

Country Profile for  
**Uzbekistan**

# Doing Business

## 2009

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ISBN: 978-0-8213-7609-6  
E-ISBN: 978-0-8213-7610-2  
DOI: 10.1596/978-0-8213-7609-6

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# Introduction

Doing Business 2009 is the sixth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 181 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 10 stages of a business's life are measured : starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in Doing Business 2009 are current as of June 1, 2008\*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

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

The data set covers 181 economies: 46 in Sub-Saharan Africa, 32 in Latin America and The Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

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

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

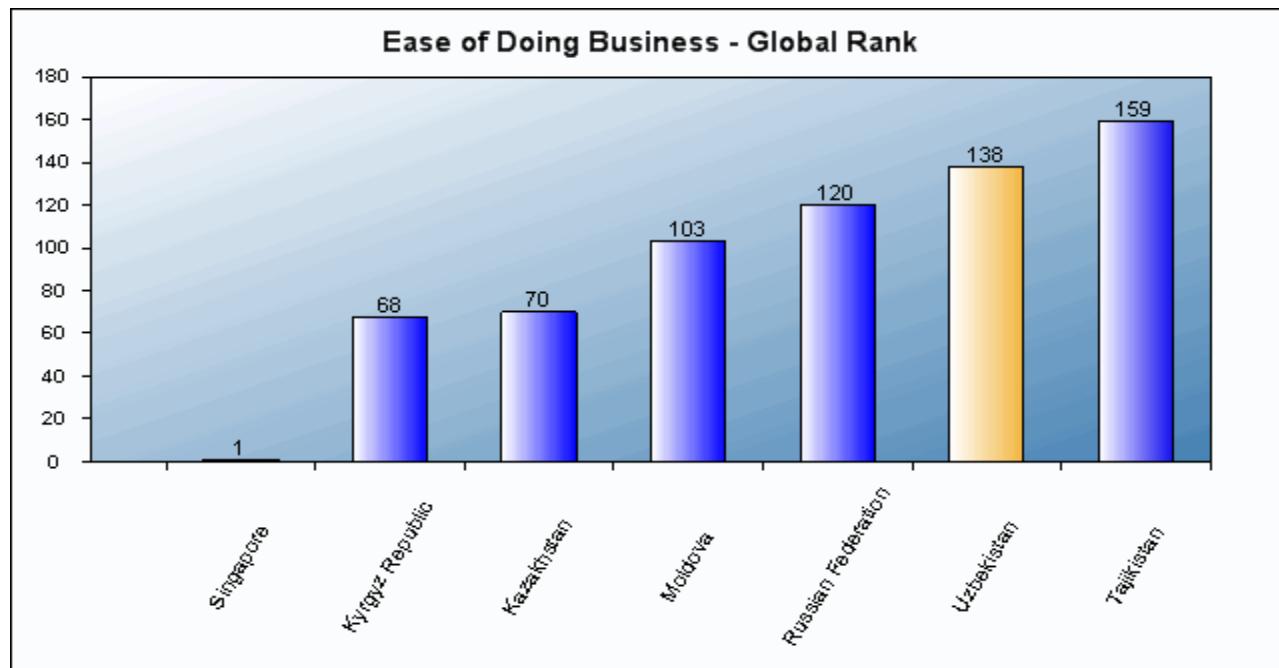
More information is available in the full report. Doing Business 2009 presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website ([www.doingbusiness.org](http://www.doingbusiness.org)).

\* Except for the Paying Taxes indicator that refers to the period January to December of 2007.

## Economy Rankings - Ease of Doing Business

Uzbekistan is ranked 138 out of 181 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



### Uzbekistan's ranking in Doing Business 2009

Rank	Doing Business 2009
Ease of Doing Business	138
Starting a Business	70
Dealing with Construction Permits	148
Employing Workers	76
Registering Property	125
Getting Credit	123
Protecting Investors	113
Paying Taxes	162
Trading Across Borders	171
Enforcing Contracts	46
Closing a Business	122

## Summary of Indicators - Uzbekistan

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<b>Starting a Business</b>	<b>Procedures (number)</b>	7
	<b>Duration (days)</b>	15
	<b>Cost (% GNI per capita)</b>	10.3
	<b>Paid in Min. Capital (% of GNI per capita)</b>	17.7
<b>Dealing with Construction Permits</b>	<b>Procedures (number)</b>	26
	<b>Duration (days)</b>	260
	<b>Cost (% of income per capita)</b>	123.4
<b>Employing Workers</b>	<b>Difficulty of Hiring Index</b>	33
	<b>Rigidity of Hours Index</b>	40
	<b>Difficulty of Firing Index</b>	30
	<b>Rigidity of Employment Index</b>	34
	<b>Firing costs (weeks of salary)</b>	22
<b>Registering Property</b>	<b>Procedures (number)</b>	12
	<b>Duration (days)</b>	78
	<b>Cost (% of property value)</b>	1.5
<b>Getting Credit</b>	<b>Legal Rights Index</b>	3
	<b>Credit Information Index</b>	3
	<b>Public registry coverage (% adults)</b>	2.3
	<b>Private bureau coverage (% adults)</b>	2.2
<b>Protecting Investors</b>	<b>Disclosure Index</b>	4

<b>Protecting Investors</b>	<b>Director Liability Index</b>	6
	<b>Shareholder Suits Index</b>	3
	<b>Investor Protection Index</b>	4.3
<b>Paying Taxes</b>	<b>Payments (number)</b>	106
	<b>Time (hours)</b>	196
	<b>Profit tax (%)</b>	1.9
	<b>Labor tax and contributions (%)</b>	27.1
	<b>Other taxes (%)</b>	61.6
	<b>Total tax rate (% profit)</b>	90.6
<b>Trading Across Borders</b>	<b>Documents for export (number)</b>	7
	<b>Time for export (days)</b>	80
	<b>Cost to export (US\$ per container)</b>	3100
	<b>Documents for import (number)</b>	11
	<b>Time for import (days)</b>	104
	<b>Cost to import (US\$ per container)</b>	4600
<b>Enforcing Contracts</b>	<b>Procedures (number)</b>	42
	<b>Duration (days)</b>	195
	<b>Cost (% of claim)</b>	22.2
<b>Closing a Business</b>	<b>Time (years)</b>	4.0
	<b>Cost (% of estate)</b>	10
	<b>Recovery rate (cents on the dollar)</b>	18.7

# Starting a Business

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

The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

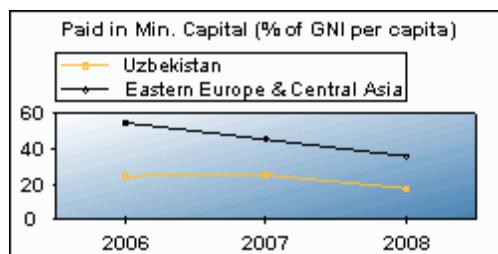
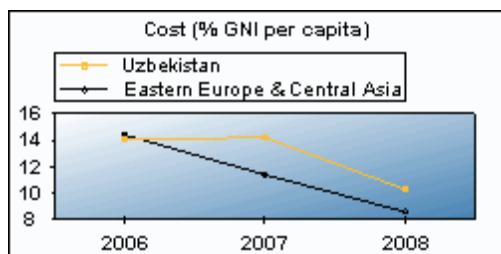
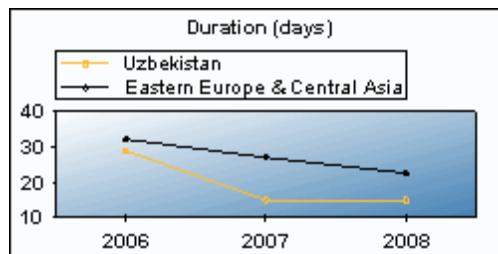
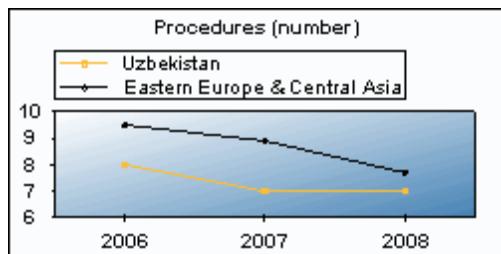
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with a start-up capital of 10 times income per capita, a turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing economies. Each procedure is a point of contact, a potential opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

## 1. Historical data: Starting a Business in Uzbekistan

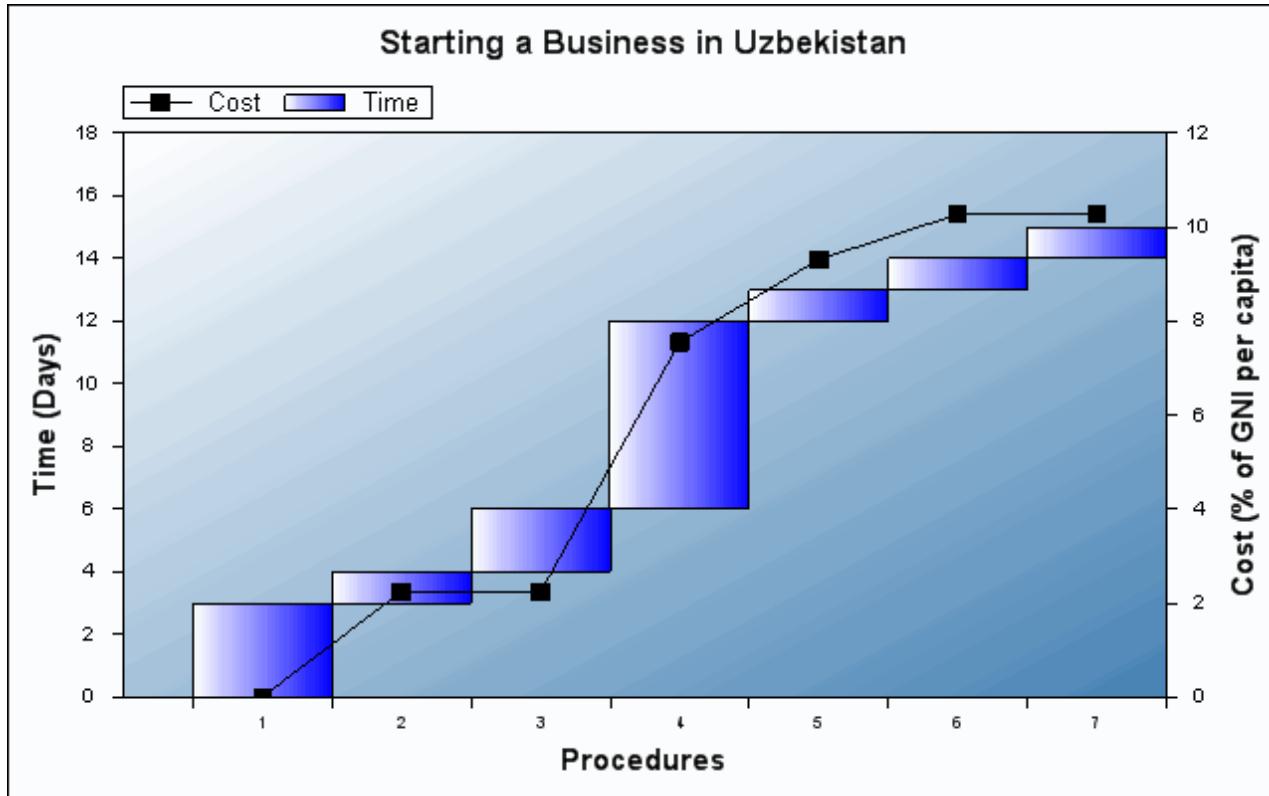
Starting a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		62	70
Procedures (number)	8	7	7
Duration (days)	29	15	15
Cost (% GNI per capita)	14.1	14.2	10.3
Paid in Min. Capital (% of GNI per capita)	24.7	25.3	17.7

2. The following graphs illustrates the Starting a Business indicators in Uzbekistan over the past 3 years:



### 3. Steps to Starting a Business in Uzbekistan

It requires 7 procedures, takes 15 days, and costs 10.28 % GNI per capita to start a business in Uzbekistan.



#### List of Procedures:

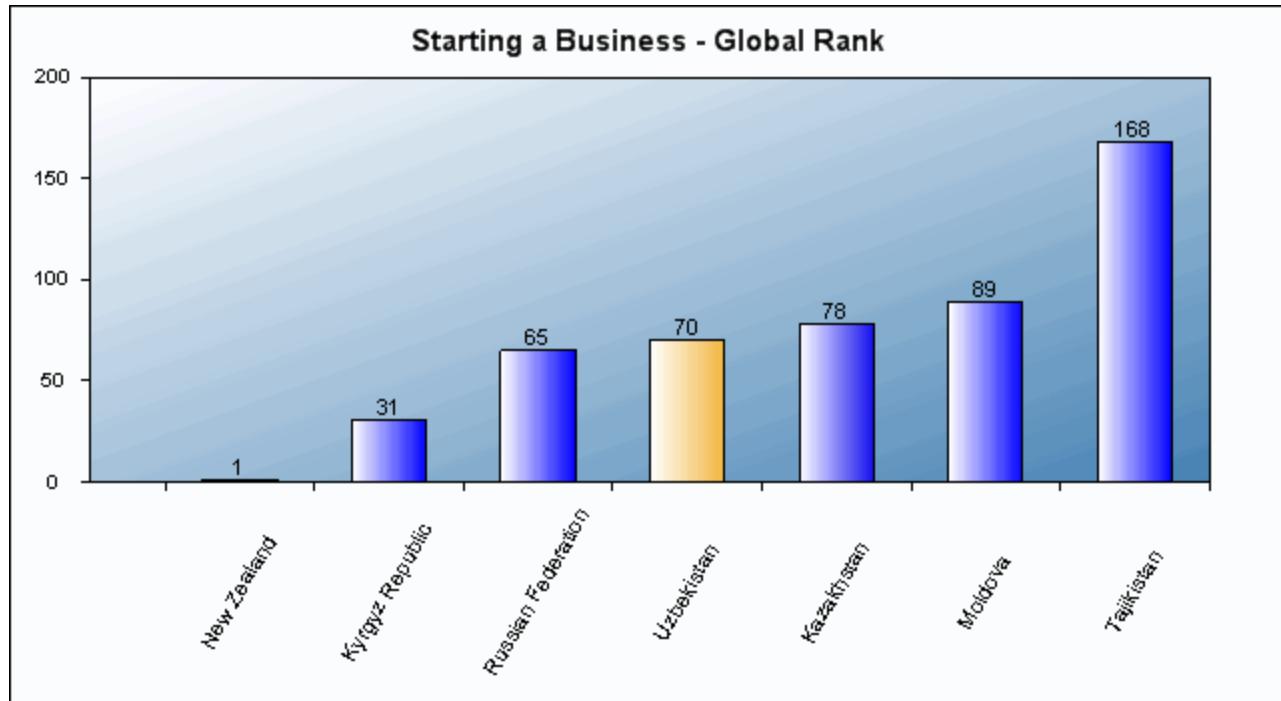
1. Obtain a certificate for company's name registration
2. Notarize the company's founding documents (two copies of the charter, articles of association) and lease agreement
3. Open a temporary bank account with a local bank and transfer 30% of each founder's contribution to the account; pay the registration fee
4. Register with the local authority (khokimiyat) and obtain the certificate of state registration
5. Make a company seal
6. Notarize samples of signatures of the company's general director and chief accountant, as well as a sample of the company's seal print
7. Open a permanent bank account with a local bank

More detail is included in the appendix.

