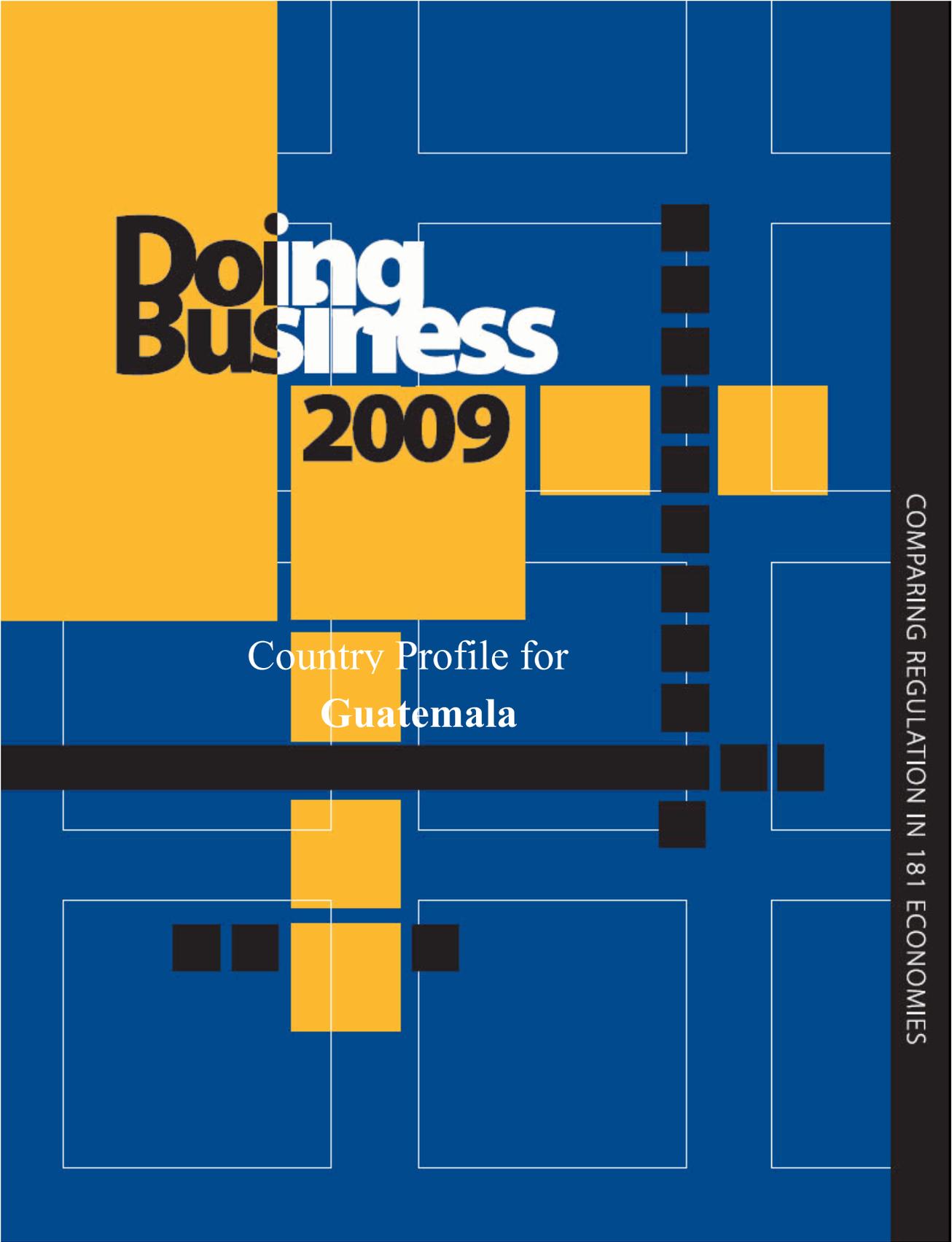


Doing Business

2009

Country Profile for Guatemala

COMPARING REGULATION IN 181 ECONOMIES



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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 Guatemala. 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.

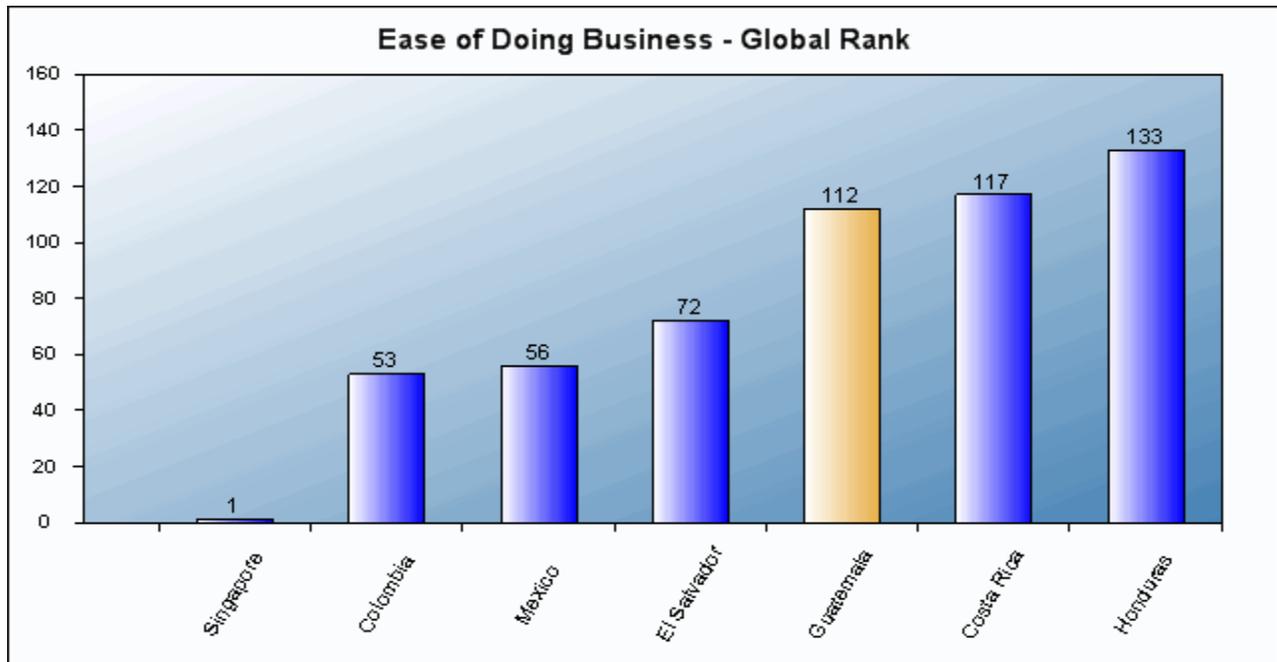
More information is available in the full report. Doing Business 2009 presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

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

Economy Rankings - Ease of Doing Business

Guatemala is ranked 112 out of 181 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Guatemala's ranking in Doing Business 2009

Rank	Doing Business 2009
Ease of Doing Business	112
Starting a Business	147
Dealing with Construction Permits	164
Employing Workers	106
Registering Property	27
Getting Credit	28
Protecting Investors	126
Paying Taxes	120
Trading Across Borders	123
Enforcing Contracts	106
Closing a Business	90

Summary of Indicators - Guatemala

Starting a Business	Procedures (number)	11
	Duration (days)	26
	Cost (% GNI per capita)	50.6
	Paid in Min. Capital (% of GNI per capita)	26.3
Dealing with Construction Permits	Procedures (number)	22
	Duration (days)	215
	Cost (% of income per capita)	1204.1
Employing Workers	Difficulty of Hiring Index	44
	Rigidity of Hours Index	40
	Difficulty of Firing Index	0
	Rigidity of Employment Index	28
	Firing costs (weeks of salary)	101
Registering Property	Procedures (number)	5
	Duration (days)	30
	Cost (% of property value)	1.1
Getting Credit	Legal Rights Index	7
	Credit Information Index	5
	Public registry coverage (% adults)	16.1
	Private bureau coverage (% adults)	19.7
Protecting Investors	Disclosure Index	3

Protecting Investors	Director Liability Index	3
	Shareholder Suits Index	6
	Investor Protection Index	4.0
Paying Taxes	Payments (number)	39
	Time (hours)	344
	Profit tax (%)	1.6
	Labor tax and contributions (%)	14.3
	Other taxes (%)	20.6
	Total tax rate (% profit)	36.5
Trading Across Borders	Documents for export (number)	10
	Time for export (days)	19
	Cost to export (US\$ per container)	1182
	Documents for import (number)	10
	Time for import (days)	18
	Cost to import (US\$ per container)	1302
Enforcing Contracts	Procedures (number)	31
	Duration (days)	1459
	Cost (% of claim)	26.5
Closing a Business	Time (years)	3.0
	Cost (% of estate)	15
	Recovery rate (cents on the dollar)	28.2



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.

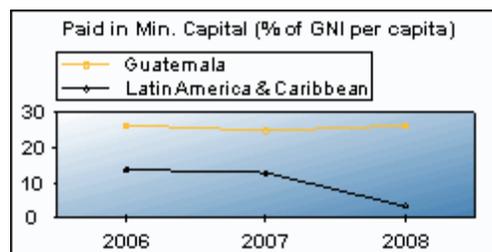
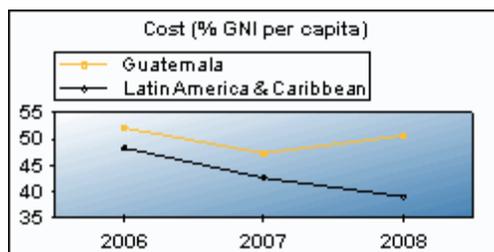
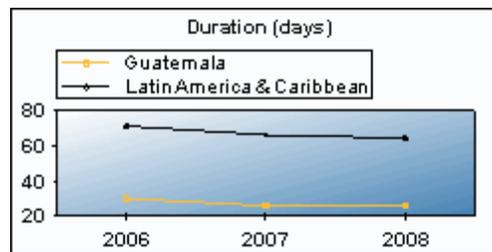
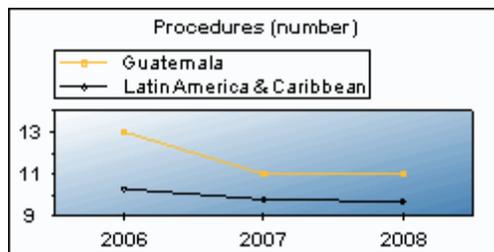
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with a start-up 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 Guatemala

