

# Doing Business 2008

**Italy**

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Italy**

A Project Benchmarking the Regulatory Cost of  
Doing Business in 178 Economies

Doing Business Project  
World Bank Group



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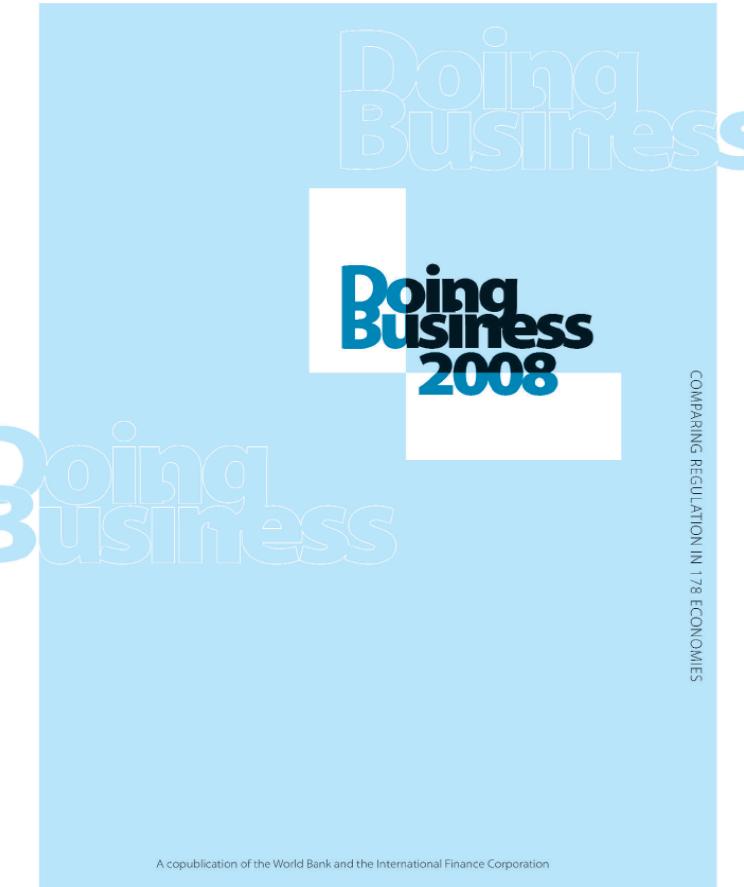
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Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at [www.doingbusiness.org](http://www.doingbusiness.org).

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# Introduction

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*Doing Business 2008* is the fifth in a series of annual reports investigating the 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 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. 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 a country'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, and the underlying strength of institutions -- are not studied directly by Doing Business. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a 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 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Italy along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

The best-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 economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

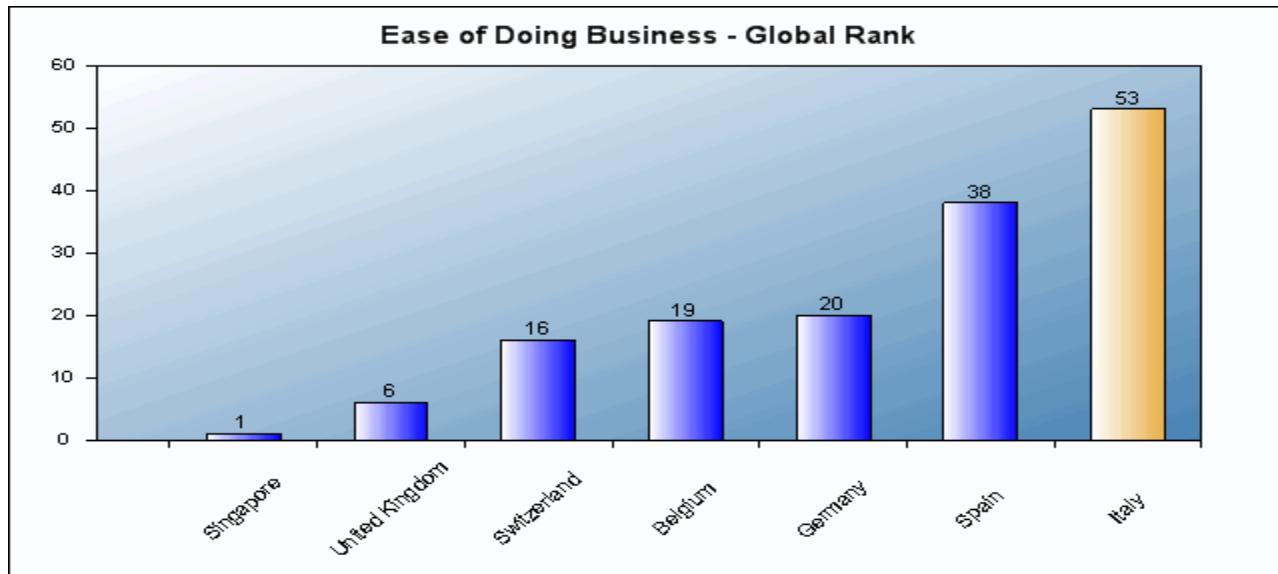
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

## Economy Rankings - Ease of Doing Business

Italy is ranked 53 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

### Italy - Compared to Global Best / Selected Economies:



### Italy's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	53
Starting a Business	65
Dealing with Licenses	78
Employing Workers	56
Registering Property	49
Getting Credit	68
Protecting Investors	51
Paying Taxes	122
Trading Across Borders	62
Enforcing Contracts	155
Closing a Business	25

## Reforms - Who is reforming?

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This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

**1. Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

**2. Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

**3. Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

**4. FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

**5. Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

**6. Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

**7. Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

**8. Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

## Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
		✓ Positive Reform	✗ Negative Reform									
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓				✓		4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓			✓		6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓				✓		3
10	Bulgaria		✓					✓		✓		3
	Italy									✓		1
	Belgium	✓										1
	Germany	✓			✗							0
	Spain			✓				✓				2
	Switzerland			✓								1
	United Kingdom											0

**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.

## Summary of Indicators - Italy

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<b>Starting a Business</b>	<b>Procedures (number)</b>	9
	<b>Duration (days)</b>	13
	<b>Cost (% GNI per capita)</b>	18.7
	<b>Paid in Min. Capital (% of GNI per capita)</b>	9.8
<b>Dealing with Licenses</b>	<b>Procedures (number)</b>	14
	<b>Duration (days)</b>	257
	<b>Cost (% of income per capita)</b>	138.2
<b>Employing Workers</b>	<b>Difficulty of Hiring Index</b>	33
	<b>Rigidity of Hours Index</b>	40
	<b>Difficulty of Firing Index</b>	40
	<b>Rigidity of Employment Index</b>	38
	<b>Nonwage labor cost (% of salary)</b>	37
	<b>Firing costs (weeks of wages)</b>	2
<b>Registering Property</b>	<b>Procedures (number)</b>	8
	<b>Duration (days)</b>	27
	<b>Cost (% of property value)</b>	0.6
<b>Getting Credit</b>	<b>Legal Rights Index</b>	3
	<b>Credit Information Index</b>	5
	<b>Public registry coverage (% adults)</b>	11.0
	<b>Private bureau coverage (% adults)</b>	71.5
<b>Protecting Investors</b>	<b>Disclosure Index</b>	7
	<b>Director Liability Index</b>	4
	<b>Shareholder Suits Index</b>	6
	<b>Investor Protection Index</b>	5.7
<b>Paying Taxes</b>	<b>Payments (number)</b>	15
	<b>Time (hours)</b>	360
	<b>Profit tax (%)</b>	30.8
	<b>Labor tax and contributions (%)</b>	43.2
	<b>Other taxes (%)</b>	2.2
	<b>Total tax rate (% profit)</b>	76.2

<b>Trading Across Borders</b>	<b>Documents for export (number)</b>	5
	<b>Time for export (days)</b>	20
	<b>Cost to export (US\$ per container)</b>	1291
	<b>Documents for import (number)</b>	5
	<b>Time for import (days)</b>	18
	<b>Cost to import (US\$ per container)</b>	1291
<b>Enforcing Contracts</b>	<b>Procedures (number)</b>	41
	<b>Duration (days)</b>	1210
	<b>Cost (% of claim)</b>	29.9
<b>Closing a Business</b>	<b>Time (years)</b>	1.8
	<b>Cost (% of estate)</b>	22
	<b>Recovery rate (cents on the dollar)</b>	61.8

## Starting a Business in Italy: Entry Regulation

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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 are 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 start-up capital of 10 times income per capita, 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.

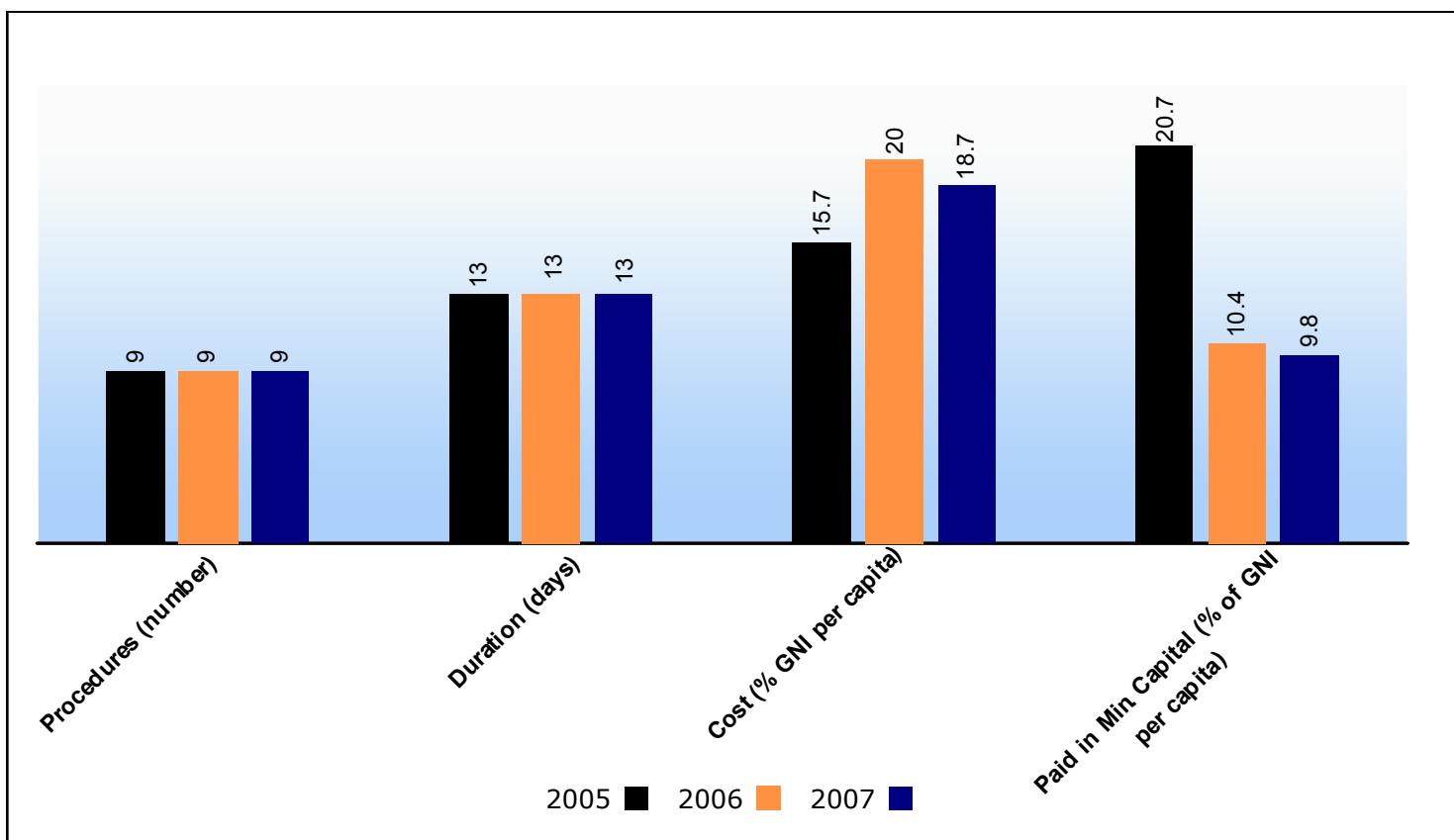
Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an 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 Italy**

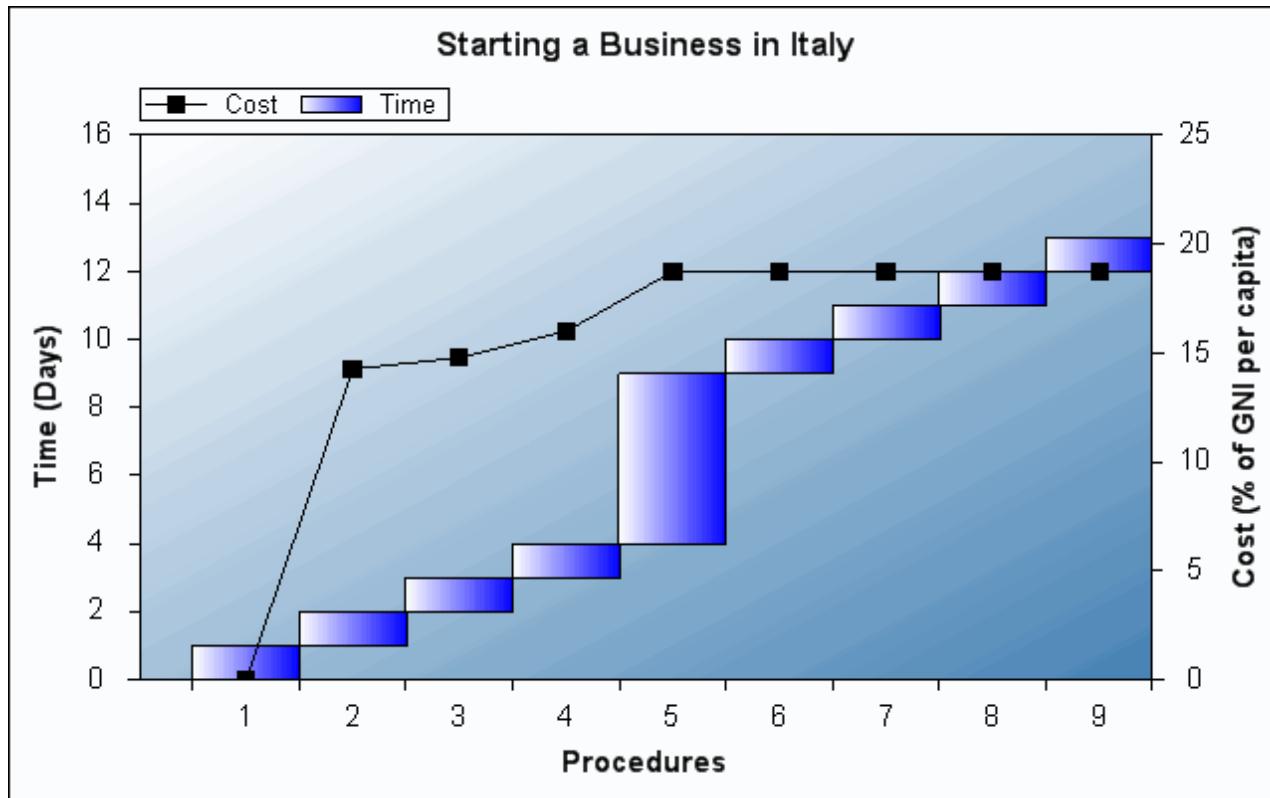
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		58	65
Procedures (number)	9	9	9
Duration (days)	13	13	13
Cost (% GNI per capita)	15.7	20.0	18.7
Paid in Min. Capital (% of GNI per capita)	20.7	10.4	9.8

**2. The following graph illustrates the Starting a Business indicators in Italy over the past 3 years:**



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

It requires 9 procedures, takes 13 days, and costs 18.73% GNI per capita to start a business in Italy.