#### **4. Benchmarking Starting a Business Regulations:**

Uzbekistan is ranked 70 overall for Starting a Business.

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



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

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per capita)
Denmark			0.0	
New Zealand*	1	1		0.0

Selected Economy				
Uzbekistan	7	15	10.3	17.7

Comparator Economies				
Kazakhstan	8	21	5.2	15.9
Kyrgyz Republic	4	15	7.4	0.4
Moldova	9	15	8.9	13.4
Russian Federation	8	29	2.6	2.2
Tajikistan	13	49	27.6	216.8

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

Procedures (number): Canada

# Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure; from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable. Striking the right balance is a challenge when it comes to construction regulations. Good regulations ensure safety standards that protect the public while making the permitting process efficient, transparent and affordable for both building authorities and the private professionals who use it. If procedures are overly complicated or costly, builders build without a permit, leading to hazardous construction.

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included (bribes not included). Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law. To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 60 qualified employees. The warehouse to be built:

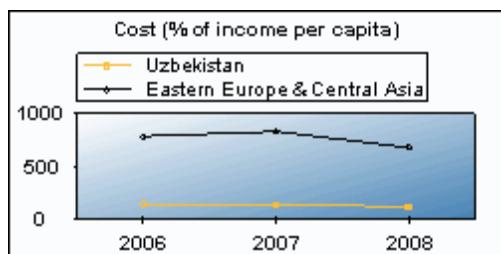
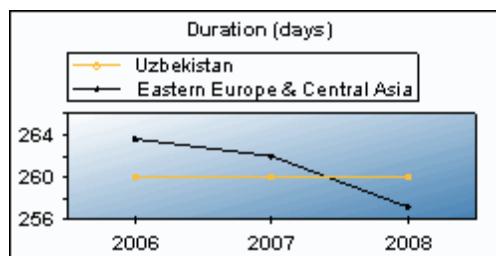
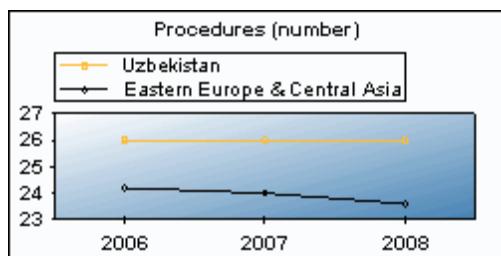
- Is a new construction (there was no previous construction on the land).
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

## 1. Historical data: Dealing with Construction Permits in Uzbekistan

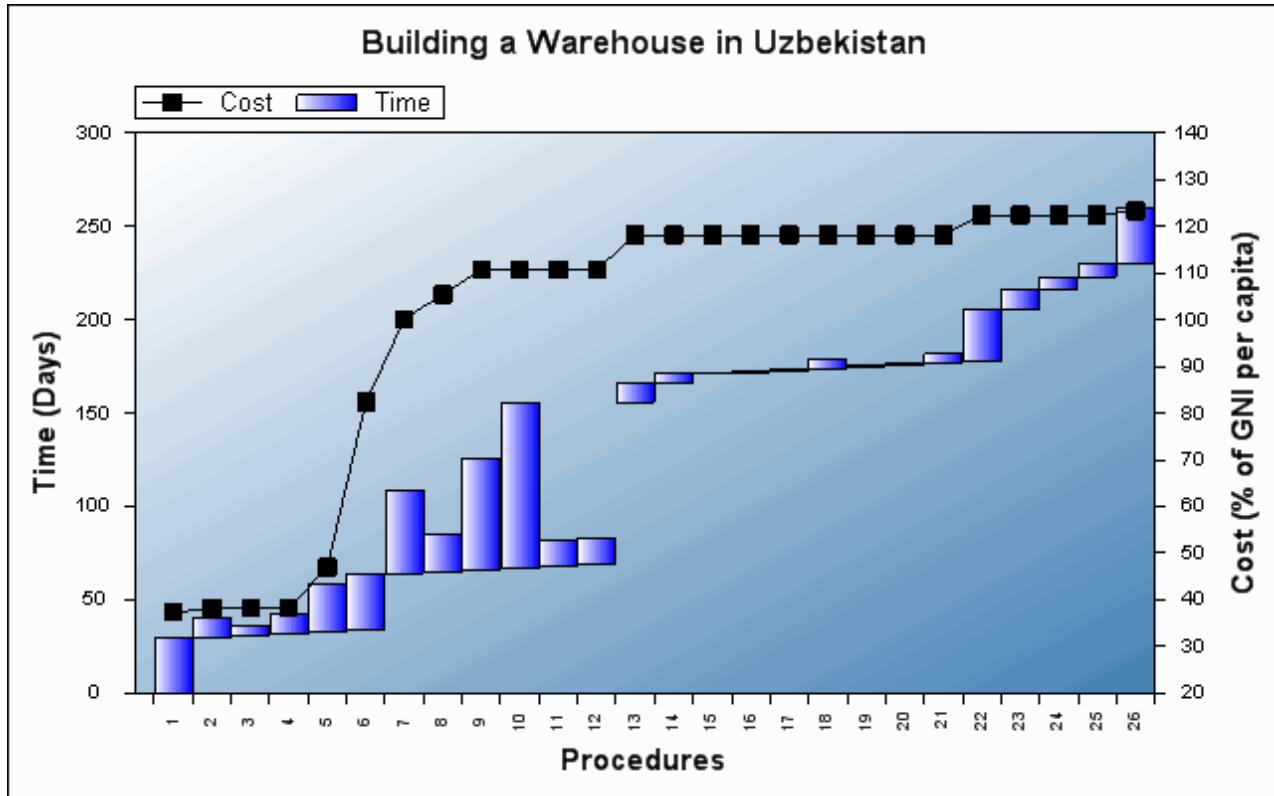
Dealing with Construction Permits data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		148	148
Procedures (number)	26	26	26
Duration (days)	260	260	260
Cost (% of income per capita)	146.9	140.7	123.4

2. The following graphs illustrates the Dealing with Construction Permits indicators in Uzbekistan over the past 3 years:



### 3. Steps to Building a Warehouse in Uzbekistan

It requires 26 procedures, takes 260 days, and costs 123.36 % GNI per capita to build a warehouse in Uzbekistan.



#### List of Procedures:

1. Request and obtain land clearance from the district governor's office
2. Request and obtain certificate on registration of land plot
3. Request and receive terms for design in accordance with the engineering supply norms
4. Request and obtain technical terms for the connection to water and sewerage
5. Request and obtain developed geodesic topographic maps of land plot
6. Request and obtain architectural and technical objectives/ conditions
7. Request and obtain state examination
8. Request ecological examination
9. Obtain ecological approval
10. Request and obtain sanitation clearance for the project
11. Request and obtain water protection clearance
12. Request and obtain project clearance from the local water and sewerage authority
13. Request and obtain construction permit from the local architecture and construction authorities
14. Request and register red line by the Main Department of Architecture and Construction
15. Receive inspection from the local branch of architecture and construction authority
16. Request electricity services
17. Receive inspection from the electricity authority
18. Connect to electricity services
19. Request water and sewerage service and connection

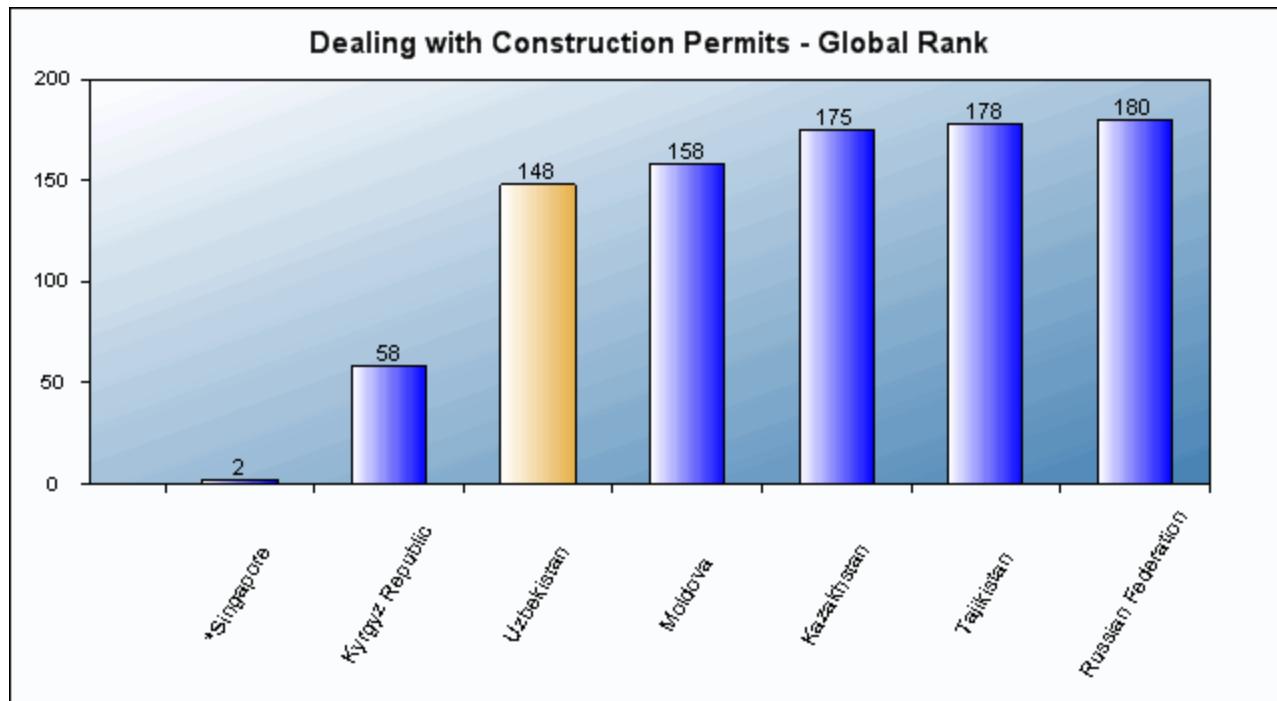
20. Receive water and sewerage inspection
21. Connect to water and sewerage services
22. Request and connect to fixed telephone line
23. Call and establish Working Commission and submit documents to the Commission
24. Receive inspection and obtain certificate of completion from Working Commission
25. Request and obtain certificate of acceptance from the local authority (Hokimat)
26. Register the new construction with the cadastre

More detail is included in the appendix.

#### 4. Benchmarking Dealing with Construction Permits Regulations:

Uzbekistan is ranked 148 overall for Dealing with Construction Permits.

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



\* The following economies are also good practice economies for Building a Warehouse: Belize, New Zealand, St. Vincent and the Grenadines

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

<b>Good Practice Economies</b>	Procedures (number)	Duration (days)	Cost (% of income per capita)
<b>Denmark</b>	6		
<b>Korea</b>		34	
<b>Malaysia*</b>			7.9

<i>Selected Economy</i>			
<b>Uzbekistan</b>	26	260	123.4

<i>Comparator Economies</i>			
<b>Kazakhstan</b>	38	231	1431.8
<b>Kyrgyz Republic</b>	13	159	405.7
<b>Moldova</b>	30	292	142.2
<b>Russian Federation</b>	54	704	2612.7
<b>Tajikistan</b>	32	351	1420.7

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

**Cost (% of income per capita): Brunei, Palau, Qatar, St. Kitts and Nevis, Trinidad and Tobago, United Arab Emirates**

# Employing Workers

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

Two measures are presented: a rigidity of employment index and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective); notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.

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

To make the data comparable across economies, a range of assumptions about the worker and the company are used. The company is assumed to be a limited liability manufacturing corporation that operates in the economy's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

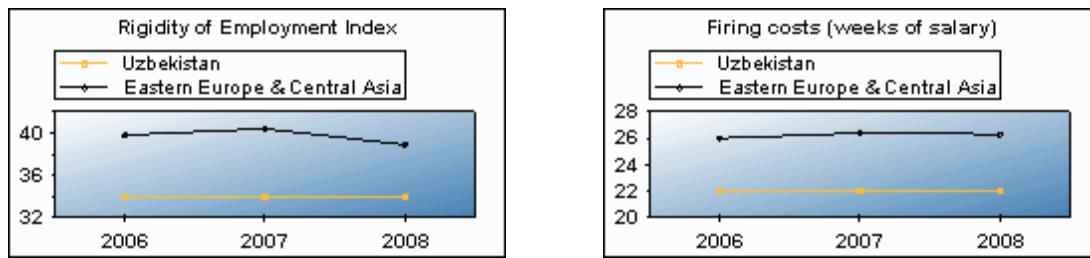
Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. In its indicators on employing workers, Doing Business measures flexibility in the regulation of hiring, working hours and dismissal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

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

## 1. Historical data: Employing Workers in Uzbekistan

Employing Workers data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		75	76
Rigidity of Employment Index	34	34	34
Firing costs (weeks of salary)	22	22	22

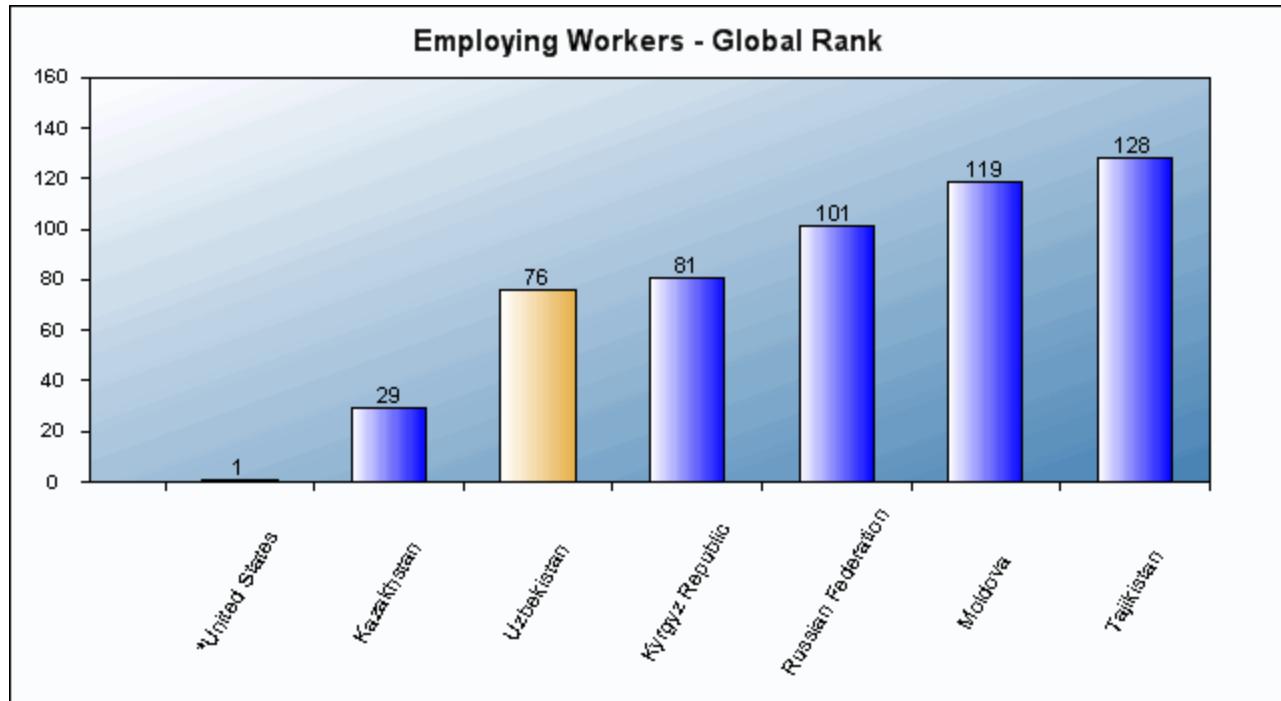
## 2. The following graphs illustrates the Employing Workers indicators in Uzbekistan over the past 3 years:



### 3. Benchmarking Employing Workers Regulations:

Uzbekistan is ranked 76 overall for Employing Workers.

