

A World Bank Group Flagship Report



Doing Business 2018

Reforming to Create Jobs



Comparing Business Regulation
for Domestic Firms in **190** Economies

Economy Profile of China

Doing Business 2018 Indicators
(in order of appearance in the document)

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

About Doing Business

The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The Doing Business project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for 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. Doing Business also measures features of labor market regulation. Although Doing Business does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, Doing Business encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, Doing Business offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that Doing Business has ranked.

The first Doing Business report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where Doing Business, also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

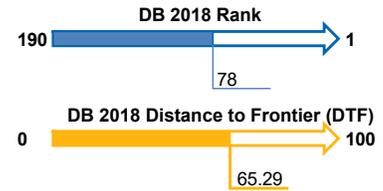
The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190. The ranking of 190 economies is determined by sorting the aggregate distance to frontier scores, rounded to two decimals.

More about [Doing Business](#) (PDF, 5MB)

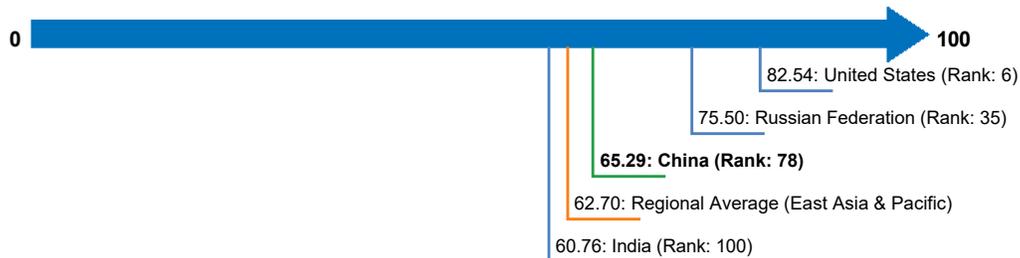
Ease of Doing Business in China



Region	East Asia & Pacific
Income Category	Upper middle income
Population	1,378,665,000
GNI Per Capita (US\$)	8,260
City Covered	Shanghai

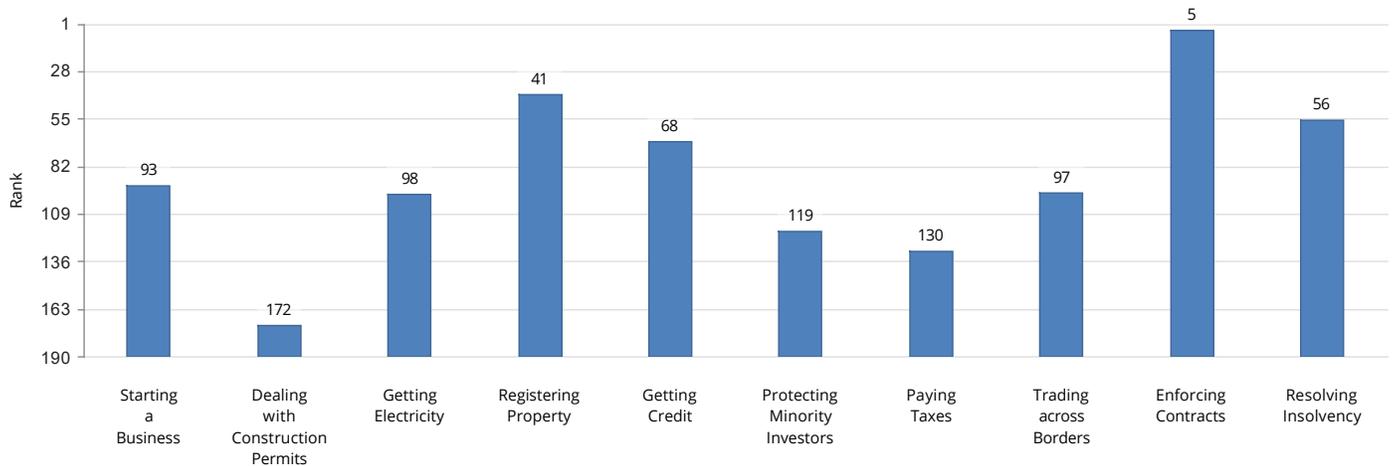


DB 2018 Distance to Frontier (DTF)

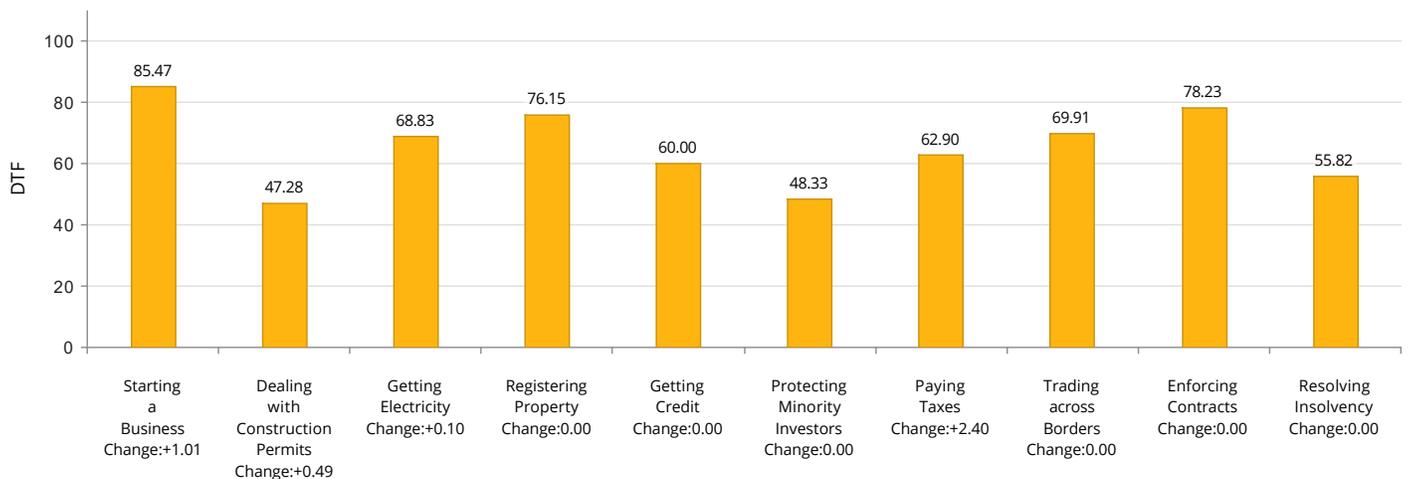


Note: The distance to frontier (DTF) measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy’s distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - China



Distance to Frontier (DTF) on Doing Business topics - China



Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in economy's largest business city.

To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The distance to frontier score for each indicator is the average of the scores obtained for each of the component indicators.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally start and operate a company (number)

- Pre-registration (for example, name verification or reservation, notarization)
- Registration in economy's largest business city
- Post-registration (for example, social security registration, company seal)
- Obtaining approval from spouse to start business or leave home to register company
- Obtaining any gender-specific permission that can impact company registration, company operations and process of getting national identity card

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 fully completed online are recorded as ½ day
- Procedure is considered 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 or commonly used in practice

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

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city and the entire office space is approximately 929 square meters (10,000 square feet). For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically owned and has five owners, none of whom is a legal entity; and has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to 1 times income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed 10 pages long.

The owners:

- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

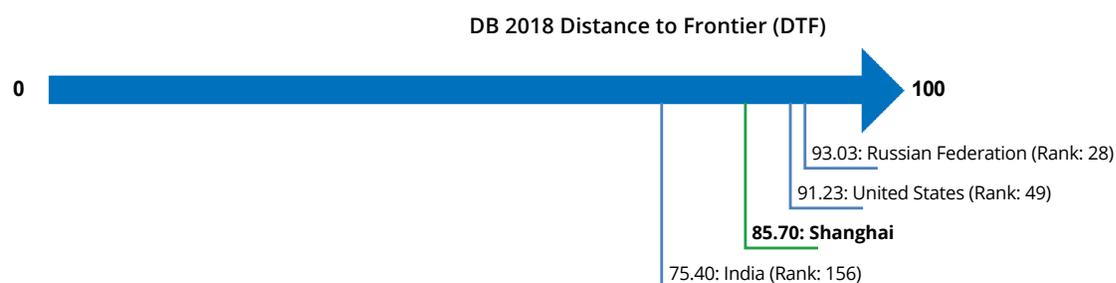
Starting a Business - Shanghai

Standardized Company

Legal form	Limited Liability Company
Paid-in minimum capital requirement	CNY 0
City Covered	Shanghai

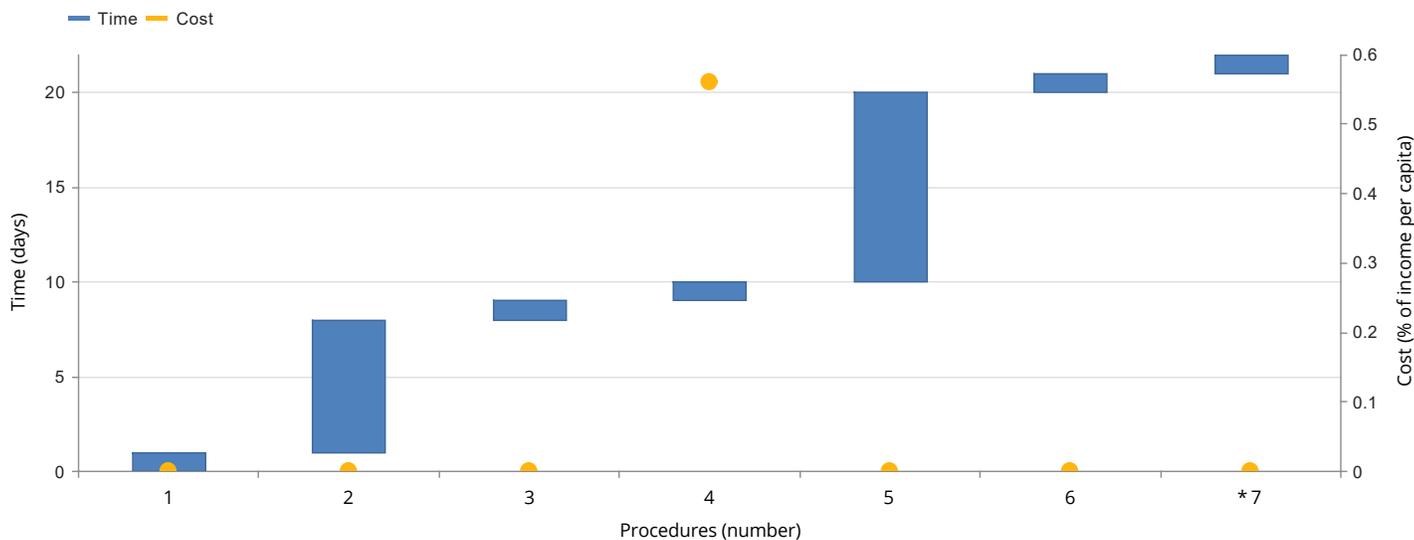
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Procedure – Men (number)	7	7.0	4.9	1.00 (New Zealand)
Time – Men (days)	22	22.7	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	0.6	18.4	3.1	0.00 (United Kingdom)
Procedure – Women (number)	7	7.0	4.9	1.00 (New Zealand)
Time – Women (days)	22	22.8	8.5	0.50 (New Zealand)
Cost – Women (% of income per capita)	0.6	18.4	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	0.0	15.1	8.7	0.00 (113 Economies)

Figure – Starting a Business in China and comparator economies – Ranking and DTF



Note: 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.

Figure – Starting a Business in Shanghai – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Details – Starting a Business in Shanghai – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Obtain a notice of pre-approval of the company name</p> <p>Agency : State Administration of Industry and Commerce (SAIC)</p> <p>Business founders can obtain the application for company name pre-approval from the local State Administration of Industry and Commerce (SAIC) office or from its website. The completed application form should be signed by all shareholders of the company and presented to SAIC.</p> <p>Effective July 1, 2004, enterprise name registration must follow the amended State Administration of Industry and Commerce (SAIC) rules. According to the new registration rules, if the applicant(s) goes directly to the SAIC, a proposed company name is approved or rejected on the spot. This is newly regulated by Article 24 of the aforementioned measures and is implemented in practice. However if the application is sent by mail, fax, email, etc., the proposed company name will be approved or rejected within 15 days.</p>	1 day	no charge
2	<p>Apply for a Business License Certificate with SAIC</p> <p>Agency : SAIC (Single window)</p> <p>In order to start and operate a new business, the entrepreneur must obtain a Business License (工商营业执照) from the State Administration of Industry and Commerce (SAIC).</p> <p>Previously, five other licenses were required, the Business License, the Organization Code Certification, the Tax registration, the Statistics Registration and the Social Welfare Insurance Registration. These have been combined into one license. Upon receipt of an application, SAIC will circulate the application materials to the relevant bureaus mentioned above for registration.</p> <p>The applicant is required to prepare and submit an application to the single window at SAIC, with the following documents:</p> <ol style="list-style-type: none"> (1) Application form; (2) Articles of association; (3) Notice of approval of company name; (4) Shareholders' personal IDs; (5) Authorization Letter; (6) Copy of real estate certificate for the office (Signed by the property owner); (7) Supplementary information registration form. 	7 days	no charge

<p>3 Obtain an approval for the company seal from the police department</p> <p>Agency : Police Department</p> <p>One must obtain an approval for the company seal. If all the shareholders are individual investors, the registration file will include:</p> <p>(1) the original and duplicate of the business license of the company and their photocopies;</p> <p>(2) a power of attorney issued by the company;</p> <p>(3) a copy of the passport or identity card of the legal representative of the company; and</p> <p>(4) the identity card of the person submitting the application documents.</p> <p>The Police Department will issue an approval certificate for making company seals to the company after the application is approved.</p>	1 day	no charge
<p>4 Make a company seal</p> <p>Agency : Seal maker</p> <p>To make the company seal, the company shall designate a company possessing a Shanghai Special Industry Permit (company seal carving) (《上海市特种行业许可证》公章刻制业). This process costs CNY 300-1,000 depending on the design and the quality.</p>	1 day	CNY 300
<p>5 Apply for an authorization to print or purchase financial invoices</p> <p>Agency : Tax Authority</p> <p>The company must obtain an approval to print or purchase invoices.</p> <p>The Shanghai State Tax Bureau and the Shanghai Local Tax Bureau have co-issued a circular ("Tax Circular") on February 25, 2013 providing that since January 2012, micro and small size companies no longer need to pay fees in respect of the purchase of invoices. The company must apply to the relevant authorities (that is, the state and local taxation offices) for approval to purchase and issue financial invoices/receipts. The taxation authority will issue the invoice purchasing book, if it agrees to grant the company such qualification, upon reviewing the following submitted documents:</p> <ul style="list-style-type: none"> • Tax registration certificate (one copy) • Identity card of taxation personnel (one copy) • Application forms • Models of invoice seal • Company seal 	10 days	no charge
<p>6 File for recruitment registration with the Human Resources Management Department at the District Employment Promotion Center</p> <p>Agency : Human Resources Management Department at the District Employment Promotion Center</p> <p>Within 30 days of recruiting employees, a new company must register with the the Human Resources Management Department at the District Employment Promotion Center. Relevant application forms can be electronically downloaded or obtained from the local offices, and these documents shall be filled and submitted on the following website: www.12333sh.gov.cn . Companies can register online if they have already obtained the code needed from the Human Resources Management Department.</p>	1 day	no charge

⇒ 7 Register the company's employees with the Social Welfare Insurance Center

Agency : Social Welfare Insurance Center

Within 30 days of establishment, the company must register its employees with the local social insurance office for the payment of employee social insurance.

Upon receipt of an application for employee registration, the relevant authorities will issue a notice to open a social insurance account for the company. The company must then apply to open a special account at the designated bank or use the existing one. The local social insurance office will issue the social insurance registration card for the company upon receiving a bank notification of account opening, so that the company can start paying social security contributions to its employees.

1 day, simultaneous with previous procedure no charge

♀ Applies to women only.

⇒ Takes place simultaneously with previous procedure.

Starting a Business - Beijing

Standardized Company

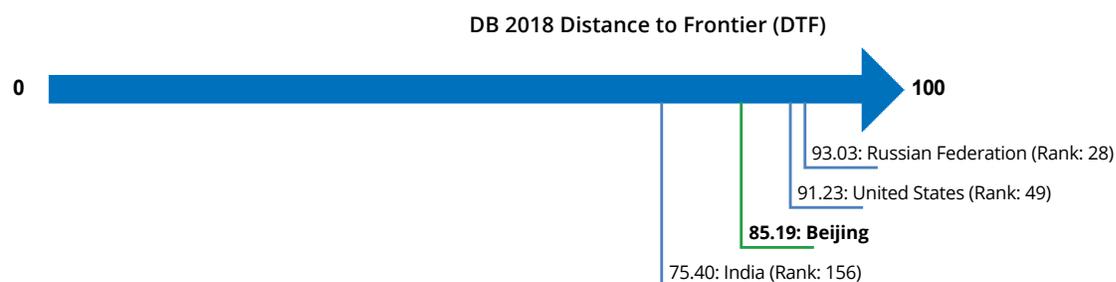
Legal form Limited Liability Company

Paid-in minimum capital requirement CNY 0

City Covered Beijing

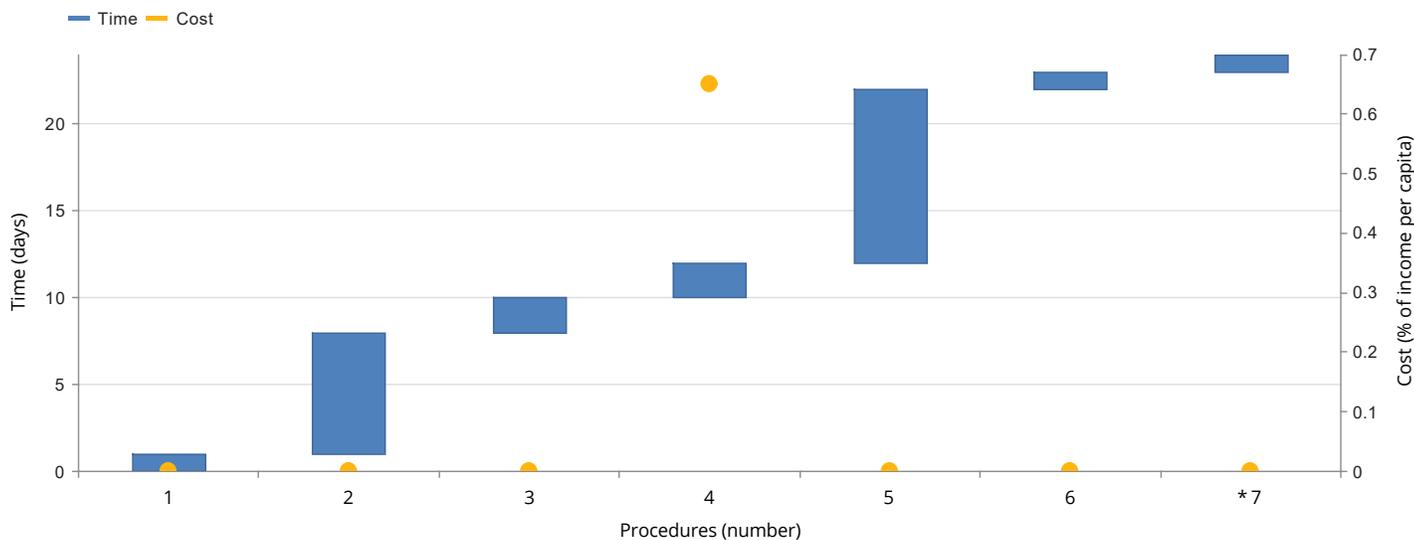
Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Procedure – Men (number)	7	7.0	4.9	1.00 (New Zealand)
Time – Men (days)	24	22.7	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	0.7	18.4	3.1	0.00 (United Kingdom)
Procedure – Women (number)	7	7.0	4.9	1.00 (New Zealand)
Time – Women (days)	24	22.8	8.5	0.50 (New Zealand)
Cost – Women (% of income per capita)	0.7	18.4	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	0.0	15.1	8.7	0.00 (113 Economies)

Figure – Starting a Business in China and comparator economies – Ranking and DTF



Note: 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.

Figure – Starting a Business in Beijing – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Details – Starting a Business in Beijing – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Obtain a notice of pre-approval of the company name</p> <p>Agency : State Administration of Industry and Commerce (SAIC)</p> <p>Business founders can obtain the application for company name pre-approval from the local State Administration of Industry and Commerce (SAIC) office or from its website. The completed application form should be signed by all shareholders of the company and presented to SAIC.</p> <p>Effective July 1, 2004, enterprise name registration must follow the amended State Administration of Industry and Commerce (SAIC) rules. According to the new registration rules, if the applicant(s) goes directly to the SAIC, a proposed company name is approved or rejected on the spot. This is newly regulated by Article 24 of the aforementioned measures and is implemented in practice. However if the application is sent by mail, fax, email, etc., the proposed company name will be approved or rejected within 15 days.</p>	1 day	no charge
2	<p>Apply for a Business License Certificate with SAIC</p> <p>Agency : SAIC (Single window)</p> <p>In order to start and operate a new business, the entrepreneur must obtain a Business License (工商营业执照) from the State Administration of Industry and Commerce (SAIC).</p> <p>Previously, five other licenses were required, the Business License, the Organization Code Certification, the Tax registration, the Statistics Registration and the Social Welfare Insurance Registration. These have been combined into one license. Upon receipt of an application, SAIC will circulate the application materials to the relevant bureaus mentioned above for registration.</p> <p>The applicant is required to prepare and submit an application to the single window at SAIC, with the following documents:</p> <ol style="list-style-type: none"> (1) Application form; (2) Articles of association; (3) Notice of approval of company name; (4) Shareholders' personal IDs; (5) Authorization Letter; (6) Copy of real estate certificate for the office (Signed by the property owner); (7) Supplementary information registration form. 	7 days	no charge

- | | | |
|--|---|-------------|
| <p>3 Obtain an approval for the company seal from the police department</p> <p>Agency : Police Department</p> <p>One must obtain an approval for the company seal. If all the shareholders are individual investors, the registration file will include:</p> <p>(1) the original and duplicate of the business license of the company and their photocopies;</p> <p>(2) a power of attorney issued by the company;</p> <p>(3) a copy of the passport or identity card of the legal representative of the company; and</p> <p>(4) the identity card of the person submitting the application documents.</p> <p>The Police Department will issue an approval certificate for making company seals to the company after the application is approved.</p> | 2 days | no charge |
| <p>4 Make a company seal</p> <p>Agency : Seal maker</p> <p>Business founders can make a company seal at the Seal maker for CNY 200-500.</p> | 2 days | CNY 200-500 |
| <p>5 Apply for an authorization to print or purchase financial invoices</p> <p>Agency : Tax Authority</p> <p>The company must apply to the State and Local Taxation Offices for approval to purchase and issue financial invoices/receipts. The Taxation Authority will issue an invoice purchasing book, if it agrees to grant the company such a qualification, upon reviewing the following submitted documents:</p> <ul style="list-style-type: none"> • Tax registration certificate • Identity card of taxation personnel • Application forms • Models of invoice seal | 10 days | no charge |
| <p>6 File for recruitment registration with the Ministry of Human Resources and Social Security</p> <p>Agency : Ministry of Human Resources and Social Security</p> <p>Within 30 days of recruiting employees, a new company must register with the Ministry of Human Resources and Social Security. Relevant application forms can be electronically downloaded or obtained from the office.</p> | 1 day | no charge |
| <p>⇒ 7 Register the company's employees with the Social Welfare Insurance Center</p> <p>Agency : Social Welfare Insurance Center</p> <p>Within 30 days of establishment, the company must register its employees with the local social insurance office for the payment of employee social insurance.</p> <p>Upon receipt of an application for employee registration, the relevant authorities will issue a notice to open a social insurance account for the company. The company must then apply to open a special account at the designated bank or use the existing one. The local social insurance office will issue the social insurance registration card for the company upon receiving a bank notification of account opening, so that the company can start paying social security contributions to its employees.</p> | 1 day
(simultaneous with previous procedure) | no charge |

♀ Applies to women only.

