

Doing Business

2009

Country Profile for Luxembourg

COMPARING REGULATION IN 181 ECONOMIES

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1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000

Internet www.worldbank.org

e-mail feedback@worldbank.org

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

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Introduction

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

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

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

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

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

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

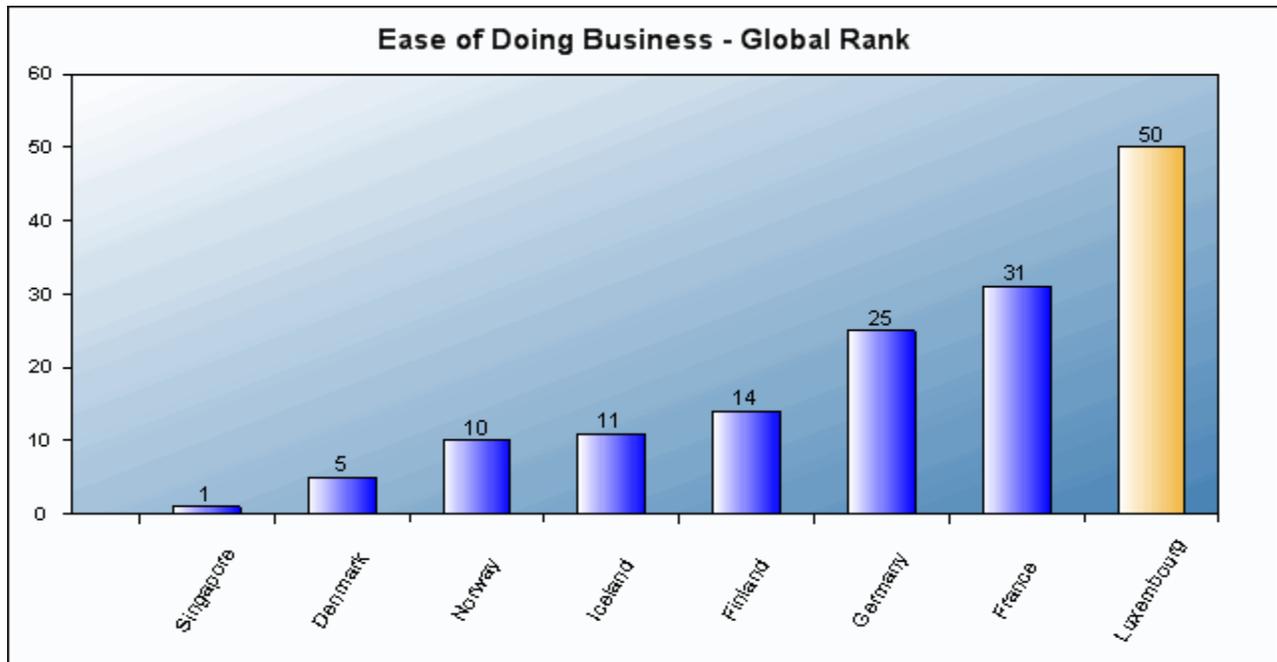
More information is available in the full report. Doing Business 2009 presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

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

Economy Rankings - Ease of Doing Business

Luxembourg is ranked 50 out of 181 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Luxembourg's ranking in Doing Business 2009

Rank	Doing Business 2009
Ease of Doing Business	50
Starting a Business	69
Dealing with Construction Permits	40
Employing Workers	167
Registering Property	118
Getting Credit	109
Protecting Investors	113
Paying Taxes	14
Trading Across Borders	31
Enforcing Contracts	2
Closing a Business	48

Summary of Indicators - Luxembourg

Starting a Business	Procedures (number)	6
	Duration (days)	26
	Cost (% GNI per capita)	6.5
	Paid in Min. Capital (% of GNI per capita)	21.3
Dealing with Construction Permits	Procedures (number)	13
	Duration (days)	217
	Cost (% of income per capita)	20.0
Employing Workers	Difficulty of Hiring Index	67
	Rigidity of Hours Index	80
	Difficulty of Firing Index	40
	Rigidity of Employment Index	62
	Firing costs (weeks of salary)	39
Registering Property	Procedures (number)	8
	Duration (days)	29
	Cost (% of property value)	10.3
Getting Credit	Legal Rights Index	7
	Credit Information Index	0
	Public registry coverage (% adults)	0.0
	Private bureau coverage (% adults)	0.0
Protecting Investors	Disclosure Index	6

Protecting Investors	Director Liability Index	4
	Shareholder Suits Index	3
	Investor Protection Index	4.3
Paying Taxes	Payments (number)	22
	Time (hours)	59
	Profit tax (%)	4.1
	Labor tax and contributions (%)	15.3
	Other taxes (%)	1.6
	Total tax rate (% profit)	21.0
Trading Across Borders	Documents for export (number)	5
	Time for export (days)	6
	Cost to export (US\$ per container)	1420
	Documents for import (number)	4
	Time for import (days)	6
	Cost to import (US\$ per container)	1420
Enforcing Contracts	Procedures (number)	26
	Duration (days)	321
	Cost (% of claim)	8.8
Closing a Business	Time (years)	2.0
	Cost (% of estate)	15
	Recovery rate (cents on the dollar)	41.7



Starting a Business

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

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

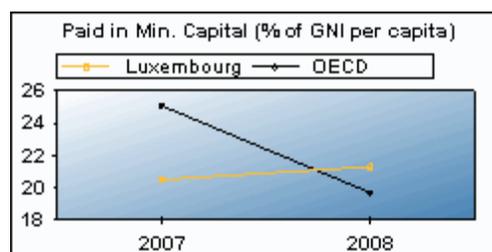
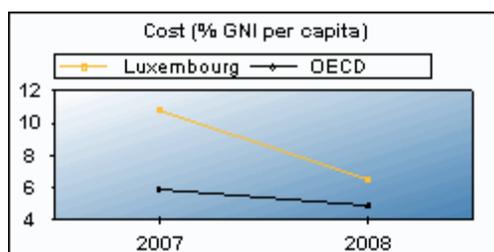
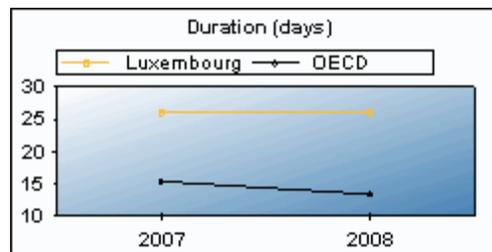
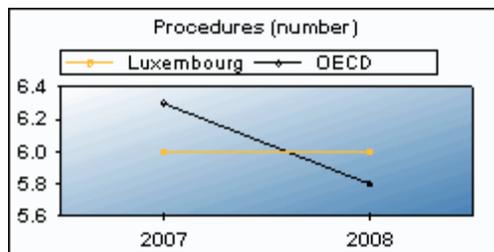
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with a start-up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

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

1. Historical data: Starting a Business in Luxembourg

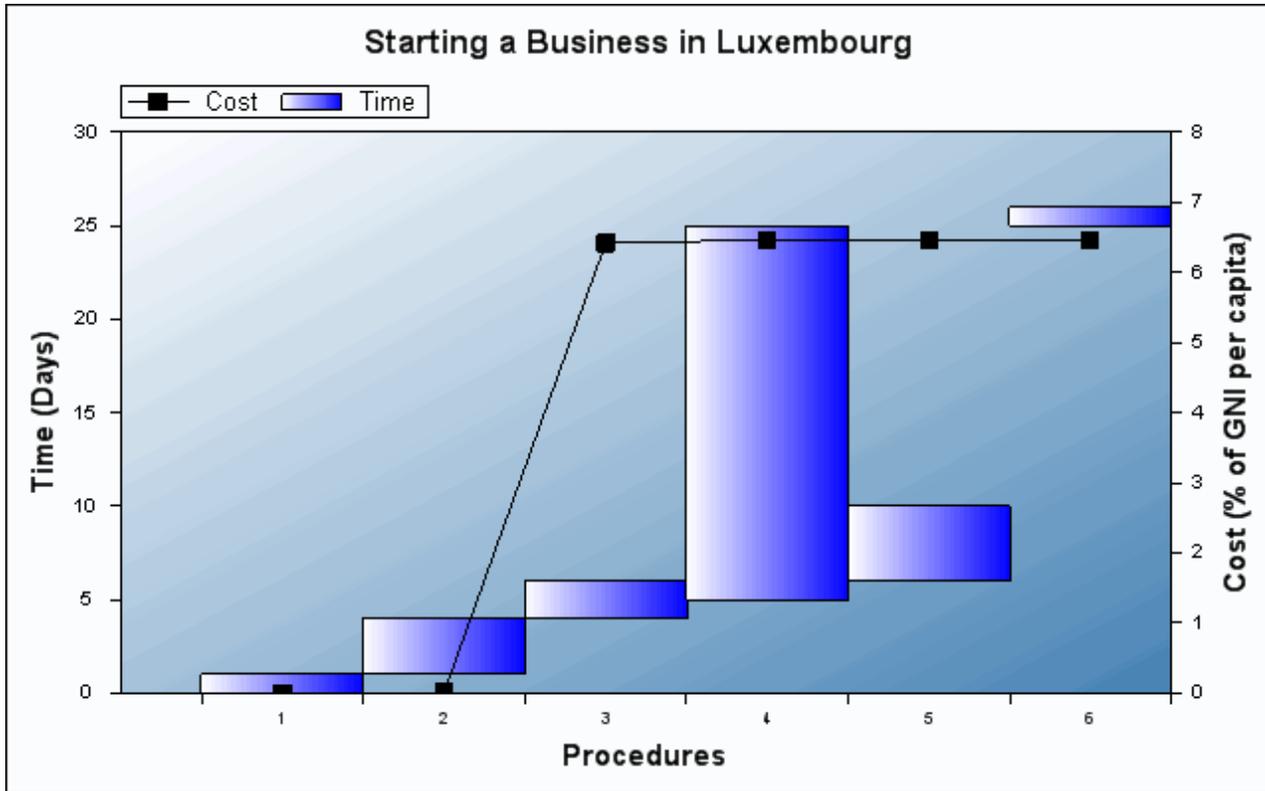
Starting a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		60	69
Procedures (number)		6	6
Duration (days)		26	26
Cost (% GNI per capita)		10.8	6.5
Paid in Min. Capital (% of GNI per capita)		20.5	21.3

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



3. Steps to Starting a Business in Luxembourg

It requires 6 procedures, takes 26 days, and costs 6.46 % GNI per capita to start a business in Luxembourg.