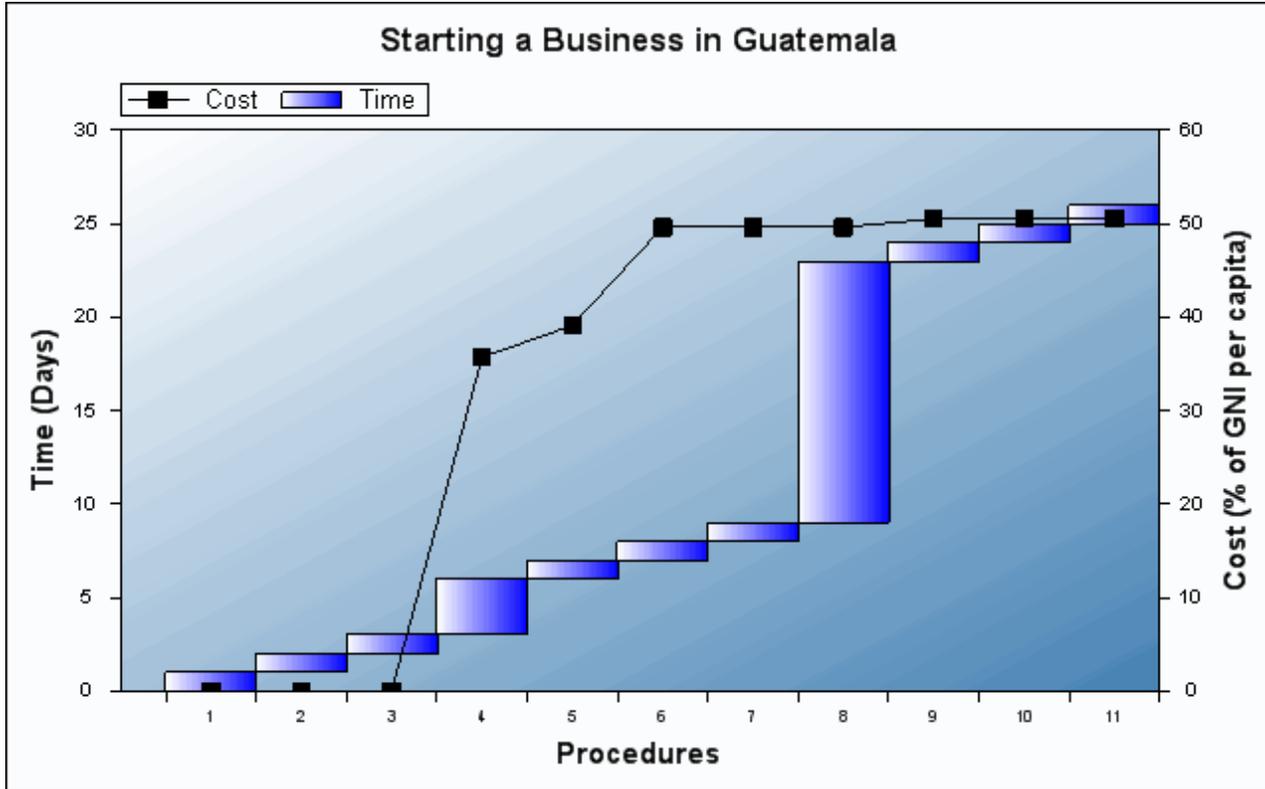
Starting a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		132	147
Procedures (number)	13	11	11
Duration (days)	30	26	26
Cost (% GNI per capita)	52.1	47.3	50.6
Paid in Min. Capital (% of GNI per capita)	26.4	24.9	26.3

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



3. Steps to Starting a Business in Guatemala

It requires 11 procedures, takes 26 days, and costs 50.61 % GNI per capita to start a business in Guatemala.



List of Procedures:

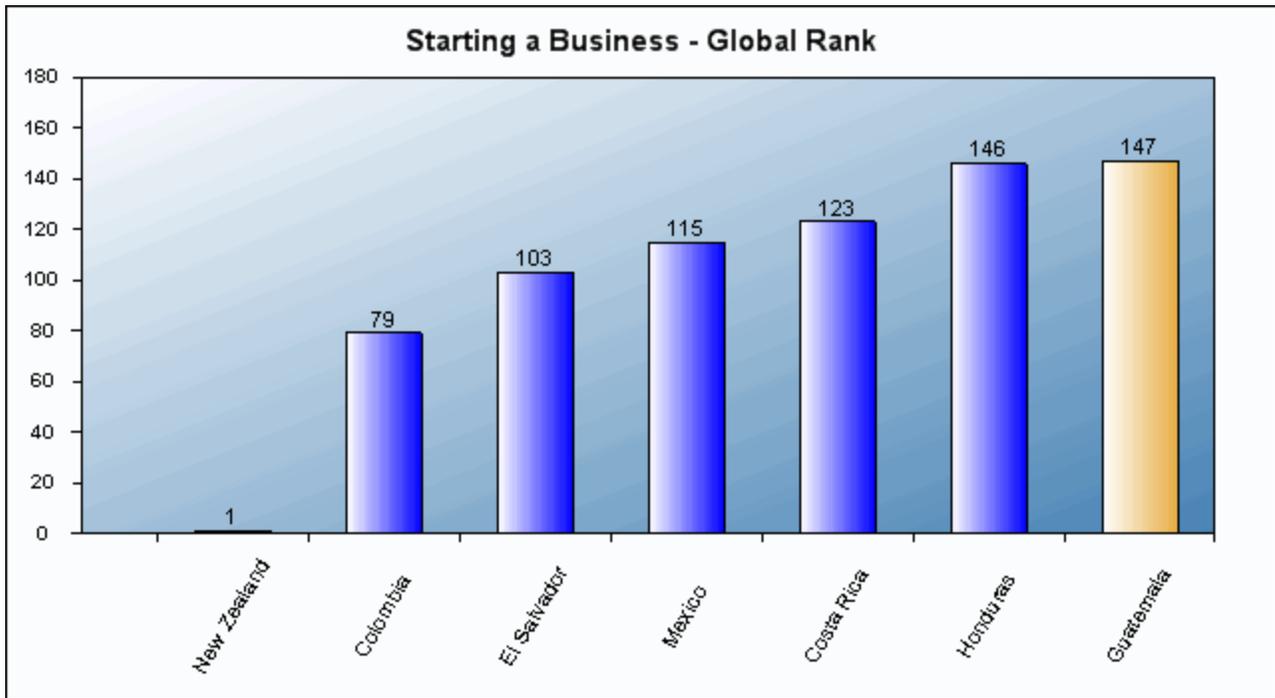
- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Check the proposed company name at the Mercantile Registry of Guatemala 2. Obtain letter from a Guatemalan notary public to open bank account 3. Deposit the subscribed capital in a bank and obtain a receipt 4. A notary public draws the deed of constitution 5. The notary buys the fiscal stamps and issues a certified copy of the deed of incorporation for filing with the commercial register 6. File notarized unique registration form and documents with the Commercial Register (Registro Mercantil) 7. Registration of the appointment of legal representative of the company 8. Obtain the definitive registration, tax and social security numbers, and authorization to print invoices | <ol style="list-style-type: none"> 9. Application for trading license 10. Submit to the Commercial Registry for their authorisation, company accounting books and books of minutes of shareholder and board of directors meetings 11. Application for book of salaries authorisation from the Inspection of the Department of Labour |
|---|---|

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Guatemala is ranked 147 overall for Starting a Business.

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



The following table shows Starting a Business data for Guatemala 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

<i>Selected Economy</i>				
Guatemala	11	26	50.6	26.3

<i>Comparator Economies</i>				
Colombia	9	36	14.1	0.0
Costa Rica	12	60	20.5	0.0
El Salvador	8	17	49.6	3.5
Honduras	13	20	52.6	20.0
Mexico	9	28	12.5	11.0

* 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:

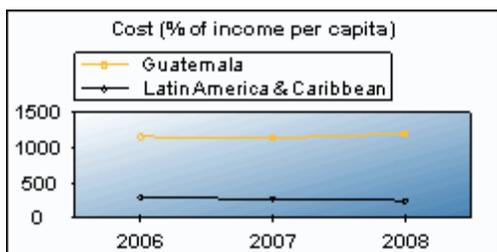
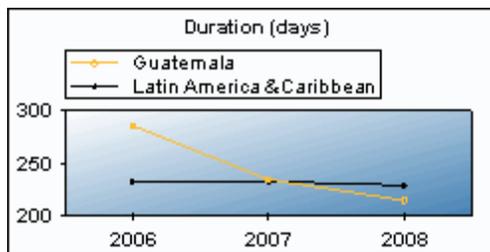
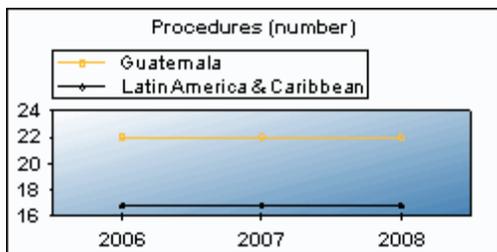
- Is a new construction (there was no previous construction on the land).
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high
- Has complete architectural and technical plans prepared by 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 Guatemala

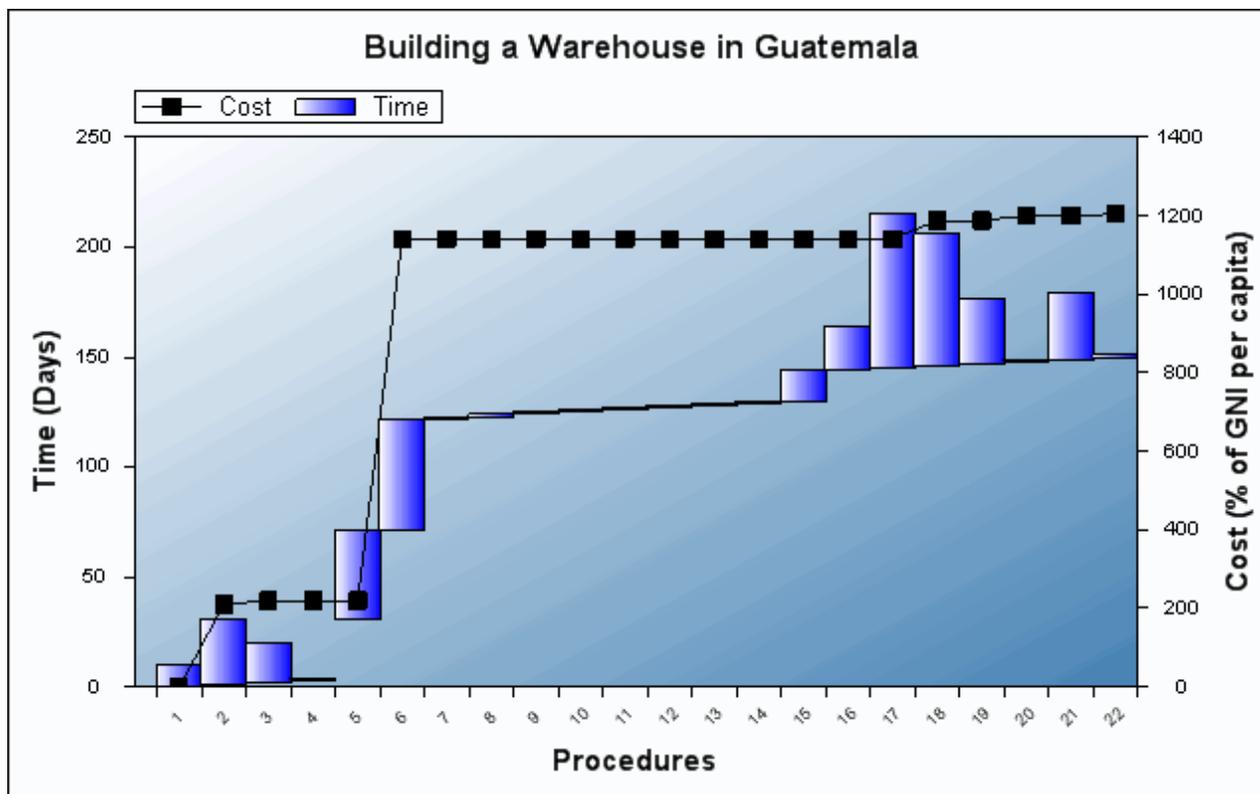
Dealing with Construction Permits data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		167	164
Procedures (number)	22	22	22
Duration (days)	286	235	215
Cost (% of income per capita)	1159.6	1142.2	1204.1

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



3. Steps to Building a Warehouse in Guatemala

It requires 22 procedures, takes 215 days, and costs 1,204.14 % GNI per capita to build a warehouse in Guatemala.