⇒ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2017. [See the methodology for more information](#)

What the 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 and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is 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

Building quality control index (0-15)

- Sum of the scores of six component indices:
- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Dealing with Construction Permits - Shanghai

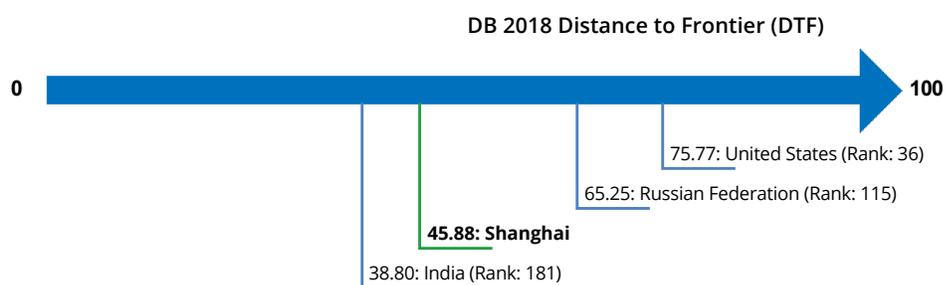
Standardized Warehouse

Estimated value of warehouse CNY 2,690,915.60

City Covered Shanghai

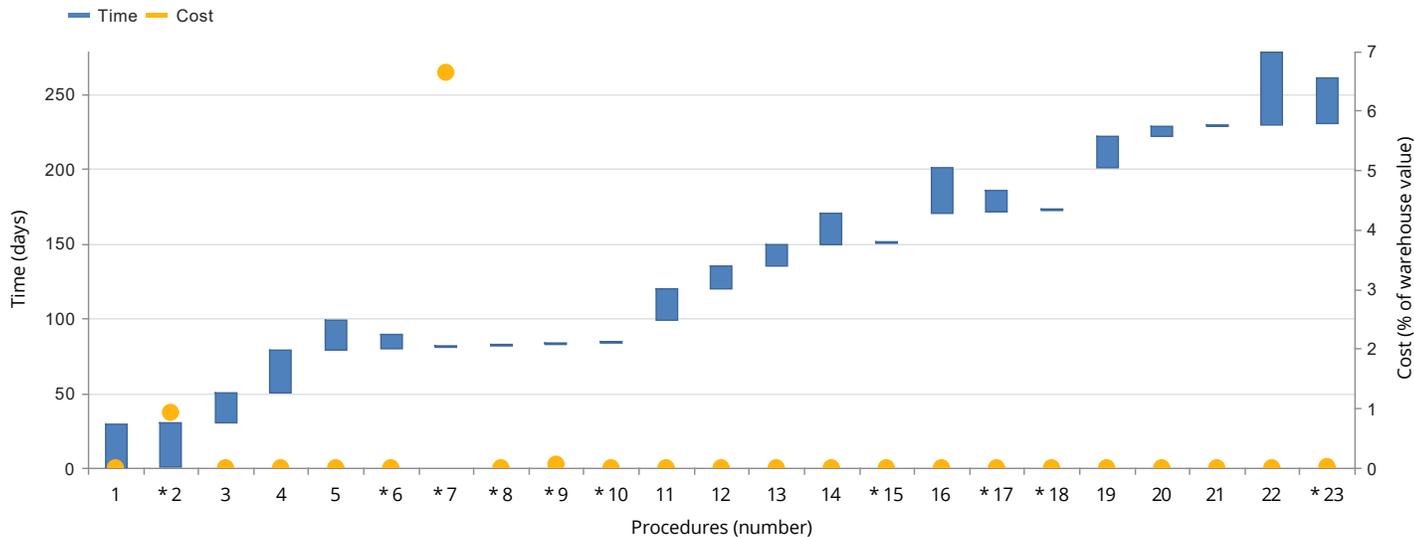
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	23	15.2	12.5	7.00 (Denmark)
Time (days)	279	138.2	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	7.6	2.2	1.6	0.10 (5 Economies)
Building quality control index (0-15)	10.0	8.9	11.4	15.00 (3 Economies)

Figure – Dealing with Construction Permits in China and comparator economies – Ranking and DTF



Note: 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.

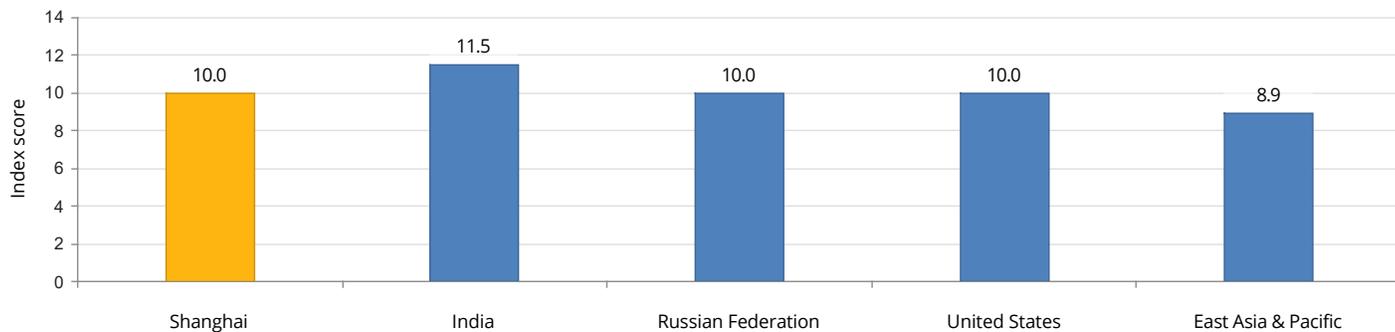
Figure – Dealing with Construction Permits in Shanghai – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Shanghai and comparator economies – Measure of Quality



Details – Dealing with Construction Permits in Shanghai – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Request and obtain an environmental evaluation</p> <p>Agency : Bureau of Environmental Protection</p> <p>BuildCo must submit an environmental impact assessment (环境影响报告表) for the case-study warehouse, effective January 1, 2006. The approval of the environmental evaluation form can be obtained at no cost in 30 days.</p> <p>The following documents are required for the application:</p> <ul style="list-style-type: none"> - Application form for environmental impact assessment - Business license - Filing opinion and statement of situation - Topographical map - Ichonographical map - Environmental impact assessment form - Opinions of related units, experts and the public, if the project may affect the environment greatly - The location opinion issued by the planning authorities - Request of planning and design - Opinion of industry administration department - Drainage license or drainage certificate; sewage treatment certificate if others are appointed to transport sewage 	30 days	no charge
⇒ 2	<p>Obtain a geo-technical study / soil test</p> <p>Agency : Private firms</p> <p>BuildCo will request a soil test for the structural calculations for the foundation.</p> <p>For the warehouse, as described in the case study, the standard penetration test is what would most likely be done, which is a simplified procedure for this type of study, since the warehouse is not a very complex project. Soil testing helps to determine the properties of the soil, which can vary from place to place. The soil investigation helps to determine the bearing capacity of the land, which in turn helps to determine the load capability, the type and depth of foundation, in order to make sure to select a suitable construction technique.</p>	30 days	CNY 25,000

3 Request and obtain land use and various planning conditions approvals 20 days no charge

Agency : Shanghai Urban Construction and Communications Commission

As of 2011, the Shanghai Urban Construction and Communications Commission is in charge of obtaining the approvals for the project proposal, project planning and design, notification on the review of the design plan, and two planning permits for using land on behalf of the applicant.

The following documents are required to apply for these approvals:

- Application form, planning and design project for construction
- Topographical map (地形图)
- Ichnographic map (平面图)
- Scheme drawing (方案图) and instruction of design
- Form, Area of layers (分层面积表)
- Approval of the feasibility study report or other relevant approval
- Approval of request of construction project planning and design (建设工程规划设计要求通知单)
- Other relevant documents and drawings required in the notice of request for construction project planning and design

4 Request and obtain construction project planning permit 28 days no charge

Agency : Shanghai Bureau of Planning and Land and Resources

The documents needed for a construction on self-owned land application include the following:

- Application form
- Construction project commitment letter
- 1/500 or 1/1000 site-plan and 1/500 or 1/1000 (1/2000 for suburbs) terrain map
- Working drawing
- Form of strata area
- Groundwork construction ichnographic map, groundwork detail drawing and piling plan drawing
- Ichnographic sketch map used for public purposes
- Construction budget plan
- Preliminary design documents that are approved
- Reply on planning design proposal and attached drawings
- Opinion on review and filing of design documents and acceptance letter for drawing review

5 Obtain review of building drawings by a building drawing examiner authorized by the Shanghai Construction Project Document Review Center (Construction Committee) and obtain a letter of notice 20 days no charge

Agency : Shanghai Construction Project Document Review Center

As of 2012, the Shanghai District Construction Commission accepts the building drawings and coordinates the review among the various agencies, including the Fire Protection Bureau, the Shanghai Police and Traffic Police District Level Team and Shanghai City Appearance & Environmental Sanitation Administration Bureau.

⇒ 6	Register construction drawings at the Civil Defense Office Agency : Civil Defense Office Commercial warehouses do not need approval by the Civil Defense Office. However, the builder still needs to present the design of the warehouse for registration and filing.	10 days	no charge
⇒ 7	Hire an authorized supervision agency Agency : Authorized Supervision Agency BuildCo must hire a supervision agency to supervise and ensure the quality and safety of the construction. There is no uniform price for hiring a supervisor. The cost should be calculated as follows: 1. Designing step: if the budgetary estimate of the project design is less than CNY 5,000,000.00, the cost is calculated as 0.44 % (1,279,322 x 0.44%= CNY 5,629) of the budgetary estimate of the project design. 2. Building and repairing step: if the budgetary estimate of the project building and repairing is less than CNY 5,000,000.00, the cost is calculated as 3.3% (1,279,322 x 3.3% = CNY 42,217.6) of the budgetary estimate. The new value is CNY 42,217.6 + CNY 5,629 = CNY 47,846.6. Additionally builders need to pay CNY 78,036.00 (CNY 60.00 per square meter) for designs to be presented to the People's Civil Defense office. These calculations are according to the Notice on the Standard of Industry-Directed Price for the Construction Supervision Agency Fees of Shanghai' (Hu Jiang Jiang Xiezi [2001], No. 20, effective January 1, 2002).	1 day	CNY 178,676
⇒ 8	Request and obtain evidence of capital from bank Agency : Commercial Bank	1 day	no charge
⇒ 9	Register for direct contracting of design and construction Agency : District Tendering Office	1 day	CNY 1,542
⇒ 10	Have the building contractor and supervisor seal the application form Agency : Building Contractor and Supervisor	1 day	no charge

11	Request and obtain building permit	21 days	no charge
<p>Agency : Shanghai Urban Construction and Communications Commission</p> <p>To request a building permit, BuildCo must file the following documents:</p> <ul style="list-style-type: none"> - Application form for building construction permit - "IC Card of Shanghai Construction Project" - Land use permit for construction purpose or title certificates of land or property - Planning permit for the construction project - Evidence of payment to the general contractor through project specialized account - Construction contract with contractor - Bid winning notice for construction - Customer Receipt of the Opening Account for the salary of the workers of the general contractor - Certificate of quality and safety operation of Shanghai Construction Project - The statement form for the site of the construction project - Document evidencing that the site has completed building relocation (项目场地内完成动迁的证明) <p>The office registers on BuildCo's behalf for quality and safety monitoring and issues a notice. The statutory time limit for this procedure is 20 working days per the Regulation of Building Permits for Construction Project in Shanghai of July 1, 2015.</p>			
12	Request and receive fire department inspection upon building completion	15 days	no charge
<p>Agency : Fire Department</p> <p>The application can be submitted directly to the Shanghai District Construction Commission which now coordinates all inspections. However, the inspections are still conducted by each individual agency.</p>			
13	Request and obtain certificate of the completed construction from the fire department	15 days	no charge
<p>Agency : Fire Department</p> <p>Pursuant to "Administration Rules on Supervision of Construction Project Fire Prevention" (effective from May 1, 2009)《建设工程消防监督管理规定》, BuildCo must request the certificate of the completed construction from the Fire Department within 7 days from the time of inspection.</p> <p>The documents required for submission are:</p> <ul style="list-style-type: none"> - Application form for certificate of the completed construction - Voucher for filing documents of fire design (建设工程消防设计备案检查材料受理凭证) and certificate for examination of building map of construction project (建设工程施工图设计审查通过证书); - Inspection report for fire facility of construction (上海市建筑消防设施检测报告) - Notice on examination of sampling of decoration material (室内装修材料见证取样检验结果通知单) - Quality inspection report on fire-proof spraying of steel structure 钢结构防火喷涂工程施工质量检测报告 - List of fire products - BuildCo's business license - License of construction, supervision and test companies 			

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| 14 | Receive inspection of the completed construction from the Shanghai Bureau of Planning and Land and Resources | 21 days | no charge |
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Agency : Shanghai Bureau of Planning and Land and Resources

To request a final inspection, BuildCo must submit the following documents:

- Report on completed construction (建设工程竣工测量成果报告书)
- Planning permit for the construction project and attached drawings (plan, vertical view and cutaway view)
- Qualified acceptance certificate of files of construction project (建设项目档案验收合格证)
- Qualified acceptance form of civil defense project

However, this application can be submitted directly to the Shanghai District Construction Commission which now coordinates all inspections. However, the inspections are still conducted by each individual agency.

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| ⇒ | Receive "Four-Party" inspection | 1 day | no charge |
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| 15 | Agency : Site Inspector, Designer, Builder, and Agency Supervisor | | |
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This procedure is called a four-party inspection (四方验收). The four parties include the site inspector, the designer, the builder, and the supervisor.

- | | | | |
|----|--|---------|-----------|
| 16 | Receive inspection of the completed construction from the Environmental Protection Department | 30 days | no charge |
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Agency : Environmental Protection Department

To receive a final environmental inspection, BuildCo must submit these required documents:

- Application for completed construction inspection
- Environment inspection report
- Business license or personal ID
- Trial operation approval document (if applicable)
- Approval of environmental impact assessment
- Evidencing document for sewage treatment
- Application form for dissembling, using and disposing electronic waste

The time limit is 30 days from the receipt of application, according to the Environment Protection Bureau Web site. This application can be submitted directly to the Shanghai District Construction Commission which now coordinates all inspections. However, the inspections are still conducted by each individual agency.

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| ⇒ | Request opinion on whether construction project is lightning-proof | 14 days | no charge |
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| 17 | Agency : Shanghai Lightning Protection Center | | |
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To obtain an opinion, BuildCo must submit the following documents:

- Application form
- Project approval
- Examination opinion of design of lightning-proof facilities
- Inspection report of lightning-proof project of construction project
- As-constructed drawing of lightning-proof facilities
- Testing report of lightning-proof products issued by qualified testing institution
- Project contract with professional lightning-proof company

⇒ 18	Request and receive inspection on construction completion (竣工备案) from the Shanghai Urban Construction and Communications Commission	1 day	no charge
	Agency : Shanghai Urban Construction and Communications Commission This procedure must be completed on the day of application, provided that the documents required for submission are complete. There is no charge for this procedure.		
19	Request and obtain certificate of completion and certificate of final inspection from the Shanghai Urban Construction and Communications Commission	21 days	no charge
	Agency : Shanghai Urban Construction and Communications Commission Within 15 days after the building passes the inspection, BuildCo must file the following documents with the Shanghai Urban Construction and Communications Commission: - Inspection report of the completed construction - Acknowledgement or authority from the planning bureau - Acceptance certificate or opinion on acceptance of fire-prevention inspection - Acknowledgement from the environmental protection bureau - Acknowledgement from the city construction dossier department - Opinion on acceptance of lightning-proof construction project issued by Shanghai Lightning Protection Center - Proof of payment of engineering section - Opinion on acceptance of completed civil defense project		
20	Obtain water connection inquiry and request water and sewage connection	7 days	no charge
	Agency : Municipal Water Bureau BuildCo must first apply for a water connection inquiry (接水前期征询手续) from the Municipal Water Bureau who will approve the application within 7 days after receiving all required documents. Afterwards, BuildCo may apply for the water connection.		
21	Receive water and sewage inspection	1 day	no charge
	Agency : Municipal Water Bureau Upon receiving the water supply application, the water service crew conducts on-site surveys within 7 days. The completion of water supply is determined by construction conditions. As for sewage licensing, the Municipal Water Bureau needs 20 days after BuildCo submits the project approval and other documents on the sewage facility design to conduct a preliminary inspection. After completing the inspection and trial operation, the bureau requires 20 days to examine the results of the facility and grant approval. These timeframes are taken into account in the following procedure.		
22	Receive connection to water and sewage services	49 days	no charge
	Agency : Municipal Water Bureau		

⇒	Register building with Real Estate Registry	30 days	CNY 550
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23 Agency : Shanghai District Real Estate Registry

The warehouse considered here should fall into the category of nonresidential real property, in which case the registry procedure will take 20 working days from receipt of the application. Pursuant to Notice on Relevant Issues on Calculating Methods and Fee Standards of the House Registration Fee (effective on Apr 25, 2008)《上海市物价局、上海市财政局关于规范本市房屋登记费计费方式和收费标准等有关问题的通知》, for nonresidential real property, the registration fee is CNY 550. Before selling the building, the property must be registered and the certificate obtained.

⇒ Takes place simultaneously with previous procedure.

Details – Dealing with Construction Permits in Shanghai – Measure of Quality

	Answer	Score
Building quality control index (0-15)		10.0
Quality of building regulations index (0-2)		2.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by external engineer or firm; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		2.0
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1.0

Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)

No party is required by law to obtain insurance ; Construction company.

1.0

Professional certifications index (0-4)

0.0

What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)

Being a registered architect or engineer.

0.0

What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)

Minimum number of years of experience; Passing a certification exam.

0.0

Dealing with Construction Permits - Beijing

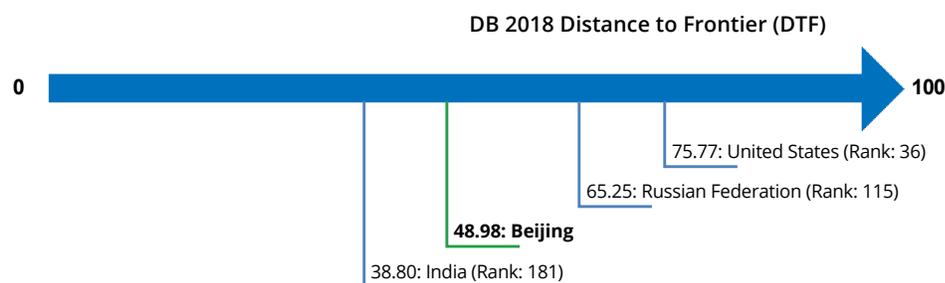
Standardized Warehouse

Estimated value of warehouse CNY 2,690,915.60

City Covered Beijing

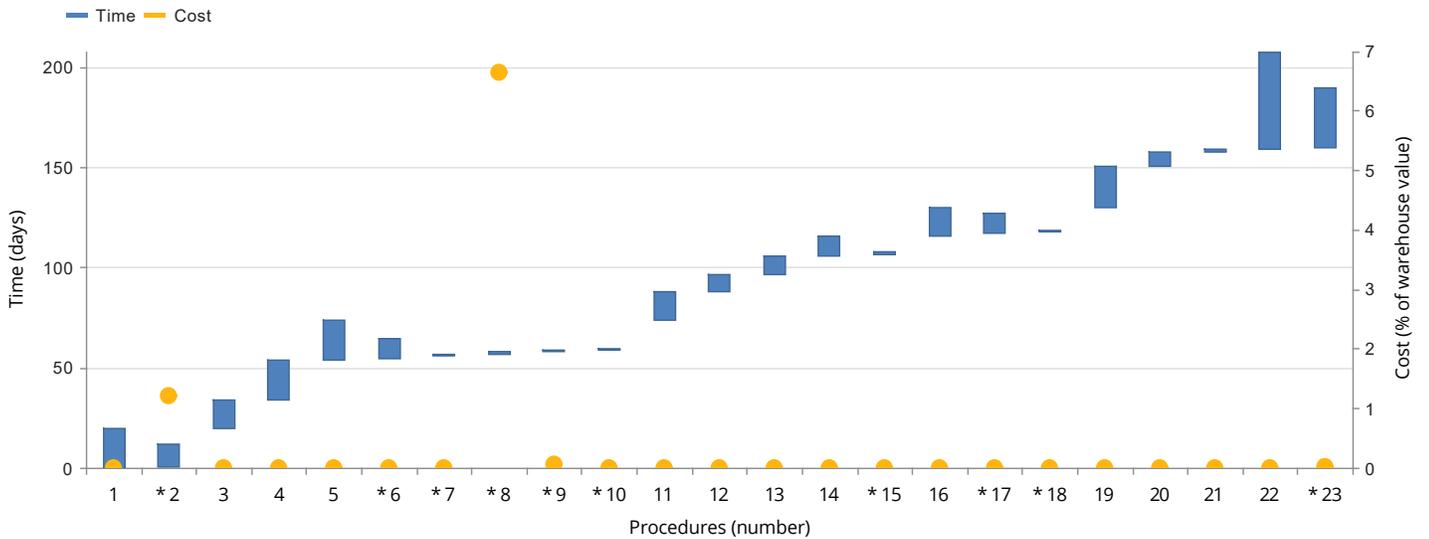
Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	23	15.2	12.5	7.00 (Denmark)
Time (days)	208	138.2	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	7.9	2.2	1.6	0.10 (5 Economies)
Building quality control index (0-15)	9.0	8.9	11.4	15.00 (3 Economies)

Figure – Dealing with Construction Permits in China and comparator economies – Ranking and DTF



Note: 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.