Ranking of Uzbekistan in Employing Workers - Compared to good practice and selected economies:



\* The following economies are also good practice economies for Employing Workers: Marshall Islands, Singapore

The following table shows Employing Workers data for Uzbekistan compared to good practice and comparator economies:

Good Practice Economies	Rigidity of Employment Index	Firing costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

Selected Economy		
Uzbekistan	34	22

Comparator Economies		
Kazakhstan	23	9
Kyrgyz Republic	38	17
Moldova	41	37
Russian Federation	44	17
Tajikistan	51	22

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

**Rigidity of Employment Index:** Maldives, Marshall Islands, Singapore, United States

**Firing costs (weeks of salary):** Afghanistan, Denmark, Iraq, Marshall Islands, Micronesia, Palau, Puerto Rico, Tonga, United States

# Registering Property

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

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

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

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

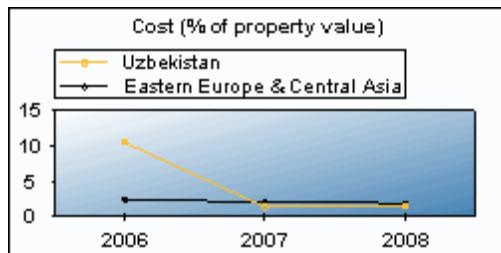
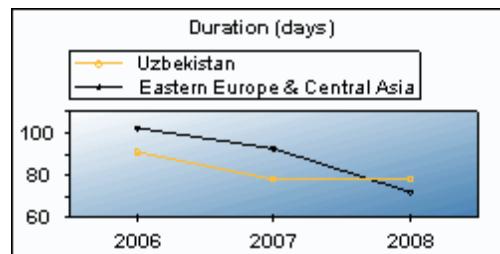
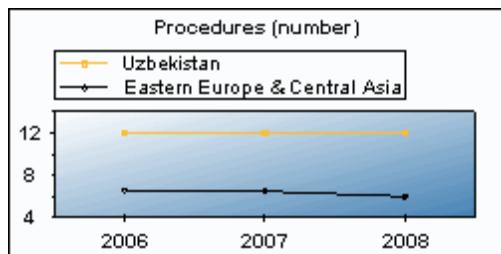
Many titling programs in Africa were futile because people bought and sold property informally, neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African economy cost 10% of the value of the property and takes on average 90 days. Worse, the property registries are so poorly organized that they provide little security of ownership.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this. Twenty-four economies made it easier to register property in 2007/08. The most popular reform: lowering the cost of registration by reducing the property transfer tax, registration fees or stamp duty.

## 1. Historical data: Registering Property in Uzbekistan

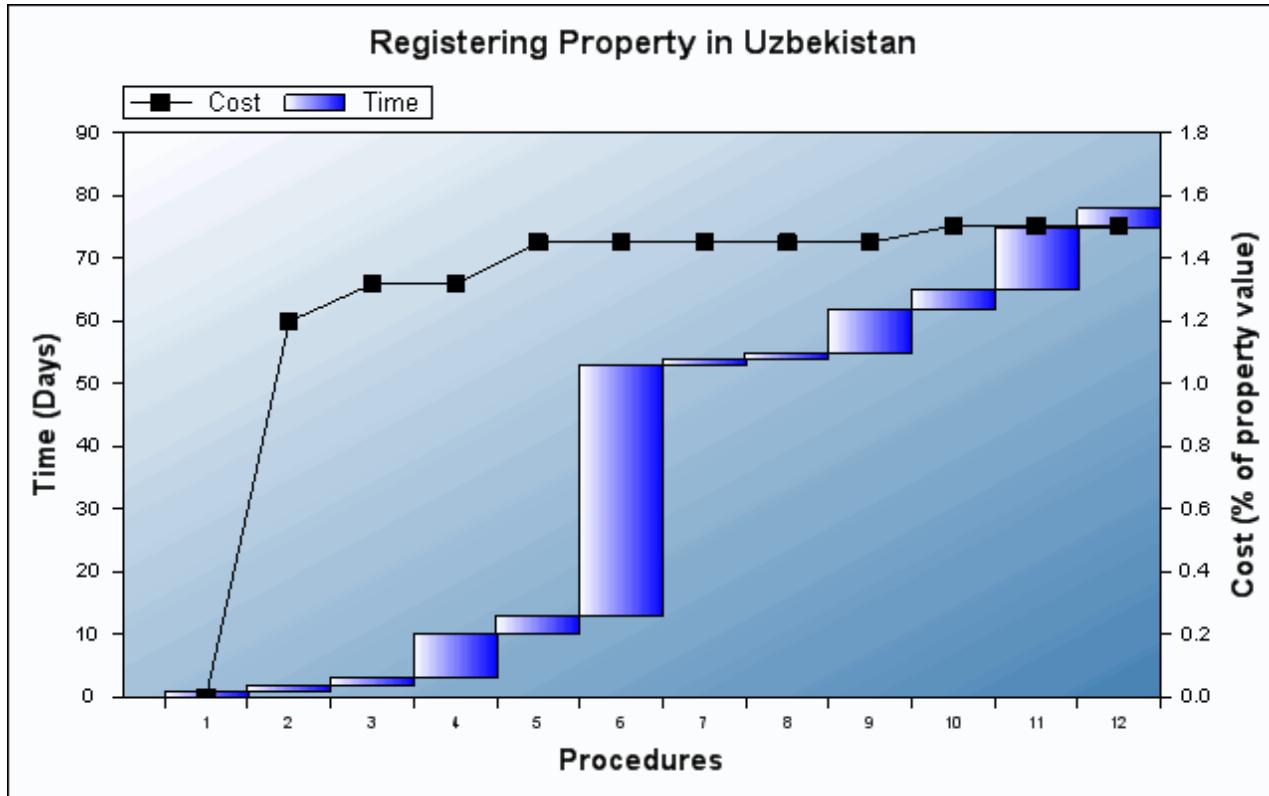
Registering Property data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		124	125
Procedures (number)	12	12	12
Duration (days)	91	78	78
Cost (% of property value)	10.5	1.4	1.5

## 2. The following graphs illustrates the Registering Property indicators in Uzbekistan over the past 3 years:



### 3. Steps to Registering Property in Uzbekistan

It requires 12 procedures, takes 78 days, and costs 1.50 % of property value to register the property in Uzbekistan.



#### List of Procedures:

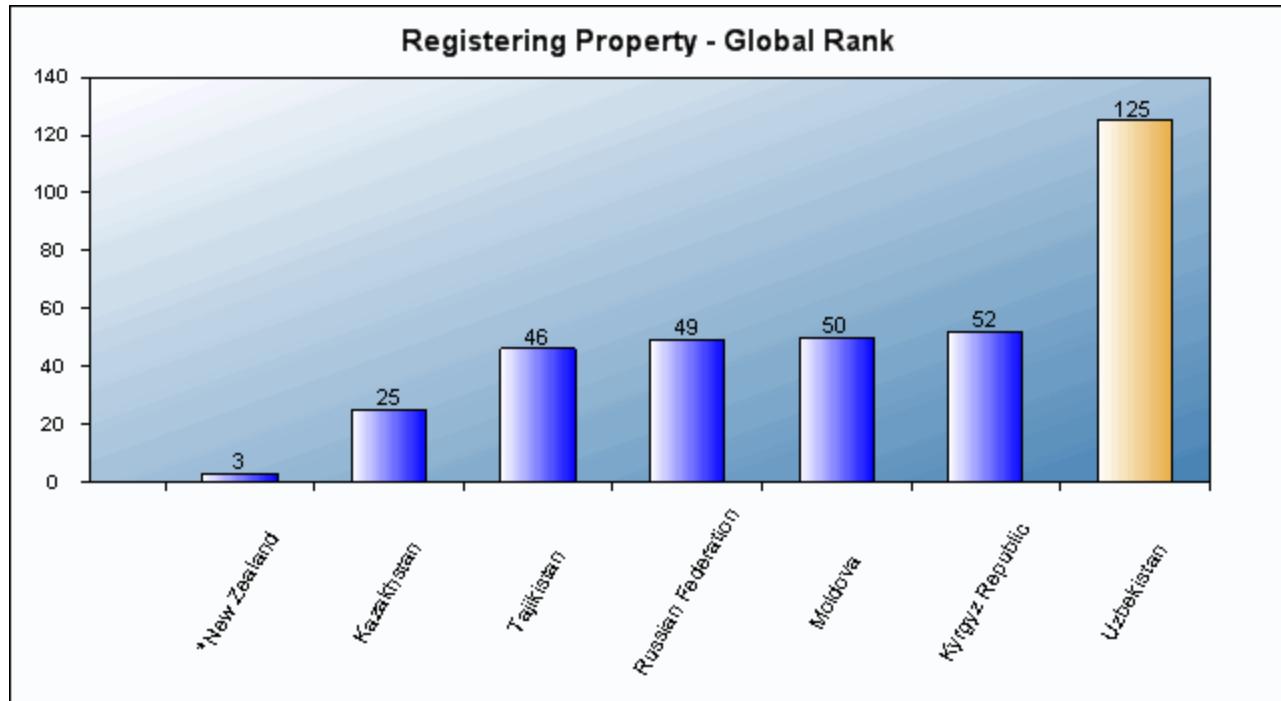
1. Payment of registration fees, state fees and notarization costs at a commercial bank
2. Notarization of the sale agreement and foundation documents of seller and buyer
3. Seller applies for the reference about real property at the Cadastral Service office of the city district municipality
4. Inspection of the property to determine its cadastral value
5. Obtain the signature of the cadastral map/plan by every neighbor
6. The Registration Office issues a registration certificate for building ownership
7. Buyer pays the registration fee at a commercial bank
8. Buyer applies for registration at the Registration Office
9. Second inspection of the property to check consistency of cadastral map/plan, if needed
10. Obtain the signature of the cadastral map/plan by every neighbor, if it is needed
11. The Registration Office issues a registration certificate with the name of the buyer
12. Submit the cadastral package to the local tax authorities

More detail is included in the appendix.

#### 4. Benchmarking Registering Property Regulations:

Uzbekistan is ranked 125 overall for Registering Property.

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



\* The following economies are also good practice economies for Registering Property: Georgia, Saudi Arabia

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

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

<i>Selected Economy</i>			
Uzbekistan	12	78	1.5

<i>Comparator Economies</i>			
Kazakhstan	5	40	0.1
Kyrgyz Republic	7	8	3.9
Moldova	6	48	0.8
Russian Federation	6	52	0.2
Tajikistan	6	37	1.8

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

**Procedures (number): Sweden**

**Duration (days): Saudi Arabia, Sweden, Thailand**

# Getting Credit

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

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

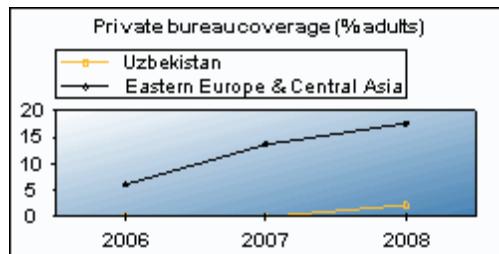
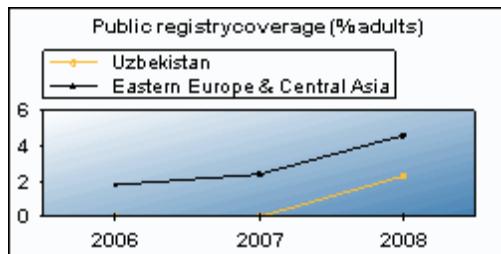
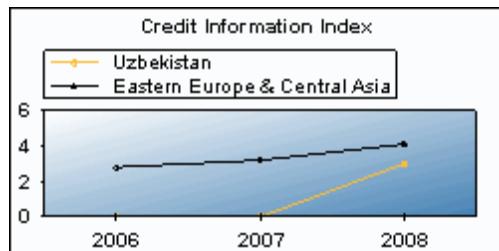
The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. This year, three main changes were made; first, a standardized case scenario with specific assumptions was introduced to bring this indicator into line with other Doing Business indicators. Second, the indicator now focuses not on tangible movable collateral, such as equipment, but on revolving movable collateral, such as accounts receivable and inventory. Third, the indicator no longer considers whether management remains in place during a reorganization procedure, better accommodating economies that adopt reorganization procedures. The strength of legal rights index includes 8 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law:

- Any business may use movable assets as collateral while keeping possession of the assets, and any financial institution may accept such assets as collateral.
- The law allows a business to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets.
- The law allows a business to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets.
- A security right may extend to future or after-acquired assets and may extend automatically to the products, proceeds or replacements of the original assets.
- General description of debts and obligations is permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties.
- A collateral registry is in operation that is unified geographically and by asset type and that is indexed by the name of the grantor of a security right.
- Secured creditors are paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated.
- Secured creditors are not subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure.
- The law allows parties to agree in a collateral agreement that the lender may enforce its security right out of court.

## 1. Historical data: Getting Credit in Uzbekistan

Getting Credit data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		161	123
Legal Rights Index	3	3	3
Credit Information Index	0	0	3
Public registry coverage (% adults)	0.0	0.0	2.3
Private bureau coverage (% adults)	0.0	0.0	2.2

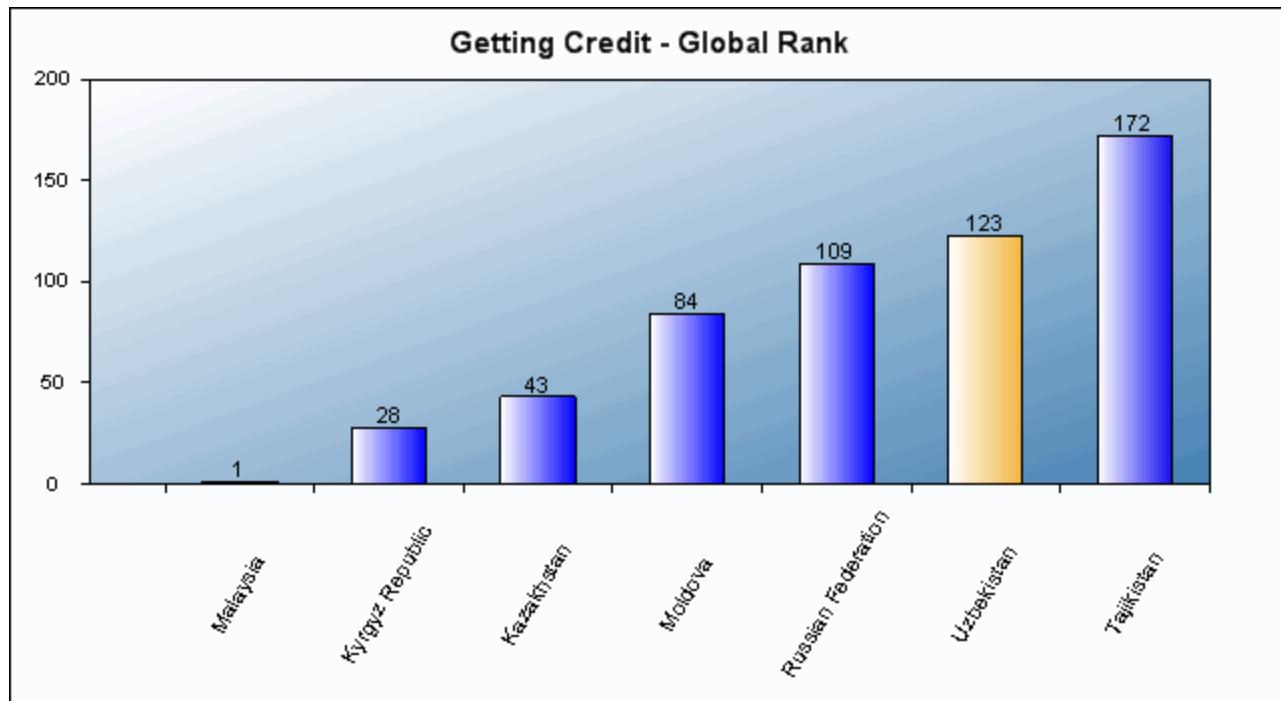
## 2. The following graphs illustrates the Getting Credit indicators in Uzbekistan over the past 3 years:



### 3. Benchmarking Getting Credit Regulations:

Uzbekistan is ranked 123 overall for Getting Credit.