List of Procedures:

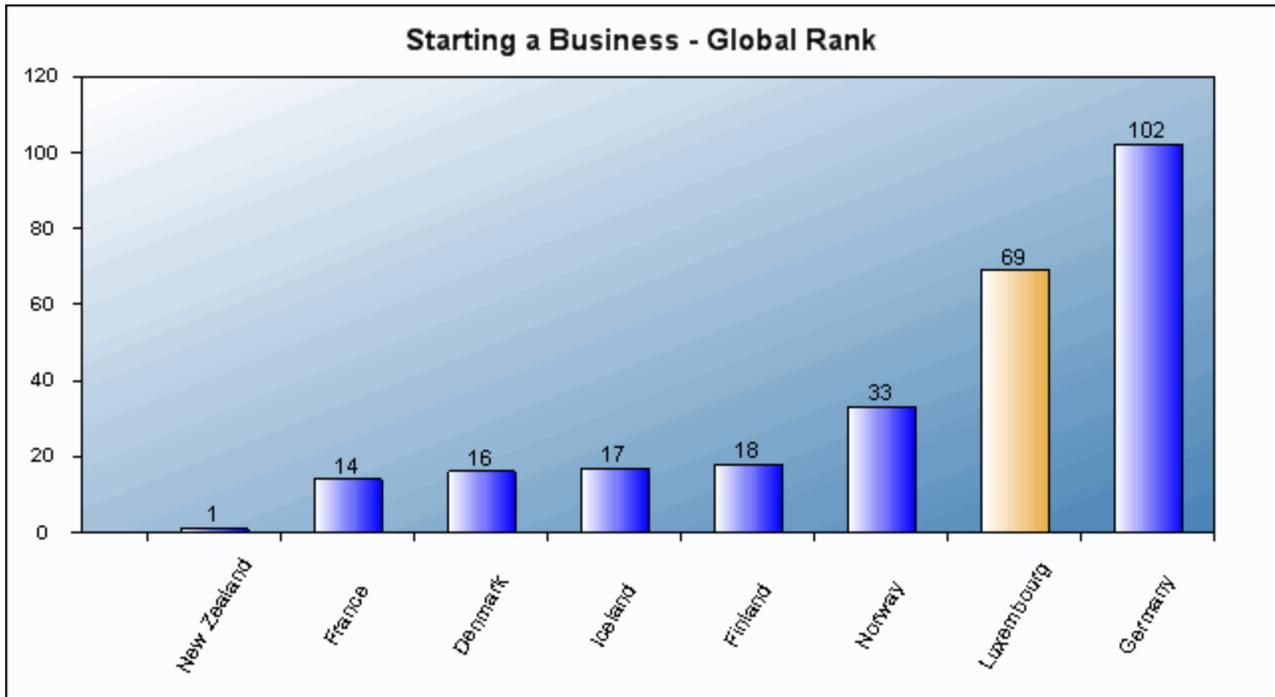
1. Deposit the minimum capital requirement
2. Verify uniqueness of company name and reserve name
3. Notary drafts and notarizes the company deed
4. Apply for business license
5. Register at the Chamber of Commerce's one-stop shop
6. Unblock the authorized capital

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Luxembourg is ranked 69 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Luxembourg	6	26	6.5	21.3

<i>Comparator Economies</i>				
Denmark	4	6	0.0	40.1
Finland	3	14	1.0	7.4
France	5	7	1.0	0.0
Germany	9	18	5.6	42.2
Iceland	5	5	2.6	13.6
Norway	6	10	2.1	21.0

* The following economies are also good practice economies for :

Procedures (number): Canada

Dealing with Construction Permits

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

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

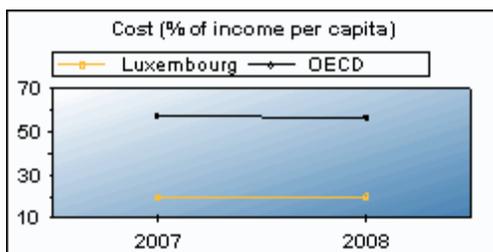
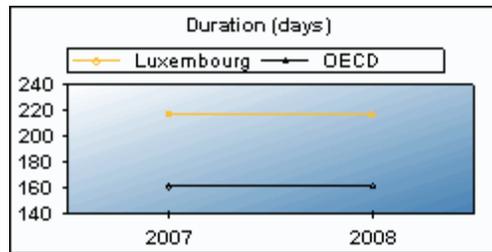
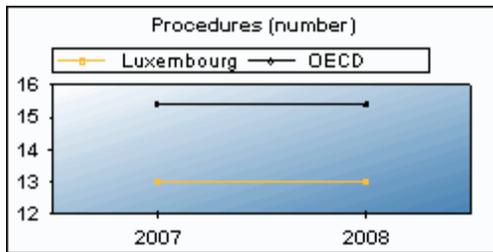
- Is a new construction (there was no previous construction on the land).
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high
- Has complete architectural and technical plans prepared by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

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

1. Historical data: Dealing with Construction Permits in Luxembourg

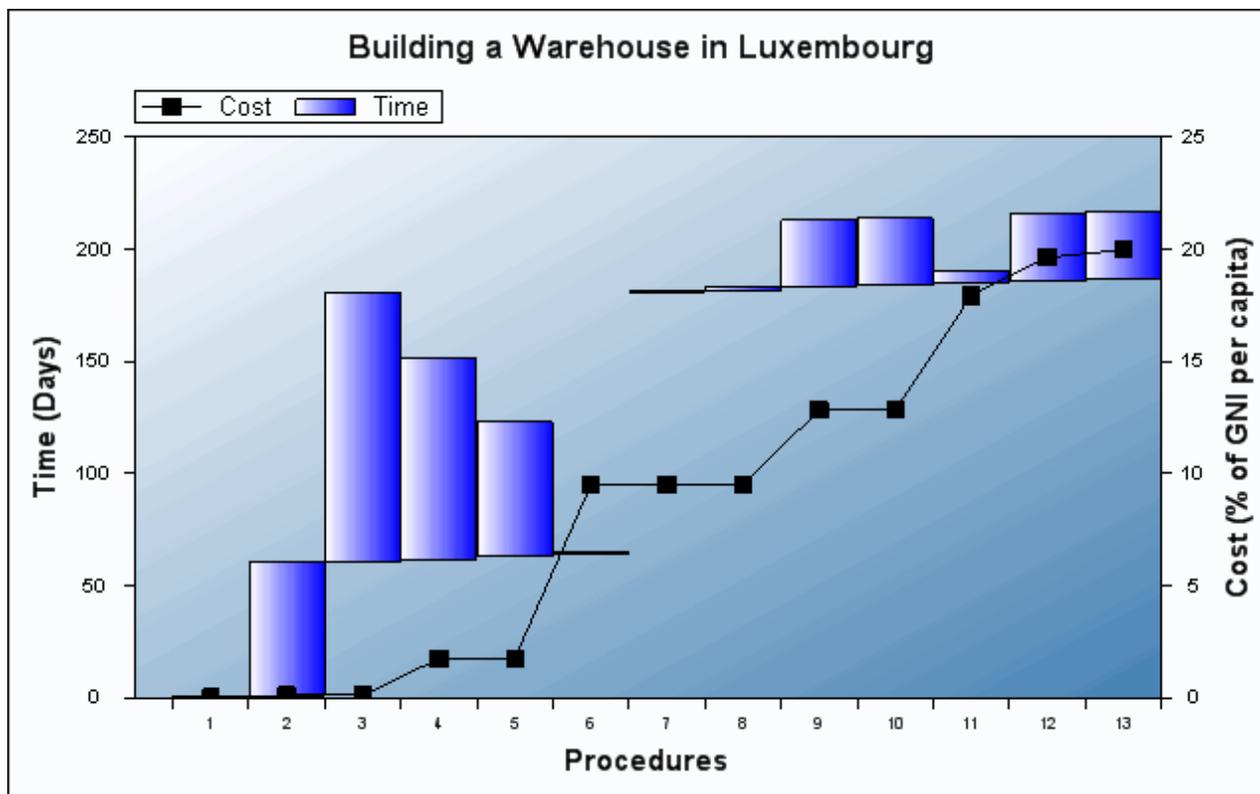
Dealing with Construction Permits data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		39	40
Procedures (number)		13	13
Duration (days)		217	217
Cost (% of income per capita)		19.4	20.0

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



3. Steps to Building a Warehouse in Luxembourg

It requires 13 procedures, takes 217 days, and costs 19.99 % GNI per capita to build a warehouse in Luxembourg.



