/recorder/Document_Recording.cfm The recording fees are: - Base Fee, \$10.00 (Cal. Govt. Code § 27361(a)); - First Page, \$1.00 (Cal. Govt. Code §27361.4(a), (b), and (c)); - Each additional page, \$3.00; - Electronic recording fee, \$1.00 (Cal. Govt. Code § 27397(c)(1)). - Special Real Estate Fraud Prosecution Program Fee, \$4.00; - Social Security Number Truncation Program, \$1.00 (AB 1168, § 627)</p> <p><i>Agency: County clerk's office</i></p>	1 day	USD 23

* Takes place simultaneously with another procedure.

Note: Online procedures account for 0.5 days in the total time calculation.

Source: *Doing Business* database.

GETTING CREDIT

Two types of frameworks can facilitate access to credit and improve its allocation: credit information systems and borrowers and lenders in collateral and bankruptcy laws. Credit information systems enable lenders' rights to view a potential borrower's financial history (positive or negative)—valuable information to consider when assessing risk. And they permit borrowers to establish a good credit history that will allow easier access to credit. Sound collateral laws enable businesses to use their assets, especially movable property, as security to generate capital—while strong creditors' rights have been associated with higher ratios of private sector credit to GDP.

What do the indicators cover?

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures whether certain features that facilitate lending exist within the applicable collateral and bankruptcy laws. *Doing Business* uses two case scenarios, Case A and Case B, to determine the scope of the secured transactions system, involving a secured borrower and a secured lender and examining legal restrictions on the use of movable collateral (for more details on each case, see the Data Notes section of the *Doing Business 2015* report). These scenarios assume that the borrower:

- Is a private limited liability company.
- Has its headquarters and only base of operations in the largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.

WHAT THE GETTING CREDIT INDICATORS MEASURE

Strength of legal rights index (0–12)³

Rights of borrowers and lenders through collateral laws

Protection of secured creditors' rights through bankruptcy laws

Depth of credit information index (0–8)⁴

Scope and accessibility of credit information distributed by credit bureaus and credit registries

Credit bureau coverage (% of adults)

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

Credit registry coverage (% of adults)

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

- Has up to 50 employees.
- Is 100% domestically owned, as is the lender.

The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the strength of legal rights index and the depth of credit information index.

³ For the legal rights index, 2 new points are added in *Doing Business 2015* for new data collected to assess the overall legal framework for secured transactions and the functioning of the collateral registry.

⁴ For the credit information index, 2 new points are added in *Doing Business 2015* for new data collected on accessing borrowers' credit information online and availability of credit scores.

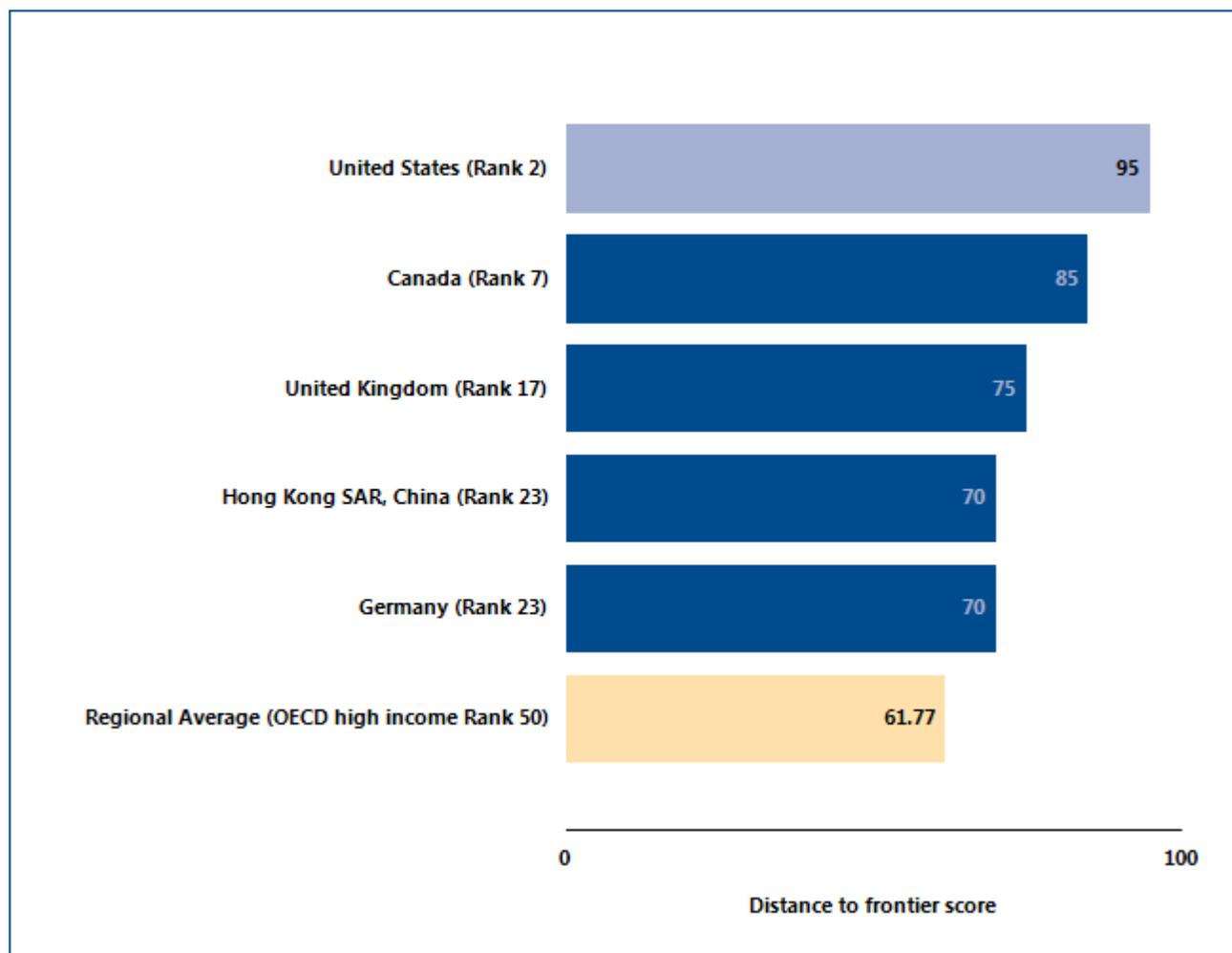
GETTING CREDIT

Where does the economy stand today?

How well do the credit information system and collateral and bankruptcy laws in United States facilitate access to credit? The economy has a score of 8 on the depth of credit information index and a score of 11 on the strength of legal rights index (see the summary of scoring at the end of this chapter for details). Higher scores indicate more credit information and stronger legal rights for borrowers and lenders.

Globally, United States stands at 2 in the ranking of 189 economies on the ease of getting credit (figure 6.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing how well regulations and institutions in United States support lending and borrowing.

Figure 6.1 How United States and comparator economies rank on the ease of getting credit



Source: Doing Business database.

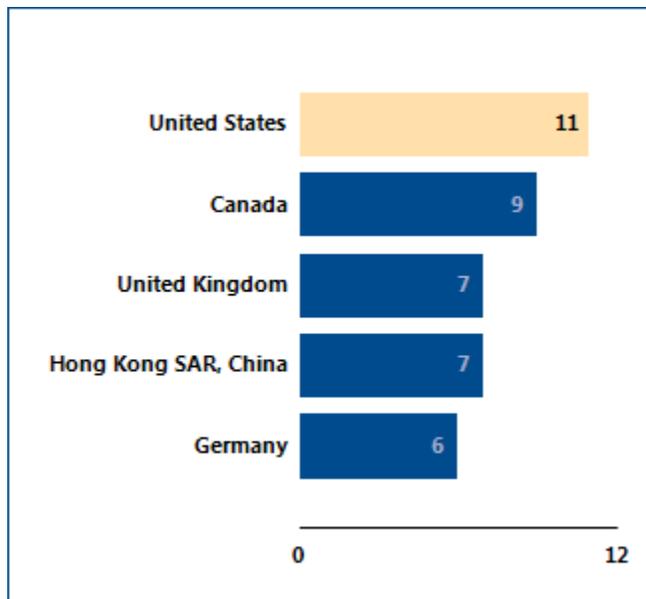
GETTING CREDIT

One way to put an economy’s score on the getting credit indicators into context is to see where the economy stands in the distribution of scores across economies. Figure 6.2 highlights the score on the strength of legal

rights index for United States and shows the scores for comparator economies as well as the regional average score. Figure 6.3 shows the same for the depth of credit information index.

Figure 6.2 How strong are legal rights for borrowers and lenders?

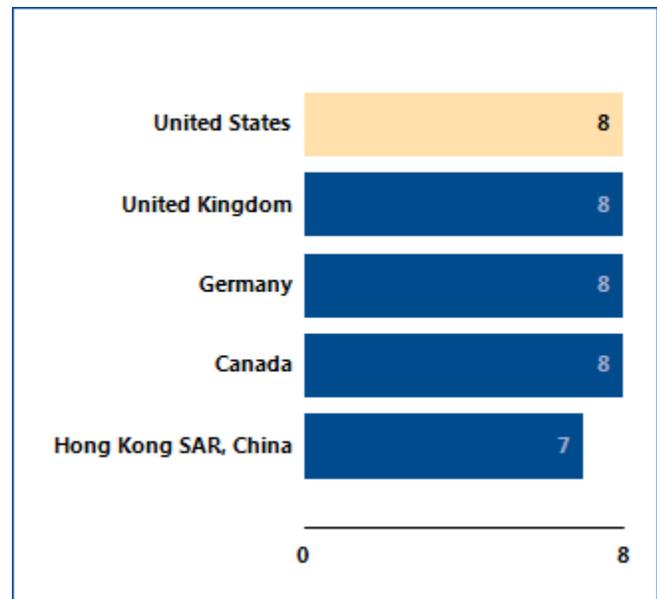
Economy scores on strength of legal rights index



Note: Higher scores indicate that collateral and bankruptcy laws are better designed to facilitate access to credit.
Source: *Doing Business* database.

Figure 6.3 How much credit information is shared—and how widely?

Economy scores on depth of credit information index



Note: Higher scores indicate the availability of more credit information, from either a credit registry or a credit bureau, to facilitate lending decisions. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.
Source: *Doing Business* database.

GETTING CREDIT

What are the details?

The getting credit indicators reported here for United States are based on detailed information collected in that economy. The data on credit information sharing are collected through a survey of a credit registry and/or credit bureau (if one exists). To construct the depth of credit information index, a score of 1 is assigned for each of 8 features of the credit registry or credit bureau (see summary of scoring below).

The data on the legal rights of borrowers and lenders are gathered through a survey of financial lawyers and verified through analysis of laws and regulations as well as public sources of information on collateral and bankruptcy laws. For the strength of legal rights index, a score of 1 is assigned for each of 10 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law.