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



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

Good Practice Economies	Legal Rights Index	Credit Information Index	Public registry coverage (% adults)	Private bureau coverage (% adults)
Malaysia*	10			
New Zealand*				100.0
Portugal			76.4	
United Kingdom		6		

Selected Economy				
Uzbekistan	3	3	2.3	2.2

Comparator Economies				
Kazakhstan	5	6	0.0	25.6
Kyrgyz Republic	7	5	0.0	3.7
Moldova	8	0	0.0	0.0
Russian Federation	3	4	0.0	10.0
Tajikistan	2	0	0.0	0.0

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

Legal Rights Index: Hong Kong, China, Kenya, Singapore

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

24 countries have the highest credit information index.

# Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. But investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%\*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections. To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain.

The case facts are straightforward. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company. Shareholders sue the interested parties and the members of the board of directors. Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

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

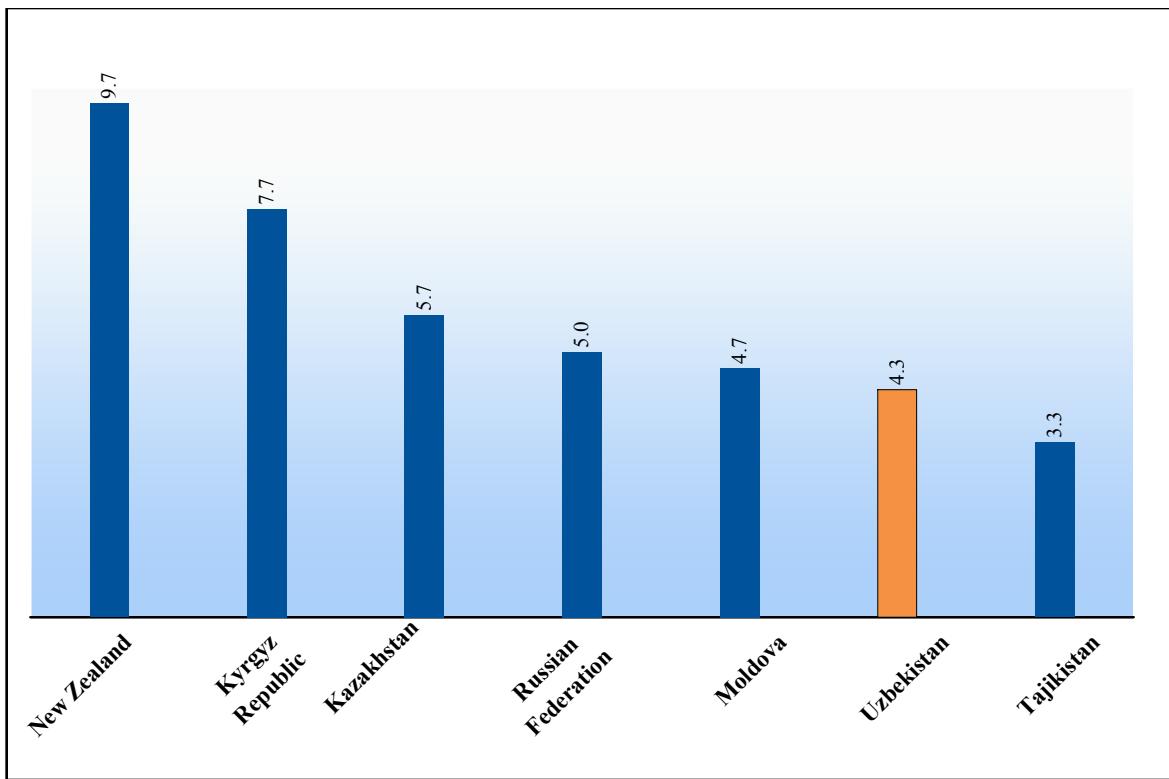
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

\*Doidge, Kardiyi and Stulz (2007)

## 1. Historical data: Protecting Investors in Uzbekistan

Protecting Investors data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		110	113
Investor Protection Index	4.3	4.3	4.3

## 2. The following graph illustrates the Protecting Investors index in Uzbekistan compared to best practice and selected Economies:

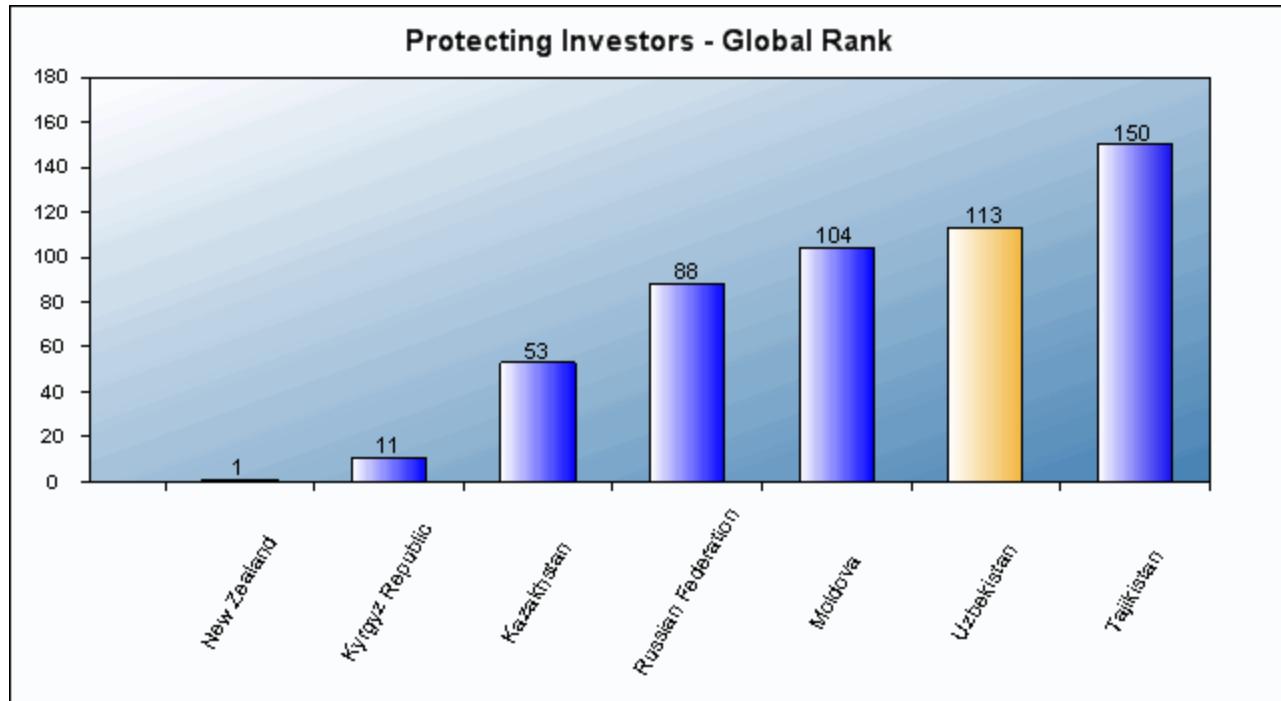


Note: The higher the score, the greater the investor protection.

### 3. Benchmarking Protecting Investors Regulations:

Uzbekistan is ranked 113 overall for Protecting Investors.

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



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

Good Practice Economies	Investor Protection Index
New Zealand	9.7

Selected Economy	
Uzbekistan	4.3

Comparator Economies	
Kazakhstan	5.7
Kyrgyz Republic	7.7
Moldova	4.7
Russian Federation	5.0
Tajikistan	3.3

# Paying Taxes

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

The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asks tax practitioners in 181 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.

The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded. Taxes and mandatory contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

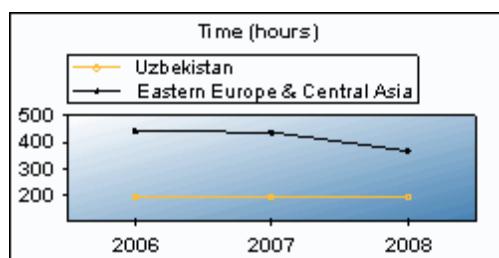
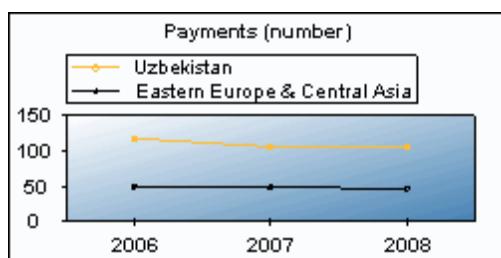
- Number of tax payments, which takes into account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- Time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value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

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Efficient tax systems tend to have less complex tax arrangements, comprising of straightforward compliance procedures and clear laws. Taxpayers in such economies often get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses, and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

## 1. Historical data: Paying Taxes in Uzbekistan

Paying Taxes data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		161	162
Time (hours)	196	196	196
Total tax rate (% profit)	112.1	90.3	90.6
Payments (number)	118	106	106

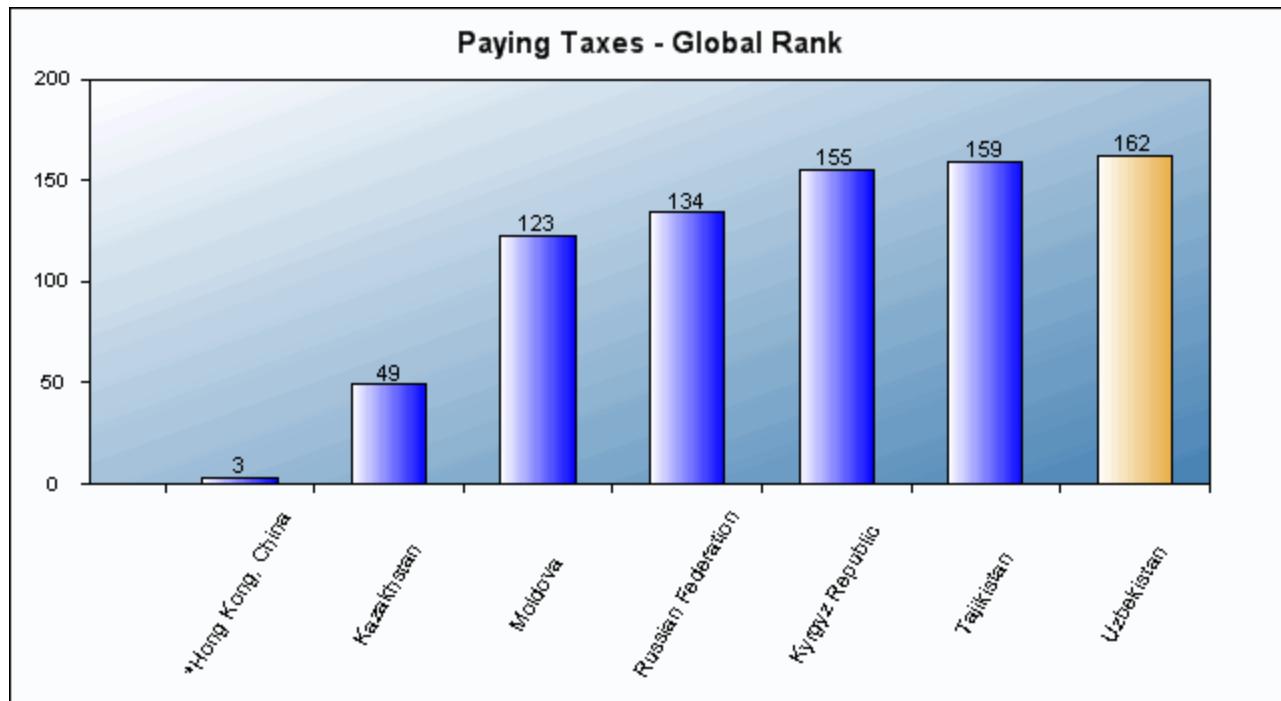
## 2. The following graphs illustrates the Paying Taxes indicators in Uzbekistan over the past 3 years:



### 3. Benchmarking Paying Taxes Regulations:

Uzbekistan is ranked 162 overall for Paying Taxes.