List of Procedures:

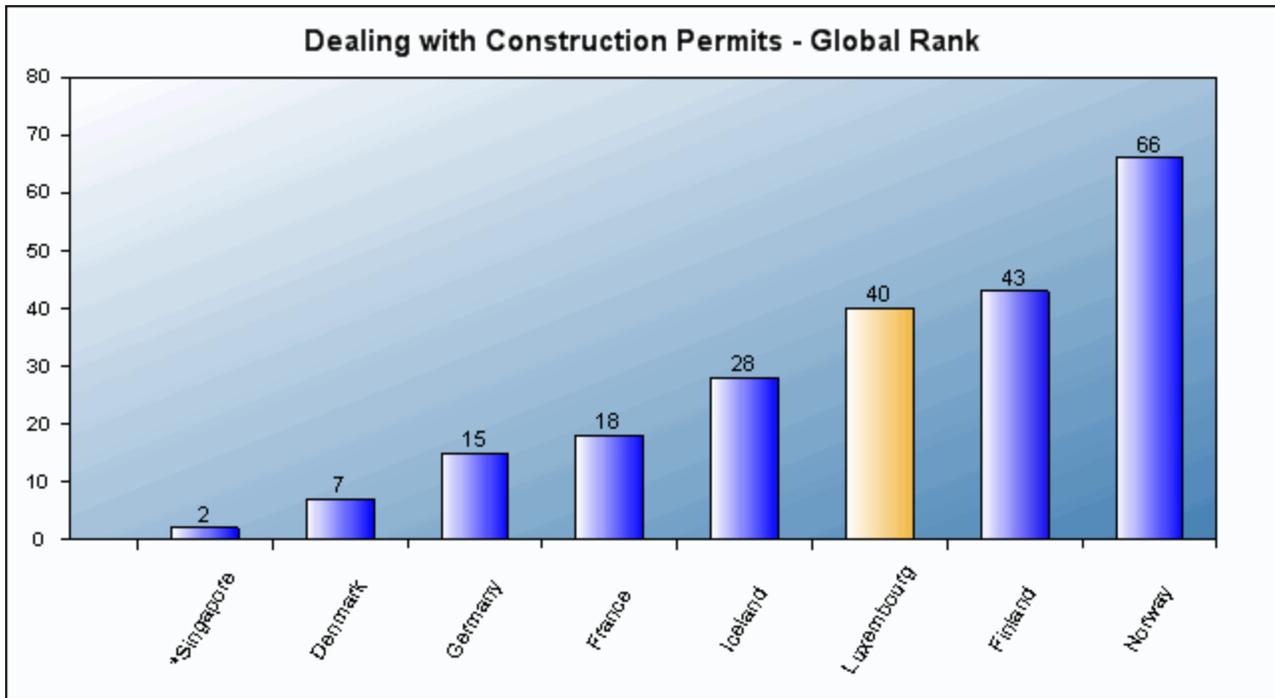
- | | |
|---|---|
| 1. Obtain a recent copy of the cadastre plans from the Cadastre Administration | 10. Obtain sewage (canalization) connection |
| 2. Obtain approval in principle (accord de principe) | 11. Obtain water connection |
| 3. Obtain Commodo/Incommodo Classe 3 approval from the Environment Department | 12. Obtain electricity connection |
| 4. Obtain Construction Permit from the Urban Department (service de l'urbanisme) of the Commune | 13. Obtain telephone connection |
| 5. Obtain excavation permit from the Ministry of Works | |
| 6. Hire independent surveillance company to carry out inspections of construction works | |
| 7. Request and receive inspection of completed works from the Environmental Administration | |
| 8. Request and receive sewage (canalization) inspection | |
| 9. Obtain feasibility study for the sewage (canalization) connection | |

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Luxembourg is ranked 40 overall for Dealing with Construction Permits.

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



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

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

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

<i>Selected Economy</i>			
Luxembourg	13	217	20.0

<i>Comparator Economies</i>			
Denmark	6	69	60.9
Finland	18	38	118.3
France	13	137	23.8
Germany	12	100	62.2
Iceland	18	75	19.2
Norway	14	252	46.6

* The following economies are also good practice economies for :

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



Employing Workers

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

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

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

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

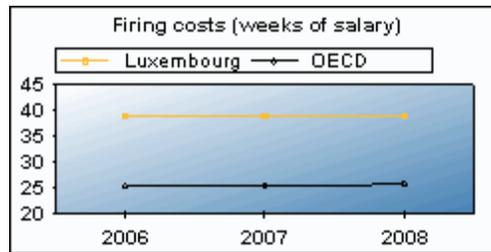
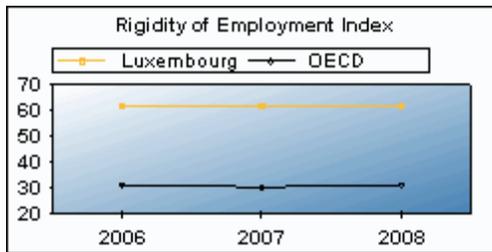
Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. In its indicators on employing workers, Doing Business measures flexibility in the regulation of hiring, working hours and dismissal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

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

1. Historical data: Employing Workers in Luxembourg

Employing Workers data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		167	167
Rigidity of Employment Index	62	62	62
Firing costs (weeks of salary)	39	39	39

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



3. Benchmarking Employing Workers Regulations:

Luxembourg is ranked 167 overall for Employing Workers.

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



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

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

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

<i>Selected Economy</i>		
Luxembourg	62	39

<i>Comparator Economies</i>		
Denmark	10	0
Finland	48	26
France	56	32
Germany	44	69
Iceland	31	13
Norway	47	13

* The following economies are also good practice economies for :

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

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



Registering Property

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

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

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

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

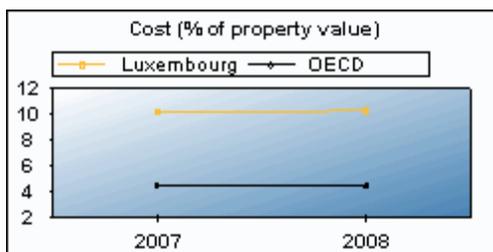
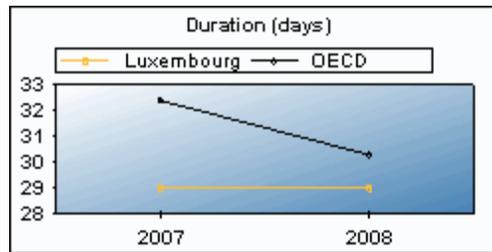
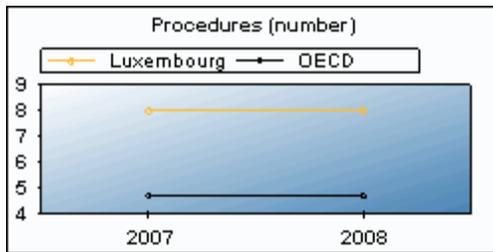
Many titling programs in Africa were futile because people bought and sold property informally, neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African economy cost 10% of the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

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

1. Historical data: Registering Property in Luxembourg

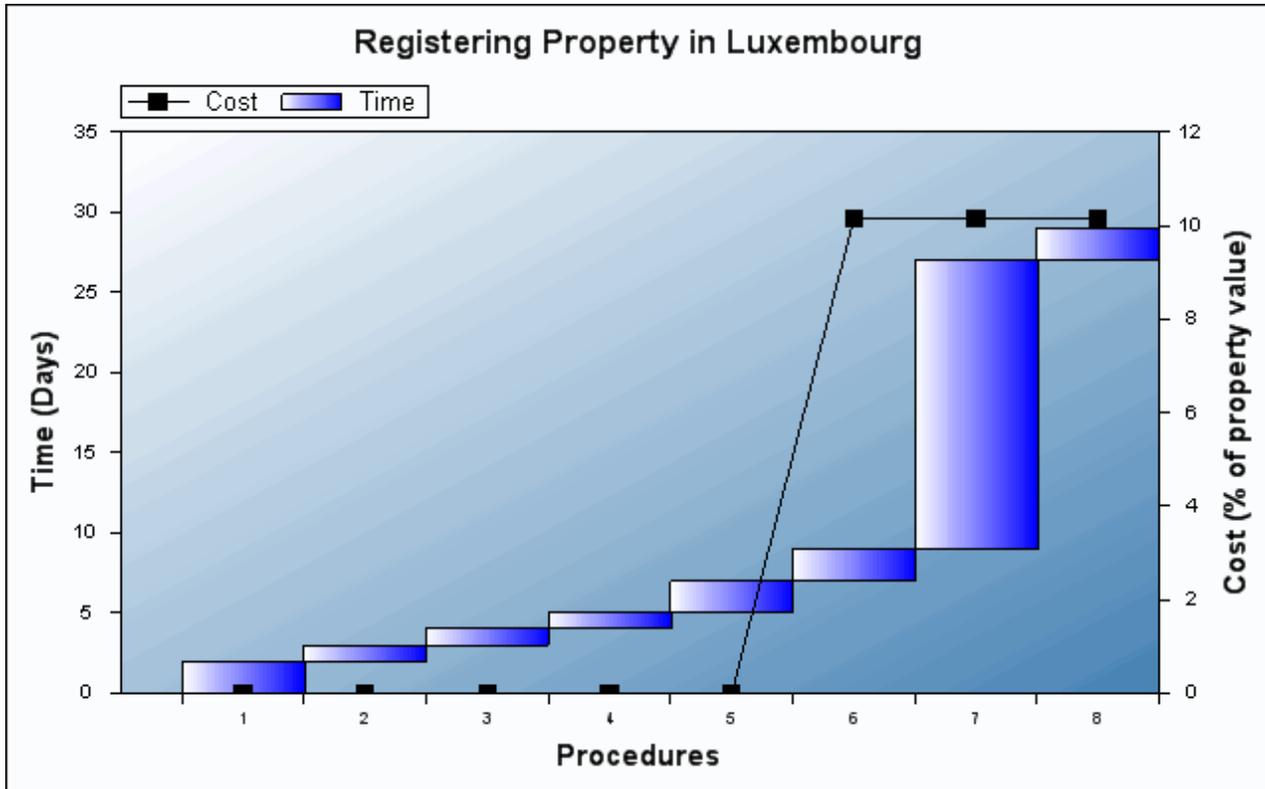
Registering Property data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		119	118
Procedures (number)		8	8
Duration (days)		29	29
Cost (% of property value)		10.2	10.3

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



3. Steps to Registering Property in Luxembourg

It requires 8 procedures, takes 29 days, and costs 10.29 % of property value to register the property in Luxembourg.



List of Procedures:

1. Parties visit notary to draft and authenticate the sale agreement (Compromis de Vente)
2. Notary conducts full search at property registry
3. Notary conducts search at the cadastre
4. Notary notifies tax administration of transfer and obtains tax clearance
5. Buyer sends funds, fees, taxes and anti-moneylaundering documents to notary
6. Parties return to notary to sign transfer deed in original
7. Notary registers transfer deed at the Administration de l'Enregistrement et des Domaines
8. Notary sends recorded transfer deed to the parties

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Luxembourg is ranked 118 overall for Registering Property.