Strength of legal rights index (0–12)	New York City Index score: 11	Los Angeles Index score: 11
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	Yes	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?	Yes	Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets?	Yes	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes	Yes
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	No	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	Yes	Yes
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	Yes	Yes
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	Yes	Yes

Strength of legal rights index (0–12)	New York City Index score: 11	Los Angeles Index score: 11
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	Yes	Yes
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and/or sets a time limit for it?	Yes	Yes
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction and private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	Yes	Yes

Depth of credit information index (0–8)	Credit bureau	Credit registry	Index score: 8
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1

Note: Prior to *Doing Business 2015*, the depth of credit information index covered only the first 6 features listed above. An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau (% of adults)	Credit registry (% of adults)
Number of firms	25,057,846	0
Number of individuals	220,000,000	0
Percent of total	100.0	0.0

Source: *Doing Business* database.

PROTECTING MINORITY INVESTORS

Protecting minority investors matters for the ability of companies to raise the capital they need to grow, innovate, diversify and compete. Effective regulations define related-party transactions precisely, promote clear and efficient disclosure requirements, require shareholder participation in major decisions of the company and set detailed standards of accountability for company insiders.

What do the indicators cover?

Doing Business measures the protection of minority investors from conflicts of interest through one set of indicators and shareholders' rights in corporate governance through another. The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index. To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

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 involves the following details:

- 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 Buyer.
- Shareholders sue the interested parties and the members of the board of directors.

WHAT THE PROTECTING MINORITY INVESTORS INDICATORS MEASURE

Extent of disclosure index (0–10)

Review and approval requirements for related-party transactions ; Disclosure requirements for related-party transactions

Extent of director liability index (0–10)

Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)

Ease of shareholder suits index (0–10)

Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses

Extent of conflict of interest regulation index (0–10)

Sum of the extent of disclosure, extent of director liability and ease of shareholder indices, divided by 3

Extent of shareholder rights index (0-10.5)

Shareholders' rights and role in major corporate decisions

Strength of governance structure index (0-10.5)

Governance safeguards protecting shareholders from undue board control and entrenchment

Extent of corporate transparency index (0-9)

Corporate transparency on ownership stakes, compensation, audits and financial prospects

Extent of shareholder governance index (0–10)

Sum of the extent of shareholders rights, strength of governance structure and extent of corporate transparency indices, divided by 3

Strength of investor protection index (0–10)

Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

PROTECTING MINORITY INVESTORS

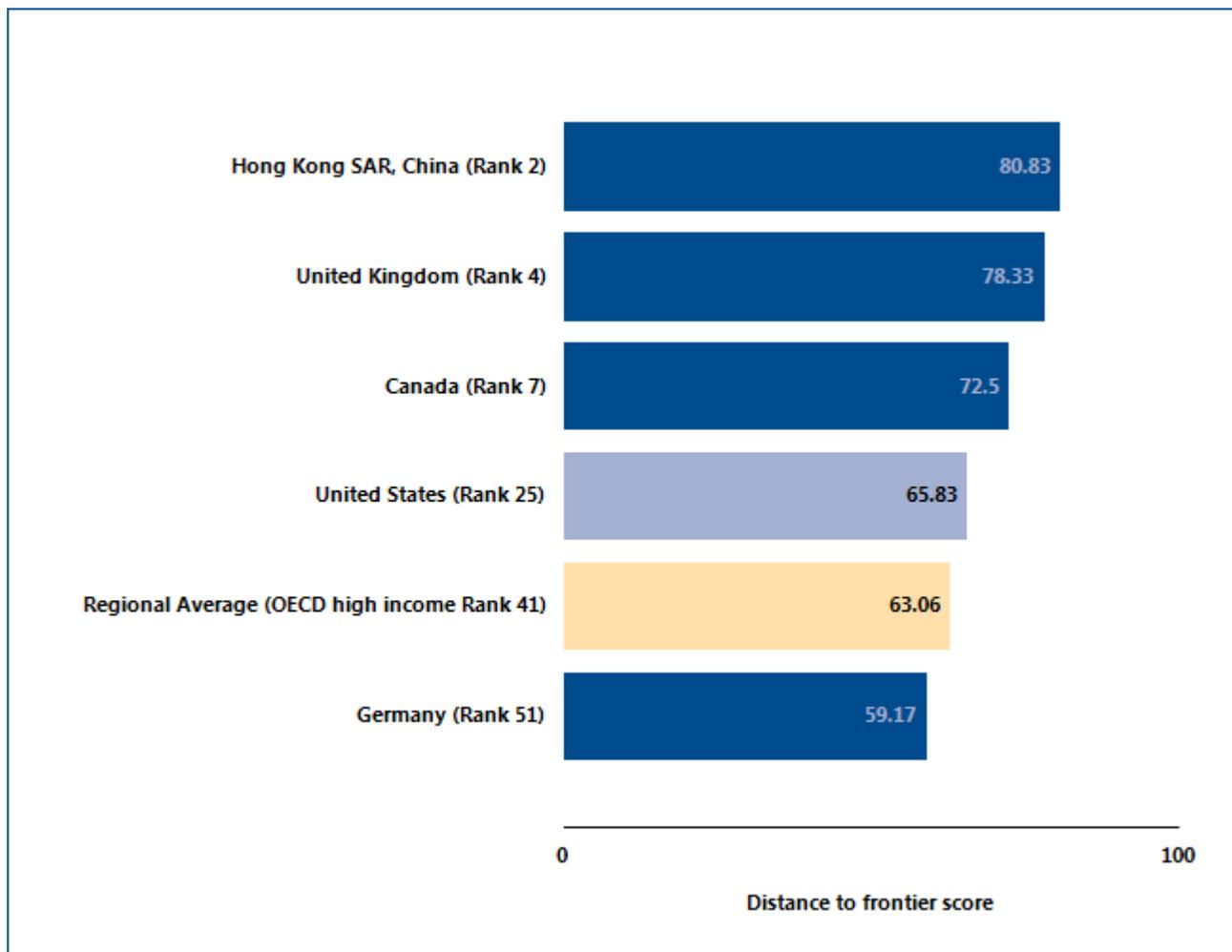
Where does the economy stand today?

How strong are minority investor protections against self-dealing in United States? The economy has a score of 6.6 on the strength of minority investor protection index, with a higher score indicating stronger protections.

Globally, United States stands at 25 in the ranking of 189 economies on the strength of minority investor

protection index (figure 7.1). While the indicator does not measure all aspects related to the protection of minority investors, a higher ranking does indicate that an economy’s regulations offer stronger minority investor protections against self-dealing in the areas measured.

Figure 7.1 How United States and comparator economies perform on the strength of minority investor protection index



Source: Doing Business database.

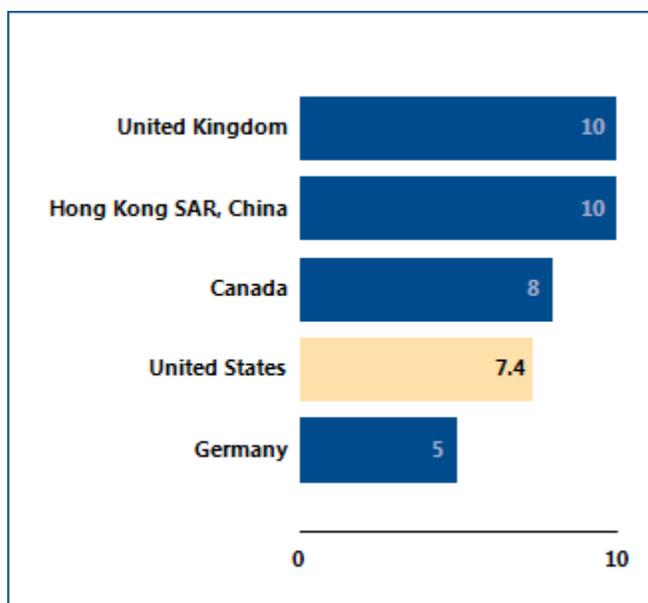
PROTECTING MINORITY INVESTORS

One way to put an economy's scores on the protecting minority investors indicators into context is to see where the economy stands in the distribution of scores across comparator economies. Figures 7.2 through 7.7 highlight the scores on the various minority investor protection

indices for United States in 2014. A summary of scoring for the protecting minority investors indicators at the end of this chapter provides details on how the indices were calculated.

Figure 7.2 How extensive are disclosure requirements?

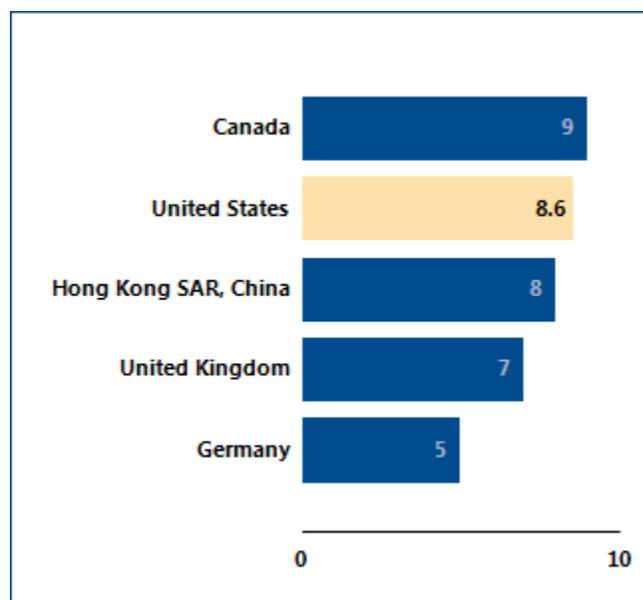
Extent of disclosure index (0-10)



Note: Higher scores indicate greater disclosure.
Source: Doing Business database.

Figure 7.3 How extensive is the liability regime for directors?

Extent of director liability index (0-10)

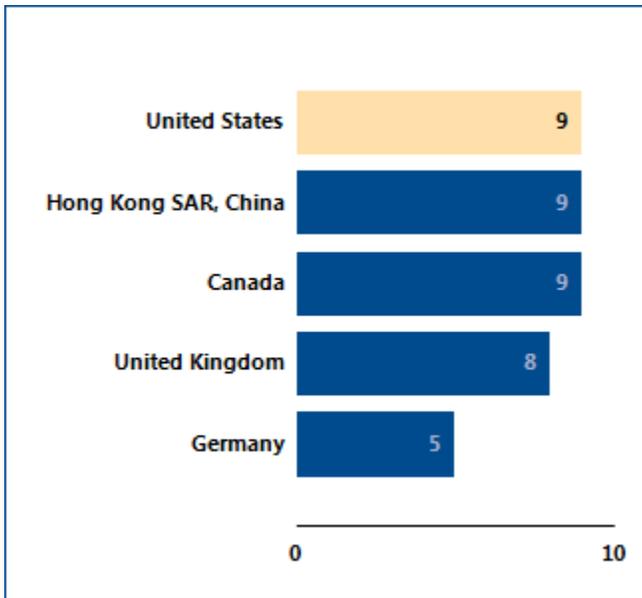


Note: Higher scores indicate greater liability of directors.
Source: Doing Business database.

PROTECTING MINORITY INVESTORS

Figure 7.4 How easy is accessing internal corporate documents?

