

Doing Business 2008

Dominican Republic

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Dominican Republic**

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

Doing Business Project
World Bank Group



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

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Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business -- such as a country's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions, and the underlying strength of institutions -- are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a limited liability company operating in the largest business city.

Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

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

The best-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

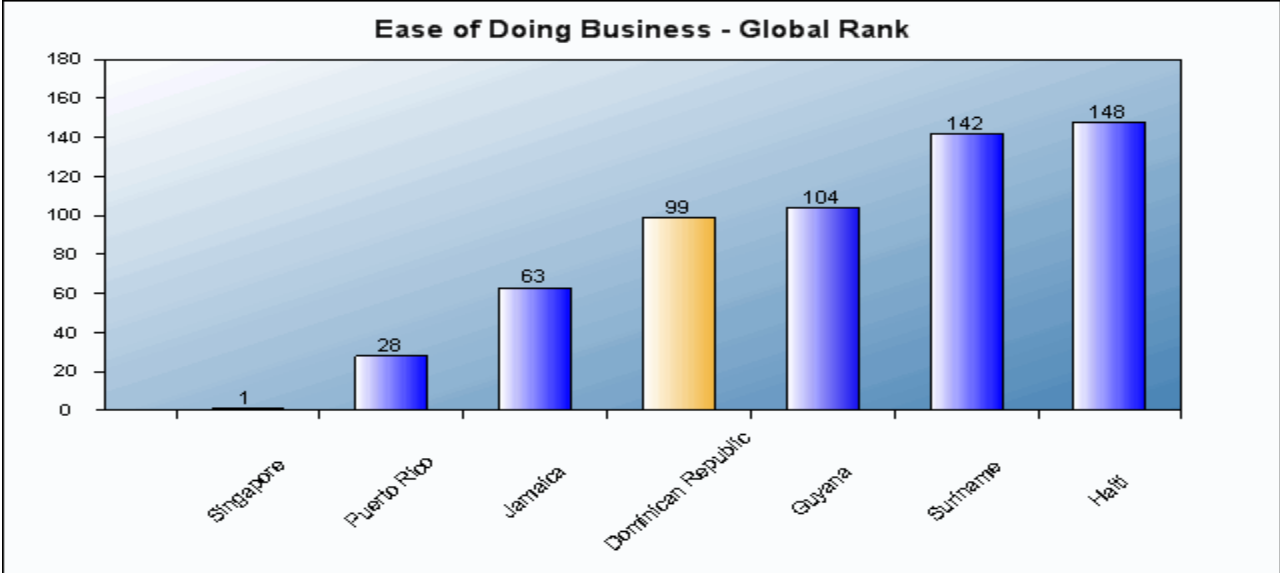
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

Dominican Republic is ranked 99 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Dominican Republic - Compared to Global Best / Selected Economies:



Dominican Republic's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	99
Starting a Business	84
Dealing with Licenses	74
Employing Workers	106
Registering Property	106
Getting Credit	36
Protecting Investors	122
Paying Taxes	139
Trading Across Borders	35
Enforcing Contracts	82
Closing a Business	142

Reforms - Who is reforming?

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

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

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

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

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

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

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

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

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

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

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

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Dominican Republic	✓			✓			✗	✓			2
	Guyana											0
	Haiti				✓							1
	Jamaica											0
	Puerto Rico											0
	Suriname											0

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

Summary of Indicators - Dominican Republic

Starting a Business	Procedures (number)	9
	Duration (days)	22
	Cost (% GNI per capita)	31.1
	Paid in Min. Capital (% of GNI per capita)	0.0
Dealing with Licenses	Procedures (number)	17
	Duration (days)	214
	Cost (% of income per capita)	116.1
Employing Workers	Difficulty of Hiring Index	56
	Rigidity of Hours Index	40
	Difficulty of Firing Index	0
	Rigidity of Employment Index	32
	Nonwage labor cost (% of salary)	14
	Firing costs (weeks of wages)	88
Registering Property	Procedures (number)	7
	Duration (days)	60
	Cost (% of property value)	5.1
Getting Credit	Legal Rights Index	4
	Credit Information Index	6
	Public registry coverage (% adults)	13.3
	Private bureau coverage (% adults)	35.4
Protecting Investors	Disclosure Index	5
	Director Liability Index	0
	Shareholder Suits Index	7
	Investor Protection Index	4.0
Paying Taxes	Payments (number)	74
	Time (hours)	286
	Profit tax (%)	28.6
	Labor tax and contributions (%)	9.5
	Other taxes (%)	2.0
	Total tax rate (% profit)	40.2

Trading Across Borders	Documents for export (number)	6
	Time for export (days)	12
	Cost to export (US\$ per container)	815
	Documents for import (number)	7
	Time for import (days)	13
	Cost to import (US\$ per container)	1015
Enforcing Contracts	Procedures (number)	34
	Duration (days)	460
	Cost (% of claim)	40.9
Closing a Business	Time (years)	3.5
	Cost (% of estate)	38
	Recovery rate (cents on the dollar)	8.4

Starting a Business in Dominican Republic: Entry Regulation

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

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

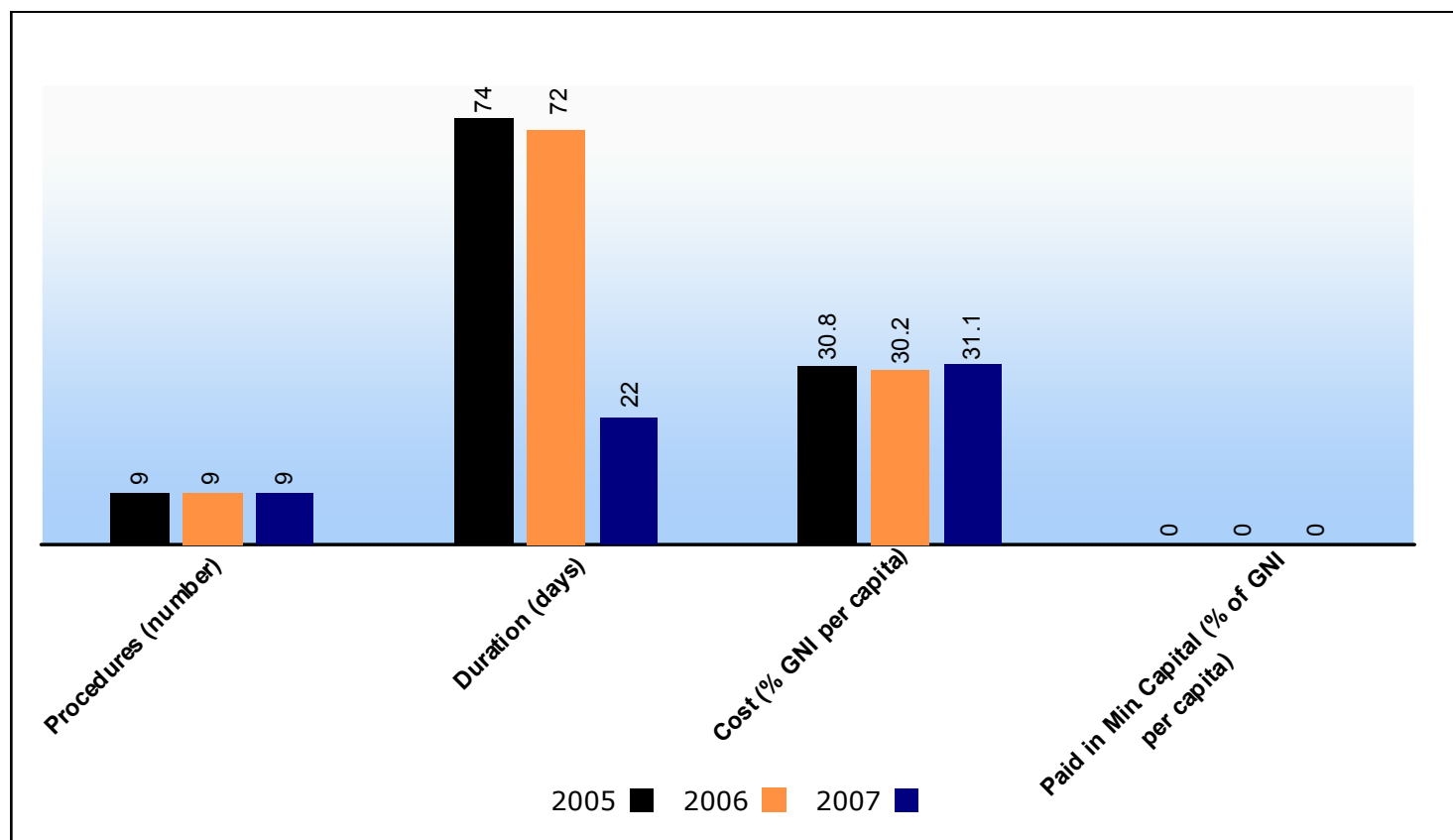
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up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

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

1. Historical data: Starting a Business in Dominican Republic

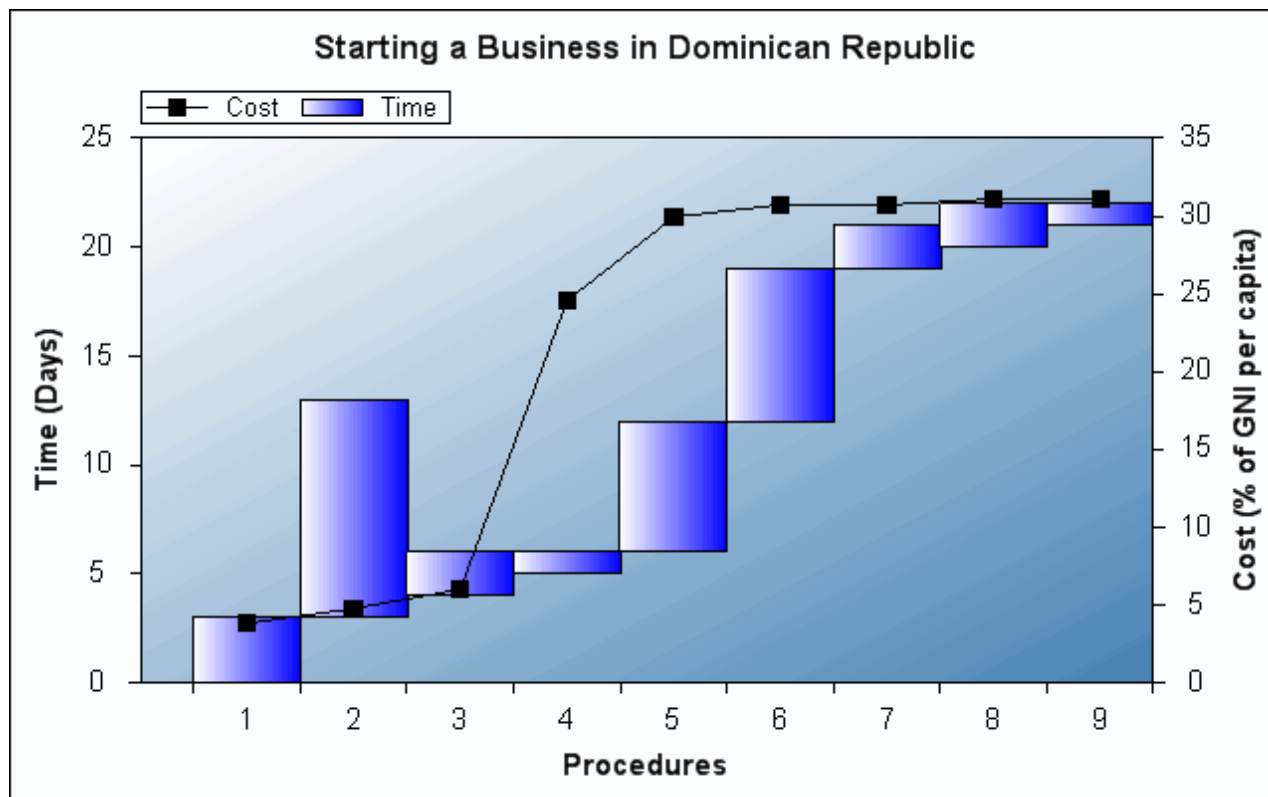
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		112	84
Procedures (number)	9	9	9
Duration (days)	74	72	22
Cost (% GNI per capita)	30.8	30.2	31.1
Paid in Min. Capital (% of GNI per capita)	0.0	0.0	0.0

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



3. Steps to Starting a Business in Dominican Republic

It requires 9 procedures, takes 22 days, and costs 31.09% GNI per capita to start a business in Dominican Republic.



