

Doing Business 2011

Uganda

Making a Difference for Entrepreneurs

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Doing Business 2011
Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

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

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

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

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

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

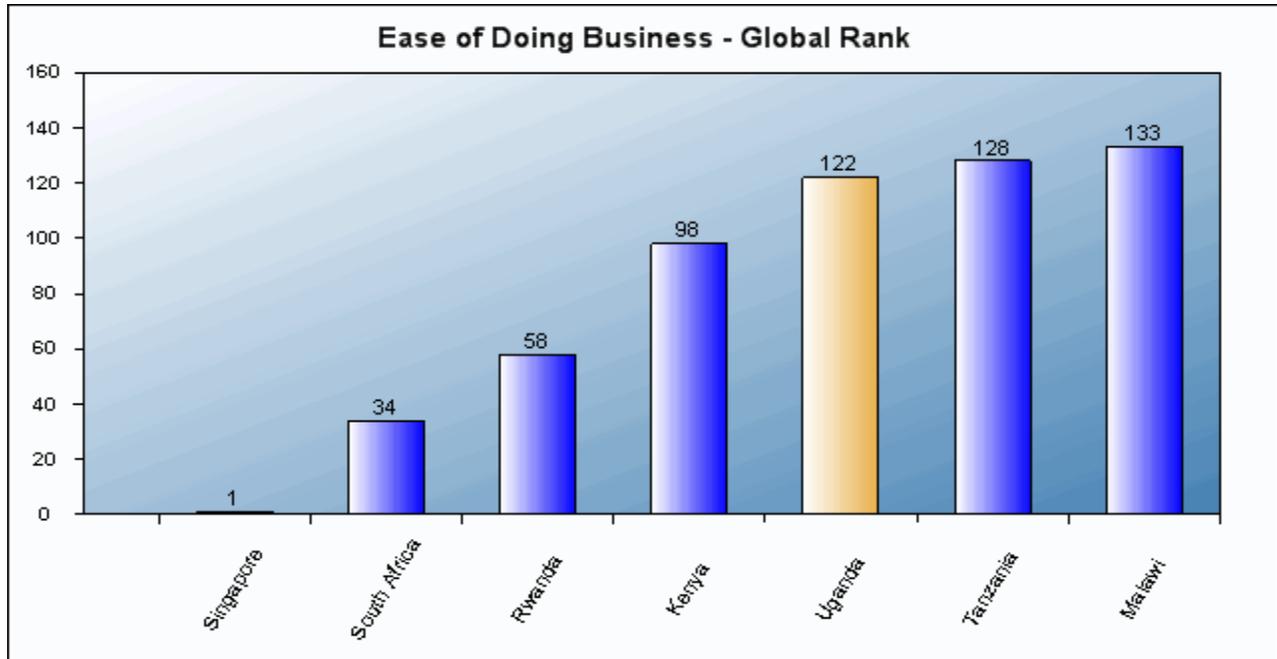
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Uganda is ranked 122 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Uganda's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	122
Starting a Business	137
Dealing with Construction Permits	133
Registering Property	150
Getting Credit	46
Protecting Investors	132
Paying Taxes	62
Trading Across Borders	148
Enforcing Contracts	113
Closing a Business	56

Summary of Indicators - Uganda

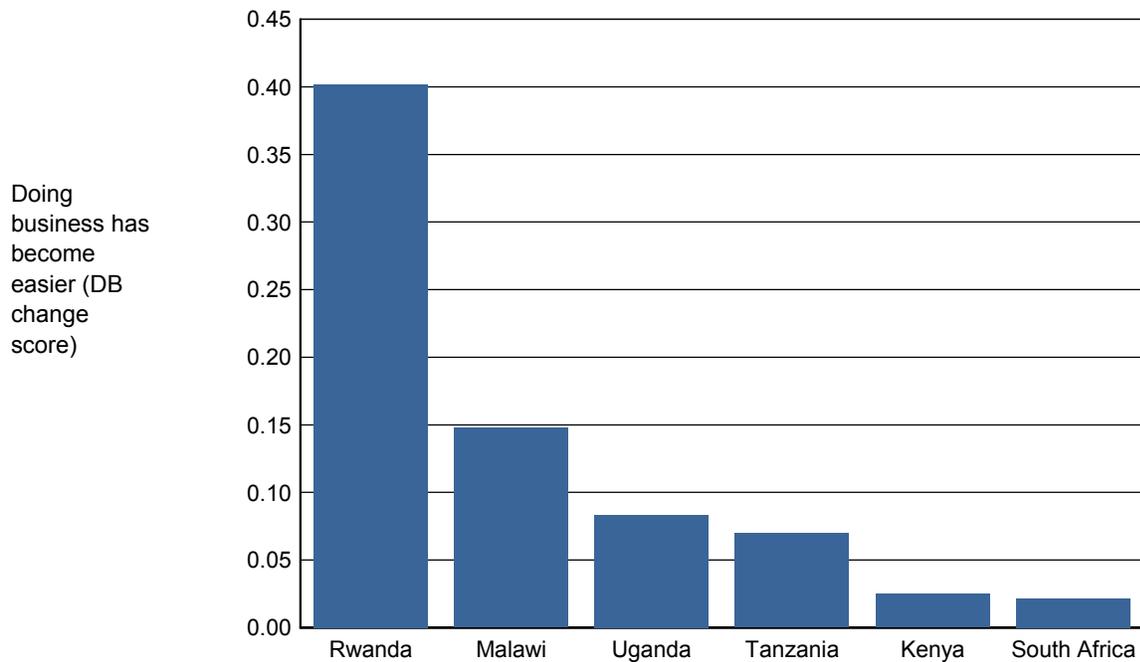
Starting a Business	Procedures (number)	18
	Time (days)	25
	Cost (% of income per capita)	94.4
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	18
	Time (days)	171
	Cost (% of income per capita)	1287.8
Registering Property	Procedures (number)	13
	Time (days)	77
	Cost (% of property value)	3.2
Getting Credit	Strength of legal rights index (0-10)	7
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	1.1
Protecting Investors	Extent of disclosure index (0-10)	2
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	5
	Strength of investor protection index (0-10)	4.0
Paying Taxes	Payments (number per year)	32
	Time (hours per year)	161
	Profit tax (%)	23.3
	Labor tax and contributions (%)	11.3
	Other taxes (%)	1.1
	Total tax rate (% profit)	35.7
Trading Across Borders	Documents to export (number)	6
	Time to export (days)	37
	Cost to export (US\$ per container)	2780
	Documents to import (number)	8
	Time to import (days)	34
	Cost to import (US\$ per container)	2940