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



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

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

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

<i>Selected Economy</i>			
Luxembourg	8	29	10.3

<i>Comparator Economies</i>			
Denmark	6	42	0.6
Finland	3	14	4.0
France	9	113	6.3
Germany	4	40	5.2
Iceland	3	4	2.4
Norway	1	3	2.5

* The following economies are also good practice economies for :

Procedures (number): Sweden

Duration (days): Saudi Arabia, Sweden, Thailand



Getting Credit

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

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

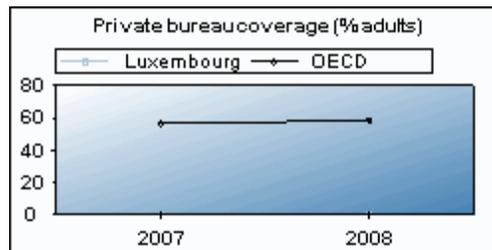
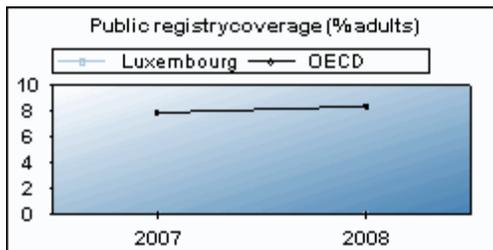
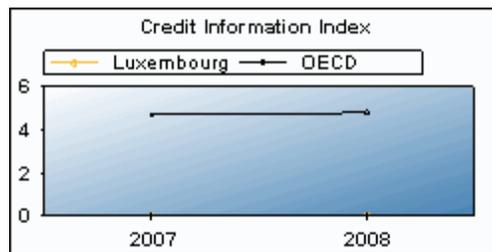
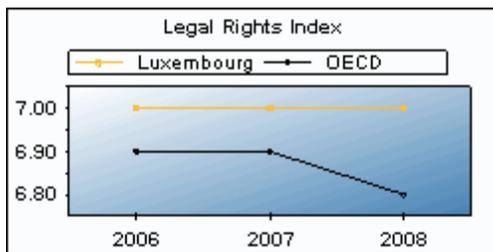
The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. This year, three main changes were made; first, a standardized case scenario with specific assumptions was introduced to bring this indicator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

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

1. Historical data: Getting Credit in Luxembourg

Getting Credit data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		102	109
Legal Rights Index	7	7	7
Credit Information Index		0	0
Public registry coverage (% adults)		0.0	0.0
Private bureau coverage (% adults)		0.0	0.0

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



3. Benchmarking Getting Credit Regulations:

Luxembourg is ranked 109 overall for Getting Credit.

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



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

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

<i>Selected Economy</i>				
Luxembourg	7	0	0.0	0.0

<i>Comparator Economies</i>				
Denmark	9	4	0.0	5.0
Finland	7	5	0.0	14.8
France	7	4	28.3	0.0
Germany	7	6	0.7	98.4
Iceland	7	5	0.0	100.0
Norway	7	4	0.0	100.0

* The following economies are also good practice economies for :

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

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

24 countries have the highest credit information index.



Protecting Investors

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

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

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

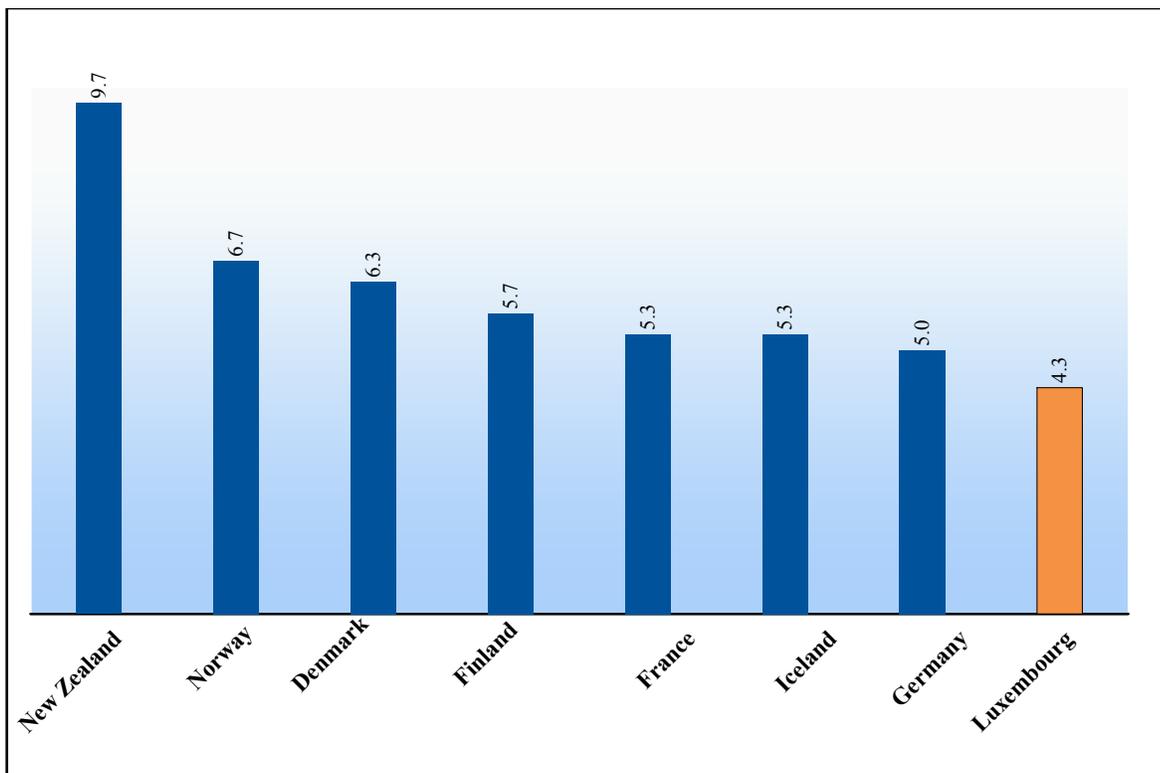
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

*Doidge, Karayi and Stulz (2007)

1. Historical data: Protecting Investors in Luxembourg

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

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

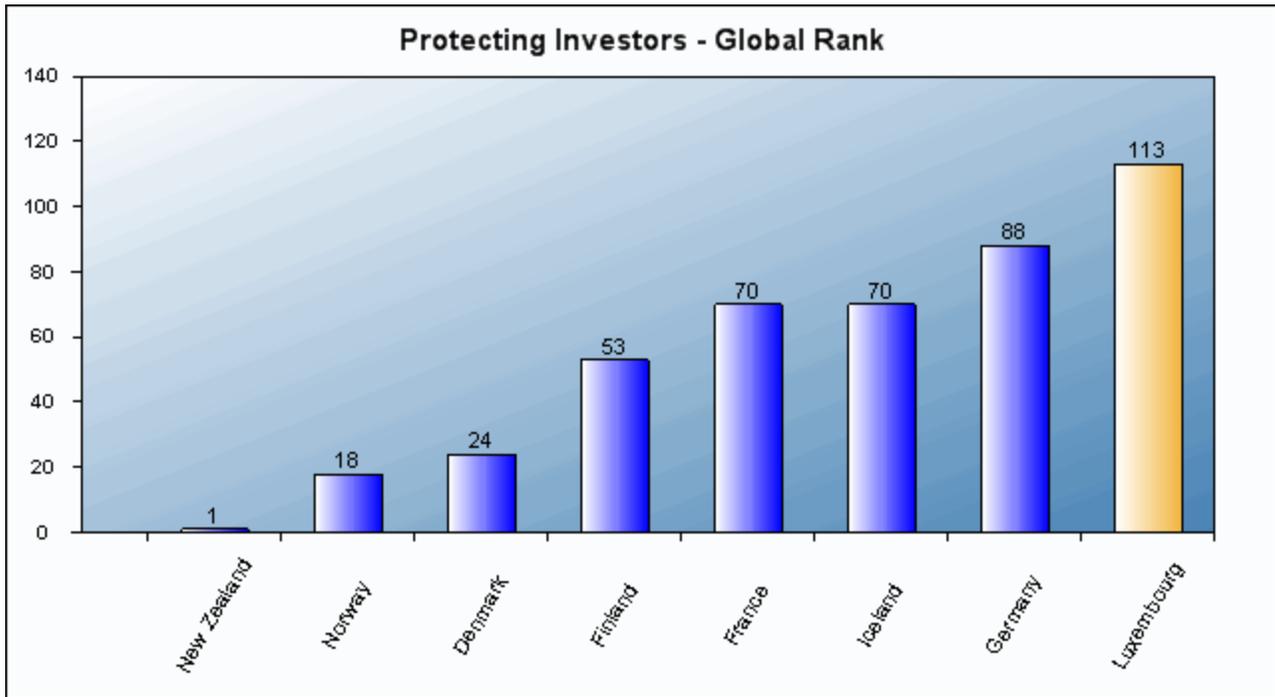


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Luxembourg is ranked 113 overall for Protecting Investors.