#### List of Procedures:

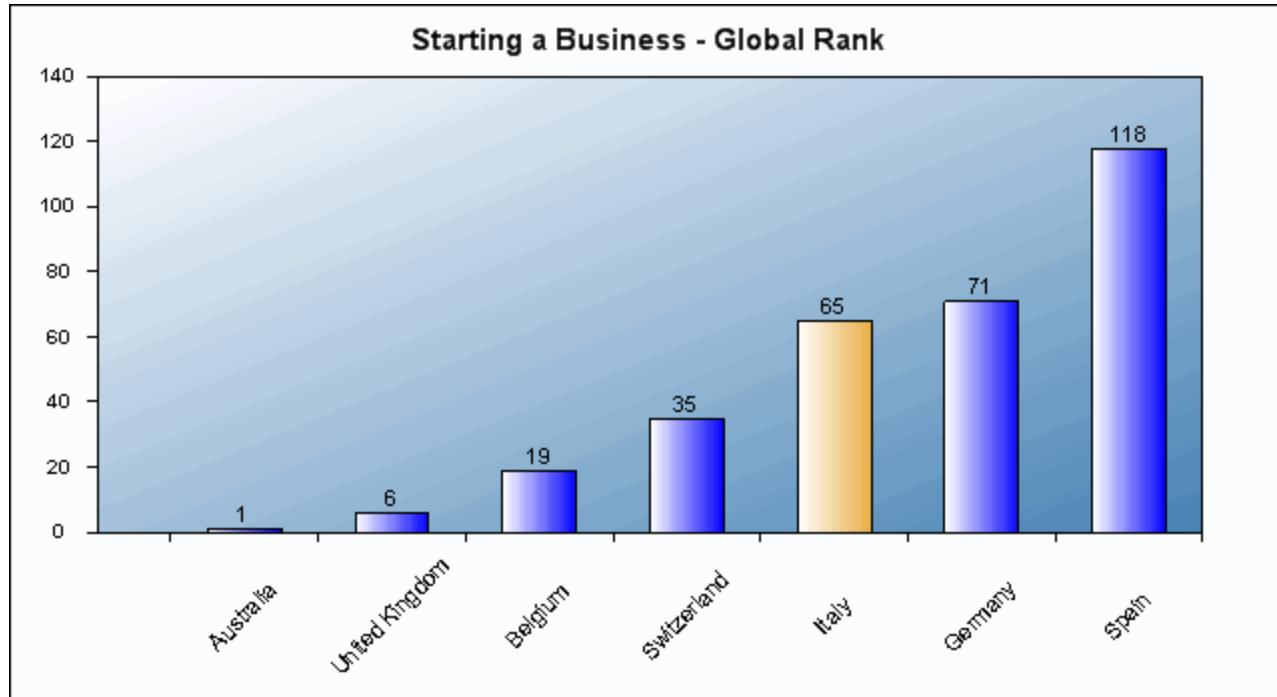
1. Deposit capital in bank
2. Execute public deed before notary
3. Buy company books
4. Pay government grant tax
5. Register at chamber of commerce
6. File articles with tax office
7. Register with social security
8. Register with accident insurance
9. Register employees

More details are available in the appendix.

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

Italy is ranked 65 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

Ranking of Italy in Starting a Business - Compared to best practice and selected economies:



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

<b>Best Practice Economies</b>	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

<b>Selected Economy</b>				
Italy	9	13	18.7	9.8

<b>Comparator Economies</b>				
Belgium	3	4	5.3	20.1
Germany	9	18	5.7	42.8
Spain	10	47	15.1	13.7
Switzerland	6	20	2.1	13.9
United Kingdom	6	13	0.8	0.0

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

Procedures (number): Canada, New Zealand

Paid in Min. Capital (% of GNI per capita): Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States

## Dealing with Licenses in Italy: Building a Warehouse

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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.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses 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. 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 20 qualified employees. The warehouse to be built:

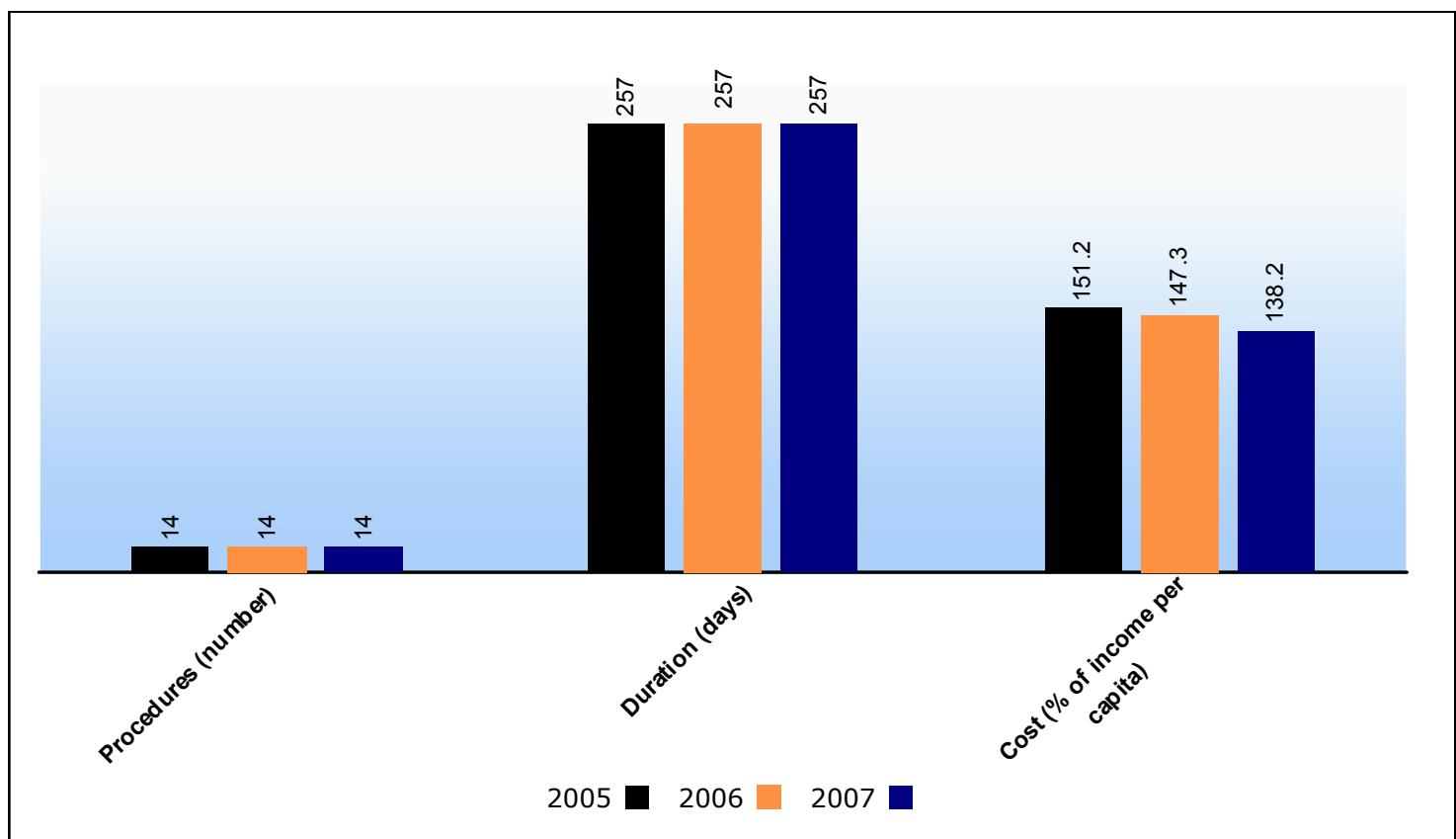
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to 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 Licenses in Italy

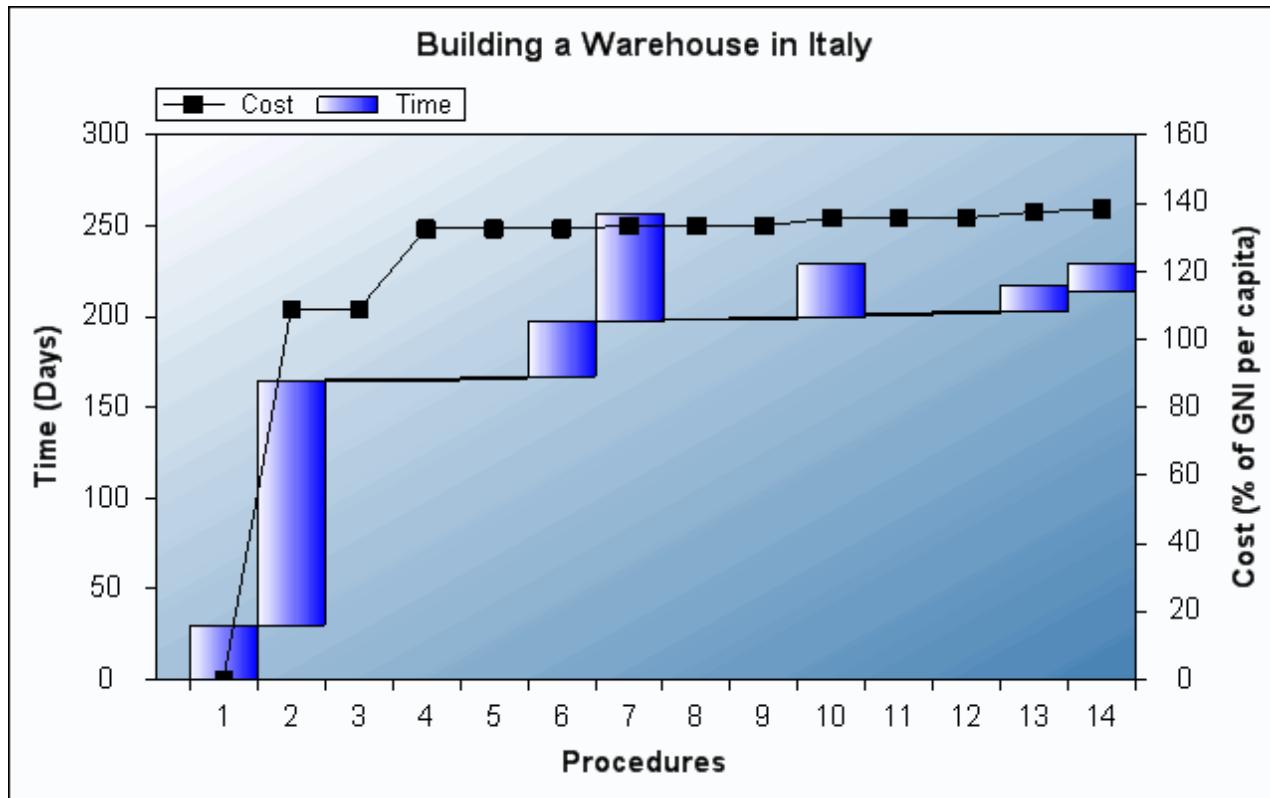
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		77	78
Procedures (number)	14	14	14
Duration (days)	257	257	257
Cost (% of income per capita)	151.2	147.3	138.2

## 2. The following graph illustrates the Dealing with Licenses indicators in Italy over the past 3 years:



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

It requires 14 procedures, takes 257 days, and costs 138.24% GNI per capita to build a warehouse in Italy.



#### List of Procedures:

1. Obtain technical clearance from the Regional Technical Office (Genio Civile)
2. Obtain a building permit
3. Pay the building permit fees at the post office
4. Hire an independent engineer to test the structure and utilities
5. Receive an on-site inspection by the Fire Department
6. Obtain an occupancy certificate
7. Register the building
8. Apply for water and sewerage connection
9. Receive an on-site inspection and an estimate of water and sewerage installation costs
10. Obtain water and sewerage installation
11. Apply for electricity connection
12. Receive an on-site inspection and obtain an estimate of electricity connection costs by local electricity provider

13. Obtain power connection installation

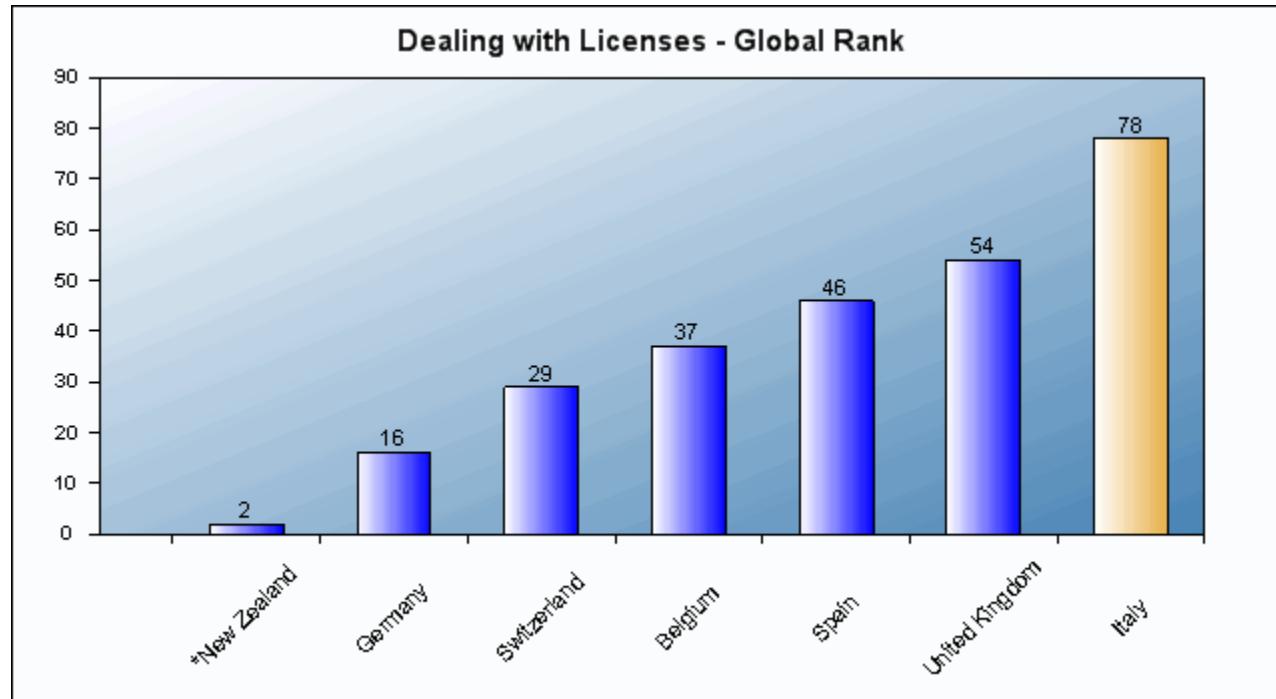
14. Obtain telephone connection

More details are available in the appendix.