Enforcing Contracts	Procedures (number)	38
	Time (days)	490
	Cost (% of claim)	44.9
Closing a Business	Recovery rate (cents on the dollar)	39.7
	Time (years)	2.2
	Cost (% of estate)	30

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators—such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

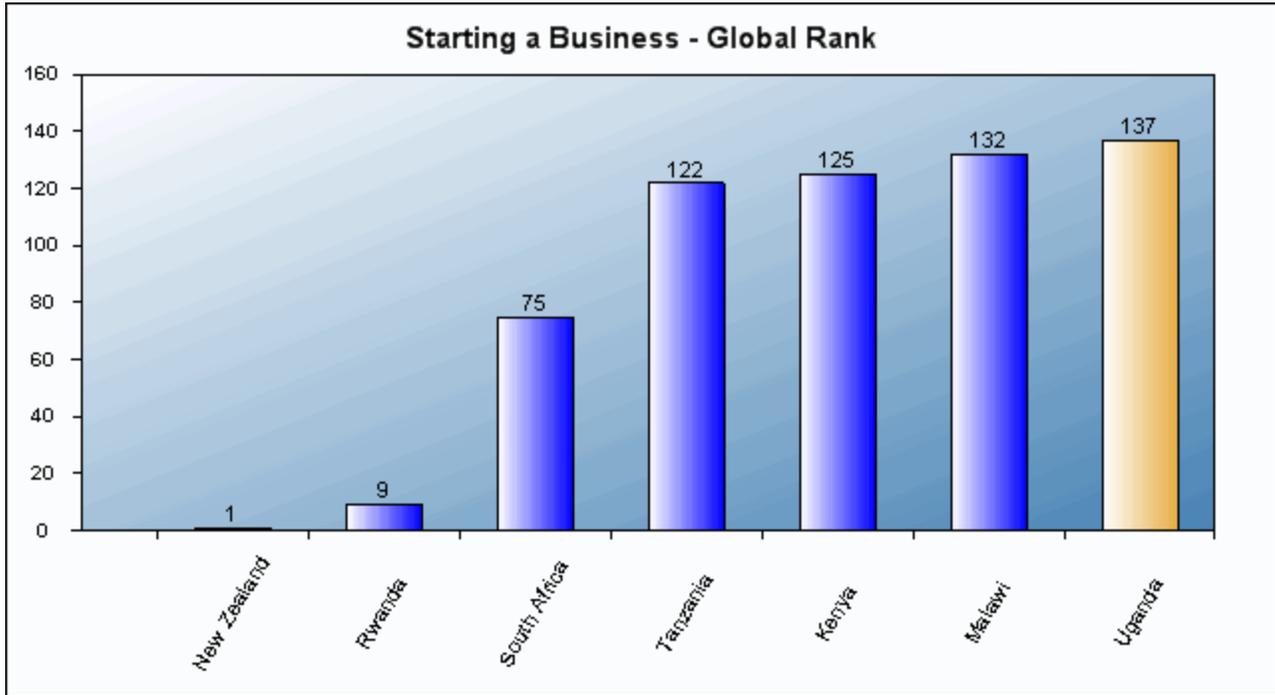
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

Uganda is ranked 137 overall for Starting a Business.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Uganda	18	25	94.4	0.0

<i>Comparator Economies</i>				
Kenya	11	33	38.3	0.0
Malawi	10	39	108.4	0.0
Rwanda	2	3	8.8	0.0
South Africa	6	22	6.0	0.0
Tanzania	12	29	30.9	0.0

* The following economies are also good practice economies for :

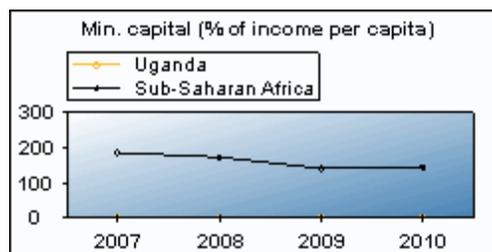
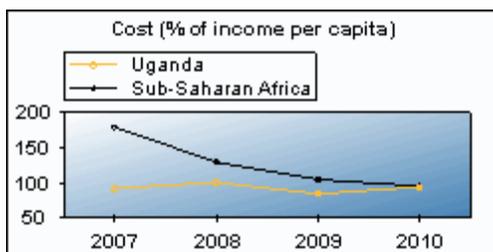
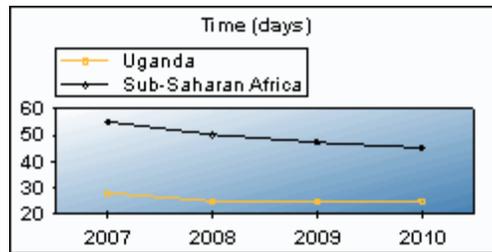
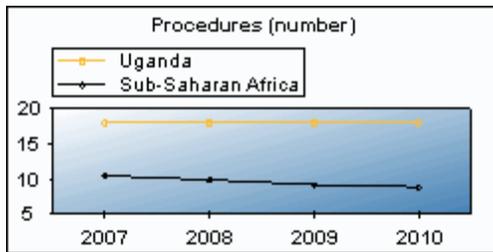
Procedures (number): **Canada**