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



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

Good Practice Economies	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Luxembourg	4.3

<i>Comparator Economies</i>	
Denmark	6.3
Finland	5.7
France	5.3
Germany	5.0
Iceland	5.3
Norway	6.7



Paying Taxes

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

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

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

Three indicators are constructed:

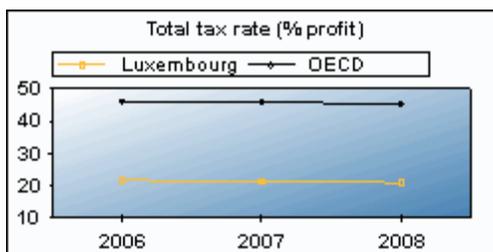
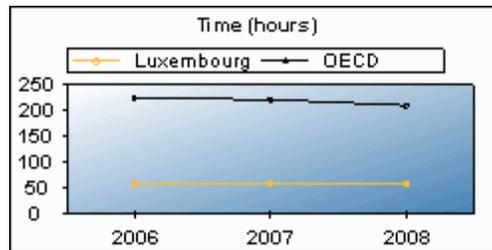
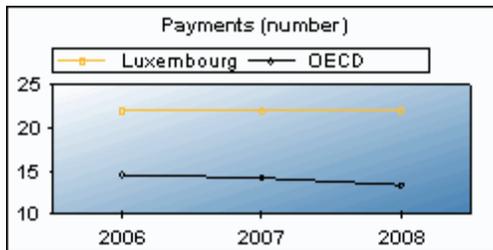
- Number of tax payments, which takes into account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- Time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value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

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

1. Historical data: Paying Taxes in Luxembourg

Paying Taxes data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		13	14
Time (hours)	58	58	59
Total tax rate (% profit)	21.7	21.3	21.0
Payments (number)	22	22	22

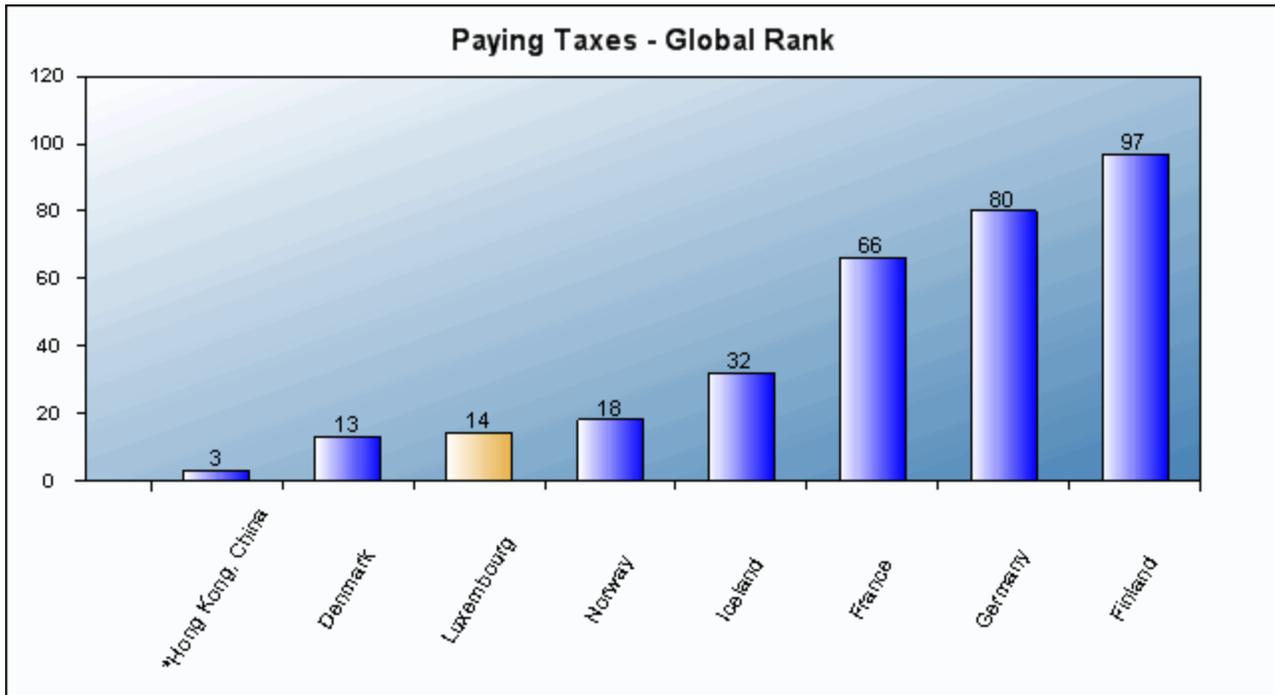
2. The following graphs illustrates the Paying Taxes indicators in Luxembourg over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Luxembourg is ranked 14 overall for Paying Taxes.

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



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

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

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

<i>Selected Economy</i>			
Luxembourg	22	59	21.0

<i>Comparator Economies</i>			
Denmark	9	135	29.9
Finland	20	269	47.8
France	11	132	65.4
Germany	16	196	50.5
Iceland	31	140	26.8
Norway	4	87	41.6

* The following economies are also good practice economies for :

Payments (number): Maldives, Qatar

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



Trading Across Borders

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

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

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

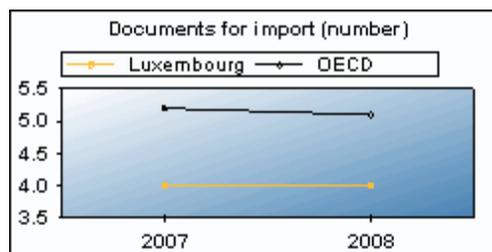
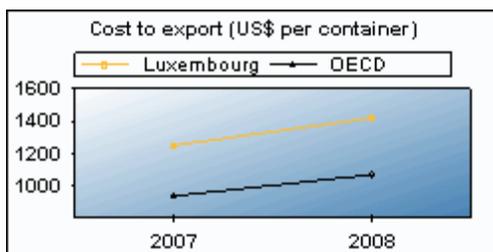
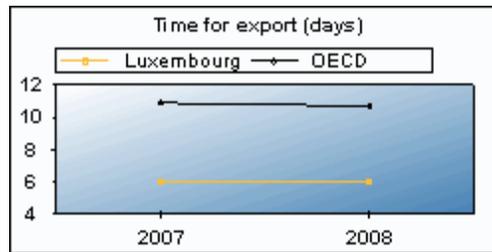
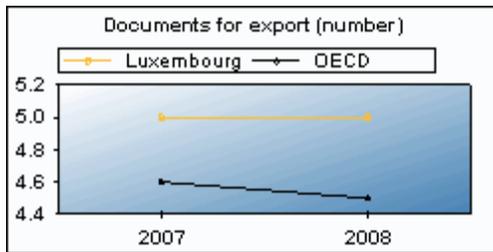
Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot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

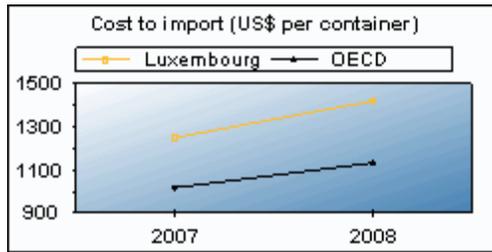
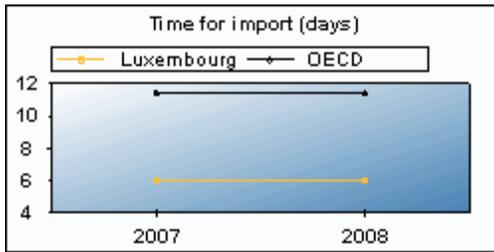
Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely,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

1. Historical data: Trading Across Borders in Luxembourg

Trading Across Borders data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		30	31
Documents for export (number)		5	5
Time for export (days)		6	6
Cost to export (US\$ per container)		1250	1420
Documents for import (number)		4	4
Time for import (days)		6	6
Cost to import (US\$ per container)		1250	1420

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

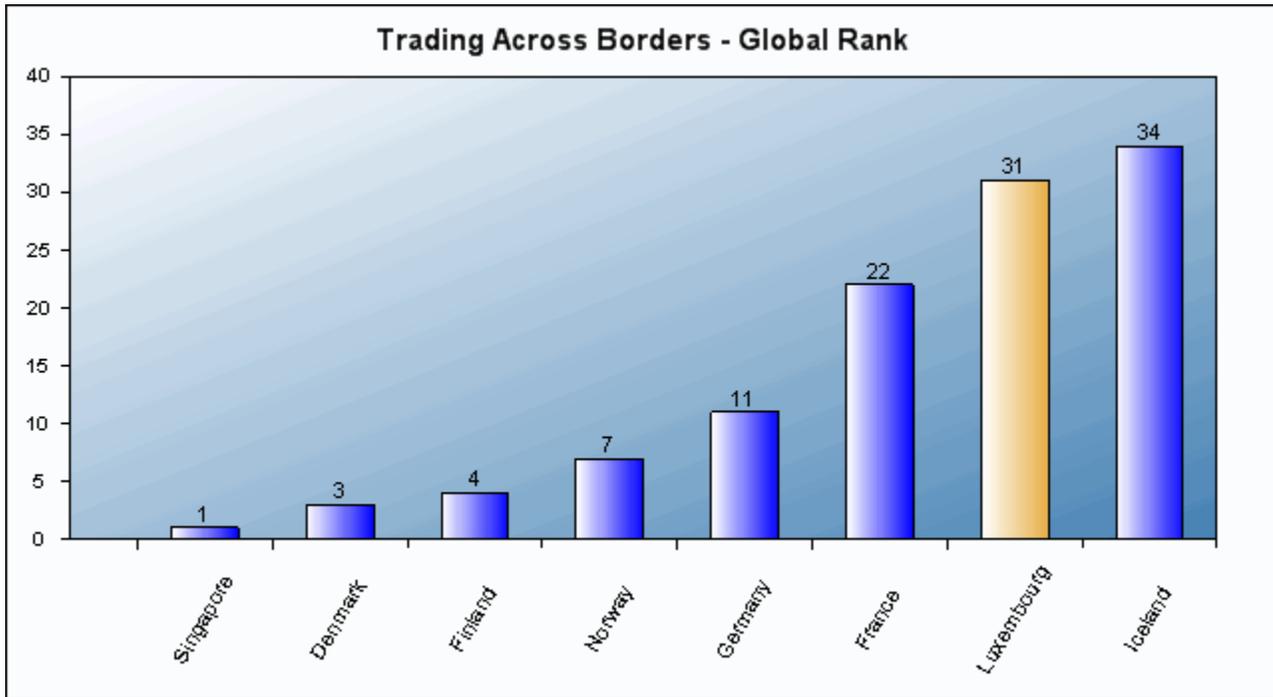




3. Benchmarking Trading Across Borders Regulations:

Luxembourg is ranked 31 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Luxembourg	5	6	1420	4	6	1420

<i>Comparator Economies</i>						
Denmark	4	5	681	3	5	681
Finland	4	8	495	5	8	575
France	2	9	1078	2	11	1248
Germany	4	7	822	5	7	887
Iceland	5	15	1109	5	14	1183
Norway	4	7	780	4	7	709

* The following economies are also good practice economies for :