#### **4. Benchmarking Dealing with Licenses Regulations:**

Italy is ranked 78 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Italy in Dealing with Licenses - Compared to best practice and selected economies:



\* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Italy compared to best practice and comparator economies:

<b>Best Practice Economies</b>	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

<b>Selected Economy</b>			
Italy	14	257	138.2

<b>Comparator Economies</b>			
Belgium	14	169	63.7
Germany	12	100	63.1
Spain	11	233	64.9
Switzerland	14	154	52.7
United Kingdom	19	144	64.6

## Employing Workers in Italy: Labor Regulations

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Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system 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 and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure 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).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. 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.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

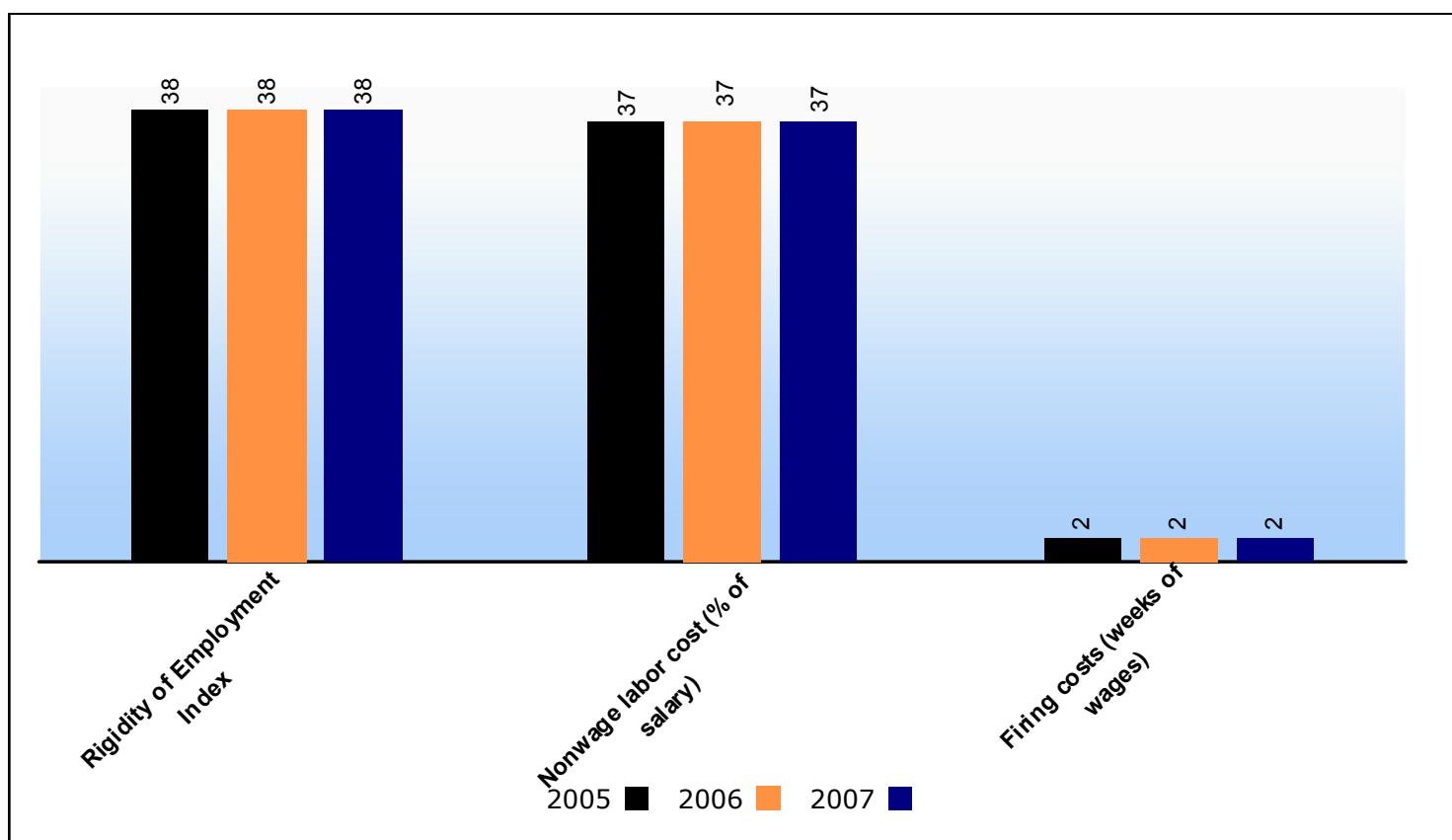
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country'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 countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many 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. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

## 1. Historical data: Employing Workers in Italy

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		56	56
Rigidity of Employment Index	38	38	38
Nonwage labor cost (% of salary)	37	37	37
Firing costs (weeks of wages)	2	2	2

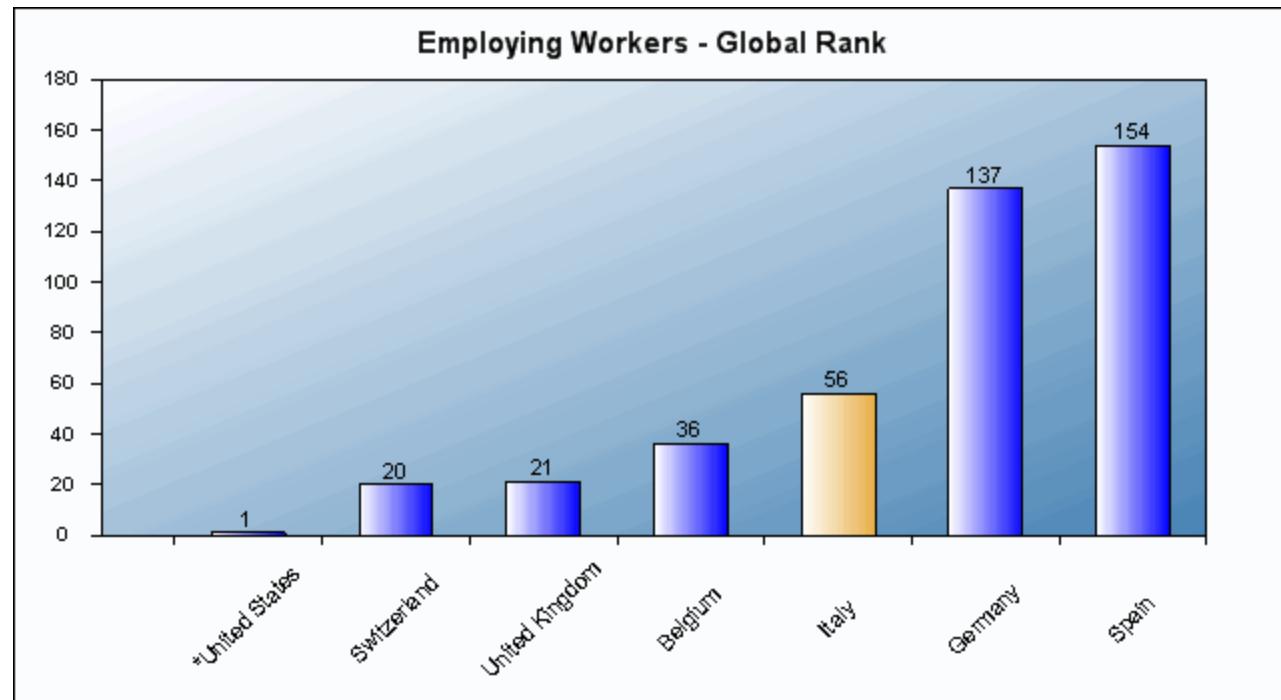
## 2. The following graph illustrates the Employing Workers indicators in Italy over the past 3 years:



### 3. Benchmarking Employing Workers Regulations:

Italy is ranked 56 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of Italy in Employing Workers - Compared to best practice and selected economies:



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

The following table shows Employing Workers data for Italy compared to best practice and comparator economies:

<b>Best Practice Economies</b>	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

<b>Selected Economy</b>			
Italy	38	37	2

<b>Comparator Economies</b>			
Belgium	20	55	16
Germany	44	19	69
Spain	56	33	56
Switzerland	17	15	13
United Kingdom	7	11	22

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

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

## Registering Property in Italy: Regulation of Property Transfer

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Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

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 countries 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).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

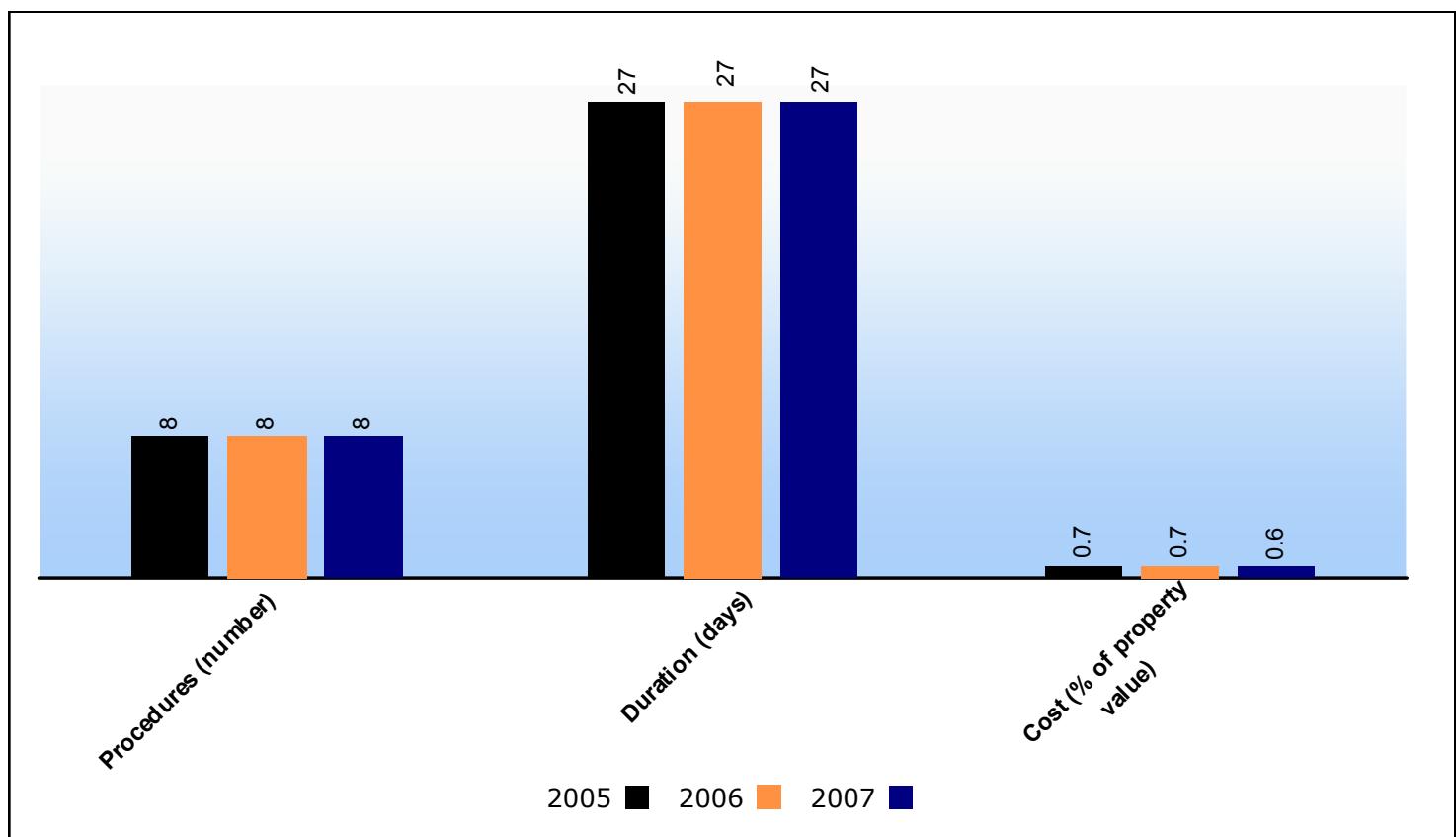
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. 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.

**1. Historical data: Registering Property in Italy**

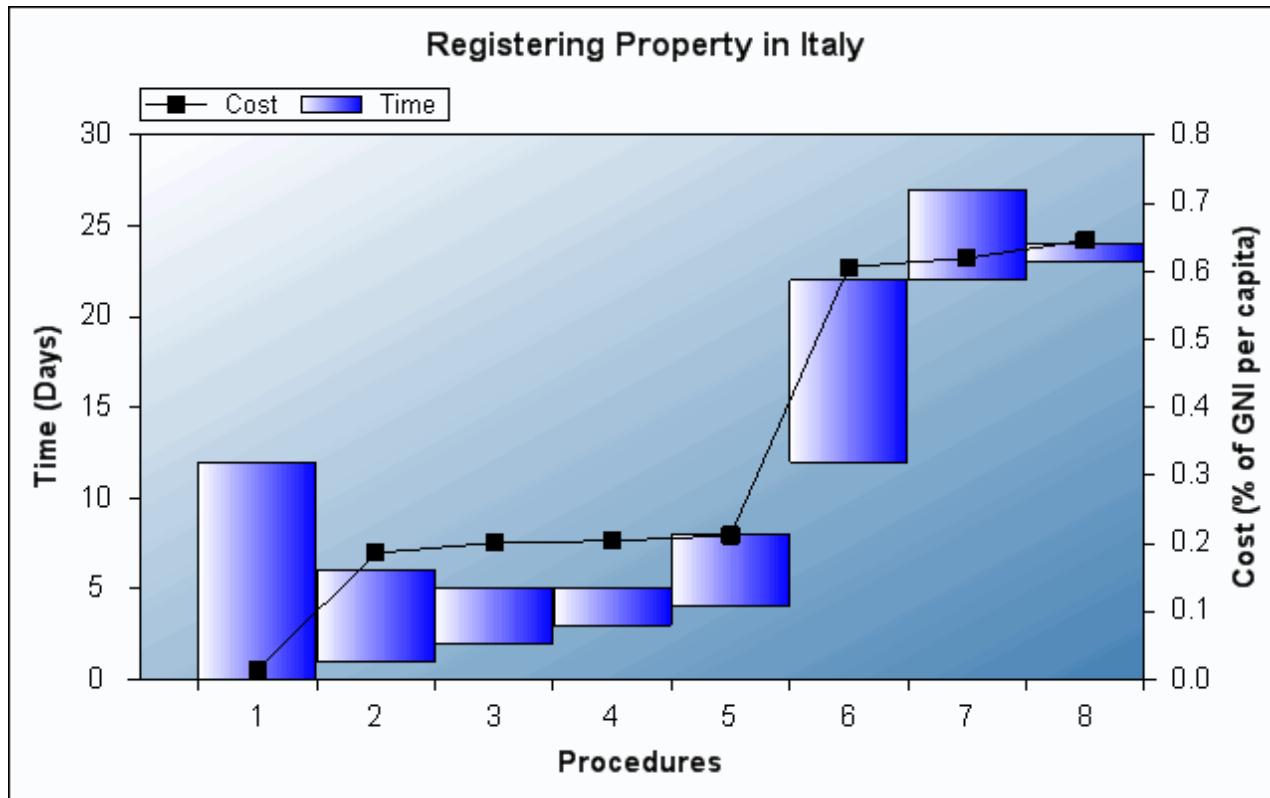
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		52	49
Procedures (number)	8	8	8
Duration (days)	27	27	27
Cost (% of property value)	0.7	0.7	0.6

**2. The following graph illustrates the Registering Property indicators in Italy over the past 3 years:**



### 3. Steps to Registering Property in Italy

It requires 8 procedures, takes 27 days, and costs 0.65% GNI per capita to register the property in Italy.