List of Procedures:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Request and obtain certificate of land ownership for the property where the warehouse is to be built 2. Hire an Environmental Specialist and prepare an Environmental Impact Assessment 3. Request and obtain a favorable resolution by the Infrastructure Department (Dirección de General de Caminos) based on a Road System Impact Assessment 4. Submit a Brief or Simple Industrial Report 5. Request and obtain a favorable decision by the Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales) based on an Environmental Impact Assessment 6. Request and obtain a Construction License 7. Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - I | <ol style="list-style-type: none"> 8. Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - II 9. Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - III 10. Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - IV 11. Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - V 12. Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VI 13. Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VII |
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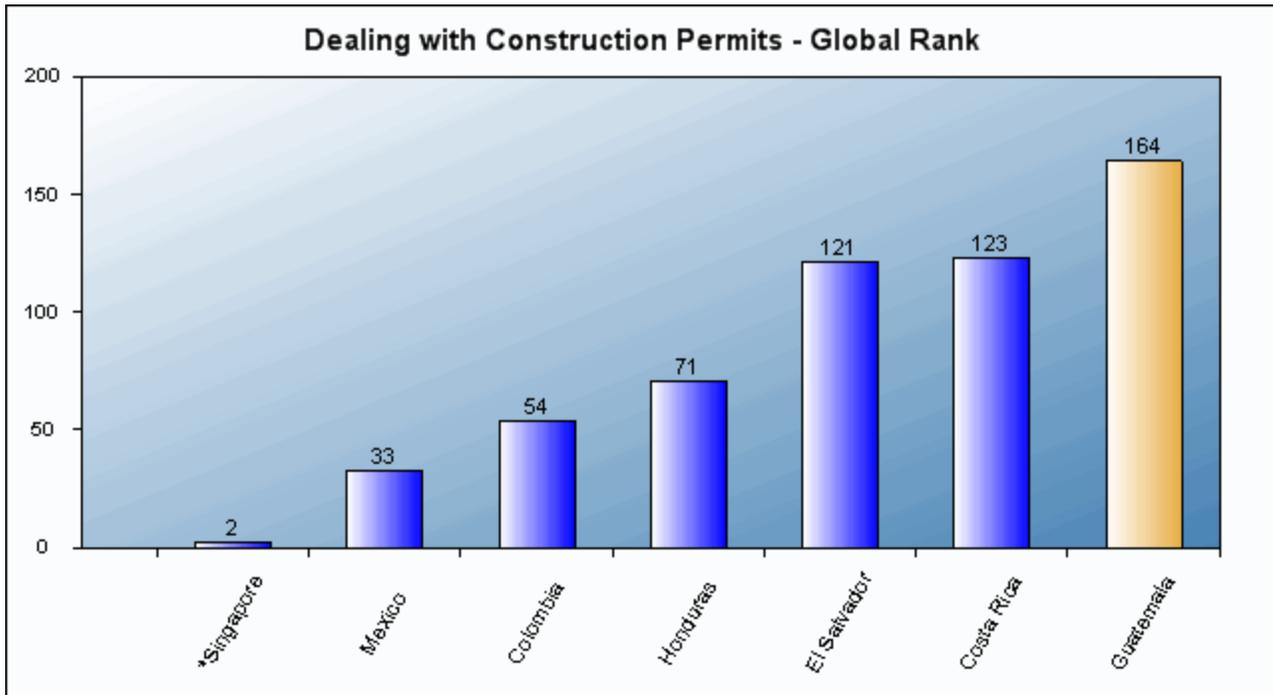
14. Notify the Construction Licensing Department on construction completion and return the license
15. Receive final inspection and obtain occupation permit
16. Request sewage connection and receive requirements from EMPAGUA
17. Request and obtain feasibility study by EMPAGUA
18. Receive connection to water
19. Request and receive installation of the transformer
20. Request electricity connection
21. Receive inspection and connection by the electric power company (Empresa Eléctrica de Guatemala)
22. Obtain a telephone line

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Guatemala is ranked 164 overall for Dealing with Construction Permits.

Ranking of Guatemala 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 Guatemala compared to good practice and comparator economies:

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

<i>Selected Economy</i>			
Guatemala	22	215	1204.1

<i>Comparator Economies</i>			
Colombia	13	114	661.6
Costa Rica	23	191	211.7
El Salvador	34	155	176.3
Honduras	17	125	464.6
Mexico	12	138	131.0

* 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.

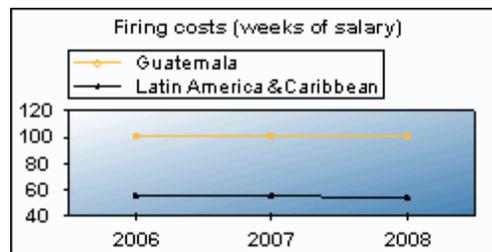
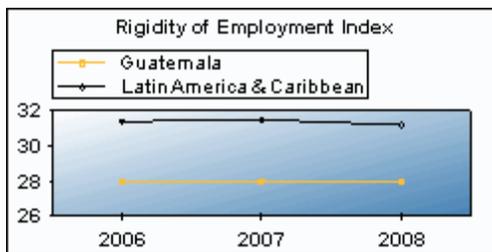
Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. In its indicators on employing workers, Doing Business measures flexibility in the regulation of hiring, working hours and dismissal 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 Guatemala

Employing Workers data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		107	106
Rigidity of Employment Index	28	28	28
Firing costs (weeks of salary)	101	101	101

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



3. Benchmarking Employing Workers Regulations:

Guatemala is ranked 106 overall for Employing Workers.

Ranking of Guatemala 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 Guatemala 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

<i>Selected Economy</i>		
Guatemala	28	101

<i>Comparator Economies</i>		
Colombia	24	59
Costa Rica	28	35
El Salvador	24	86
Honduras	53	74
Mexico	48	52

* 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).

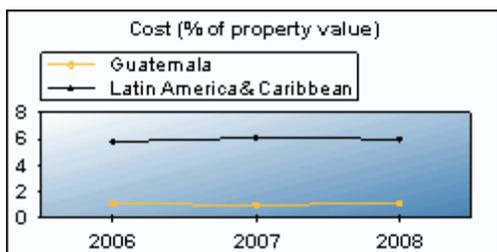
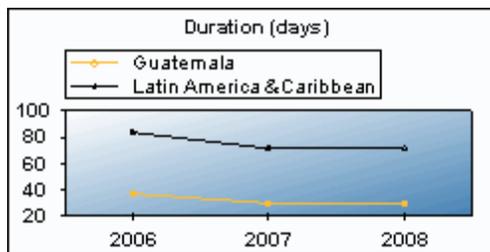
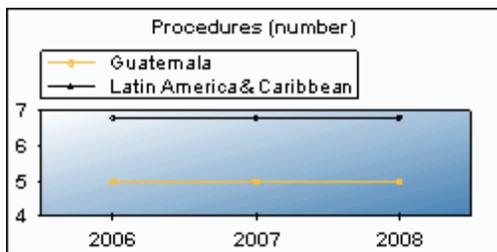
Many titling programs in Africa were futile because people bought and sold property informally, neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African economy cost 10% of the 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 Guatemala

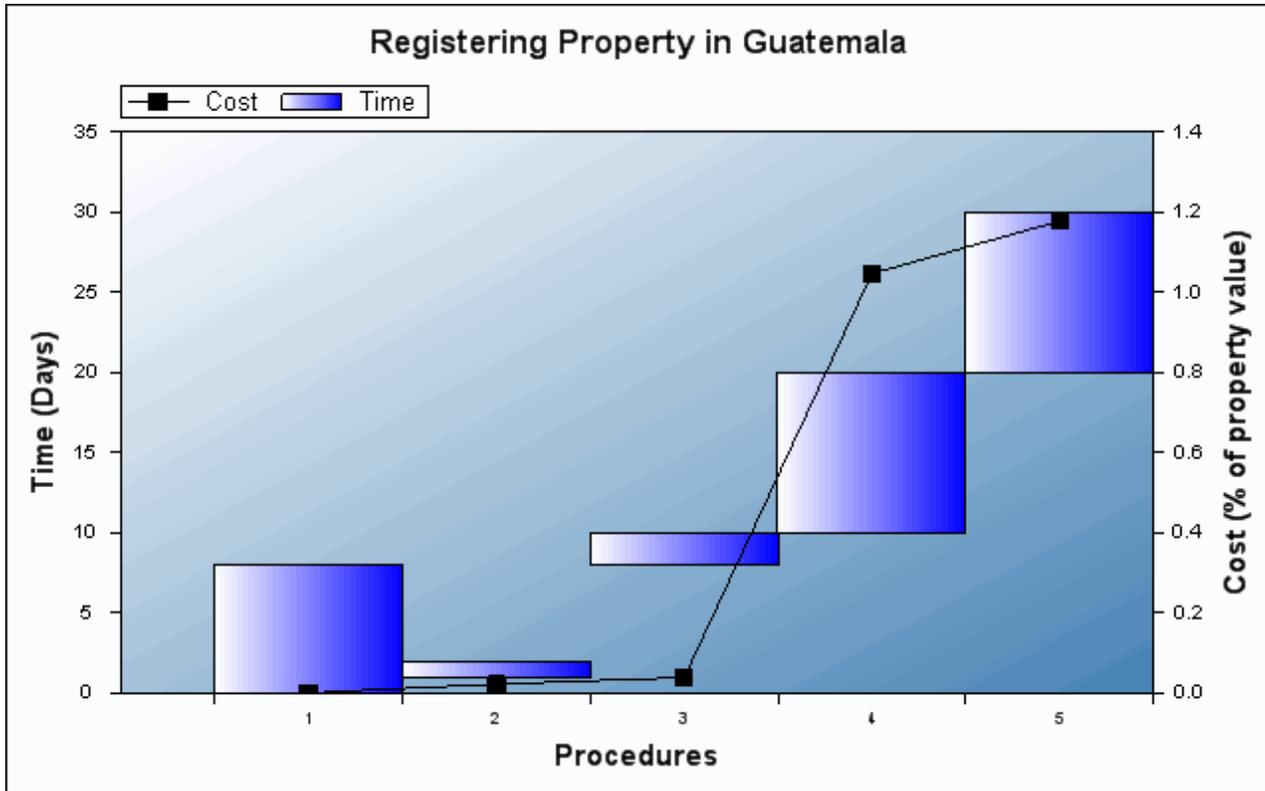
Registering Property data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		23	27
Procedures (number)	5	5	5
Duration (days)	37	30	30
Cost (% of property value)	1.1	1.0	1.1

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



3. Steps to Registering Property in Guatemala

It requires 5 procedures, takes 30 days, and costs 1.06 % of property value to register the property in Guatemala.