Time for export (days): Estonia, Singapore



Enforcing Contracts

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

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

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

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

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

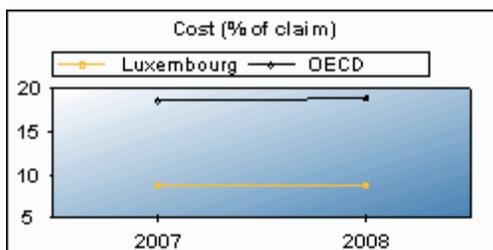
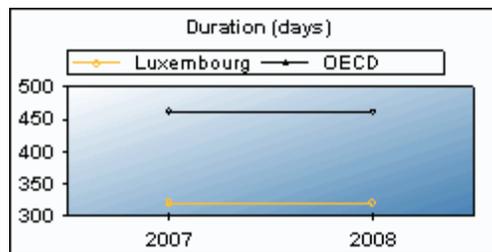
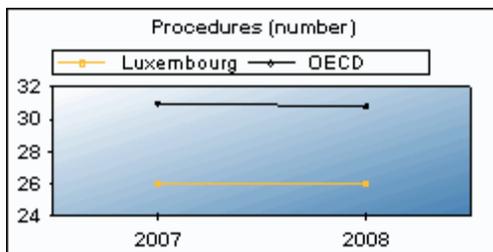
- Number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- Time, which counts the number of calendar days from the moment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

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

1. Historical data: Enforcing Contracts in Luxembourg

Enforcing Contracts data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		2	2
Procedures (number)		26	26
Duration (days)		321	321
Cost (% of claim)		8.8	8.8

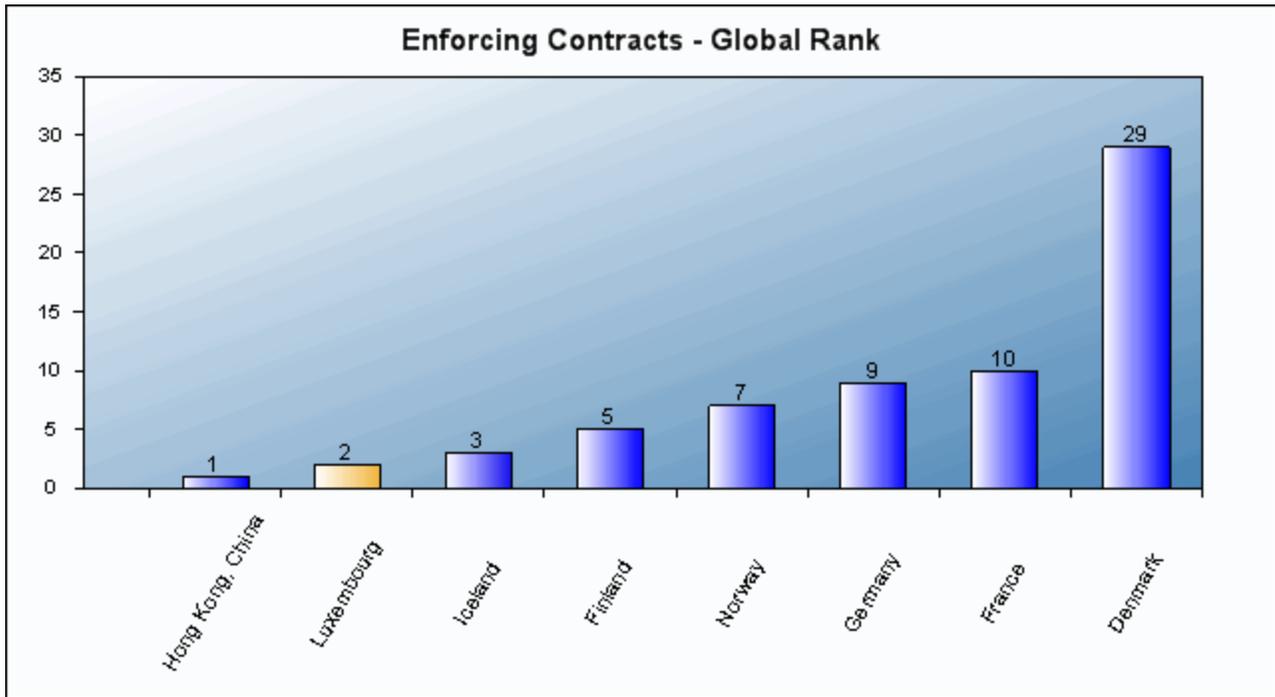
2. The following graphs illustrates the Enforcing Contracts indicators in Luxembourg over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Luxembourg is ranked 2 overall for Enforcing Contracts.

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



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

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

<i>Selected Economy</i>			
Luxembourg	26	321	8.8

<i>Comparator Economies</i>			
Denmark	34	380	23.3
Finland	32	235	10.4
France	30	331	17.4
Germany	30	394	14.4
Iceland	26	393	6.2
Norway	33	310	9.9

* The following economies are also good practice economies for :

Cost (% of claim): Bhutan



Closing Business

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

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

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

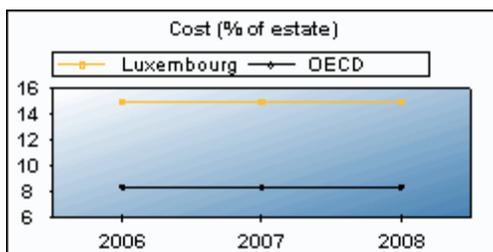
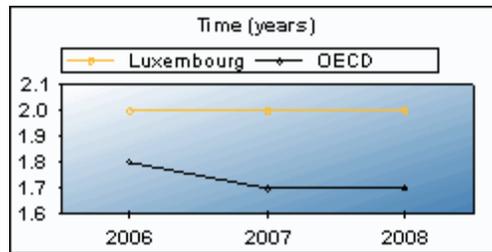
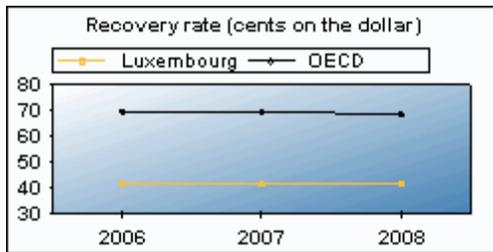
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

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

1. Historical data: Closing Business in Luxembourg

Closing a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		49	48
Time (years)	2.0	2.0	2.0
Cost (% of estate)	15	15	15
Recovery rate (cents on the dollar)	41.6	41.6	41.7

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



3. Benchmarking Closing Business Regulations:

Luxembourg is ranked 48 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Luxembourg	41.7	2.0	15

<i>Comparator Economies</i>			
Denmark	86.5	1.1	4
Finland	87.3	0.9	4
France	44.7	1.9	9
Germany	52.2	1.2	8
Iceland	76.6	1.0	4
Norway	89.0	0.9	1

* The following economies are also good practice economies for :

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

DB2009 Reforms

Number of reforms in Doing Business 2009

Rank	Economy	Reform Topics									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Azerbaijan	✓		✓	✓	✓	✓	✓		✓	7
2	Albania	✓				✓	✓	✓			4
3	Kyrgyz Republic	✓	✓				✓				3
4	Belarus	✓	✓		✓	✓		✓	✓		6
5	Senegal	✓			✓				✓		3
6	Burkina Faso		✓	✓	✓			✓			4
7	Botswana	✓					✓	✗	✓		3
8	Colombia	✓	✓					✓	✓	✓	5
9	Dominican Republic	✓			✓			✓	✓		4
10	Egypt	✓	✓		✓	✓	✓		✓		6
	Luxembourg										
	Iceland										
	Norway										
	Denmark							✓			1
	Finland					✓				✓	2
	France							✓	✓		2
	Germany							✓		✓	2

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

Albania

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

Azerbaijan

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

Belarus

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

Botswana

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

Burkina Faso

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

Colombia	Colombia, a top global and regional reformer, improved in five of the 10 Doing Business indicators. It reduced the time and cost to start a business by simplifying registration formalities, including speeding up processes at the registry and eliminating the need to obtain a certificate of compliance with zoning regulations. A silence-is-consent principle for building permits is now applied, reducing the total time for dealing with construction permits by 32 days. A new unified application form was introduced. Colombia made electronic social security contributions mandatory for companies with more than 30 employees and created unified electronic forms for filing taxes. Trading across borders was expedited: better banking services and the implementation of e-payments, electronic data interchange, and coordinated inspections in customs reduced the time to export by 10 days and the time to import by five. Authorities also introduced two new insolvency proceedings: a reorganization procedure to restructure insolvent companies and a mandatory liquidation procedure. Its new insolvency law tightens time limits for negotiating reorganization agreements. Before, the term allowed was six months, with a possible extension of eight months. The new law limits the term to four months, and the extension to two.
Denmark	Denmark reduced the corporate income tax rate from 28% to 25%.
Dominican Republic	The Dominican Republic, a top global and regional reformer, sped up formalities in several areas by making them electronic. An online system for filing and paying taxes, piloted in 2006, is now fully operational. And entrepreneurs can complete several start-up formalities online, including name verification, and commercial and tax registration. The Dominican Republic also reduced the corporate income tax rate from 29% to 25%, and abolished several taxes, including the stamp duty. The cost of property registration fell, thanks to a reduction in the transfer tax from 4.3% to 3%. Transferring property now costs 3.8% of the property value, down from 5.1%. In addition, authorities reduced the time to export by three days by improving the online portal for customs documentation and payment.
Egypt	Egypt was once again among the top 10 global reformers—the third time in 4 years—and top regional reformer this year. Egypt made starting a business easier by reducing the paid-in minimum capital requirement by more than 80%, abolishing bar association fees, and automating tax registration. A new building code introduced in 2008 is aimed at reducing the procedures and time required to deal with construction permits by establishing a single window for processing construction-related approvals. Simplified administrative procedures for registering property and new time limits have reduced the time to transfer property in Cairo from 193 days to 72. The port of Alexandria continued to upgrade its facilities and sped customs clearance, reducing the time to export by 1 day and the time to import by 3. New listing rules for the Cairo Stock Exchange strengthened protections for minority shareholders: now an independent body must assess transactions between interested parties before they are approved. And thanks to new regulations issued by the Central Bank of Egypt, borrowers have the right to inspect their data in the private credit bureau.
Finland	Finland revised its Restructuring of Enterprises Act making it easier for companies in distress to reorganize. It also consolidated regulations relating to the provision of credit information into a single law.
France	France made electronic filing mandatory for social security contributions above €800,000. It also made customs clearance easier by introducing electronic filing and eliminating certain documents.
Germany	Germany made it easier for companies in distress to restructure by allowing the court to suspend enforcement against assets essential to the continuation of the business with the aim of keeping the company working as a going concern. It also reduced the corporate income tax from 25% to 15%, introduced straight-line depreciation for fixed assets and reduced trade tax while no longer allowing a deduction of the tax for corporate income tax.
Iceland	In Iceland no major reforms were recorded.