#### List of Procedures:

1. Obtain copies of building and occupancy permits from Municipality
2. Obtain necessary surveys from Land Registry
3. Obtain necessary surveys from Cadastral Registry
4. Notary verifies the powers of relevant signatories
5. Authentication of seller's documents
6. A notary public drafts and executes the deed of sale
7. Registration of the deed at the Registration Office
8. Registration of the deed at the Land Registry and the Cadastral Office

More details are available in the appendix.

#### 4. Benchmarking Registering Property Regulations:

Italy is ranked 49 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

Ranking of Italy in Registering Property - Compared to best practice and selected economies:



The following table shows Registering Property data for Italy compared to best practice and comparator economies:

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

<b>Selected Economy</b>			
Italy	8	27	0.6

<b>Comparator Economies</b>				
Belgium	7	132	12.7	
Germany	4	40	5.2	
Spain	4	18	7.1	
Switzerland	4	16	0.4	
United Kingdom	2	21	4.1	

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

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

## Getting Credit in Italy: Legal Rights and Credit Information

---

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:

- 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.
- 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.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower's secured assets upon default, collateral limits the lender's potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

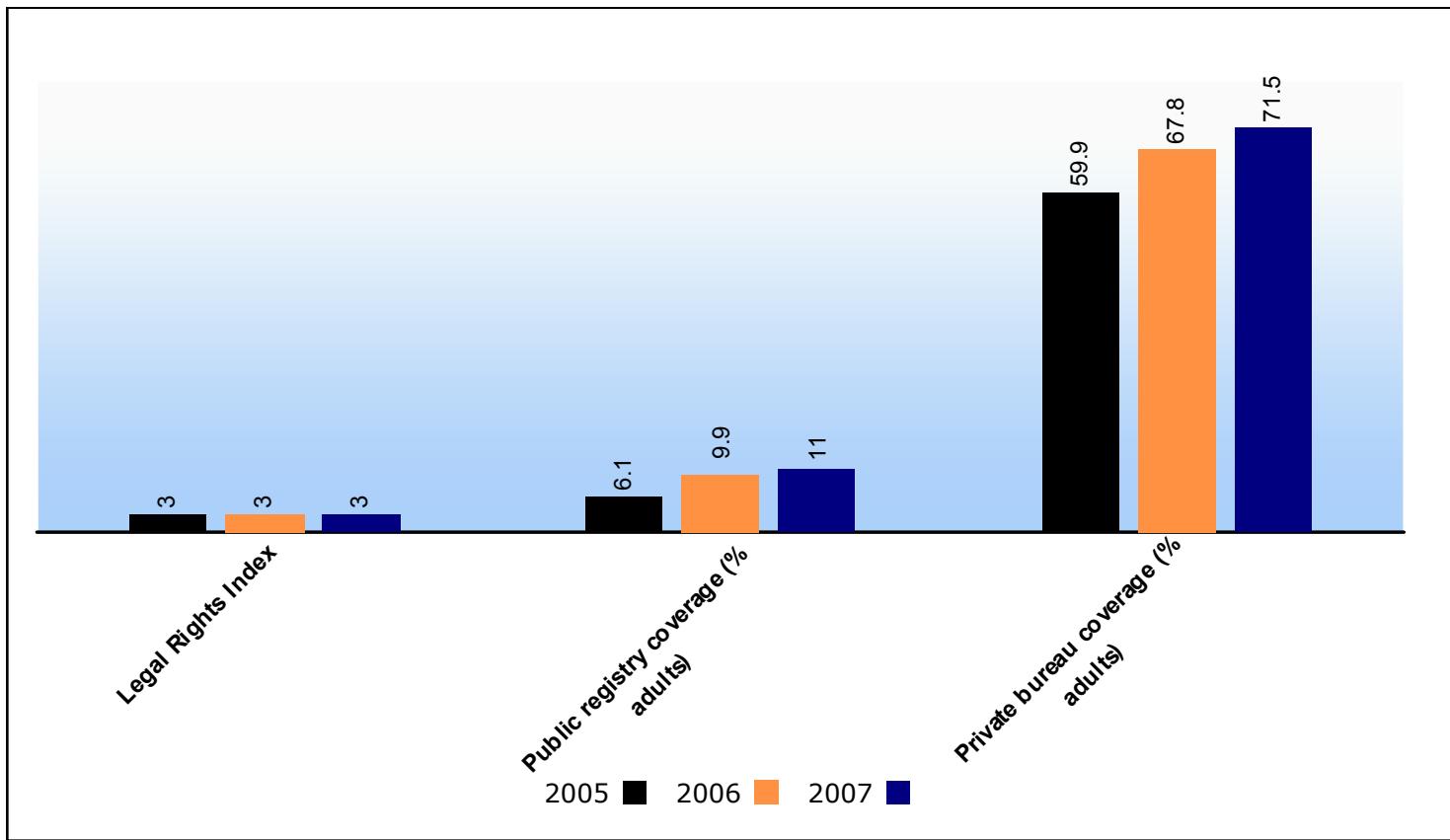
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

**1. Historical data: Getting Credit in Italy**

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		62	68
Legal Rights Index	3	3	3
Public registry coverage (% adults)	6.1	9.9	11.0
Private bureau coverage (% adults)	59.9	67.8	71.5

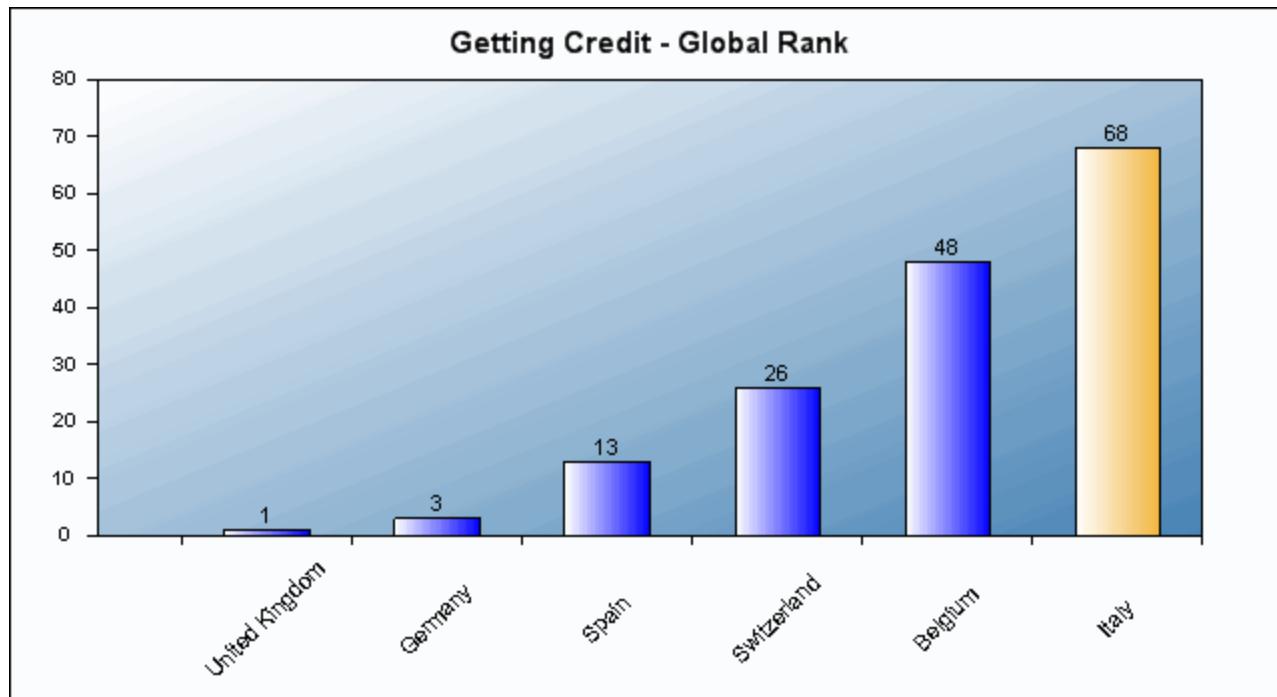
**2. The following graph illustrates the Getting Credit indicators in Italy over the past 3 years:**



### 3. Benchmarking Getting Credit Regulations:

Italy is ranked 68 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

Ranking of Italy in Getting Credit - Compared to best practice and selected economies:



The following table shows Getting Credit data for Italy compared to best practice and comparator economies:

<b>Best Practice Economies</b>	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

<b>Selected Economy</b>			
Italy	3	11.0	71.5

<b>Comparator Economies</b>			
Belgium	5	57.2	0.0
Germany	8	0.7	98.1
Spain	6	44.9	8.3
Switzerland	6	0.0	24.0
United Kingdom	10	0.0	84.6

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

Legal Rights Index: United Kingdom

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

## Protecting Investors in Italy

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Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. 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 unfair 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.

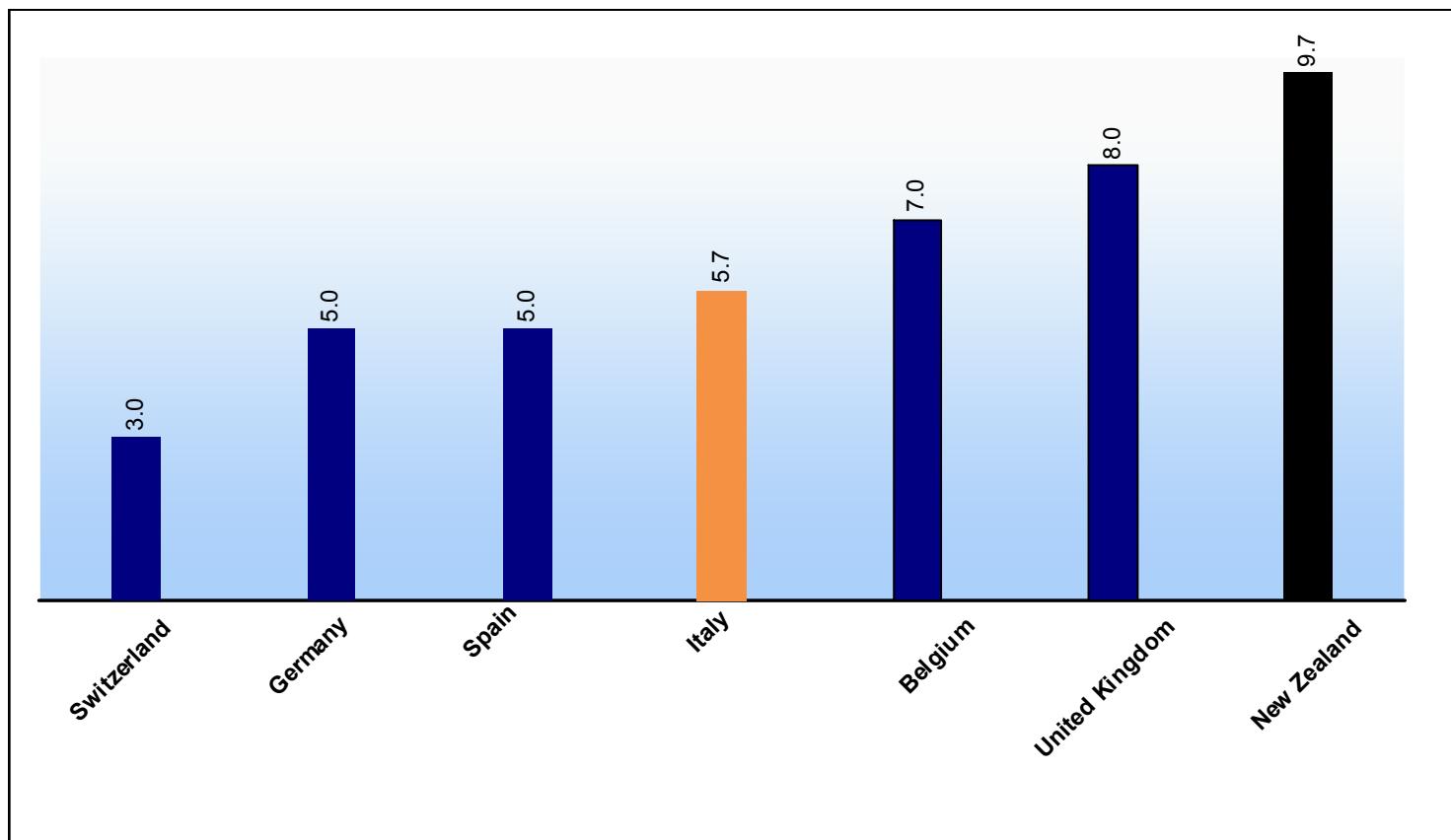
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

## 1. Historical data: Protecting Investors in Italy

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		49	51
Investor Protection Index	5.7	5.7	5.7