List of Procedures:

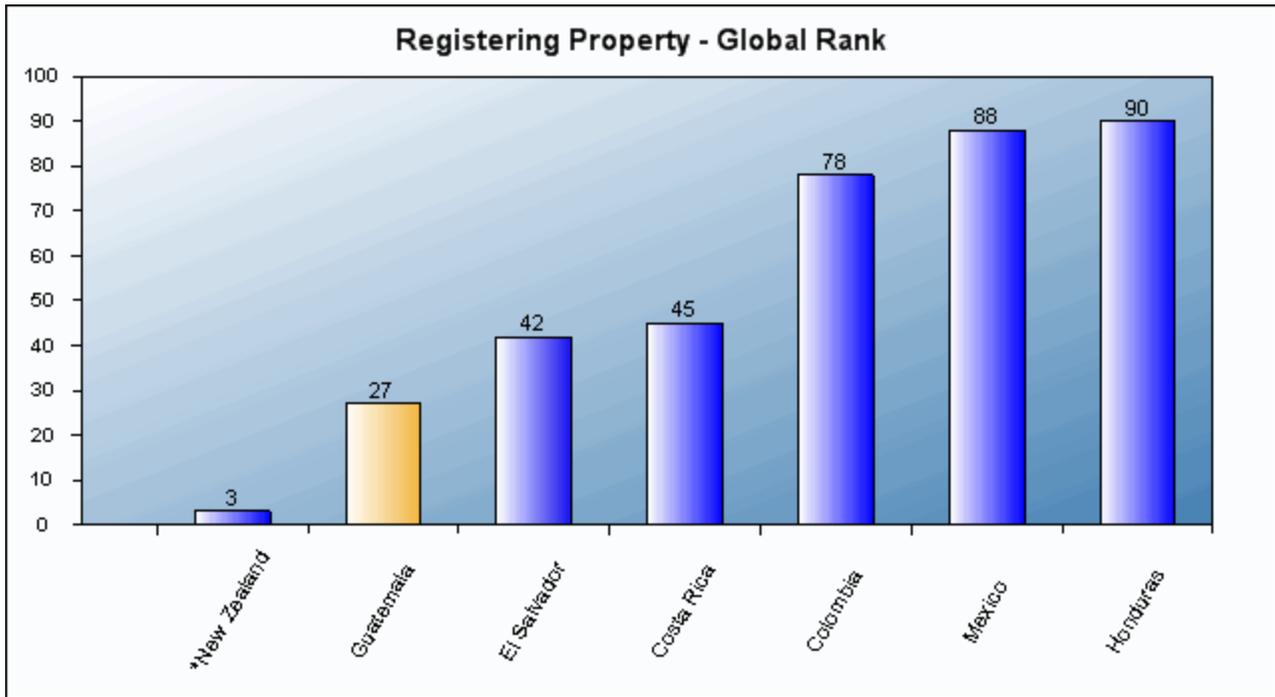
1. Obtain a certificate at the Property Registry to verify the status of the property
2. Obtain the cadastral value of the property from the Municipality and from DICABI (Dirección de Catastro y Avalúo de Bienes Inmuebles)
3. Lawyer/notary prepares the sale agreement and notarizes it, along with the public deed
4. Public deed is delivered to the Property Registry for its recording
5. Notify the Municipality and/or DICABI of the transaction

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Guatemala is ranked 27 overall for Registering Property.

Ranking of Guatemala 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 Guatemala compared to good practice and comparator economies:

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

<i>Selected Economy</i>			
Guatemala	5	30	1.1

<i>Comparator Economies</i>			
Colombia	9	23	2.4
Costa Rica	6	21	3.4
El Salvador	5	31	3.7
Honduras	7	23	5.6
Mexico	5	74	4.8

* 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.

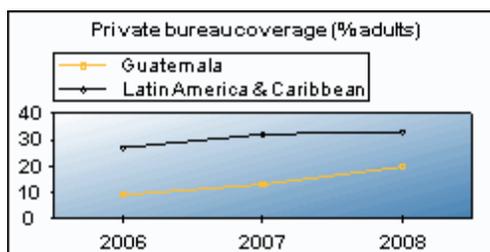
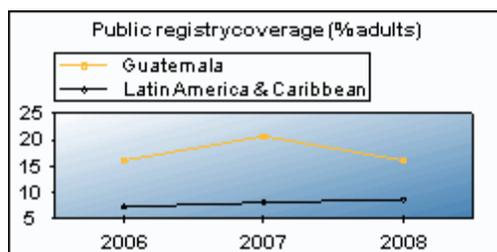
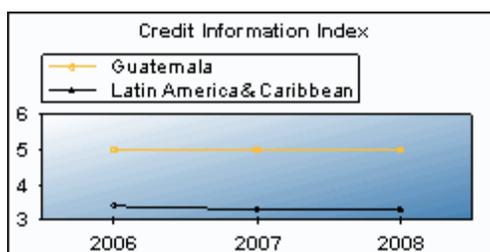
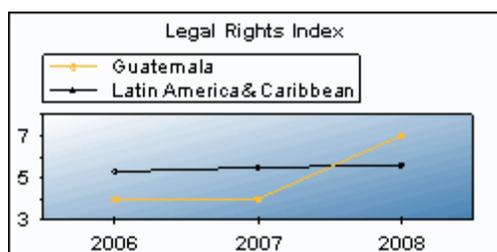
The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. This year, three main changes were made; first, a standardized case scenario with specific assumptions was introduced to bring this indicator 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 Guatemala

Getting Credit data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		61	28
Legal Rights Index	4	4	7
Credit Information Index	5	5	5
Public registry coverage (% adults)	16.1	20.7	16.1
Private bureau coverage (% adults)	9.2	13.1	19.7

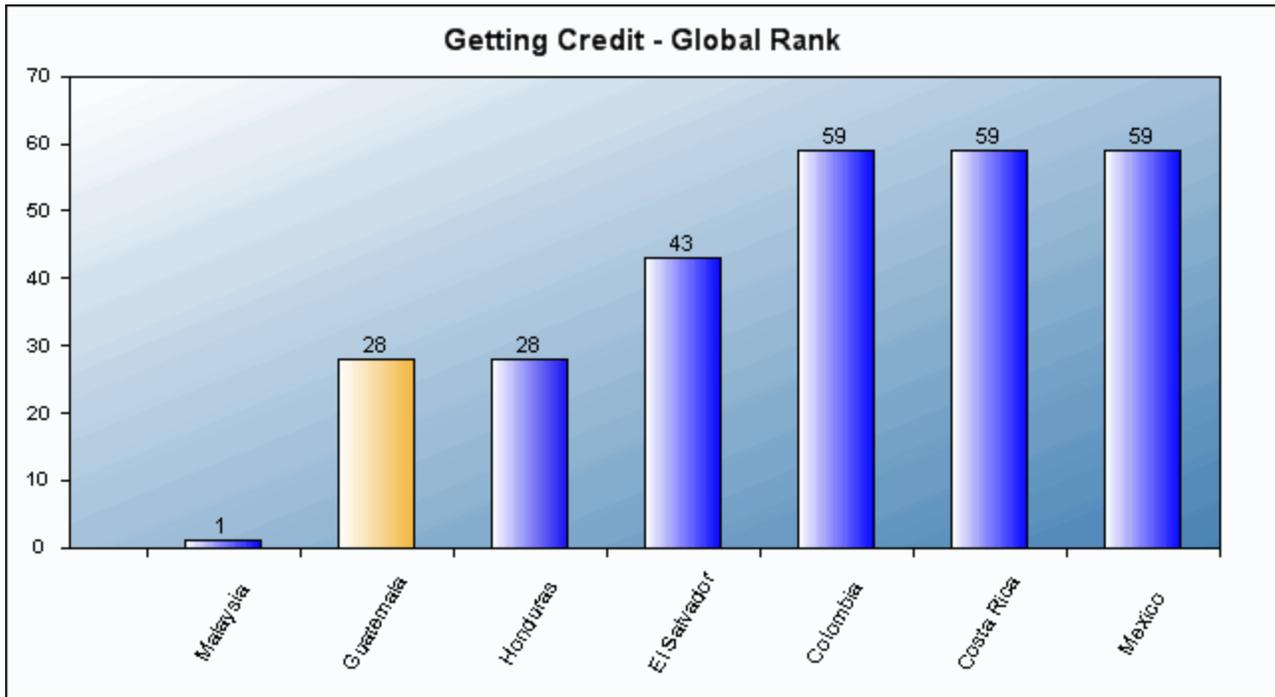
2. The following graphs illustrates the Getting Credit indicators in Guatemala over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Guatemala is ranked 28 overall for Getting Credit.

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



The following table shows Getting Credit data for Guatemala 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		

<i>Selected Economy</i>				
Guatemala	7	5	16.1	19.7

<i>Comparator Economies</i>				
Colombia	5	5	0.0	42.5
Costa Rica	5	5	5.9	51.6
El Salvador	5	6	18.4	83.0
Honduras	6	6	11.3	60.5
Mexico	4	6	0.0	70.8

* 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.

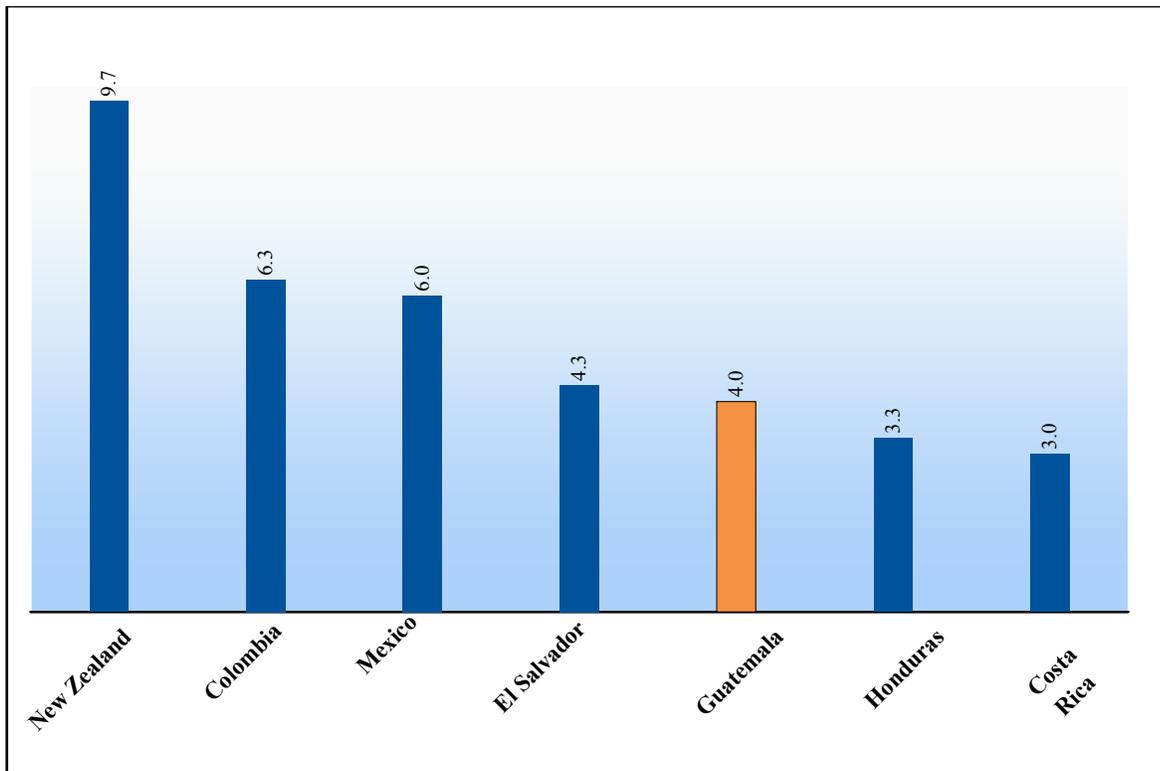
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

*Doidge, Karayi and Stulz (2007)

1. Historical data: Protecting Investors in Guatemala

Protecting Investors data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		125	126
Investor Protection Index	4.0	4.0	4.0