List of Procedures:

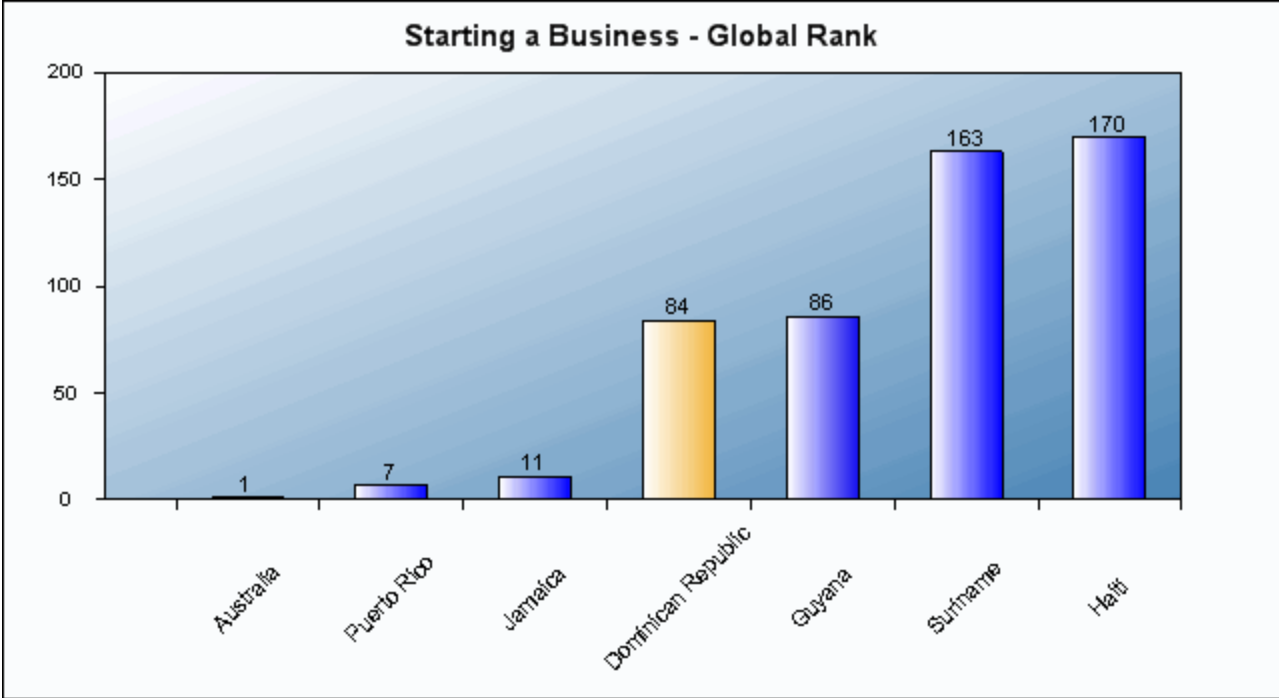
1. Obtain certificate of name registry
2. Publication of company name
3. Notarize documents
4. Payment of taxes
5. Register with Commercial Registry
6. Register with DGII
7. Obtain fiscal receipt
8. Register with department of labor
9. Register with social security

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Dominican Republic is ranked 84 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

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



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

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

<i>Selected Economy</i>				
Dominican Republic	9	22	31.1	0.0

<i>Comparator Economies</i>				
Guyana	8	44	87.2	0.0
Haiti	12	202	133.9	32.2
Jamaica	6	8	8.7	0.0
Puerto Rico	7	7	0.8	0.0
Suriname	13	694	141.8	1.1

* The following economies are also best practice economies for :

Procedures (number): **Canada, New Zealand**

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

Dealing with Licenses in Dominican Republic: Building a Warehouse

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure—from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation—the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

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

The indicators on dealing with licenses record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

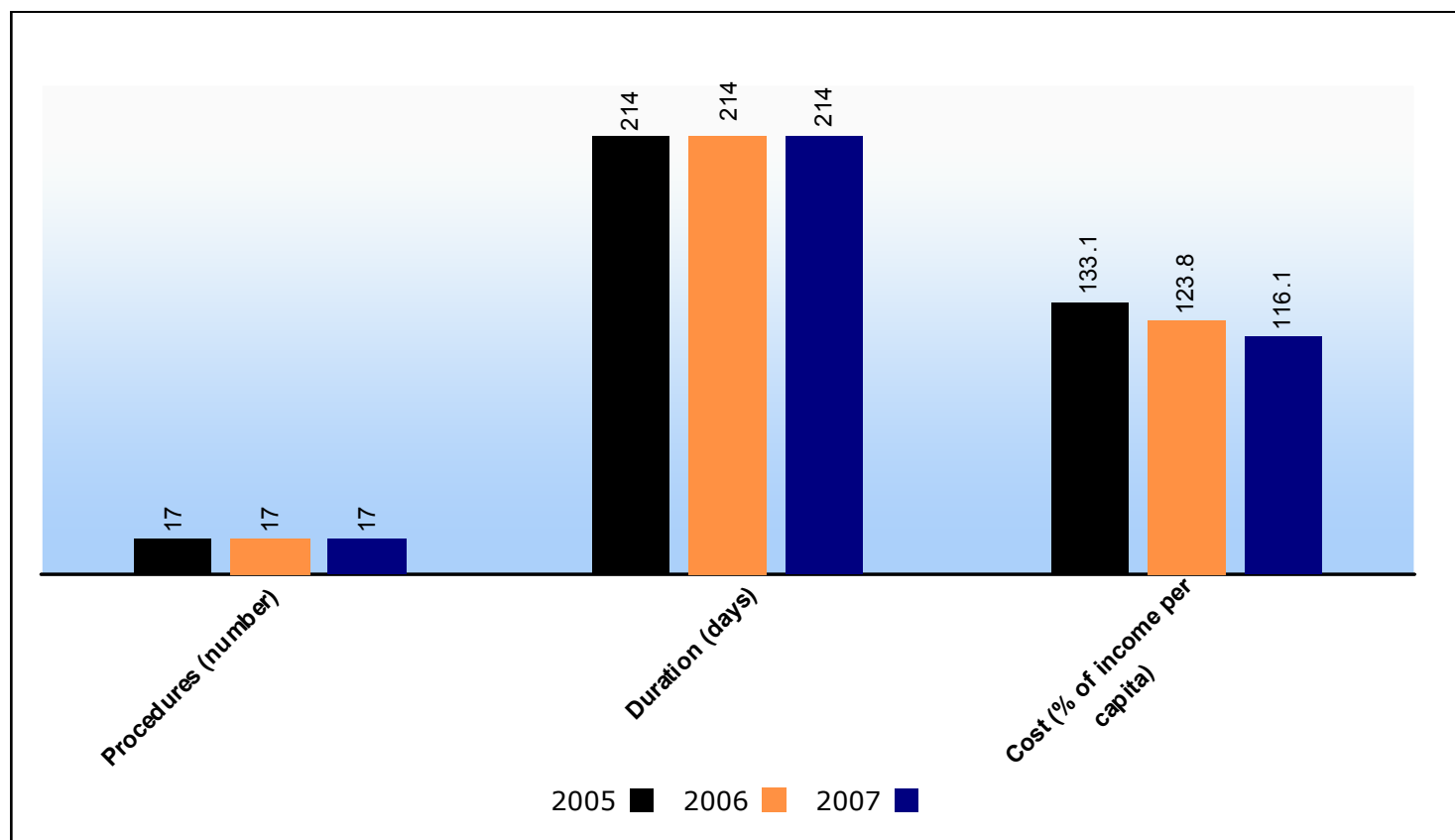
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to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

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

1. Historical data: Dealing with Licenses in Dominican Republic

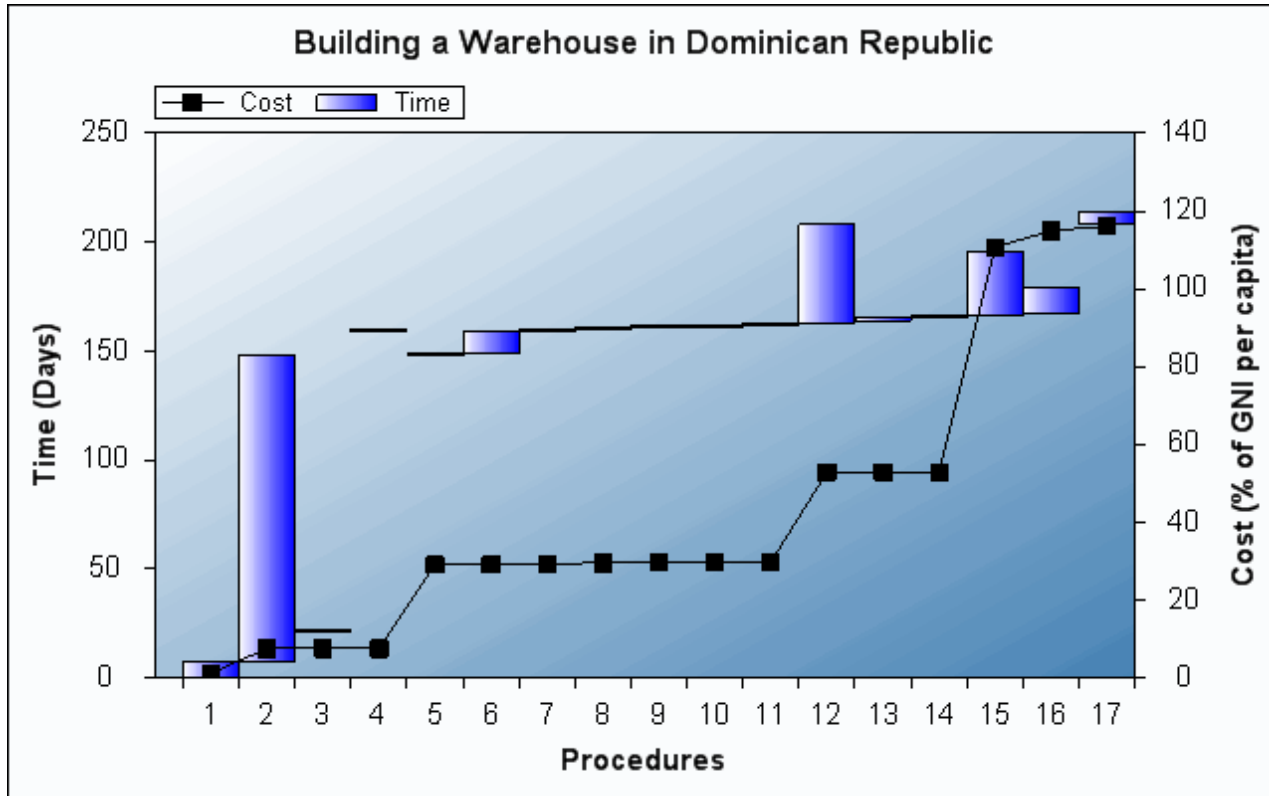
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		73	74
Procedures (number)	17	17	17
Duration (days)	214	214	214
Cost (% of income per capita)	133.1	123.8	116.1

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



3. Steps to Building a Warehouse in Dominican Republic

It requires 17 procedures, takes 214 days, and costs 116.12% GNI per capita to build a warehouse in Dominican Republic.



List of Procedures:

1. Obtain a certificate to use the land and possibly, one of no objection (certificación de no objeción, certificación de uso de suelo)
2. Obtain approval of project design drawings by the Municipal Council, and of the construction license by the Ministry of Public Works
3. Receive inspection by the Municipal Council (Departamento de Planeamiento Urbano)
4. Receive inspection by the Ministry of Public Works and Communications
5. Pay license fees and taxes associated with the construction license and obtain proof of payment
6. Obtain recibo de entrada from Ministry of Public Works and Communications
7. Receive an inspection before the lintel (zapata) of the project is made
8. Receive an inspection before the space between galleries (entrepiso) is completed
9. Receive an inspection before the roof of the project is completed
10. Request water and sewage connection
11. Receive on-site inspection for water and sewage connection
12. Receive water and sewage connection

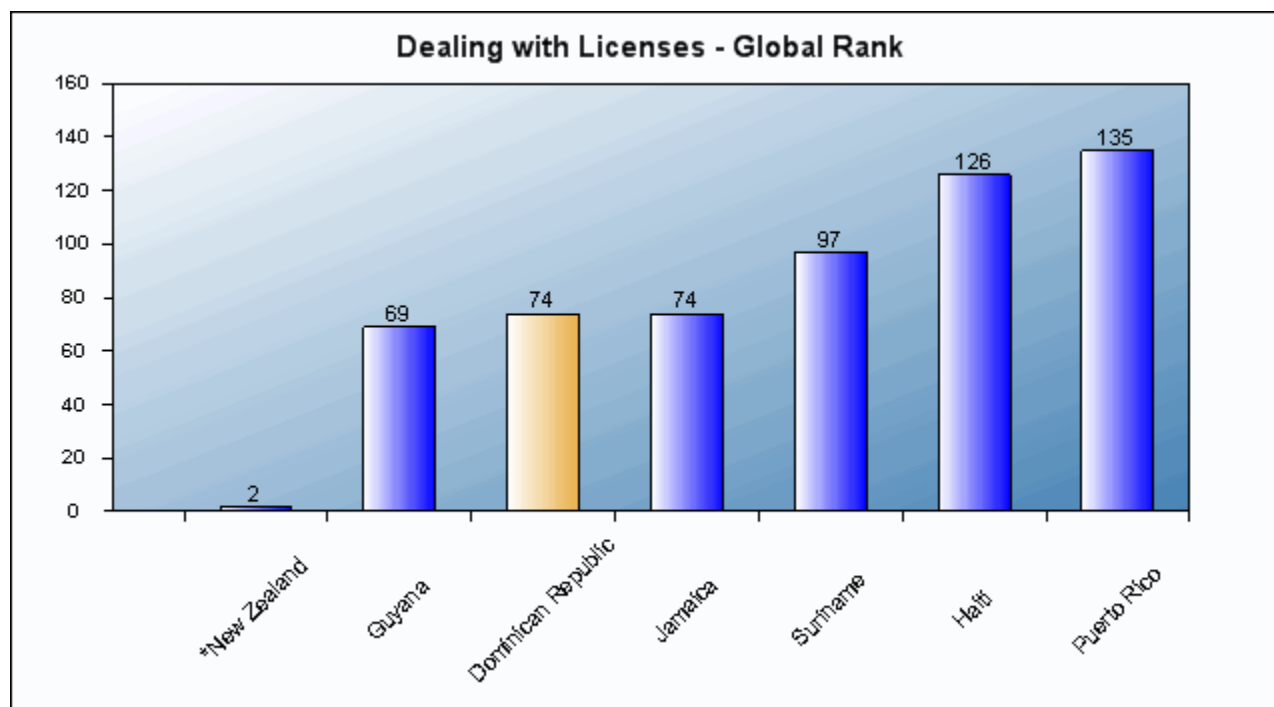
13. Request electric power connection
14. Receive on-site inspection for electric power connection
15. Obtain electric power connection
16. Receive on-site inspection and connection to telephone
17. Notify the Ministry of Public Works and Communications of the building completion, and obtain final approval (inspection)