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

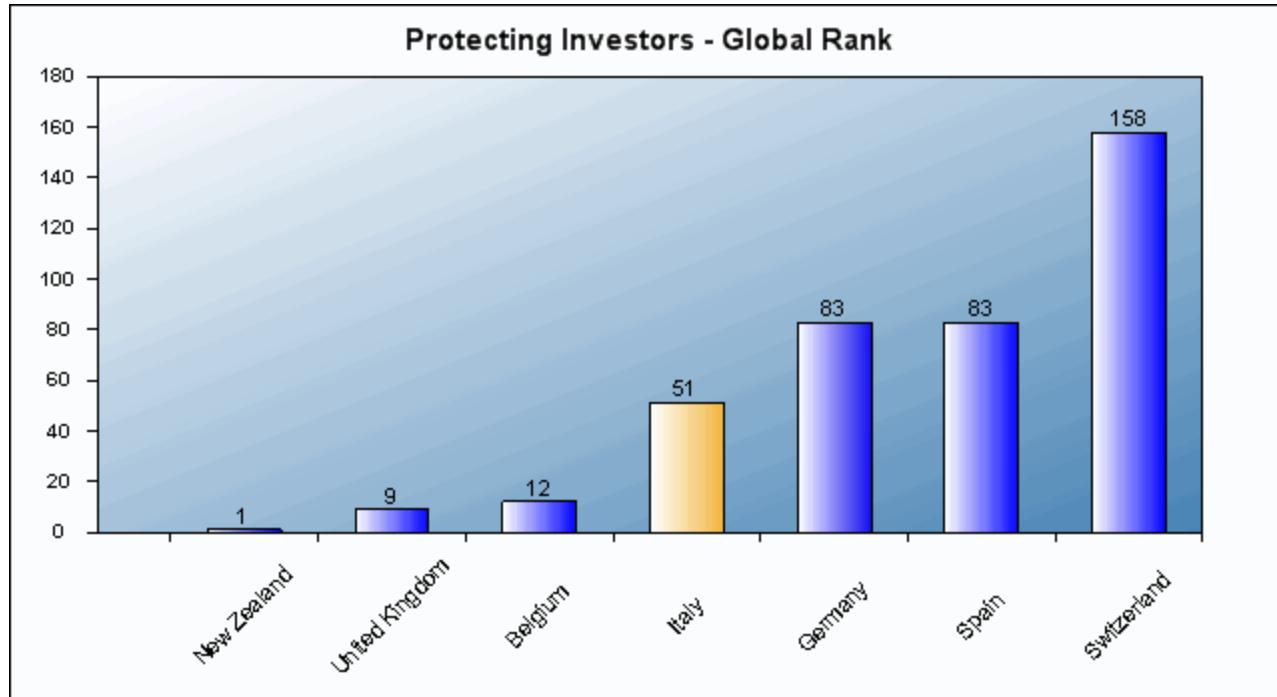


**Note:** The higher the score, the greater the investor protection.

### 3. Benchmarking Protecting Investors Regulations:

Italy is ranked 51 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

Ranking of Italy in Protecting Investors - Compared to best practice and selected economies:



The following table shows Protecting Investors data for Italy compared to best practice and comparator economies:

<b>Best Practice Economies</b>	Investor Protection Index
New Zealand	9.7

<b>Selected Economy</b>	
Italy	5.7

<b>Comparator Economies</b>	
Belgium	7.0
Germany	5.0
Spain	5.0
Switzerland	3.0
United Kingdom	8.0

## Paying Taxes: Tax Payable and Compliance in Italy

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Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor 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 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:

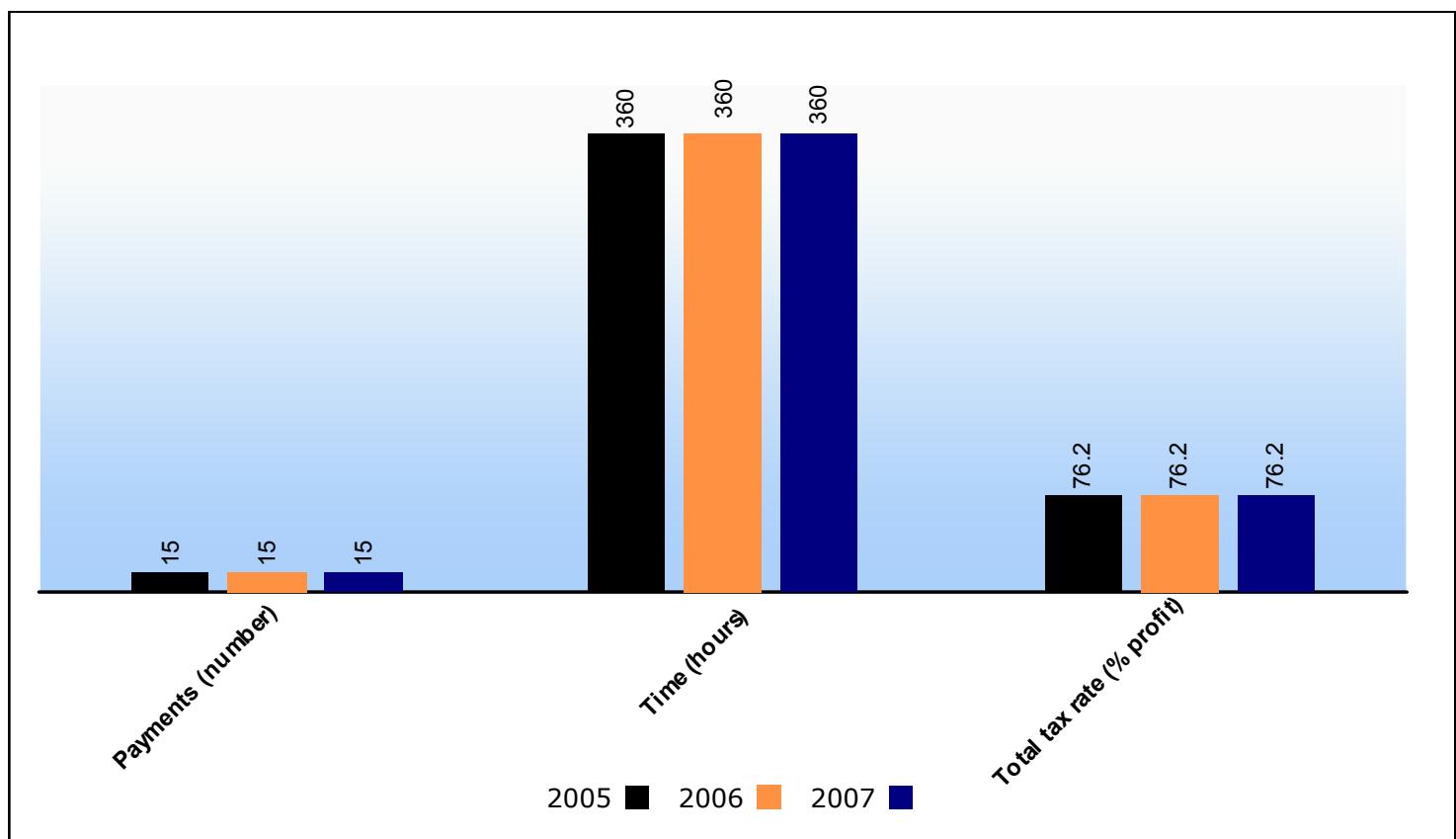
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes 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. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries 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 Italy

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		123	122
Time (hours)	360	360	360
Total tax rate (% profit)	76.2	76.2	76.2
Payments (number)	15	15	15

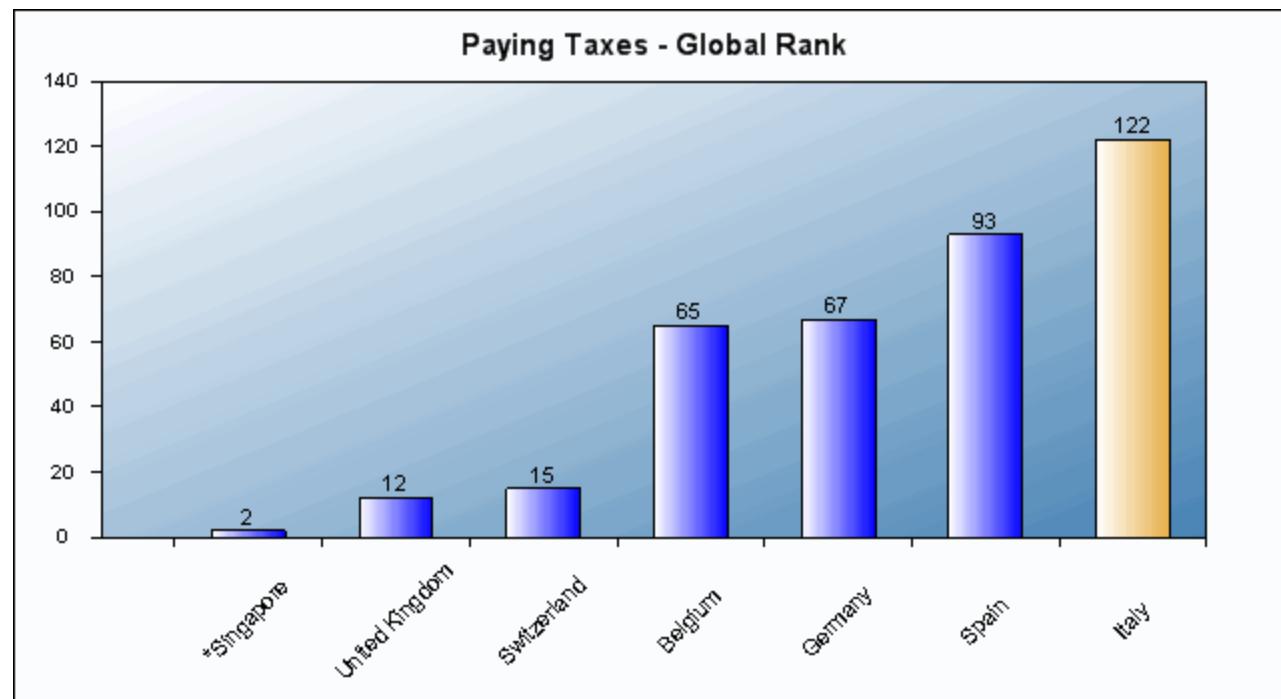
## 2. The following graph illustrates the Paying Taxes indicators in Italy over the past 3 years:



### 3. Benchmarking Paying Taxes Regulations:

Italy is ranked 122 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

Ranking of Italy in Paying Taxes - Compared to best practice and selected economies:



\* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for Italy compared to best practice and comparator economies:

<b>Best Practice Economies</b>	<b>Payments (number)</b>	<b>Time (hours)</b>	<b>Total tax rate (% profit)</b>
<b>Sweden*</b>	2		
<b>United Arab Emirates*</b>		12	
<b>Vanuatu</b>			8.4

<b>Selected Economy</b>			
<b>Italy</b>	15	360	76.2

<b>Comparator Economies</b>			
<b>Belgium</b>	11	156	64.3
<b>Germany</b>	16	196	50.8
<b>Spain</b>	8	298	62.0
<b>Switzerland</b>	24	63	29.1
<b>United Kingdom</b>	8	105	35.7

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

Payments (number): **Maldives**

Time (hours): **Maldives**

## Trading Across Borders: Importing and Exporting from Italy

---

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 faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down 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. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official 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 factory 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.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

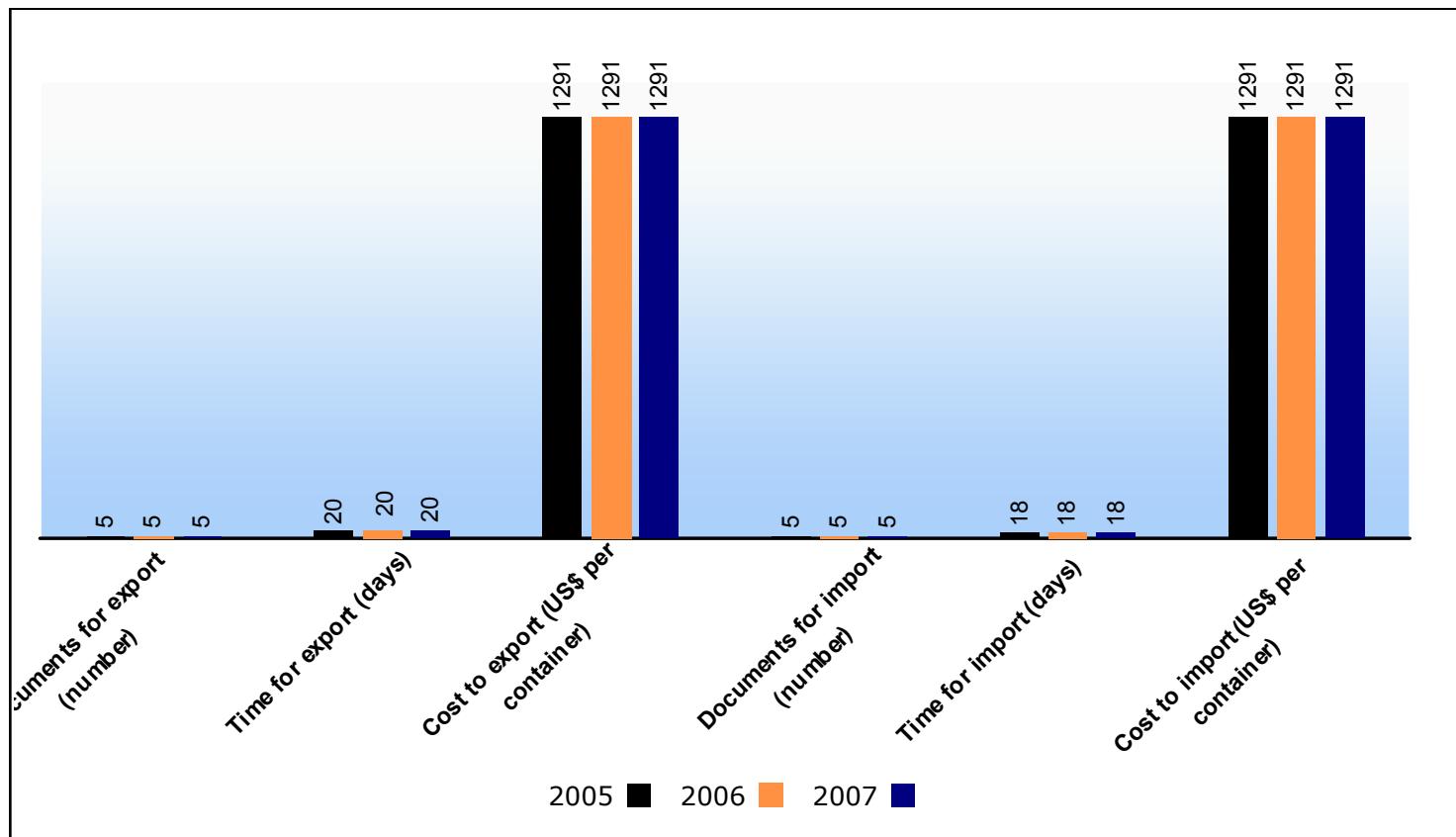
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. 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 trade taxes.