Ease of shareholder suits index (0-10)



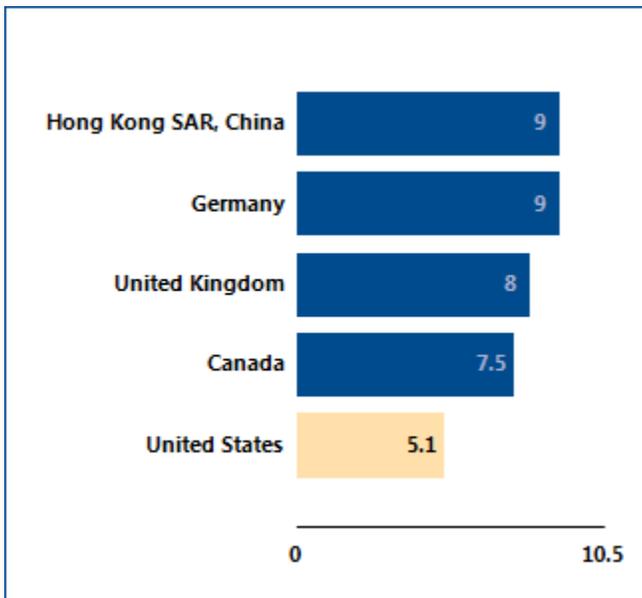
Note: Higher scores indicate greater minority shareholder access to evidence before and during trial.

Source: Doing Business database.

PROTECTING MINORITY INVESTORS

Figure 7.5 How extensive are shareholder rights?

Extent of shareholder rights index (0-10.5)

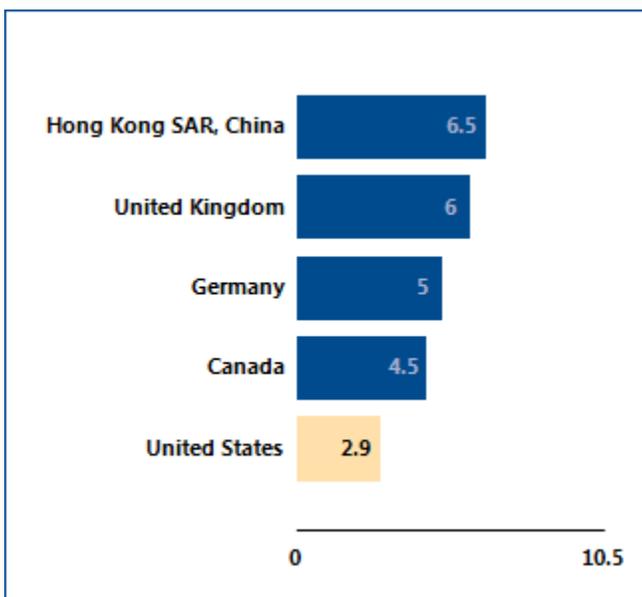


Note: The higher the score, the stronger the protections.

Source: Doing Business database.

Figure 7.6 How strong is the governance structure?

Strength of governance structure index (0-10.5)

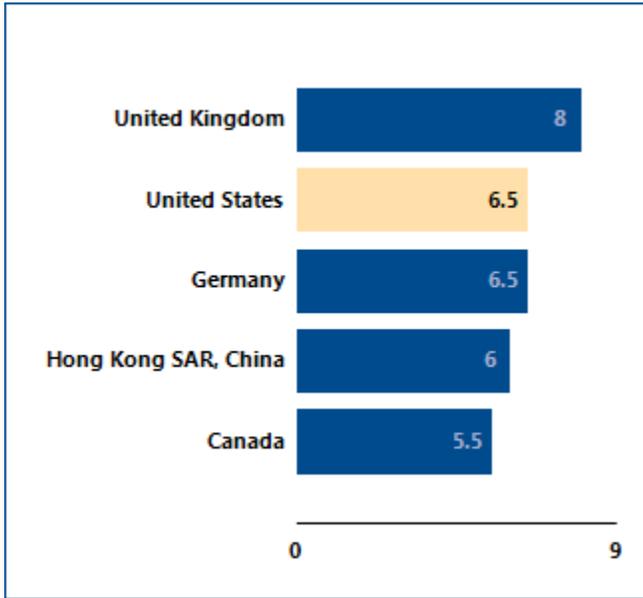


Note: Higher scores indicate more stringent governance structure requirements.

Source: Doing Business database.

Figure 7.7 How extensive is corporate transparency?

Extent of corporate transparency index (0-9)



Note: Higher scores indicate greater transparency.
 Source: *Doing Business* database.

PROTECTING MINORITY INVESTORS

What are the details?

The protecting minority investors indicators reported here for United States are based on detailed information collected through a survey of corporate and securities lawyers about securities regulations, company laws and court rules of evidence and procedure. To construct the six indicators on minority investor protection, scores are assigned to each based on a range of conditions relating

to disclosure, director liability, shareholder suits, shareholder rights, governance structure and corporate transparency in a standard case study (for more details, see the Data Notes section of the *Doing Business 2015* report). The summary below shows the details underlying the scores for United States.

Table 7.2 Summary of scoring for the protecting minority investors indicators in United States

	Answer (New York City)	Score (New York City)	Answer (Los Angeles)	Score (Los Angeles)
Extent of disclosure index (0-10)		7.0		8.0
Which corporate body can provide legally sufficient approval for the Buyer-Seller transaction? (0-3)	Shareholders or board of directors including interested parties	1	Board of directors excluding interested members	2
Is disclosure by the interested director to the board of directors required? (0-2)	Full disclosure of all material facts	2	Full disclosure of all material facts	2
Is disclosure of the transaction in published periodic filings (annual reports) required? (0-2)	Disclosure on the transaction and on the conflict of interest	2	Disclosure on the transaction and on the conflict of interest	2
Is immediate disclosure of the transaction to the public and/or shareholders required? (0-2)	Disclosure on the transaction and on the conflict of interest	2	Disclosure on the transaction and on the conflict of interest	2
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0	No	0
Extent of director liability index (0-10)		9.0		8.0
Can shareholders sue directly or derivatively for the damage caused by the Buyer-Seller transaction to the company? (0-1)	Yes	1	Yes	1
Can shareholders hold the interested director liable for the damage caused by the transaction to the company? (0-2)	Liable if unfair or prejudicial	2	Liable if negligent	1
Can shareholders hold members of the approving body liable for the damage caused by the transaction to the company? (0-2)	Liable if unfair or prejudicial	2	Liable if unfair or prejudicial	2
Must the interested director pay damages for the harm caused to the company upon a successful claim by a shareholder plaintiff? (0-1)	Yes	1	Yes	1
Must the interested director repay profits made from the transaction upon a successful claim by a shareholder	Yes	1	Yes	1

plaintiff? (0-1)				
Can both fines and imprisonment be applied against the interested indrector? (0-1)	No	0	No	0
Can a court void the transaction upon a successful claim by a shareholder plaintiff? (0-2)	Voidable if unfair or prejudicial	2	Voidable if unfair or prejudicial	2
Ease of shareholder suits index (0-10)		9.0		9.0
Before filing suit, can shareholders owning 10% of the company's share capital inspect the transaction documents? (0-1)	Yes	1	Yes	1
Can the plaintiff obtain any documents from the defendant and witnesses during trial? (0-3)	No	3	Any relevant document	3
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1	Yes	1
Can the plaintiff directly question the defendant and witnesses during trial? (0-2)	Yes	2	Yes	2
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1	Yes	1
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1	Yes if successful	1
Strength of minority investor protection index (0-10)		6.6		6.6
Extent of conflict of interest regulation index (0-10)		8.3		8.3
Extent of shareholder rights index (0-10.5)		4.5		6.0
Can shareholders amend company bylaws or statutes with a simple majority?	Yes	1.5	Yes	1.5
Can shareholders owning 10% of the company's share capital call for an extraordinary meeting of shareholders?	No	0	Yes	1.5
Can shareholders remove members of the board of directors before the end of their term.	Yes	1.5	Yes	1.5
Must a company obtain its shareholders' approval every time it issues new shares?	No	0	No	0
Are shareholders automatically granted subscription rights on new shares?	No	0	No	0
Must shareholders approve the election and dismissal of the external auditor?	No	0	No	0
Can shareholders freely trade shares prior to a major corporate action or meeting of shareholders?	Yes	1.5	Yes	1.5
Strength of governance structure index (0-10.5)		3.5		2.0
Is the CEO barred from also serving as chair of the board of directors?	Yes	1.5	Yes	1.5
Must the board of directors include independent board members?	Yes for listed companies	1	Yes for listed companies	1
Must a company have a separate audit committee?	Yes for listed companies	1	Yes for listed companies	1
Must changes to the voting rights of a series or class of shares be approved only by the holders of the affected shares?	Yes	1.5	No	0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of a company?	No	0	No	0
Is cross-shareholding between 2 independent companies limited to 10% of outstanding shares?	No	0	No	0
Is a subsidiary barred from acquiring shares issued by its	Yes	1.5	Yes	1.5

parent company?				
Extent of corporate transparency index (0-9)		6.5		6.5
Must ownership stakes representing 10% be disclosed?	Yes for listed companies	1	Yes for listed companies	1
Must information about board members' other directorships as well as basic information on their primary employment be disclosed?	Yes for listed companies	1	Yes for listed companies	1
Must the compensation of individual managers be disclosed?	Yes for listed companies	1	Yes for listed companies	1
Must financial statements contain explanatory notes on significant accounting policies, trends, risks, uncertainties and other factors influencing the reporting?	Yes for listed companies	1	Yes for listed companies	1
Must annual financial statements be audited by an external auditor?	Yes	1.5	Yes	1.5
Must audit reports be disclosed to the public?	Yes for listed companies	1	Yes for listed companies	1
Extent of shareholder governance index (0-10)		4.8		4.8

Source: *Doing Business* database.

PAYING TAXES

Taxes are essential. The level of tax rates needs to be carefully chosen—and needless complexity in tax rules avoided. Firms in economies that rank better on the ease of paying taxes in the *Doing Business* study tend to perceive both tax rates and tax administration as less of an obstacle to business according to the World Bank Enterprise Survey research.

What do the indicators cover?

Using a case scenario, *Doing Business* measures the taxes and mandatory contributions that a medium-size company must pay in a given year as well as the administrative burden of paying taxes and contributions. This case scenario uses a set of financial statements and assumptions about transactions made over the year. Information is also compiled on the frequency of filing and payments as well as time taken to comply with tax laws. The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate⁵. The financial statement variables have been updated to be proportional to 2012 income per capita; previously they were proportional to 2005 income per capita. To make the data comparable across economies, several assumptions are used.

- TaxpayerCo is a medium-size business that started operations on January 1, 2012.
- 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.

⁵ The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis. It is calculated and adjusted on a yearly basis. The threshold is not based on any economic theory of an “optimal tax rate” that minimizes distortions or maximizes efficiency in the tax system of an economy overall. Instead, it is mainly empirical in nature, set at the lower end of the distribution of tax rates levied on medium-size enterprises in the manufacturing sector as observed through the paying taxes indicators. This reduces the bias in the indicators toward economies that do not need to levy significant taxes on companies like the *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology). This year’s threshold is 26.1%.