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Dominican Republic is ranked 74 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

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



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

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

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

Selected Economy			
Dominican Republic	17	214	116.1

Comparator Economies			
Guyana	12	222	313.9
Haiti	11	1179	817.8
Jamaica	10	236	438.4
Puerto Rico	22	209	550.8
Suriname	14	431	158.0

Employing Workers in Dominican Republic: Labor Regulations

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

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

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

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

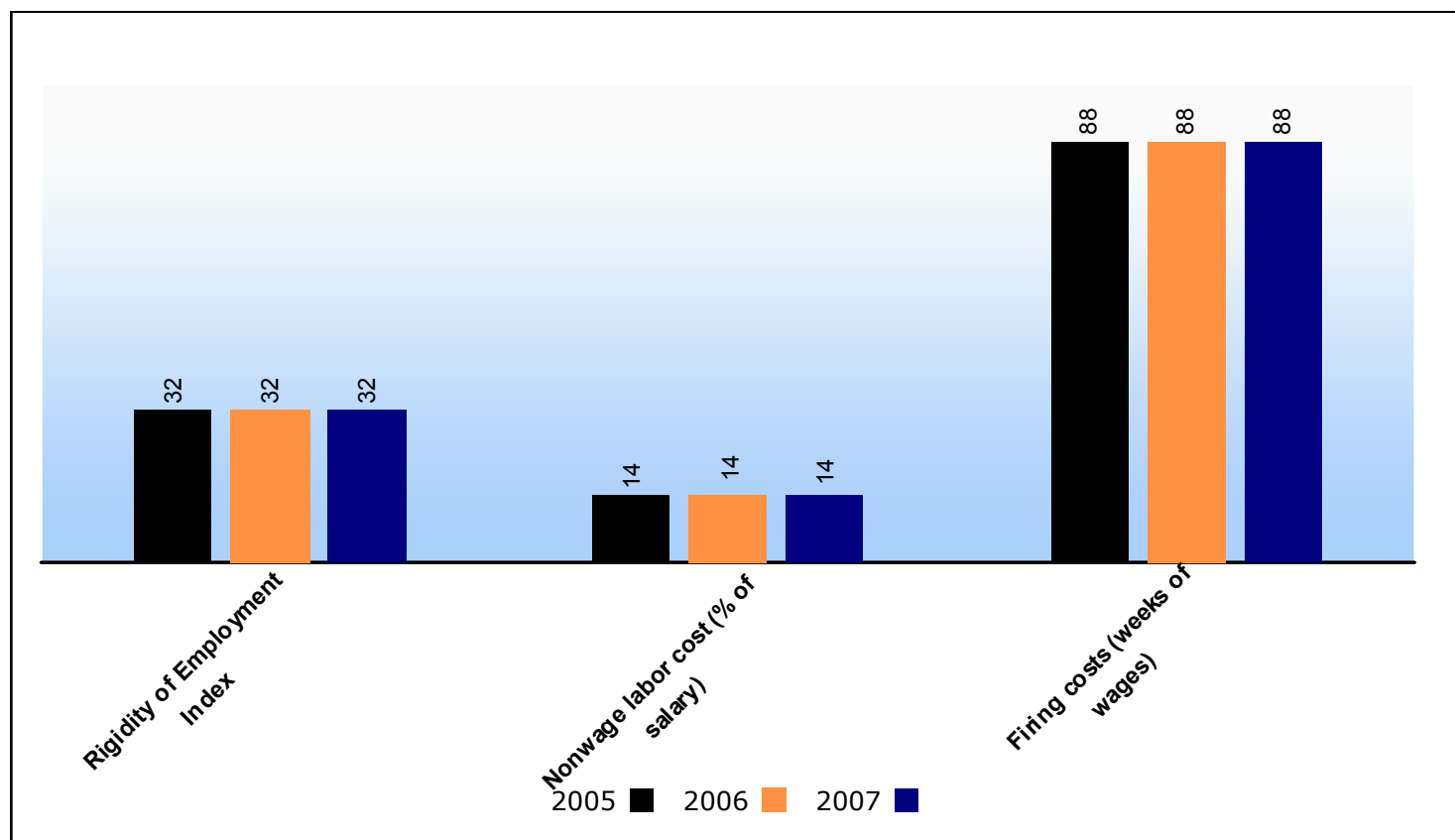
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Dominican Republic

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		105	106
Rigidity of Employment Index	32	32	32
Nonwage labor cost (% of salary)	14	14	14
Firing costs (weeks of wages)	88	88	88

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



3. Benchmarking Employing Workers Regulations:

Dominican Republic is ranked 106 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

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



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

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

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

Selected Economy			
Dominican Republic	32	14	88

Comparator Economies			
Guyana	24	8	56
Haiti	21	11	17
Jamaica	4	12	61
Puerto Rico	21	13	0
Suriname	23	0	26

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

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

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

Registering Property in Dominican Republic: Regulation of Property Transfer

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

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

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

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

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

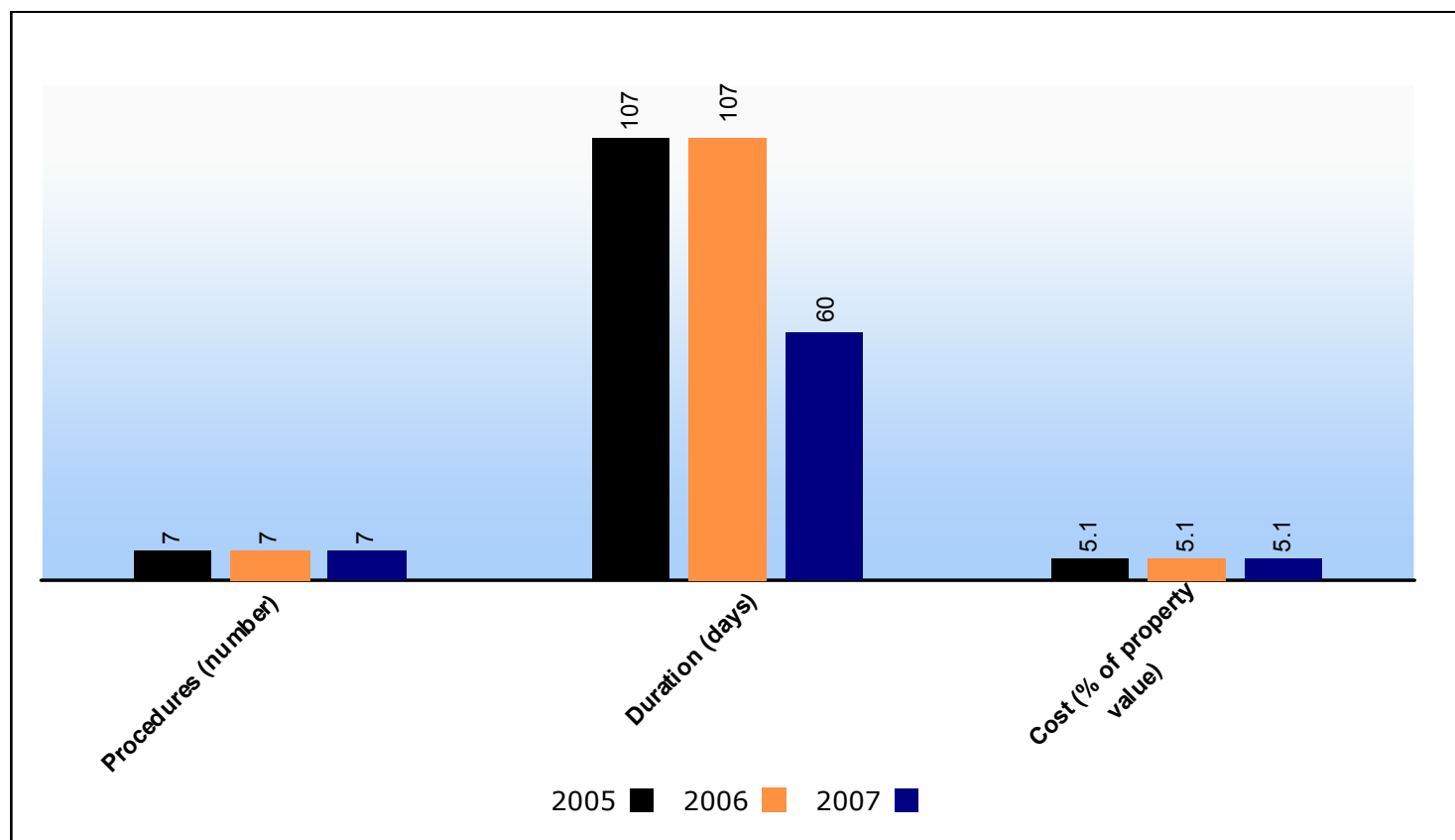
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the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

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

1. Historical data: Registering Property in Dominican Republic

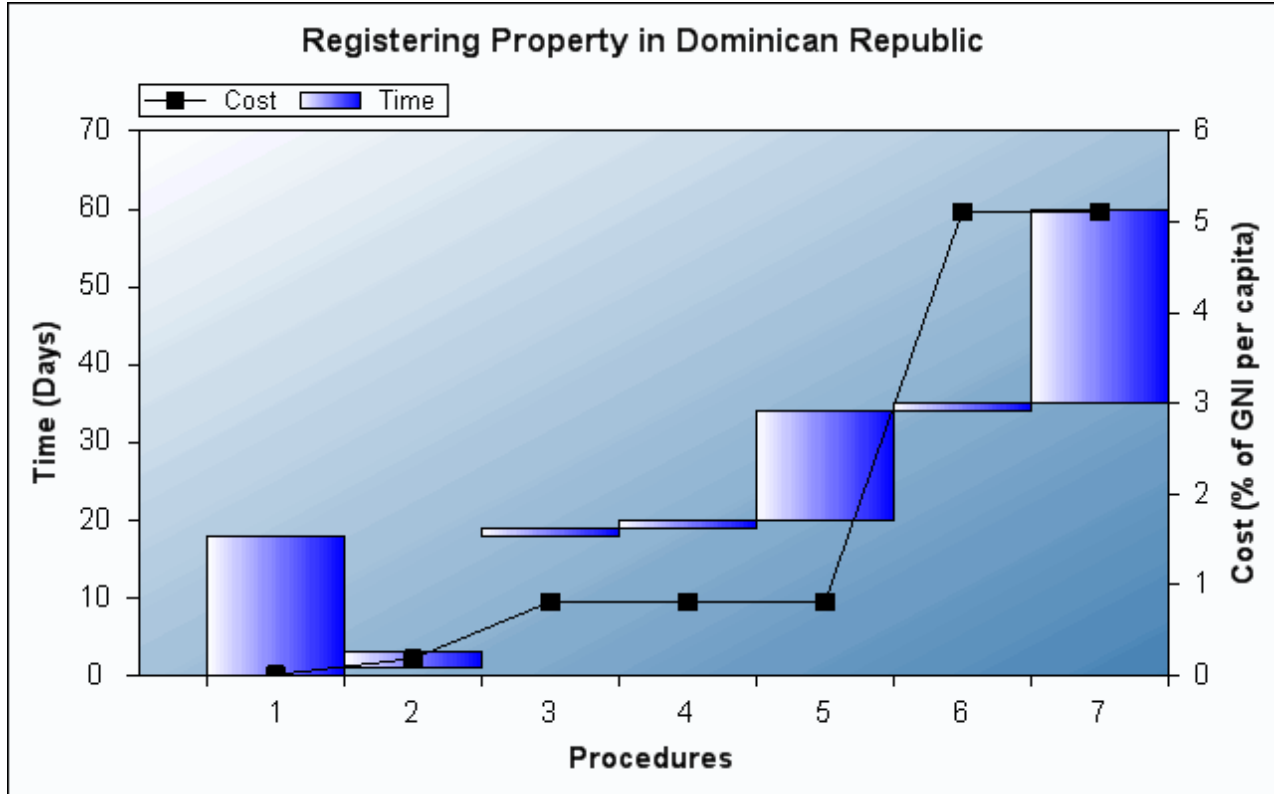
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		128	106
Procedures (number)	7	7	7
Duration (days)	107	107	60
Cost (% of property value)	5.1	5.1	5.1

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



3. Steps to Registering Property in Dominican Republic

It requires 7 procedures, takes 60 days, and costs 5.11% GNI per capita to register the property in Dominican Republic.