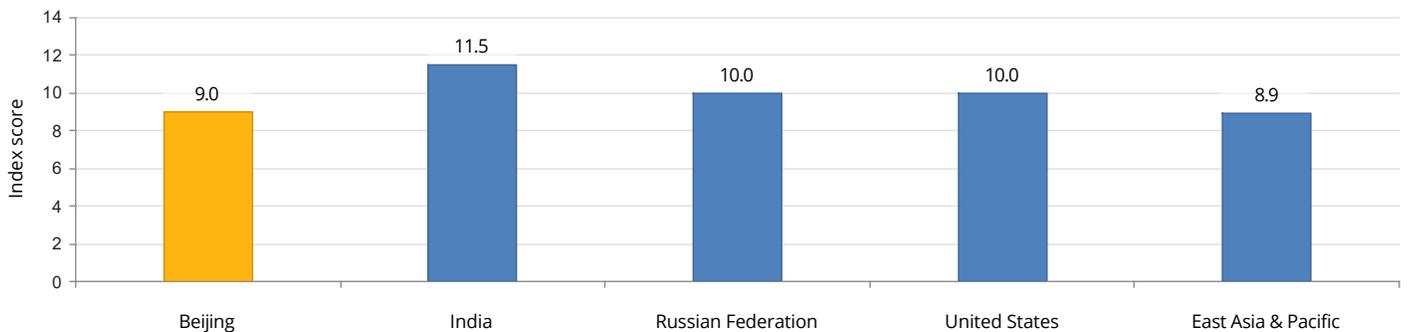
Figure – Dealing with Construction Permits in Beijing – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Beijing and comparator economies – Measure of Quality



Details – Dealing with Construction Permits in Beijing – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Request and obtain an environmental evaluation</p> <p>Agency : Bureau of Environmental Protection</p> <p>In the case considered here, BuildCo must submit an environmental impact assessment (环境影响报告表). Effective January 1, 2006, the approval of environmental evaluation form can be obtained at no cost in 30 days.</p> <p>The following documents are required for application:</p> <ul style="list-style-type: none"> - Application form for environmental impact assessment - Business license - Filing opinion and statement of situation - Topographical map - Ichonographical map - Environmental impact assessment form - Opinions of related units, experts and the public, if the project may affect the environment greatly - The location opinion issued by the planning authorities - Request of planning and design - Opinion of industry administration department - Drainage license or drainage certificate; sewage treatment certificate if others are appointed to transport sewage 	20 days	no charge
⇒ 2	<p>Obtain geotechnical study / soil test</p> <p>Agency : Private firms</p> <p>BuildCo will request a soil test for the structural calculations for the foundation.</p>	11 days	CNY 32,500
3	<p>Request and obtain land use and various planning conditions approvals</p> <p>Agency : Beijing Urban Construction and Communications Commission</p> <p>As of 2011, the Beijing Urban Construction and Communications Commission obtains the approvals for the project proposal, project planning and design, notification on the review of the design plan, and two planning permits for using land on behalf of the applicant.</p> <p>The following documents are required to apply for these approvals:</p> <ul style="list-style-type: none"> • Application form, planning and design project for construction • Topographical map (地形图) • Ichonographic map (平面图) • Scheme drawing (方案图) and instruction of design • Form, Area of layers (分层面积表) • Approval of the feasibility study report or other relevant approval • Approval of request of construction project planning and design (建设工程规划设计要求通知单) • Other relevant documents and drawings required in the notice of request for construction project planning and design 	14 days	no charge

<p>4 Request and obtain construction project planning permit</p> <p>Agency : Beijing Bureau of Planning and Land and Resources</p> <p>Documents needed for construction on self-owned land include the following:</p> <ul style="list-style-type: none"> - Application form - Construction project commitment letter - 1/500 or 1/1000 site-plan and 1/500 or 1/1000 (1/2000 for suburbs) terrain map - Working drawing - Form of strata area - Groundwork construction ichnographic map, groundwork detail drawing and piling plan drawing - Ichnographic sketch map used for public purposes - Construction budget plan - Preliminary design documents that are approved - Reply on planning design proposal and attached drawings - Opinion on review and filing of design documents and acceptance letter for drawing review 	20 days	no charge
<p>5 Obtain review of building drawings by a building drawing examiner authorized by the Beijing Construction Project Document Review Center (Construction Committee) and obtain a letter of notice</p> <p>Agency : Beijing Construction Project Document Review Center</p> <p>As of 2012, the Beijing District Construction Commission accepts the building drawings and coordinates the review among the various agencies, including the Fire Protection Bureau, the Beijing Police and Traffic Police District Level Team and Beijing City Appearance & Environmental Sanitation Administration Bureau.</p>	20 days	no charge
<p>⇒ 6 Register construction drawings at the Civil Defense Office</p> <p>Agency : Civil Defense Office</p> <p>Commercial warehouses do not need approval by the Civil Defense Office. However, the builder still needs to present the design of the warehouse for registration and filing.</p>	10 days	no charge
<p>⇒ 7 Request and obtain evidence of capital from bank</p> <p>Agency : Commercial Bank</p>	1 day	no charge

⇒ 8	<p>Hire an authorized supervision agency</p> <p>Agency : Authorized Supervision Agency</p> <p>There is no uniform price for hiring a supervisor. The cost should be calculated as follows:</p> <ol style="list-style-type: none"> 1. Designing step: if the budgetary estimate of the project design is less than CNY 5,000,000.00, the cost is calculated as 0.44% of the budgetary estimate of the project design. 2. Building and repairing step: if the budgetary estimate of the project building and repairing is less than CNY 5,000,000.00, the cost is calculated as 3.3% of the budgetary estimate. 3. Additionally builders need to pay CNY 60.00 per square meter for designs to be presented to the People's Civil Defense office. <p>These calculations are according to the Notice on the Standard of Industry-Directed Price for the Construction Supervision Agency Fees of Beijing' (Hu Jiang Jiang Xiezi [2001], No. 20, effective January 1, 2002).</p>	1 day	CNY 178,676
⇒ 9	<p>Register for direct contracting of design and construction</p> <p>Agency : District Tendering Office</p>	1 day	CNY 1,542
⇒	<p>Have the building contractor and supervisor seal the application form</p> <p>10 Agency : Building Contractor and Supervisor</p>	1 day	no charge
11	<p>Request and obtain building permit</p> <p>Agency : Beijing Urban Construction and Communications Commission</p> <p>To request a building permit, BuildCo must file the following documents:</p> <ul style="list-style-type: none"> - Application form for building construction permit - IC Card of Beijing Construction Project - Land use permit for construction purpose or title certificates of land or property - Planning permit for the construction project - Evidence of payment to the general contractor through project specialized account - Construction contract with contractor - Bid winning notice for construction - Customer Receipt of the Opening Account for the salary of the workers of the general contractor - Certificate of quality and safety operation of Beijing Construction Project - The statement form for the site of the construction project - Document evidencing that the site has completed building relocation (项目场地内完成动迁的证明材料) <p>The office registers on BuildCo's behalf for quality and safety monitoring and issues a notice. The statutory time limit for this procedure is 15 working days.</p>	14 days	no charge
12	<p>Request and receive Fire Department inspection upon building completion</p> <p>Agency : Fire Department</p> <p>The application can be submitted directly to the Beijing District Construction Commission which now coordinates all inspections. But the inspections are still conducted by each individual agency.</p>	9 days	no charge

13	Request and obtain certificate of the completed construction from the Fire Department	9 days	no charge
<p>Agency : Fire Department</p> <p>Pursuant to "Administration Rules on Supervision of Construction Project Fire Prevention" (effective from May 1, 2009)《建设工程消防监督管理规定》, BuildCo must request the certificate of the completed construction from the Fire Department within 7 days from the time of inspection. The documents required for submission are:</p> <ul style="list-style-type: none"> - Application form for certificate of the completed construction - Voucher for filing documents of fire design (建设工程消防设计备案检查材料受理凭证) and certificate for examination of building map of construction project (建设工程施工图设计审查通过证书); - Inspection report for fire facility of construction (上海市建筑消防设施检测报告) - Notice on examination of sampling of decoration material (室内装修材料见证取样检验结果通知单) - Quality inspection report on fire-proof spraying of steel structure 钢结构防火喷涂工程施工质量检测报告 - List of fire products - BuildCo's business license - License of construction, supervision and test companies 			
14	Receive inspection of the completed construction from the Beijing Bureau of Planning and Land and Resources	10 days	no charge
<p>Agency : Beijing Bureau of Planning and Land and Resources</p> <p>To request a final inspection, BuildCo must submit the following documents:</p> <ul style="list-style-type: none"> - Report on completed construction (建设工程竣工测量成果报告书) - Planning permit for the construction project and attached drawings (plan, vertical view and cutaway view) - Qualified acceptance certificate of files of construction project (建设项目档案验收合格证) - Qualified acceptance form of civil defense project <p>However, this application can be submitted directly to the Beijing District Construction Commission which now coordinates all inspections. But the inspections are still conducted by each individual agency.</p>			
⇒	Receive "Four-Party" inspection	1 day	no charge
15	<p>Agency : Site Inspector, Designer, Builder, and Agency Supervisor</p> <p>This procedure is called a four-party inspection (四方验收). The four parties include the site inspector, the designer, the builder, and the supervisor.</p>		
16	Request opinion on whether construction project is lightning-proof	14 days	no charge
<p>Agency : Beijing Meteorological Service Center</p> <p>To obtain an opinion, BuildCo must submit the following documents:</p> <ul style="list-style-type: none"> - Application form - Project approval - Examination opinion of design of lightning-proof facilities - Inspection report of lightning-proof project of construction project - As-constructed drawing of lightning-proof facilities - Testing report of lightning-proof products issued by qualified testing institution - Project contract with professional lightning-proof company 			

⇒ 17	Receive inspection of the completed construction from the Environmental Protection Department	10 days	no charge
<p>Agency : Environmental Protection Department</p> <p>To receive a final environmental inspection, BuildCo must submit these required documents:</p> <ul style="list-style-type: none"> - Application for completed construction inspection - Environment inspection report - Business license or personal ID - Trial operation approval document (if applicable) - Approval of environmental impact assessment - Evidencing document for sewage treatment - Application form for dissembling, using and disposing electronic waste <p>The time limit is 30 days from the receipt of application, according to the Environment Protection Bureau Web site. However, this application can be submitted directly to the Beijing District Construction Commission which now coordinates all inspections. But the inspections are still conducted by each individual agency.</p>			
⇒ 18	Request and receive inspection on construction completion (竣工备案) from the Beijing Urban Construction and Communications Commission	1 day	no charge
<p>Agency : Beijing Urban Construction and Communications Commission</p> <p>This procedure must be completed on the day of application, provided that the documents required for submission are complete. There is no charge for this procedure.</p>			
19	Request and obtain certificate of completion and certificate of final inspection from the Beijing Urban Construction and Communications Commission	21 days	no charge
<p>Agency : Beijing Urban Construction and Communications Commission</p> <p>Within 15 days after the building passes the inspection, BuildCo must file the following documents with the Beijing Urban Construction and Communications Commission:</p> <ul style="list-style-type: none"> - Inspection report of the completed construction - Acknowledgement or authority from the planning bureau - Acceptance certificate or opinion on acceptance of fire-prevention inspection - Acknowledgement from the environmental protection bureau - Acknowledgement from the city construction dossier department - Opinion on acceptance of lightning-proof construction project issued by Beijing Lightning Protection Center - Proof of payment of engineering section - Opinion on acceptance of completed civil defense project 			
20	Obtain water connection inquiry and request water and sewage connection	7 days	no charge
<p>Agency : Municipal Water Bureau</p> <p>BuildCo must first apply for a water connection inquiry (接水前期征询手续) from the Municipal Water Bureau who will approve the application within 7 days after receiving all required documents. Afterwards, BuildCo may apply for the water connection.</p>			

21	<p>Receive water and sewage inspection</p> <p>Agency : Municipal Water Bureau</p> <p>Upon receiving the water supply application, the water service crew conducts on-site surveys within 7 days. The completion of water supply is determined by construction conditions. As for sewage licensing, the Municipal Water Bureau needs 20 days after BuildCo submits the project approval and other documents on the sewage facility design to conduct a preliminary inspection. After completing the inspection and trial operation, the bureau requires 20 days to examine the results of the facility and grant approval. These timeframes are taken into account in the following procedure.</p>	1 day	no charge
22	<p>Receive connection to water and sewage services</p> <p>Agency : Municipal Water Bureau</p> <p>Applicant should submit:</p> <ol style="list-style-type: none"> 1. Service Application Form; 2. Administrative Permit Application Form; 3. Drawings and instructions for the location and size of the special inspection wells, sewage discharge outlets; 4. Relevant materials of sewage treatment facilities as required; 5. Water quality, water quantity testing report; 6. Applicant's business licence, legal representative certificate, POA; 7. Contracts or property ownership certificate; 8. Water Payment certificate; 9. Other documents required by the water authority. 	49 days	no charge
⇒ 23	<p>Register building with Real Estate Registry</p> <p>Agency : Beijing District Real Estate Registry</p> <p>The warehouse considered here should fall into the category of nonresidential real property, in which case the registry procedure will take 20 working days from receipt of the application. Pursuant to 北京市发展和改革委员会、北京市财政局《关于房屋登记费计费方式和收费标准的函》 Beijing Municipal Development and Reform Commission, Beijing Municipal Bureau of finance " Letter on collecting methods and criterion of the housing registration fee", for nonresidential real property, the registration fee is CNY 550. Before selling the building, the property must be registered and the certificate obtained.</p>	30 days	CNY 550

⇒ Takes place simultaneously with previous procedure.

Details – Dealing with Construction Permits in Beijing – Measure of Quality

	Answer	Score
Building quality control index (0-15)		9.0
Quality of building regulations index (0-2)		1.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Required preapprovals.	0.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by external engineer or firm; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		2.0
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1.0

Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance ; Construction company.	1.0
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Professional certifications index (0-4)**0.0**

What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Being a registered architect or engineer.	0.0
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What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; Passing a certification exam.	0.0
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⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the 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
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: Doing Business measures the price of electricity, but it is not included in the distance to frontier score nor the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in March of the current year are used for calculation of the price of electricity for the warehouse. Although March has 31 days, for calculation purposes only 30 days are used.

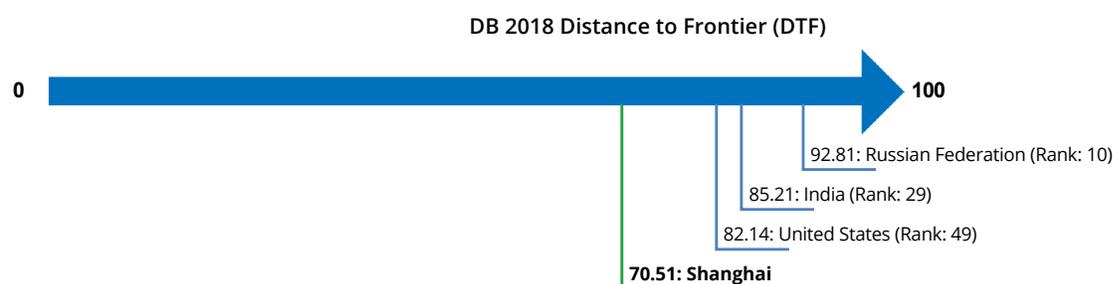
Getting Electricity - Shanghai

Standardized Connection

Price of electricity (US cents per kWh)	12.7
Name of utility	Shanghai Municipal Electric Power Company
City Covered	Shanghai

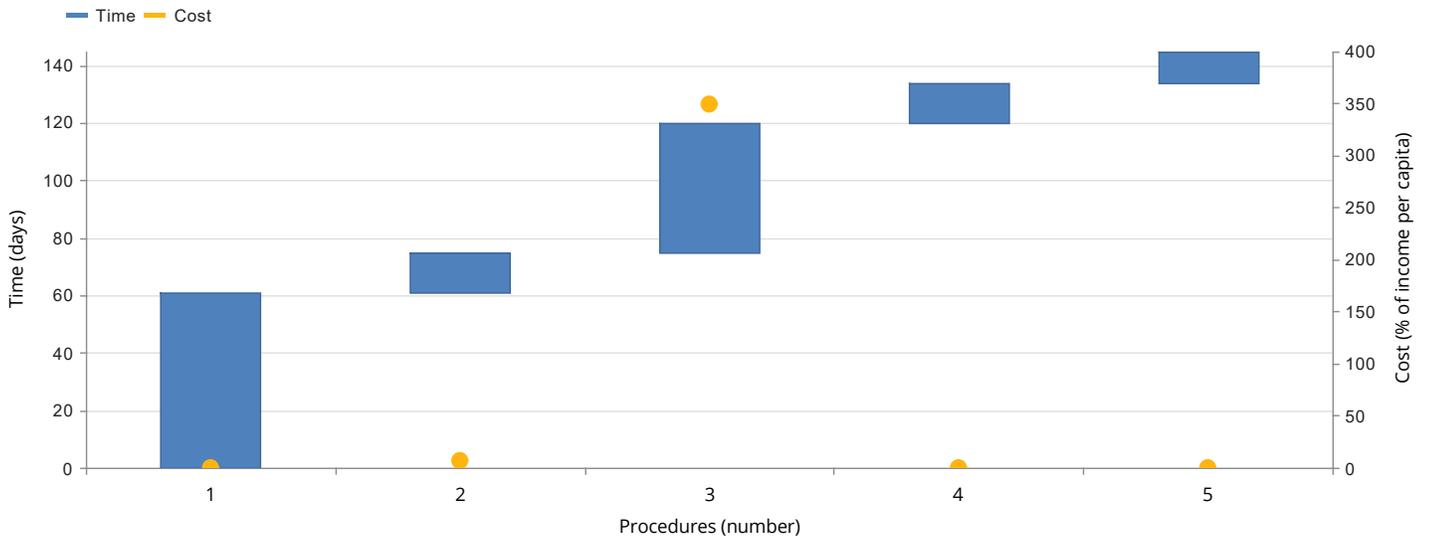
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	5	4.5	4.7	2 (United Arab Emirates)
Time (days)	145	71.6	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	355.8	712.0	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	6	3.7	7.4	8.00 (28 Economies)

Figure – Getting Electricity in China and comparator economies – Ranking and DTF



Note: 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.

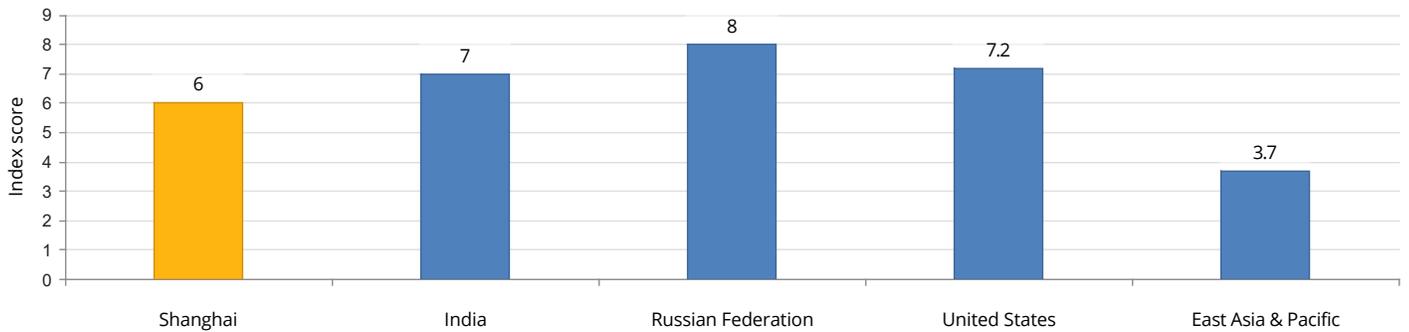
Figure – Getting Electricity in Shanghai – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Shanghai and comparator economies – Measure of Quality



Details – Getting Electricity in Shanghai – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Submit application to utility and await power supply plan and estimate</p> <p>Agency : Shanghai Municipal Electric Power Company</p> <p>Documents to be submitted along with application - One copy of each business license, tax registration certificate and organizational code registration certificate, Clearance certificate from Planning Authority.</p>	61 calendar days	CNY 0
2	<p>Pay estimate and get design for external connection reviewed</p> <p>Agency : Shanghai Municipal Electric Power Company</p> <p>Costs include - cable-laying work: for example cable-laying on supports along the walls, 3-phase and 5-level Y, voltage 220/380V, 140 kVA, normally need 4×70+1×35 bus, YJV200 Model armored installation, flame retardant, about 324 Yuan/meter Electricity meter and installation, Mutual inductor: 3 sets are needed, 200:5. Three-phase mains: one 250A, ABB or Schneider Model, Power distribution box.</p>	14 calendar days	CNY 3,700
3	<p>Purchase material and carry out installation</p> <p>Agency : Electrical Contractor</p> <p>Materials to be purchased by customer include Transformer, high-voltage switch cabinet, low-voltage switch cabinet, wires, cable and other accessories. Materials are available locally in Shanghai but it takes 30-45 days to produce the tailor-made high and low voltage switch cabinets.</p>	45 calendar days	CNY 187,790
4	<p>Submit report to utility and await final internal and external inspection</p> <p>Agency : Shanghai Municipal Electric Power Company</p> <p>Shanghai Municipal Electric Power Company staff provides internal wiring inspection and inspection of external installation.</p>	14 calendar days	CNY 0
5	<p>Receive meter installation and connection to grid</p> <p>Agency : Shanghai Municipal Electric Power Company</p> <p>Shanghai Municipal Electric Power Company provides meter installation and connection to grid.</p>	11 calendar days	CNY 0

⇒ Takes place simultaneously with previous procedure.