Cost (% of income per capita): **Slovenia**

2. Historical data: Starting a Business in Uganda

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	132	137
Procedures (number)	18	18	18	18
Time (days)	28	25	25	25
Cost (% of income per capita)	92.0	100.7	84.4	94.4
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Starting a Business sub indicators in Uganda over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



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

STANDARDIZED COMPANY

Legal Form: Private Limited Company

City: Kampala

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Reservation of a name at the Office of the Registrar	2	UGX 25,000
2	Pay fees at the bank	1	UGX 2,000
3	Obtain five necessary forms from the Uganda Bookshop	1	UGX 5,600
4	Sign the declaration of compliance before a Commissioner for Oaths	1	UGX 6,000
5	Obtain requisition for bank pay-in slip and bank payment advice forms from the Uganda Registration Services Bureau	1	no charge
6	Make payment of registration fees at a given bank	1	no charge
7	File with the Registrar General	1	UGX 179,682

8	File with the local office of the Uganda Revenue Authority a personal inquiry form for each director, and a corporate preliminary inquiry form; receive a uniform tax identification number (TID)	3	no charge
9	Apply for corporate tax file number	1	no charge
10	Apply for VAT registration	1	no charge
11	An inspector from URA inspects the business premises	1	no charge
12	Apply for PAYE	1	no charge
13	Obtain application forms for trading license	1	no charge
14	The licensing officer arranges an inspection of the premises and fills out an assessment form.	1	no charge
15	Pay the license fee at the bank.	1	no charge
16	Obtain the trading license	1	UGX 400,000
17	File a form with the National Social Security Fund (NSSF).	4	no charge
18	Make a company seal	2	UGX 225,000

Starting a Business Details - Uganda

Procedure	1	Reservation of a name at the Office of the Registrar
Time to complete:	2	
Cost to complete:	UGX 25,000	
Comment:	To reserve a company name, the founder files a company name reservation request at the Office of the Registrar. A clerk conducts an automated search and forwards the application to a staff lawyer. The Registrar reviews the application and, if the application is approved, returns it with the assessment, which the founder takes to the bank. Upon paying the fee (USH 10,000 for name search & USH 15,000 for name reservation), the founder receives a receipt that is used to complete the name reservation.	
Procedure	2	Pay fees at the bank
Time to complete:	1	
Cost to complete:	UGX 2,000	
Comment:	All nontax payments to government agencies must be made at a bank.	
Procedure	3	Obtain five necessary forms from the Uganda Bookshop
Time to complete:	1	
Cost to complete:	UGX 5,600	
Comment:	The notary fees range from UAH 30 to UAH 75 at the state notary and from UAH 500 to 800 UAH at the private notary. The exact fee depends on the number of participants for approval, the number of pages and copies of registration documents, and the additional notary fees approved by the Regional (Oblast) Department of Justice. To open a temporary bank account, the founders must submit evidence of their decision to appoint a person with signature authority to execute transactions on this account. The decision should be formalized by a notarized power of attorney.	
Procedure	4	Sign the declaration of compliance before a Commissioner for Oaths
Time to complete:	1	
Cost to complete:	UGX 6,000	
Comment:	Form A2, Declaration of compliance with the requirements of the Companies Act, must be commissioned (signed and sealed) before a commissioner for oaths, who is an advocate. The other documents can be witnessed by any other reputable person because they are not an oath. The fees range from UGX 2,000 to UGX 10,000.	
Procedure	5	Obtain requisition for bank pay-in slip and bank payment advice forms from the Uganda Registration Services Bureau
Time to complete:	1	
Cost to complete:	no charge	

Comment: Computerized processes reduced the time frame for paying government levies, such as fees for licenses and certificates. The process requires only 30 minutes, down from 4 working days.

Procedure 6 Make payment of registration fees at a given bank

Time to complete: 1

Cost to complete: no charge

Comment: Registration receipts are obtained from the bank where the fees were paid (within 30–40 minutes). Previously, the founder would pay the fee at the bank and then wait for 3 days to pick up the receipts from the Ministry of Justice.

Procedure 7 File with the Registrar General

Time to complete: 1

Cost to complete: UGX 179,682

Comment: The notary fees range from UAH 30 to UAH 75 at the state notary and from UAH 500 to 800 UAH at the private notary. The exact fee depends on the number of participants for approval, the number of pages and copies of registration documents, and the additional notary fees approved by the Regional (Oblast) Department of Justice. To open a temporary bank account, the founders must submit evidence of their decision to appoint a person with signature authority to execute transactions on this account. The decision should be formalized by a notarized power of attorney.

Procedure 8 File with the local office of the Uganda Revenue Authority a personal inquiry form for each director, and a corporate preliminary inquiry form; receive a uniform tax identification number (TID)

Time to complete: 3

Cost to complete: no charge

Comment:

Procedure 9 Apply for corporate tax file number

Time to complete: 1

Cost to complete: no charge

Comment: Reform. Order No. 1060 of the Cabinet of Ministers of December 28, 1995 was cancelled by Order No. 795 of the Cabinet of Ministers of Ukraine of June 4, 2007. According to the Order No. 369/1105/336 of Ministry of Internal Affairs, Ministry of Finance and Ministry of Economics of October 5, 2007, the cost for regular procedure (5 days) is UAH 81 and for expedited procedure (3 days) is UAH 162.

Procedure 10 Apply for VAT registration

Time to complete: 1

Cost to complete: no charge

Comment: The current threshold for VAT is only for businesses with annual returns of UGX 50 million and above. However, if a company's quarterly returns amount to USH 12.5 million and above, it should register for VAT. Only registered income tax payers may apply for VAT. An inspector from the Uganda Revenue Authority must inspect the business premises before a VAT certificate is issued.

Procedure 11 An inspector from URA inspects the business premises

Time to complete: 1

Cost to complete: no charge

Comment: The notary fees range from UAH 30 to UAH 75 at the state notary and from UAH 500 to 800 UAH at the private notary. The exact fee depends on the number of participants for approval, the number of pages and copies of registration documents, and the additional notary fees approved by the Regional (Oblast) Department of Justice. To open a temporary bank account, the founders must submit evidence of their decision to appoint a person with signature authority to execute transactions on this account. The decision should be formalized by a notarized power of attorney.