WHAT THE PAYING TAXES INDICATORS MEASURE

Tax payments for a manufacturing company in 2013 (number per year adjusted for electronic and 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 before all taxes)

Profit or corporate income tax

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

- Taxes and mandatory contributions include corporate income tax, turnover tax and all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

PAYING TAXES

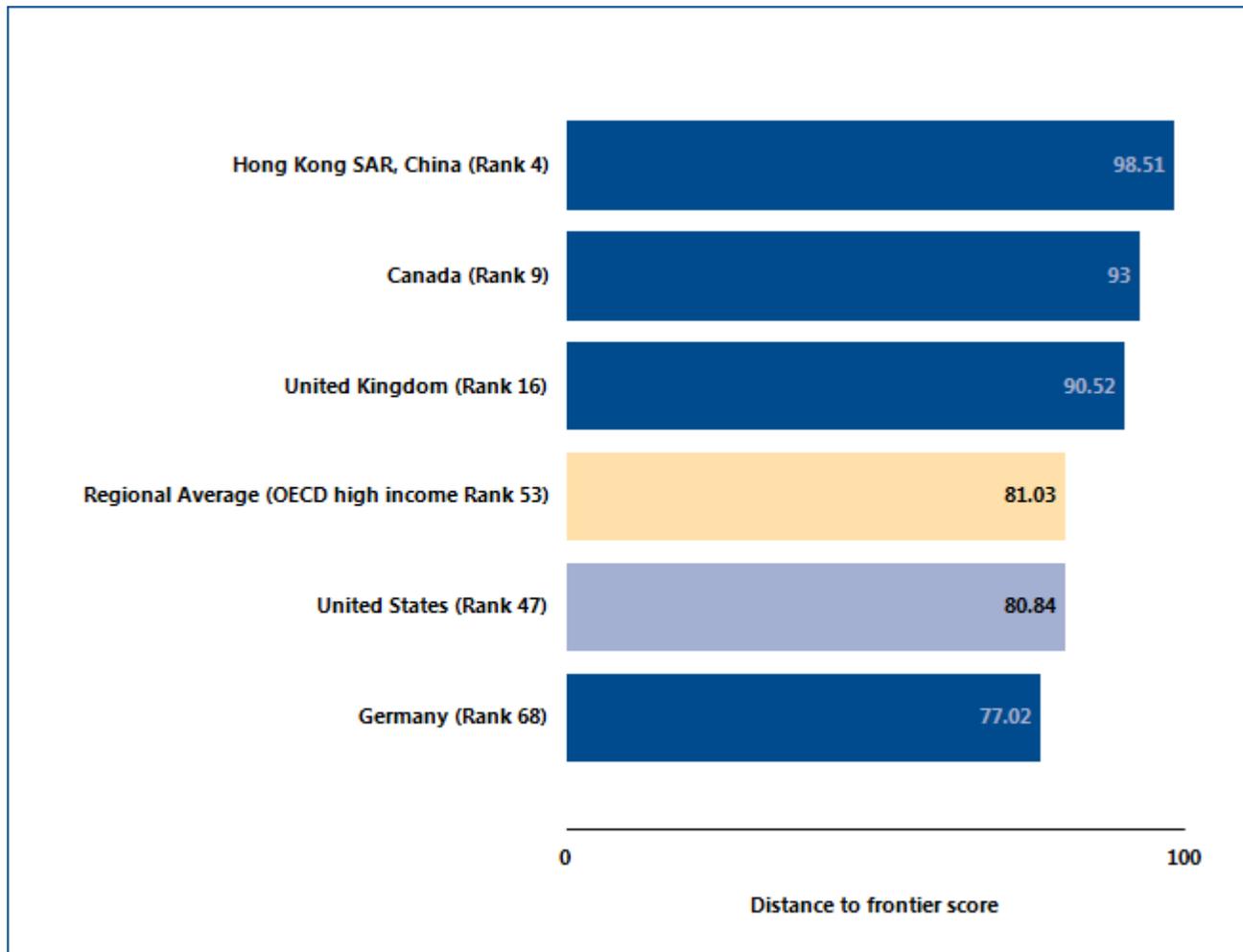
Where does the economy stand today?

What is the administrative burden of complying with taxes in United States—and how much do firms pay in taxes? On average, firms make 10.6 tax payments a year, spend 175.0 hours a year filing, preparing and paying taxes and pay total taxes amounting to 43.8% of profit (see the summary at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the

2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, United States stands at 47 in the ranking of 189 economies on the ease of paying taxes (figure 8.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing the tax compliance burden for businesses in United States.

Figure 8.1 How United States and comparator economies rank on the ease of paying taxes



Source: Doing Business database.

PAYING TAXES

Economies around the world have made paying taxes faster and easier for businesses—such as by consolidating filings, reducing the frequency of payments or offering electronic filing and payment. Many have lowered tax rates. Changes have brought

concrete results. Some economies simplifying tax payment and reducing rates have seen tax revenue rise. What tax reforms has *Doing Business* recorded in United States (table 8.1)?

Table 8.1 How has United States made paying taxes easier—or not?
By *Doing Business* report year from DB2010 to DB2015

DB year	Reform
DB2011	In the United States the introduction of a new tax on payroll increased taxes on companies operating within the New York City metropolitan commuter transportation district.

Note: For information on reforms in earlier years (back to DB2006), see the *Doing Business* reports for these years, available at <http://www.doingbusiness.org>.

Source: *Doing Business* database.

PAYING TAXES

What are the details?

The indicators reported here for United States are based on the taxes and contributions that would be paid by a standardized case study company used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover). Tax practitioners are asked to review a set of financial statements as well as a standardized list of assumptions and transactions that the company completed during its 2nd year of operation. Respondents are asked how much taxes and mandatory contributions the business must pay and how these taxes are filed and paid.

LOCATION OF STANDARDIZED COMPANY

City: New York City, Los Angeles

The taxes and contributions paid are listed in the summary below, along with the associated number of payments, time and tax rate.

Table 8.2 Summary of tax rates and administration

New York City: Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Federal corporate income tax	1		87	34% (progressive schedule)	taxable income	17.9	
Employer paid - Federal old-age, survivors and disability insurance tax (OASDI)	1	online filing	55	6.2%	gross salaries with ceiling	7	
NY City and State property tax	1		0	10.288% per \$100 valuation	45% of FMV	6.9	
NYS corporation tax	0	paid jointly	0	7.1%	taxable income	5.5	
NYC corporation tax	1	online filing	0	8.85%	taxable income	4	
Employer paid - Hospital insurance contributions	0	paid jointly	0	1.45%	gross salaries	1.6	
NYC real estate transfer tax	1		0	2.63%	sale price	1.6	

New York City: Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Employer paid - NYS unemployment tax	1	online filing	0	4.1%	gross salaries with ceiling	0.7	
Employer paid - Metropolitan commuter transportation mobility tax (MCTMT)	1	online filing	0	0.34%	gross salaries	0.4	
Employer paid - Federal unemployment tax (FUTA)	1	online filing	0	0.6% (6% FUTA - 5.4% tax credit)	gross salaries with ceiling	0.1	
NY City and State sales and use tax of lease truck	1		0	8.875%	leasing expenses	0.1	
Fuel tax	1		0	18.4 cents + 8 cents per gallon	fuel consumption	0	small amount
Sales tax	1	online filing	33	8.875%	sales	0	withheld
Employee paid - Federal old-age, survivors and disability insurance tax (OASDI)	0	paid jointly	0	6.2%	gross salaries with ceiling	0	withheld
Employee paid - Hospital insurance contributions	0	paid jointly	0	1.45%	gross salaries	0	withheld
Totals	11.0		175.0			45.8	

Los Angeles: Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Federal corporate income tax	1		87	34% (progressive schedule)	taxable income	20.3	
Federal Old-age, survivors and disability insurance tax (OASDI)	1	online filing	55	6.2%	gross salaries with ceiling	7	
CA State corporation tax	1	online filing	0	8.84%	taxable income	6.7	

Los Angeles: Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Los Angeles City Business Tax ("LACBT")	1	online filing	0	0.127%	gross receipts	2.2	
LA & State Property Taxes	1	online filing	0	1.198%	MV of land and buildings	1.8	
Employer paid - Hospital insurance contributions	0	paid jointly	0	1.45%	gross salaries	1.6	
CA State unemployment tax	1	online filing	0	4.5% (3.4% UI + 0.1% ETT + 1% SDI)	gross salaries with ceiling	0.8	
LA Real Estate Transfer Tax	1		0	\$2.80 per \$500 of consideration	sale price	0.3	
Federal unemployment tax (FUTA)	1	online filing	0	0.6% (6% FUTA - 5.4% tax credit)	gross salaries with ceiling	0.1	
Fuel tax	1		0	18.4 cents + 8 cents per gallon	fuel consumption	0	small amount
Sales tax	1	online filing	33	9%	sales	0	withheld
Employee paid - Federal old-age, survivors and disability insurance tax (OASDI)	0	paid jointly	0	6.2%	gross salaries with ceiling	0	withheld
Employee paid - Hospital insurance contributions	0	paid jointly	0	1.45%	gross salaries	0	withheld
CA State & City Sales and Use Tax on lease of new truck	0	paid jointly	0	8.875%	leasing expenses	0	
Totals	10.0		175.0			40.9	

Source: Doing Business database.

TRADING ACROSS BORDERS

In today's globalized world, making trade between economies easier is increasingly important for business. 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. Research shows that exporters in developing countries gain more from a 10% drop in their trading costs than from a similar reduction in the tariffs applied to their products in global markets.

What do the indicators cover?

Doing Business measures the time and cost (excluding tariffs and the time and cost for sea transport) associated with exporting and importing a standard shipment of goods by sea transport, and the number of documents necessary to complete the transaction. The indicators cover predefined stages such as documentation requirements and procedures at customs and other regulatory agencies as well as at the port. They also cover trade logistics, including the time and cost of inland transport to the largest business city. The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for each of the component indicators. To make the data comparable across economies, *Doing Business* uses several assumptions about the business and the traded goods.

The business:

- Is located in the economy's largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- Is a private, limited liability company, domestically owned and does not operate with special export or import privileges.
- Conducts export and import activities, but does not have any special accreditation such as an authorized economic operator status.

WHAT THE TRADING ACROSS BORDERS INDICATORS MEASURE

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, filling out and submitting all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include sea 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

The traded product:

- Is not hazardous nor includes military items.
- Does not require refrigeration or any other special environment.
- Do not require any special phytosanitary or environmental safety standards other than accepted international standards.
- Is one of the economy's leading export or import products.
- Is transported in a dry-cargo, 20-foot full container load.