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

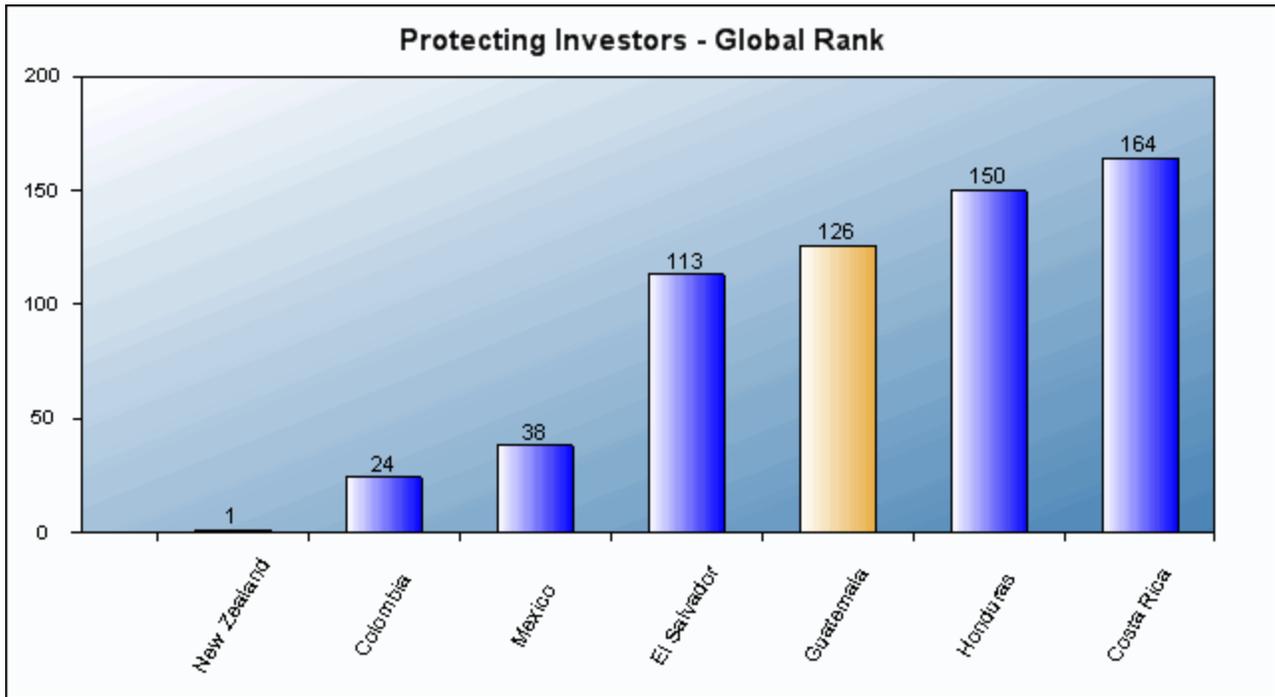


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Guatemala is ranked 126 overall for Protecting Investors.

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



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

Good Practice Economies	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Guatemala	4.0

<i>Comparator Economies</i>	
Colombia	6.3
Costa Rica	3.0
El Salvador	4.3
Honduras	3.3
Mexico	6.0



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:

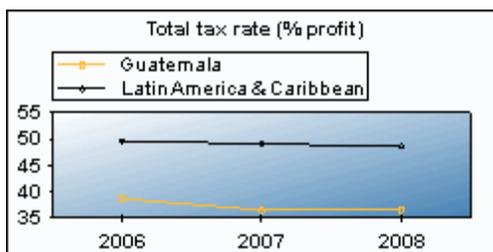
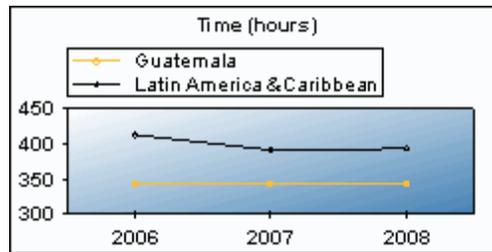
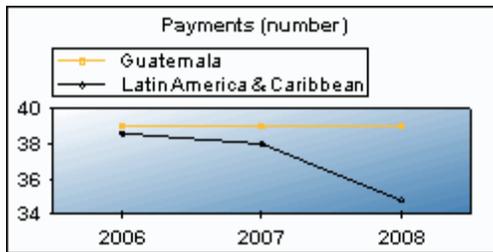
- Number of tax payments, which takes into account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- Time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value 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 Guatemala

Paying Taxes data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		115	120
Time (hours)	344	344	344
Total tax rate (% profit)	38.7	36.5	36.5
Payments (number)	39	39	39

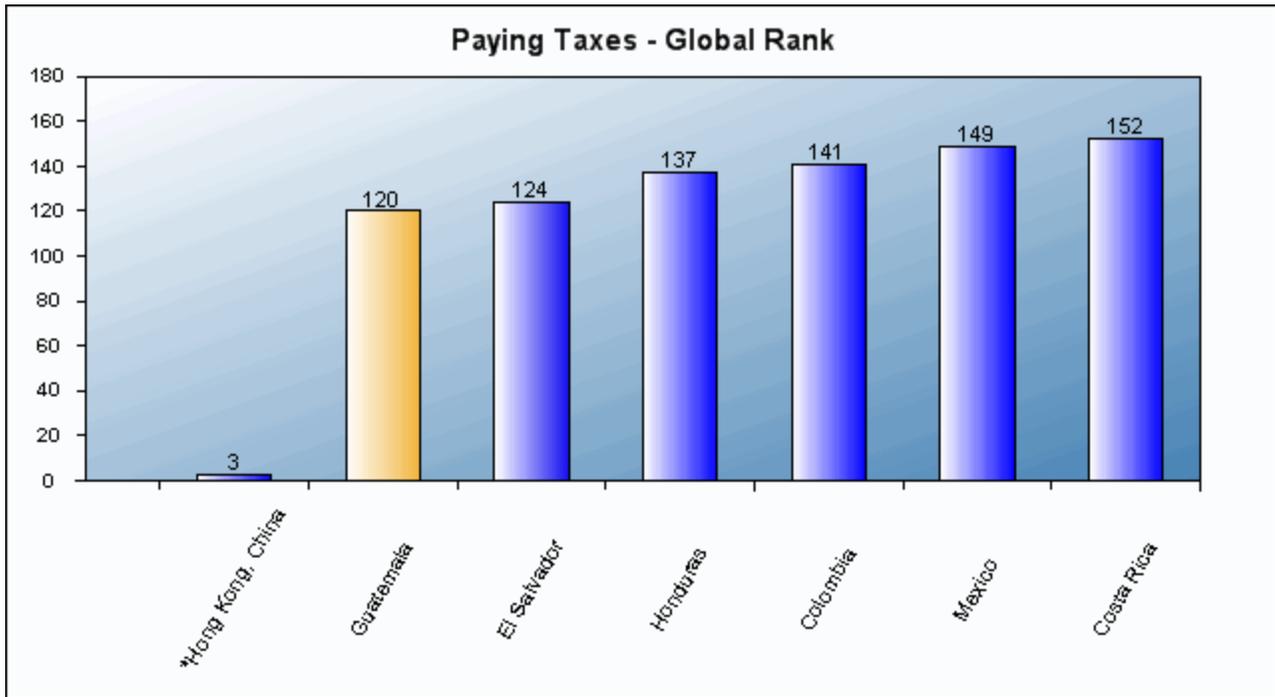
2. The following graphs illustrates the Paying Taxes indicators in Guatemala over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Guatemala is ranked 120 overall for Paying Taxes.

Ranking of Guatemala 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 Guatemala compared to good practice and comparator economies:

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

<i>Selected Economy</i>			
Guatemala	39	344	36.5

<i>Comparator Economies</i>			
Colombia	31	256	78.4
Costa Rica	43	282	55.7
El Salvador	53	320	34.9
Honduras	47	224	49.3
Mexico	27	549	51.5

* 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.

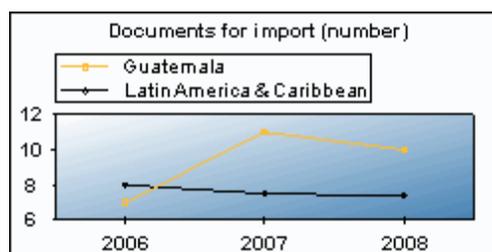
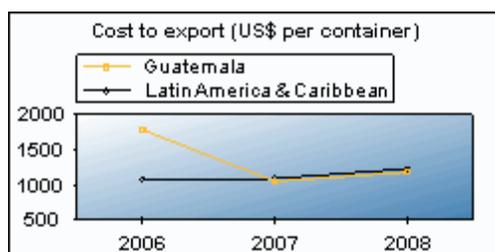
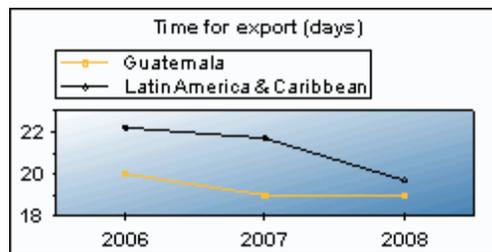
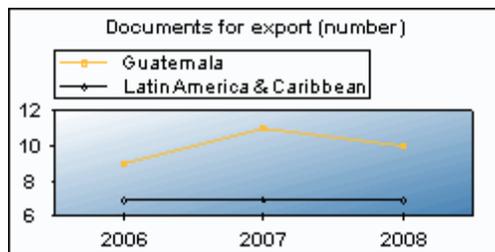
Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot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

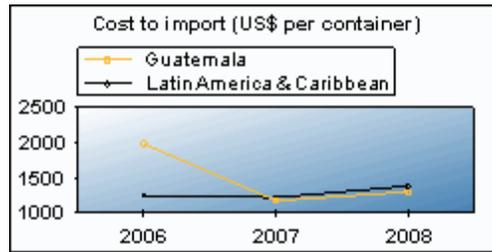
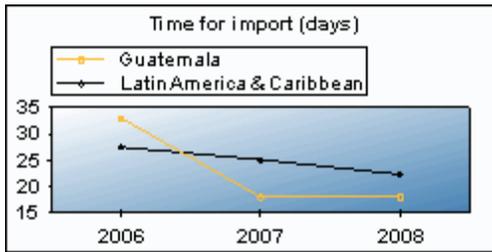
Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, 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 Guatemala

Trading Across Borders data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		119	123
Documents for export (number)	9	11	10
Time for export (days)	20	19	19
Cost to export (US\$ per container)	1783	1052	1182
Documents for import (number)	7	11	10
Time for import (days)	33	18	18
Cost to import (US\$ per container)	1985	1177	1302

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

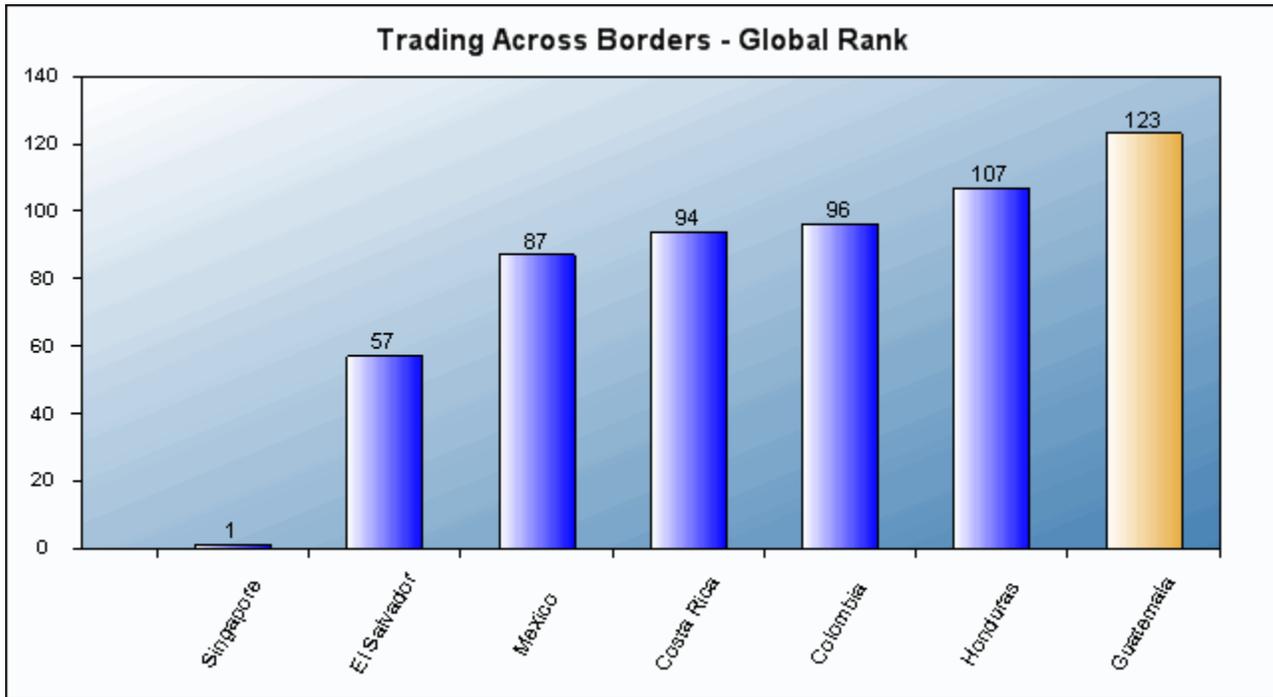




3. Benchmarking Trading Across Borders Regulations:

Guatemala is ranked 123 overall for Trading Across Borders.