Details – Getting Electricity in Shanghai – Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	6
Total duration and frequency of outages per customer a year (0-3)	2
System average interruption duration index (SAIDI)	1.5
System average interruption frequency index (SAIFI)	0.2
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	http://sh.bendibao.com/cyfw/2015526/132966.shtm ; http://www.95598.cn/static/html/sas/BM05003_2013000918321096.shtml
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Getting Electricity - Beijing

Standardized Connection

Price of electricity (US cents per kWh)

18.7

Name of utility

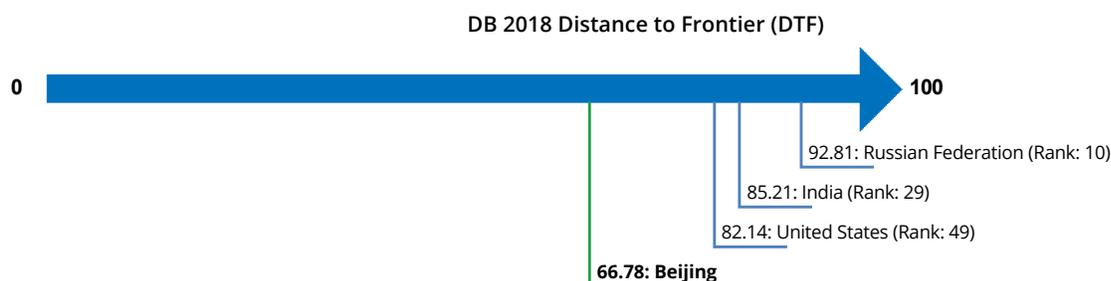
State Grid Beijing Electric Power Company

City Covered

Beijing

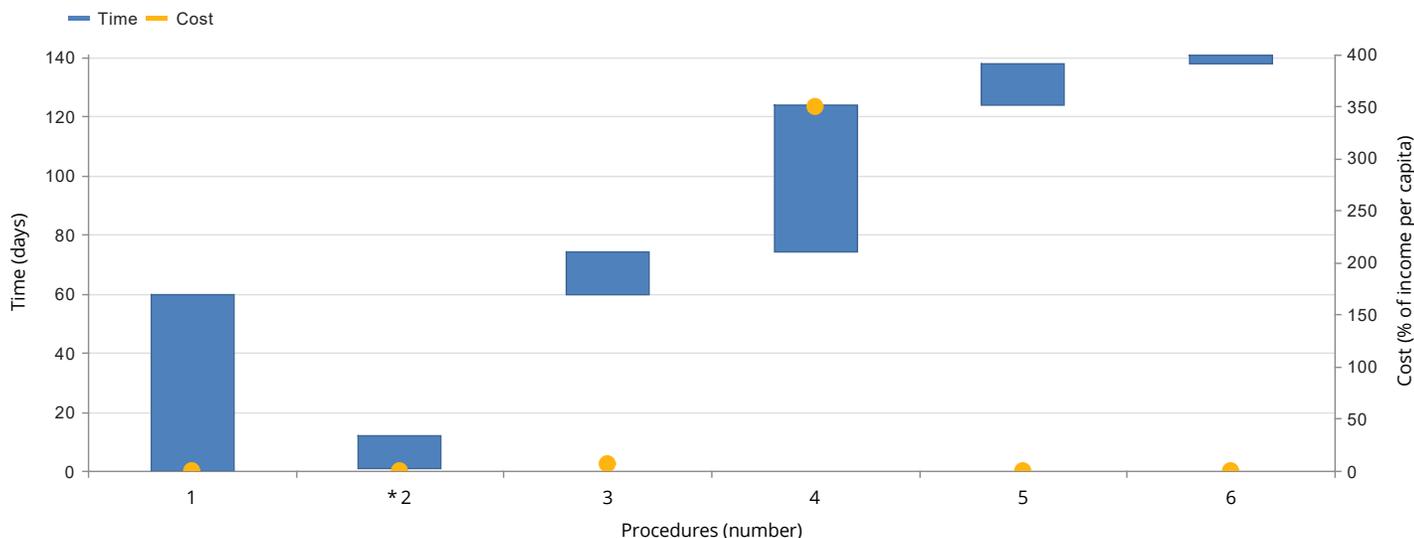
Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	6	4.5	4.7	2 (United Arab Emirates)
Time (days)	141	71.6	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	356.2	712.0	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	6	3.7	7.4	8.00 (28 Economies)

Figure – Getting Electricity in China and comparator economies – Ranking and DTF



Note: 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.

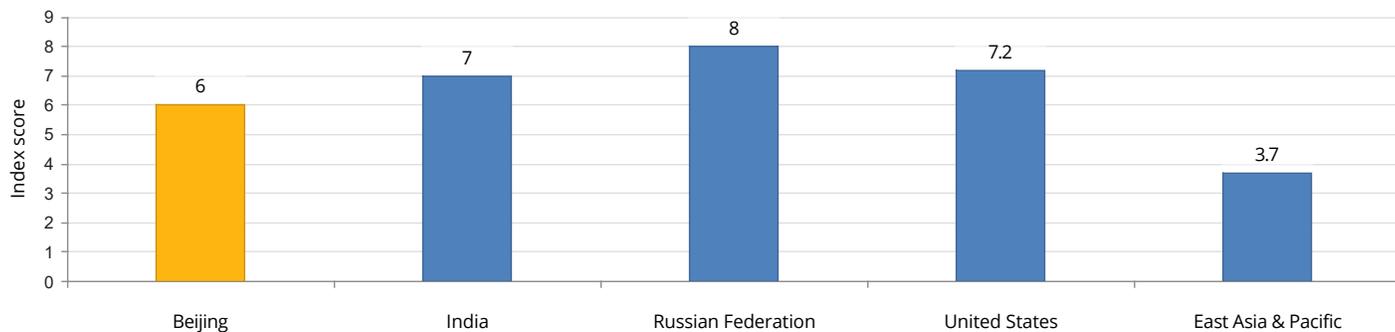
Figure – Getting Electricity in Beijing – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Beijing and comparator economies – Measure of Quality



Details – Getting Electricity in Beijing – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Submit application to utility and await power supply plan and estimate</p> <p>Agency : State Grid Beijing Electric Power Company</p> <p>Documents to be submitted along with application - One copy of each business license, tax registration certificate and organizational code registration certificate, Clearance certificate from Planning Authority.</p>	60 calendar days	CNY 0
⇒ 2	<p>Receive external site inspection by utility</p> <p>Agency : State Grid Beijing Electrical Power Company</p> <p>The electricity company conducts an external site visit to determine the estimated cost for labor and will specify the material to be purchased by the client.</p>	11 calendar days	CNY 0
3	<p>Pay estimate and get design for external connection reviewed</p> <p>Agency : State Grid Beijing Electric Power Company</p> <p>The cost estimate provided to the customer includes - cable-laying work: for example cable-laying on supports along the walls, 3-phase and 5-level Y, voltage 220/380V, 140 kVA, normally need 4×70+1×35 bus, YJV200 Model armored installation, flame retardant, Electricity meter and installation, Mutual inductor: 3 sets are needed, 200:5. Three-phase mains: one 250A, ABB or Schneider Model, Power distribution box.</p>	14 calendar days	CNY 3,600
4	<p>Purchase material and carry out installation</p> <p>Agency : Customer's electrical contractor</p> <p>Materials to be purchased by customer include Transformer, high-voltage switch cabinet, low-voltage switch cabinet, wires, cable and other accessories.</p>	50 calendar days	CNY 188,100
5	<p>Submit report to utility and await final external inspection</p> <p>Agency : State Grid Beijing Electric Power Company</p> <p>State Grid Beijing Electric Power Company staff provides an inspection of external installation.</p>	14 calendar days	CNY 0
6	<p>Receive meter installation and connection to grid</p> <p>Agency : State Grid Beijing Electric Power Company</p> <p>State Grid Beijing Electric Power Company installs the meter and the connection to the grid.</p>	3 calendar days	CNY 0

⇒ Takes place simultaneously with previous procedure.

Details – Getting Electricity in Beijing – Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	6
Total duration and frequency of outages per customer a year (0-3)	2
System average interruption duration index (SAIDI)	1.2
System average interruption frequency index (SAIFI)	0.4
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	http://www.bjpc.gov.cn/tztg/201401/P020140122588312628468.doc
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

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

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

Case study assumptions

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 (or the legal equivalent).
- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Registering Property - Shanghai

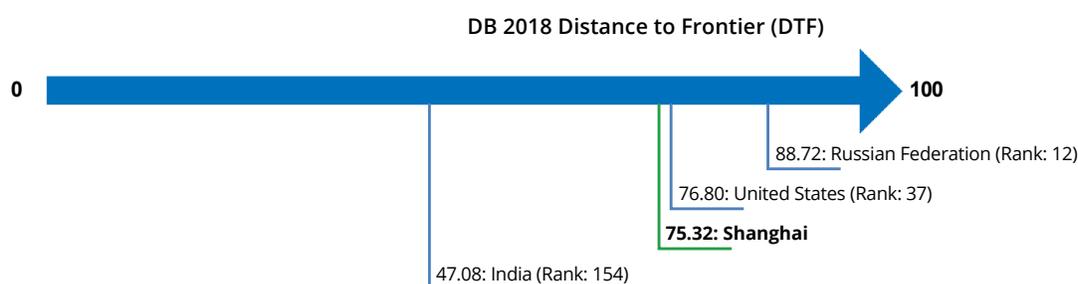
Standard Property Transfer

Property value CNY 2,690,915.60

City Covered Shanghai

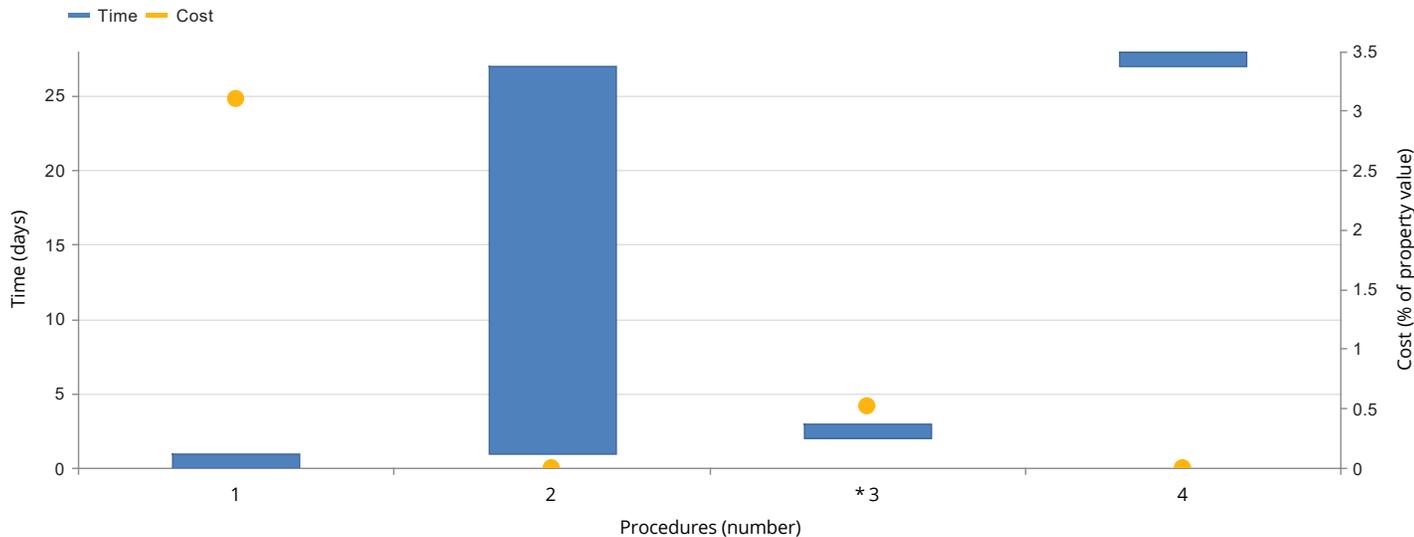
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	4	5.5	4.6	1.00 (4 Economies)
Time (days)	28	74.5	22.3	1.00 (3 Economies)
Cost (% of property value)	3.6	4.3	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	19.0	15.8	22.7	29.00 (Singapore)

Figure – Registering Property in China and comparator economies – Ranking and DTF



Note: 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.

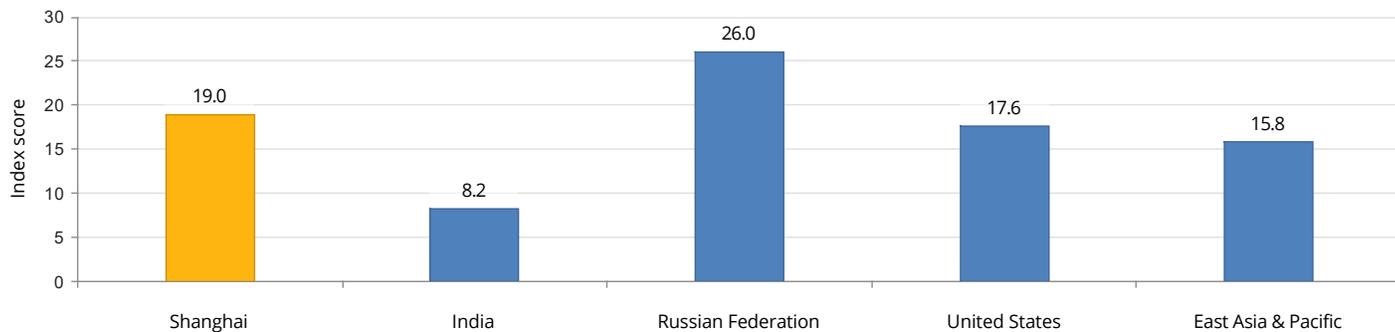
Figure – Registering Property in Shanghai – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Shanghai and comparator economies – Measure of Quality



Details – Registering Property in Shanghai – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Parties enter into contract and pay taxes</p> <p>Agency : Real Estate Registry</p> <p>The property transfer procedure in Shanghai and most other cities starts from following steps:</p> <ol style="list-style-type: none"> 1. The parties negotiate and agree on a sale and purchase contract relating to the transfer of property. There is a standard sale and purchase contract formulated by government authorities but the parties can revise the contract by supplementary terms or supplementary agreement. However, the standard sale and purchase contract can be revised or supplemented with the supplementary terms or a supplementary agreement as appendix. 2. The parties file the agreed contract online and the contract will be registered at the real estate registry via internet. Then the parties shall print out the contract at the designated printer available at the real estate registry office or licensed real estate brokers for further process. 3. The officials in real estate registry will review the contract to make sure the price is generally in line with the market price, and the parties shall pay the taxes as mentioned above at the tax bureau window (the local tax authorities might have a window in most real estate registry offices in Shanghai) based on the reviewed purchase price. <p>For online registration of contract : Measures on the Online Registration of Shanghai Municipality Existing Real Estate Broker Contract and Transfer Contract (http://www.fangdi.com.cn/News/ZCFG/200694164606.htm)</p> <p>Taxes to be paid by the seller and buyer while transferring a property.</p> <p>A. Tax to be paid by the buyer:</p> <ol style="list-style-type: none"> i. deed tax: 3% of property value; ii. stamp duty: 0.05% of the property value. <p>B. Tax to be paid by the seller:</p> <ol style="list-style-type: none"> i. Value added tax: 11% of the difference between the purchase price and the sale price (not counted in cost calculations); ii. stamp duty: 0.05% of the property value; <p>Additional business tax to be paid by seller:</p> <ol style="list-style-type: none"> iii. educational surtax, to be 3% of the levied business tax (not counted in cost calculations); 	1 day	<p>Deed tax: 3% of property value to be paid by the buyer</p> <p>Stamp duty: 0.05% of property value to be paid by buyer and seller separately (total 0.1%)</p>

iv. local education surcharge: 2% of the levied business tax (not counted in cost calculations);

v. land appreciation tax: 30% to 60% (as the case may be) of the added-value of the land, [or 3% of property value subject to the tax office's instruction in practice] (not counted in cost calculations);

vi. urban maintenance and construction tax to be 1% to 7% of the levied business tax (not counted in cost calculations)

vii. construction and installation business tax: 3% on the transfer price (not counted in cost calculations);

viii. river maintenance fee: 1% of the levied business tax (not counted in cost calculations).

ix. enterprise income tax: 25% of the profit from the selling property (which may be levied on the financial year end);

The legislation for the major taxes to be paid by the seller and buyer can be found here:

1. For Land Appreciation tax : Interim Regulations of the People's Republic of China on Land Appreciation Tax (http://www.mlr.gov.cn/zwgk/flfg/tdglflfg/200601/t20060119_642173.htm);

2. For business tax : Interim Regulations of the People's Republic of China on Business Tax (http://www.gov.cn/zwgk/2008-11/14/content_1149510.htm);

3. For Urban Maintenance Construction Tax : Interim Regulations of the People's Republic of China on Urban Maintenance Construction Tax (http://www.gov.cn/banshi/2005-08/19/content_24817.htm)

4. For educational surtax : Interim Provisions on Collecting the Educational Surtax (http://www.gov.cn/gongbao/content/2011/content_1860811.htm)

In accordance with the Interim Administrative Measures for the Collection of Value-added Tax on Real Estate Transfers by Taxpayers (effective from 1 May 2016) the Business tax (5%) was replaced with the Value added tax (5% for property in business areas and 11% for property in rural areas).

2 Parties file the application at the Real Estate Registry

Agency : Real Estate Registry

Private ownership of land is not permitted in China; all land is subject to either State ownership or collective ownership. However, a private party is entitled to obtain the right to use the land. Regarding the State-owned land, there are two types of land use rights, the "granted land use right" and the "allocated land use right". The difference is that the granted land use right is limited in time against payment, whereas the allocated land use right is usually given for free with no time limit, but for specific purposes only. A private party also may transfer to another private party the granted land use right. The allocated land use right cannot be commercially transferable before being converted into granted land use right. In this case, the land is used for commercial purposes. Usually land for commercial use is owned by

26 calendar days no cost
(simultaneous with
procedure 3)

the State, and the relevant land use right is the State-owned land use right. As to the term of the land use right in this case the buyer, who will use the land for commercial purposes, will only get 40 years as the initial term (as maximum unless it extends the granted land use rights at the end of the 40 year period by paying to the State the additional land price) minus the period from the granting date from the State to the date of the transfer to ABC. If the land is zoned for industrial use or warehousing use rather than for commercial use, the maximum land tenure should be 50 years.

There is a standard form sale and purchase agreement formulated by government authorities and is required to be used in practice. The contents of the standard form agreement may be revised or supplemented by way of a supplemental agreement attached to the standard form agreement as appendix. The sale and purchase agreement needs to be printed at designated printers. Such printers are only available at licensed real estate brokers and the property registry offices. Property Ownership Certificate and Land Use Right Certificate are combined into one certificate in Shanghai, which is called "Real Estate Title Certificate".

The documentation shall include:

The seller and the buyer should submit one original real estate sales and purchase contract (duly signed) and a writing representation of the seller and buyer regarding the title transfer. There is no standard form of the contract (except for newly constructed commercial residential properties) nor is the participation of a lawyer/notary required.

The seller should submit the below documents:

- (i) The original copy of the Property Ownership Certificate and Land Use Right Certificate "Real Estate Title Certificate" (already in possession of the seller);
- (ii) The original copy of the Business License or Organization Code Certificate;
- (iii) The original copy of the Board resolution approving the sales of the real estate;
- (iv) District Branch-dedicated Form for proof of legal representative's authority, and photocopy of the identification card (or passport) of the legal representative; and
- (v) Photocopy of the identification card of the individual authorized to handle the actual Procedures, and the original copy of Power of Attorney.

The buyer should submit the below documents: (i) Real Estate Ownership Registration Form;

- (ii) The original copy of the Business License or Organization Code Certificate;
- (iii) The original copy of the Board resolution approving the purchase of the real estate;
- (iv) District Branch-dedicated Form for proof of legal representative's authority, and photocopy of the identification card (or passport) of the legal representative; And
- (v) Photocopy of the identification card of the individual authorized to handle the actual Procedures, and the original copy of Power of Attorney.

⇒ 3 Parties pay registration fee

Agency : Real Estate Registry

The registration fee is paid at a separate window from that where one picks up the new title certificate. The Ministry of Finance and State Development and Reform Commission issued a notice, effective from May 1st 2008, to standardize the registration fees for real estate property. The registration fee is set at CNY 80 for one piece of residential housing and CNY 550 for one unit of non-residential building.

The registration fee is decided by piece, not value of the property. The transaction handling fee of 0.5% of the transaction price shall be paid by the buyer, together with registration fees, according to No.hfdj[1996]744 Notice from Shanghai Building and Land Administration Bureau dated Sept 17,1996. The handling fee is mandatory and is made at the same time when the registration fee is paid. The payment is received by the Real Estate Registry.

1 day
(simultaneous with
procedure 2)

CNY 550 +
transaction handling
fee of 0.5% of sales
price

4 Parties obtain new title certificate

Agency : Real Estate Registry

After paying the registration fee, along with the receipt, the buyer obtains the new Real Estate Title Certificate. In Shanghai the former Property Ownership Certificate and the Land Use Right Certificate have been combined into one certificate, the Real Estate Title Certificate. The title transfer Procedure will be complete upon the issuance of the new Real Estate Title Certificate.

1 day

no cost

⇒ Takes place simultaneously with previous procedure.

Details – Registering Property in Shanghai – Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		19.0
Reliability of infrastructure index (0-8)		4.0
What is the institution in charge of immovable property registration?	Shanghai Real Estate Trade Center	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Shanghai Real Estate Surveying and Mapping Administration Department	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
Transparency of information index (0-6)		3.5
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://www.fangdi.com.cn/linkimages/linkfiles/zhinan/fangdichanzhuan/yanyu2.htm	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5

Link for online access:	http://www.fangdi.com.cn/linkimages/linkfiles/zhinan/fangdichanzhuanyi2.htm	
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.shfg.gov.cn/jydj/djzn/ywgz/329463.html	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1.0
Contact information:	Online through the following website link: http://www.fangdi.com.cn/feedback.asp?action=AddNew ; Telephone hotline: 86-21-962269	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2015:	376903.0	
Who is able to consult maps of land plots in the largest business city?	Only intermediaries and interested parties	0.0
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, on public boards	0.5
Link for online access:		
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0–8)		4.0

Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Land dispute resolution index (0–8)		7.5
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	Yes	0.5
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary.	
Is there a national database to verify the accuracy of identity documents?	Yes	1.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	District level court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year	3.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2015:		
Equal access to property rights index (-2–0)		0.0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0.0
Do married men and married women have equal ownership rights to property?	Yes	0.0

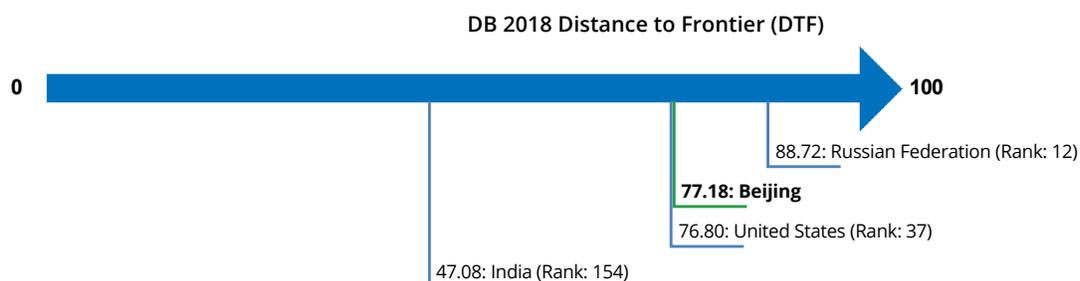
Registering Property - Beijing

Standard Property Transfer

Property value	CNY 2,690,915.60
City Covered	Beijing

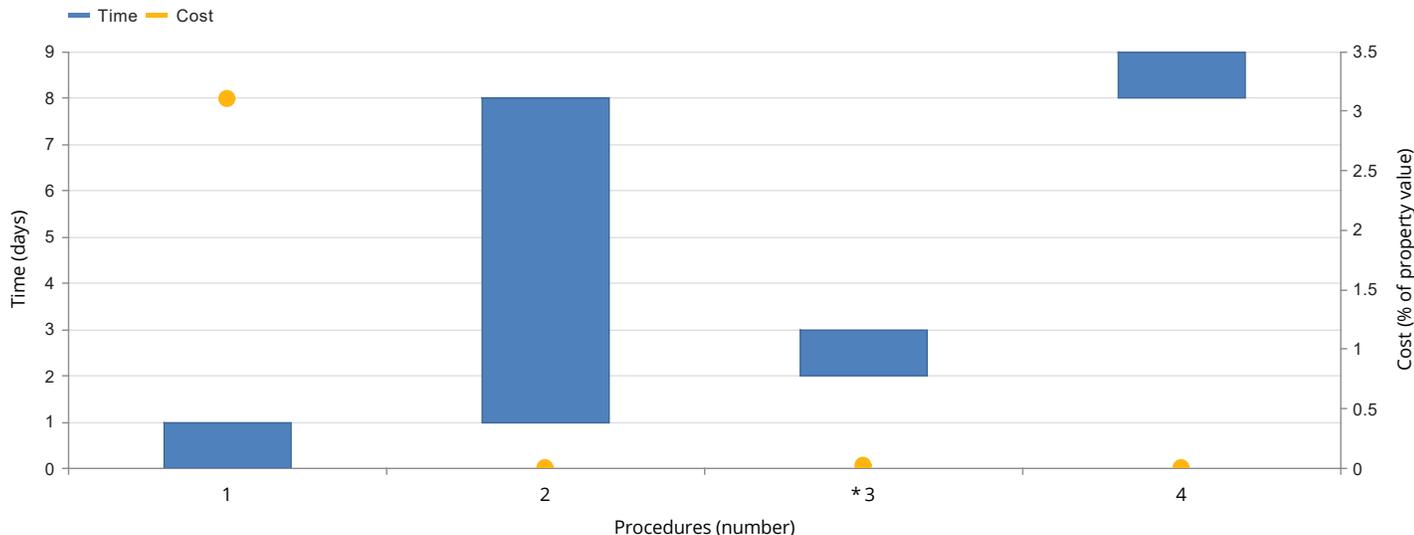
Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	4	5.5	4.6	1.00 (4 Economies)
Time (days)	9	74.5	22.3	1.00 (3 Economies)
Cost (% of property value)	3.1	4.3	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	17.5	15.8	22.7	29.00 (Singapore)

Figure – Registering Property in China and comparator economies – Ranking and DTF



Note: 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.