TRADING ACROSS BORDERS

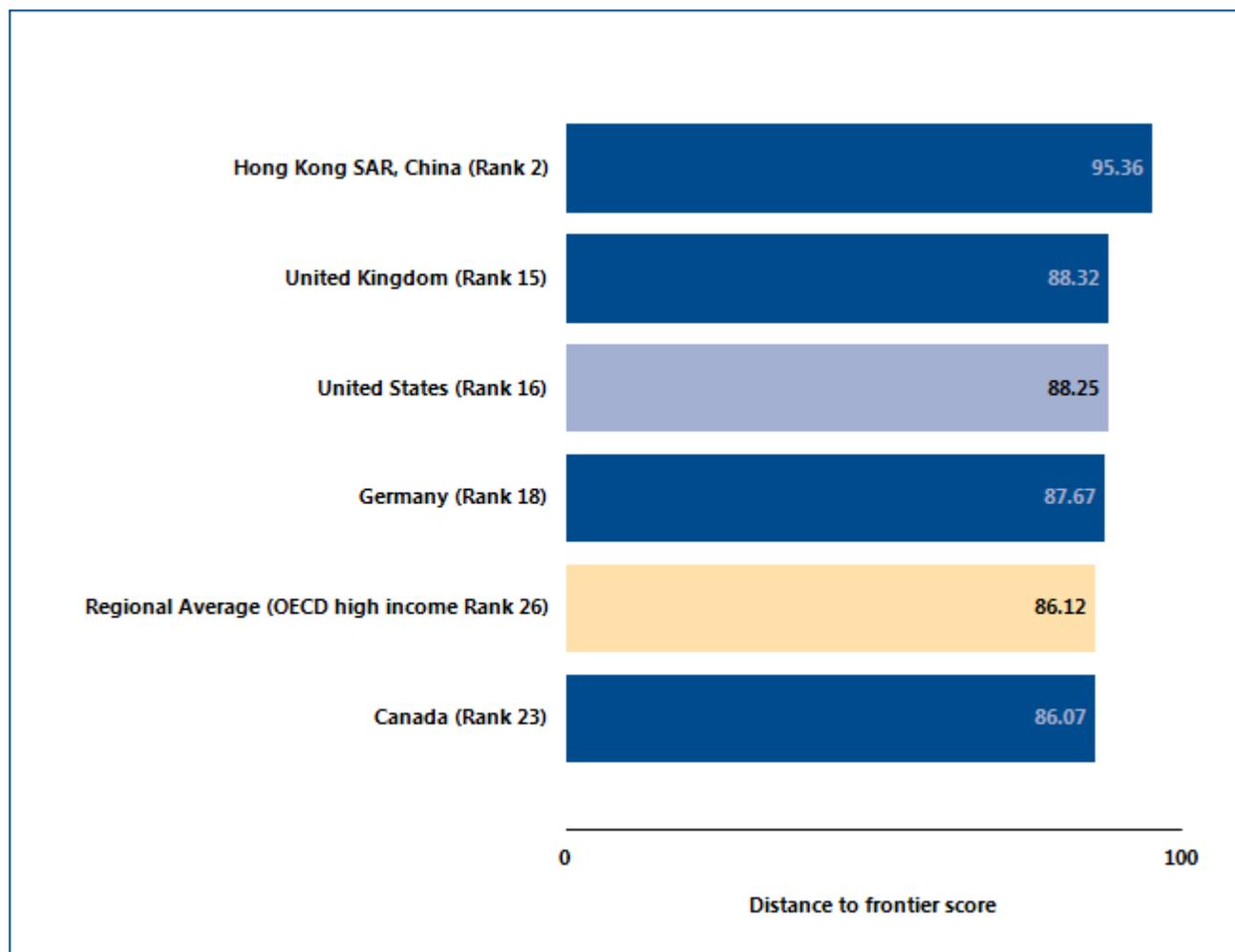
Where does the economy stand today?

What does it take to export or import in United States? According to data collected by *Doing Business*, exporting a standard container of goods requires 3 documents, takes 6.0 days and costs \$1224.0. Importing the same container of goods requires 5 documents, takes 5.4 days and costs \$1289.0 (see the summary of four predefined stages and documents at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted

average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, United States stands at 16 in the ranking of 189 economies on the ease of trading across borders (figure 9.1). The rankings for comparator economies and the regional average ranking provide other useful information for assessing how easy it is for a business in United States to export and import goods.

Figure 9.1 How United States and comparator economies rank on the ease of trading across borders



Source: *Doing Business* database.

TRADING ACROSS BORDERS

What are the details?

The indicators reported here for United States are based on a set of specific predefined stages for trading a standard shipment of goods by ocean transport (see the section in this chapter on what the indicators cover). Information on the required documents and the time and cost to complete export and import is collected from local freight forwarders, shipping lines, customs brokers, port officials and banks.

LOCATION OF STANDARDIZED COMPANY

Port Name - Los Angeles: Los Angeles

Port Name - New York City: New York

City: New York City, Los Angeles

The predefined stages, and the associated time and cost, for exporting and importing a standard shipment of goods are listed in the summary below, along with the required documents.

Stages to export	New York City		Los Angeles	
	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)
Customs clearance and inspections	1	60	1	100
Documents preparation	2	230	2	230
Inland transportation and handling	1	500	1	465
Ports and terminal handling	2	400	2	480
Totals	6	1,190	6	1,275

Stages to import	New York City		Los Angeles	
	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)
Customs clearance and inspections	1	90	1	100
Documents preparation	2	205	2	205
Inland transportation and handling	1	600	1	465
Ports and terminal handling	1	420	2	480
Totals	5	1,315	6	1,250

Documents to export

Bill of Lading

Commercial invoice

Customs export declaration

Documents to import

Bill of Lading

Commercial invoice

Customs import declaration

Delivery Order

Packing list

Source: *Doing Business* database.

ENFORCING CONTRACTS

Effective commercial dispute resolution has many benefits. Courts are essential for entrepreneurs because they interpret the rules of the market and protect economic rights. Efficient and transparent courts encourage new business relationships because businesses know they can rely on the courts if a new customer fails to pay. Speedy trials are essential for small enterprises, which may lack the resources to stay in business while awaiting the outcome of a long court dispute.

What do the indicators cover?

Doing Business measures the efficiency of the judicial system in resolving a commercial dispute before local courts. Following the step-by-step evolution of a standardized case study, it collects data relating to the time, cost and procedural complexity of resolving a commercial lawsuit. The ranking on the ease of enforcing contracts is the simple average of the percentile rankings on its component indicators: procedures, time and cost.

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement. To make the data comparable across economies, *Doing Business* uses several assumptions about the case:

- The seller and buyer are located in the economy's largest business city. For the 11 economies with a population of more than 100 million, data for a second city have been added.
- The buyer orders custom-made goods, then fails to pay.
- The seller sues the buyer before a competent court.
- The value of the claim is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.

WHAT THE ENFORCING CONTRACTS

INDICATORS MEASURE

Procedures to enforce a contract through the courts (number)

- Steps to file and serve 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)

- Average attorney fees
- Court costs
- Enforcement costs

- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

ENFORCING CONTRACTS

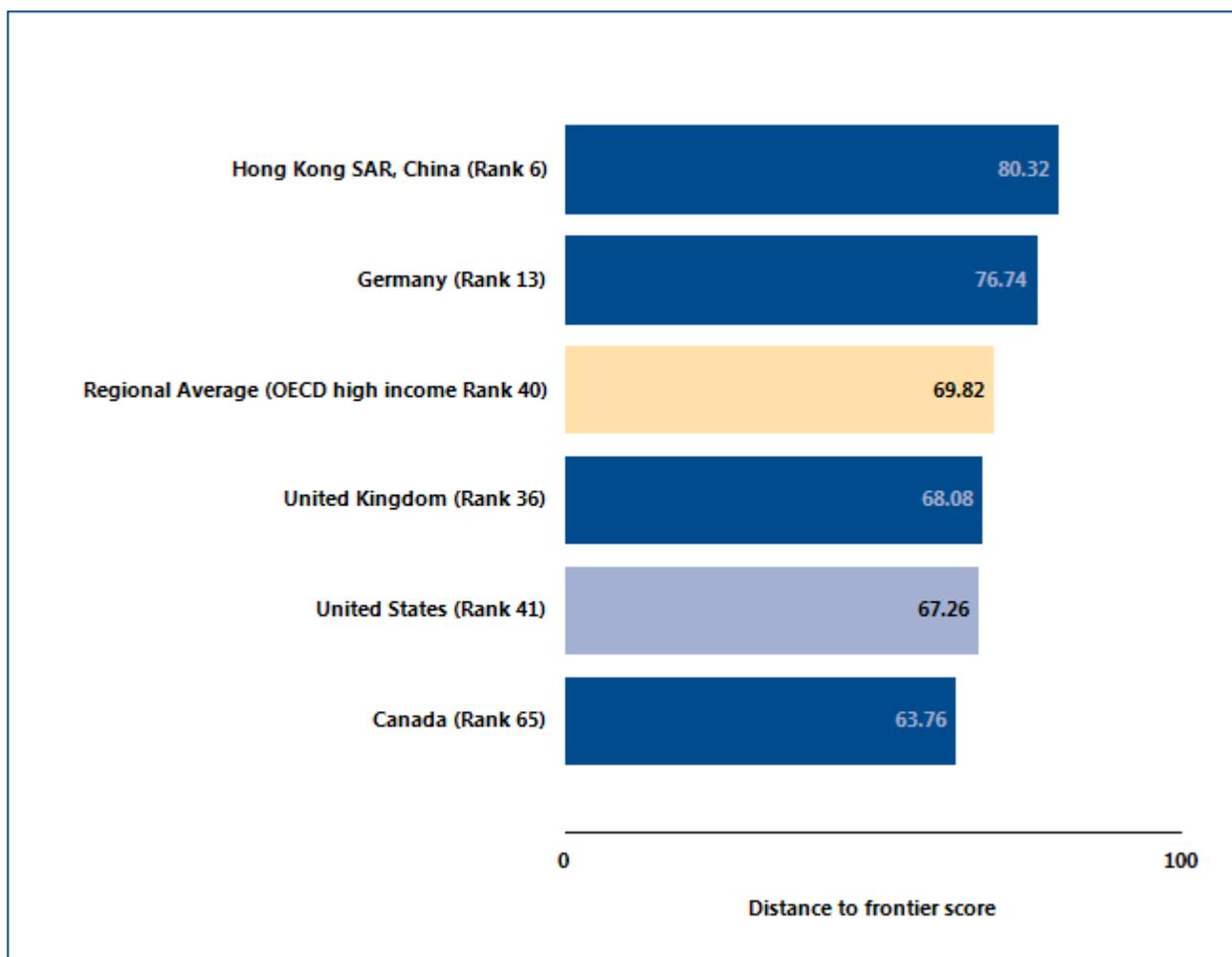
Where does the economy stand today?

How efficient is the process of resolving a commercial dispute through the courts in United States? According to data collected by *Doing Business*, contract enforcement takes 420.0 days, costs 30.5% of the value of the claim and requires 33.6 procedures (see the summary at the end of this chapter for details). Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the

2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

Globally, United States stands at 41 in the ranking of 189 economies on the ease of enforcing contracts (figure 10.1). The rankings for comparator economies and the regional average ranking provide other useful benchmarks for assessing the efficiency of contract enforcement in United States.

Figure 10.1 How United States and comparator economies rank on the ease of enforcing contracts



Source: *Doing Business* database.

ENFORCING CONTRACTS

What are the details?

The indicators reported here for United States are based on a set of specific procedural steps required to resolve a standardized commercial dispute through the courts (see the section in this chapter on what the indicators cover). These procedures, and the time and cost of completing them, are identified through study of the codes of civil procedure and other court regulations, as well as through questionnaires completed by local litigation lawyers (and, in a quarter of the economies covered by *Doing Business*, by judges as well).