List of Procedures:

1. Obtain a non-encumbrance certificate from the Registry
2. Site inspection to establish the exact location of the property
3. Notarization of the sale purchase agreement
4. Request the valuation of the property at the Dirección General de Impuestos (Tax Authority)
5. An inspector of the Tax Authority verifies the value of the property
6. Payment of taxes at the Dirección General de Impuestos (Tax Authority)
7. Apply for registration at the Property Registry

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Dominican Republic is ranked 106 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

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



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

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

Selected Economy			
Dominican Republic	7	60	5.1

Comparator Economies			
Guyana	6	34	4.5
Haiti	5	405	6.5
Jamaica	5	54	13.5
Puerto Rico	8	194	1.4
Suriname	4	193	13.7

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Dominican Republic: Legal Rights and Credit Information

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function—one on credit registries and the other on legal rights of borrowers and lenders.

Credit registries—institutions that collect and distribute credit information on borrowers—can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

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

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

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

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

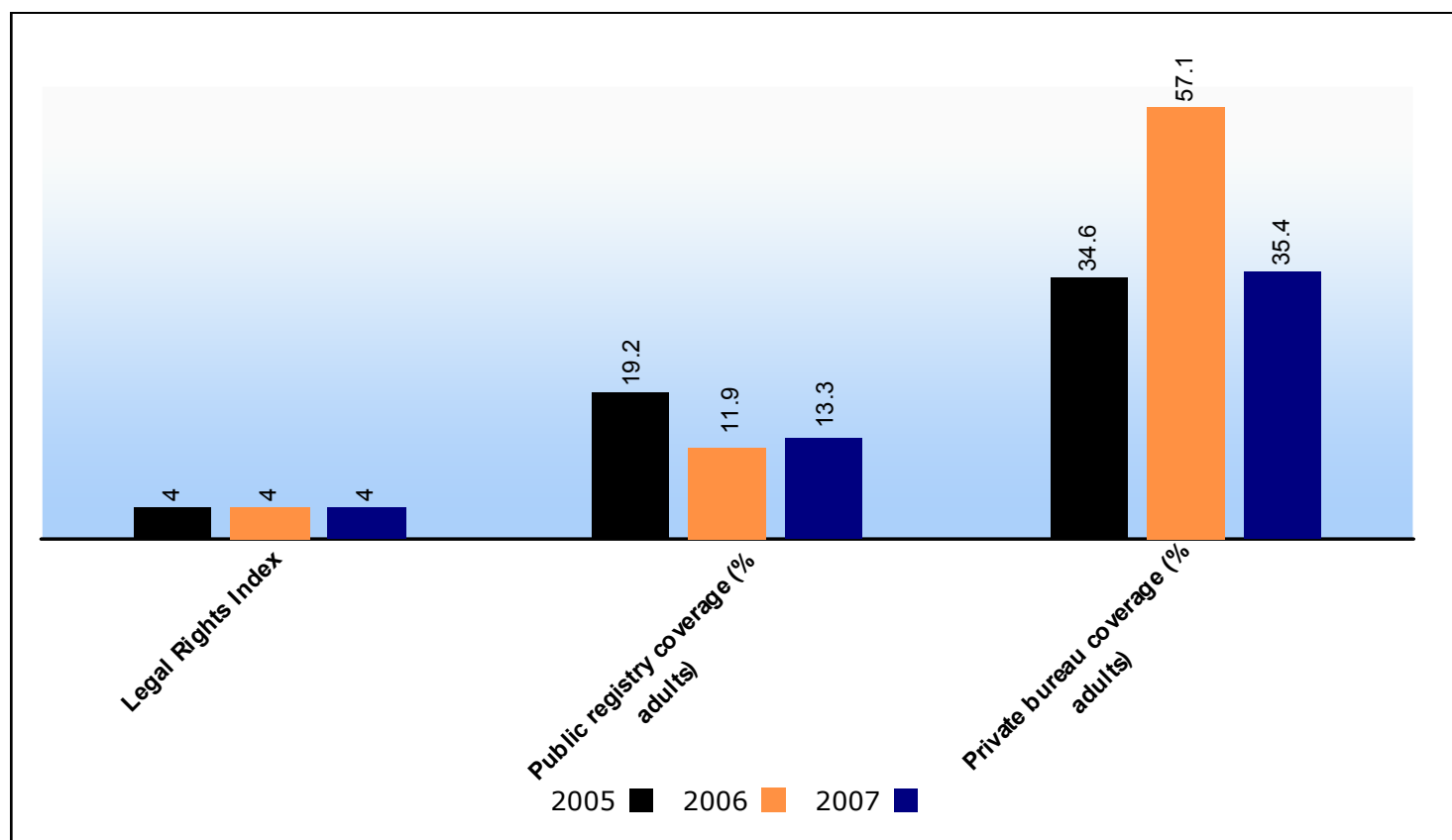
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

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

1. Historical data: Getting Credit in Dominican Republic

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		32	36
Legal Rights Index	4	4	4
Public registry coverage (% adults)	19.2	11.9	13.3
Private bureau coverage (% adults)	34.6	57.1	35.4

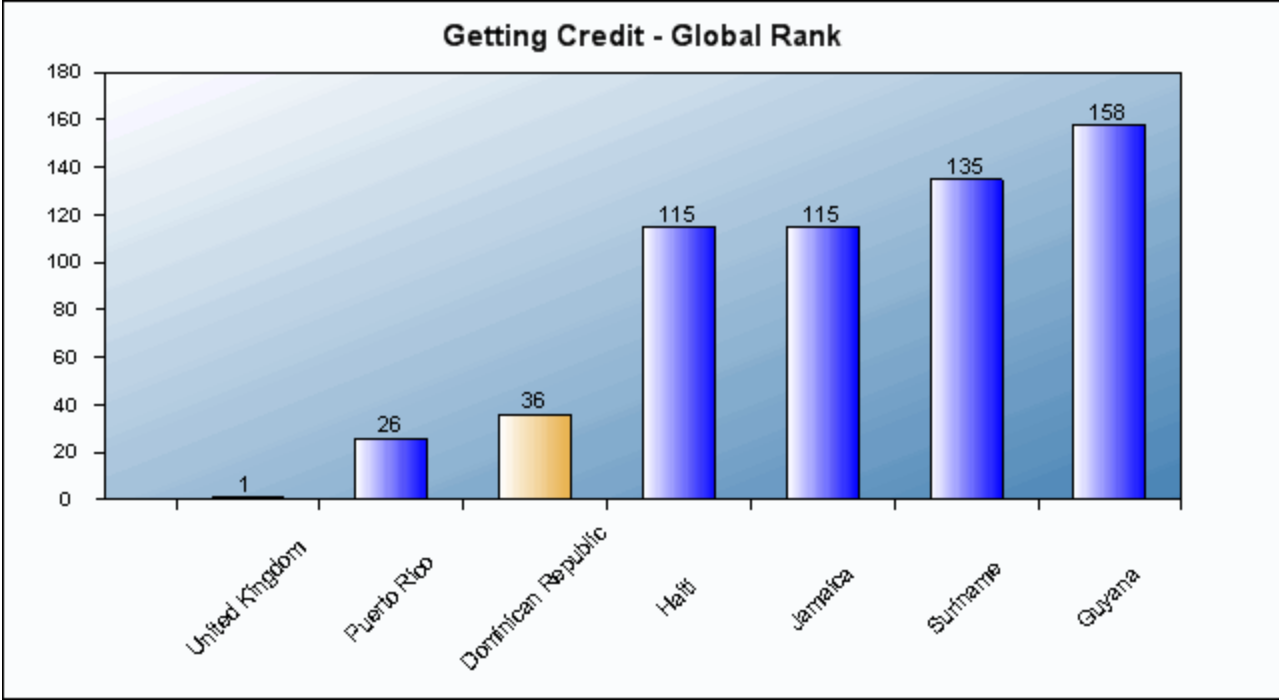
2. The following graph illustrates the Getting Credit indicators in Dominican Republic over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Dominican Republic is ranked 36 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

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



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

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

Selected Economy			
Dominican Republic	4	13.3	35.4

Comparator Economies			
Guyana	3	0.0	0.0
Haiti	3	0.7	0.0
Jamaica	5	0.0	0.0
Puerto Rico	6	0.0	62.0
Suriname	4	0.0	0.0

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

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

Protecting Investors in Dominican Republic

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

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

The case facts are simple. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is unfair to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

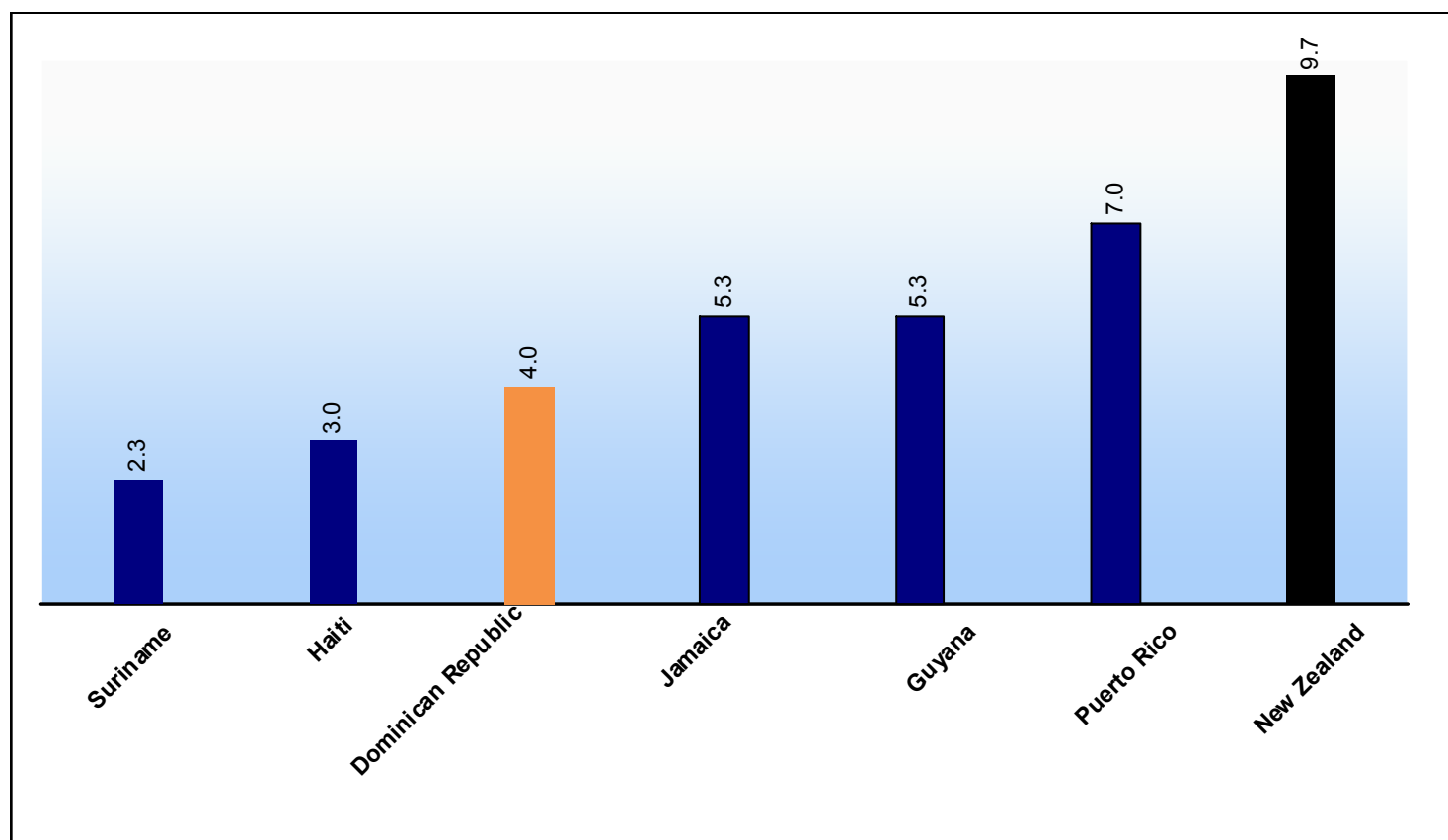
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

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

1. Historical data: Protecting Investors in Dominican Republic

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		120	122
Investor Protection Index	4.0	4.0	4.0