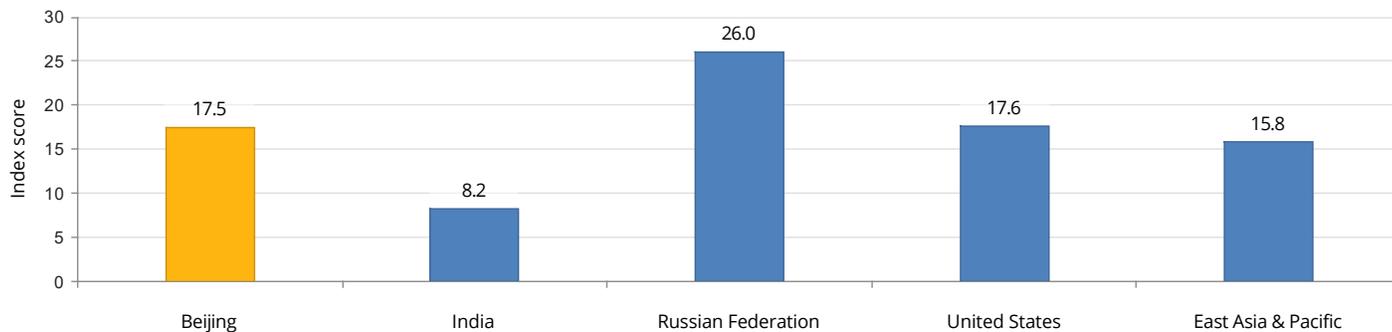
Figure – Registering Property in Beijing – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Beijing and comparator economies – Measure of Quality



Details – Registering Property in Beijing – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Parties enter into contract and pay taxes</p> <p>Agency : Real Estate Registration Center</p> <p>The property transfer procedure in Beijing and most other cities starts from following steps:</p> <p>1. The parties negotiate and agree on a sale and purchase contract relating to the transfer of property. There is a standard sale and purchase contract formulated by government authorities but the parties can revise the contract by supplementary terms or supplementary agreement. However, the standard sale and purchase contract can be revised or supplemented with the supplementary terms or a supplementary agreement as appendix.</p> <p>2. The parties request the Online Appointment of Title Transfer Application in Chaoyang Housing Bureau 朝阳区过户申请手续的网上预约. This step is called the online contract execution(网签合同) or the Qualification Review (资格审查). The procedure should be handled only before the Agency. The online filing for the contract can be done at: http://210.75.213.188/shh/portal/bjjs/index.aspx.</p> <p>The parties should submit the following documents to the Real Estate Registry:</p> <p>(1) Identification documents of the applicants (both seller and buyer). If company is involved as applicant, the business license and/or organization code certificate should be submitted;</p> <p>(2) Real Estate Certificate.</p> <p>Upon the completion of the review the Real Estate Agency will revert and inform the parties whether the buyer is qualified to make the purchase.</p> <p>3. The officials in real estate registry will review the contract to make sure the price is generally in line with the market price, and the parties shall pay the taxes as mentioned above at the tax bureau window (the local tax authorities might have a window in most real estate registry offices in Shanghai) based on the reviewed purchase price.</p> <p>Taxes to be paid by the seller and buyer while transferring a property.</p> <p>A. Tax to be paid by the buyer:</p> <p>i. deed tax: 3% of property value;</p> <p>ii. stamp duty: 0.05% of the property value.</p> <p>B. Tax to be paid by the seller:</p> <p>i. Value added tax: 5% of the shortfall between the purchase price and the sale proceeds. (not counted in cost calculations); Effective from May 1, 2016 the the Business Tax on real estate transaction was replace with the Value added tax. This is in accordance with the Circular of the Ministry of Finance and the State Administration of Taxation.</p> <p>ii. stamp duty: 0.05% of the property value;</p> <p>Additional business tax to be paid by seller:</p> <p>iii. educational surtax, to be 3% of the levied VAT tax (not counted in cost calculations);</p> <p>iv. local education surcharge: 2% of the levied VAT tax (not counted in cost</p>	1 day	<p>Deed tax: 3% of property value to be paid by the buyer</p> <p>Stamp duty: 0.05% of property value to be paid by buyer and seller separately (total 0.1%)</p>

calculations);

v. land appreciation tax: 30% to 60% (as the case may be) of the added-value of the land, [or 3% of property value subject to the tax office's instruction in practice] (not counted in cost calculations);

vi. urban maintenance and construction tax to be 7% of the levied VAT tax (not counted in cost calculations)

vii. enterprise income tax: 25% of the profit from the selling the property (which may be levied on the financial year end);

The legislation for the major taxes to be paid by the seller and buyer can be found here:

1. For Land Appreciation tax : Interim Regulations of the People's Republic of China on Land Appreciation Tax

(http://www.mlr.gov.cn/zwgk/flfg/tdglflfg/200601/t20060119_642173.htm);

2. For value added tax : Interim Administrative Measures for the Collection of the Value-added Tax on Real Estate Transfers by Taxpayers and Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax

(http://www.bjsat.gov.cn/bjsat/bsfw/tzgg/201603/t20160324_252689.html)

3. For urban maintenance construction tax: Beijing Municipal Implementing Rules of Interim Regulations of the People's Republic of China on Urban Maintenance Construction Tax.

(<http://www.bjshy.gov.cn/Item/48601.aspx>)

4. For educational surtax : Interim Provisions on Collecting the Educational Surtax (http://www.gov.cn/gongbao/content/2011/content_1860811.htm)

2 Parties file the application at the Real Estate Registry

Agency : Real Estate Registry

Private ownership of land is not permitted in China; all land is subject to either State ownership or collective ownership. However, a private party is entitled to obtain the right to use the land. Regarding the State-owned land, there are two types of land use rights, the “granted land use right” and the “allocated land use right”. The difference is that the granted land use right is limited in time against payment, whereas the allocated land use right is usually given for free with no time limit, but for specific purposes only. A private party also may transfer to another private party the granted land use right. The allocated land use right cannot be commercially transferable before being converted into granted land use right.

5 working days
(simultaneous with
procedure 3)

No cost

In this case, the land is used for commercial purposes. Usually land for commercial use is owned by the State, and the relevant land use right is the State-owned land use right. As to the term of the land use right in this case the buyer, who will use the land for commercial purposes, will only get 40 years as the initial term (as maximum unless it extends the granted land use rights at the end of the 40 year period by paying to the State the additional land price) minus the period from the granting date from the State to the date of the transfer to ABC. If the land is zoned for industrial use or warehousing use rather than for commercial use, the maximum land tenure should be 50 years.

The parties should submit the following documents to the Real Estate Registry:

- (1)The original copy of the application form;
- (2) identification document of the applicant(s) (if a company is involved as the applicant, the business licence should be submitted);
- (3)The original copy of the Real Estate Certificate;
- (4)The original real estate sales and purchase contract(duly signed);
- (5) Two copies of the Real Estate Registration form and the floor plan;
- (6) Documents indicate that deed tax is fully paid or documents to prove that a tax reduction or exemption is applicable; and
- (7)Other materials that are necessary for the application.

⇒ 3 **Parties pay registration fee**

Agency : Commercial bank located in the House and Land Resources Bureau

The registration fee is paid at a separate window from that where one picks up the new title certificate. The Ministry of Finance and State Development and Reform Commission issued a notice, effective from May 1st 2008, to standardize the registration fees for real estate property. The registration fee is set at CNY 80 for one piece of residential housing and CNY 550 for one unit of non-residential building. The registration fee is decided by piece, not value of the property.

1 day
(simultaneous with
procedure 2)

CNY 550

4 **Parties submit the tax receipt and obtain new title certificate**

Agency : Real Estate Registry

After paying the registration fee, along with the receipt, the buyer obtains the new Real Estate Title Certificate.

1 day

No cost

⇒ Takes place simultaneously with previous procedure.

Details – Registering Property in Beijing – Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		17.5
Reliability of infrastructure index (0-8)		3.0
What is the institution in charge of immovable property registration?	Real Estate Registration Center	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Beijing Municipal Bureau of Land and Resources	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
Transparency of information index (0-6)		5.0
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://www.bjgtj.gov.cn/col/col3189/index.html	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://www.bjgtj.gov.cn/col/col3290/index.html	

Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.bjjs.gov.cn/publish/portal0/tab4062/	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1.0
Contact information:	http://rexian.beijing.gov.cn/default/web/introduce/aspirations_guide.jsp Division of Complaints and Appeal under the Beijing Municipal Commission of Housing and Urban-Rural Development 59958811-0, 59958811-1 Also available: http://www.bjgtj.gov.cn/col/col1987/index.html	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2015:	276493.0	
Who is able to consult maps of land plots in the largest business city?	Freely accessible by anyone	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://www.bjgtj.gov.cn/col/col1946/index.html	
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.bjgtj.gov.cn/col/col1947/index.html	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5

Contact information:	http://www.bjgtj.gov.cn/col/col1987/index.html http://rexian.beijing.gov.cn/default/#	
Geographic coverage index (0-8)		2.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Land dispute resolution index (0-8)		7.5
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	Yes	0.5
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary.	
Is there a national database to verify the accuracy of identity documents?	Yes	1.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	District level court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year	3.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2015:		
Equal access to property rights index (-2-0)		0.0

Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0.0
Do married men and married women have equal ownership rights to property?	Yes	0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Strength of legal rights index (0–12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0–8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

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

Credit registry coverage (% of adults)

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

Case study assumptions

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 the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

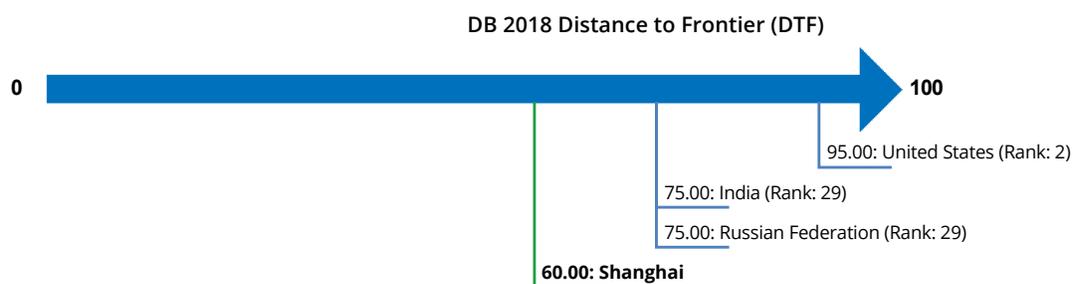
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Shanghai

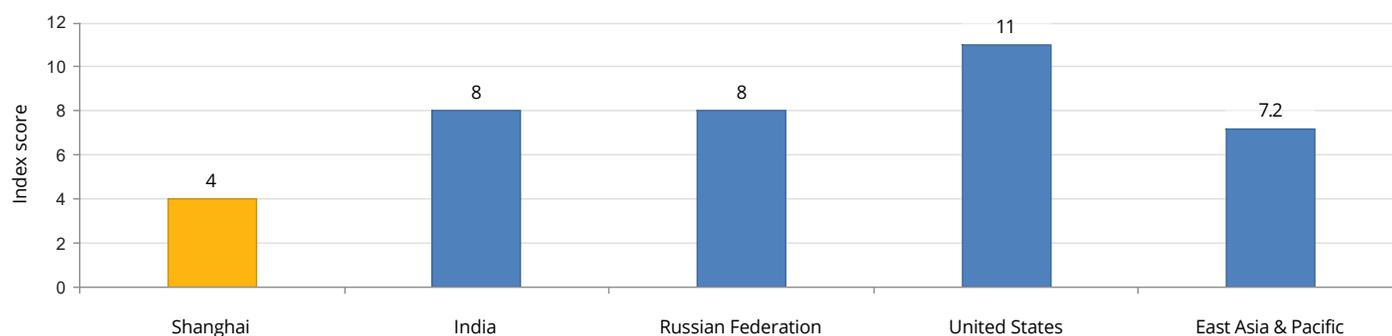
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	4	7.2	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	8	4.2	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	95.3	16.0	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	21.4	22.3	63.7	100.00 (23 Economies)

Figure – Getting Credit in China and comparator economies – Ranking and DTF



Note: 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 sum of the strength of legal rights index and the depth of credit information index.

Figure – Legal Rights in Shanghai and comparator economies



Details – Legal Rights in Shanghai

Strength of legal rights index (0-12) 4

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? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? No

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds or replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; 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

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

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

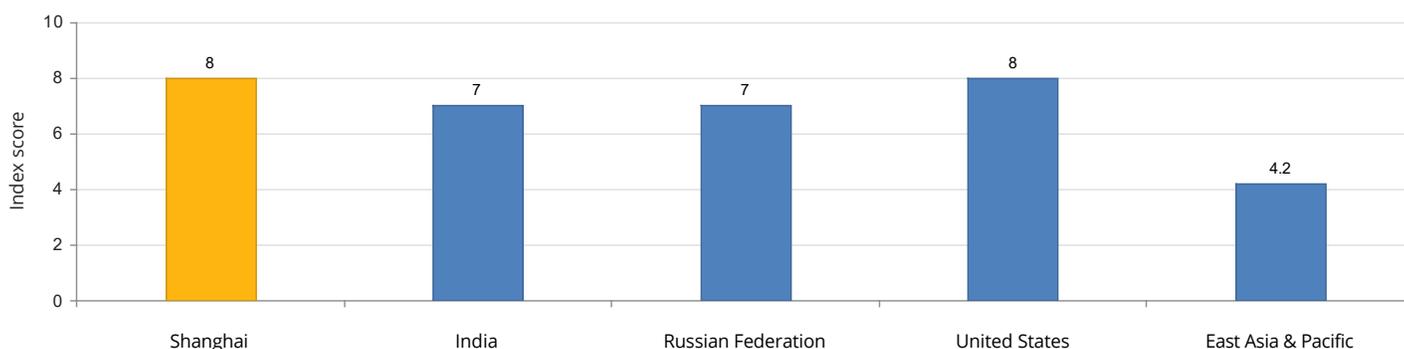
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? Yes

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? 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? No

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 or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? No

Figure – Credit Information in Shanghai and comparator economies



Details – Credit Information in Shanghai

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative credit data distributed?	No	Yes	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.)	No	Yes	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	Yes	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	Yes	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	Yes	1
Score ("yes" to either public bureau or private registry)			8

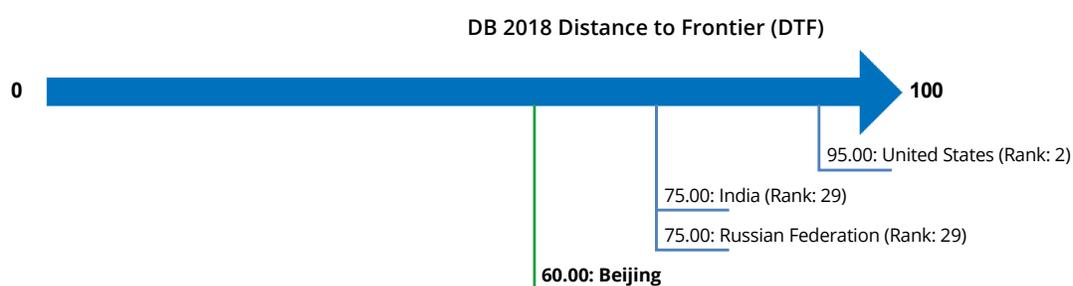
Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	170,436,900	933,164,611
Number of firms	43,851,503	22,214,417
Total	214,288,403	955,379,028
Percentage of adult population	21.4	95.3

Getting Credit - Beijing

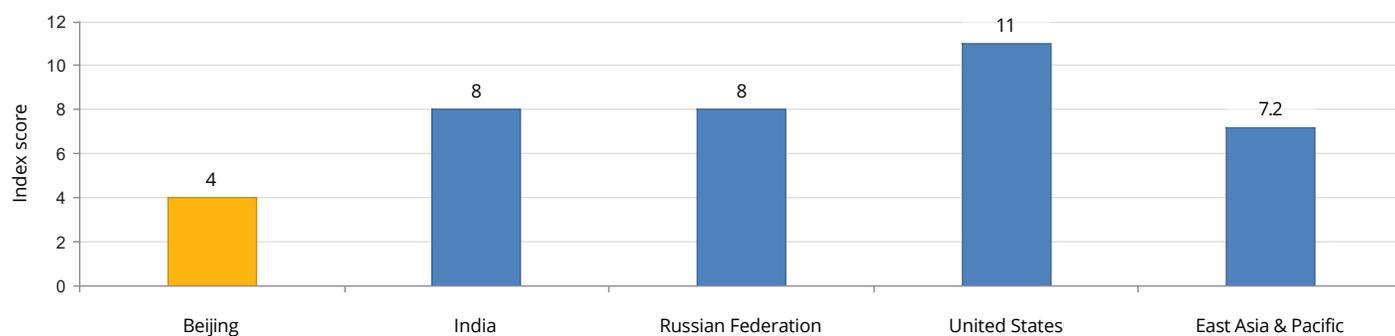
Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	4	7.2	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	8	4.2	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	95.3	16.0	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	21.4	22.3	63.7	100.00 (23 Economies)

Figure – Getting Credit in China and comparator economies – Ranking and DTF



Note: 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 sum of the strength of legal rights index and the depth of credit information index.

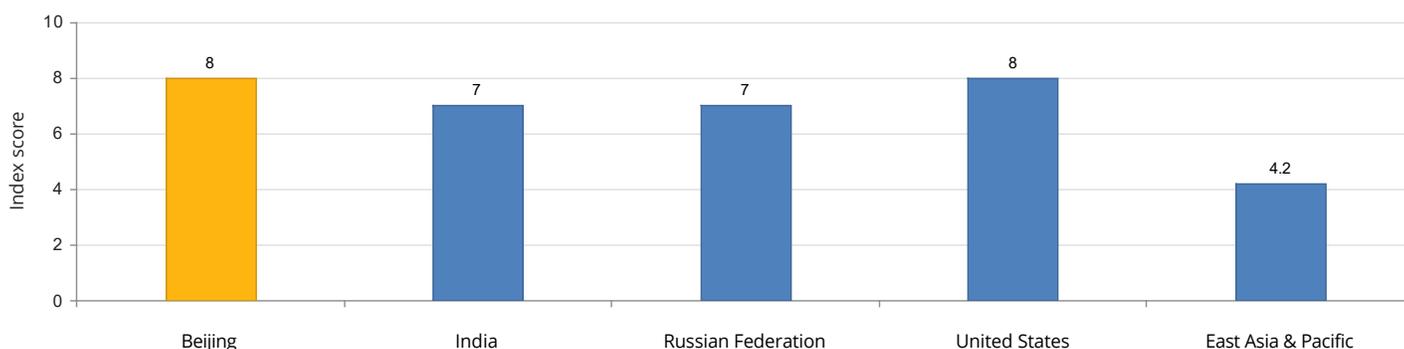
Figure – Legal Rights in Beijing and comparator economies



Details – Legal Rights in Beijing

Strength of legal rights index (0-12)	4
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?	No
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds or replacements of the original assets?	No
Is a general description of debts and obligations permitted in collateral agreements; 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
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
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	Yes
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	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?	No
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 or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	No

Figure – Credit Information in Beijing and comparator economies



Details – Credit Information in Beijing

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative credit data distributed?	No	Yes	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.)	No	Yes	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	Yes	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	Yes	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	Yes	1

Score ("yes" to either public bureau or private registry)

8

Note: 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	Credit registry
Number of individuals	170,436,900	933,164,611
Number of firms	43,851,503	22,214,417
Total	214,288,403	955,379,028
Percentage of adult population	21.4	95.3

↗ Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the 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):** Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices
- **Extent of shareholder rights index (0–10):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0–10):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0–10):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0–10):** Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0–10):** Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

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. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the economy, it is assumed that Buyer is 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.
- Has a supervisory board (applicable to economies with a two-tier board system) on which 60% of the shareholder-elected members have been appointed by Mr. James, who is Buyer's controlling shareholder and a member of Buyer's board of directors.
- Has not adopted any bylaws or articles of association that differ from default minimum standards and does not follow any nonmandatory codes, principles, recommendations or guidelines relating to corporate governance.
- Is a manufacturing company with its own distribution network.