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



The following table shows Trading Across Borders data for Guatemala 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

<i>Selected Economy</i>						
Guatemala	10	19	1182	10	18	1302

<i>Comparator Economies</i>						
Colombia	6	14	1690	8	15	1640
Costa Rica	7	18	1050	8	25	1050
El Salvador	8	14	880	9	10	820
Honduras	7	20	1163	10	23	1190
Mexico	5	17	1472	5	23	2700

* 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:

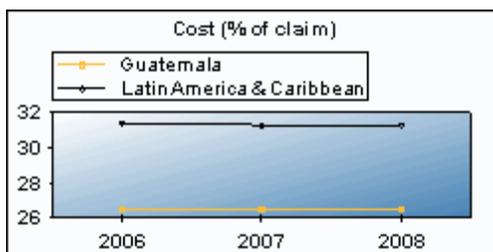
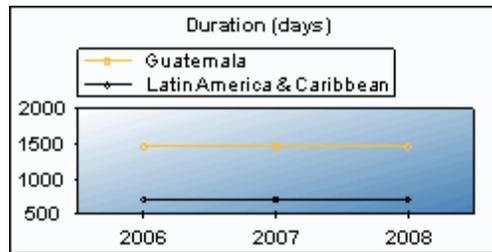
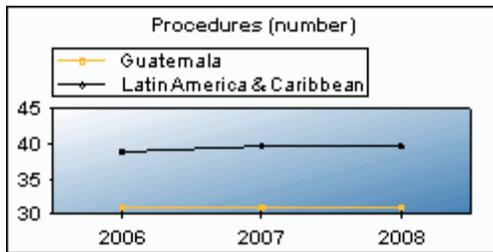
- Number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- Time, which counts the number of calendar days from the moment 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 Guatemala

Enforcing Contracts data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		103	106
Procedures (number)	31	31	31
Duration (days)	1459	1459	1459
Cost (% of claim)	26.5	26.5	26.5

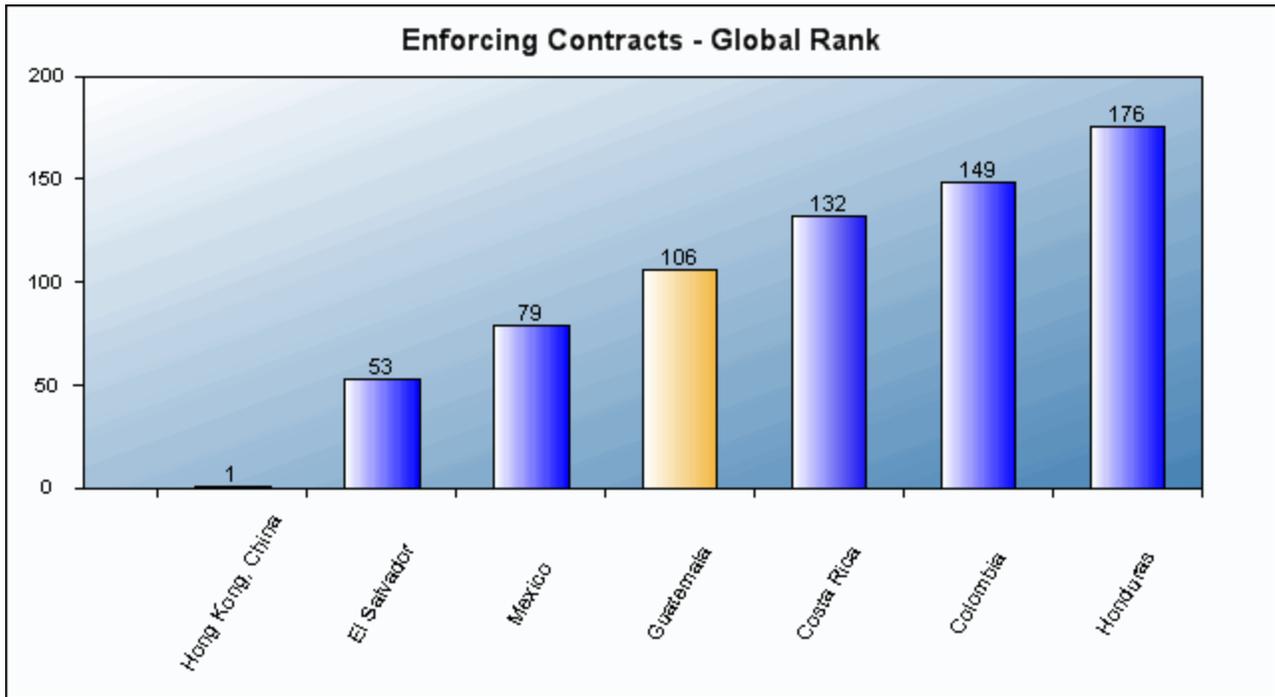
2. The following graphs illustrates the Enforcing Contracts indicators in Guatemala over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Guatemala is ranked 106 overall for Enforcing Contracts.

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



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

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

<i>Selected Economy</i>			
Guatemala	31	1459	26.5

<i>Comparator Economies</i>			
Colombia	34	1346	52.6
Costa Rica	40	877	24.3
El Salvador	30	786	19.2
Honduras	45	900	35.2
Mexico	38	415	32.0

* 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.

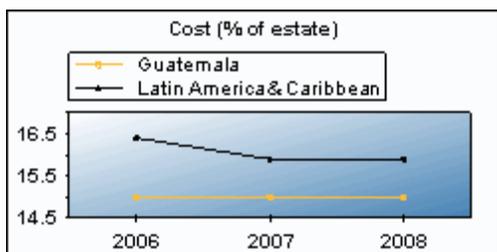
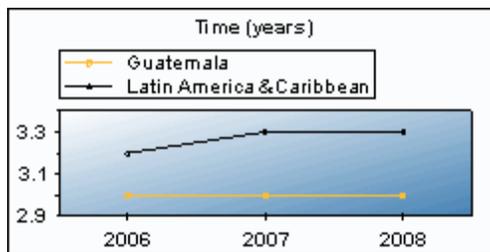
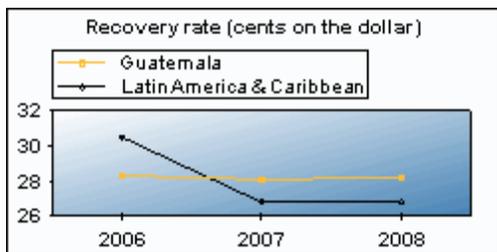
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

Closing a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		89	90
Time (years)	3.0	3.0	3.0
Cost (% of estate)	15	15	15
Recovery rate (cents on the dollar)	28.3	28.1	28.2

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



3. Benchmarking Closing Business Regulations:

Guatemala is ranked 90 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Guatemala	28.2	3.0	15

<i>Comparator Economies</i>			
Colombia	52.8	3.0	1
Costa Rica	25.4	3.5	15
El Salvador	30.8	4.0	9
Honduras	20.8	3.8	15
Mexico	64.2	1.8	18

* 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	Reform Topics									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
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
	Guatemala					✓					1
	Costa Rica	✓									1
	El Salvador	✓							✓		2
	Honduras							✓	✓		2
	Mexico							✓		✓	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.

Colombia	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.
Costa Rica	Costa Rica digitized tax registration records and company books, reducing the time required to start a business by 17 days.
Dominican Republic	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.
Egypt	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.
El Salvador	El Salvador implemented a new commercial code that simplified business start-up by reducing the minimum capital requirement, simplifying the legalization of accounting books, and publication requirements. In trade, modernization of the customs system, a reduction in physical inspections, continued benefits from the single window reduced the time to export by seven days and the time to import by eight.
Guatemala	Guatemala enacted a new secured transactions law (Ley de Garantías Mobiliarias), creating new forms of pledges over movable assets and a registry for the pledges. Under the new law, accounts receivable and inventory may be described in general terms when used as collateral and parties may agree to out-of-court enforcement of the security right at the time the security interest is created.
Honduras	Honduras improved the efficiency of its tax system by introducing electronic filing and payment. It also made it easier to import by abolishing a requirement for consular legalization of trade documents.

Kyrgyz Republic

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.

Mexico

Mexico introduced a new tax law that abolishes the asset tax (IMPAC) and the possible eventual amalgamation of income tax applicable to corporations and individuals with business activities. A new withholding tax on cash deposit interest is being implemented, and new reporting rules were introduced for value-added tax. Mexico also amended its bankruptcy law to make reorganization more accessible. Now debtors and creditors may enter into a reorganization agreement at any stage of the insolvency procedure, which is expected to speed the process.

Senegal

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.

APPENDICES

Starting a Business in Guatemala

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

STANDARDIZED COMPANY

Legal Form: Sociedad Anónima (SA) - Corporation

Minimum Capital Requirement:

City: Guatemala City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check the proposed company name at the Mercantile Registry of Guatemala	1 day	no charge
2	Obtain letter from a Guatemalan notary public to open bank account	1 day	no charge
3	Deposit the subscribed capital in a bank and obtain a receipt	1 day	no charge
4	A notary public draws the deed of constitution	3 days	GTQ 6,800 average notarial fees + tax
5	The notary buys the fiscal stamps and issues a certified copy of the deed of incorporation for filing with the commercial register	1 day	Q250 stamp tax (company deed), Q300 (corporation license), 1 stamp at Q100 (Appointment of legal representative, Certified notarial copy of the deed of incorporation)
6	File notarized unique registration form and documents with the Commercial Register (Registro Mercantil)	1 day	see comment
7	Registration of the appointment of legal representative of the company	1 day	included in previous procedure
8	Obtain the definitive registration, tax and social security numbers, and authorization to print invoices	14 days	included in previous procedure
9	Application for trading license	1 day	QTQ 165
10 *	Submit to the Commercial Registry for their authorisation, company accounting books and books of minutes of shareholder and board of directors meetings	1 day	GTQ 0.15/page, assuming 100 pages
11 *	Application for book of salaries authorisation from the Inspection of the Department of Labour	1 day	GTQ 0.5/page, assuming 100 pages

* Takes place simultaneously with another procedure.