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

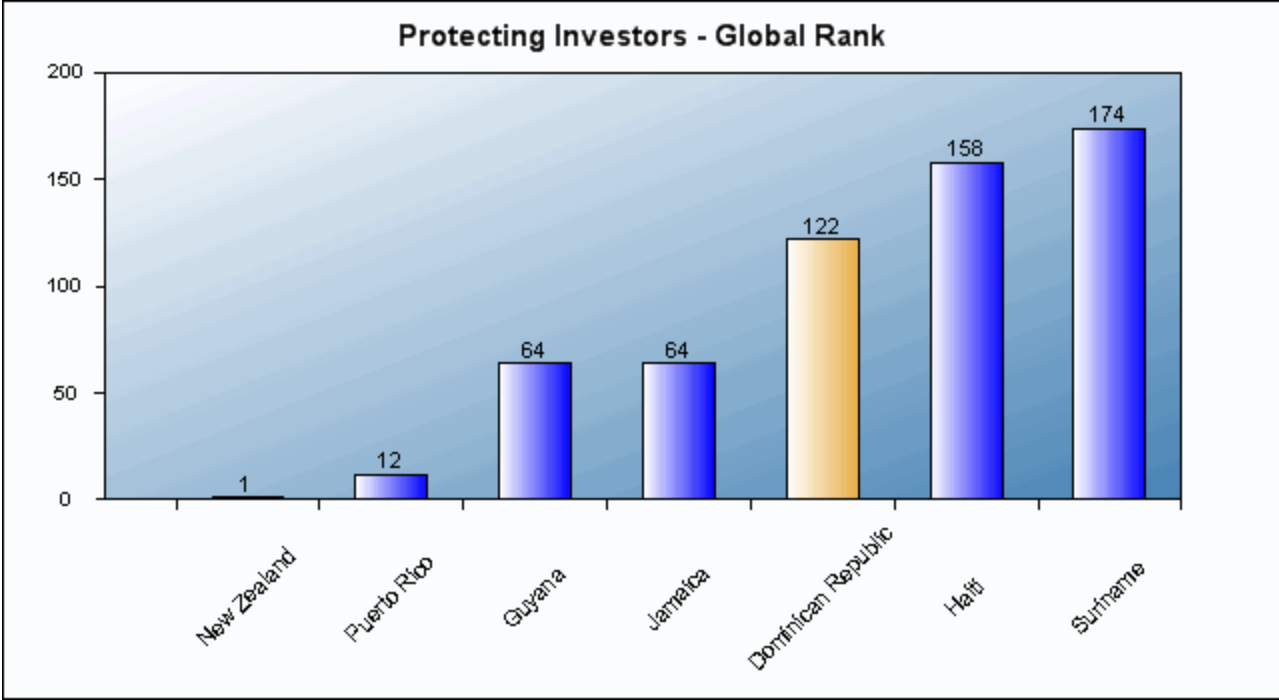


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Dominican Republic is ranked 122 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

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



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

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

<i>Selected Economy</i>	
Dominican Republic	4.0

<i>Comparator Economies</i>	
Guyana	5.3
Haiti	3.0
Jamaica	5.3
Puerto Rico	7.0
Suriname	2.3

Paying Taxes: Tax Payable and Compliance in Dominican Republic

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

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

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

Three indicators are constructed:

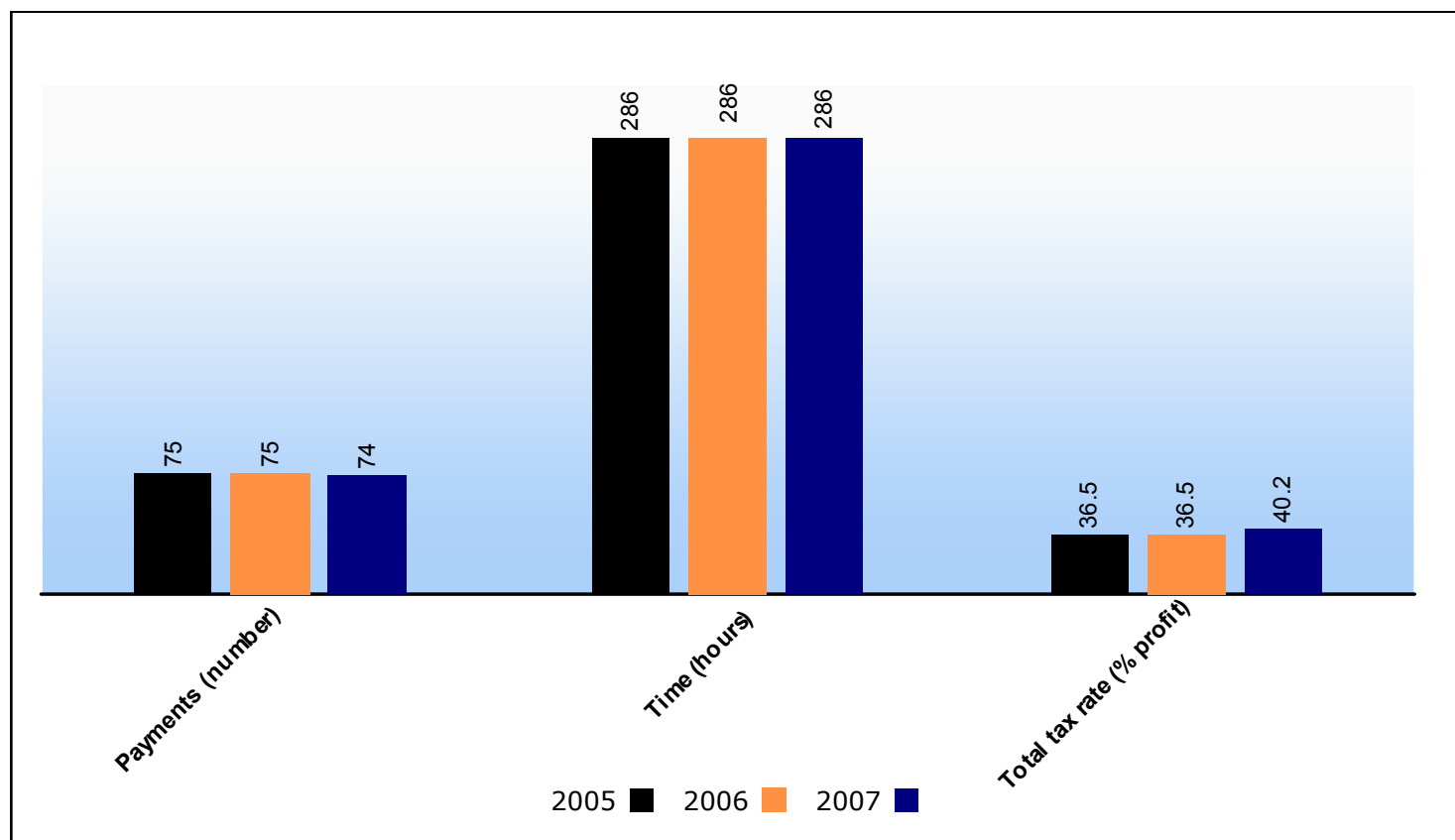
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added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

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Dominican Republic

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		124	139
Time (hours)	286	286	286
Total tax rate (% profit)	36.5	36.5	40.2
Payments (number)	75	75	74

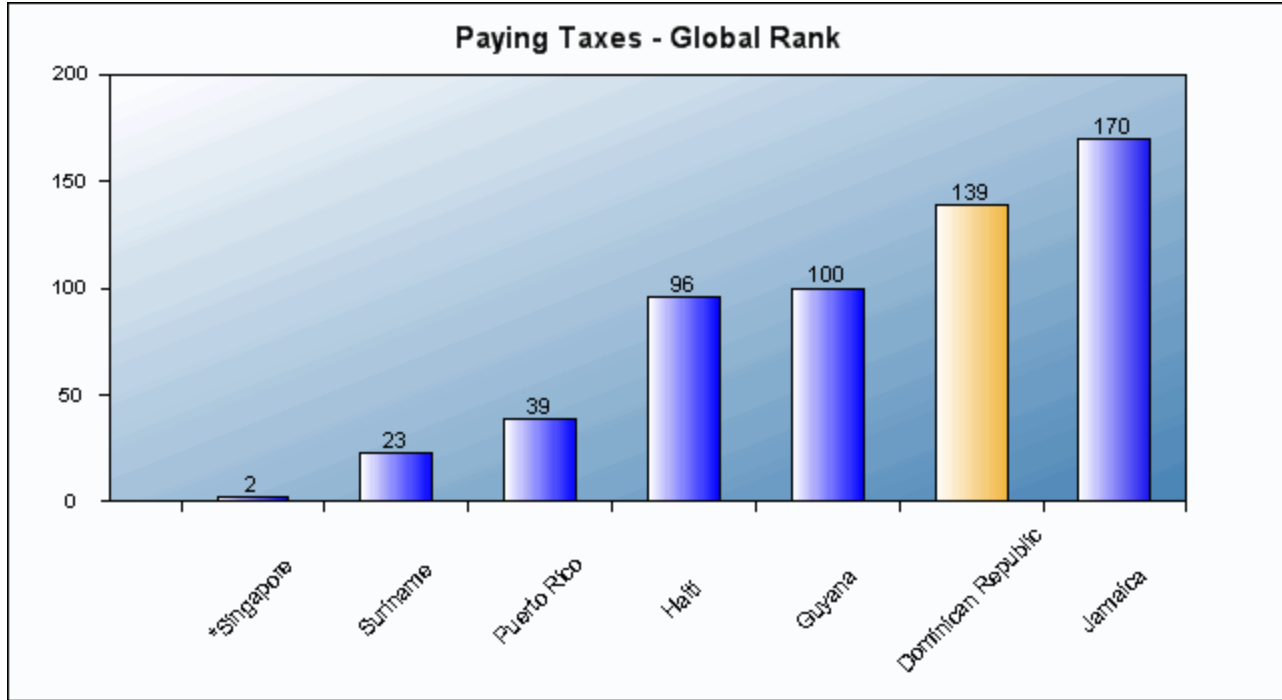
2. The following graph illustrates the Paying Taxes indicators in Dominican Republic over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Dominican Republic is ranked 139 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

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



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

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

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

<i>Selected Economy</i>			
Dominican Republic	74	286	40.2

<i>Comparator Economies</i>			
Guyana	34	288	39.0
Haiti	53	160	40.0
Jamaica	72	414	51.3
Puerto Rico	16	140	44.3
Suriname	17	199	27.9

* The following economies are also best practice economies for :

Payments (number): **Maldives**

Time (hours): **Maldives**

Trading Across Borders: Importing and Exporting from Dominican Republic

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

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

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

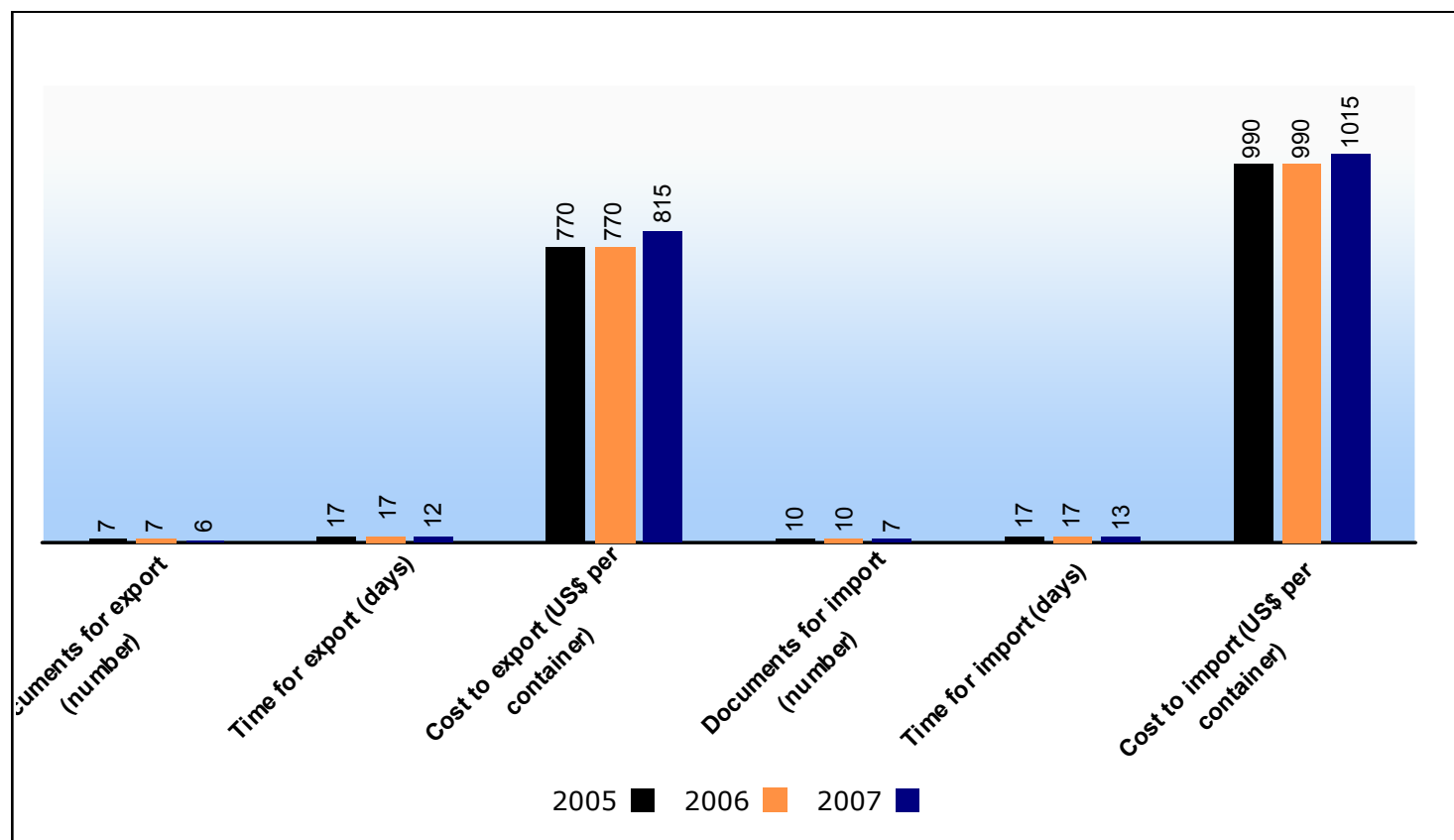
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars.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