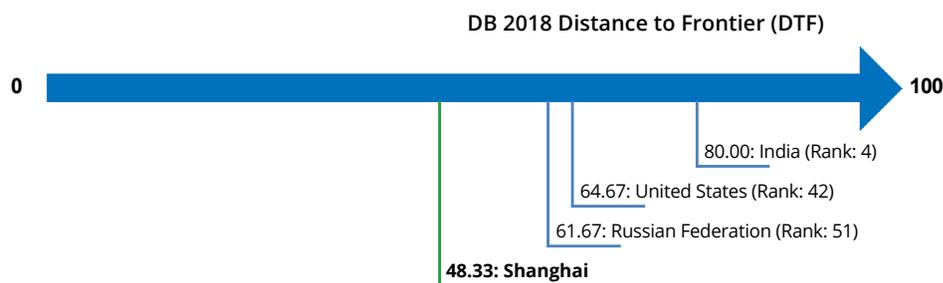
The transaction involves the following details:

- Mr. James owns 60% of Buyer and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

Protecting Minority Investors - Shanghai

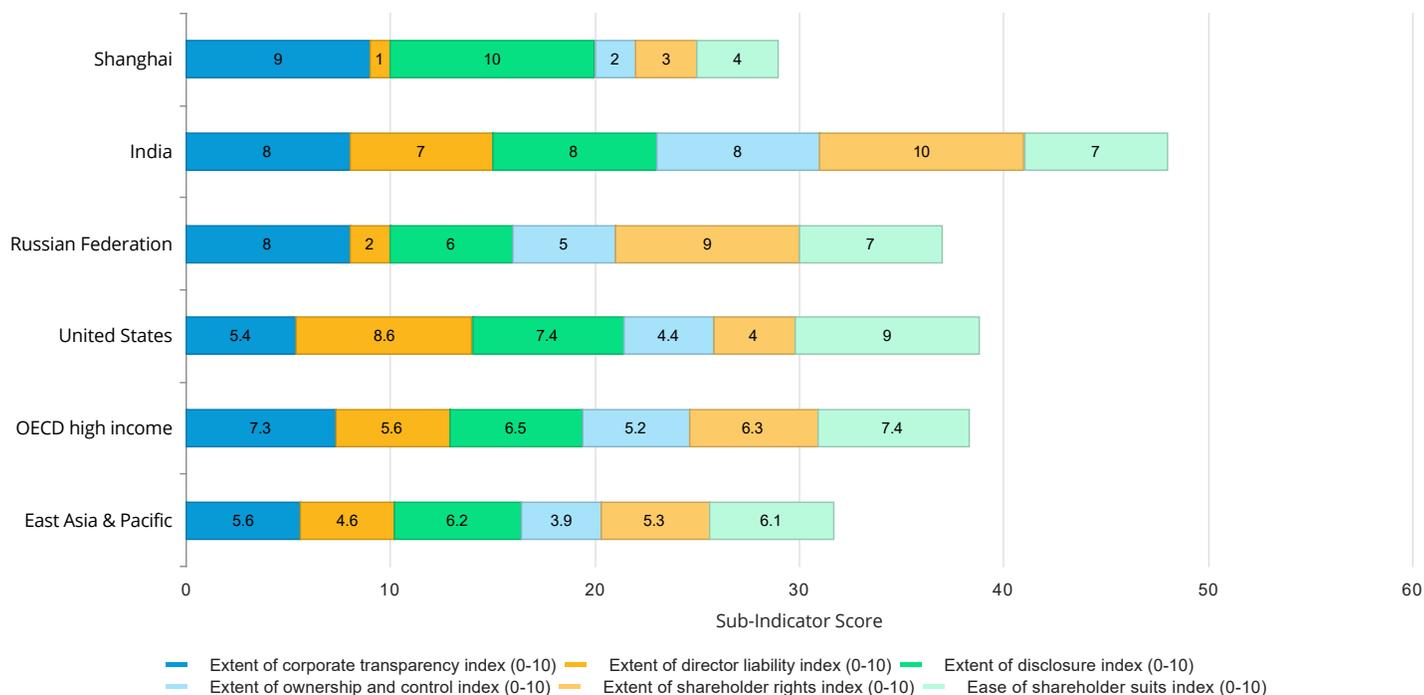
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer	
Extent of conflict of interest regulation index (0-10)		5	5.7	6.4	9.3 (New Zealand)
Extent of shareholder governance index (0-10)	4.7	4.8	6.4	9.00 (Kazakhstan)	

Figure – Protecting Minority Investors in China and comparator economies – Ranking and DTF



Note: 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.

Figure – Protecting Minority Investors in Shanghai and comparator economies – Measure of Quality



Details – Protecting Minority Investors in Shanghai – Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-10)		5
Extent of disclosure index (0-10)		10
Which corporate body is legally sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders excluding interested parties	3.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in published periodic filings (annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public and/or shareholders? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Extent of director liability index (0-10)		1
Can shareholders representing 10% of Buyer's share capital sue directly or derivatively for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold the interested director liable for the damage the transaction caused to Buyer? (0-2)	Not liable	0.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Not liable	0.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	No	0.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	No	0.0
Is Mr. James disqualified or fined and imprisoned upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		4

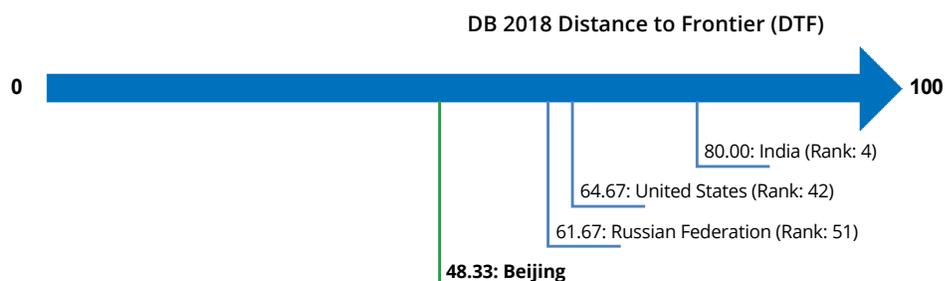
Before suing can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	No	0.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	At the discretion of the court	0.0
Extent of shareholder governance index (0-10)		4.7
Extent of shareholder rights index (0-10)		3
Does the sale of 51% of Buyer's assets require shareholder approval?	No	0.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	No	0.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	No	0.0
Must shareholders approve the election and dismissal of the external auditor?	No	0.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	No	0.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	No	0.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	Yes	1.0
Extent of ownership and control index (0-10)		2
Is it forbidden to appoint the same individual as CEO and chair of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	No	0.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0

Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	No	0.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	No	0.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
Extent of corporate transparency index (0-10)		9
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	Yes	1.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

Protecting Minority Investors - Beijing

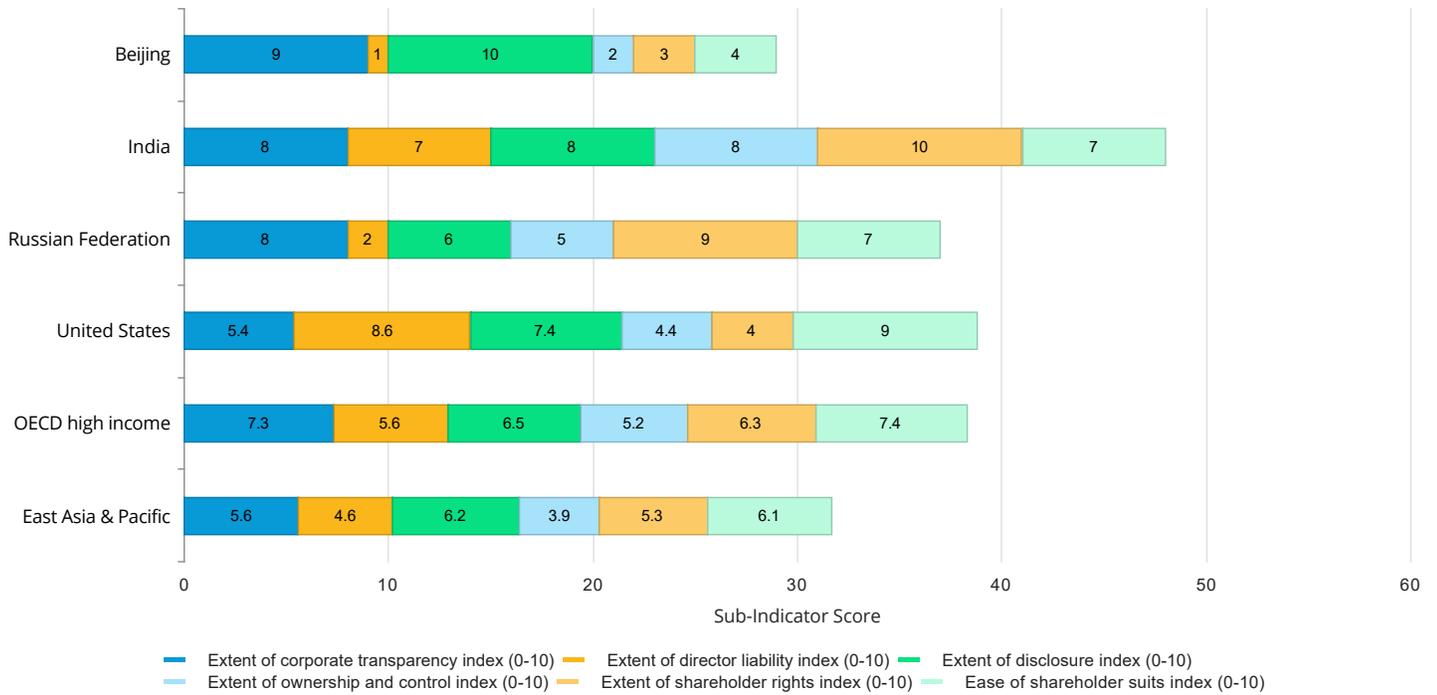
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Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions. The most recent round of data collection for the project was completed on June 30, 2017 covering for the Paying Taxes indicator calendar year 2016 (January 1, 2016 – December 31, 2016).

Last year (Doing Business 2017) the scope of data collection was expanded to better understand the overall tax environment in an economy. The questionnaire was expanded to include new questions on post-filing processes: VAT refund and tax audit. The data shows where postfiling processes and practices work efficiently and what drives the differences in the overall tax compliance cost across economies.

The new section covers both the legal framework and the administrative burden on businesses to comply with postfiling processes.

[See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2016 (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, computing tax payable
- Completing tax return, filing with agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax and contribution rate (% of profit before all taxes)

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

Postfiling Index

- Time to comply with a VAT refund
- Time to receive a VAT refund
- Time to comply with a corporate income tax audit
- Time to complete a corporate income tax audit

Case study assumptions

Using a case scenario, Doing Business records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2015. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2016). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

- In June 2016, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2016.

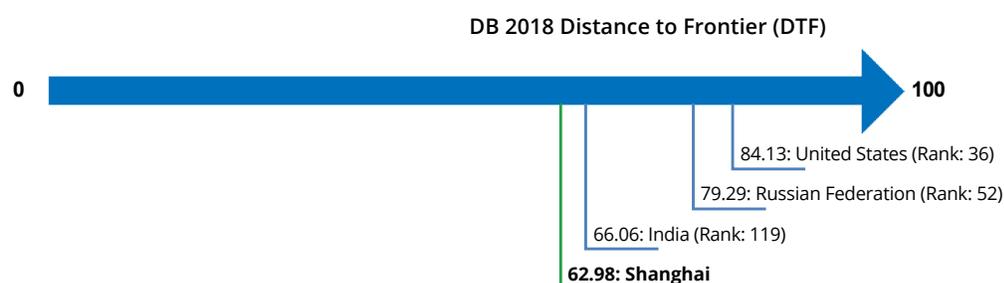
The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

Paying Taxes - Shanghai

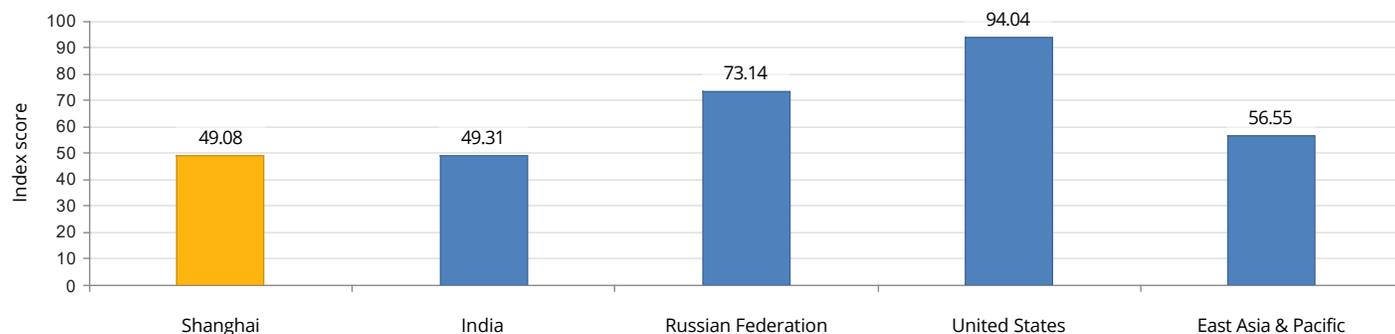
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Payments (number per year)	9	21.8	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	207	189.2	160.7	55 (Luxembourg)
Total tax and contribution rate (% of profit)	67.1	33.6	40.1	18.47% (32 Economies)
Postfiling index (0-100)	49.08	56.55	83.45	99.38 (Estonia)

Figure – Paying Taxes in China and comparator economies – Ranking and DTF



Note: 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 four component indicators – number of tax payments, time, total tax rate and postfiling index – with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. 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 up to and including Doing Business 2015, which is 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Shanghai and comparator economies – Measure of Quality



Details – Paying Taxes in Shanghai

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Value added tax (VAT)	1	online	64	17% and 6%	value added	47.67	not included
Employer paid - Social security and housing fund contributions	1	online	91	32.56%+7%	gross salaries	47.64	
Corporate income tax	1	online	52	25%	taxable profits	7.76	
Urban maintenance tax	0	jointly		7%	VAT and BT	3.37	
Land Appreciation Tax	1	online		30%	land value appreciation	2.85	
Education surcharge	0	jointly		3%	VAT and BT	1.45	
Real estate tax	1	online		1.2%	80% building value	0.97	
Stamp duty	1	online		0.03%	transactions	0.97	
Local education surcharge	0	jointly		20%	VAT and BT	0.96	
Business tax	1	online		5%	capital gain	0.51	
Levies for construction and maintenance of river projects	0	jointly		10%	VAT and BT	0.48	
Land use tax	1	online		RMB 6 per square meter	land area	0.15	
Stamp duty on property transfer	1			0.05%	sale price of property	0.03	

Employee paid - Social security and housing fund contributions	0	jointly	10.5%+7%	gross salaries	0.00	withheld
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Totals	9	207			67.1	
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Details – Paying Taxes in Shanghai – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	11.1
Labor tax and contributions (% of profit)	47.6
Other taxes (% of profit)	8.4

Details – Paying Taxes in Shanghai – Measure of Quality

	Answer	Score
Postfiling index (0-100)		49.08

VAT refunds

Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders and others	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0
Time to obtain a VAT refund (weeks)	No VAT refund per case study scenario	0

Corporate income tax audits

Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax audit (hours)	3.5	96.33

Time to complete a corporate income tax audit (weeks)

No tax audit per
case study
scenario 100

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

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

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

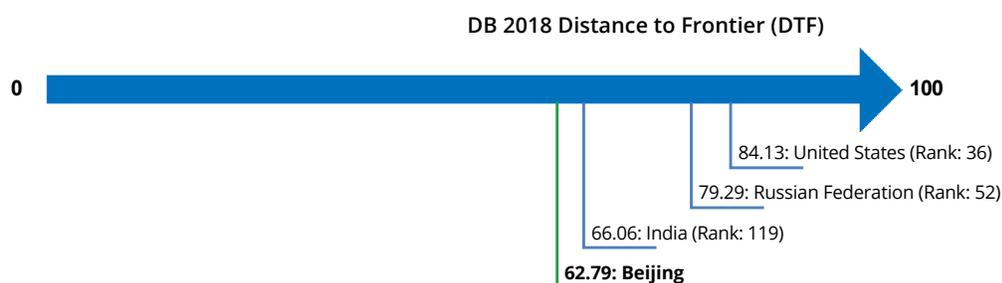
The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

Paying Taxes - Beijing

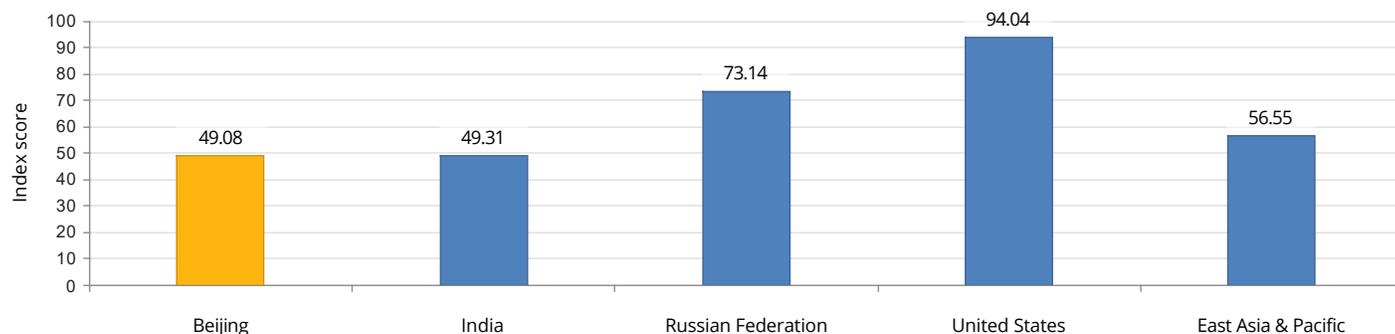
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Payments (number per year)	9	21.8	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	207	189.2	160.7	55 (Luxembourg)
Total tax and contribution rate (% of profit)	67.6	33.6	40.1	18.47% (32 Economies)
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Details – Paying Taxes in Beijing

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Employer paid - Social security and housing fund contributions	1	online	91	31.16%+12%	gross salaries	48.68	
Value added tax (VAT)	1	online	64	6% - 17%	value added	47.67	not included
Corporate income tax	1	online	52	25%	taxable profits	7.61	
Urban maintenance tax	0	jointly		7%	VAT and BT	3.37	
Land Appreciation Tax	1	online		30%	land value appreciation	2.85	
Education surcharge	0	jointly		3%	VAT and BT	1.45	
Stamp duty	1	online		0.03%	transactions	0.97	
Local education surcharge	0	jointly		2%	VAT and BT	0.96	
Real estate tax	1	online		1.2%	80% building value	0.85	
Business tax	1	online		5%	capital gain	0.51	
Land use tax	1	online		RMB 12 per square meter	land area	0.29	
Stamp duty on property transfer	1			0.05%	sale price of property	0.03	
Employee paid - Social security and housing fund contributions	0	jointly		10.2%+12%	gross salaries	0.00	withheld

Totals	9	207	67.6
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Details – Paying Taxes in Beijing – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	11.0
Labor tax and contributions (% of profit)	48.7
Other taxes (% of profit)	7.9

Details – Paying Taxes in Beijing – Measure of Quality

	Answer	Score
Postfiling index (0-100)		49.08

VAT refunds

Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders and others	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0
Time to obtain a VAT refund (weeks)	No VAT refund per case study scenario	0

Corporate income tax audits

Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax audit (hours)	3.5	96.33
Time to complete a corporate income tax audit (weeks)	No tax audit per case study scenario	100

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

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

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

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

Given the importance of trade digitalization, in Doing Business 2018, the Trading across Borders questionnaire included research questions on the availability and status of implementation of Electronic Data Interchange (EDI) and Single Window (SW) systems. With this information, Doing Business built a comprehensive dataset on the adoption and level of sophistication of electronic platforms in 190 economies. These data are not used to compute the distance to frontier score or ranking of the ease of doing business. The new dataset on EDI and SW systems is available [here](#).

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

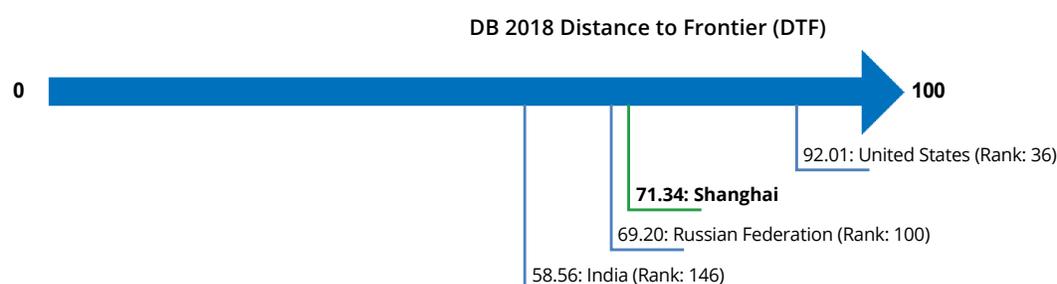
Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study: - For all 190 economies covered by Doing Business, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. - It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000. - The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport, or land border crossing. - All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. - A port or border is a place (seaport, airport or land border crossing) where merchandise can enter or leave an economy. - Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Shanghai

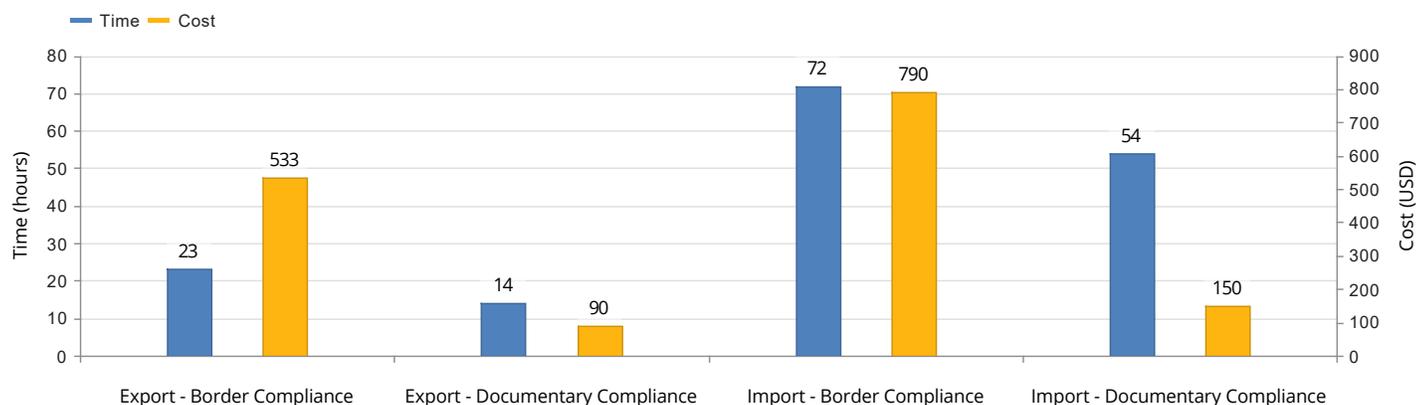
Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	23	55.9	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	533	387.5	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	14	68.2	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD)	90	112.1	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours)	72	70.5	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD)	790	431.0	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours)	54	65.6	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD)	150	111.4	25.6	0.00 (30 Economies)

Figure – Trading across Borders in China and comparator economies – Ranking and DTF



Note: 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 the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Shanghai – Time and Cost



Details – Trading across Borders in Shanghai

Characteristics	Export	Import
Product	HS 85 : Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708: Parts and accessories of motor vehicles
Trade partner	Hong Kong, China	Japan
Border	Shanghai port	Shanghai port
Distance (km)	31	31
Domestic transport time (hours)	4	6
Domestic transport cost (USD)	179	219