Procedure 1 Check the proposed company name at the Mercantile Registry of Guatemala**Time to complete:** 1 day**Cost to complete:** no charge**Comment:** Before initiating the incorporation process, the parties may conduct a company name availability search in order to avoid submitting a preexisting name. Since June 2006, the Commercial Registry provides the option of carrying out the search via the Internet at no cost. The manual search system at the Registry is still available.**Procedure 2 Obtain letter from a Guatemalan notary public to open bank account****Time to complete:** 1 day**Cost to complete:** no charge**Comment:** The minimum paid capital requirement of GTQ 5,000 must be deposited in a local bank before the articles of incorporation are signed. For this purpose, a notary public must issue a letter confirming that he or she has been requested to draw up and register the company's deed of constitution. This letter allows for the opening of a temporary bank account while registration is completed. If the company capital is composed of an asset instead of cash, this procedure is not required.**Procedure 3 Deposit the subscribed capital in a bank and obtain a receipt****Time to complete:** 1 day**Cost to complete:** no charge**Comment:** The Registry does not require filing of the deposit slip or the bank statement. The notary public transcribes the deposit of paid in capital in the articles of incorporation.**Procedure 4 A notary public draws the deed of constitution****Time to complete:** 3 days**Cost to complete:** GTQ 6,800 average notarial fees + tax**Comment:** The deed is executed by the founding shareholders and attested by the notary public, and provisional stock certificates are issued. Once the company is duly registered, definitive stock certificates are issued and substituted for the provisional stock certificates.

The notary public generally charges a package fee (up to USD 2,000) for the entire process of setting up a company, including the preparation of the provisional stock certificates, the value depends on the authorized capital of the corporation. They will be issued and signed by the company's president and the secretary of the initial board of directors, which is appointed in the deed of incorporation.

Procedure 5 The notary buys the fiscal stamps and issues a certified copy of the deed of incorporation for filing with the commercial register**Time to complete:** 1 day**Cost to complete:** Q250 stamp tax (company deed), Q300 (corporation license), 1 stamp at Q100 (Appointment of legal representative, Certified notarial copy of the deed of incorporation)**Comment:** Only a notary public can buy the fiscal stamps at the Superintendency of Tax Administration.

Procedure 6 File notarized unique registration form and documents with the Commercial Register (Registro Mercantil)

Time to complete: 1 day

Cost to complete: see comment

Comment: A new fast-track system was introduced in May 2006 and fully implemented in September, requiring only a single registration form (which must be legalized either by a lawyer or notary public) for several applications which used to be filed separately: notice of issuance of stock certificates, notice of appointment of legal representative, commercial registration, application for business license (patente), and tax and social security registration (which can be processed, together with the other formalities, through a single registration form).

This fast-track system requires the submission of two documents: (1) form of the commercial registry (sold for GTQ 2); and (2) the deed of constitution (original and simple photocopy of the certified notarized copy). The Registry analyzes the documents presented, and if they fulfill legal requirements, it issues the public notice of authorization or edict (edicto) and assigns a provisional registration number, which allows for the nomination of the legal representative (Procedure 7). The Registry then coordinates the publication of the edict, as well as tax registration, the authorization to print invoices, and social security registration.

A single fee payment is necessary and includes:

- Registration fee: GTQ 275 plus 0.6% of the authorized capital (up to a maximum cost of GTQ 25,000) and plus GTQ 15 (for issuance of the public notice, or edicto).
- Edict publication fee: GTQ 525.62 for publication in the Diario de Centro America.
- Authorization to print invoices: GTQ 0.5/page (assuming 100 pages).

Procedure 7 Registration of the appointment of legal representative of the company

Time to complete: 1 day

Cost to complete: included in previous procedure

Comment: Once the provisional registration number has been assigned, the Commercial Registry calls the applicant or his/her representative (e.g., notary public), in order to nominate the company's legal representative.

Procedure 8 Obtain the definitive registration, tax and social security numbers, and authorization to print invoices

Time to complete: 14 days

Cost to complete: included in previous procedure

Comment: Provisional registration at the Commercial Registry with the tax and social security authorities can be completed in 2–3 days. Following the publication of the edict, a protest period of 8 days applies before the Commercial Registry can finalize the registration. Once registration is completed, tax and social security identification numbers can be obtained.

Procedure 9 Application for trading license

Time to complete: 1 day

Cost to complete: QTQ 165

Comment:

Procedure 10 Submit to the Commercial Registry for their authorisation, company accounting books and books of minutes of shareholder and board of directors meetings

Time to complete: 1 day

Cost to complete: GTQ 0.15/page, assuming 100 pages

Comment:

Procedure 11 Application for book of salaries authorisation from the Inspection of the Department of Labour

Time to complete: 1 day

Cost to complete: GTQ 0.5/page, assuming 100 pages

Comment: This requirement to obtain authorization of the book of salaries applies to entities employing more than 10 workers.

Dealing with Construction Permits in Guatemala

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

BUILDING A WAREHOUSE

Date as of: January 2, 2008

Estimated Warehouse Value:

City: Guatemala City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain a certificate of land ownership for the property where the warehouse is to be built	10 days	GTQ 50
2 *	Hire an environmental specialist and prepare an environmental impact assessment	30 days	GTQ 40,000
3 *	Request and obtain a favorable resolution by the Infrastructure Department (Dirección de General de Caminos) based on a road system impact assessment	18 days	GTQ 1,700
4 *	Submit a brief or simple industrial report	1 day	no charge
5	Request and obtain a favorable decision by the Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales) based on an environmental impact assessment	40 days	no charge
6	Request and obtain a construction license	51 days	GTQ 175,581
7	Receive an inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - I	1 day	no charge
8	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - II	1 day	no charge
9	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - III	1 day	no charge
10	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - IV	1 day	no charge
11	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - V	1 day	no charge
12	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VI	1 day	no charge

13	Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VII	1 day	no charge
14	Notify the Construction Licensing Department on construction completion and return the license	1 day	no charge
15	Receive final inspection and obtain occupancy permit	14 days	no charge
16 *	Request sewerage connection and receive requirements from EMPAGUA	20 days	no charge
17 *	Request and obtain a feasibility study by EMPAGUA	70 days	no charge
18 *	Receive water connection	60 days	GTQ 8,800
19 *	Request and receive installation of the transformer	30 days	no charge
20 *	Request electricity connection	1 day	GTQ 2,500
21 *	Receive inspection and connection by the electric power company (Empresa Eléctrica de Guatemala)	30 days	no charge
22 *	Obtain a telephone line	1 day	GTQ 625

* Takes place simultaneously with another procedure.

Procedure	1	Request and obtain a certificate of land ownership for the property where the warehouse is to be built
Time to complete:		10 days
Cost to complete:		GTQ 50
Comment:		The certificate is valid for 3 months. Since August 2007 the fee related to obtaining the certificate of land ownership has been increased from 35 GTQ to GTQ 50.
Procedure	2	Hire an environmental specialist and prepare an environmental impact assessment
Time to complete:		30 days
Cost to complete:		GTQ 40,000
Comment:		The environmental impact assessment must be prepared by a professional (engineer/architect) authorized to do so. The company owning the project must hire the professional, and the cost will vary depending on the type of assessment to be completed, based on project characteristics. In many cases technical opinions or analyses by several professionals are required. The minimum cost is GTQ 40,000. Projects exceeding 1,000 sqm require an Environmental Impact Assessment.
Procedure	3	Request and obtain a favorable resolution by the Infrastructure Department (Dirección de General de Caminos) based on a road system impact assessment
Time to complete:		18 days
Cost to complete:		GTQ 1,700
Comment:		The road system impact assessment has to be completed by the Planning and Design Unit (Dirección de Planificación y Diseño). Professional personnel in this unit perform the assessment and issue a resolution regarding the aspects that must be emphasized during project execution. The resolution may be issued as “not authorized” until the necessary corrections are submitted, after which the resolution can be changed to “authorized.” According to the applicable regulation, the cost may be up to GTQ 1,700 depending on the project’s complexity.
Procedure	4	Submit a brief or simple industrial report
Time to complete:		1 day
Cost to complete:		no charge
Comment:		This report contains an affidavit regarding storage use and any industrial process to be carried out in the warehouse.
Procedure	5	Request and obtain a favorable decision by the Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales) based on an environmental impact assessment
Time to complete:		40 days
Cost to complete:		no charge
Comment:		The environmental impact assessment along with application is submitted to the Ministry of the Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales, MARN) personnel. Then the documents are forwarded to Guatemala

Municipality Delegate at the MARN who reviews the proposal. This professional is hired by MARN but paid for by Municipality of Guatemala City. As soon as the documents are submitted to delegate BuildCo would have to publish the information about upcoming project in the local newspaper. After 20 working days of wait, which are given for public to respond upon the project, the delegate proceeds with approval of the impact assessment. The favorable decision, provided everything is correct will be issued 7 working days after that. If the judgment is unfavorable, the company owning the project must make the necessary corrections for the project to be approved. Previous to reform this procedure would take 60 days and now can be completed in 40 days. There is no fee associated with obtaining the approval.

Procedure 6 Request and obtain a construction license

Time to complete:

51 days

Cost to complete:

GTQ 175,581

Comment:

BuildCo must submit the corresponding form with all the requested specifics together with all the requirements in the previous procedures, photocopies of the identification cards of its legal agent and the professional responsible for the construction, and a photocopy of the latest Single Real Estate Tax (Impuesto Unico sobre Inmueble) receipt and any other required receipts. An architect or engineer must be responsible for the construction work, signing the submitted form and the plans.

The cost of the license is the estimated cost of the area per square meter, to which a fee of 4.5% is applied.

There is no time limit. This procedure depends on the time taken by the company applying for the license to complete all the requirements. If any requirements are still pending and there is no action on the record after 60 days, the process is deemed canceled and is sent to the general files, after which the company must start another application. If BuildCo starts the procedures for the license application with all requirements in order and duly authorized (approved decisions and resolutions), the license may be delivered after a minimum of 4 working days.

According to law, required deposits are as follows:

- Article 183: The recipient of a construction license must make a guarantee deposit of GTQ 5 (for buildings up to a cost of GTQ 5,000) or 0.01% of the cost of the building (if the cost exceeds GTQ 5,000). For our case it would be GTQ 380.2. This amount shall be refunded when the building has been completed and the license has been returned after the approval of the Construction Licensing Department. Provided there were no violations upon which the authority would retain the deposit.
- Article 184: If, after a year from the date of license expiration, the interested party does not claim the deposit, it will automatically be incorporated into the municipal treasury
- Article 43: The maximum time for the resolution of a license application complying with all municipal requirements is 30 days, which may be extended for another 30 days if an extension is justified by the size of the building or the complexity of the problem.

Procedure 7 Receive an inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - I

Time to complete:

1 day

Cost to complete:

no charge

Comment:

The Construction Licensing Department has technical/professional personnel in charge of inspecting how the building is being constructed. Inspections are monthly. There is no average duration for an inspection; each depends on what is considered in the inspection.

Inspections of buildings under construction are unannounced. They focus mainly on verifying that the authorized areas are constructed in accordance with submitted plans, as well as other aspects deemed important pursuant to licensing conditions.

Procedure 8 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - II

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 9 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - III

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - IV

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 11 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - V

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 12 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VI

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 13 Receive inspection by the Construction Licensing Department (Departamento de Licencias de Construcción) - VII

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 14 Notify the Construction Licensing Department on construction completion and return the license

Time to complete: 1 day

Cost to complete: no charge

Comment: The license must be returned to the Construction Licensing Department, which performs the last inspection. If the construction work conforms to approved specifications, the occupancy permit is issued. When the license is returned, the municipality notifies the cadastre office about the construction and its cost. Within 7–14 days, the municipality visits the site to verify that the building complies with approved specifications.