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

1. Historical data: Trading Across Borders in Dominican Republic

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		57	35
Documents for export (number)	7	7	6
Time for export (days)	17	17	12
Cost to export (US\$ per container)	770	770	815
Documents for import (number)	10	10	7
Time for import (days)	17	17	13
Cost to import (US\$ per container)	990	990	1015

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



3. Benchmarking Trading Across Borders Regulations:

Dominican Republic is ranked 35 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

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



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

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

Selected Economy						
Dominican Republic	6	12	815	7	13	1015

Comparator Economies						
Guyana	7	30	850	8	35	856
Haiti	8	52	1650	10	53	1860
Jamaica	6	21	1750	6	22	1350
Puerto Rico	7	15	1225	10	16	1225
Suriname	8	25	905	7	25	815

* The following economies are also best practice economies for :

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

Time for export (days): Estonia, Singapore

Documents for import (number): Sweden

Enforcing Contracts: Court Efficiency in Dominican Republic

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

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

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

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

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

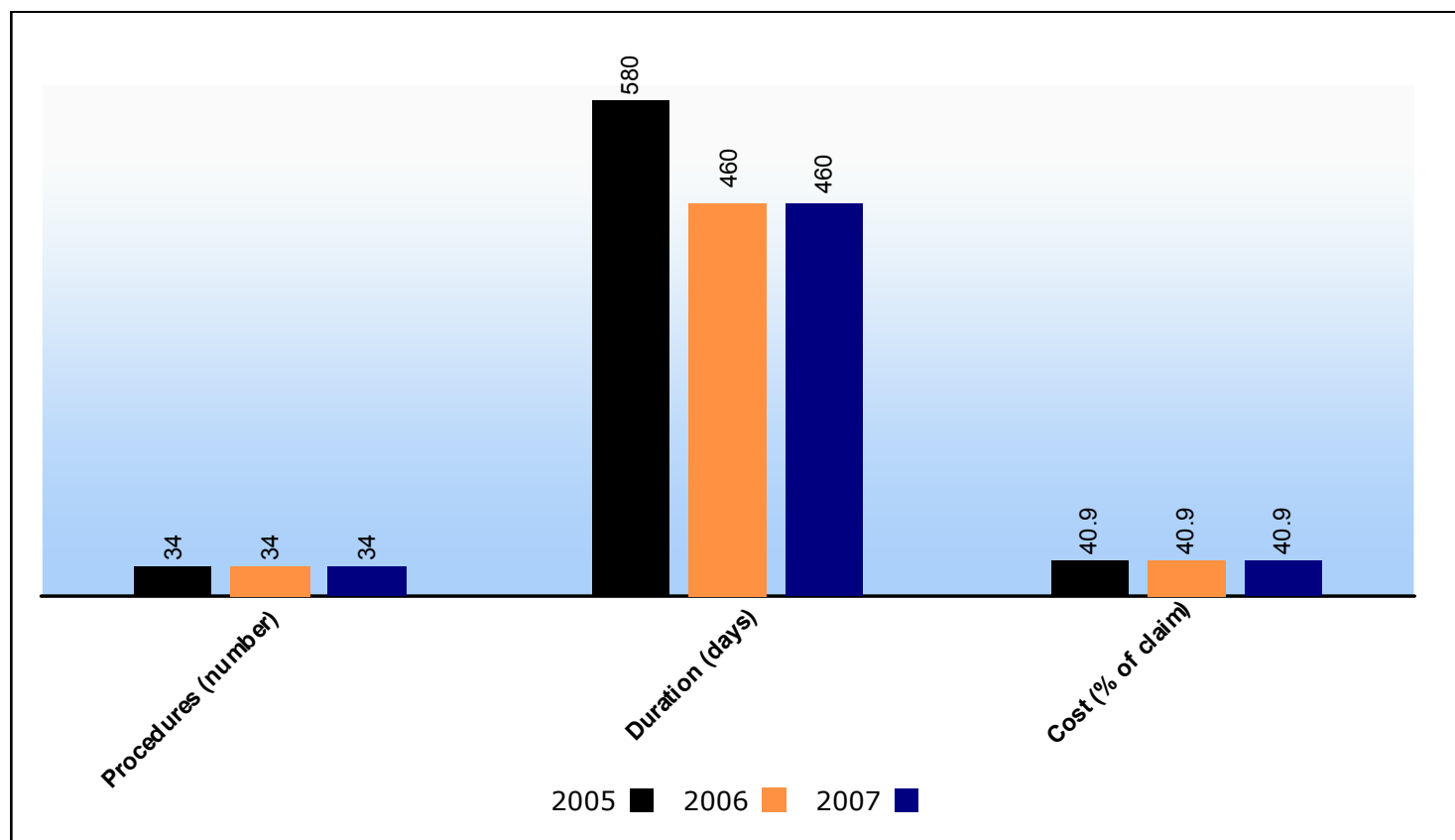
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative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

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

1. Historical data: Enforcing Contracts in Dominican Republic

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		81	82
Procedures (number)	34	34	34
Duration (days)	580	460	460
Cost (% of claim)	40.9	40.9	40.9

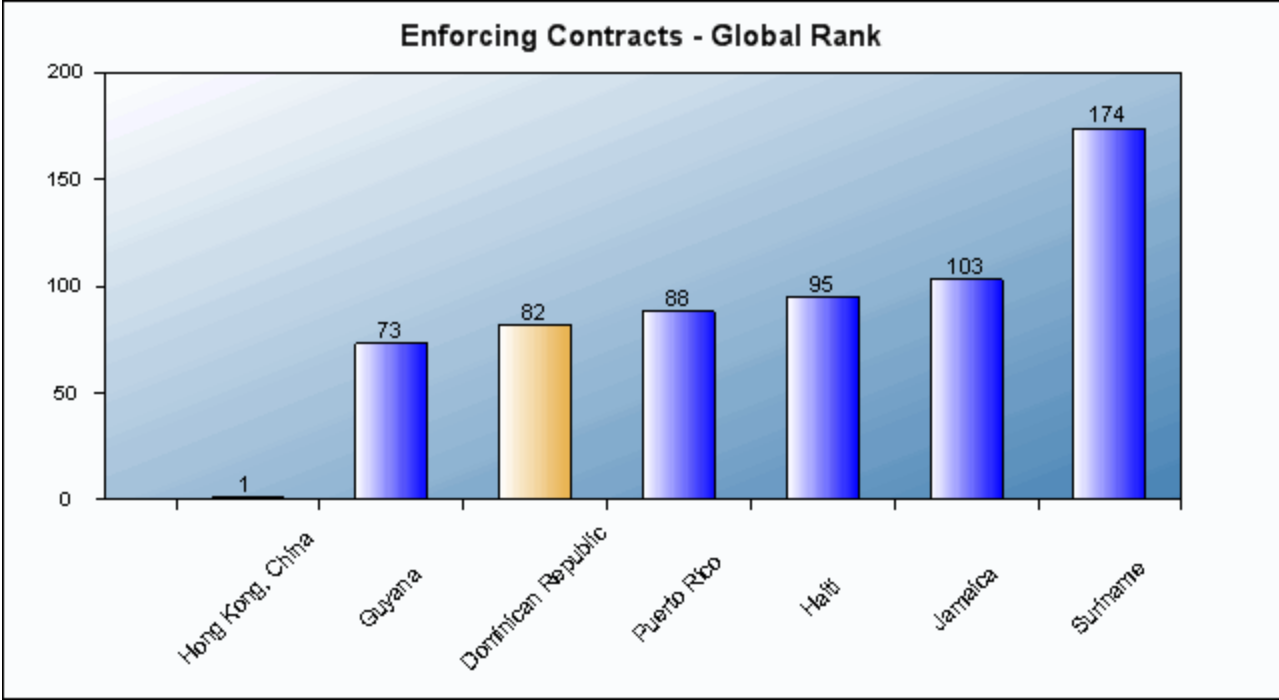
2. The following graph illustrates the Enforcing Contracts indicators in Dominican Republic over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Dominican Republic is ranked 82 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

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



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

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

Selected Economy			
Dominican Republic	34	460	40.9

Comparator Economies			
Guyana	36	581	25.2
Haiti	35	508	42.6
Jamaica	34	565	45.6
Puerto Rico	41	620	16.4
Suriname	44	1715	37.1

Closing Business in Dominican Republic: Bankruptcy

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

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

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

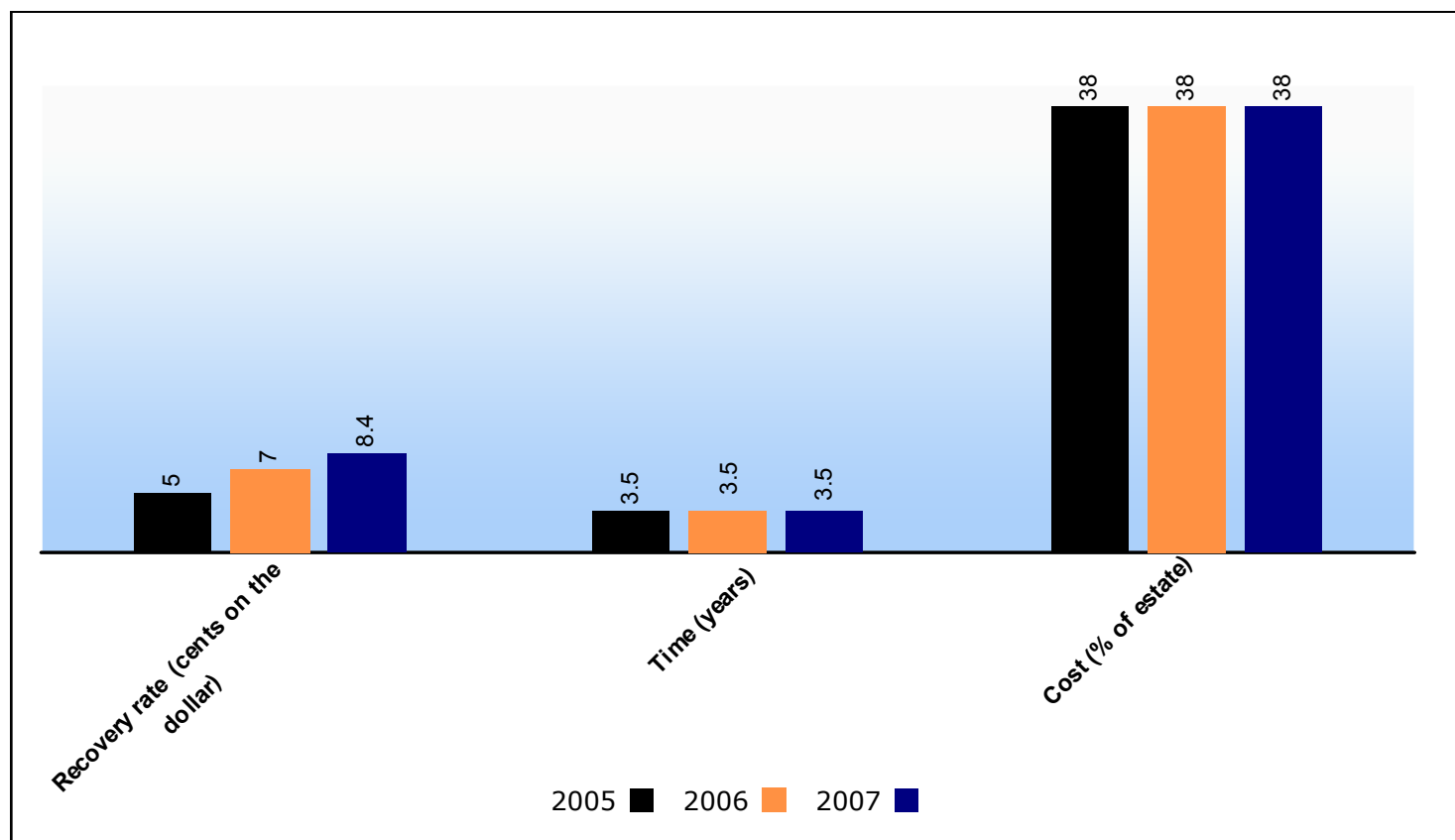
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

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

1. Historical data: Closing Business in Dominican Republic

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		143	142
Time (years)	3.5	3.5	3.5
Cost (% of estate)	38	38	38
Recovery rate (cents on the dollar)	5	7	8.4