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



\* The following economies are also good practice economies for Paying Taxes: Maldives, Qatar

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

<b>Good Practice Economies</b>	<b>Payments (number)</b>	<b>Time (hours)</b>	<b>Total tax rate (% profit)</b>
Luxembourg*		59	
Sweden*	2		
Vanuatu			8.4

<i>Selected Economy</i>			
Uzbekistan	106	196	90.6

<i>Comparator Economies</i>			
Kazakhstan	9	271	36.4
Kyrgyz Republic	75	202	61.4
Moldova	53	234	42.1
Russian Federation	22	448	48.7
Tajikistan	54	224	85.5

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

**Payments (number): Maldives, Qatar**

**Time (hours): Bahamas, Bahrain, Maldives, Qatar, United Arab Emirates**

## Trading Across Borders

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

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

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, employs 60 people, and is located in the periurban area of the economy's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy. The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

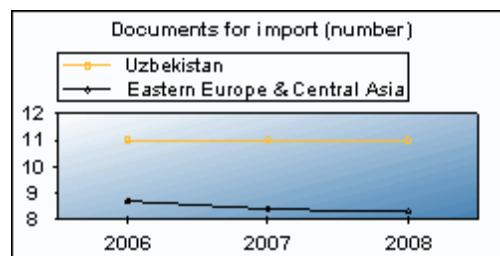
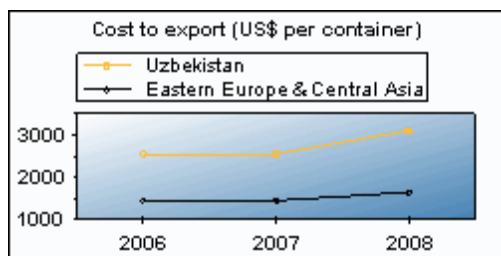
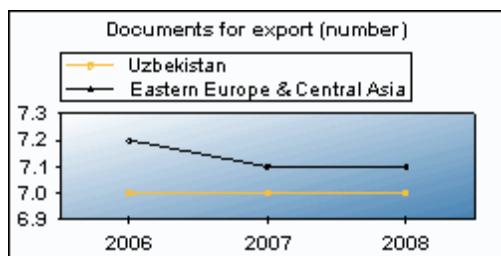
Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

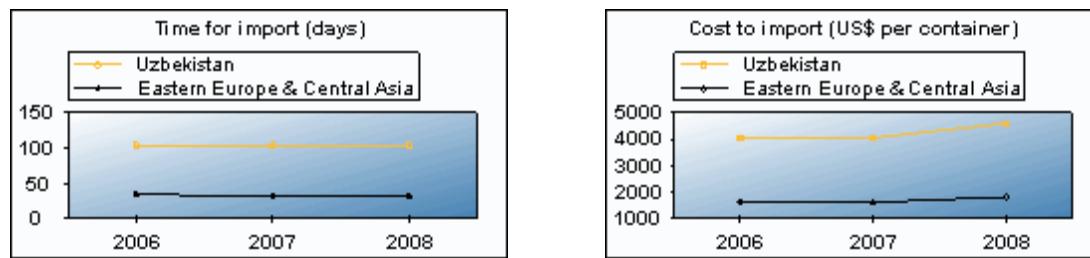
Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely,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

## 1. Historical data: Trading Across Borders in Uzbekistan

Trading Across Borders data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		171	171
Documents for export (number)	7	7	7
Time for export (days)	80	80	80
Cost to export (US\$ per container)	2550	2550	3100
Documents for import (number)	11	11	11
Time for import (days)	104	104	104
Cost to import (US\$ per container)	4050	4050	4600

## 2. The following graphs illustrates the Trading Across Borders indicators in Uzbekistan over the past 3 years:

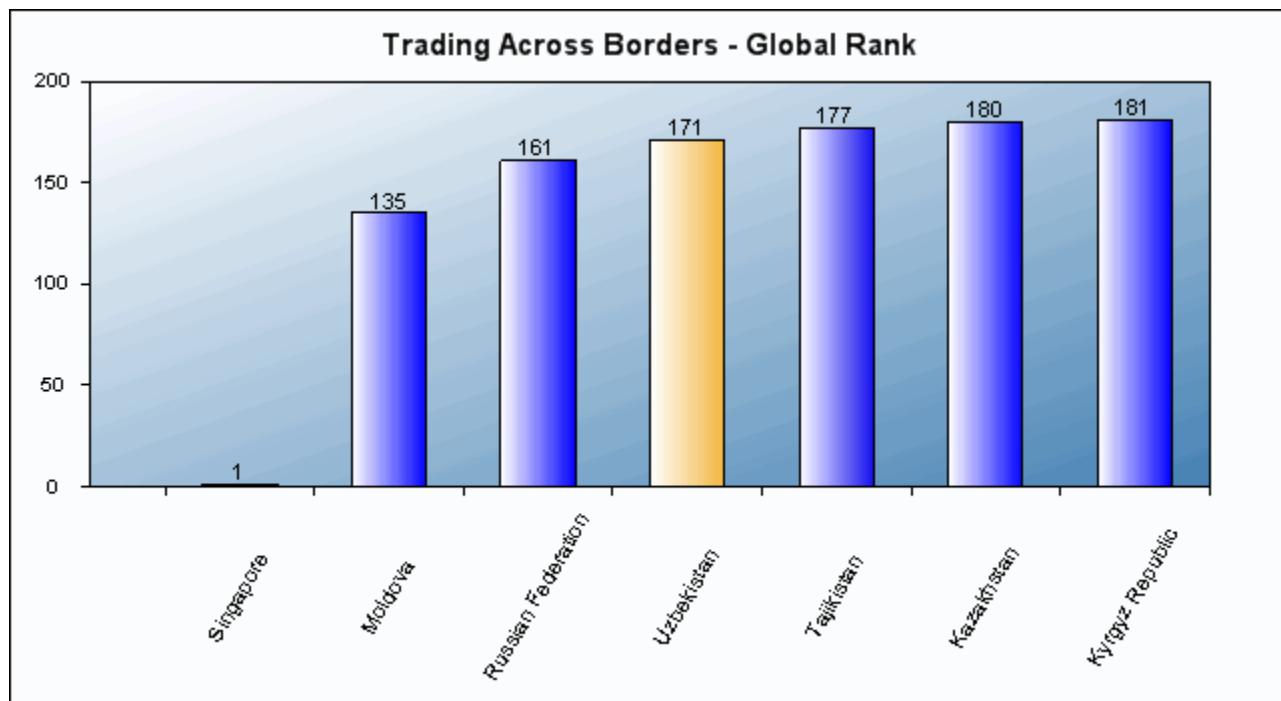




### 3. Benchmarking Trading Across Borders Regulations:

Uzbekistan is ranked 171 overall for Trading Across Borders.

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



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

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

Selected Economy						
Uzbekistan	7	80	3100	11	104	4600

Comparator Economies						
Kazakhstan	11	89	3005	13	76	3055
Kyrgyz Republic	13	64	3000	13	75	3250
Moldova	6	32	1775	7	35	1895
Russian Federation	8	36	2150	13	36	2150
Tajikistan	10	82	3150	10	83	4550

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

Time for export (days): Estonia, Singapore

# Enforcing Contracts

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

The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer) both located in the economy's largest business city.

The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.

The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita). The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits. Judgment is 100% in favor of the Seller and is not appealed. Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.

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

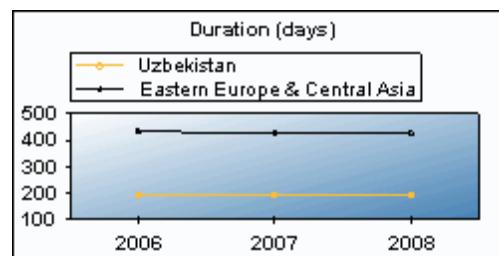
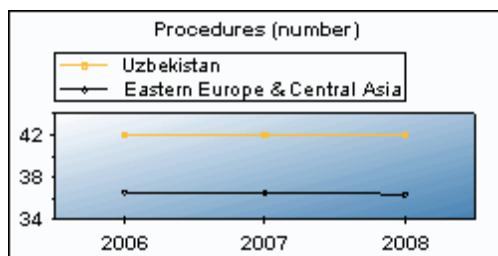
- Number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- Time, which counts the number of calendar days from the moment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

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

## 1. Historical data: Enforcing Contracts in Uzbekistan

Enforcing Contracts data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		46	46
Procedures (number)	42	42	42
Duration (days)	195	195	195
Cost (% of claim)	22.2	22.2	22.2

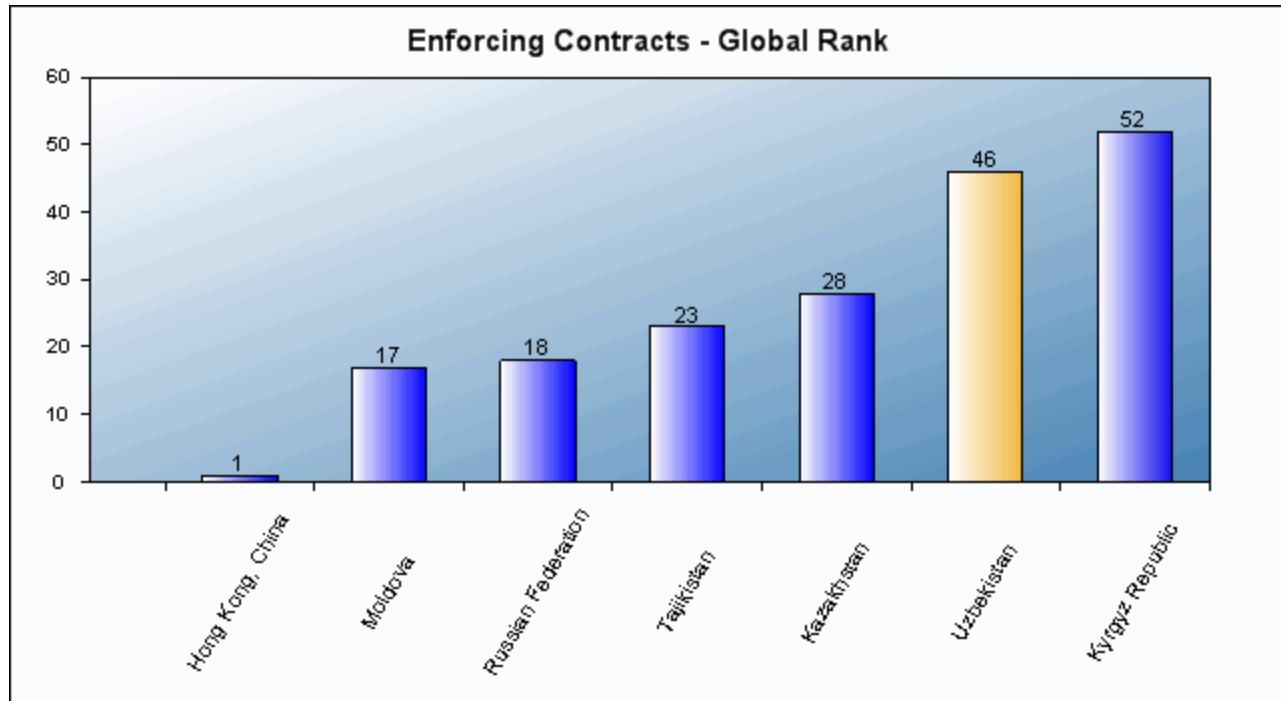
## 2. The following graphs illustrates the Enforcing Contracts indicators in Uzbekistan over the past 3 years:



### 3. Benchmarking Enforcing Contracts Regulations:

Uzbekistan is ranked 46 overall for Enforcing Contracts.

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



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

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Iceland*			6.2
Ireland	20		
Singapore		150	

Selected Economy			
Uzbekistan	42	195	22.2

Comparator Economies			
Kazakhstan	38	230	22.0
Kyrgyz Republic	39	177	29.0
Moldova	31	365	16.6
Russian Federation	37	281	13.4
Tajikistan	34	295	20.5

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

Cost (% of claim): Bhutan

## Closing Business

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

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

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

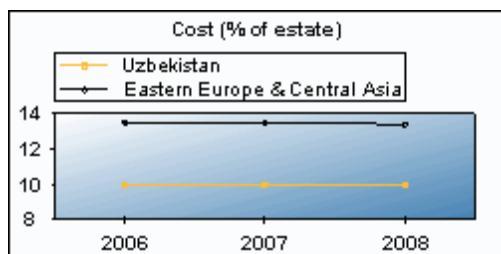
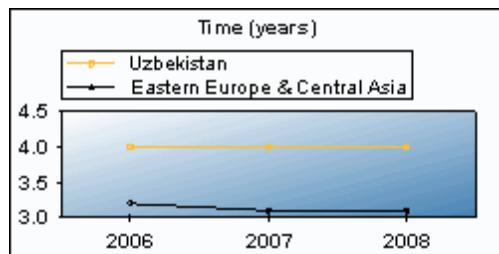
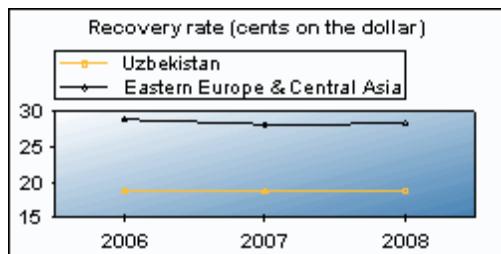
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

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

## 1. Historical data: Closing Business in Uzbekistan

Closing a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		122	122
Time (years)	4.0	4.0	4.0
Cost (% of estate)	10	10	10
Recovery rate (cents on the dollar)	18.7	18.7	18.7

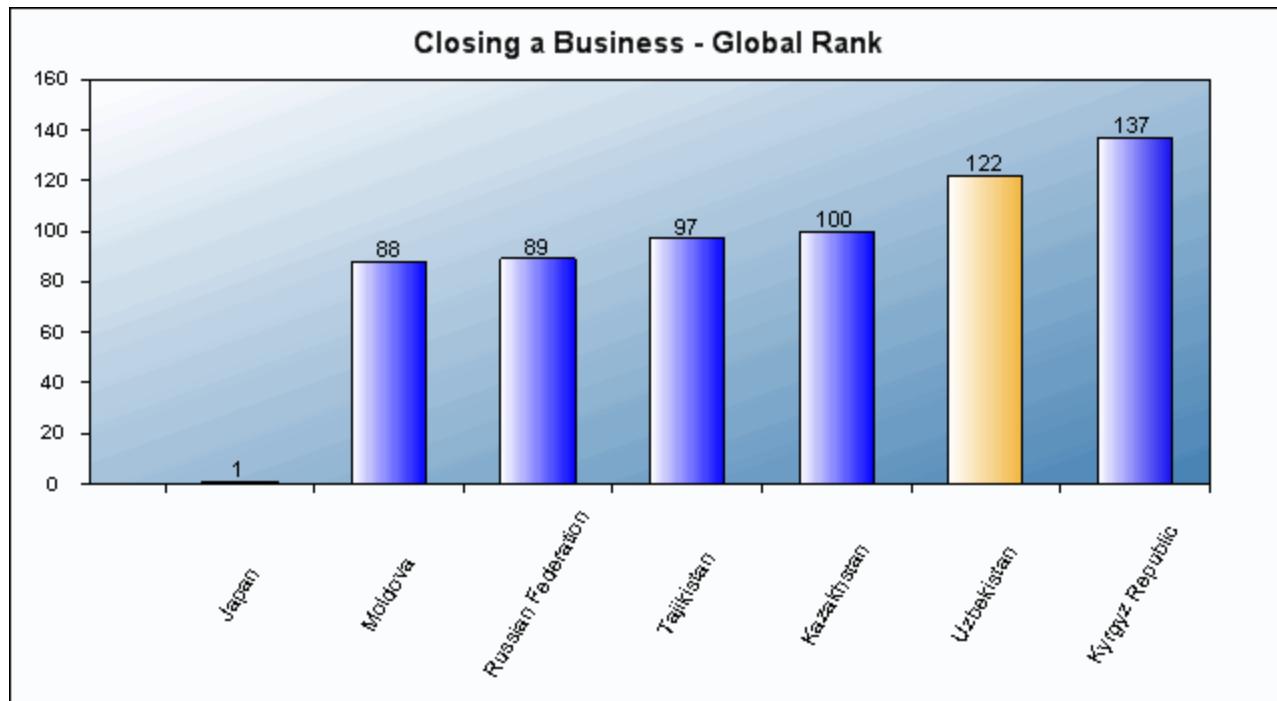
## 2. The following graphs illustrates the Closing Business indicators in Uzbekistan over the past 3 years:



### 3. Benchmarking Closing Business Regulations:

Uzbekistan is ranked 122 overall for Closing a Business.