Procedure 12 Apply for PAYE

Time to complete: 1

Cost to complete: no charge

Comment: The pay-as-you-earn (PAYE) tax is paid by the employee but collected by the employer. This tax comes into effect later, upon the company becoming operational. Rates are applied depending on the employee's yearly income; for instance, Employees earning below 1,560,000 do not pay PAYE, 10% is taxed on incomes exceeding UGX 1.56 million but not exceeding UGX 2,820,000. The amount increases as the income increases.

Procedure 13 Obtain application forms for trading license

Time to complete: 1

Cost to complete: no charge

Comment: Reform. Order No. 1060 of the Cabinet of Ministers of December 28, 1995 was cancelled by Order No. 795 of the Cabinet of Ministers of Ukraine of June 4, 2007. According to the Order No. 369/1105/336 of Ministry of Internal Affairs, Ministry of Finance and Ministry of Economics of October 5, 2007, the cost for regular procedure (5 days) is UAH 81 and for expedited procedure (3 days) is UAH 162.

Procedure 14 The licensing officer arranges an inspection of the premises and fills out an assessment form.

Time to complete: 1

Cost to complete: no charge

Comment: The trading license is a general business license required for all companies, including service companies. The issuing authority is the municipal authority in the jurisdiction where the business premises are situated. A trading license can be obtained almost instantly, if the necessary documents on the nature of the intended business activities are available and the amount is assessed by the municipality or city council. Standard forms must be completed and submitted with the memorandum and articles of association and the certificate of incorporation.

Procedure 15 Pay the license fee at the bank.

Time to complete: 1

Cost to complete: no charge

Comment: The notary fees range from UAH 30 to UAH 75 at the state notary and from UAH 500 to 800 UAH at the private notary. The exact fee depends on the number of participants for approval, the number of pages and copies of registration documents, and the additional notary fees approved by the Regional (Oblast) Department of Justice. To open a temporary bank account, the founders must submit evidence of their decision to appoint a person with signature authority to execute transactions on this account. The decision should be formalized by a notarized power of attorney.

Procedure 16 Obtain the trading license**Time to complete:** 1**Cost to complete:** UGX 400,000**Comment:** If it is deemed necessary, the municipal inspectors (health and building) reserve the right to revoke and cancel the trading license.**Procedure 17 File a form with the National Social Security Fund (NSSF).****Time to complete:** 4**Cost to complete:** no charge**Comment:** The National Social Security Fund (NSSF) is governed by the revised laws of Uganda, the National Social Security Fund Act Cap 222. The NSSF is a compulsory saving scheme that covers all employees in the private sector, including nongovernmental organizations and parastatal bodies that are not covered by the government pension scheme. Under the Act, every employer must register the company with the NSSF when it has 5 or more employees and all employees ages 16–35 as NSSF members. This procedure takes 1–7 days. Registration forms for NSSF can now be downloaded from the NSSF website.**Procedure 18 Make a company seal****Time to complete:** 2**Cost to complete:** UGX 225,000**Comment:** A company seal is mandatory.

In many economies, especially developing 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. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

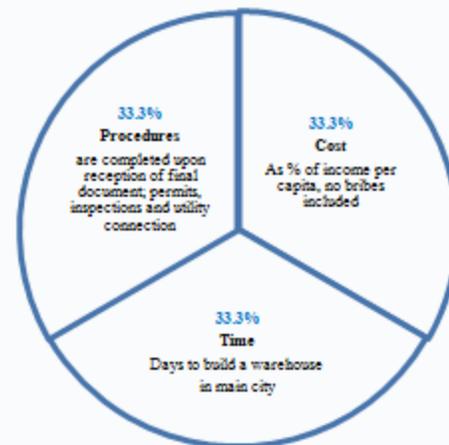
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- 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 a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

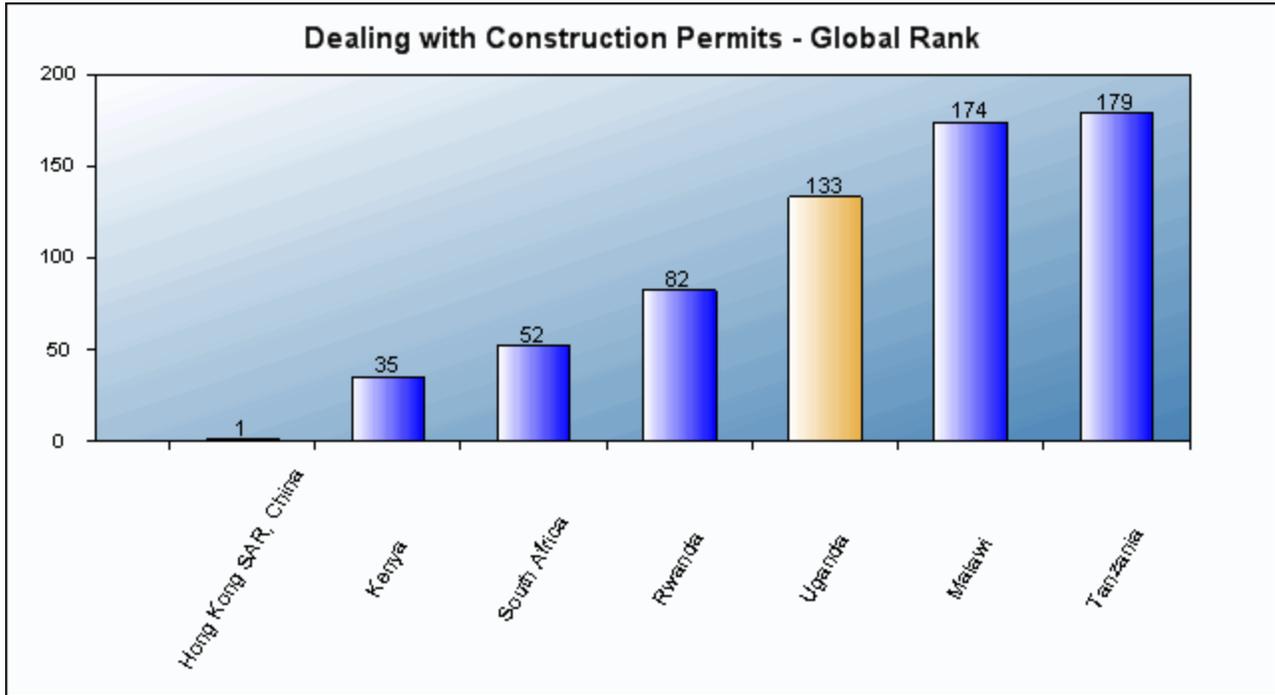
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Uganda is ranked 133 overall for Dealing with Construction Permits.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.8
Singapore		25	