COURT NAME	
Claim value - Los Angeles:	USD 101,215
Claim value - New York City:	USD 101,215
Court name - Los Angeles:	Superior Court of California, County of Los Angeles
Court name - New York City:	Supreme Court of the State of New York, Civil Branch
City:	New York City, Los Angeles

Table 10.2 Summary of time, cost and procedures for enforcing a contract in United States

Indicator	New York City	Los Angeles	OECD high income average
Time (days)	370	495	540
Filing and service	30	30	
Trial and judgment	240	365	
Enforcement of judgment	100	100	
Cost (% of claim)	22.9	42	21.4
Attorney cost (% of claim)	14.4	30	
Court cost (% of claim)	5	5	
Enforcement Cost (% of claim)	3.5	7	
Procedures (number)	32	36	32
Number of procedures (without bonus points)	34	34	
Electronic filing of court cases	-1	-1	

Indicator	New York City	Los Angeles	OECD high income average
Specialized commercial courts	-1	-1	
Total number of procedures (including bonus points)	32	32	

No.	New York City Procedures
	Filing and service:
1	Plaintiff requests payment: Plaintiff or his lawyer asks Defendant orally or in writing to comply with the contract.
2	Plaintiff hires a lawyer: Plaintiff hires a lawyer.
*	Plaintiff files a summons and complaint: Plaintiff files a summons and complaint with the court (orally or in writing).
*	Plaintiff pays court fees: Plaintiff pays court fees (e.g. court duties, stamp duties, or any other type of court fees). Answer 'yes' even if Plaintiff recovers these costs.
3	Registration of court case: Registration of court case by the court administration (this can include assigning a reference number to the case).
*	Assignment of court case to a judge: Assignment of court case to a judge (through a random procedure, automated system, ruling of an administrative judge, court officer, etc).
4	Judicial scrutiny of summons and complaint: Judge examines Plaintiff's summons and complaint for formal requirements as a matter of law or standard practice.
5	Delivery of summons and complaint to person authorized to perform service of process on Defendant: The judge or a court officer delivers the summons to a summoning office, officer, or authorized person (including Plaintiff), for service of process on Defendant.
*	Arrangements for physical delivery of summons and complaint: Plaintiff takes the necessary steps to arrange for physical service of process on Defendant (e.g. instructing a court officer or a private bailiff).
6	Attempt at physical delivery: An attempt to physically deliver summons and complaint to Defendant is made.
7	Second attempt at physical delivery: If a first attempt is not ordinarily successful, a second attempt to physically deliver the summons and complaint to Defendant is required by law or standard practice. (Check 'yes' only if a first attempt at physical delivery is not ordinarily successful)
*	Proof of service: Plaintiff submits proof of service to court, as required by law or standard practice.
*	Application for pre-judgment attachment: Plaintiff submits an application in writing for the attachment of Defendant's property prior to judgment.
*	Decision on pre-judgment attachment: Judge decides whether to grant Plaintiff's request for pre-judgment attachment of Defendant's property and notifies Plaintiff and Defendant of the decision.
8	Guarantees securing attached property: Plaintiff submits guarantees or bonds to secure Defendant against possible damages to attached property.
9	Pre-judgment attachment order: Defendant's property is attached prior to judgment. Attachment order either involves physical attachment, or is achieved by freezing, registering, marking, or otherwise separating and restricting Defendant's movement of specific moveable assets.

No.	New York City Procedures
10	Custody of assets attached prior to judgment: If physical attachment is ordered, Defendant's attached assets are placed in the custody or control of an enforcement officer or private bailiff.
11	Hearing on pre-judgment attachment: A hearing takes place as a matter of law or standard practice to resolve the question of whether Defendant's assets can be attached prior to judgment. This process may include the submission of separate summons and petitions.
	Trial and judgment:
12	Defendant files an answer to Plaintiff's claim: Defendant files a written pleading which includes his answer or defense on the merits of the case (see assumption 4).
13	Framing of issues: Plaintiff and Defendant assist the court in framing issues on which evidence is to be presented.
14	Pre-trial conference on procedure: The judge meets with the parties to discuss procedural issues (for example which applications and motions parties intend to file, which documents parties intend to rely on, etc.).
15	Mediation hearing: The judge, during this informal meeting with the parties, encourages them to settle the case (acting as mediator). The case cannot be settled, the judge may draft a pre-trial conference report, after which the case may be allocated to another judge for tr
*	Request for interlocutory order: Defendant raises preliminary issues, such as jurisdiction, statute of limitation, etc. Checked as 'yes' if commonly raised by the Defendant as a matter of practice, regardless of justification.
*	Court's issuance of interlocutory order: Court decides the preliminary issues the Defendant raised by issuing an interlocutory order. Check as 'yes' if this is commonly the case in commercial cases.
16	Plaintiff's appeal of court's interlocutory order: Plaintiff appeals the court's interlocutory order, which suspends the court proceedings. Check as 'yes' if an appeal by Plaintiff is common in this case.
*	Discovery requests: Plaintiff and Defendant make requests for the disclosure of documents, attempting to force the other party to reveal potentially detrimental documents. Check as 'yes' if discovery requests usually entail disputes.
17	Discovery disputes: Following a request for discovery of documentary evidence by one of the parties, the other party disputes the request and calls upon the judge to decide the issue. Check as 'yes' if discovery disputes are provided by law and commonly happen.
18	Request for oral hearing or trial: Plaintiff lists the case for trial on the court's calendar or applies for the date(s) for the oral hearing or trial.
*	Setting of date(s) for oral hearing or trial: Judge sets the date(s) for the oral hearing or trial.
19	Pre-trial conference aimed at preparing for trial: The judge meets with parties to make practical arrangements for the trial (for example, the number of witnesses parties intend to call on during trial, how much time each party is given to present oral arguments etc.).
*	List of (expert) witnesses: The parties file a list of (expert) witnesses with the court (see assumption 5-a).
20	Trial (prevalent in common law): The parties argue the merits of the case at (an) oral session(s) before the court. Witnesses and expert witnesses are questioned and cross-examined during trial.

No.	New York City Procedures
*	Final arguments: The parties present their final factual and legal arguments to the court either by oral presentation or by a written submission.
21	Notification of judgment in court: The parties are notified of the judgment at a court hearing.
22	Writing of judgment: The judge produces a written copy of the judgment.
23	Registration of judgment: The court office registers the judgment after receiving a written copy of the judgment.
24	Appeal period: By law Defendant has the opportunity to appeal the judgment during a specified period. Defendant decides not to appeal. Seller decides to start enforcing the judgment when the appeal period ends (see assumption 8).
25	Order for reimbursement by Defendant of Plaintiff's court fees: The judgment orders Defendant to reimburse Plaintiff for the court fees Plaintiff has advanced, because Defendant has lost the case.
	Enforcement of judgment:
26	Plaintiff advances enforcement fees: Plaintiff pays the fees related to the enforcement of the judgment.
27	Attachment of enforcement order to judgment: The judge attaches the enforcement order ('seal') to the judgment.
*	Delivery of enforcement order: The court's enforcement order is delivered to a court enforcement officer or a private bailiff.
28	Identification of Defendant's assets by court official or Defendant for purposes of enforcement: The judge, a court enforcement officer, a private bailiff or the Defendant himself identifies Defendant's movable assets for the purposes of enforcing the judgment through a sale of Defendant's assets.
29	Attachment: Defendant's movable goods are attached (physically or by registering, marking or separating assets).
30	Call for public auction: Judge calls a public auction by, for example, advertising or publication in the newspapers.
31	Sale through public auction: The Defendant's movable property is sold at public auction.
32	Distribution of proceeds: The proceeds of the public auction are distributed to Plaintiff (and, where applicable, to other creditors, according to the rules of priority).
33	Reimbursement of Plaintiff's enforcement fees: Defendant reimburses Plaintiff's enforcement fees which Plaintiff had advanced previously.
34	Payment: Court orders that the proceeds of the public auction or the direct sale be delivered to Plaintiff.

No.	Los Angeles Procedures
	Filing and service:

* Not counted in the total number of procedures.

Source: Doing Business database.

RESOLVING INSOLVENCY

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 the speedy return of businesses 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.

What do the indicators cover?

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recouped by secured creditors through reorganization, liquidation or debt enforcement (foreclosure) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

In addition, *Doing Business* evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests whether economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

The ranking of the Resolving Insolvency indicator is based on the recovery rate and the total score of the strength of insolvency framework index. The Resolving Insolvency indicator does not measure insolvency proceedings of individuals and financial institutions. The data are derived from survey responses by local insolvency practitioners and verified through a study of laws and regulations as well as public information on bankruptcy systems.

WHAT THE RESOLVING INSOLVENCY INDICATORS MEASURE

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)

Measured as percentage of estate value

Court fees

Fees of insolvency administrators

Lawyers' fees

Assessors' and auctioneers' fees

Other related fees

Outcome

Whether business continues operating as a going concern or business assets are sold piecemeal

Recovery rate for creditors

Measures the cents on the dollar recovered by secured creditors

Outcome for the business (survival or not) determines the maximum value that can be recovered

Official costs of the insolvency proceedings are deducted

Depreciation of furniture is taken into account

Present value of debt recovered

Strength of insolvency framework index (0-16)

Sum of the scores of four component indices:

Commencement of proceedings index (0-3)

Management of debtor's assets index (0-6)

Reorganization proceedings index (0-3)

Creditor participation index (0-4)

RESOLVING INSOLVENCY

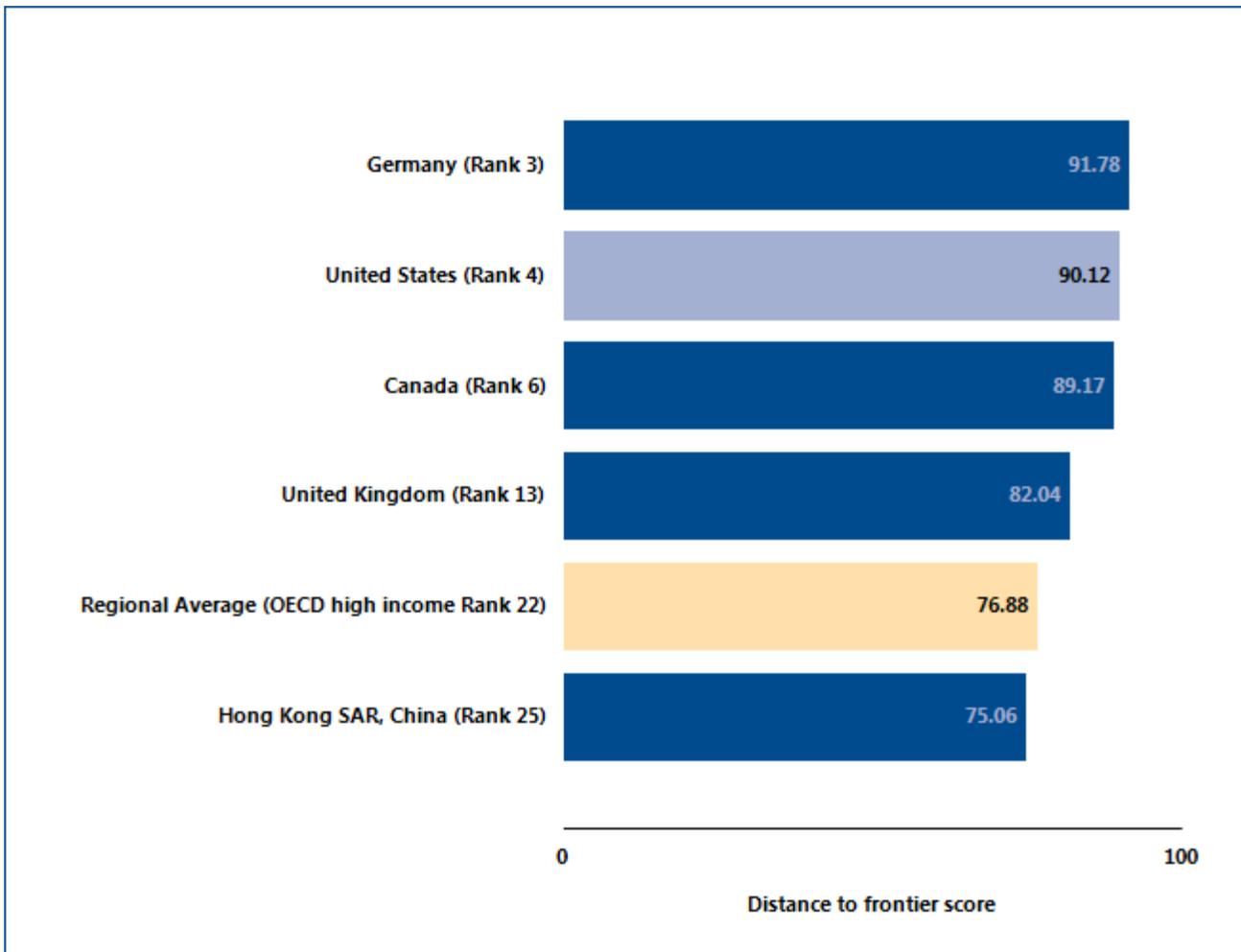
Where does the economy stand today?