Kyrgyz Republic

The Kyrgyz Republic, a top reformer globally and regionally, strengthened investor protections through legal amendments allowing minority investors to take legal actions as shareholders. The amendments also require an independent assessment of a related-party transaction before it is approved. Moreover, directors can be held liable for negligence if they harm minority shareholders and will be forced to pay damages and disgorge profits. A new one-stop shop made it easier to start a business by streamlining and simplifying business registration processes and eliminating certain requirements such as proof of residence. Obtaining a company seal became optional. Dealing with construction permits also became easier, thanks to a one-stop shop making it possible to obtain a designing permit, construction license, and occupancy permit at a single place. This reform eliminated nine steps, reduced the time required by almost 6 months, and lowered the cost from 759 percent of income per capita to 406 percent.

Luxembourg

In Luxembourg no major reforms were recorded.

Norway

In Norway no major reforms were recorded.

Senegal

Senegal's one-stop shop for business start-up became fully operational, merging more than half the procedures and speeding the process as a result. Similarly, the introduction of time limits at the Land Registry and the Directorate of Taxes and Property sped property registration. The top reformer globally in easing trade, Senegal introduced a single window for customs clearance, cutting document requirements in half. It also set up an electronic data interchange system, implemented risk-based inspections, extended the operating hours of customs, and improved port and road infrastructure.

APPENDICES

Starting a Business in Luxembourg

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

STANDARDIZED COMPANY

Legal Form: Société à Responsabilité Limitée (SARL)

Minimum Capital Requirement:

City: Luxembourg

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit the minimum capital requirement	1 day	no charge
2	Verify uniqueness of company name and reserve name	3 days	EUR 6
3	Notary drafts and notarizes the company deed	2 days	EUR 1000-EUR 2000 notary fees + 0.5% of statutory capital
4	* Apply for business license	20 days, simultaneous with procedure 3	EUR 24
5	* Register at the Chamber of Commerce's one-stop shop	4 days, simultaneous with procedure 4	included in Procedure 3
6	Unblock the authorized capital	1 day	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Deposit the minimum capital requirement

Time to complete: 1 day

Cost to complete: no charge

Comment: The promoters must open a "blocked" bank account in the name of the company in formation before formalizing the company statutes and must transfer statutory capital to this account before signature of the notarial deed. For notarial purposes, the bank will remit a blocking certificate (certificate de blocage). The bank account is automatically unblocked on delivery of a certified copy of the notarial deed of incorporation.

Procedure 2 Verify uniqueness of company name and reserve name

Time to complete: 3 days

Cost to complete: EUR 6

Comment: Shareholders are free to choose the company's name but must ensure that it is unique. Uniqueness can be verified with the Trade and Companies Register. The Register rejects the registration of a company if the name already exists. However, company names cannot be reserved with the Trade and Companies Register. The company name may include the name of the shareholders or may assume a corporate name. In practice, the notary public checks and reserves the proposed company name with the Commercial Registry.

Procedure 3 Notary drafts and notarizes the company deed

Time to complete: 2 days

Cost to complete: EUR 1000-EUR 2000 notary fees + 0.5% of statutory capital

Comment: A private limited liability company must be incorporated before a notary public. The notary draws up a deed based on model articles of incorporation found on the Internet. (The national Chamber of Commerce's Espace Enterprises information center can help incorporators complete model documents.) The notary is obliged to collect an initial payment for all incorporation fees and taxes.

These incorporation fees include a tax of 1% calculated on statutory capital (droit d'apport). All the other cost elements will remain within EUR 1,000–2,000. The notary must provide a detailed account after the newly created corporation is announced.

Procedure 4 Apply for business license

Time to complete: 20 days, simultaneous with procedure 3

Cost to complete: EUR 24

Comment: Commercial activities require an establishment permit. Pursuant to domestic law or the provisions of European directives, this permit is issued by the Ministry of Middle Classes upon request and on proof of knowledge of business management.

To apply for a business license, promoters must submit the following documents:

- Application form (completed and signed) for an establishment permit.
- Tax stamp for 24 EUR. The amount can be transferred to the national Giro account (CCP) of the Registration and Domains Administration (Administration de l'Enregistrement et des Domaines): LU47 1111 0087 9262 0000, with the reference: "Office Fee for Establishment Permit [ENTER APPLICANT'S NAME]." In this case,

proof of payment must be presented. The tax stamp can also be obtained from the Espace Entreprises information center.

- For nonresidents and persons residing in Luxembourg for fewer than 5 years, a recent notarized certificate of nonbankruptcy.
- Articles of association (executed or draft) for a commercial company.
- School certificates or professional diplomas (certified by the institution) required for the intended activity. Otherwise, proof of relevant professional experience such as an EU certificate or certificate of registration with a social security authority.
- An affidavit on the exercise of any management posts previously held in Luxembourg, for verification of nonbankruptcy.
- The applicant's identity card (copy).
- The applicant's police record or affidavit. Note: This applies to nonresidents and persons residing in Luxembourg for less than 5 years.

The business permit application can be submitted before executing the notary deed because the Ministry of the Middle Classes checks the draft articles of association—the company name, business purpose, and identity of directors and officers for compliance with the provisions of the Law of Establishment. Generally, the business permit application and notary deed processes start more or less at the same time and are pursued simultaneously. Although the company incorporation process requires a notary, the founder may directly register the company with different administrations and obtain identification numbers and the business license.

Procedure 5 Register at the Chamber of Commerce's one-stop shop

Time to complete: 4 days, simultaneous with procedure 4

Cost to complete: included in Procedure 3

Comment: The notary public must levy an initial payment for all applicable company incorporation fees and taxes, including registration costs. A tax on incorporation is levied at 0.5% calculated on the statutory capital (droit d'apport). Within 4 weeks, the notary must register (a) the statutes with the tax administration (Administration de l'Enregistrement) at the Chamber of Commerce's one-stop shop; and (b) the company with the Commercial Registry, within 4 weeks of company incorporation. The Commercial Register arranges for publication in the Official Gazette, according to the Companies Act, within 2 months of company registration.

Upon 24 hours of registration, the Commercial Registry will generate an administrative or official (register) number that accompanies the company during its corporate life (matricule). This number forms the basis for all other identification numbers to be issued by the administration for direct taxes (tax number), the administration for indirect taxes (VAT number), or the social security service (pay-as-you-earn number and employer number). Applications can be filed for both VAT and social security at the one-stop, which distributes the forms to the relevant administrations. Company registration with the Chamber of Commerce is done automatically.

Procedure 6 Unblock the authorized capital

Time to complete: 1 day

Cost to complete: no charge

Comment: On incorporating the company, the notary public immediately issues a release certificate (certificate de déblocage), indicating that the company has come into existence and listing the corporate officers' identities. This certificate will be sent to the bank for the release of the capital.

Dealing with Construction Permits in Luxembourg

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

BUILDING A WAREHOUSE

Date as of: January 2, 2008

Estimated Warehouse Value:

City: Luxembourg

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a recent copy of the cadastre plans from the Cadastre Administration	1 day	EUR 10
2	Obtain approval in principle (accord de principe)	60 days	EUR 60
3 *	Obtain Commodo/Incommodo Classe 3 approval from the Environmental Administration	120 days	no charge
4 *	Obtain a building permit from the Urban Department (service de l'urbanisme) of the municipality	90 days	EUR 960
5 *	Obtain an excavation permit from the Ministry of Works	60 days	EUR 10
6 *	Hire an independent inspection company to carry out inspections of construction works	1 day	EUR 4,552
7	Request and receive an inspection of completed works from the Environmental Administration	1 day	no charge
8	Request and receive sewerage (canalization) inspection	1 day	no charge
9	Obtain a feasibility study for the sewerage (canalization) connection	30 days	EUR 1,950
10 *	Obtain sewerage (canalization) connection	30 days	no charge
11 *	Obtain water connection	5 days	EUR 3,000
12 *	Obtain electricity connection	30 days	EUR 1,000
13 *	Obtain telephone connection	30 days	EUR 200

* Takes place simultaneously with another procedure.

Procedure 1 Obtain a recent copy of the cadastre plans from the Cadastre Administration

Time to complete: 1 day

Cost to complete: EUR 10

Comment:

Procedure 2 Obtain approval in principle (accord de principe)

Time to complete: 60 days

Cost to complete: EUR 60

Comment: Although not required, obtaining an "approval in principle" of the architectural plans facilitates the process for obtaining the environmental, road (excavation), and building permits.

Procedure 3 Obtain Commodo/Incommodo Classe 3 approval from the Environmental Administration

Time to complete: 120 days

Cost to complete: no charge

Comment: An environmental clearance is required if the warehouse is to be used for storing more than 100 metric tons of paper products.

Procedure 4 Obtain a building permit from the Urban Department (service de l'urbanisme) of the municipality

Time to complete: 90 days

Cost to complete: EUR 960

Comment: The building permit is valid for a year. The building plans must be conform to the master plan of the city of Luxembourg. The application file comprises an application form, a cadastral extract, and the building design plans. Various departments within the Commune must approve the application, including all the utility and the fire safety departments. The Commune charges EUR 24 as an application processing fee and EUR 0.24 per cubic meter.

Procedure 5 Obtain an excavation permit from the Ministry of Works

Time to complete: 60 days

Cost to complete: EUR 10

Comment: Assuming the warehouse is to be built near a main road, BuildCo must obtain an excavation permit to dig for utility connections. The Ministry of Public Works charges a stamp duty of EUR 10.