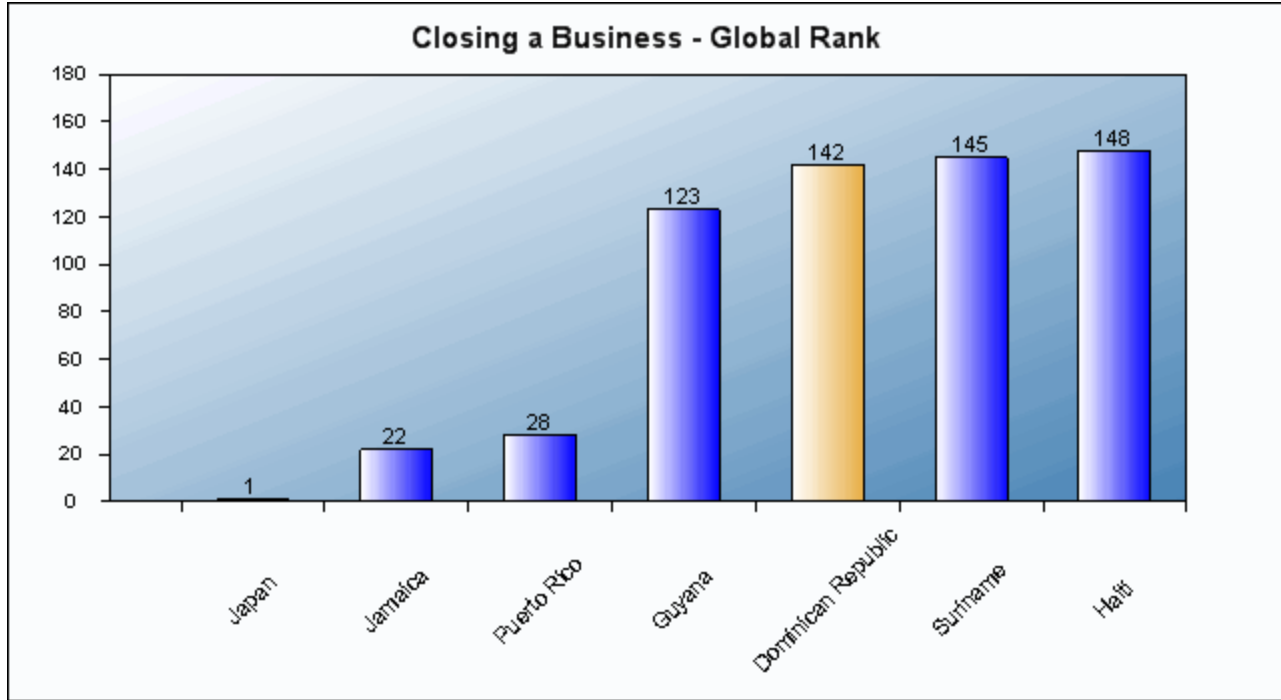
2. The following graph illustrates the Closing Business indicators in Dominican Republic over the past 3 years:



3. Benchmarking Closing Business Regulations:

Dominican Republic is ranked 142 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

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



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

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

Selected Economy			
Dominican Republic	8.4	3.5	38

Comparator Economies			
Guyana	17.4	3.0	29
Haiti	3.1	5.7	30
Jamaica	64.3	1.1	18
Puerto Rico	54.1	3.8	8
Suriname	7.4	5.0	30

* The following economies are also best practice economies for :

Time (years): Cape Verde

Starting a Business in Dominican Republic

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

STANDARDIZED COMPANY

Legal Form: Sociedad por acciones

Minimum Capital Requirement: DOP 4

City: Santo Domingo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a certificate of name registry from the State Secretariat for Industry and Commerce (Secretaria de Estado de Industria y Comercio)	3 days	DOP 3,607
2	Arrange for the publication of the company name in the monthly publication of the National Office of Industrial Property	10 days	DOP 925
3 *	Notarize a sworn declaration of subscription of shares	2 days (simultaneous with previous procedure)	DOP 1000 notary public fees + 16% ITBIS tax
4 *	Payment of Incorporation tax	1 day (simultaneous with previous procedure)	see comments
5	Register incorporation documents at the Chamber of Commerce and Production of Santo Domingo and obtain mercantile registration certificate	6 days	DOP 5,100
6	Register at the Internal Tax Directorate (DGII) and obtain an identification (RNC) number	7 days	DOP 762.25
7	Obtain fiscal receipts	2 days	no charge
8 *	Register local employees with the Department of Labor	2 days	DOP 350
9 *	Register employees at the main social security office (Consejo Nacional de Seguridad Social, CNSS)	1 day	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Obtain a certificate of name registry from the State Secretariat for Industry and Commerce (Secretaria de Estado de Industria y Comercio)

Time to complete: 3 days

Cost to complete: DOP 3,607

Comment: Before applying for the name registration certificate, the entrepreneur can request a search that reveals any similarity between the proposed name and any existing one at ONAPI. This search, however, is not mandatory for application purposes.

If the name registration certificate is approved, the certificate is issued for a fee of DOP 370 in 2 working days. Before issuing the certificate of name registry, the Registry verifies the uniqueness of the company name. According to Executive Power Decree No. 326–06, issued in August 2006, once the application request is filed, ONAPI has a maximum of 5 working days to issue the corresponding certificate of name registry. After the certificate is issued, the entrepreneur must arrange for publication of the company name and continue with the incorporation process.

The fee for the formal registration request is DOP 3,607.

Procedure 2 Arrange for the publication of the company name in the monthly publication of the National Office of Industrial Property

Time to complete: 10 days

Cost to complete: DOP 925

Comment: The company name announcement is published in a national circulation newspaper in about 10 days. The National Office of Industrial Property publishes the list of requested business/corporate names and their petitioners twice a month. After that publication, third parties may lodge protests within 45 days. The publication receipt suffices for the company to continue with subsequent simultaneous formalities.

Procedure 3 Notarize a sworn declaration of subscription of shares

Time to complete: 2 days (simultaneous with previous procedure)

Cost to complete: DOP 1000 notary public fees + 16% ITBIS tax

Comment: Notary fees range from DOP 150 to DOP 2,000. Article 67, Section 27 of Law 301 of 1964 established minimum fees for notary services, but in practice parties usually agree to larger amounts.

Procedure 4 Payment of Incorporation tax

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

Cost to complete: see comments

Comment: The relevant incorporation taxes are paid by certified check issued to the Collector of the Internal Revenue Department (Colector de Impuestos Internos), through online banking (BHD and Leon banks) or at the counter at Banco del Progreso. Fees are based on the authorized company capital at a rate of 0.56% (0.5% plus 12% of the amount of that 0.5%), according to Article 21 of Law 288–04 on Tax Reform and Law 5113–59.

In principle, taxes corresponding to Law 80–99 are increased each year according to the inflation rate for the previous year. In practice, however, taxes have not changed since 2005. For 2005, the tax was DOP 232 for the first DOP 20,000 of capital and DOP 13 for each additional DOP 1,000 (i.e., 1.3% of the authorized

capital).

Procedure 5 Register incorporation documents at the Chamber of Commerce and Production of Santo Domingo and obtain mercantile registration certificate

Time to complete: 6 days

Cost to complete: DOP 5,100

Comment: For companies to obtain the mercantile registration certificate, Law 3-02 establishes compulsory registration of all corporate documents at the Mercantile Registry of the Chamber of Commerce corresponding to the company's domicile. The certificate is renewed every two years. Fees are based on the company's authorized capital and are calculated according to the fee schedule established by each Chamber of Commerce and Production every two years. Fees do not vary significantly by location. The fees of the Chamber of Commerce in Santo Domingo are as follows:

In August 2006, the Chamber of Commerce and Production set the following fees for authorized capital:

Authorized capital fee schedule:

- DOP 1-100,000: DOP 1,200.
- DOP 100,001-150,000: DOP 1,500.
- DOP 150,001-200,000: DOP 2,000.
- DOP 200,001-500,000: DOP 3,000.
- DOP 500,001-1,000,000: DOP 4,000.
- DOP 1,000,001-1,500,000: DOP 5,000.
- DOP 1,500,001-2,500,000: DOP 6,000.
- DOP 2,500,001-3,500,000: DOP 7,000.
- DOP 3,500,001-5,000,000: DOP 8,000.
- DOP 5,000,001-7,000,000: DOP 9,000.
- DOP 7,000,001-10,000,000: DOP 10,000.
- DOP 10,000,001-25,000,000: DOP 12,000.
- DOP 25,000,001-50,000,000: DOP 14,000.
- DOP 50,000,001-75,000,000: DOP 16,000.
- DOP 75,000,001-100,000,000: DOP 18,000.
- DOP 100,000,001-125,000,000: DOP 19,000.
- DOP 125,000,001-150,000,000: DOP 21,000.
- DOP 150,000,001-250,000,000: DOP 23,000.
- DOP 250,000,001 and above: DOP 25,000.

Fees for document registration:

- Originals: DOP 100 (each document).
- Copies: DOP 50 (each document).
- Usual cost: DOP 1,100 (one set of originals and six sets of copies).

Procedure 6 Register at the Internal Tax Directorate (DGII) and obtain an identification (RNC) number

Time to complete: 7 days

Cost to complete: DOP 762.25

Comment: The application for tax identification number registration with the National Taxpayer Registry must be addressed to the Department of the Internal Revenue Service. Since April 2006, several databases have been linked: ONAPI, the Commercial Registry, and the Tax Authority. As a result, the company must deposit or submit electronically only a single completed application form. Copies of the incorporation documents are no longer necessary. The Internal Revenue Service issues a certification of registration at the National Taxpayer Registry within about 5 to 10 working days. This procedure also includes tax registration on transfer of industrialized goods and services and selective consumption tax.

Registration fees for a tax identification number:

- RNC Form No. 3267: DOP 500 RP-01
- Payment receipt: DOP 232.
- Stamps: DOP 30.

Procedure 7 Obtain fiscal receipts

Time to complete: 2 days

Cost to complete: no charge

Comment: According to Decree 254-06, companies that render services or whose operations require the transfer of goods must issue receipts with a fiscal number (numero de comprobante fiscal). The application can be made online. Within 10 working days, the Internal Tax Directorate must analyze the information and notify the taxpayer (either physically or electronically) of the administrative resolution of the authorization to issue the fiscal receipts.

Procedure 8 Register local employees with the Department of Labor

Time to complete: 2 days

Cost to complete: DOP 350

Comment: Forms DGT-3, DGT-4, and the employer's registration form (registro nacional laboral, RNL) must be completed within the first week of employment. The following forms, found at the local Department of Labor office, must be filed: a list of permanent personnel and employee work schedules and vacation periods.

Fees for registering local employees with the Department of Labor:

- Registration of personnel form: DOP 100 for each 25 employees.
- Work schedule form: DOP 100 for each 25 employees.
- Book of visits: DOP 150.

This procedure can be completed only once the taxpayer's identification number has been obtained.

Procedure 9 Register employees at the main social security office (Consejo Nacional de Seguridad Social, CNSS)

Time to complete: 1 day

Cost to complete: no charge

Comment: To control the contributions made by the company (the employer) and the employee, every company shall be registered and file the list of its employees at the Social Security National Treasury (Tesorería Nacional de la Seguridad Social, TNSS), a dependency of the main social security office (Consejo Nacional de Seguridad Social, CNSS). The TNSS distributes all the contributions to each plan's corresponding administrator.

- Retirement plan: Administradora de Fondos de Pensiones (AFP), 5.02% of the employee's salary at a public or private organization.
- Health plan: Administradora de Riesgos de Salud (ARS), 9% of the employee's salary as of May 1, 2007.
- Labor risk plan: Administradora de Riesgos Laborales (ARL)

Under Law 87-01, employers must register employees at the CNSS within 3 days of hiring them or upon the start of business. New ARS provisions came into effect on May 1, 2007. According to law, the contribution should be 9% of the employee's salary. That contribution is paid 70% by the employer and 30% by the employee.

The ARL contributions are set according to the risk index of the activities carried out.

The percentage of the employee's salary paid into the AFP is now 5%.

A taxpayer's identification number is required to proceed with TSS registration of an entity. This procedure may, however, be carried out simultaneously with registration with the Department of Labor.

Dealing with Licenses in Dominican Republic

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

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Santo Domingo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain a certificate to use the land and possibly, one of no objection (certificación de no objeción, certificación de uso de suelo)	7 days	DOP 1,080
2	Obtain approval of project design drawings by the Municipal Council, and of the construction license by the Ministry of Public Works and Communications	141 days	DOP 6,000
3 *	Receive inspection by the Municipal Council (Departamento de Planeamiento Urbano)	1 day	no charge
4	Receive inspection by the Ministry of Public Works and Communications	1 day	no charge
5	Pay license fees and taxes associated with the construction license and obtain proof of payment	1 day	DOP 20,484
6	Obtain recibo de entrada from Ministry of Public Works and Communications	10 days	no charge
7	Receive an inspection before the lintel (zapata) of the project is made	1 day	DOP 232
8	Receive an inspection before the space between galleries (entrepiso) is completed	1 day	DOP 232
9	Receive an inspection before the roof of the project is completed	1 day	DOP 232
10	Request water and sewage connection	1 day	no charge
11	Receive on-site inspection for water and sewage connection	1 day	no charge
12	Receive water and sewage connection	45 days	DOP 22,000
13 *	Request electric power connection	1 day	no charge
14	Receive on-site inspection for electric power connection	1 day	no charge
15	Obtain electric power connection	30 days	DOP 55,000

16 *	Receive on-site inspection and connection to telephone	12 days	DOP 4,000
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17	Notify the Ministry of Public Works and Communications of the building completion, and obtain final approval (inspection)	6 days	DOP 1,160
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* Takes place simultaneously with another procedure.

Procedure 1 Obtain a certificate to use the land and possibly, one of no objection (certificación de no objeción, certificación de uso de suelo)

Time to complete: 7 days

Cost to complete: DOP 1,080

Comment: The land-use certificate confers the right to build on the plot, but it does not authorize construction. The certificate ensures that the project conforms to zoning regulations. It is a prerequisite for other procedures. The request for this permit may include a request for the certification of "no objection." The request must be accompanied by several documents related to the land, including (a) a copy (simple, unnotarized) of the real property deed for the plot (does not have to be recently obtained); (b) a cadastral plan; (c) a map of the project's location; and (d) a first draft of the project design drawings.