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



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

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

Selected Economy			
Uzbekistan	18.7	4.0	10

Comparator Economies			
Kazakhstan	25.3	3.3	18
Kyrgyz Republic	14.2	4.0	15
Moldova	28.6	2.8	9
Russian Federation	28.2	3.8	9
Tajikistan	25.4	3.0	9

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

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

# DB2009 Reforms

Number of reforms in Doing Business 2009

Rank	Economy	Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
		Positive Reform	Negative Reform									
1	Azerbaijan	✓		✓	✓	✓	✓	✓		✓		7
2	Albania	✓			✓	✓	✓	✓				4
3	Kyrgyz Republic	✓	✓			✓						3
4	Belarus	✓	✓		✓	✓		✓	✓			6
5	Senegal	✓			✓				✓			3
6	Burkina Faso		✓	✓	✓			✓				4
7	Botswana	✓				✓	✗	✓				3
8	Colombia	✓	✓				✓	✓		✓		5
9	Dominican Republic	✓			✓			✓	✓			4
10	Egypt	✓	✓		✓	✓	✓		✓			6
	Uzbekistan				✓							1
	Russian Federation											
	Tajikistan		✗			✓						1
	Kazakhstan		✗		✓	✓						2
	Moldova	✓			✓							2

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

**Albania**

Albania, a top reformer globally and regionally, established a public credit registry allowing financial institutions to share credit information and covering 8.3 percent of the adult population. This reform allows banks to better evaluate the creditworthiness of potential borrowers, facilitating access to credit for firms and individuals. Albania also strengthened investor protections. A new company law requires that disinterested shareholders approve transactions between interested parties and obligates those parties to disclose all information on the transaction to the public. The law also reinforces directors' duties and requires directors, when found liable, to pay damages and return profits to the company. Starting a business became easier with online publication, reduction of the registration cost, and the consolidation of tax, health insurance, and labor registration into a single application. The corporate income tax rate was reduced from 20 percent to 10 percent effective January 1, 2008.

**Azerbaijan**

Azerbaijan, the top reformer globally and regionally, eliminated the minimum threshold for reporting loans to the public credit registry in September 2007. The public registry now records information on all loans made by the financial system, more than doubling the coverage of borrowers with a credit history. Substantial amendments to the labor code in May 2007 made hiring workers easier by allowing employers to use fixed-term contracts for permanent tasks, easing restrictions on night work, and reducing requirements for redundancy dismissals. Azerbaijan created a second commercial court in Baku, increasing the number of judges dealing with commercial cases from five to nine. The average time to enforce a contract through the courts fell from 267 days to 237. A new law strengthens investor protections by requiring that transactions between interested parties be approved by shareholders. Interested parties are allowed to vote on the matter. Other provisions protect investors because directors who are held liable must pay damages and disgorge profits. Azerbaijan introduced a new unified property registry, reducing the number of procedures required to register property from seven to four. In addition, the State Register Service introduced the option of expediting two of the four procedures, making it possible to register property in 11 days. Similarly, the country created a one-stop shop for company registration, cutting the number of procedures from 13 to six and reducing the time required by half. Azerbaijan reduced the tax burden by introducing an online filing and payment system with advanced accounting software for calculating taxes due. This saves more than 500 hours a year on average in dealing with paperwork.

**Belarus**

In Belarus, a top reformer globally and regionally, the public credit registry expanded credit information by eliminating the minimum threshold for loans recorded in its database. It also guaranteed the right of borrowers to review their data, improving accuracy. Starting a business became easier: a unified registry database was created, a time limit was introduced for registration, and the minimum capital requirement was cut by half. Belarus created a one-stop shop for property registration and introduced a broad administrative simplification program that set strict time limits at the registry and computerized its records. As a result, the time required to register property in Minsk fell from 231 days to 21. The time required for dealing with construction permits fell by 140 days, thanks to new statutory time limits for preapproval clearances and building permits. Belarus eased the tax burden by abolishing the “Chernobyl tax” (3 percent) and unemployment tax (1 percent) and amending the simplified tax system for small businesses. A new customs code and new banking regulations reduced the time to export

**Botswana**

Botswana improved its business environment by speeding the start-up process through computerization. A similar effort, which included training customs officers in using an electronic data interchange system, sped the processing of trade documents and reduced the time to export by two days and the time to import by a day. A new Company Act has come into force, requiring that shareholders approve related-party transactions and that directors repay damages and surrender profits if held liable. Finally, since January 2008, companies have been required to pay 0.2 percent of turnover for the training of workers.

**Burkina Faso**

Burkina Faso eliminated random inspections during construction. It also introduced a new one-stop shop for construction permits, which reduced approval fees and combined five separate payments into a single one. A new labor code, approved in May 2008, makes hiring workers easier by allowing employers to use fixed-term contracts for permanent tasks, removing the 48-month limit on the duration of such contracts, and easing restrictions on determining the weekly rest day. Requirements for redundancy dismissals were also eased: third-party notification and consent are no longer required for dismissal of a single worker, and priority rules for dismissals were abolished. Burkina Faso made it easier to transfer property by eliminating the requirement for authorization from the municipality, merging two taxes at the Land Registry (Conservation Foncière), and reducing the transfer tax. The changes reduced the time required by 46 days and the cost by 2 percent of the property value. Finally, Burkina Faso reduced the corporate income tax rate from 35 percent to 30 percent (effective January 1, 2008), and the tax on dividends from 15 percent to 12.5 percent.

<b>Colombia</b>	Colombia, a top global and regional reformer, improved in five of the 10 Doing Business indicators. It reduced the time and cost to start a business by simplifying registration formalities, including speeding up processes at the registry and eliminating the need to obtain a certificate of compliance with zoning regulations. A silence-is-consent principle for building permits is now applied, reducing the total time for dealing with construction permits by 32 days. A new unified application form was introduced. Colombia made electronic social security contributions mandatory for companies with more than 30 employees and created unified electronic forms for filing taxes. Trading across borders was expedited: better banking services and the implementation of e-payments, electronic data interchange, and coordinated inspections in customs reduced the time to export by 10 days and the time to import by five. Authorities also introduced two new insolvency proceedings: a reorganization procedure to restructure insolvent companies and a mandatory liquidation procedure. Its new insolvency law tightens time limits for negotiating reorganization agreements. Before, the term allowed was six months, with a possible extension of eight months. The new law limits the term to four months, and the extension to two.
<b>Dominican Republic</b>	The Dominican Republic, a top global and regional reformer, sped up formalities in several areas by making them electronic. An online system for filing and paying taxes, piloted in 2006, is now fully operational. And entrepreneurs can complete several start-up formalities online, including name verification, and commercial and tax registration. The Dominican Republic also reduced the corporate income tax rate from 29% to 25%, and abolished several taxes, including the stamp duty. The cost of property registration fell, thanks to a reduction in the transfer tax from 4.3% to 3%. Transferring property now costs 3.8% of the property value, down from 5.1%. In addition, authorities reduced the time to export by three days by improving the online portal for customs documentation and payment.
<b>Egypt</b>	Egypt was once again among the top 10 global reformers—the third time in 4 years—and top regional reformer this year. Egypt made starting a business easier by reducing the paid-in minimum capital requirement by more than 80%, abolishing bar association fees, and automating tax registration. A new building code introduced in 2008 is aimed at reducing the procedures and time required to deal with construction permits by establishing a single window for processing construction-related approvals. Simplified administrative procedures for registering property and new time limits have reduced the time to transfer property in Cairo from 193 days to 72. The port of Alexandria continued to upgrade its facilities and sped customs clearance, reducing the time to export by 1 day and the time to import by 3. New listing rules for the Cairo Stock Exchange strengthened protections for minority shareholders: now an independent body must assess transactions between interested parties before they are approved. And thanks to new regulations issued by the Central Bank of Egypt, borrowers have the right to inspect their data in the private credit bureau.
<b>Kazakhstan</b>	Kazakhstan's private credit bureau is adding two new suppliers of information a month, including retailers (such as furniture companies) and utilities (such as the gas company). Borrower coverage increased by 80 percent in the past year. A new law introduced substantial changes to the property registration system, creating a unified registry for all land and buildings and establishing public service centers to handle property transactions in major cities. The law also eliminated requirements, cutting the number of procedures from eight to five and the time from 52 days to 40. A new labor law, adopted in May 2007, now obligates employers to reassign a worker before making the worker redundant.
<b>Kyrgyz Republic</b>	The Kyrgyz Republic, a top reformer globally and regionally, strengthened investor protections through legal amendments allowing minority investors to take legal actions as shareholders. The amendments also require an independent assessment of a related-party transaction before it is approved. Moreover, directors can be held liable for negligence if they harm minority shareholders and will be forced to pay damages and disgorge profits. A new one-stop shop made it easier to start a business by streamlining and simplifying business registration processes and eliminating certain requirements such as proof of residence. Obtaining a company seal became optional. Dealing with construction permits also became easier, thanks to a one-stop shop making it possible to obtain a designing permit, construction license, and occupancy permit at a single place. This reform eliminated nine steps, reduced the time required by almost 6 months, and lowered the cost from 759 percent of income per capita to 406 percent.
<b>Moldova</b>	Moldova passed a new law facilitating the creation of a private credit bureau. New laws on limited liability companies and company registration sped business registration by introducing statutory time limits. The time required to file an application with the State Registration Chamber fell from 15 days to 7, reducing the total time to start a company from 23 days to 15.
<b>Russian Federation</b>	In the Russian Federation no major reforms were recorded.

<b>Senegal</b>	Senegal's one-stop shop for business start-up became fully operational, merging more than half the procedures and speeding the process as a result. Similarly, the introduction of time limits at the Land Registry and the Directorate of Taxes and Property sped property registration. The top reformer globally in easing trade, Senegal introduced a single window for customs clearance, cutting document requirements in half. It also set up an electronic data interchange system, implemented risk-based inspections, extended the operating hours of customs, and improved port and road infrastructure.
<b>Tajikistan</b>	Tajikistan enhanced investor protections through a new law requiring that transactions between interested parties be approved by a shareholders meeting at which interested directors cannot vote. In addition, the transaction must be disclosed to the board of directors. The new law allows minority shareholders to sue directors on behalf of the company. Administrative backlogs in obtaining location permits added 160 days to the overall time for dealing with construction permits.
<b>Uzbekistan</b>	Uzbekistan established a private credit bureau and a public credit registry to share credit information among financial institutions. The credit registries will enable banks to better assess the creditworthiness of potential borrowers.

## APPENDICES

### Starting a Business in Uzbekistan

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

#### STANDARDIZED COMPANY

Legal Form: Limited Liability Company

Minimum Capital Requirement:

City: Tashkent

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a certificate for company's name registration	3 days	no charge
2	Notarize the company's founding documents (two copies of the charter, articles of association) and lease agreement	1 day	UZS 23,590
3	Open a temporary bank account with a local bank and transfer 30% of each founder's contribution to the account; pay the registration fee	2 days	no charge
4	Register with the local authority (khokimiyat) and obtain the certificate of state registration	6 days	UZS 55,890(3 times the minimum wages for registration fee)
5	Make a company seal	1 day	UZS 12,000 to 25,000
6	Notarize samples of signatures of the company's general director and chief accountant, as well as a sample of the company's seal print	1 day	UZS 1,242 per signature (10% of minimum monthly wage), assuming 5 signatures + notary fees
7	Open a permanent bank account with a local bank	1 day	no charge or up to 1 minimum monthly wage

## **Procedure 1 Obtain a certificate for company's name registration**

**Time to complete:** 3 days

**Cost to complete:** no charge

**Comment:** The local statistical authority issues the certificate on the company's name registration. This procedure is governed by the "Regulation on the Notification Procedures of the State Registration and Recording of Entrepreneurial Entities," introduced by Presidential Decree No. PP-357 (dated May 24, 2006, and effective September 1, 2006).

## **Procedure 2 Notarize the company's founding documents (two copies of the charter, articles of association) and lease agreement**

**Time to complete:** 1 day

**Cost to complete:** UZS 23,590

**Comment:** The notary must certify signatures on two sets of the original charter and on the original founding agreement. Notarization fees are generally calculated as a percentage of the minimum monthly wage. As of April 2006, the minimum monthly wage was UZS 12,420. Thus, the notary fees are set according to the fee schedule below.

- Signature certification: UZS 1,242 per signature (10% of the minimum monthly wage).
- Notarization of copy of founding document: UZS 248 per page (2% of the minimum monthly wage).

## **Procedure 3 Open a temporary bank account with a local bank and transfer 30% of each founder's contribution to the account; pay the registration fee**

**Time to complete:** 2 days

**Cost to complete:** no charge

**Comment:** To open a temporary bank account, the company must submit an application with a local bank and the company's founding documents, if required. The applicant must be duly authorized by the company founders.

Before filing documents with the local authority (khokimiyat, or the Inspectorate for Registration of Entrepreneurial Entities) for state registration, all founders must transfer 30% of their respective contributions in cash to the company's temporary bank account. The registration fee must be fully paid to the local registering authority's bank account, and a receipt must be obtained.

## **Procedure 4 Register with the local authority (khokimiyat) and obtain the certificate of state registration**

**Time to complete:** 6 days

**Cost to complete:** UZS 55,890(3 times the minimum wages for registration fee)

**Comment:** In accordance with the Regulation "On the Notification Procedures of the State Registration and Recording of Entrepreneurial Entities", approved by Presidential Edict No.PP-357, dated 24 May 2006(hereinafter the "Regulation of 24 May 2006").The following documents must be submitted to the relevant local authority (khokimiyat):

- Two sets of the notarized original founding agreement and the company charter (in Uzbek).
- A standard application form, requesting the company's registration.
- The original company name registration certificate.
- Three samples of the company's corporate seal and stamp, as approved at the company's initial general meeting.

- A banking document, confirming registration fee payment.
- A banking document confirming that each company participant has made at least 30% of his or her respective contribution to the capital.
- A document evidencing the company's postal address.document evidencing the company's postal address

For the company's state registration, the local registering authority must verify the documents submitted. If the documents are satisfactory, the authority must : (i) the assignment to the LLC of a statistical code (according to the National Nomenclature of Enterprises and Organisations) and a taxpayer identification number; (ii) the execution of a permit for making a company seal; (iii) the input of data on the state registration of the LLC in the State Register of Legal Entities; and (iv) the issuance of certificate on the state registration of the LLC. After the LLC is registered, the local registering authority shall also provide the data on the registered LLC to the state statistics authorities, state tax authorities and internal affairs agencies at place of location of the LLC.

In case the local registering authority finds the documents submitted for registration unsatisfactory, it shall make a decision on refusal to register the LLC and submit such decision to the applicant within 3 working hours of the time the documents were submitted for registration.

Upon issuing the company's official registration certificate, the registering agency must grant an original charter and foundation agreement with a registration note on the title page, along with all registration documents and permits filed with the one-stop system.

According to the Regulations of May 24, 2006, the state registration should be issued no more than 2 working days after the application has been filed. In practice, however, it can take up to 7 working days. After the third day after application submission, the local khokimiyat should disclose any noncompliant items and proceed with the one-stop company registration process.

With the adoption of Edict No.UP-3931, 2007 the amount of registration fee was reduced from 5 times the minimum monthly wage to 3 times the minimum monthly wage. The registration fee is UZS55,890 or three times the minimum monthly wage ( $5 \times \text{UZS } 18,630$ )

#### **Procedure 5      Make a company seal**

**Time to complete:** 1 day

**Cost to complete:** UZS 12,000 to 25,000

**Comment:** The company's seal must be made by a specialized seal-making company. The cost can vary between USZ 12,000 and UZS 25,000.