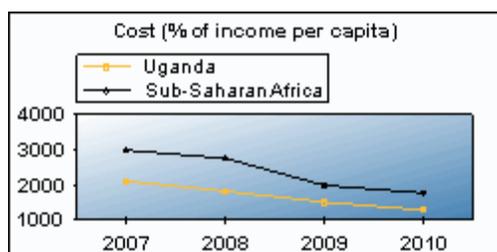
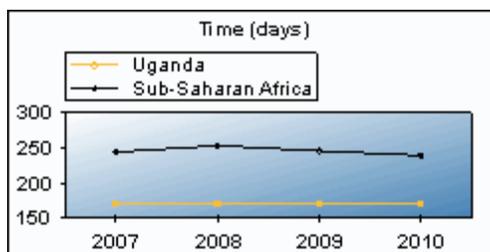
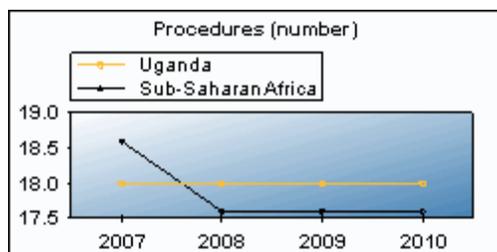
<i>Selected Economy</i>			
Uganda	18	171	1287.8

<i>Comparator Economies</i>			
Kenya	11	120	167.8
Malawi	21	268	1316.7
Rwanda	14	195	353.6
South Africa	17	174	23.1
Tanzania	22	328	2756.3

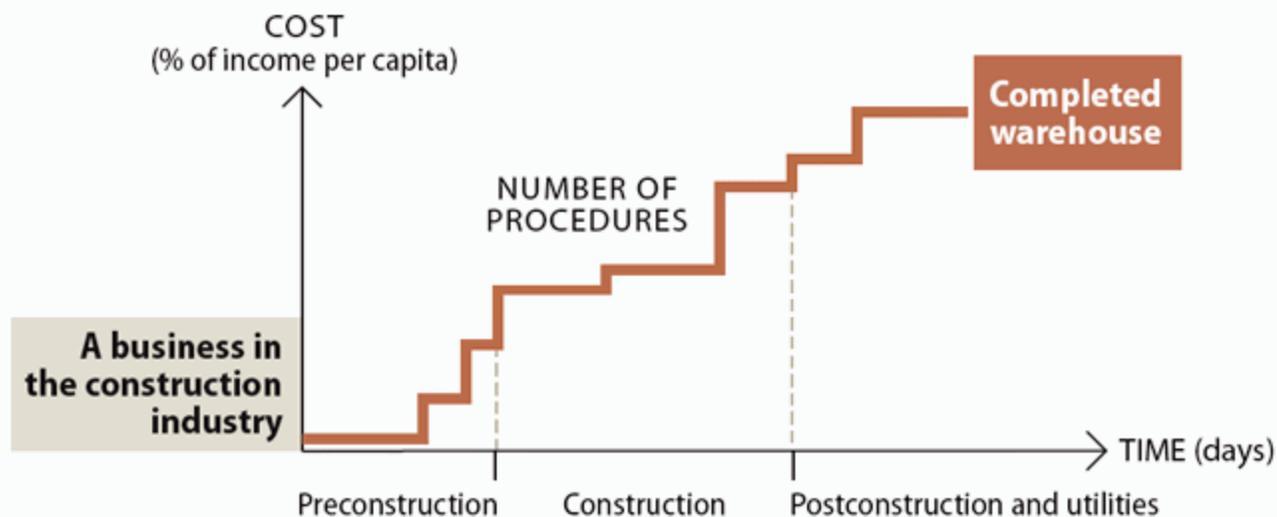
2. Historical data: Dealing with Construction Permits in Uganda

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	132	133
Procedures (number)	18	18	18	18
Time (days)	171	171	171	171
Cost (% of income per capita)	2101.0	1819.5	1510.5	1287.8

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Uganda over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



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

BUILDING A WAREHOUSE

City: Kampala

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Hire an independent private company to prepare the environmental impact assesment	21 days	UGX 5,000,000
2	Request and obtain environmental impact assessment	21 days	UGX 2,000,000
3	Request and obtain approval of architectural drawings at the Local Authority	60 days	UGX 1,534,708
4 *	Submit construction drawings to the Land Registry and obtain clearance	7 days	UGX 10,000
5 *	Request and obtain a hoarding permit	7 days	UGX 59,000
6	Notify and receive inspection after building foundation work	1 day	no charge
7	Notify and receive inspection after structural work	1 day	no charge
8	Notify and receive inspection after drainage and damp proofing work	1 day	no charge

9	Notify and receive inspection after boundary wall or fence erection work	1 day	no charge
10	Notify of the completion of construction and receive inspection	1 day	no charge
11 *	Request provision of water and sewerage services	1 day	UGX 600,000
12 *	Receive survey/ inspection from the National Water and Sewerage Corporation	1 day	no charge
13 *	Connect to water and sewerage	14 days	no charge
14 *	Request provision of electricity services	1 day	UGX 2,000,000
15 *	Receive survey by the Umeme Ltd.	1 day	no charge
16 *	Connect to electricity	59 days	no charge
17 *	Request and connect to telephone	14 days	UGX 255,000
18 *	Request and obtain occupation permit	14 days	UGX 50,000