Should the no-objection certification be requested along with the permit for use of land, the cost involved in such procedure is DOP 1,080. If the land-use permit is requested separately from the no-objection certification, the fee is DOP 530. If requested separately from the land-use permit, the no-objection certification fee is DOP 550. In both cases, the requests must be accompanied by the inspection request.

Procedure 2 Obtain approval of project design drawings by the Municipal Council, and of the construction license by the Ministry of Public Works and Communications

Time to complete: 141 days

Cost to complete: DOP 6,000

Comment: The request for approval of the project design drawings must be accompanied by several documents, including the property deed, the cadastral plan, and project design drawings, certified by an architect or engineer registered at the Dominican College of Engineers and Architects (CODIA) by the corresponding Municipal Council. BuildCo must request an inspection upon filing the project drawings. Doing so is a prerequisite for other procedures. If the certification of no objection to the project construction is not requested along with the land use permit, it must be requested along with this procedure.

Once the request is approved by the Municipal Council (usually after 14 days), the municipality forwards the request to the Ministry of Public Works and Communications. The ministry then grants a construction license for the project (usually in another 14 days). The license is granted to the project itself and not to BuildCo. During this process, BuildCo must follow up with both agencies to ensure license processing. The construction must be initiated within 6 months from the date of issuance of the license. The license expires if construction work has not begun within 6 months.

The current wasteland cost is the following: (a) 5.25% of the cost of the plot (according to Resolution 112-2000); (b) service rate: DOP 5 per square meter; (c) parking with roof: DOP 5.00 per square meter and DOP 62.50 for each parking lot without roof; and (d) ramp to access property: DOP 400.00 per lineal meter.

The official cost is about DOP 199,735. However, in practice, the municipal authorities consider only the construction location. According to the warehouse description and location considered here, the cost would be about DOP 6,000.

Procedure 3 Receive inspection by the Municipal Council (Departamento de Planeamiento Urbano)

Time to complete: 1 day

Cost to complete: no charge

Comment: The inspection is a prerequisite for the Municipal Council's project design approval and is undertaken by the municipal authorities.

Procedure 4 Receive inspection by the Ministry of Public Works and Communications

Time to complete: 1 day

Cost to complete: no charge

Comment: An inspector from the Inspection Department of the Ministry of Public Works (Departamento de Inspección de la Secretaría de Estado de Obras Públicas) inspects the site to determine the project's magnitude and taxes and license fees.

Procedure 5 Pay license fees and taxes associated with the construction license and obtain proof of payment

Time to complete: 1 day

Cost to complete: DOP 20,484

Comment: Fees are paid once the license has been approved and the inspector has valued the project. The formula used by the Ministry of Public Works and Communications to determine construction fees is DOP 2,800 per square meter (1,300 sq. m. x DOP 2,800 = DOP 3,640,000). Thus, the applicable administrative fees (based on a project value of DOP 3,640,000) for this procedure are as follows:

- Internal taxes: DOP 464.
- Construction permit, equivalent to 2.5 X 1,000 of the construction cost: DOP 9,100.
- Fee for the Dominican College of Engineers and Architects (CODIA), equivalent to 2 x 1,000 of the construction cost: DOP 7,280.

The total cost to complete this process is DOP 20,484.

Procedure 6 Obtain recibo de entrada from Ministry of Public Works and Communications

Time to complete: 10 days

Cost to complete: no charge

Comment: The following documents are filed before the Ministry of Public Works and Communications:

- Deed of real estate property.
- Cadastral plan.
- No objection certification, issued by the municipal authorities (see Procedure 1).
- Form F-3 DGPU, provided by the municipal authorities.
- Evidence of payment of the taxes for the construction permit.
- Plans, duly certified by the corresponding municipal authorities.
- Plans, duly approved by the Directorate of Terrestrial Transit (Dirección General de Transito Terrestre).
- Structural calculations.
- Permit for the use of land.

Procedure 7 Receive an inspection before the lintel (zapata) of the project is made

Time to complete: 1 day

Cost to complete: DOP 232

Comment: It is unnecessary to interrupt construction, either during construction inspections or between the inspection request date and the actual inspection.

Procedure 8 Receive an inspection before the space between galleries (entrepiso) is completed

Time to complete: 1 day

Cost to complete: DOP 232

Comment:

Procedure 9 Receive an inspection before the roof of the project is completed

Time to complete: 1 day

Cost to complete: DOP 232

Comment: The inspection is carried out by an inspector from the Inspection Department of the Ministry of Public Works and Communications (Departamento de Inspeccion de la Secretaria de Estado de Obras Publicas y Comunicaciones).

Procedure 10 Request water and sewage connection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 11 Receive on-site inspection for water and sewage connection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 12 Receive water and sewage connection

Time to complete: 45 days

Cost to complete: DOP 22,000

Comment: A contract must be executed with the Corporation of Aqueducts and Sewage System of Santo Domingo.

Procedure 13 Request electric power connection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 14 Receive on-site inspection for electric power connection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 15 Obtain electric power connection

Time to complete: 30 days

Cost to complete: DOP 55,000

Comment: To obtain an electric power connection, BuildCo must execute a contract with the Corporation of Governmental Electrical Entities. This procedure is carried out in the final phase of construction and may be undertaken simultaneously with the procedure for requesting a power connection, depending on the phase in which water connection is requested. The power connection does not require a license and constitutes a simple service to be retained. BuildCo must deposit DOP 50,000; this amount is almost never refunded. BuildCo must also pay a DOP 5,000 connection fee.

Procedure 16 Receive on-site inspection and connection to telephone

Time to complete: 12 days

Cost to complete: DOP 4,000

Comment:

Procedure 17 Notify the Ministry of Public Works and Communications of the building completion, and obtain final approval (inspection)

Time to complete: 6 days

Cost to complete: DOP 1,160

Comment: Once notified of construction completion, the Ministry of Public Works undertakes a final on-site inspection. Usually, the inspectors visit the site in about a week or so. To obtain final inspection, BuildCo must pay internal taxes of DOP 1,160 (five times the tax of DOP 232). This inspection verifies if the transit regulations have been fulfilled and examines the roof's impermeability, the sanitary installations, the electrical installations, and the door, floor, and window installations.

Employing Workers in Dominican Republic

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

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		31.9
Difficulty of Hiring Index		55.6
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.51	0.67
Rigidity of Hours Index		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	14	0
Difficulty of Firing Index		0.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	No	0
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
Firing costs (weeks of wages)		87.6
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		4.0

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	83.6
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What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
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Nonwage labor cost (% of salary)	14.4
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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 Dominican Republic

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

STANDARDIZED PROPERTY

Property Value: 142,500.00

City: Santo Domingo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a non-encumbrance certificate from the Registry	15 - 20 days (simultaneous with procedure 2)	ROD 332
2 *	Site inspection to establish the exact location of the property	2 days (simultaneous with procedure 1)	ROD 5,000 – 12,000
3	Notarization of the sale purchase agreement	1 day	0.25 – 1% of the property price
4	Request the valuation of the property at the Dirección General de Impuestos (Tax Authority)	1 day	no cost
5	An inspector of the Tax Authority verifies the value of the property	14 days	no cost
6	Payment of taxes at the Dirección General de Impuestos (Tax Authority)	1 day	3% of property value (transfer tax) + [ROD 232 + 1.3% of property value above ROD 20,000] (Law 80-99 Tax) + ROD 110 (Stamps and taxes)
7	Apply for registration at the Property Registry	20 - 30 days	Already paid in Procedure 6

* Takes place simultaneously with another procedure.

Procedure 1	Obtain a non-encumbrance certificate from the Registry
Time to complete:	15 - 20 days (simultaneous with procedure 2)
Cost to complete:	ROD 332
Comment:	A non-encumbrance certificate must be obtained from the Property Registry in order to ensure that the property has no liens and there are no other conflicts related to it. The time varies in each district. In Santo Domingo it takes about 15-20 days, while in the interior of the country it is faster.
Procedure 2	Site inspection to establish the exact location of the property
Time to complete:	2 days (simultaneous with procedure 1)
Cost to complete:	ROD 5,000 – 12,000
Comment:	A site inspection is performed in order to establish the exact location of the property. This is not mandatory, but a way the buyer has to protect against potential problems.
Procedure 3	Notarization of the sale purchase agreement
Time to complete:	1 day
Cost to complete:	0.25 – 1% of the property price
Comment:	After the agreement is reached and the documentation has been exchanged by the parties, the sale purchase agreement must be notarized by the public notary.
Procedure 4	Request the valuation of the property at the Dirección General de Impuestos (Tax Authority)
Time to complete:	1 day
Cost to complete:	no cost
Comment:	The parties must submit an application to the Dirección General de Impuestos (Tax Authority) for the valuation of the property. An appointment for the inspection of the property is scheduled. The valuation will be used in the calculation of taxes.
Procedure 5	An inspector of the Tax Authority verifies the value of the property
Time to complete:	14 days
Cost to complete:	no cost
Comment:	An inspector of the Tax Authority visits the property in order to verify its value.
Procedure 6	Payment of taxes at the Dirección General de Impuestos (Tax Authority)
Time to complete:	1 day
Cost to complete:	3% of property value (transfer tax) + [ROD 232 + 1.3% of property value above ROD 20,000] (Law 80-99 Tax) + ROD 110 (Stamps and taxes)
Comment:	After the inspection is over and the value of the property is calculated, stamps and

taxes must be paid at the Dirección General de Impuestos (Tax Authority) before registering the transfer.

The following obligations must be paid:

Transfer tax: 3% of property value

Tax according to Law 80-99: ROD 232 + 1.3% of property value for excess over \$ 20,000

Tax according to Law 33-91: ROD 20

Stamp according to Law 370: ROD 30

Stamp according to Law 91: ROD 30

Stamp according to Law 67: ROD 30

The fiscal reform of late 2004 cut the transfer tax from 4.48% to 3%. The tax according to Law 80-99 was adjusted by inflation and increased from 1 to 1.3% as part of the same reform. Stamp duties increased to 30 pesos each in 2005.

Procedure 7 Apply for registration at the Property Registry

Time to complete: 20 - 30 days

Cost to complete: Already paid in Procedure 6

Comment: After all payments have been made and all documents are ready, the buyer will apply for registration of the property under his name at the Property Registry. The registrar will analyze the documentation and, if everything is correct, will register the property under the name of the buyer and will set the date for giving the new title to the buyer. This procedure takes about 20 to 30 days in Santo Domingo. The new Ley de Registro de la Propiedad Inmobiliaria, passed on March 2005 to replace the previous law from 1947, introduced changes into the system seen up to now. The registrar has no more than 15 days to qualify the transfer.

The documentation shall include:

Notarized sale purchase agreement (obtained in Procedure 3)

Receipts of tax and stamp payments (obtained in Procedure 6)

Getting Credit in Dominican Republic

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

Getting Credit Indicators (2007)			Indicator
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	35.4	13.3	
Number of individuals	2,249,960	848,727	
Number of firms	27,881	9,905	
Legal Rights Index			4
Does the law allow all natural and legal persons to be party to collateral agreements?			Yes
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			Yes
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			No
Does a unified registry exist for all security rights in movable property?			No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			Yes
During reorganization, is management's control of the company's assets suspended?			Yes
Does the law authorize parties to agree on out of court enforcement?			No
May parties have recourse to out of court enforcement without restrictions?			No

Protecting Investors in Dominican Republic

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

Protecting Investors Data (2007)	Indicator
Disclosure Index	5
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	3
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	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	0
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	0
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for for damage to the company. (0-2; see notes)	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	0
Shareholder Suits Index	7
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)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Notes:**Extent of Disclosure Index**

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

0=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 Dominican Republic

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		144	16.0%	value added		not included
Vehicle tax	1			fixed fee		0.04	
Fuel tax	1			RD\$6.3 per gallon		0.88	
Tax on financial transactions	12			0.1%	payments via check or electronic means	1.10	
Apprenticeship tax (INFOTEP)	12			1.0%	gross salaries	1.13	
Labor risk insurance	12			1.3%	gross salaries	1.47	
Pension contribution	12		120	5.72% and 6.42%	gross salaries	6.91	
Corporate income tax	12		22	30.0%	taxable profits	28.62	
Totals	74		286			40.2	

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 Dominican Republic

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

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	5	125
Customs clearance and technical control	2	95
Ports and terminal handling	1	345
Inland transportation and handling	4	250
Totals	12	815

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	8	155
Customs clearance and technical control	2	150
Ports and terminal handling	2	460
Inland transportation and handling	1	250
Totals	13	1015

Export

Certificate of origin

Commercial invoice

EDI export document

Packing list

Preferential certificate

Pre-shipment inspection clean report of findings

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration

Packing list

Terminal handling receipts

Enforcing Contracts in Dominican Republic

This topic looks at the efficiency of contract enforcement in Dominican Republic.

Nature of Procedure (2007)	Indicator
Procedures (number)	34.00
Duration (days)	460.00
Filing and service	30.0
Trial and judgment	310.0
Enforcement of judgment	120.0
Cost (% of claim)*	40.90
Attorney cost (% of claim)	30.0
Court cost (% of claim)	5.0
Enforcement Cost (% of claim)	5.9

Court information: Santo Domingo Court of First Instance of the National District, Civil and Commercial ("Cámara Civil y Comercial del Juzgado de Primera Instancia del Distrito Nacional")

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