#### **Procedure 6      Notarize samples of signatures of the company's general director and chief accountant, as well as a sample of the company's seal print**

**Time to complete:** 1 day

**Cost to complete:** UZS 1,242 per signature (10% of minimum monthly wage), assuming 5 signatures + notary fees

**Comment:** Before opening a permanent bank account, the company must obtain three signature specimen cards from the bank. The company's general director and chief accountant must sign the three separate cards before a notary. Two prints of the company's seal must be certified by the notary as well.

#### **Procedure 7      Open a permanent bank account with a local bank**

**Time to complete:** 1 day

**Cost to complete:** no charge or up to 1 minimum monthly wage

**Comment:** To open any permanent bank account, the company must file the following with a local bank: (a) an application, specifying the company's address and the types of accounts to be opened; (b) a copy of the certificate of registration; and (c) the notarized signature specimen and the company's seal print.

## Dealing with Construction Permits in Uzbekistan

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

### BUILDING A WAREHOUSE

Date as of: January 2,008

Estimated Warehouse Value:

City: Tashkent

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain land clearance from the district governor's office	30 days	UZS 392,291
2	Request and obtain certificate on registration of land plot	10 days	UZS 9,315
3 *	Request and receive terms for design in accordance with the engineering supply norms	5 days	no charge
4 *	Request and obtain technical terms for the connection to water and sewerage	10 days	no charge
5 *	Request and obtain developed geodesic topographic maps of land plot	25 days	UZS 93,150
6 *	Request and obtain architectural and technical objectives/ conditions	30 days	UZS 372,600
7	Request and obtain state examination	45 days	UZS 186,300
8 *	Request ecological examination	20 days	UZS 55,890
9 *	Obtain ecological approval	60 days	UZS 55,890
10 *	Request and obtain sanitation clearance for the project	14 days	no charge
11 *	Request and obtain water protection clearance	14 days	no charge
12 *	Request and obtain project clearance from the local water and sewerage authority	14 days	no charge
13	Request and obtain construction permit from the local architecture and construction authorities	10 days	UZS 78,060
14	Request and register red line by the Main Department of Architecture and Construction	5 days	no charge

15	Receive inspection from the local branch of architecture and construction authority	1 day	no charge
16	Request electricity services	1 day	no charge
17 *	Receive inspection from the electricity authority	1 day	no charge
18 *	Connect to electricity services	5 days	no charge
19 *	Request water and sewerage service and connection	1 day	no charge
20 *	Receive water and sewerage inspection	1 day	no charge
21 *	Connect to water and sewerage services	5 days	no charge
22 *	Request and connect to fixed telephone line	28 days	UZS 44,833
23	Call and establish Working Commission and submit documents to the Commission	10 days	no charge
24	Receive inspection and obtain certificate of completion from Working Commission	7 days	no charge
25	Request and obtain certificate of acceptance from the local authority (Hokimat)	7 days	no charge
26	Register the new construction with the cadastre	30 days	UZS 9,315

\* Takes place simultaneously with another procedure.

**Procedure 1 Request and obtain land clearance from the district governor's office****Time to complete:** 30 days**Cost to complete:** UZS 392,291**Comment:** BuildCo must obtain land allotment clearance, which is required for all new construction. BuildCo should attach to the application form a copy of the decision of the district/city mayor on land allotment, and submit these documents to the Inspectorate on Commercial Entities Registration. The Inspectorate on Commercial Entities Registration forwards the request to the Committee on Land Resources, the entity authorized to register and issue land licenses.

The application forms are filed with written details of the business plan and feasibility studies. This procedure is part of obtaining the architectural planning terms (APZ). The land allotment clearance permit is issued by the district governor's office. Although the fees are not authorized by law, they are charged in practice.

**Procedure 2 Request and obtain certificate on registration of land plot****Time to complete:** 10 days**Cost to complete:** UZS 9,315**Comment:** BuildCo should obtain a certificate of registration of land plot at relevant local state agencies. BuildCo must submit an application form, along with the ownership certificate, land plot estimation, and land plot cadastre plan. All documents except the application form are submitted in original. Local state agencies are not authorized to make any inspections, other than verifying that the documents are all properly filed. At this stage, BuildCo registers the land plot at the local state agencies, which is basis for obtaining land clearance.

The official time limit is 10 days. The cost is 50% of the minimum monthly wage (MMW).

**Procedure 3 Request and receive terms for design in accordance with the engineering supply norms****Time to complete:** 5 days**Cost to complete:** no charge**Comment:** To obtain the terms for designing the building in accordance with engineering supply norms and regulations, the technical conditions for utility connections, and architectural planning terms, BuildCo submits a request to the Inspectorate. This request must be accompanied by a copy of the decision of the Hokim (the head of local government) on the land allotment clearance. The design terms, in parallel with the registration of land rights, are to be prepared by the Inspectorate staff within a day. However, in practice, doing so takes at least 5 days. In the meantime, if necessary, all calculations and estimates are confirmed with the applicant.**Procedure 4 Request and obtain technical terms for the connection to water and sewerage****Time to complete:** 10 days**Cost to complete:** no charge**Comment:** BuildCo must obtain technical terms for the connection to the water and sewerage systems. The terms are necessary for preparing project documentation.

BuildCo must submit the following information to the local water and sewerage authority:

- For water: the load of water demand, the calculation of water height, and the expected date of commencement of water consumption.
- For sewerage: the calculation of sewage volume, qualitative composition of the sewage, specification of whether any plans for internal treatment, and the expected date the sewerage system is to be put into operation.

There is no formal fee associated with this procedure. By law, this procedure should be completed in 3 business days. However, in practice, it takes 10 calendar days and is done in parallel with Procedure 3.

#### **Procedure 5 Request and obtain developed geodesic topographic maps of land plot**

**Time to complete:** 25 days

**Cost to complete:** UZS 93,150

**Comment:** The construction and architecture department of the city must, within 18 working days, develop the geodesic/topographic map of the land plot through Main Department of Architecture and Construction. In Tashkent, the maps are developed by State Enterprise for Engineer and Geological Research (ГУП "ГИИИГТК") upon request of the Inspectorate. The technical conditions for connecting to utilities and the architectural planning terms (APZ) can be obtained in parallel with map development (Resolution No. 14 of the Cabinet of the Minister of Uzbekistan, as of February 6, 2006).

The schedule of fees is established by Resolution No. 357 (dated August 20, 2003), and the fee in the case considered here should be no more than 5 MMW.

#### **Procedure 6 Request and obtain architectural and technical objectives/ conditions**

**Time to complete:** 30 days

**Cost to complete:** UZS 372,600

**Comment:** Based on the terms for designing the building in accordance with engineering supply norms and regulations, the technical conditions, and the decision of the Hokimat on the land plot (all provided by the department on architecture and construction of the city), the Main Department of Architecture and Construction develops the architectural planning terms (APZ, parts I and II).

The fee is established by Resolution No. 357 (dated August 20, 2003), and should be no more than 20 MMW (20 x UZS 12,420 = UZS 248,400).

#### **Procedure 7 Request and obtain state examination**

**Time to complete:** 45 days

**Cost to complete:** UZS 186,300

**Comment:** BuildCo must submit the construction plans for state examination. Apart from the project documentation, the documents must include all necessary approvals by the relevant agencies, such as fire safety, seismology, and the like, and the positive conclusion of the state ecological examination. The territorial Inspection of State Architectural Building Supervision of the city of Tashkent issues the expert conclusion. Once the application is submitted, in practice, the company itself must contact all authorities where expertise clearance is sought.

The official time-limit is 7 days, however in practice takes 45 days.

The extra-departmental examination of Territorial Authority of the Main Department of State is forwarded to the State Committee on Architecture and Construction of the

Republic of Uzbekistan. The cost related to all documents should be no more than 10 MMW.

<b>Procedure</b>	<b>8</b>	<b>Request ecological examination</b>
<b>Time to complete:</b>	20 days	
<b>Cost to complete:</b>	UZS 55,890	
<b>Comment:</b>	BuildCo should submit the project and pre-project documentation for ecological examination. The State Ecological Examination body of the Committee on the Protection of Nature of the city of Tashkent will issue the conclusion of the ecological examination. This document is necessary for subsequent submission to the territorial Inspection of State Architectural Building Supervision of the city of Tashkent and to the servicing bank (to allow financing).	
		According to Resolution No. 491 (dated April 1, 2005), the cost falls into the price range for the category of difficulty IV and is therefore equivalent to 3 MMW. By law, this procedure should take 10 working days. However, in practice, it takes longer.
<b>Procedure</b>	<b>9</b>	<b>Obtain ecological approval</b>
<b>Time to complete:</b>	60 days	
<b>Cost to complete:</b>	UZS 55,890	
<b>Comment:</b>	BuildCo will most likely receive an inspection from State Ecological Examination body before the conclusion is issued.	
		The documents that must be filed to obtain the clearance are the general plan, the engineering networks plans, and the utility connections shown in the design documentation. The cost is 3 MMW.
<b>Procedure</b>	<b>10</b>	<b>Request and obtain sanitation clearance for the project</b>
<b>Time to complete:</b>	14 days	
<b>Cost to complete:</b>	no charge	
<b>Comment:</b>	BuildCo must obtain project clearance from the state sanitation and epidemic supervision authority.	
<b>Procedure</b>	<b>11</b>	<b>Request and obtain water protection clearance</b>
<b>Time to complete:</b>	14 days	
<b>Cost to complete:</b>	no charge	
<b>Comment:</b>	BuildCo must obtain a conclusion from the Water Resources Authority. BuildCo must submit information concerning water quality, chemical mixture of subsoil waters, and hydro-geological terms and conditions of ponds and so forth.	
<b>Procedure</b>	<b>12</b>	<b>Request and obtain project clearance from the local water and sewerage authority</b>
<b>Time to complete:</b>	14 days	
<b>Cost to complete:</b>	no charge	

**Comment:** BuildCo must obtain project clearance from the local water and sewerage authority. This authority checks whether the project and other relevant documentation conform to construction rules and technical terms. BuildCo enters into a contract with the local water and sewerage authority on technical supervision of the construction.

<b>Procedure 13</b>	<b>Request and obtain construction permit from the local architecture and construction authorities</b>
---------------------	--

**Time to complete:** 10 days

**Cost to complete:** UZS 78,060

**Comment:** The permit for construction works is issued by the local branch of the architecture and construction authority. Although the permit should be issued within 5 days, in practice it takes longer.

An inspector from the local branch of the architecture and construction authority undertakes oversight of the construction. There is no permit application fee. However, for the oversight/inspection phase, the company enters into a contract with the authority at a cost of 0.03% of the value of the warehouse.

The company must submit the following documents:

- Application form.
- Positive evaluation summary from the public examination bodies on the working project.
- Copy of the general plan and elevations of the building approved by the architectural bodies, or the protocol of the Town-Planning Council of the Main Department on Architecture and Construction of the city of Tashkent.
- Address list of construction sites.

The Inspectorate registers the construction project and issues the building permit. BuildCo starts construction of the warehouse and notifies the Inspectorate of the commencement of works within a month of receiving the building permit.

<b>Procedure 14</b>	<b>Request and register red line by the Main Department of Architecture and Construction</b>
---------------------	--

**Time to complete:** 5 days

**Cost to complete:** no charge

**Comment:** After the building permit has been obtained, the company provides the Main Department for Construction and Architecture with a copy of the Hokim's decision on the land plot, the architectural planning terms (APZ, part II), and project estimates of utility connections, which are then drawn on the red lines.

Depending on the documents provided, this procedure may be cleared within 2 days.

<b>Procedure 15</b>	<b>Receive inspection from the local branch of architecture and construction authority</b>
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**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** Inspection is carried out by the local branch of the architecture and construction authority.

<b>Procedure 16</b>	<b>Request electricity services</b>
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<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Comment:</b>	There is no fee associated with the request for electricity service. The authority will start charging only after the first month of service after the connection is made.

#### **Procedure 17      Receive inspection from the electricity authority**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Comment:</b>	

#### **Procedure 18      Connect to electricity services**

<b>Time to complete:</b>	5 days
<b>Cost to complete:</b>	no charge
<b>Comment:</b>	

#### **Procedure 19      Request water and sewerage service and connection**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Comment:</b>	

#### **Procedure 20      Receive water and sewerage inspection**

<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	no charge
<b>Comment:</b>	

#### **Procedure 21      Connect to water and sewerage services**

<b>Time to complete:</b>	5 days
<b>Cost to complete:</b>	no charge
<b>Comment:</b>	

#### **Procedure 22      Request and connect to fixed telephone line**

<b>Time to complete:</b>	28 days
<b>Cost to complete:</b>	UZS 44,833
<b>Comment:</b>	Although the law does not impose any fee, in practice, there is one associated with this procedure.

<b>Procedure</b>	<b>23</b>	<b>Call and establish Working Commission and submit documents to the Commission</b>
<b>Time to complete:</b>	10 days	
<b>Cost to complete:</b>	no charge	
<b>Comment:</b>	<p>After completion of the construction works, BuildCo requests the creation of a Working Commission composed of the representatives of district architects, the sanitation supervision authority, the state fire supervision authority, the ministry on emergency situations, the city committee on nature protection, and others.</p> <p>The timeframe under the Construction rules, registered by Ministry of Justice No.545, for establishing Working Comission is 5 working days.</p> <p>BuildCo must submit the following documents to the Working Commission:</p> <ul style="list-style-type: none"> <li>- The list of organizations that participated in the building and construction works, along with the type of work done by these organizations, the family names of the responsible engineers and technical employees.</li> <li>- The full set of design drawings of the property developed by the project organizations.</li> <li>- Certificates, technical passports, and other documents certifying the quality and safety of the materials, constructions, and details used in the building and construction works.</li> <li>- Other relevant documents.</li> </ul>	

<b>Procedure</b>	<b>24</b>	<b>Receive inspection and obtain certificate of completion from Working Commission</b>
<b>Time to complete:</b>	7 days	
<b>Cost to complete:</b>	no charge	
<b>Comment:</b>	<p>After the inspection, an act of acceptance is drafted and endorsed by all members in no more than 5 working days.</p> <p>The Working Commission will inspect, among other things:</p> <ul style="list-style-type: none"> <li>- The compliance of the building and construction works with the requirements on labor protection, fire safety, environment protection, and its prevention of human-caused emergency situations, and so forth.</li> <li>- The separate constructions and units of the warehouse.</li> </ul> <p>If its findings are favorable, the commission then accepts the construction for subsequent presentation to the State Acceptance Board.</p> <p>The Working Commission issues the following:</p> <ul style="list-style-type: none"> <li>- The certificate of allowable concentration of radon in the completed constructions.</li> <li>- The certificate of acceptance of the temporary buildings and constructions.</li> <li>- The certificate of readiness of the construction for presentation to the State Acceptance Board.</li> </ul>	

<b>Procedure</b>	<b>25</b>	<b>Request and obtain certificate of acceptance from the local authority (Hokimat)</b>
<b>Time to complete:</b>	7 days	
<b>Cost to complete:</b>	no charge	

**Comment:** The Hokim (the head of local government) decides whether to approve the Working Commission's act of acceptance within 2 days. However, in practice, this takes longer. There is no fee involved. The decision of Hokim is further needed for registering the building with the cadastre authorities.

BuildCo should submit to the State Acceptance Board, among other documents, the following documents:

- The certificate on elimination of defects brought to light by the Working Commission.
- The approved project and estimate documentation.
- The list of project and research organizations that participated in construction.
- Other relevant documents.