Procedure 6 Hire an independent inspection company to carry out inspections of construction works

Time to complete: 1 day

Cost to complete: EUR 4,552

Comment: BuildCo must hire an independent inspection company to perform inspections during construction, which costs about 0.5% of construction value.

Procedure 7 Request and receive an inspection of completed works from the Environmental Administration

Time to complete: 1 day

Cost to complete: no charge

Comment: The Environmental Administration inspects the completed building to ensure that it complies with the environmental clearance obtained prior to construction.

Procedure 8 Request and receive sewerage (canalization) inspection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 9 Obtain a feasibility study for the sewerage (canalization) connection

Time to complete: 30 days

Cost to complete: EUR 1,950

Comment: BuildCo applies for a water connection and requests water services from the Commune to prepare an estimate for all the costs associated with the water/sewerage connection.

Procedure 10 Obtain sewerage (canalization) connection

Time to complete: 30 days

Cost to complete: no charge

Comment: BuildCo applies for a sewerage connection and requests water services from the Commune in order to prepare an estimate for all the costs associated with the sewerage connection.

Procedure 11 Obtain water connection

Time to complete: 5 days

Cost to complete: EUR 3,000

Comment:

Procedure 12 Obtain electricity connection

Time to complete: 30 days

Cost to complete: EUR 1,000

Comment: The Commune or the Electrical Company of the Great Duchy of Luxembourg (Compagnie Grand-Ducale d'Electricite du Luxembourg, CEGEDEL) provides a cost estimate. The connection takes place after BuildCo has received the road approval.

Procedure 13 Obtain telephone connection

Time to complete: 30 days

Cost to complete: EUR 200

Comment: Post and Telecommunications (Poste et télécommunications, P&T) provides a cost estimate. The connection takes place after BuildCo has received the road approval.

Employing Workers in Luxembourg

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

Employing Workers Indicators (2008)	Answer	Score
Rigidity of Employment Index		62.2
Difficulty of Hiring Index		66.7
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	24	1.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.22	0.00
Rigidity of Hours Index		80.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	No	1
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?	25	1
Difficulty of Firing Index		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?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	Yes	1
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	Yes	1

Firing costs (weeks of salary)	39.0
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)	26.0
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	13.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0

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

Registering Property in Luxembourg

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

STANDARDIZED PROPERTY

Property Value: 2,937,587.44

City: Luxembourg

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Parties visit notary to draft and authenticate the sale agreement (Compromis de Vente)	1 - 2 days	4 € stamp per page of the deed (2-3 pages)
2 *	Notary conducts full search (recherche per case hypothecaire) at property registry (Bureau des Hypotheques)	1 day in person (simultaneous with procedure 3)	€ 2.48 for full search
3 *	Notary conducts search at the cadastre	1 day in person (simultaneous with procedure 2)	no cost
4	Notary notifies tax administration of transfer and obtains tax clearance, stating all property taxes are settled	1 day in person	no cost
5	Buyer sends funds, fees, taxes and anti-moneylaundering documents to notary	2 days	€ 4765.5 notary fees + 6 market value of property (registration fee) + 3% market value of property (municipal surcharge with city of Luxembourg) + 1 market value of property (transcription duty)
6	Parties return to notary to sign transfer deed in original	1 - 2 days	already paid in procedure
7	Notary registers transfer deed at the Administration de l'Enregistrement et des Domaines	3 - 5 days to record + 14 days to send a copy of the registered deed	already paid in procedure
8	Notary sends recorded transfer deed to the parties	1 - 2 days	already paid in procedure

* Takes place simultaneously with another procedure.

Procedure 1 Parties visit notary to draft and authenticate the sale agreement (Compromis de Vente)

Time to complete: 1 - 2 days

Cost to complete: 4 € stamp per page of the deed (2-3 pages)

Comment: After signing a 'compromis de vente' agreement between themselves, as per common practice, the parties will visit a notary so he can draft and authenticate the notarial deed. The sale is complete between the parties, and ownership is acquired as of right by the buyer with respect to the seller, as soon as the thing and the price have been agreed upon, although the thing has not yet been delivered or the price paid (Article 1583 of the Civil Code). As a sale of real estate must be registered (which triggers the payment of registration taxes) and recorded in the mortgage registry in order to be enforceable vis-à-vis third parties and as only duly certified deeds may be entered in the register, the sale must be recorded in a notarial deed ("acte de vente"). It is sometimes preferable for each party to appoint its own notary (in which case, the notaries' fee is split between the two notaries). Here we assume the case of only one notary.

The notary is deemed a public official with powers delegated by the state to authenticate the deeds he drafts and provides complete security to the contracts he supervises. The authenticity of the deeds grants the parties an undisputable date and content in Court. The law imposes a personal liability on the notary for his professional acts which is more extensive than that of other branches of the legal profession.

There are 36 notaries, 13 of those in Luxembourg canton, in the Grand-Duchy of Luxembourg and the sale may be drawn up in front of anyone of them. The time period which is necessary to obtain an appointment with the notary public depends on the availability of such notary (holiday season, etc.). This study assume that parties would call on day one and receive an appointment for the same or following day.

Procedure 2 Notary conducts full search (recherche par case hypothécaire) at property registry (Bureau des Hypothèques)

Time to complete: 1 day in person (simultaneous with procedure 3)

Cost to complete: € 2.48 for full search

Comment: The notary may go in person to the Bureau des Hypothèques to request and receive either a 'relevé des inscriptions hypothécaires' (containing a list of mortgages) at a cost of EUR 0.50, or a 'recherche par case hypothécaire' (containing a list of all land transactions effected by the landowner together with that of every mortgage or charge burdening the property) at a cost of EUR 2.48. For purposes of certainty, in this study we consider the latter option.

Procedure 3 Notary conducts search at the cadastre

Time to complete: 1 day in person (simultaneous with procedure 2)

Cost to complete: no cost

Comment: The notary should also check the status of the property at the cadastre.

Procedure 4 Notary notifies tax administration of transfer and obtains tax clearance, stating all property taxes are settled

Time to complete: 1 day in person

Cost to complete: no cost

Comment: The notary visits the tax administration office to notify them that the property will be sold. The tax administration office confirms that the property has no claims or unpaid taxes on it. If there are outstanding claims or taxes, the tax administration may register a judicial mortgage on the property.

Procedure 5 Buyer sends funds, fees, taxes and anti-moneylaundering documents to notary

Time to complete: 2 days

Cost to complete: € 4765.5 notary fees + 6% market value of property (registration fee) + 3% market value of property (municipal surcharge within city of Luxembourg) + 1% market value of property (transcription duty)

Comment: The buyer will pay the taxes, fees and funds for the property by wire transfer to the notary, in addition to notarial fees. Notarial fees are determined by the Regulation of 24 July, 1971 on the revision of notary fees. The buyer must also send anti-moneylaundering documentation to the notary at this time, regarding the origin of the funds he is using.

Procedure 6 Parties return to notary to sign transfer deed in original

Time to complete: 1 - 2 days

Cost to complete: already paid in procedure 5

Comment:

Procedure 7 Notary registers transfer deed at the Administration de l'Enregistrement et des Domaines

Time to complete: 3 - 5 days to record + 14 days to send a copy of the registered deed

Cost to complete: already paid in procedure 5

Comment: The notary registers the transfer deed at the Administration de l'Enregistrement et des Domaines, which charges the transfer duty to the notary. The Administration will record the transfer, making it opposable to third parties, after two to five days. The Administration will also send the deed to the Administration du Cadastre for registration of the new owner there. It will take the Cadastre about two weeks to record the new owner. At the same time, the Administration will take about two weeks to send a copy of the registered deed, with the stamp of the Administration and a reference number on it, back to the notary. This document would be needed in practice to use the property to obtain a loan from a bank. The registration, municipal and inscription fees are paid by the parties to the notary, who pays the Administration.

Procedure 8 Notary sends recorded transfer deed to the parties

Time to complete: 1 - 2 days

Cost to complete: already paid in procedure 5

Comment:

Once he receives it, the notary will send the registered deed to the parties.

Getting Credit in Luxembourg

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

Getting Credit Indicators (2008)			Indicator
	Private credit bureau	Public credit registry	score
Private bureau coverage (% adults)			0
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage		0.0	0.0
Number of individuals		0	..
Number of firms		0	..

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

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

Yes

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

Yes

Protecting Investors in Luxembourg

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

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

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

Investor Protection Index

4.3

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 Luxembourg

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Luxembourg, 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	24	15.0%	value added		
Stamp duty	1				paper size		
Corporate income tax	1	online filing	20	22.9%	taxable profit	0.00	
Vehicle tax	1				vehicle weight	0.01	
Tax on insurance contracts	1			4.0%	insurance premium	0.08	
Net wealth tax	1	online filing		0.5%	equity	0.12	
Waste disposal	1				waste weight	0.14	
Property tax	1	online filing		750.0%	0.9% to 1% of unitary value	0.27	
Fuel tax	1				included in fuel price	0.95	
Municipal tax	1	online filing		6.8%	taxable profits with an allowance of Euro 17,500	4.14	
Social security contributions	12		14		gross salaries	15.34	
Totals	22		59			21.0	

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 Luxembourg

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

Nature of Export Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	2	300
Customs clearance and technical control	2	120
Ports and terminal handling	1	350
Inland transportation and handling	1	650
Totals	6	1420

Nature of Import Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	2	300
Customs clearance and technical control	2	120
Ports and terminal handling	1	350
Inland transportation and handling	1	650
Totals	6	1420

Export

Bill of lading

Commercial invoice

Packing list

Single Administrative Document (Customs export declaration)

Transit document

Import

Bill of lading

Commercial invoice

Packing list

Single Administrative Document (Customs export declaration)

Enforcing Contracts in Luxembourg

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

Nature of Procedure (2008)	Indicator
Procedures (number)	26
Duration (days)	321
Filing and service	21.0
Trial and judgment	240.0
Enforcement of judgment	60.0
Cost (% of claim)*	8.77
Attorney cost (% of claim)	6.0
Court cost (% of claim)	1.9
Enforcement Cost (% of claim)	0.9
Court information:	Luxembourg District Court, Commercial Section ("Tribunal d'arrondissement siégeant en matière commerciale")

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



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