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Uganda

Procedure 1 Hire an independent private company to prepare the environmental impact assesment

Time to complete:	21 days
Cost to complete:	UGX 5,000,000
Agency:	Private company
Comment:	Preparation of EIA is carried out by independent private firms recognised and licenced by NEMA to do so. Fees are incurred for the the preparation of the EIA, are in this case anything from UGX 5,000,000 to UGX 15,000,000, depending on complexity and site conditions

Procedure 2 Request and obtain environmental impact assessment

Time to complete:	21 days
Cost to complete:	UGX 2,000,000
Agency:	National Environment Management Authority
Comment:	It is now a legal requirement to obtain approval from the National Environment Management Authority.

Procedure 3 Request and obtain approval of architectural drawings at the Local Authority

Time to complete:	60 days
Cost to complete:	UGX 1,534,708
Agency:	Construction Authority (Municipality)
Comment:	<p>Threes copies of drawings are submitted to the local authority, each with a copy of the land title attached.</p> <p>By law, 30 days is the time limit for the local authority to approve (or not) the drawings. However, in practice, it takes up to 90 days to obtain the approval. There is a provision whereby an applicant can write to the local authority after 30 days of submission of the drawings for approval to inquire about the status of the application. In the absence of a response, the applicant can notify the local authority of their intention to begin construction. The owner must start construction within 3 months of the approval date.</p> <p>A zoning assessment is also needed if BuildCo has doubts about the compliance of the construction with the zoning requirements. The approval application fee is UGX 1,000 x 1,300.6 square meters + 18% VAT.</p>

Procedure 4 Submit construction drawings to the Land Registry and obtain clearance

Time to complete:	7 days
Cost to complete:	UGX 10,000
Agency:	Land Registry Office

Comment: One copy of the construction drawings is submitted to the Land Registry Office.

Procedure 5 Request and obtain a hoarding permit

Time to complete: 7 days

Cost to complete: UGX 59,000

Agency: KCC

Comment: All construction sites are required to provide for hoarding around the site of the works for the duration of the construction period. This is why BuildCo has to apply for a hoarding permit prior to erection of hoarding around any site.

Procedure 6 Notify and receive inspection after building foundation work

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Authority (Municipality)

Comment: The construction authorities inspect once at each of these stages: foundation work, structural work, drainage, damp proofing, boundary wall or fence erection, and completion.

Procedure 7 Notify and receive inspection after structural work

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Authority (Municipality)

Comment:

Procedure 8 Notify and receive inspection after drainage and damp proofing work

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Authority (Municipality)

Comment:

Procedure 9 Notify and receive inspection after boundary wall or fence erection work

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Authority (Municipality)

Comment:

Procedure 10 Notify of the completion of construction and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Agency: Construction Authority (Municipality)

Comment:

Procedure 11 Request provision of water and sewerage services

Time to complete: 1 day

Cost to complete: UGX 600,000

Agency: National Water & Sewerage Corporation

Comment: To connect to the water supply system, BuildCo needs to fill out forms and wait for a survey by field staff from the National Water and Sewerage Co. (NWSC) (which normally happens within 2 to 3 days), then return to the NWSC offices to obtain the invoices and a "materials list."

The customer buys all the materials necessary for connection, listed in the materials list (which includes the types and quantities of pipes and other accessories needed for the connection). The trenches for the pipes are also prepared by the customer.

Procedure 12 Receive survey/ inspection from the National Water and Sewerage Corporation

Time to complete: 1 day

Cost to complete: no charge

Agency: National Water & Sewerage Corporation

Comment:

Procedure 13 Connect to water and sewerage

Time to complete: 14 days

Cost to complete: no charge

Agency: National Water & Sewerage Corporation

Comment:

Procedure 14 Request provision of electricity services

Time to complete: 1 day

Cost to complete: UGX 2,000,000

Agency: Umeme Ltd.

Comment: The Electricity Utility Company has been privatized and its name changed to Umeme Ltd. To connect to the electric power network, BuildCo must fill out the relevant forms and submit them to the utility provider for a survey to be conducted. After that, BuildCo is billed and asked to pay before connection can be made. All materials needed for that purpose are paid for by the customer. Unlike for water connection, however, the customer pays for the listed materials directly to the utility provider. This typically includes poles and cables, but could, at times, also include things like step-down transformers.

For routine installations, the utility provider generally has the required equipment ex-stock, and installation typically occurs within 2 to 4 months after payment, depending on the size of the job.

The country has been experiencing a power shortage due to dry weather and shutdown of one of the power stations, which has meant long delays in getting the connection approved and installed.

Procedure 15 Receive survey by the Umeme Ltd.

Time to complete: 1 day

Cost to complete: no charge

Agency: Umeme Ltd.

Comment:

Procedure 16 Connect to electricity

Time to complete: 59 days

Cost to complete: no charge

Agency: Umeme Ltd.

Comment:

Procedure 17 Request and connect to telephone

Time to complete: 14 days

Cost to complete: UGX 255,000

Agency: MTN Uganda

Comment: Telephone service in Uganda has been privatized. Getting connected to any of the three companies should take a maximum of 3 days. Having a single line connected would cost about UGX 250,000.

According to the investment authority, the average time for installation is 1–3 weeks. If

companies are at capacity, the time can be 3–6 months.