Countries 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 leads 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 avoid customs altogether. Instead, they smuggle goods across the border. That 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 Italy

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		53	62
Documents for export (number)	5	5	5
Time for export (days)	20	20	20
Cost to export (US\$ per container)	1291	1291	1291
Documents for import (number)	5	5	5
Time for import (days)	18	18	18
Cost to import (US\$ per container)	1291	1291	1291

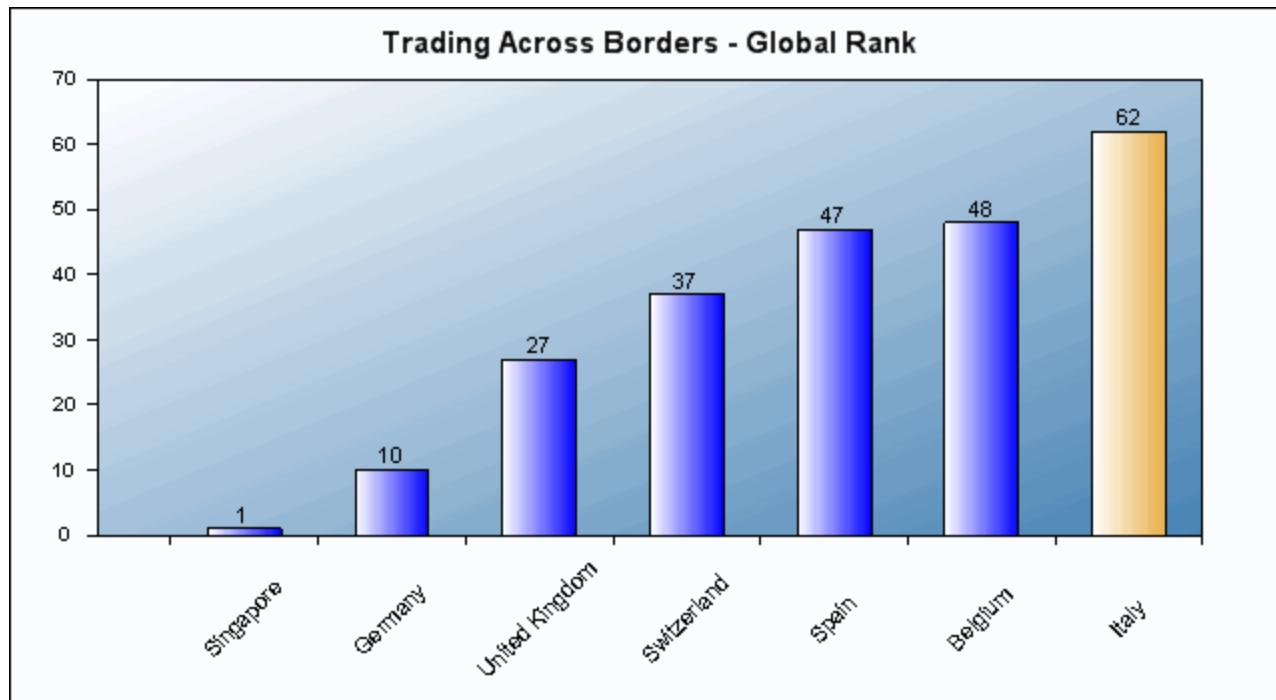
## 2. The following graph illustrates the Trading Across Borders indicators in Italy over the past 3 years:



### 3. Benchmarking Trading Across Borders Regulations:

Italy is ranked 62 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

Ranking of Italy in Trading Across Borders - Compared to best practice and selected economies:



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

<b>Best Practice Economies</b>	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

<b>Selected Economy</b>						
Italy	5	20	1291	5	18	1291

<b>Comparator Economies</b>						
Belgium	4	8	1600	5	9	1600
Germany	4	7	740	5	7	765
Spain	6	9	1000	8	10	1000
Switzerland	4	8	1238	5	9	1333
United Kingdom	4	13	940	4	13	1267

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

Documents for export (number): Estonia, Micronesia, Panama

Time for export (days): Estonia, Singapore

Documents for import (number): Sweden

## Enforcing Contracts: Court Efficiency in Italy

---

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 are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

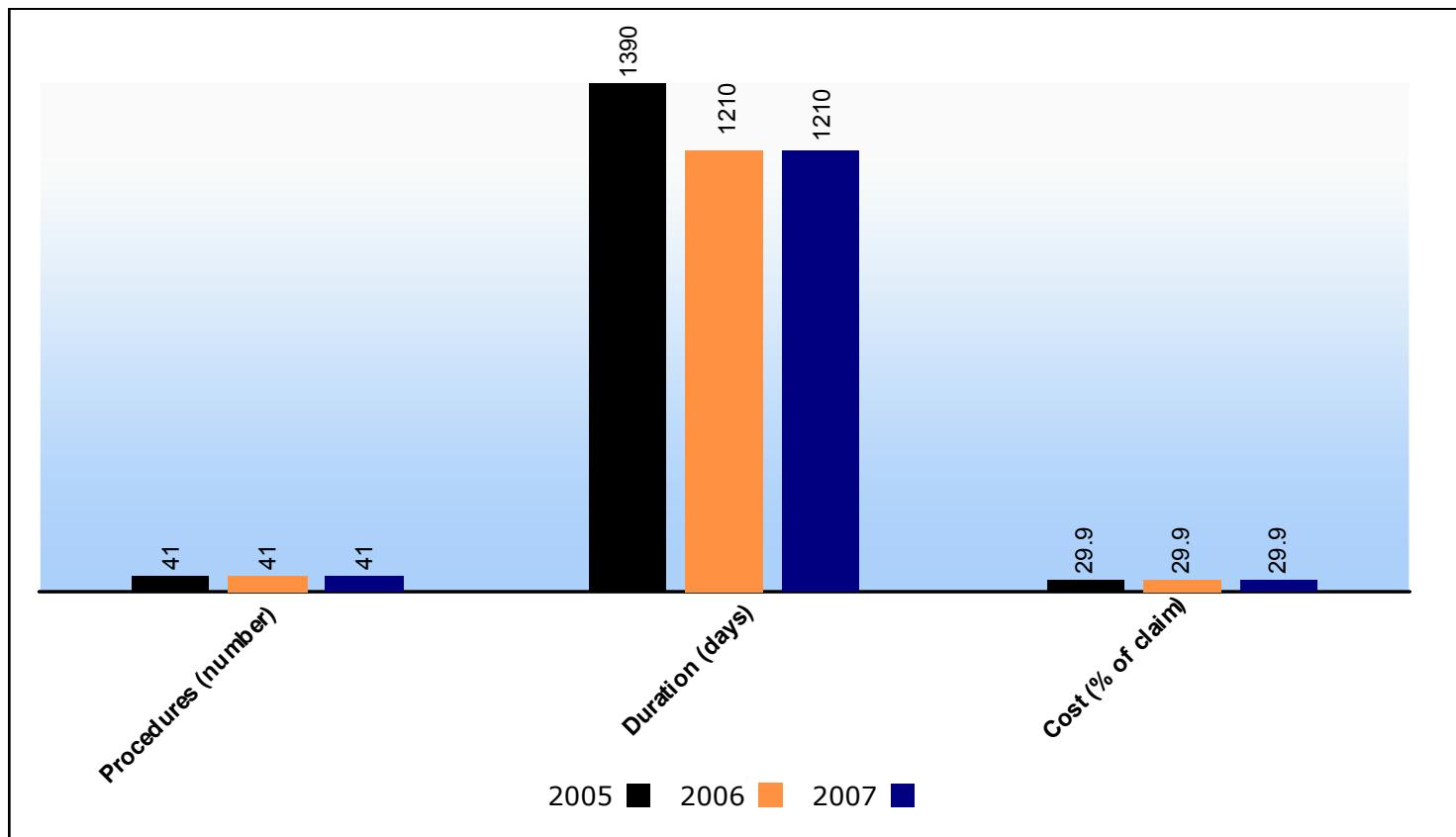
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

## 1. Historical data: Enforcing Contracts in Italy

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		155	155
Procedures (number)	41	41	41
Duration (days)	1390	1210	1210
Cost (% of claim)	29.9	29.9	29.9

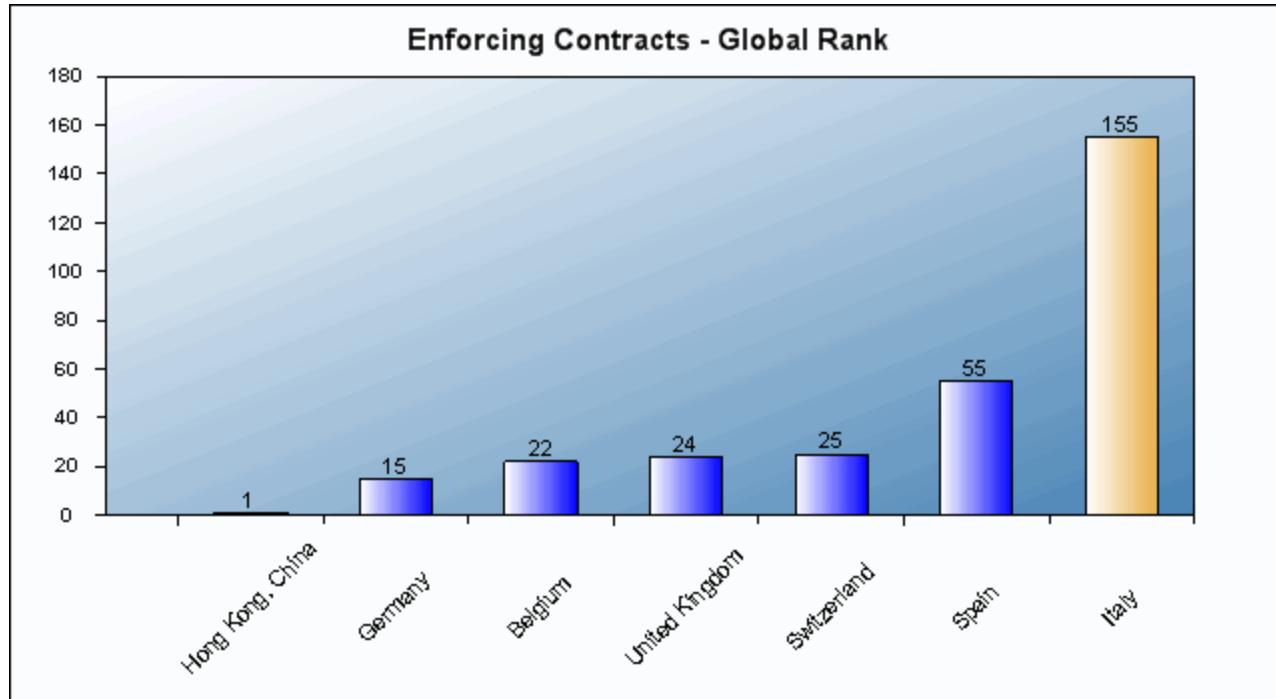
## 2. The following graph illustrates the Enforcing Contracts indicators in Italy over the past 3 years:



### 3. Benchmarking Enforcing Contracts Regulations:

Italy is ranked 155 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

Ranking of Italy in Enforcing Contracts - Compared to best practice and selected economies:



The following table shows Enforcing Contracts data for Italy compared to best practice and comparator economies:

<b>Best Practice Economies</b>	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

<b>Selected Economy</b>			
Italy	41	1210	29.9

<b>Comparator Economies</b>			
Belgium	27	505	16.6
Germany	33	394	11.8
Spain	39	515	17.2
Switzerland	32	417	21.2
United Kingdom	30	404	23.4

## Closing Business in Italy: Bankruptcy

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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 creditors 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.

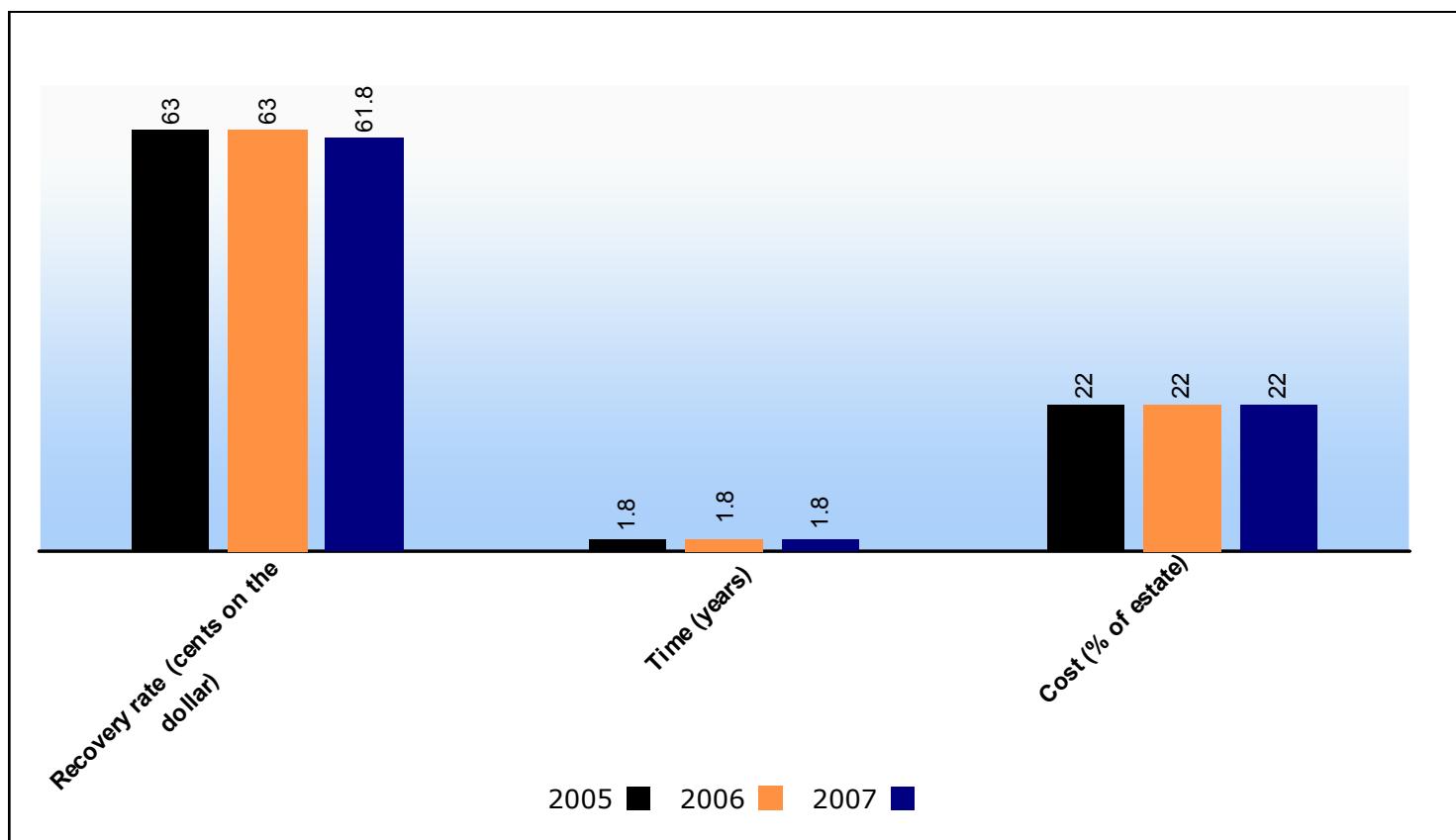
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, 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 Italy