Combination of quality regulations and efficient practice characterize the top-performing economies. How efficient are insolvency proceedings in United States? According to data collected by *Doing Business*, resolving insolvency takes 1.5 years on average and costs 8.2% of the debtor's estate, with the most likely outcome being that the company will be sold as going concern. The average recovery rate is 80.4 cents on the dollar. Most indicator sets refer to a case scenario in the largest business city of an economy, except for 11 economies for which the data are a population-weighted average of the 2 largest business cities. See the chapter on distance to frontier and ease of doing business ranking at the end of this profile for more details.

According to data collected by *Doing Business*, United States scores 3.0 out of 3 points on the commencement of proceedings index, 6.0 out of 6 points on the management of debtor's assets index, 3.0 out of 3 points on the reorganization proceedings index, and 3.0 out of 4 points on the creditor participation index. United States's total score on the strength of insolvency framework index is 15.0 out of 16.

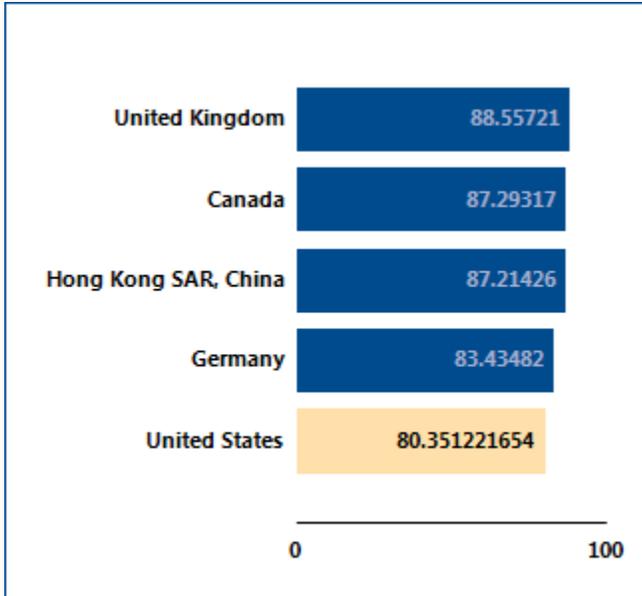
Globally, United States stands at 4 in the ranking of 189 economies on the ease of resolving insolvency (figure 11.1). The rankings for comparator economies and the regional average ranking provide other useful benchmarks for assessing the efficiency of insolvency proceedings in United States.

Figure 11.1 How United States and comparator economies rank on the ease of resolving insolvency



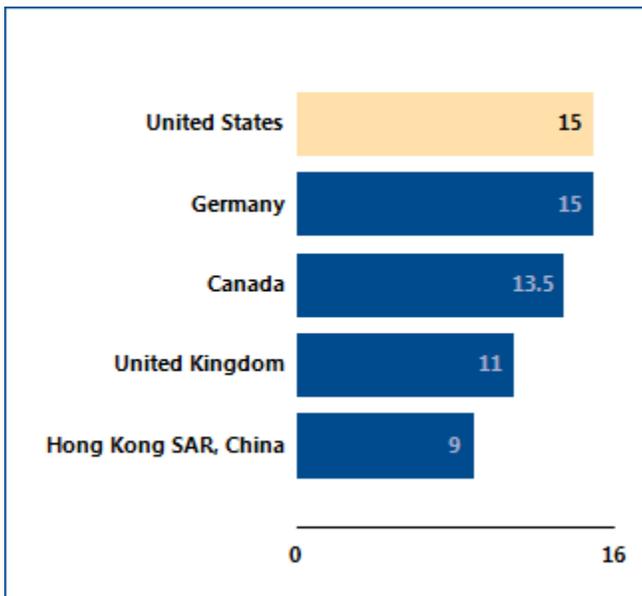
Source: Doing Business database.

Figure 11.2 Recovery Rate (0-100) - United States



Source: Doing Business database.

Figure 11.3 Strength of insolvency framework index (0-16) - United States



Source: Doing Business database.

LABOR MARKET REGULATION

Doing Business measures flexibility in the regulation of employment, specifically as it affects the hiring and redundancy of workers and the rigidity of working hours. This year, for the first time, the indicators measuring flexibility in labor market regulations focus on those affecting the food retail industry, using a standardized case study of a cashier in a supermarket. Also new is that *Doing Business* collects data on regulations applying to employees hired through temporary-work agencies as well as on those applying to permanent employees or employees hired on fixed-term contracts. The indicators also cover additional areas of labor market regulation, including social protection schemes and benefits as well as labor disputes.

Over the period from 2007 to 2011 improvements were made to align the methodology for the labor market regulation indicators (formerly the employing workers indicators) with the letter and spirit of the International Labour Organization (ILO) conventions. Only 6 of the 188 ILO conventions cover areas measured by *Doing Business*: employee termination, weekend work, holiday with pay, night work, protection against unemployment and medical care and sickness benefits. The *Doing Business* methodology is fully consistent with these 6 conventions. The ILO conventions covering areas related to the labor market regulation indicators do not include the ILO core labor standards—8 conventions covering the right to collective bargaining, the elimination of forced labor, the abolition of child labor and equitable treatment in employment practices.

Between 2009 and 2011 the World Bank Group worked with a consultative group—including labor lawyers, employer and employee representatives, and experts from the ILO, the Organisation for Economic Co-operation and Development (OECD), civil society and the private sector—to review the methodology for the labor market regulation indicators and explore future areas of research.

A full report with the conclusions of the consultative group is available at:
<http://www.doingbusiness.org/methodology/employing-workers>.

Doing Business 2015 presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators nor include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulations are available on the *Doing Business* website (<http://www.doingbusiness.org>). The data on labor market regulations are based on a detailed survey of employment regulations that is completed by local lawyers and public officials. Employment laws and regulations as well as secondary sources are reviewed to ensure accuracy. To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or a grocery store
- Is a full-time employee
- Is not a member of the labor union, unless membership is mandatory

The business:

- Is a limited liability company (or the equivalent in the economy) with 60 employees.
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

LABOR MARKET REGULATION

What are the details?

The data reported here for United States are based on a detailed survey of labor market regulation that is completed by local lawyers and public officials.

Employment laws and regulations as well as secondary sources are reviewed to ensure accuracy.

Difficulty of hiring index

Difficulty of hiring covers 4 areas: (i) whether fixed-term contracts are prohibited for permanent tasks; (ii) the maximum cumulative duration of fixed-term contracts; (iii) the minimum wage for a cashier, age 19, with 1 year of work experience; and (iv) the ratio of the minimum

wage to the average value added per worker. The average value added per worker is the ratio of an economy's GNI per capita to the working-age population as a percentage of the total population.

Difficulty of hiring index	New York City Data	Los Angeles Data
Fixed-term contracts prohibited for permanent tasks?	No	No
Maximum length of a single fixed-term contract (months)	No limit	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	1379.37	1379.37
Ratio of minimum wage to value added per worker	0.21	0.21

Source: *Doing Business* database.

LABOR MARKET REGULATION

Rigidity of hours index

Rigidity of hours covers 7 areas: (i) whether the workweek can extend to 50 hours or more (including overtime) for 2 months in a year to respond to a seasonal increase in workload; (ii) the maximum number of days allowed in the workweek; (iii) the premium for night work (as a percentage of hourly pay); (iv) the premium for work on a weekly rest day (as a percentage of hourly pay); (v) whether there are restrictions on night work; (vi) whether there are restrictions on weekly holiday work; and (vii) the average paid annual leave for workers with 1 year of tenure, 5 years of tenure and 10 years of tenure.

Rigidity of hours index	New York City Data	Los Angeles Data
50-hour workweek allowed for 2 months a year in case of a seasonal increase in workload?	Yes	Yes
Maximum working days per week	6.0	6.0
Premium for night work (% of hourly pay)	0%	0%
Premium for work on weekly rest day (% of hourly pay)	0%	0%
Major restrictions on night work?	No	No
Major restrictions on weekly holiday?	No	No
Paid annual leave for a worker with 1 year of tenure (in working days)	0.0	0.0
Paid annual leave for a worker with 5 years of tenure (in working days)	0.0	0.0
Paid annual leave for a worker with 10 years of tenure (in working days)	0.0	0.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	0.0	0.0

Source: *Doing Business* database.

LABOR MARKET REGULATION

Difficulty of redundancy index

Difficulty of redundancy index looks at 9 questions: (i) what the length is in months of the maximum probationary period; (ii) whether redundancy is disallowed as a basis for terminating workers; (iii) whether the employer needs to notify a third party (such as a government agency) to terminate 1 redundant worker; (iv) whether the employer needs to notify a third party to terminate a group of 9 redundant workers; (v)

whether the employer needs approval from a third party to terminate 1 redundant worker; (vi) whether the employer needs approval from a third party to terminate a group of 9 redundant workers; (vii) whether the law requires the employer to reassign or retrain a worker before making the worker redundant; (viii) whether priority rules apply for redundancies; and (ix) whether priority rules apply for reemployment.

Difficulty of redundancy index	New York City Data	Los Angeles Data
Maximum length of probationary period (months)	3.0	3.0
Dismissal due to redundancy allowed by law?	Yes	Yes
Third-party notification if 1 worker is dismissed?	No	No
Third-party approval if 1 worker is dismissed?	No	No
Third-party notification if 9 workers are dismissed?	No	No
Third-party approval if 9 workers are dismissed?	No	No
Retraining or reassignment obligation before redundancy?	No	No
Priority rules for redundancies?	No	No
Priority rules for reemployment?	No	No

Source: Doing Business database.

LABOR MARKET REGULATION

Redundancy cost

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

requirements and severance payments applicable to a worker with 1 year of tenure, a worker with 5 years and a worker with 10 years is considered. One month is recorded as 4 and 1/3 weeks.