Details – Trading across Borders in Shanghai – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	10.0	232.7
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	23.1	300.0
Import: Clearance and inspections required by customs authorities	72.0	353.8
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	72.0	436.3

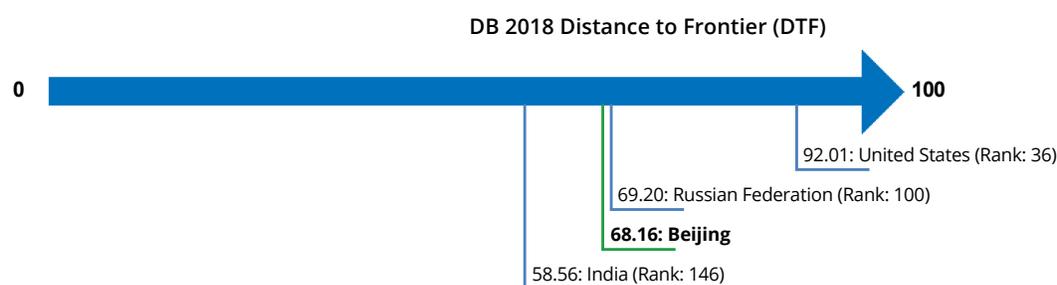
Details – Trading across Borders in Shanghai – Trade Documents

Export	Import
Customs power of attorney	Bill of lading
Packing list	Telex release
Commercial invoice	Packing list
Bill of lading	Commercial invoice
Customs Export declaration	Contract
Certificate of origin	Customs import declaration
SOLAS certificate	Inspection declaration
	Certificate of Origin
	Import License approved by the Ministry of Commerce for Mechanical and Electrical Products
	Solas Certificate

Trading across Borders - Beijing

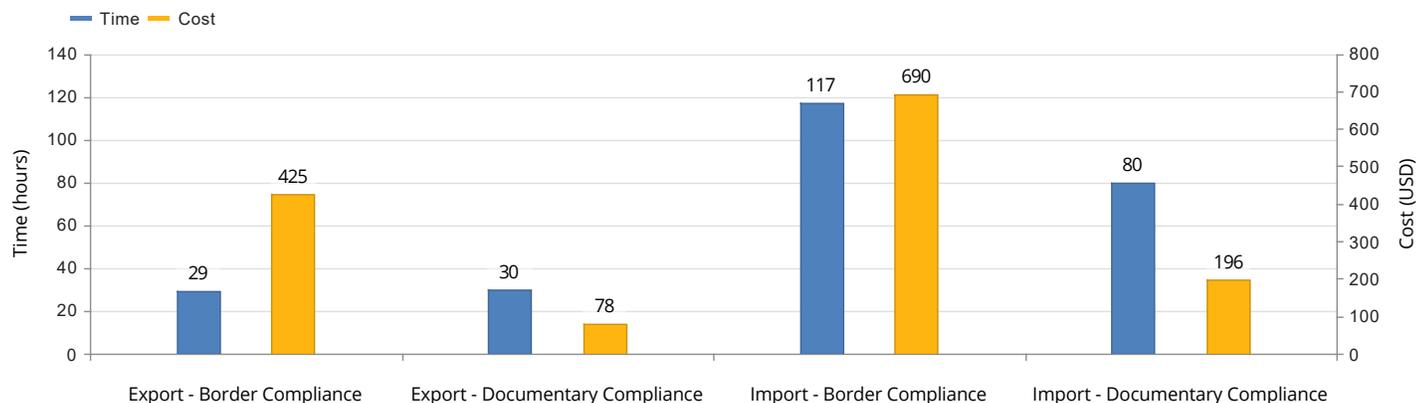
Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	29	55.9	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	425	387.5	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	30	68.2	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD)	78	112.1	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours)	117	70.5	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD)	690	431.0	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours)	80	65.6	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD)	196	111.4	25.6	0.00 (30 Economies)

Figure – Trading across Borders in China and comparator economies – Ranking and DTF



Note: 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 the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Beijing – Time and Cost



Details – Trading across Borders in Beijing

Characteristics	Export	Import
Product	HS 85 : Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708: Parts and accessories of motor vehicles
Trade partner	Hong Kong, China	Japan
Border	Tianjin port	Tianjin Port
Distance (km)	182	182
Domestic transport time (hours)	9	8
Domestic transport cost (USD)	365	395

Details – Trading across Borders in Beijing – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	12.9	41.5
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	29.5	383.2
Import: Clearance and inspections required by customs authorities	75.0	250.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	117.1	440.0

Details – Trading across Borders in Beijing – Trade Documents

Export	Import
Customs power of attorney	Bill of lading
Packing list	Telex release Guarantee Letter
Commercial invoice	Packing list
Bill of lading	Commercial invoice
Custom Export declaration	Contract
Certificate of origin	Custom import declaration
Terminal handling receipt	Inspection declaration
SOLAS certificate	Certificate of origin
	Import License approved by the Ministry of Commerce for Mechanical and Electrical Products
	SOLAS certificate

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

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

Cost required to enforce a contract through the courts (% of claim)

- Attorney fees
- Court fees
- Enforcement fees

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

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 dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The buyer orders custom-made goods, then fails to pay.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.
- 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 - Shanghai

Standardized Case

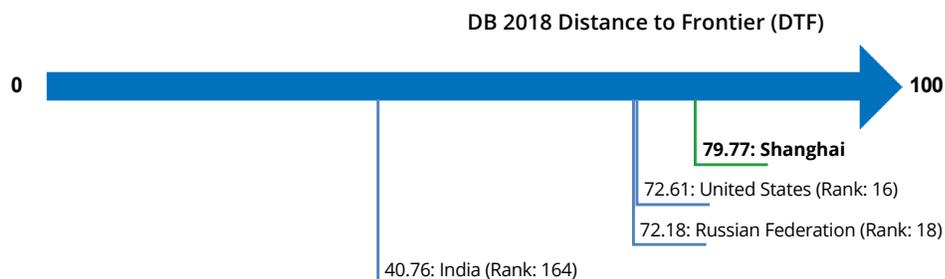
Claim value CNY 98,154.00

Court name Shanghai District People's Court

City Covered Shanghai

Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Time (days)	485	565.7	577.8	164.00 (Singapore)
Cost (% of claim value)	15.1	47.3	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	15.5	7.9	11.0	15.50 (Australia)

Figure – Enforcing Contracts in China and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Shanghai – Time and Cost

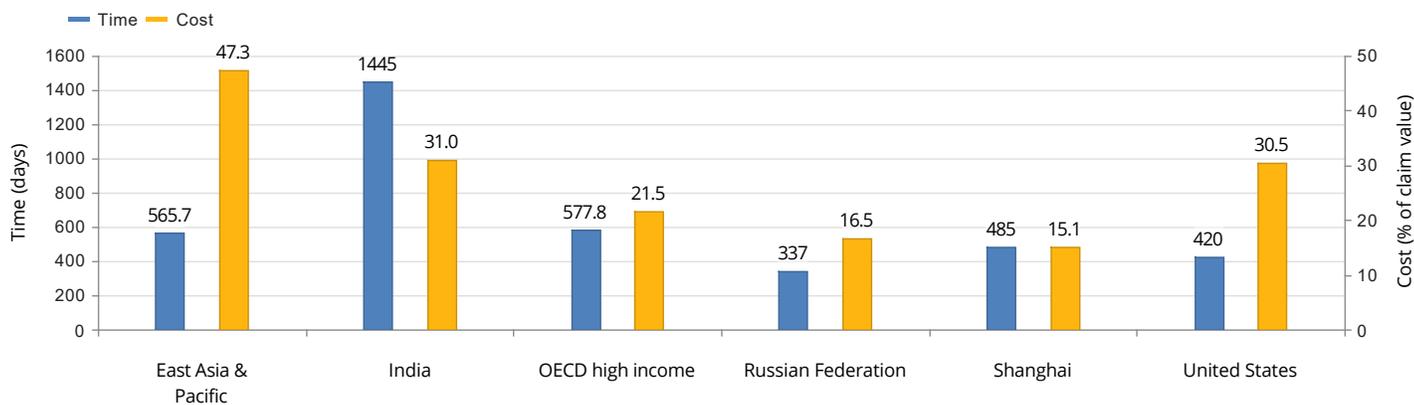
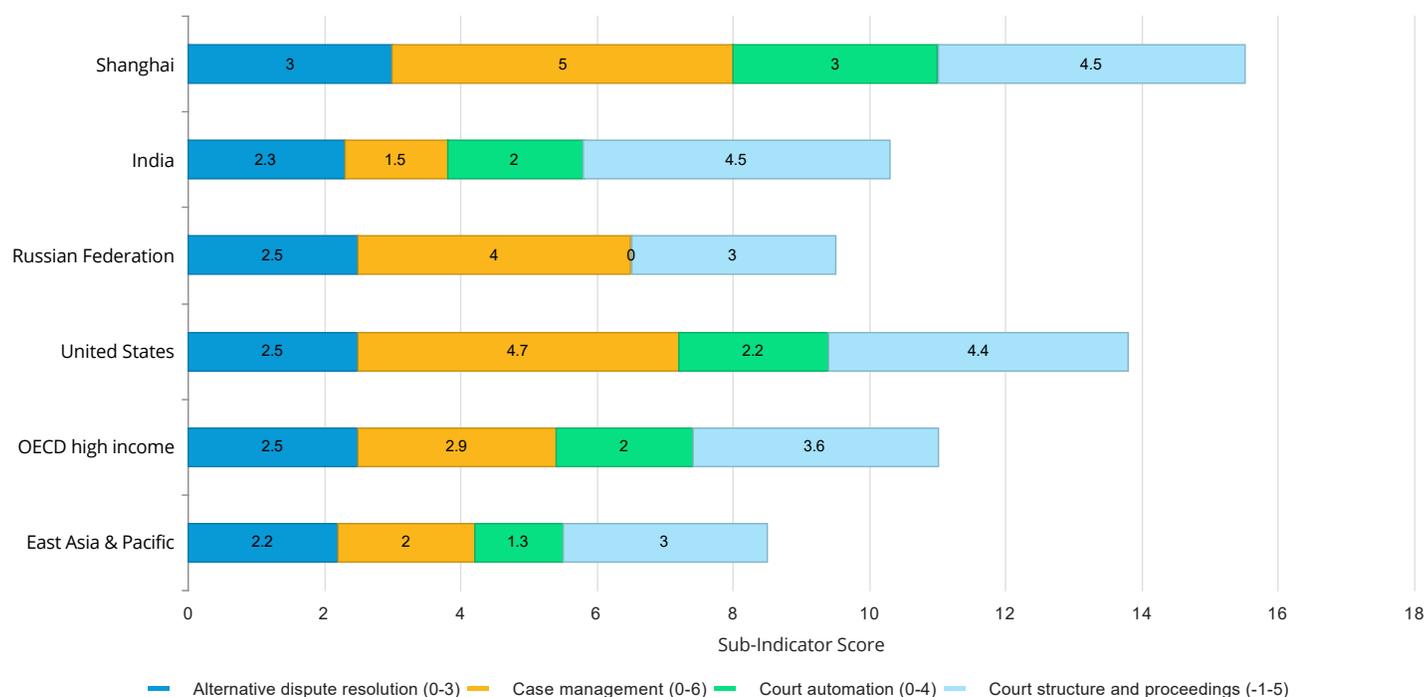


Figure – Enforcing Contracts in Shanghai and comparator economies – Measure of Quality



Details – Enforcing Contracts in Shanghai

	Indicator
Time (days)	485
Filing and service	35
Trial and judgment	210
Enforcement of judgment	240
Cost (% of claim value)	15.1
Attorney fees	7.6
Court fees	5
Enforcement fees	2.5
Quality of judicial processes index (0-18)	15.5
Court structure and proceedings (-1-5)	4.5
Case management (0-6)	5.0
Court automation (0-4)	3.0
Alternative dispute resolution (0-3)	3.0

Details – Enforcing Contracts in Shanghai – Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		15.5
Court structure and proceedings (-1-5)		4.5
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		5.0
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	Yes	1.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	Yes	1.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	Yes	1.0
Court automation (0-4)		3.0
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0

2. Is it possible to carry out service of process electronically for claims filed before the competent court?	Yes	1.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		1.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
Alternative dispute resolution (0-3)		3.0
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		1.5
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	Yes	

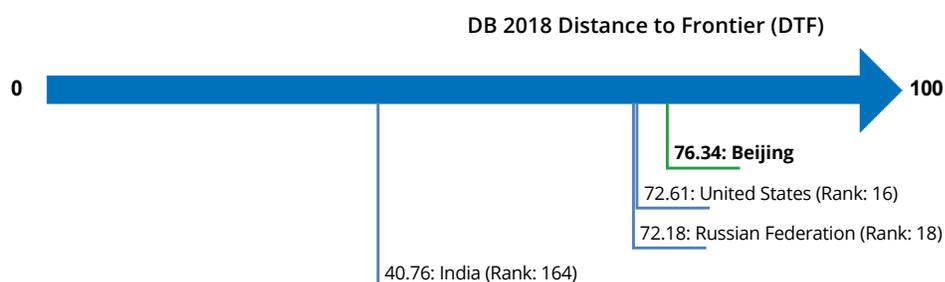
Enforcing Contracts - Beijing

Standardized Case

Claim value	CNY 98,154.00
Court name	Beijing District People's Court
City Covered	Beijing

Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Time (days)	510	565.7	577.8	164.00 (Singapore)
Cost (% of claim value)	17.5	47.3	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	14.5	7.9	11.0	15.50 (Australia)

Figure – Enforcing Contracts in China and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Beijing – Time and Cost

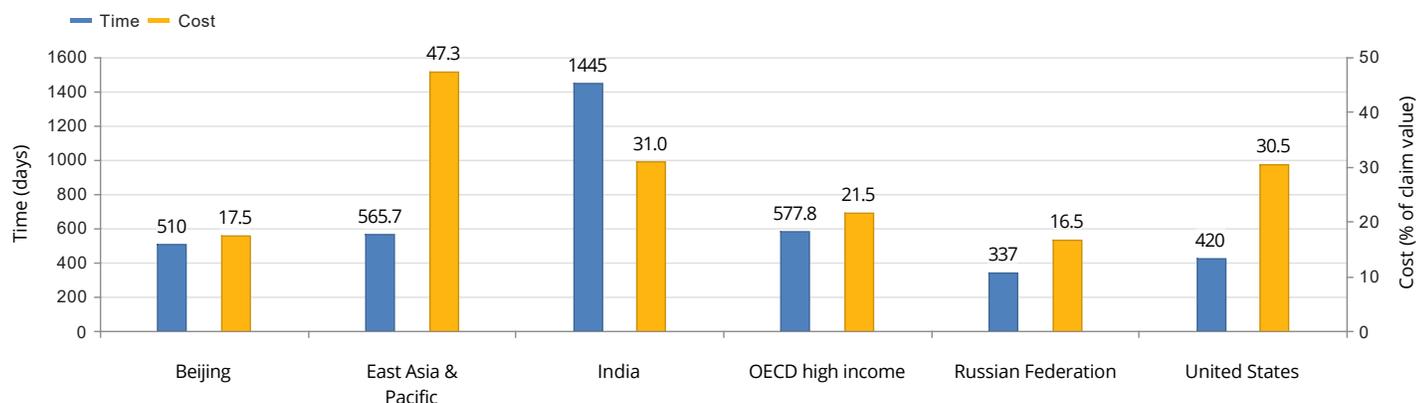
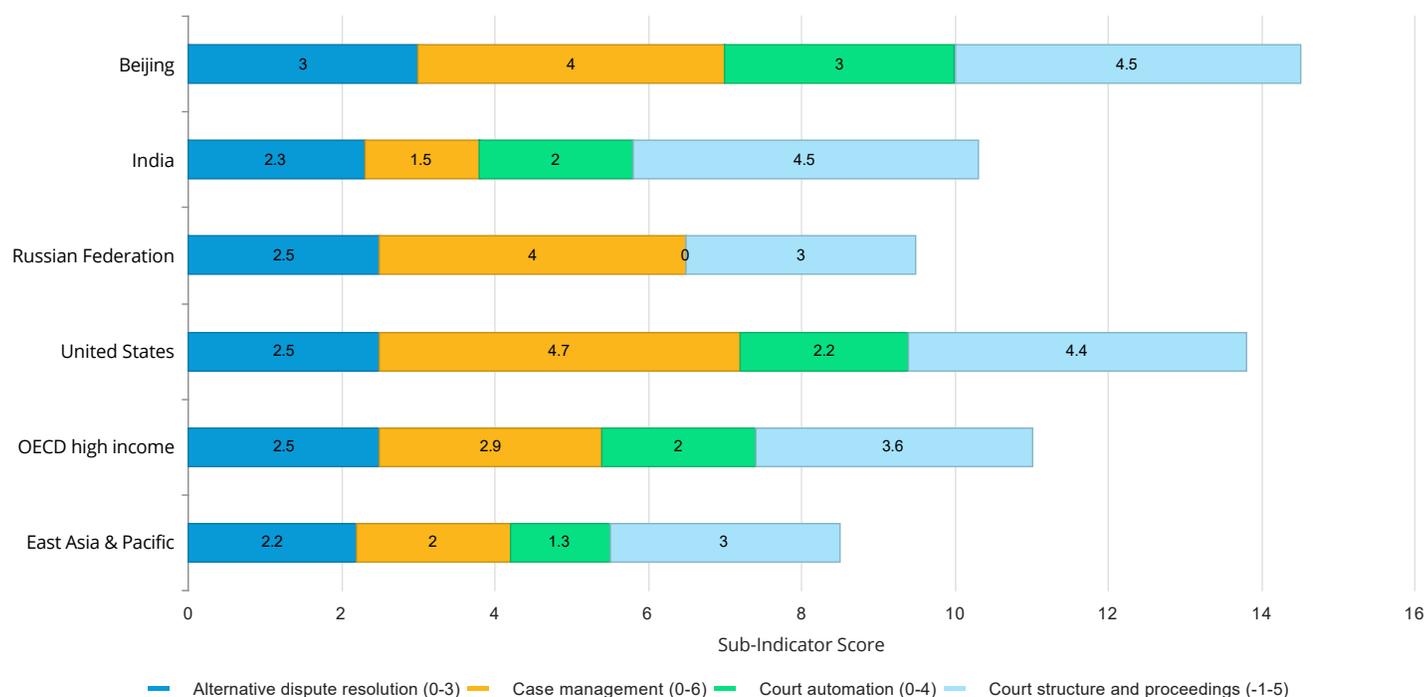


Figure – Enforcing Contracts in Beijing and comparator economies – Measure of Quality



Details – Enforcing Contracts in Beijing

	Indicator
Time (days)	510
Filing and service	30
Trial and judgment	240
Enforcement of judgment	240
Cost (% of claim value)	17.5
Attorney fees	10
Court fees	5
Enforcement fees	2.5
Quality of judicial processes index (0-18)	14.5
Court structure and proceedings (-1-5)	4.5
Case management (0-6)	4.0
Court automation (0-4)	3.0
Alternative dispute resolution (0-3)	3.0

Details – Enforcing Contracts in Beijing – Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		14.5
Court structure and proceedings (-1-5)		4.5
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		4.0
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	Yes	1.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	Yes	1.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		3.0
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0

2. Is it possible to carry out service of process electronically for claims filed before the competent court?	Yes	1.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		1.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
Alternative dispute resolution (0-3)		3.0
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		1.5
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	Yes	

Resolving Insolvency

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 recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) 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.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the 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)

Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

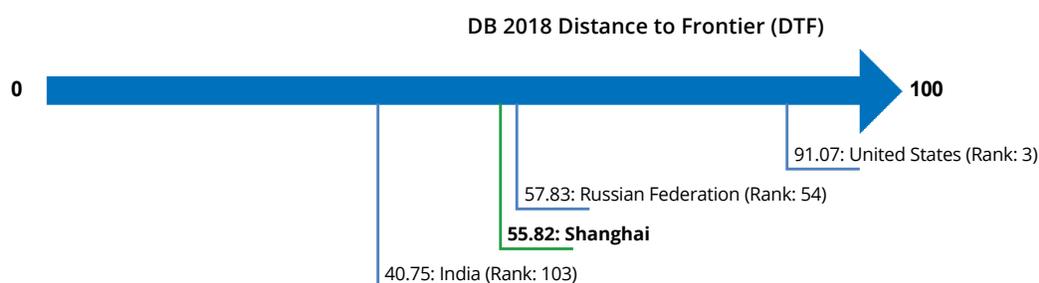
- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

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.