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		25	25
Time (years)	1.8	1.8	1.8
Cost (% of estate)	22	22	22
Recovery rate (cents on the dollar)	63	63	61.8

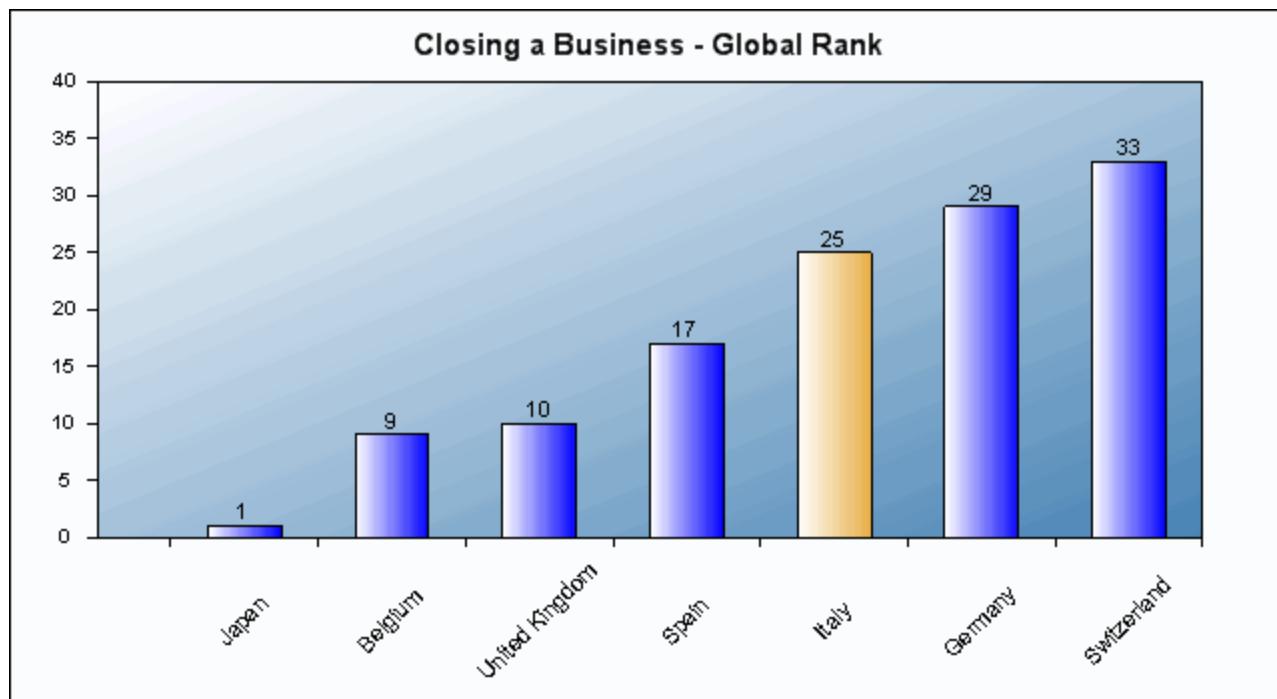
## 2. The following graph illustrates the Closing Business indicators in Italy over the past 3 years:



### 3. Benchmarking Closing Business Regulations:

Italy is ranked 25 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

Ranking of Italy in Closing Business - Compared to best practice and selected economies:



The following table shows Closing Business data for Italy compared to best practice and comparator economies:

<b>Best Practice Economies</b>	Recovery rate (cents on the	Time (years)	Cost (% of estate)
Colombia			1
Ireland*		0.4	
Japan	92.6		

<b>Selected Economy</b>			
Italy	61.8	1.8	22

<b>Comparator Economies</b>			
Belgium	85.5	0.9	4
Germany	53.4	1.2	8
Spain	76.9	1.0	15
Switzerland	47.1	3.0	4
United Kingdom	84.6	1.0	6

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

Time (years): Cape Verde

### Starting a Business in Italy

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

#### STANDARDIZED COMPANY

*Legal Form:* Società a responsabilità limitata (Srl)

*Minimum Capital Requirement:* EUR 2,500

*City:* Rome

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit at least 25% of the amounts contributed in cash with a bank	1 day	nominal (bank commission)
2	Execute a public deed of incorporation and company bylaws before a public notary; pay registration tax	1 day	EUR 3638
3	Buy corporate books and accounting books	1 day	authentication fees for corporate books + €14.62. stamp fee for each 100 pages, €30.00 registration fee (for each 500 pages)
4	Pay government grant tax to the post office current account	1 day	EUR 309.87
5	Register with the Register of Enterprises (Registro delle Imprese) at the local chamber of commerce.	5 days for application filed on floppy-disk, 10 days for application filed on paper. In practice, registration may be complete within 1 day.	€ 168 (registration tax) + € 156.81 (registration with Chamber of Commerce) + € 373.00 (membership fees)
6	Apply for the tax identification number (Codice Fiscale) and VAT number (numero di partita IVA) with the local tax office	1 day	no charge
7	Register company and employment books with the INPS office (Istituto Nazionale di Previdenza Sociale or Social Security Administration)	1 day	no charge
8	Register company and employment books with the Accident Insurance Office (INAIL)	1 day	no charge
9	Notify the competent Labor Office (DPLMO) the employment of workers	1 day	no charge

**Procedure 1 Deposit at least 25% of the amounts contributed in cash with a bank**

**Time to complete:** 1 day

**Cost to complete:** nominal (bank commission)

**Comment:** At incorporation, 25% of the company's capital contributed in cash must be paid in and deposited in a bank account.

The payment of the capital may be replaced by an insurance policy or by a bank guarantee for at least the same amount, though it is possible for the quota holders to pay in the due amount at any time.

If the company capital is not wholly paid in at incorporation, the company has a credit against the founding shareholders for payment of the outstanding portion of the capital. The directors have power to claim the payment at any time.

**Procedure 2 Execute a public deed of incorporation and company bylaws before a public notary; pay registration tax**

**Time to complete:** 1 day

**Cost to complete:** EUR 3638

**Comment:** A public deed of incorporation (atto costitutivo), including the company's bylaws (statuto) must be drafted and executed before a public notary by the quota holders or their authorized representatives.

The public notary drafts company bylaws on standard forms, which the notary provides. The cost of the forms and stamp duties are included in the notary fees.

Registration tax, due within 20 days of incorporation, is paid to the notary public, who will also provide the registered public deed of incorporation.

Registration fee schedule:

- Electronic registration: EUR 90.
- Tax: EUR 168.

**Procedure 3 Buy corporate books and accounting books**

**Time to complete:** 1 day

**Cost to complete:** authentication fees for corporate books + €14.62. stamp fee for each 100 pages, €30.00 registration fee (for each 500 pages)

**Comment:** According to Article 2490 of the Italian Civil Code, a company denominated as a limited liability company (società a responsabilità limitata, or SRL) must keep the following corporate books: shareholders' register, minute book of shareholders' meetings, and minute book of board of directors' meetings. For each accounting and corporate book, the company pays a EUR 14.62 for stamp fee (for each 100 pages) and a EUR 30.00 register fee (for each 500 pages).

According to Article 2421 of the Italian Civil Code, a company denominated as a stock corporation (società per azioni, or SPA) must keep two accounting books: the journal book and the inventory book. The company must not authenticate accounting books (according to Law No. 383/2001). All books are available in standard format at stationary stores or through a notary public. However, entrepreneurs can also use a loose-leaf book at no additional cost.

The books may be duly stamped by either the notary public or the Register of Enterprises. Stamp duties may be paid directly to the notary or to the Office of the Registry of Enterprises.

**Procedure 4 Pay government grant tax to the post office current account**

**Time to complete:** 1 day

**Cost to complete:** EUR 309.87

**Comment:** The tax is due to the Office of Revenue every year. The amount is EUR 516.46 if the company's social capital exceeds EUR 516,456.90.

**Procedure 5 Register with the Register of Enterprises (Registro delle Imprese) at the local chamber of commerce.**

**Time to complete:** 5 days for application filed on floppy-disk, 10 days for application filed on paper. In practice, registration may be complete within 1 day.

**Cost to complete:** € 168 (registration tax) + € 156.81 (registration with Chamber of Commerce) + € 373.00 (membership fees)

**Comment:** Since July 1, 2003, companies may electronically file with the Register of Enterprises all documents required by law. The notary public who has drafted and executed the incorporation deed (or the directors of the company, or, in case of their omission, the quota holders) must file the deed with the Register of Enterprises and apply for its registration within 20 days of incorporation. The same persons must apply at the same time (and with the same application form) for registration with the Economic and Administrative Record (REA).

Within the same period of time, the company's directors shall also register with the REA and provide notification about the commencement of company activities and the appointment of the board of directors and (if provided for) the board of statutory auditors. Within 20 days of company registration, the notary public shall have the incorporation deed registered, upon paying a registration tax.

Corporate books may be authenticated by the Chamber of Commerce or by a notary public.

Membership with the Chamber of Commerce is mandatory.

This registration fees are EUR 1.81 for stamps (DPR 642/72 as modified by DM 24-05-05) plus EUR 65 due to the Office of Revenue (LG 191/04 and DL 7/05) plus EUR 90 due to the local chamber of commerce (or EUR 120 if companies file all documents online with the Register of Enterprises).

Beginning January 1, 2007, membership fees to the Companies Register must be paid online, within 30 days from membership application (by Decree of the Prime Minister, dated October 4, 2006).

The annual membership fee is due to each chamber of commerce where the company is registered. For the first year, the chamber membership is EUR 373.00. In the following years, the membership fee depends on the company turnover. If turnover is up to EUR 516,459.90, the fee is EUR 373.00. From EUR 516,456.9 to EUR 2,582,284.50, the fee is EUR 373.00 0.0070% of the amount exceeding EUR 516,456.90. For example, if the turnover is EUR 2,582,284.00, the membership fee is EUR 516.61.

**Procedure 6 Apply for the tax identification number (Codice Fiscale) and VAT number (numero di partita IVA) with the local tax office**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** Within 30 days from start of company activities, the company's legal representative must file with the Revenue Agency (Agenzia delle Entrate) the application to obtain the tax identification number and the VAT number (the VAT code and the tax identification number are the same for stock companies).

The incorporation deed must be filed with the Revenue Agency or the VAT Office within 20 days of registration with the Register of Enterprises. As of February 2005, the VAT number application can be filed online, using a personal identification number (PIN). The PIN can be obtained online at <http://telematici.agenziaentrate.gov.it/Main/index.jsp>. The company's legal representative's fiscal code (tax identification) is required.

**Procedure 7 Register company and employment books with the INPS office (Istituto Nazionale di Previdenza Sociale or Social Security Administration)**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** If the company has employees (lavoratori subordinati), it must register with the Italian Social Security Office (INPS) in due time to ensure payment of social security contributions. The filing can be submitted online through the INPS Web site ([www.inps.it](http://www.inps.it))

Pursuant to amendments to Law No. 296/2006 (Legge Finanziaria 2007), the Labor Ministry will issue a legislative decree stipulating that this notice be replaced by a single notice to the relevant employment institutes. When this decree comes into effect, the separate notice to INPS will be no longer be required.

If the company is subject to provisions for work-related accident and illness insurance, it must obtain the certification of the employment books by INPS or by the National Insurance Institute for Industrial Accidents (Istituto Nazionale Assicurazione contro gli Infortuni sul Lavoro, INAIL).

**Procedure 8 Register company and employment books with the Accident Insurance Office (INAIL)**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** If the company has employees (lavoratori subordinati), it must register with INAIL at least 5 days before starting operations. The filing can also be submitted online through the INAIL Web site ([www.inail.it](http://www.inail.it)).

**Procedure 9 Notify the competent Labor Office (DPLMO) the employment of workers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** The employer shall notify the Provincial Labor Office (Direzione Provinciale del Lavoro e della Massima Occupazione, DPLMO) about the hiring of personnel within 5 days from the start of the labor relationship.

## Dealing with Licenses in Italy

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

### BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Rome

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain technical clearance from the Regional Technical Office (Genio Civile)	30 days	no charge
2	Obtain a building permit	135 days	EUR 27,814
3	Pay the building permit fees at the post office	1 day	no charge
4	Hire an independent engineer to test the structure and utilities	1 day	EUR 6,000
5	Receive an on-site inspection by the Fire Department	1 day	no charge
6	Obtain an occupancy certificate	30 days	EUR 20
7	Register the building	60 days	EUR 200
8	Apply for water and sewerage connection	1 day	no charge
9	Receive an on-site inspection and an estimate of water and sewerage installation costs	1 day	no charge
10	Obtain water and sewerage installation	29 days	EUR 600
11 *	Apply for electricity connection	1 day	no charge
12 *	Receive an on-site inspection and obtain an estimate of electricity connection costs by local electricity provider	1 day	no charge
13 *	Obtain power connection installation	14 days	EUR 450
14 *	Obtain telephone connection	15 days	EUR 200

\* Takes place simultaneously with another procedure.

**Procedure 1 Obtain technical clearance from the Regional Technical Office (Genio Civile)****Time to complete:** 30 days**Cost to complete:** no charge**Comment:** BuildCo must obtain a technical clearance (nulla osta) from the Regional Technical Office (genio civile) prior to obtaining a building permit. Effective October 23, 2005, and pursuant to the Ministerial Decree of September 14, 2005, the project design drawings related to the warehouse's construction must be consistent with certain specific technical provisions. The regulations do not affect the procedures for the issuance of the building permit, although they increase the construction costs to be sustained by the owner by 15–20%.**Procedure 2 Obtain a building permit****Time to complete:** 135 days**Cost to complete:** EUR 27,814**Comment:** The application for a building permit is filed with the Municipal Agency. The company must file proof of title of ownership to the property for which the building permit is requested, as well as the project design drawings signed by an engineer or an architect, including the drawings relating to electric utilities, air conditioning systems, and fire protection devices. The Municipal Agency then requests project clearance from the Fire Department and from the Public Health Agency, which take 45 and 30 days, respectively. These requests can be made simultaneously. The municipality takes 135 days to issue the building permit.

The fees for the issuance of the building permit are calculated based on the building value and on the urbanization costs sustained by the municipality. The fee based on building value must be paid no later than 60 days after the completion of the building; the fee based on urbanization costs must be paid upon issuance of the building permit.

**Procedure 3 Pay the building permit fees at the post office****Time to complete:** 1 day**Cost to complete:** no charge**Comment:****Procedure 4 Hire an independent engineer to test the structure and utilities****Time to complete:** 1 day**Cost to complete:** EUR 6,000**Comment:** The structure and utilities tests must be performed by an engineer or an architect who was not directly involved in the project. In addition to the final test on completed structures, the work site director must provide test results for the structural material used to build the structure. In the case of reinforced concrete, the testing must be done on three samples taken on each day that concrete is poured and on one sample for each steel per file used in the structure. The testing is based on per files traction and compression resistance and must be done by an authorized testing lab. The cost of each test is EUR 200. For the warehouse in this case, BuildCo can expect to pay EUR 4,000 for the structural tests (about 20 in total) and EUR 2,000 for testing the utility systems.