Redundancy cost indicator (in salary weeks)	New York City Data	Los Angeles Data
Notice period for redundancy dismissal for a worker with 1 year of tenure	0.0	0.0
Notice period for redundancy dismissal for a worker with 5 years of tenure	0.0	0.0
Notice period for redundancy dismissal for a worker with 10 years of tenure	0.0	0.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	0.0	0.0
Severance pay for redundancy dismissal for a worker with 1 year of tenure	0.0	0.0
Severance pay for redundancy dismissal for a worker with 5 years of tenure	0.0	0.0
Severance pay for redundancy dismissal for a worker with 10 years of tenure	0.0	0.0
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	0.0	0.0

Source: *Doing Business* database.

Social protection schemes and benefits & Labor disputes

Doing Business collects data on the existence of unemployment protection schemes as well as data on whether employers are legally required to provide health insurance for employees with permanent contracts.

Doing Business also assesses the mechanisms available to resolve labor disputes. More specifically, it collects data on what courts would be competent to hear labor disputes and whether the competent court is specialized in resolving labor disputes.

Social protection schemes and benefits & Labor disputes indicator	New York City Data	Los Angeles Data
Availability of unemployment protection scheme?	Yes	Yes
Health insurance existing for permanent employees?	No	No
Availability of courts or court sections specializing in labor disputes?	No	No

Source: *Doing Business* database.

DISTANCE TO FRONTIER AND EASE OF DOING BUSINESS RANKING

This year's report presents results for 2 aggregate measures: the distance to frontier score and the ease of doing business ranking, which for the first time this year is based on the distance to frontier score. The ease of doing business ranking compares economies with one another; the distance to frontier score benchmarks economies with respect to regulatory best practice, showing the absolute distance to the best performance on each *Doing Business* indicator. When compared across years, the distance to frontier score shows how much the regulatory environment for local entrepreneurs in an economy has changed over time in absolute terms, while the ease of doing business ranking can show only how much the regulatory environment has changed relative to that in other economies.

Distance to Frontier

The distance to frontier score captures the gap between an economy's performance and a measure of best practice across the entire sample of 31 indicators for 10 *Doing Business* topics (the labor market regulation indicators are excluded). For starting a business, for example, Canada and New Zealand have the smallest number of procedures required (1), and New Zealand the shortest time to fulfill them (0.5 days). Slovenia has the lowest cost (0.0), and Australia, Colombia and 110 other economies have no paid-in minimum capital requirement (table 15.1 in the *Doing Business 2015* report).

Calculation of the distance to frontier score

Calculating the distance to frontier score for each economy involves 2 main steps. First, individual component indicators are normalized to a common unit where each of the 31 component indicators y (except for the total tax rate) is rescaled using the linear transformation $(\text{worst} - y)/(\text{worst} - \text{frontier})$. In this formulation the frontier represents the best performance on the indicator across all economies since 2005 or the third year after data for the indicator were collected for the first time. For legal indicators such as those on getting credit or protecting minority investors, the frontier is set at the highest possible value. For the total tax rate, consistent with the use of a threshold in calculating the rankings on this indicator, the frontier is

defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis. For the time to pay taxes the frontier is defined as the lowest time recorded among all economies that levy the 3 major taxes: profit tax, labor taxes and mandatory contributions, and value added tax (VAT) or sales tax. In addition, the cost to export and cost to import for each year are divided by the GDP deflator, to take the general price level into account when benchmarking these absolute-cost indicators across economies with different inflation trends. The base year for the deflator is 2013 for all economies.

In the same formulation, to mitigate the effects of extreme outliers in the distributions of the rescaled data for most component indicators (very few economies need 700 days to complete the procedures to start a business, but many need 9 days), the worst performance is calculated after the removal of outliers. The definition of outliers is based on the distribution for each component indicator. To simplify the process, 2 rules were defined: the 95th percentile is used for the indicators with the most dispersed distributions (including time, cost, minimum capital and number of payments to pay taxes), and the 99th percentile is used for number of procedures and number of documents to trade. No outlier was removed for component indicators bound by definition or construction, including legal index scores (such as the depth of credit information index, extent of conflict of interest regulation index and strength of insolvency framework index) and the recovery rate (figure 15.1 in the *Doing Business 2015* report).

Second, for each economy the scores obtained for individual indicators are aggregated through simple averaging into one distance to frontier score, first for each topic and then across all 10 topics: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. More complex aggregation methods—such as principal components and unobserved components—yield a ranking nearly identical to the simple average used by *Doing Business*⁶. Thus *Doing Business* uses the simplest

⁶ See Djankov, Manraj and others (2005). Principal components and unobserved components methods yield a ranking nearly identical to

method: weighting all topics equally and, within each topic, giving equal weight to each of the topic components⁷.

An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. All distance to frontier calculations are based on a maximum of 5 decimals. However, indicator ranking calculations and the ease of doing business ranking calculations are based on 2 decimals. The difference between an economy's distance to frontier score in any previous year and its score in 2014 illustrates the extent to which the economy has closed the gap to the regulatory frontier over time. And in any given year the score measures how far an economy is from the best performance at that time.

Treatment of the total tax rate

This year, for the first time, the total tax rate component of the paying taxes indicator set enters the distance to frontier calculation in a different way than any other indicator. The distance to frontier score obtained for the total tax rate is transformed in a nonlinear fashion before it enters the distance to frontier score for paying taxes. As a result of the nonlinear transformation, an increase in the total tax rate has a smaller impact on the distance to frontier score for the total tax rate—and therefore on the distance to frontier score for paying taxes—for economies with a below-average total tax rate than it would have in the calculation done in previous years (line B is smaller than line A in figure 15.2 of the *Doing Business 2015* report). And for economies with an extreme total tax rate (a rate that is very high relative to the average), an increase has a greater impact on both these distance to frontier scores than before (line D is bigger than line C in figure 15.2 of the *Doing Business 2015* report).

The nonlinear transformation is not based on any economic theory of an "optimal tax rate" that minimizes distortions or maximizes efficiency in an economy's

that from the simple average method because both these methods assign roughly equal weights to the topics, since the pairwise correlations among indicators do not differ much. An alternative to the simple average method is to give different weights to the topics, depending on which are considered of more or less importance in the context of a specific economy.

⁷ For getting credit, indicators are weighted proportionally, according to their contribution to the total score, with a weight of 60% assigned to the strength of legal rights index and 40% to the depth of credit information index. Indicators for all other topics are assigned equal weights

overall tax system. Instead, it is mainly empirical in nature. The nonlinear transformation along with the threshold reduces the bias in the indicator toward economies that do not need to levy significant taxes on companies like the *Doing Business* standardized case study company because they raise public revenue in other ways—for example, through taxes on foreign companies, through taxes on sectors other than manufacturing or from natural resources (all of which are outside the scope of the methodology). In addition, it acknowledges the need of economies to collect taxes from firms.

Calculation of scores for economies with 2 cities covered

For each of the 11 economies for which a second city was added in this year's report, the distance to frontier score is calculated as the population-weighted average of the distance to frontier scores for the 2 cities covered (table 12.1). This is done for the aggregate score, the scores for each topic and the scores for all the component indicators for each topic.

Table 12.1 Weights used in calculating the distance to frontier scores for economies with 2 cities covered

Economy	City	Weight (%)
Bangladesh	Dhaka	78
	Chittagong	22
Brazil	São Paulo	61
	Rio de Janeiro	39
China	Shanghai	55
	Beijing	45
India	Mumbai	47
	Delhi	53
Indonesia	Jakarta	78
	Surabaya	22
Japan	Tokyo	65
	Osaka	35
Mexico	Mexico City	83
	Monterrey	17
Nigeria	Lagos	77
	Kano	23
Pakistan	Karachi	65
	Lahore	35
Russian Federation	Moscow	70
	St. Petersburg	30
United States	New York	60
	Los Angeles	40

Source: United Nations, Department of Economic and Social Affairs, Population Division, World Urbanization Prospects, 2014 Revision. <http://esa.un.org/unpd/wup/CD-ROM/Default.aspx>.

Economies that improved the most across 3 or more *Doing Business* topics in 2013/14

Doing Business 2015 uses a simple method to calculate which economies improved the ease of doing business the most. First, it selects the economies that in 2013/14 implemented regulatory reforms making it easier to do business in 3 or more of the 10 topics included in this year's aggregate distance to frontier score. Twenty-one economies meet this criterion: Azerbaijan; Benin; the Democratic Republic of Congo; Côte d'Ivoire; the Czech Republic; Greece; India; Ireland; Kazakhstan; Lithuania; the former Yugoslav Republic of Macedonia; Poland; Senegal; the Seychelles; Spain; Switzerland; Taiwan, China; Tajikistan; Togo; Trinidad and Tobago; and the United Arab Emirates. Second, *Doing Business* sorts these economies on the increase in their distance to frontier score from the previous year using comparable data.

Selecting the economies that implemented regulatory reforms in at least 3 topics and had the biggest improvements in their distance to frontier scores is intended to highlight economies with ongoing, broad-based reform programs. The improvement in the distance to frontier score is used to identify the top improvers because this allows a focus on the absolute improvement—in contrast with the relative improvement shown by a change in rankings—that economies have made in their regulatory environment for business.

Ease of *Doing Business* ranking

The ease of doing business ranking ranges from 1 to 189. The ranking of economies is determined by sorting the aggregate distance to frontier scores, rounded to 2 decimals.

RESOURCES ON THE *DOING BUSINESS* WEBSITE

Current features

News on the *Doing Business* project
<http://www.doingbusiness.org>

Rankings

How economies rank—from 1 to 189
<http://www.doingbusiness.org/rankings>

Data

All the data for 189 economies—topic rankings, indicator values, lists of regulatory procedures and details underlying indicators
<http://www.doingbusiness.org/data>

Reports

Access to *Doing Business* reports as well as subnational and regional reports, reform case studies and customized economy and regional profiles
<http://www.doingbusiness.org/reports>

Methodology

The methodologies and research papers underlying *Doing Business*
<http://www.doingbusiness.org/methodology>

Research

Abstracts of papers on *Doing Business* topics and related policy issues
<http://www.doingbusiness.org/research>

***Doing Business* reforms**

Short summaries of DB2015 business regulation reforms, lists of reforms since DB2008 and a ranking simulation tool
<http://www.doingbusiness.org/reforms>

Historical data

Customized data sets since DB2004
<http://www.doingbusiness.org/custom-query>

Law library

Online collection of business laws and regulations relating to business
<http://www.doingbusiness.org/law-library>

Contributors

More than 10,700 specialists in 189 economies who participate in *Doing Business*
<http://www.doingbusiness.org/contributors/doing-business>

Entrepreneurship data

Data on business density (number of newly registered companies per 1,000 working-age people) for 139 economies
<http://www.doingbusiness.org/data/exploretopics/entrepreneurship>

Distance to frontier

Data benchmarking 189 economies to the frontier in regulatory practice
<http://www.doingbusiness.org/data/distance-to-frontier>

Information on good practices

Showing where the many good practices identified by *Doing Business* have been adopted
<http://www.doingbusiness.org/data/good-practice>

***Doing Business* iPhone App**

Doing Business at a Glance—presenting the full report, rankings and highlights for each topic for the iPhone, iPad and iPod touch
<http://www.doingbusiness.org/specialfeatures/iphone>



www.doingbusiness.org

ISBN 978-1-4648-0351-2



SKU 210351