Resolving Insolvency - Shanghai

Indicator	Shanghai	East Asia & Pacific	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	36.9	35.4	71.2	93.1 (Norway)
Time (years)	1.7	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	22.0	20.6	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	11.5	7.0	12.1	15.00 (6 Economies)

Figure – Resolving Insolvency in China and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Shanghai – Time and Cost

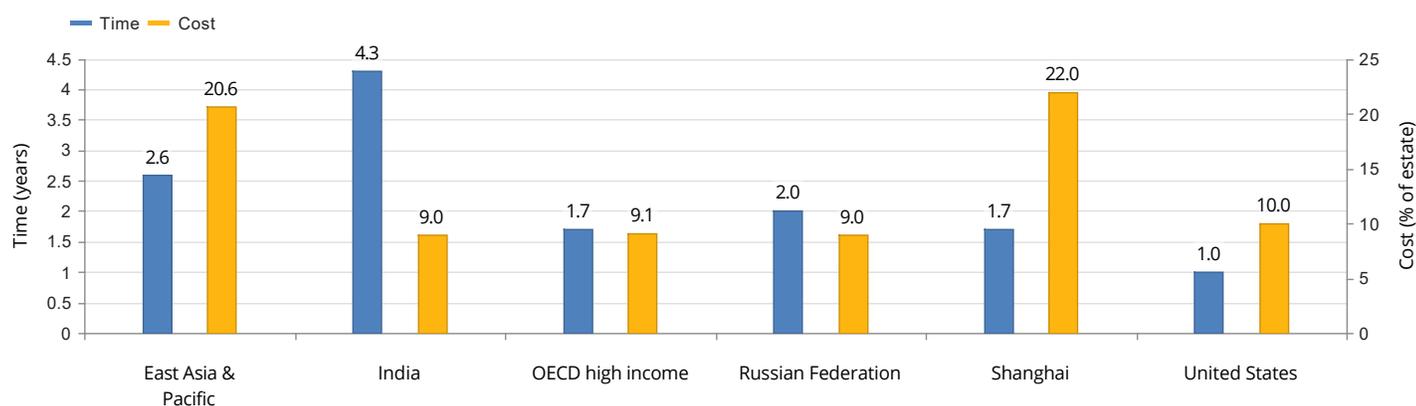


Figure – Resolving Insolvency in Shanghai and comparator economies – Measure of Quality

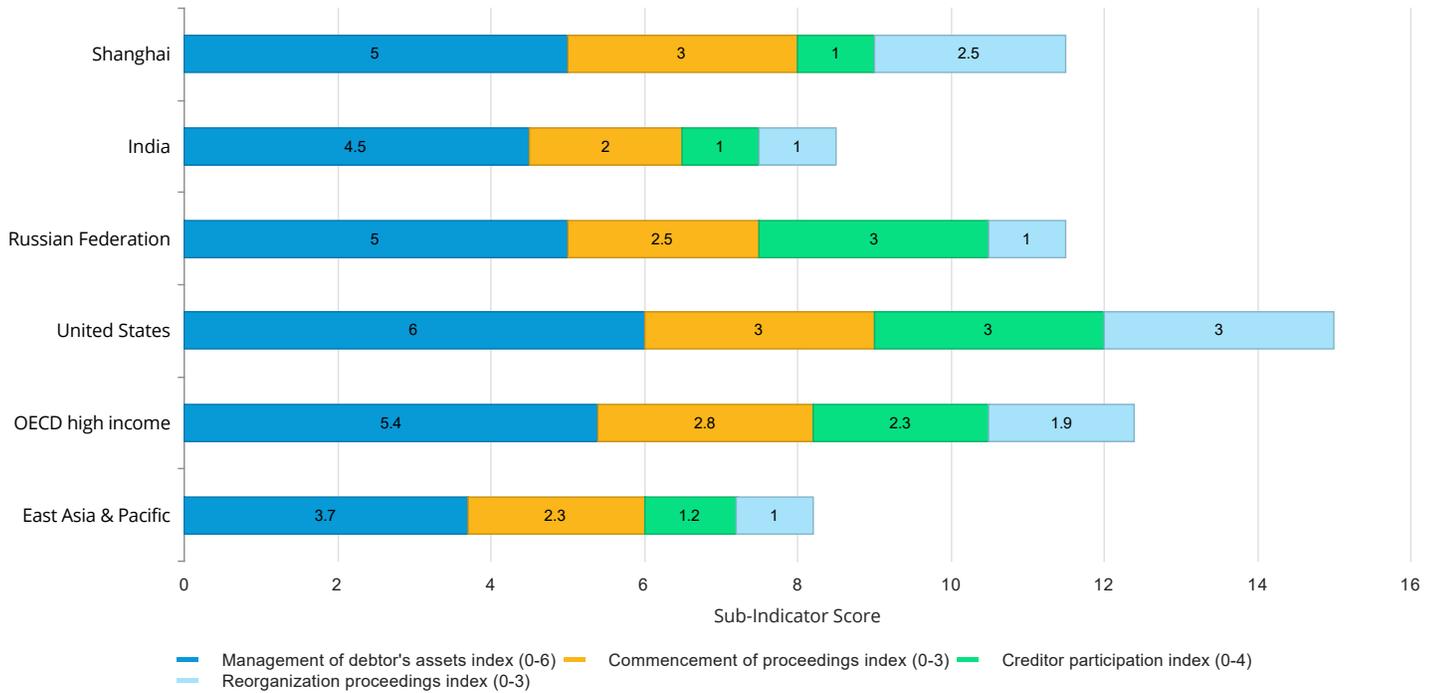
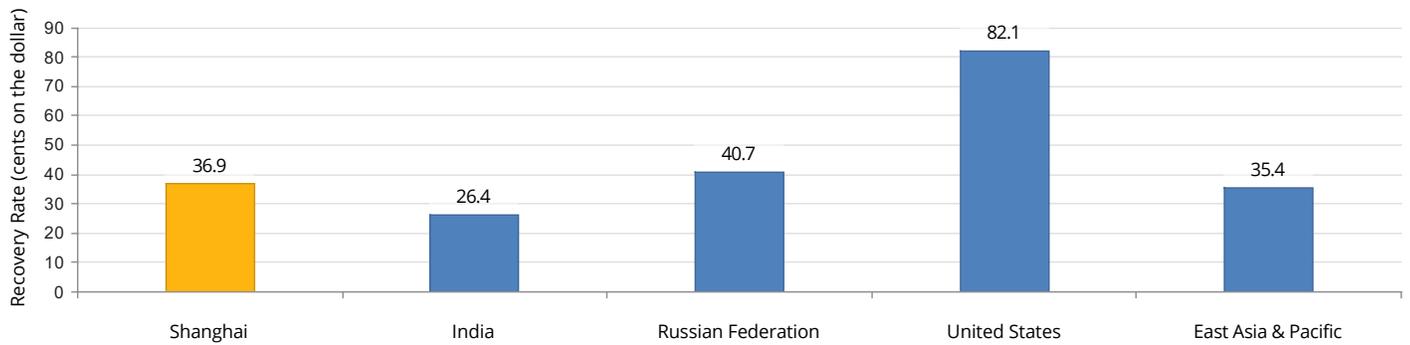


Figure – Resolving Insolvency in Shanghai and comparator economies – Recovery Rate



Details – Resolving Insolvency in Shanghai

Indicator	Answer	Explanation
Proceeding	liquidation (after an attempt at reorganization)	Mirage initiates reorganization pursuant to art. 70 of the Enterprise Insolvency Law after the default on payment. If the business operations and financial position continue to deteriorate and there is no hope of revival, upon request by BizBank, the court shall rule that the reorganization procedure should be terminated and shall declare the debtor bankrupt and convert into liquidation proceeding. During the liquidation proceeding, the Court will appoint a bankruptcy administrator who will hold creditor's meeting, finalize the list of creditors' claims and draft a distribution plan. Once the distribution plan gets approved by the Court, Mirage's assets will be sold piecemeal in a public auction and the sale proceeds will be paid to BizBank.
Outcome	piecemeal sale	No, the hotel will stop operating and Mirage assets will be sold piecemeal in a public auction, conducted by the insolvency administrator appointed by the Court, as a result of liquidation proceedings.
Time (in years)	1.7	A reorganization procedure that is then converted into liquidation will approximately take 1.67 years in total. According to the PRC Enterprise Bankruptcy law, the reorganization plan must be approved by the creditors within 180 days from commencement of reorganization proceedings (this is the maximum period for which the individual actions are stayed). In practice, it will takes about 8 months to prepare the creditors list, draft and vote the plan, which would be rejected under our case study assumptions. The case will then be converted into liquidation, taking the formal conversion and the organization and execution of the sale 1 additional year (until the proceeds of the sale are finally distributed among creditors).
Cost (% of estate)	22.0	The costs associated with the case would amount to approximately 22% of the value of the debtor's estate (CNY 3,500,688). The total cost include the court fees (0.5%), attorney's fees (5%-10%), cost of notification and publication (1%), insolvency representative fees (5-10%), fees of accountants, assessors, inspectors and other professionals (7%), fees of auctioneers (1-5%), and fees of service providers and/or government levies (5%).
Recovery rate (cents on the dollar)		36.9

Details – Resolving Insolvency in Shanghai – Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		11.5
Commencement of proceedings index (0-3)		3.0
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(a) Yes, a creditor may file for both liquidation and reorganization	1.0
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
Management of debtor's assets index (0-6)		5.0
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	Yes	1.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		2.5
Which creditors vote on the proposed reorganization plan?	(a) All creditors	0.5
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
Creditor participation index (0-4)		1.0

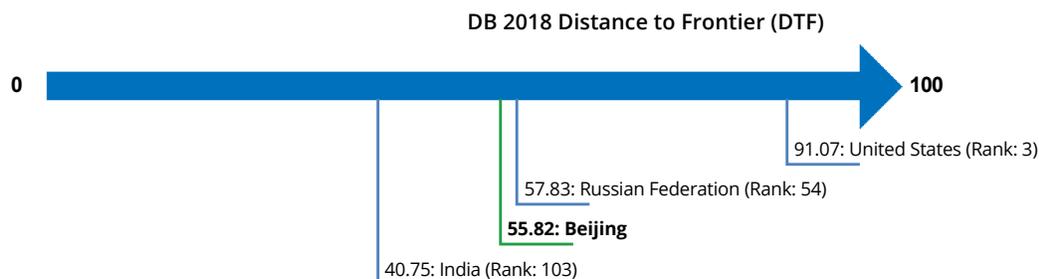
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

Resolving Insolvency - Beijing

Indicator	Beijing	East Asia & Pacific	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	36.9	35.4	71.2	93.1 (Norway)
Time (years)	1.7	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	22.0	20.6	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	11.5	7.0	12.1	15.00 (6 Economies)

Figure – Resolving Insolvency in China and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Beijing – Time and Cost

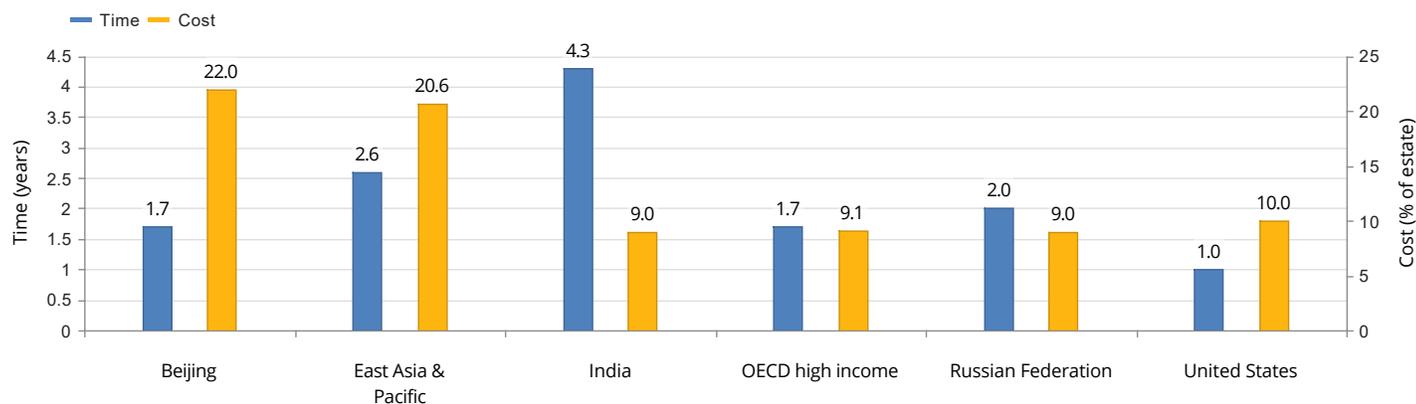


Figure – Resolving Insolvency in Beijing and comparator economies – Measure of Quality

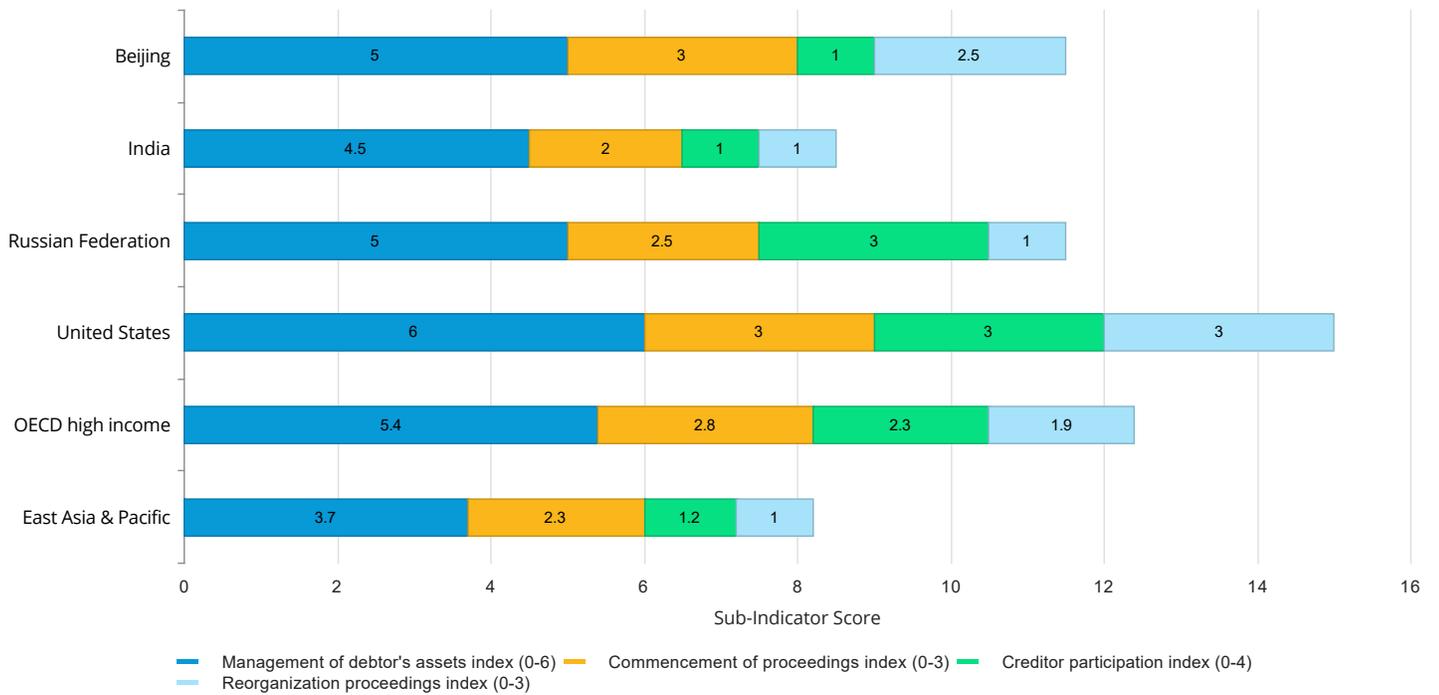
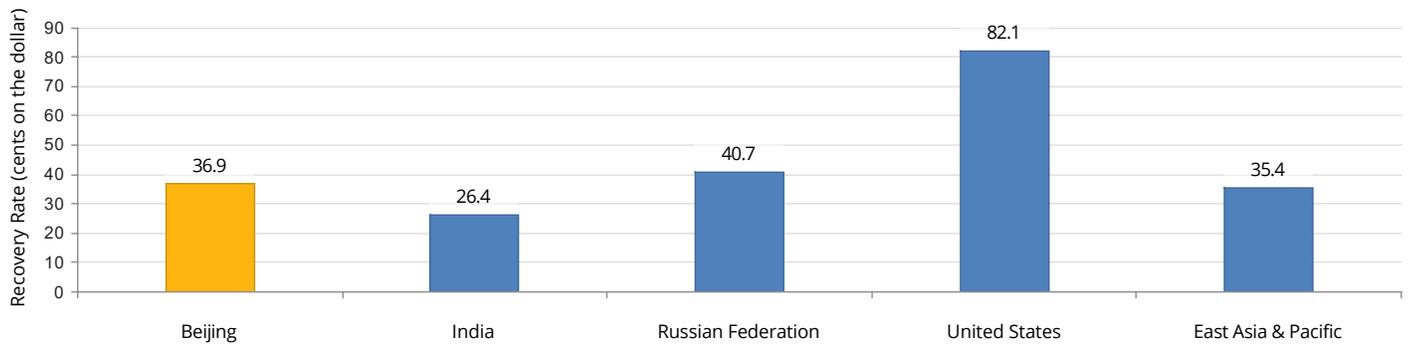


Figure – Resolving Insolvency in Beijing and comparator economies – Recovery Rate



Details – Resolving Insolvency in Beijing

Indicator	Answer	Explanation
Proceeding	liquidation (after an attempt at reorganization)	Mirage initiates reorganization pursuant to art. 70 of the Enterprise Insolvency Law after the default on payment. However, in accordance with article 75, during the restructuring period, the exercise of the security rights enjoyed over specific property of the debtor shall be suspended. So, the reorganization plan will not be approved by BizBank since its security right will be affected the most during the reorganization. Such disapproval by BizBank will lead to the termination of the reorganization procedure by the court. The court will declare Mirage bankrupt and convert the reorganization into liquidation proceedings. During the liquidation proceeding, the Court will appoint a bankruptcy administrator who will hold creditor's meeting, finalize the list of creditors' claims and draft a distribution plan. Once the distribution plan gets approved by the Court, Mirage's assets will be sold piecemeal in a public auction and the sale proceeds will be paid to BizBank.
Outcome	piecemeal sale	No, the hotel will stop operating and Mirage assets will be sold piecemeal in a public auction, conducted by the insolvency administrator appointed by the Court, as a result of liquidation proceedings.
Time (in years)	1.7	A reorganization procedure that is then converted into liquidation will approximately take 20 months in total. The court shall rule on whether or not to accept the petition within 15 days from the date of receipt of the petition. In case the court accepts the petition, it shall serve its ruling on the petitioner within five days and notify the known creditors within 25 days from the date of ruling to accept the bankruptcy petition and make an announcement. (Article 10-14, Enterprise Insolvency Law). The reorganization plan must be approved by the creditors within 180 days from commencement of reorganization proceedings (this is the maximum period for which the individual actions are stayed) (art. 79, Enterprise Insolvency Law). In practice, it will takes about 8 months to prepare the creditors list, draft and vote the plan, which would be rejected under our case study assumptions. The case will then be converted into liquidation, taking the formal conversion and the organization and execution of the sale 1 additional year (until the proceeds of the sale are finally distributed among creditors).
Cost (% of estate)	22.0	The costs associated with the case would amount to approximately 22% of the value of the Mirage's estate. The total cost include the court fees (0.5%), attorney's fee (5%-10%), cost of notification and publication (1%), insolvency representative fees (5%-10%), fees of accountant, assessors, inspector and other professionals (7%), fees of auctioneers (1%-5%), and fees of service providers and/or government levies (5%).
Recovery rate (cents on the dollar)		36.9

Details – Resolving Insolvency in Beijing – Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		11.5
Commencement of proceedings index (0-3)		3.0
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(a) Yes, a creditor may file for both liquidation and reorganization	1.0
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
Management of debtor's assets index (0-6)		5.0
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	Yes	1.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		2.5
Which creditors vote on the proposed reorganization plan?	(a) All creditors	0.5
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
Creditor participation index (0-4)		1.0

Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

Labor Market Regulation

Doing Business presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulation are available on the Doing Business website (<http://www.doingbusiness.org/data/exploretopics/labor-market-regulation>).

The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

Case study assumptions

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 grocery store, age 19, with one year of work experience.
- 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).
- 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.
- Has 60 employees.
- 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 - Shanghai

Details – Labor Market Regulation in Shanghai

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	353.0
Ratio of minimum wage to value added per worker	0.4
Maximum length of probationary period (months)	6.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	34.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	5.0
Paid annual leave for a worker with 5 years of tenure (working days)	5.0
Paid annual leave for a worker with 10 years of tenure (working days)	10.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	6.7
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes

Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	Yes
Priority rules for redundancies?	Yes
Priority rules for reemployment?	Yes
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	4.3
Severance pay for redundancy dismissal for a worker with 5 years of tenure	21.7
Severance pay for redundancy dismissal for a worker with 10 years of tenure	43.3
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	23.1
Job quality	
Equal remuneration for work of equal value?	No
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	128.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	Yes
Minimum contribution period for unemployment protection (months)?	12.0

Labor Market Regulation - Beijing

Details – Labor Market Regulation in Beijing

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	290.1
Ratio of minimum wage to value added per worker	0.3
Maximum length of probationary period (months)	6.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	5.0
Paid annual leave for a worker with 5 years of tenure (working days)	5.0
Paid annual leave for a worker with 10 years of tenure (working days)	10.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	6.7
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes

Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	Yes
Priority rules for redundancies?	Yes
Priority rules for reemployment?	Yes
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	4.3
Severance pay for redundancy dismissal for a worker with 5 years of tenure	21.7
Severance pay for redundancy dismissal for a worker with 10 years of tenure	43.3
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	23.1
Job quality	
Equal remuneration for work of equal value?	No
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	98.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	Yes
Minimum contribution period for unemployment protection (months)?	12.0

Business Reforms in China

In the year ending June 1, 2017, 119 economies implemented 264 total reforms across the different areas measured by Doing Business. Doing Business has recorded more than 2,900 regulatory reforms making it easier to do business since 2004. Reforms inspired by Doing Business have been implemented by economies in all regions. The following are the reforms for China implemented since Doing Business 2008.

✓ = Doing Business reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2018

✓ **Starting a Business:** China made starting a business easier by streamlining registration procedures. This reform applies to both Beijing and Shanghai.

✓ **Paying Taxes:** China made paying taxes easier by introducing several measures for easing compliance.

DB2017

✓ **Starting a Business:** China made starting a business easier by introducing a single form to obtain a business license, organization code and tax registration. This reform applies to both Shanghai and Beijing.

✓ **Getting Credit:** China improved access to credit information by starting to report payment histories from utility companies and providing credit scores to banks and financial institutions. This reform applies to both Shanghai and Beijing.

DB2016

✓ **Paying Taxes:** China made paying taxes less costly for companies in Shanghai by reducing the social security contribution rate.

DB2015

✓ **Starting a Business:** China made starting a business easier by eliminating both the minimum capital requirement and the requirement to obtain a capital verification report from an auditing firm. This reform applies to both Beijing and Shanghai.

✓ **Paying Taxes:** China made paying taxes easier for companies by enhancing the electronic system for filing and paying taxes and adopting new communication channels within its taxpayer service, changes applying to both Beijing and Shanghai. In addition, China made paying taxes less costly for companies in Shanghai by reducing the social security contribution rate.

DB2014

✓ **Getting Credit:** China improved its credit information system by introducing credit information industry regulations, which guarantee borrowers' right to inspect their data.

✓ **Enforcing Contracts:** China made enforcing contracts easier by amending its civil procedure code to streamline and speed up all court proceedings.

DB2013

✓ **Starting a Business:** China made starting a business less costly by exempting micro and small companies from paying several administrative fees from January 2012 to December 2014.

✓ **Dealing with Construction Permits:** China simplified the process of obtaining a construction permit by streamlining and centralizing preconstruction approvals.

DB2011

✓ **Paying Taxes:** China's new corporate income tax law unified the tax regimes for domestic and foreign enterprises and clarified the calculation of taxable income for corporate income tax purposes.

DB2010

✓ **Trading across Borders:** China made trading across borders easier by relaxing trade credit restrictions.

DB2009

- ✓ **Getting Credit:** China strengthened its secured transactions system through a new property law expanding the range of assets that can be used as collateral, now including accounts receivable and a changing pool of assets.
- ✓ **Paying Taxes:** China made paying taxes easier and less costly for companies by unifying the criteria and accounting methods for tax deductions and by reducing the corporate income tax rate.
- ✓ **Enforcing Contracts:** China strengthened its contract enforcement system by tightening the rules on enforcement of judgments so as to limit the ways in which debtors can hide assets and escape enforcement.

Labor Market Regulation: China established paid annual leave and introduced priority rules for redundancy dismissals or layoffs.

DB2008

- ✓ **Dealing with Construction Permits:** China reduced delays in dealing with construction permits by introducing electronic processing of applications for building permits and allowing construction companies to apply for safety certificates online.
- ✓ **Getting Credit:** China strengthened its secured transactions system through a new law entitling secured creditors to priority in payment.
- ✓ **Resolving Insolvency:** China enhanced its insolvency process through a new enterprise bankruptcy law introducing reorganization procedures, allowing for the formation of creditors' committees, granting rights to secured creditors and establishing a role for professional bankruptcy administrators.

Doing Business 2018 is the 15th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.



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