Procedure 18 Request and obtain occupation permit

Time to complete: 14 days

Cost to complete: UGX 50,000

Agency: Local Authority

Comment: BuildCo submits a signed certificate to the local authority stating that the building has been constructed in compliance with the approved plans.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

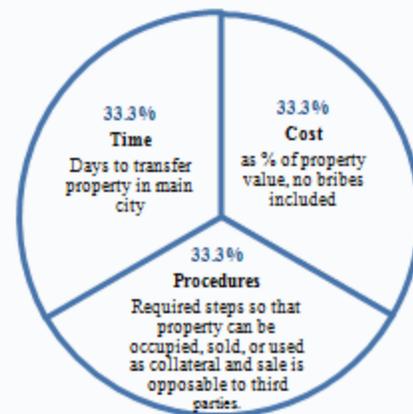
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

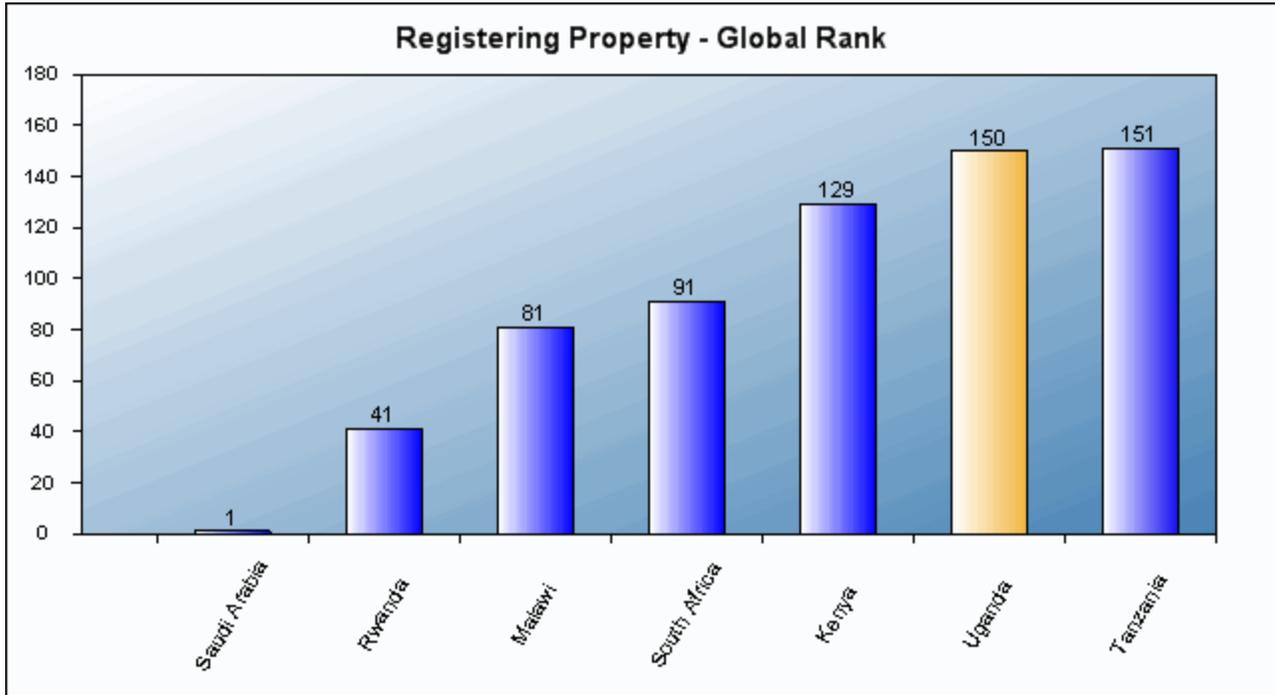
The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

Uganda is ranked 150 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Uganda	13	77	3.2

<i>Comparator Economies</i>			
Kenya	8	64	4.2
Malawi	6	49	3.2
Rwanda	4	55	0.4
South Africa	6	24	8.8
Tanzania	9	73	4.4

* The following economies are also good practice economies for :

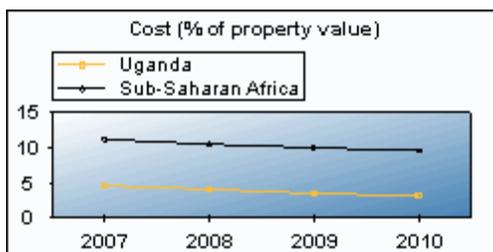
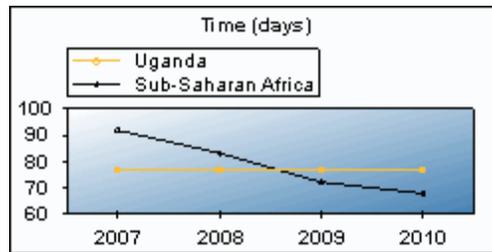
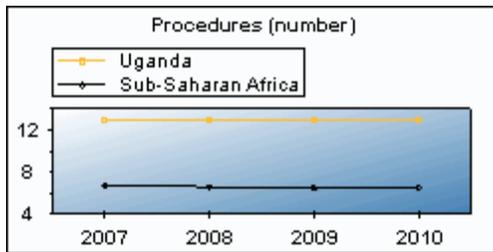
Procedures (number): United Arab Emirates

Time (days): Saudi Arabia, Thailand, United Arab Emirates

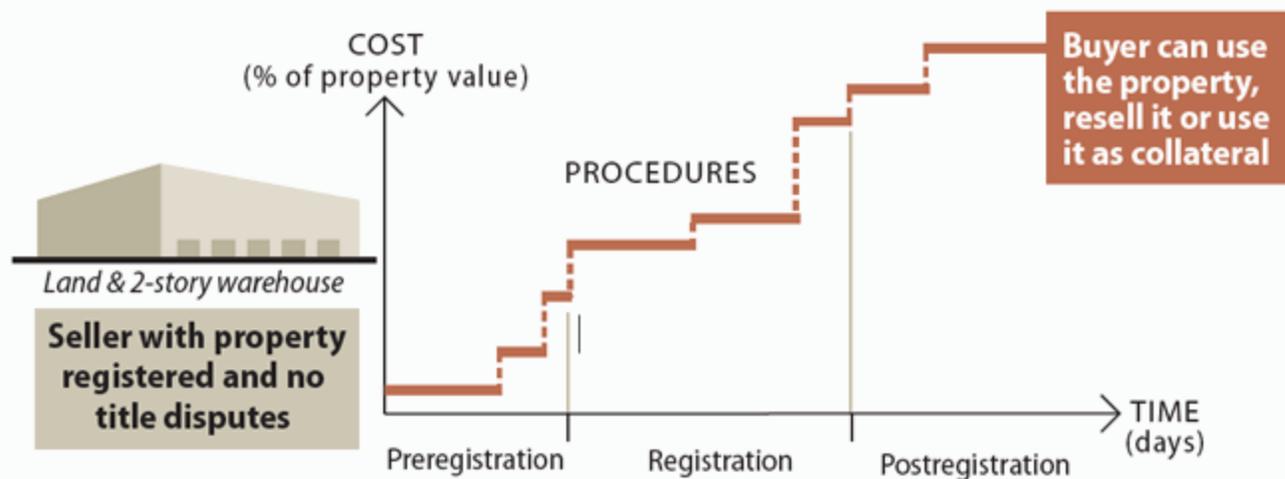
2. Historical data: Registering Property in Uganda