**Procedure 5 Receive an on-site inspection by the Fire Department****Time to complete:** 1 day**Cost to complete:** no charge**Comment:** In order to obtain the occupancy permit, the warehouse must first be inspected by the Fire Department.**Procedure 6 Obtain an occupancy certificate****Time to complete:** 30 days**Cost to complete:** EUR 20**Comment:** Within 15 days of the building's completion, the builder should file with the Municipal Agency an application for an occupancy certificate and (a) the request for cadastral registration, (b) the builder's statement attesting the compliance of the building with the project specifications and the favorable outcome of the Fire Department's inspection, (c) statements of the independent experts involved in Procedures 4 and 5, and (d) the conformity certificate issued by the Regional Technical Office. The Municipal Agency issues the occupancy certificate within 30 days after the application is filed.**Procedure 7 Register the building****Time to complete:** 60 days**Cost to complete:** EUR 200**Comment:****Procedure 8 Apply for water and sewerage connection****Time to complete:** 1 day**Cost to complete:** no charge**Comment:** The company should contact the water authority to obtain the water and sewerage connection.**Procedure 9 Receive an on-site inspection and an estimate of water and sewerage installation costs****Time to complete:** 1 day**Cost to complete:** no charge**Comment:****Procedure 10 Obtain water and sewerage installation****Time to complete:** 29 days**Cost to complete:** EUR 600

**Comment:**

**Procedure 11 Apply for electricity connection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** The company should apply for power connection with the local electricity provider.

**Procedure 12 Receive an on-site inspection and obtain an estimate of electricity connection costs by local electricity provider**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 13 Obtain power connection installation**

**Time to complete:** 14 days

**Cost to complete:** EUR 450

**Comment:**

**Procedure 14 Obtain telephone connection**

**Time to complete:** 15 days

**Cost to complete:** EUR 200

**Comment:** The company should contact the telecommunication provider to obtain a telephone connection.

## Employing Workers in Italy

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

Employing Workers Indicators (2007)	Answer	Score
<b>Rigidity of Employment Index</b>		37.8
<b>Difficulty of Hiring Index</b>		33.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.00	0.00
<b>Rigidity of Hours Index</b>		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	20	0
<b>Difficulty of Firing Index</b>		40.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	Yes	1
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
<b>Firing costs (weeks of wages)</b>		2.0
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		2.0

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

0.0

What is the legally mandated penalty for redundancy dismissal? (weeks of salary)

0.0

**Nonwage labor cost (% of salary)**

**36.7**

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 Italy

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

### STANDARDIZED PROPERTY

Property Value: 1,601,000.00

City: Rome

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain copies of building and occupancy permits from Municipality	10-15 days (simultaneous with procedures 2, 3, 4, and 5)	EUR 25 (permits) + EUR 150 (fees for the surveyor to check the files with the Municipality)
2 *	Obtain necessary surveys from Land Registry	3-6 days (simultaneous with procedures 1, 3, 4, and 5)	EUR 500 (cost of examination of Land Registrar files) + EUR 1,700 (notary fees)
3 *	Obtain necessary surveys from Cadastral Registry	2-4 days (simultaneous with procedures 1, 2, 4, and 5)	EUR 25 (historical cadastral situation) + EUR 163 (cadastral maps)
4 *	Notary verifies the powers of relevant signatories	1-2 days (simultaneous with procedures 1, 2, 3, and 5)	EUR 25-50
5 *	Authentication of seller's documents	2-5 days (simultaneous with procedures 1, 2, 3, and 4)	EUR 100
6	A notary public drafts and executes the deed of sale	10 days	Notary's fees (as described below) are EUR 4194.9 + 20% VAT
7 *	Registration of the deed on the Registration Office	2-7 days (simultaneous with procedure 8)	EUR 168 registration tax
8 *	Registration of the deed at the Land Registry and the Cadastral Office	1 day (simultaneous with procedure 7)	EUR 168 (transcription tax) + EUR 168 (cadastral tax)

\* Takes place simultaneously with another procedure.

<b>Procedure 1</b>	<b>Obtain copies of building and occupancy permits from Municipality</b>
<b>Time to complete:</b>	10-15 days (simultaneous with procedures 2, 3, 4, and 5)
<b>Cost to complete:</b>	EUR 25 (permits) + EUR 150 (fees for the surveyor to check the files with the Municipality)
<b>Comment:</b>	<p>The notary obtains a copy of the Building Permit, Occupancy Permit and of application(s) for Building Amnesty, if any, from the Municipality. Otherwise, the seller might provide them. Should those documents not be available the seller requests copies from the Municipality. This can be done by an instructed surveyor normally appointed and paid by the seller. Note that it is not necessary to produce the Building Permit for buildings erected prior to the year 1967 and that should a copy of such a document not be available for buildings erected after that year it is sufficient that the seller mentions in the deed of conveyance the data of the relevant Building Permit, as long as the notary warns of the criminal sanctions which apply in case of false and reticent statements.</p>
<b>Procedure 2</b>	<b>Obtain necessary surveys from Land Registry</b>
<b>Time to complete:</b>	3-6 days (simultaneous with procedures 1, 3, 4, and 5)
<b>Cost to complete:</b>	EUR 500 (cost of examination of Land Registrar files) + EUR 1,700 (notary fees)
<b>Comment:</b>	<p>The notary public obtains a report from the Land Registry stating:</p> <ul style="list-style-type: none"> <li>(i) the ownership situation of the property in the last twenty years, and</li> <li>(ii) that the property is free from any encumbrances.</li> </ul> <p>The notary needs to verify the Land Registrar files (usually by means of an instructed surveyor) and extract the relevant information, that are then included in the report and are certified as truthful by the notary, since the issuance of an actual certificate from the Land Registrar would require an extremely long time.</p>
<b>Procedure 3</b>	<b>Obtain necessary surveys from Cadastral Registry</b>
<b>Time to complete:</b>	2-4 days (simultaneous with procedures 1, 2, 4, and 5)
<b>Cost to complete:</b>	EUR 25 (historical cadastral situation) + EUR 163 (cadastral maps)
<b>Comment:</b>	<p>The notary public obtains from the Cadastral Office:</p> <ul style="list-style-type: none"> <li>(i) historical cadastral situation and Cadastral Certificate (EUR 25, normally requested online)</li> <li>(ii) Cadastral Maps of the premises (EUR 38 cost + EUR 50 fees for the plans of the premises) and of the land (EUR 25 cost plus EUR 50 fees for the general map including the land)</li> </ul> <p>Since the cadastral data are available online it is possible to obtain a cadastral situation immediately, while the maps need to be requested to the Cadastral Offices.</p>
<b>Procedure 4</b>	<b>Notary verifies the powers of relevant signatories</b>
<b>Time to complete:</b>	1-2 days (simultaneous with procedures 1, 2, 3, and 5)
<b>Cost to complete:</b>	EUR 25-50
<b>Comment:</b>	<p>The notary public checks the Company Registry regarding the selling and purchasing companies and verifies the powers of the relevant signatories. Should it be required, according to the by-laws of the selling or purchasing company, that a resolution be adopted by the administrative body or by the shareholders' meeting to authorize the transaction, an extract of the minutes of said resolution, certified by a notary public, shall be provided. The Chamber of Commerce's certificate can be requested online.</p>

<b>Procedure 5</b>	<b>Authentication of seller's documents</b>
<b>Time to complete:</b>	2-5 days (simultaneous with procedures 1, 2, 3, and 4)
<b>Cost to complete:</b>	EUR 100
<b>Comment:</b>	<p>The seller must provide the buyer with:</p> <ul style="list-style-type: none"> <li>(i) an authenticated copy of the Seller's purchase documents and</li> <li>(ii) an authenticated copy of the Transcription Note</li> </ul> <p>The documents are authenticated by a notary public, at a cost of about EUR 100. As of July 2006, all payments must be made with cheques or bank transfer, and the notary must indicate these details (check number, bank account, etc.) in the deed; in the same way in the final deed parties have to indicate all amounts paid to real estate agents. This increases slightly the time needed to complete this procedure.</p>
<b>Procedure 6</b>	<b>A notary public drafts and executes the deed of sale</b>
<b>Time to complete:</b>	10 days
<b>Cost to complete:</b>	Notary's fees (as described below) are EUR 4194.9 + 20% VAT
<b>Comment:</b>	<p>The notary public prepares and executes the deed of sale.</p> <p>The National Notary Publics' Order prepares each year a table of fees, sent to all the Notary Publics, in which there are certain thresholds. They can be calculated on the website:</p> <p><a href="http://www.notacomolecco.it/jumpCh.asp?idChannel=98&amp;idUser=0&amp;idLang=IT&amp;tariffa=1">http://www.notacomolecco.it/jumpCh.asp?idChannel=98&amp;idUser=0&amp;idLang=IT&amp;tariffa=1</a></p> <p>The fees are subject to 20% VAT and sometimes an additional 4% tax, as well as any other stamps, archive or registration taxes.</p>
<b>Procedure 7</b>	<b>Registration of the deed on the Registration Office</b>
<b>Time to complete:</b>	2-7 days (simultaneous with procedure 8)
<b>Cost to complete:</b>	EUR 168 registration tax
<b>Comment:</b>	<p>The notary public files the deed of sale and the transcription note with the Registration Office.</p> <p>The Registration office will deliver immediately a receipt with the date of registration, while the number of registration will be given only after 2-7 days. The notary then delivers a copy of the deed of sale and transcription note to the parties.</p> <p>The Registration Office has the purpose of granting deeds a certified date ("data certa") and collecting the relative taxes.</p> <p>As the envisaged deed is subject to 24% VAT, upon registration in the Registration Office, only a fixed tax is due. Otherwise, a proportional Deed Registration Tax would be due (the ordinary rate is 10% of the consideration - which can become 3% in certain cases, e.g. when the first property is purchased by an individual). The "VAT Alternative Principle" states that either a property deed is subject to VAT (therefore having to pay the fixed registration tax) or to proportional Deed Registration Tax.</p>
<b>Procedure 8</b>	<b>Registration of the deed at the Land Registry and the Cadastral Office</b>
<b>Time to complete:</b>	1 day (simultaneous with procedure 7)
<b>Cost to complete:</b>	EUR 168 (transcription tax) + EUR 168 (cadastral tax)
<b>Comment:</b>	The notary public files the deed of sale and the transcription note with Land Registry. Once the copy of the deed has been deposited in the Registration Office

(Procedure 7) one can collect it immediately. The copy will only bear the registration date (but not yet the number, which takes a little more time) but this is sufficient to deposit the deed in the Land Registry.

The Land Registry (unlike the Registration Office) delivers immediately a receipt with the date and registration numbers. The Land Registry has the purpose of rendering deeds enforceable towards all third parties. Until a deed has been registered in the Land Registry, it is only enforceable between the parties thereto. The Italian Land Registry system is based on the principle of continuity of the registrations ("continuità delle trascrizioni"). This means that an individual or an entity may sell a property only if the relative deed of purchase has been registered beforehand in the Land Registry. If any third party were to deposit and register a claim or a deed in the Land Registry after the registration of the deed of purchase but before the registration of the subsequent deed of sale, the current owner would not be able to validly sell the property until the cancellation of the said claim or deed, which for this reason is so defined as "prejudicial" ("pregiudizievole").

Registration at the cadastral office takes place automatically after registering the deed at the Land Registry, which the notary public does.

The cadastral tax is fixed when the deed is subject to VAT; otherwise it is included in the proportional Deed Registration Tax.

The notary then delivers a copy of the deed of sale and transcription note to the parties.

## Getting Credit in Italy

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

Getting Credit Indicators (2007)			Indicator
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?	No	No	0
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?	Yes	Yes	1
<b>Coverage</b>	71.5	11.0	
Number of individuals	32,500,000	4,320,820	
Number of firms	3,500,000	1,223,500	
<b>Legal Rights Index</b>			3
Does the law allow all natural and legal persons to be party to collateral agreements?	Yes		
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?	No		
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?	Yes		
Does a unified registry exist for all security rights in movable property?	No		
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No		
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No		
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	No		
During reorganization, is management's control of the company's assets suspended?	Yes		
Does the law authorize parties to agree on out of court enforcement?	No		
May parties have recourse to out of court enforcement without restrictions?	No		

## Protecting Investors in Italy

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

Protecting Investors Data (2007)	Indicator
<b>Disclosure Index</b>	7
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	1
Immediate disclosure to the public and/or shareholders (0-2; see notes)	2
Disclosures in published periodic filings (0-2; see notes)	2
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
<b>Director Liability Index</b>	4
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)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
<b>Shareholder Suits Index</b>	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)	1
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)	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 Italy

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	16	20.0%	value added and land		not included
Vehicle tax	1			varies			small amount
Advertising tax	1			various rates	type of advertising		small amount
Environmental tax	1			various rates			small amount
Insurance tax	1			various rates	insurance premium		small amount
Stamp duty	1			various rates	per page		small amount
Tax on financial transactions	1			fixed amount (EUR 74)	Account held at an Italian Bank	0.01	
Stamp duty on property transfer	1			fixed amount		0.02	
Fixed tax on legal and fiscal registries	1			fixed fee (EUR 516)		0.04	
Chamber of commerce fee	1			fixed fee (EUR 373) +% of previous year turnover	previous year turnover	0.06	
Tax on interest	0	withheld		27.0%	interest income	0.69	included in other taxes
Tax on real estate (ICI)	1			0.4%	cadastral value	0.85	
Fuel tax	1			varies	per liter	1.21	
Regional tax on productive activities (IRAP)	1			4.3%	Difference between taxable revenues and deductible costs	10.76	

Corporate income tax (IRES)	1	online filing	24	33.0%	taxable profits	20.07
Social security contributions	1	online filing	320	34.19-39.3 %	gross salaries	43.18
<b>Totals</b>	<b>15</b>		<b>360</b>			<b>76.2</b>

**Notes:**

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic 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 Italy

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

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	10	316
Customs clearance and technical control	3	153
Ports and terminal handling	3	316
Inland transportation and handling	4	506
Totals	20	1291

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	10	316
Customs clearance and technical control	2	153
Ports and terminal handling	3	316
Inland transportation and handling	3	506
Totals	18	1291

### Export

- Bill of lading
- Commercial invoice
- Customs export declaration
- Export license
- Technical standard/health certificate

### Import

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Import license

## Enforcing Contracts in Italy

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

Nature of Procedure (2007)	Indicator
Procedures (number)	41.00
Duration (days)	1,210.00
Filing and service	40.0
Trial and judgment	900.0
Enforcement of judgment	270.0
Cost (% of claim)*	29.90
Attorney cost (% of claim)	21.8
Court cost (% of claim)	2.9
Enforcement Cost (% of claim)	5.2

**Court information:** Rome Civil Court ("Tribunale di Roma")

[www.tribunale.roma.it](http://www.tribunale.roma.it)

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