Procedure 15 Receive final inspection and obtain occupancy permit

Time to complete: 14 days

Cost to complete: no charge

Comment: According to Article 78, on completion of the construction work, the interested parties shall request final inspection from the Construction Licensing Department. This inspection shall be performed by the supervisor in charge, who shall record the result on an inspection card. If the building does not comply with approved specifications, the card must state the reasons and the appropriate remedies. If all aspects are in order and the card expressly states so, after the return of the respective license, the interested parties may request the building occupancy permit from the head of the office by completing the form stated in Annex 1 of the Regulation.

If no objections are raised during the inspection (meaning that every part of the construction is authorized as complying with the plans submitted to the Construction Licensing Department, the professional in charge of the inspection may immediately go back to the office and issue the occupancy permit to be delivered to the company. After that BuildCo will be given back its deposit of 0,01% of warehouse value that was paid at the stage of building permit approval.

Procedure 16 Request sewerage connection and receive requirements from EMPAGUA

Time to complete: 20 days

Cost to complete: no charge

Comment: BuildCo must fill out the application and receive the requirements at office of the Water and Sewerage Authority (Empresa Municipal de Agua, EMPAGUA). There they will be notified of the fee to be paid as a deposit to cover the completion of the procedure and a service feasibility study that must be carried out by EMPAGUA. EMPAGUA will start the feasibility study within about 15 days.

In 2007 the Municipality of Guatemala unified the application forms and relevant requirements for EMPAGUA, Department of Urban Construction Control (Departamento de Control de Construcción Urbana) and Infrastructure Directorate (Dirección de Infraestructura). Other change is that approvals from all these entities is given

simultaneously. However, has not had any practical impact.

Procedure 17 Request and obtain a feasibility study by EMPAGUA

Time to complete: 70 days

Cost to complete: no charge

Comment: According to regulatory changes this procedure should be done in 27 working days. The EMPAGUA must issue a resolution regarding feasibility or nonfeasibility and the steps to be taken by BuildCo for EMPAGUA to make the necessary hook-up connections. On completion of the feasibility study, EMPAGUA notifies the applicant of the amount to be paid to the municipality for the feasibility study and the connections to be made. The cost may vary depending on the work to be done and the estimated required potable water supply and sewage volume to be drained from the project. The inspections performed by EMPAGUA experts may vary depending on the number of inspections needed to determine service feasibility. The human resources of EMPAGUA are overstretched which creates a backlog of projects and approval still takes on average 60-70 days.

Procedure 18 Receive water connection

Time to complete: 60 days

Cost to complete: GTQ 8,800

Comment:

Procedure 19 Request and receive installation of the transformer

Time to complete: 30 days

Cost to complete: no charge

Comment: The transformer has to be installed by certified companies. In Guatemala, there are only about 10.

Procedure 20 Request electricity connection

Time to complete: 1 day

Cost to complete: GTQ 2,500

Comment: An application must be submitted to the Electric Power Company of Guatemala (Empresa Eléctrica de Guatemala)

Procedure 21 Receive inspection and connection by the electric power company (Empresa Eléctrica de Guatemala)

Time to complete: 30 days

Cost to complete: no charge

Comment: The Empresa Eléctrica de Guatemala visits the site before approving the electrical power hook-up.

Procedure 22 Obtain a telephone line

Time to complete: 1 day

Cost to complete: GTQ 625

Comment:

Employing Workers in Guatemala

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

Employing Workers Indicators (2008)	Answer	Score
Rigidity of Employment Index		28.1
Difficulty of Hiring Index		44.4
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.38	0.33
Rigidity of Hours Index		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
Difficulty of Firing Index		0.0
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?	No	0
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?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0

Firing costs (weeks of salary)**101.1**

What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)

0.0

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)

101.1

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 Guatemala

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

STANDARDIZED PROPERTY

Property Value: 951,950.78

City: Guatemala City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a certificate at the Property Registry to verify the status of the property	7-8 days (depending on length of the real estate file or if it is digitalized) (simultaneous with procedure 2)	\$7 (expenses, depending on length of the real estate file + \$ 20 (legal fees))
2 *	Obtain the cadastral value of the property from the Municipality and from DICABI (Dirección de Catastro y Avalúo de Bienes Inmuebles)	1 day (simultaneous with procedure 1)	\$ 20 (legal fees)
3	Lawyer/notary prepares the sale agreement and notarizes it, along with the public deed	2 days	\$62.50 + (\$800 - \$1000 (notary fees) + \$65 (tax stamps, copies, and other) + registration fees (Q.160.00 plus Q 1.5 for each Q 1,000 of transaction value)
4	Public deed is delivered to the Property Registry for its recording	8 - 12 days	Q.160.00 + 0.15% of transaction value (registration fee—already paid to notary)
5	Notify the Municipality and/or DICABI of the transaction	10 days	no cost

* Takes place simultaneously with another procedure.

Procedure 1 Obtain a certificate at the Property Registry to verify the status of the property

Time to complete: 7-8 days (depending on length of the real estate file or if it is digitalized) (simultaneous with procedure 2)

Cost to complete: \$7 (expenses, depending on length of the real estate file) + \$ 20 (legal fees)

Comment: The seller obtains a certificate at the Property Registry in which the buyer can verify that the property is free from mortgages and encumbrances, and to verify that the property is owned by the seller. In order to obtain the certificate the buyer needs to know the registry numbers where the property is registered. Usually this information is provided by the seller. It is usually the lawyer who verifies the books at the registry and obtains this information. This updated certificate of the property will be used later by the lawyer/notary to prepare the public deed.

Procedure 2 Obtain the cadastral value of the property from the Municipality and from DICABI (Dirección de Catastro y Avalúo de Bienes Inmuebles)

Time to complete: 1 day (simultaneous with procedure 1)

Cost to complete: \$ 20 (legal fees)

Comment: The seller must obtain the cadastral value of the property from the Municipality of the place where the property is located. Sometimes, the city where the property is established does not have a Municipality registry of the property value, so this information has to be obtained in DICABI (Dirección de Catastro y Avalúo de Bienes Inmuebles). DICABI is a national institution containing information based on a “personal registry type” on all the regional registries in the country. In any case, it is very important also to obtain property’s value information at DICABI as the price in the contract for VAT purposes must be set at least equal to the value registered at DICABI.

Procedure 3 Lawyer/notary prepares the sale agreement and notarizes it, along with the public deed

Time to complete: 2 days

Cost to complete: \$62.50 + (\$800 - \$1000) (notary fees) + \$65 (tax stamps, copies, and others) + registration fees (Q.160.00 plus Q 1.5 for each Q 1,000 of transaction value)

Comment: If the seller is a registered VAT Taxpayer, the tax must be paid with an invoice, in which the tax is charged.

The lawyer/notary (In Guatemala, the lawyer is also the notary public) prepares the sale agreement and notarizes it by preparing the public deed.

There is a scale in the Notary Bill that regulates the fees, but nowadays since the market has driven prices for notary services down, one will likely pay between \$800 and \$1000 for such a transaction. The notary will be in charge of buying the state stamps for VAT payment if necessary (12% of transaction value), and adhere the stamps to the Public Deed; it is safer to the buyer to process VAT payment directly in cash.

The documentation shall include:

- Property Title issued by the Real Estate Office (advisable)
- Actualized Certificate of the property issued by the Property Registry (Obtained in step 1)
- Photocopy of the ID of seller and buyer (passport or local ID). In case the seller/buyer is a Company, photocopy of the appointment in which the Company gives sufficient faculties to proceed with the transfer of property. In some cases, a Board of Director resolution may be required

-Invoice issued by the seller or Form in which the Tax Authorities certified that the consumption tax (VAT that is 12% of the value of the transaction) is paid; Nevertheless, the sale agreement must be formalized with the public deed
-Cadastral value (Obtained in step 2)

Procedure 4 Public deed is delivered to the Property Registry for its recording

Time to complete: 8 - 12 days

Cost to complete: Q.160.00 + 0.15% of transaction value (registration fee—already paid to notary)

Comment: The public deed is delivered to the Property Registry for its recording under the name of the buyer. It is also advisable to obtain a certificate at the Property Registry to verify that the change of ownership is properly recorded.

The internal procedures conducted by the Property Registry are as follows:

1. Departamento de Reparto –all incoming cases are assigned to the officials (operadores), whose salaries are based on a percentage of the fees. Since 2005, an electronic system is fully implemented to assign cases based on current workload (1 business day).
2. The official registers the property electronically; and issues the case file (expediente)
3. Departamento de Revision (legal assessors) reviews and approves the transaction
4. Accounting department verifies the payment of fees
5. Departamento de Firma Electronica: Registrar or auxiliary registrars (14 full-time and 5 part-time) sign the registration certificate. As of Decree 42-2006, electronic signatures from auxiliary registrars are legally valid. Each one is assigned a unique number by which they can electronically sign, facilitating the registration process.
6. Departamento de Archivo –updates the information in the system
7. Certificate is signed.

Procedure 5 Notify the Municipality and/or DICABI of the transaction

Time to complete: 10 days

Cost to complete: no cost

Comment: Notification to the Municipality and/or DICABI of the transaction. Sometimes this information is not updated, so in order to register the transaction it is mandatory to update prior information.

This step is important to update the cadastral value of the property for the purpose of tax collection. There is a small fine if this procedure is not fulfilled, but it has no effect on the validity of the title obtained in the previous step.

In the future it will also be necessary to obtain cadastral certificates of the property in order to comply with the recently approved Decreto No. 41-2005 (Ley de Registro de Información Catastral). The cadastral certificate is a document issued by the Registrar of the Cadastral Information which contains the cadastral information of a determined piece of land.

Getting Credit in Guatemala

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

Getting Credit Indicators (2008)			Indicator
			score
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	5
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?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	Yes	1
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
Coverage		19.7	16.1
Number of individuals		..	1,220,740
Number of firms		..	9,333

Legal Rights Index		7
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 ?		Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		Yes
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		Yes
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

No

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

Yes

Protecting Investors in Guatemala

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

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

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

Investor Protection Index

4.0

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in Guatemala

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		156	12.0%	value added and land sale		
Advertising tax	1			0.5%	advertising expenses	0.01	
Tax on interest	1			10.0%	interest income	0.26	
Property tax	4			0.9%	property value	0.45	
Capital gains tax	1			31.0%	capital gain	1.57	
Social security contributions	12		144	12.7%	gross salaries	14.29	
Corporate income tax	4		44		taxable profit (turnover)	18.20	
Extraordinary and temporary tax -IETAAP Tax	4				turnover	19.89	
Totals	39		344			36.5	

Notes:

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

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

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

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

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

Trading Across Borders in Guatemala

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

Nature of Export Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	12	342
Customs clearance and technical control	2	100
Ports and terminal handling	2	240
Inland transportation and handling	3	500
Totals	19	1182

Nature of Import Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	11	392
Customs clearance and technical control	2	100
Ports and terminal handling	3	260
Inland transportation and handling	2	550
Totals	18	1302

Export

Bill of lading

Certificate of origin

Commercial invoice

Customs export declaration

Export license

Foreign exchange authorization

Inspection report

Packing list

Technical standard/health certificate

Terminal handling receipts

Import

Bill of lading

Certificate of origin
Commercial invoice
Customs import declaration
Foreign exchange authorization
Import license
Inspection report
Packing list
Technical standard/health certificate
Terminal handling receipts

Enforcing Contracts in Guatemala

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

Nature of Procedure (2008)	Indicator
Procedures (number)	31
Duration (days)	1459
Filing and service	66.0
Trial and judgment	796.0
Enforcement of judgment	597.0
Cost (% of claim)*	26.50
Attorney cost (% of claim)	15.0
Court cost (% of claim)	6.5
Enforcement Cost (% of claim)	5.0

Court information: Guatemala City Justice of the Peace ("Juzgado de Paz")

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



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