Procedure	26	Register the new construction with the cadastre
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**Time to complete:** 30 days

**Cost to complete:** UZS 9,315

**Comment:** BuildCo must register the new construction with the real estate cadastre of the relevant district of the city of Tashkent. The registration should take no more than a day. However, in practice, because of the large volume of requests, this takes up to 30 days. The registration cost is 50% of MMW for legal entities.

## Employing Workers in Uzbekistan

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Employing workers indices are based on responses to survey questions. The table below shows these responses in Uzbekistan.

Employing Workers Indicators (2008)	Answer	Score
<b>Rigidity of Employment Index</b>		34.4
<b>Difficulty of Hiring Index</b>		33.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	60	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.15	0.00
<b>Rigidity of Hours Index</b>		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	15	0
<b>Difficulty of Firing Index</b>		30.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	Yes	1
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	No	0

**Firing costs (weeks of salary)**

21.7

What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)	8.7
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	13.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0

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

## Registering Property in Uzbekistan

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

### *STANDARDIZED PROPERTY*

Property Value: 52,594,942.85

City: Tashkent

#### **Registration Requirements:**

No:	Procedure	Time to complete	Cost to complete
1	Payment of registration fees, state fees and notarization costs at a commercial bank	1 day	2% minimum wage per square meter of surface area of the property (notarization of sale agreement and state fees) + UZS 10,500 (a half of the minimum monthly wage) as registration fee
2	Notarization of the sale agreement and foundation documents of seller and buyer	1 day	5 % of the minimum monthly wage for each page of the foundation (4 documents (total 60 pages) – UZS 62595)
3	Seller applies for the reference about real property at the Cadastral Service office of the city district municipality	1 day	Already paid in Procedure 4
4	Inspection of the property to determine its cadastral value	About 7 days	UZS 60,000-80,000
5	Obtain the signature of the cadastral map/plan by every neighbor	3 days	Already included in Procedure 4
6	The Registration Office issues a registration certificate for building ownership	40 days	Already paid
7	Buyer pays the registration fee at a commercial bank	1 day	Already paid in procedure 4
8	Buyer applies for registration at the Registration Office	1 day	Already paid in Procedure 4
9	Second inspection of the property to check consistency of cadastral map/plan, if needed	7 days	UZS 24,000 – 32,000
10	Obtain the signature of the cadastral map/plan by every neighbor, if it is needed	3 days	Already included in Procedure 9

11	The Registration Office issues a registration certificate with the name of the buyer	10 days	Already paid
12	Submit the cadastral package to the local tax authorities	2-3 days	no cost

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**Procedure 1 Payment of registration fees, state fees and notarization costs at a commercial bank****Time to complete:** 1 day**Cost to complete:** 2% minimum wage per square meter of surface area of the property (notarization of sale agreement and state fees) + UZS 10,500 (a half of the minimum monthly wage) as registration fee**Comment:** The state fee is paid to the settlement account of the cadastral services through a bank. The cost of notarization is paid to the state budget and a part of it (approximately 20% or more) is paid to the notary. Note that the current monthly wage is UZS 20,865, and the surface area is 557.4 m<sup>2</sup> (land) plus 929 m<sup>2</sup> (building). The seller pays the registration fee before applying at the Cadastral Service office.**Procedure 2 Notarization of the sale agreement and foundation documents of seller and buyer****Time to complete:** 1 day**Cost to complete:** 5 % of the minimum monthly wage for each page of the foundation (4 documents (total 60 pages) – UZS 62595)**Comment:** The sale agreement is notarized by a public or private notary. To notarize the sale agreement it is usually required to produce the original certificate of title registration. There is no legal requirement for the contract of sale of building and land plot to be prepared by a lawyer. The parties may prepare the contract themselves or use a model contract of sale. However, under the Uzbek legislation all economic contracts with the cost exceeding 200 minimum monthly wages(1) shall be concluded only after issuance of lawyer's Legal Opinion on the contract. The legal opinion shall be made either by an in-house lawyer or by an advocate. The buyer and the seller sign and seal the sale contract. The buyer will need to take later the sale agreement signed and sealed by both parties for state registration of the transfer of title. Then, the buyer and the seller shall sign the acceptance report. There is no standard or specific form established for the acceptance report. According to the Civil Code, the parties shall sign an acceptance report or any other document on the transfer of real property from the seller to the buyer. The companies may use a lawyer to prepare the acceptance report that might charge between UZS 10,000 and 30,000.

At the same time, the notary will notarize the copies of Foundation documents (in the case of a limited liability company these would be Charter and Foundation Agreement) of the seller and the buyer. The originals of the foundation documents shall be presented to notary. The notary shall make copies out of original documents and notarize them. (1)As of March 2008, the MMW is 20865 Soum.

**Procedure 3 Seller applies for the reference about real property at the Cadastral Service office of the city district municipality****Time to complete:** 1 day**Cost to complete:** Already paid in Procedure 1**Comment:** The seller has to obtain the cadastral packages of documents issued in his name. Separate Cadastral Registration certificates are given for buildings and land because there are two separate state registers of property in Uzbekistan: land register and building register. The Land Code acknowledges the state as the only owner of land in Uzbekistan, except for in cases envisaged by the law. The seller files an application with the City (District) Cadastral Service. The documentation shall include:

Sale agreement (when purchased) which should be notarized or registered at the Real Estate Market, or State Order on privatization of property from the state issued by city

municipality stating the value of property, or City Major's resolution on acknowledging the property rights of the Seller (obtained in Procedure 2)  
 Cadastral map/plan (already in his possession)  
 Notarized copies of the seller's constituent acts (Articles of Incorporation, Founding Charter, State Registration Certificate issued by city district municipality) (notarized in Procedure 2)  
 Bank receipt confirming payment of registration fee (obtained in Procedure 1)

#### **Procedure 4      Inspection of the property to determine its cadastral value**

**Time to complete:** About 7 days

**Cost to complete:** UZS 60,000-80,000

**Comment:** A land surveyor of the Cadastral Service of the municipality must go and verify the property to determine its cadastral value and update the cadastral map/plan. Every neighbor of the property has to sign and seal, if possible, the cadastral map/plan in order to avoid further border disputes. In case of new constructions, the land surveyor has to perform all the measurement works (geodesy), draw a cadastral map/plan and determine the cadastral value of the property allocated by the City Major's resolution.

#### **Procedure 5      Obtain the signature of the cadastral map/plan by every neighbor**

**Time to complete:** 3 days

**Cost to complete:** Already included in Procedure 4

**Comment:** Every neighbor of the property has to sign and seal, if possible, the cadastral map/plan in order to avoid further border disputes. The land surveyor usually asks the seller to be present when neighbors sign and seal the cadastral map/plan.

#### **Procedure 6      The Registration Office issues a registration certificate for building ownership**

**Time to complete:** 40 days

**Cost to complete:** Already paid

**Comment:** The seller's application is reviewed by the registrar at the Registration Office. After the application is reviewed, the Registration Office issues a registration certificate for building ownership and the same for land lease (the seller receives the reference about real property non-encumbrances). While transfer the rights, the certificates about registration of rights for land parcel, building/construction, issued to seller, are exempted and the buyer is given a new one for his name.

#### **Procedure 7      Buyer pays the registration fee at a commercial bank**

**Time to complete:** 1 day

**Cost to complete:** Alredy paid in procedure 1

**Comment:** The registration fee (amounting to half of the Minimum Monthly Wage, i.e. = UZS 10500) shall be paid by the buyer to the account of the Registering Office for registration of transfer of the property rights in the real estate. The payment shall be made prior to

the application for registration. The buyer will need to provide the Registering Office with the document confirming payment of the registration fee (payment receipt).

## Procedure 8 Buyer applies for registration at the Registration Office

**Time to complete:** 1 day

**Cost to complete:** Already paid in Procedure 7

**Comment:** The buyer shall apply to the District (City) Registration Office (in this case this would be the service of corresponding Registration Office of the Department of Land Resources and State Cadastre of the city of Tashkent) for state registration of the transfer of title. He should produce the original sale agreement as well as the other documents required.

The right to own land is very limited in Uzbekistan. The overwhelming majority of legal entities in the city of Tashkent hold land plots under lease. The rest of them have either permanent use right or (very few) ownership right to land plots.

The documentation shall include:

Sale agreement

Bank certificate of payment received by seller under the Sale Agreement

Report of Property Acceptance (Prepared in Procedure 2)

Seller's cadastral package of documents (obtained after Procedure 6)

Application (in the established form)

The cadastral documents (files) on the land and the building (These documents should be in possession of the buyer) Each cadastral document contains a certificate of right of the Seller to the building/land plot

The inventory (cadastral) plans of the land and the building (These documents should be in possession of the Buyer)

The notarized copies of foundation documents (in case of Limited Liability Company these are Charter and Foundation Agreement) of the seller and the buyer or other documents providing the persons signing the sale contract with power to do so on behalf of the seller/buyer (e.g. power of attorney) (obtained in Procedure 2)

The contract of lease of land plot between the seller and the Khokimiyat (Local Government) of the city of Tashkent;

The document establishing right of ownership to the building. This would be most likely one of the following: Decision of Khokim (the head of local administration/municipality) on recognition of the ownership right, Order of ownership, sale contract concluded with the BTI (Bureau of Technical Inventarization). This document is not compulsory for submission after first registration, however usually this document must be in possession of owner of building.

Bank receipt confirming payment of registration fee (obtained in Procedure 7)

## Procedure 9 Second inspection of the property to check consistency of cadastral map/plan, if needed

**Time to complete:** 7 days

**Cost to complete:** UZS 24,000 – 32,000

**Comment:** A land surveyor of the Cadastral Service of the municipality must go and verify the property to determine its cadastral value and prepare a cadastral map/plan.

The difference with Procedure 4 is that the land surveyor has to go and verify that the property still corresponds to the cadastral map/plan and the cadastral value, and the borders have not been unofficially moved.

## Procedure 10 Obtain the signature of the cadastral map/plan by every neighbor, if it is needed

<b>Time to complete:</b>	3 days
<b>Cost to complete:</b>	Already included in Procedure 9
<b>Comment:</b>	Every neighbor of the property has to sign and seal the cadastral map/plan in order to avoid further border disputes. The architect usually asks the seller to be present when neighbors sign and seal, if possible, the cadastral map/plan.

#### **Procedure 11      The Registration Office issues a registration certificate with the name of the buyer**

<b>Time to complete:</b>	10 days
<b>Cost to complete:</b>	Already paid
<b>Comment:</b>	<p>The buyer's application is reviewed by the Registration Office. The Registrar inspects the authenticity of the presented documents, including verification through the database and makes a decision about registration, registers in the cadastral book (computer), and issues the certificate about title registration to the new owner. The District (City) Registration Office shall enter the corresponding alterations into the District (City) land-cadastral Book, the District (City) cadastral Book (of the buildings and constructions) and the cadastral documents (cadastral file of the building; the cadastral file of land plot; cadastral plan of the building and the cadastral plan of the land plot). The Registration Office shall terminate the certificates of registration of the property issued to the seller, the lease contract (on the land plot) with the previous lessee (the seller) and provide conclusion of the contract of lease with the new lessee (the buyer). After the registration, the following documents shall be tendered to the Buyer by the Registry (cadastral package):</p> <ul style="list-style-type: none"> <li>(1) cadastral document (file) of the building (with the new certificate of registration of right of ownership to the building);</li> <li>(2) cadastral document (file) of the land plot (with the certificate of registration of the right of lease to the land plot);</li> <li>(3) cadastral plan of the building;</li> <li>(4) cadastral plan of the land plot;</li> <li>(5) the lease contract on the land plot between the new lessee (the buyer) and the Khokimiyat (Local Government) of the city of Tashkent;</li> <li>(6) the document (original) establishing right of ownership to the building (the one submitted to the Registry) with alterations made as regards the name of the owner provided it was submitted to the Registry.</li> </ul>

#### **Procedure 12      Submit the cadastral package to the local tax authorities**

<b>Time to complete:</b>	2-3 days
<b>Cost to complete:</b>	no cost
<b>Comment:</b>	Buyer submits the copy of Cadastral package to local tax authorities in order to update the land and property taxation records to the new owner's name.

## Getting Credit in Uzbekistan

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

Getting Credit Indicators (2008)		Indicator	
		<u>score</u>	
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	3
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
<b>Coverage</b>		2.2	2.3
Number of individuals	..	257,867	
Number of firms	..	156,632	
<b>Legal Rights Index</b>		3	
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes	
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No	
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		No	
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		No	
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		No	
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No	
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		No	
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No	

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

No

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

Yes

## Protecting Investors in Uzbekistan

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

Protecting Investors Data (2008)	Indicator
<b>Disclosure Index</b>	4
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	3
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	0
Disclosures by Mr. James to board of directors (0-2; see notes)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
<b>Director Liability Index</b>	6
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	2
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for for damage to the company. (0-2; see notes)	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
<b>Shareholder Suits Index</b>	3
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	1
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	0
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0
<b>Investor Protection Index</b>	<b>4.3</b>

**Notes:**

**Extent of Disclosure Index**

*What corporate body provides legally sufficient approval for the transaction?*

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

*Immediate disclosure to the public and/or shareholders*

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

*Disclosures in published periodic filings*

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

*Disclosures by Mr. James to board of directors*

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

**Director Liability Index**

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

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

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

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

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

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

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

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

**Shareholder Suits Index**

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

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

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

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

## Paying Taxes in Uzbekistan

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty	1			10.0%	transaction value		
Subsurface tax	12				natural resource use		
Value added tax (VAT)	12		108	20.0%	value added		
Water tax	12				water consumption		
Tax on interest	1			10.0%	interest income	0.26	
Corporate income tax	4		32	10.0%	taxable profit	0.73	
Infrastructure development tax	12			8.0%	taxable profit (after corporate income tax)	1.17	
Land tax	4				land area	4.80	
Contribution to pension fund from sales	12			0.7%	sales	12.37	
School Education Development Fund	12			1.0%	sales	17.68	
Contributions to road fund	12			1.5%	sales	26.52	
Unified social payment	12		56	24.0%	gross salaries	27.07	
<b>Totals</b>	<b>106</b>		<b>196</b>			<b>90.6</b>	

**Notes:**

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

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

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

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

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

## Trading Across Borders in Uzbekistan

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

Nature of Export Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	32	200
Customs clearance and technical control	4	200
Ports and terminal handling	8	200
Inland transportation and handling	36	2500
Totals	80	3100

Nature of Import Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	50	200
Customs clearance and technical control	11	200
Ports and terminal handling	11	200
Inland transportation and handling	32	4000
Totals	104	4600

### Export

Bill of lading

Certificate of origin

Commercial invoice

Customs export declaration

Packing list

Technical standard/health certificate

Terminal handling receipts

### Import

Bill of lading

Certificate of availability of funds

Certificate of contract registration (with the Agency for Foreign Economic Relations)

Certificate of origin
Commercial contract
Commercial invoice
Import license
Import transaction passport
Customs import declaration
Inspection report
Technical standard/health certificate

## Enforcing Contracts in Uzbekistan

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

Nature of Procedure (2008)	Indicator
Procedures (number)	42
Duration (days)	195
Filing and service	30.0
Trial and judgment	60.0
Enforcement of judgment	105.0
<b>Cost (% of claim)*</b>	<b>22.20</b>
Attorney cost (% of claim)	10.0
Court cost (% of claim)	3.5
Enforcement Cost (% of claim)	8.7

**Court information:** Tashkent Commercial Court ("Хозяйственный суд города Ташкента")

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



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