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	150	150
Procedures (number)	13	13	13	13
Time (days)	77	77	77	77
Cost (% of property value)	4.6	4.1	3.5	3.2

3. The following graphs illustrate the Registering Property sub indicators in Uganda over the past 4 years:



What are the time, cost and number of procedures required to transfer a property between 2 local companies?



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

STANDARDIZED PROPERTY

Property Value: 44,681,882.79

City: Kampala

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request a search and obtain Consent form to transfer at the Registry of Titles	1 day	no cost
2	Pay search and consent fee at Commercial Bank	1 - 2 days	UGX 25,000 (UGX 10,000 search fee + 2,500 bank fee, UGX 10,000 COntent fee + 2,500 bank fee)
3	Contract surveyors to measure the property's boundaries	3 days	UGX 500,000 on average
4	Conduct a search at the Registry of Titles	1 day	(already paid at the bank)
5	Lawyer drafts sale agreement	1 day	1% - 2% property value (to conduct entire transaction)
6	Valuation of property for transfer purposes by Chief Government Valuer's Office	1 month	no cost
7	Obtain Assessment form for payment of stamp duty from Uganda Revenue Authority	1 day	no cost

8	Payment of stamp duty at the designated commercial bank	7 days	1% of property price (of the government's valuation)
9	The sale contract is embossed by the Ministry of Finance	1 day	no cost
10	Obtain consent to transfer from Land Office	5 - 10 days	(paid in procedure 12)
11	Present documents to the Kampala City Council	1 day	no cost
12	Payment of registration fee at a commercial bank	1 day	UGX 22,500 (UGX 20,000 in fees + 2,500 bank fee) + UGX 20,000 (registration of companies' resolutions)
13	The sale contract is lodged at the Land Office	21 days	(already paid at the bank)

Registering Property Details - Uganda

Procedure	1	Request a search and obtain Consent form to transfer at the Registry of Titles
Time to complete:		1 day
Cost to complete:		no cost
Agency:		Land office
Comment:		Request a search in the Land Office in Properties. The registry gives a ticket with the amount to be paid, which one takes to the bank to pay in full.
Procedure	2	Pay search and consent fee at Commercial Bank
Time to complete:		1 - 2 days
Cost to complete:		UGX 25,000 (UGX 10,000 search fee + 2,500 bank fee, UGX 10,000 COnsent fee + 2,500 bank fee)
Agency:		Commercial Bank
Comment:		To facilitate the official fees payment process, the government now allows citizens to pay at any bank commercial bank. For every procedure in which fees are paid, one first begins the procedure at the land registry, obtains a ticket there with the amount due, takes the ticket to the bank, pays that amount plus bank fees, and obtains a receipt that will later be presented again at the land registry to complete the procedure. Because all official fees are now paid at more than one bank, citizens do not need to pay and come back the following day to obtain the receipt.
Procedure	3	Contract surveyors to measure the property's boundaries
Time to complete:		3 days
Cost to complete:		UGX 500,000 on average
Comment:		A surveyor is engaged to measure the property's boundaries, and establish its size. This is mandatory. Uganda is a common law country that follows the Torrens system of registration of land. The time to complete varies from surveyor to surveyor and is also affected by the size and location of the property. On average a survey can be completed in 3 days. The cost of the survey depends on the size of the plot and not on the value of the plot. Good surveyors charge on average UGX 500,000 to open the boundaries of an average sized plot.
Procedure	4	Conduct a search at the Registry of Titles
Time to complete:		1 day
Cost to complete:		(already paid at the bank)
Agency:		Registry of Titles
Comment:		Parties conduct a search in the Land Office of Properties. The receipt of payment of the search fee from the bank must be presented. At this time one also picks up the consent to transfer

application.

Procedure 5 Lawyer drafts sale agreement

Time to complete: 1 day

Cost to complete: 1% - 2% property value (to conduct entire transaction)

Comment: It is not mandatory to use a lawyer to draw up the sale agreement or conduct the transaction, but in our case it would be common practice.

Procedure 6 Valuation of property for transfer purposes by Chief Government Valuer's Office

Time to complete: 1 month

Cost to complete: no cost

Agency: Chief Government Valuer office

Comment: A government valuer will inspect the property in order to determine its valuation for transfer purposes and for assessing and paying stamp duty.

Procedure 7 Obtain Assessment form for payment of stamp duty from Uganda Revenue Authority

Time to complete: 1 day

Cost to complete: no cost

Agency: Ugand Revenue Authority

Comment: Once the Chief Government valuer has given his consent on the cost, the file is taken to the Ugand Revenue Authority, where an assessment form for Stamp duty is provided. At that time, the name of the designated bank will be provided.

Procedure 8 Payment of stamp duty at the designated commercial bank

Time to complete: 7 days

Cost to complete: 1% of property price (of the government's valuation)

Agency: Commercial Bank

Comment: Stamp duty must be paid at the commercial bank before registration. To control the revenue from official fees, the government now requires that they be paid only at the commercial bank. In the first instance there is an assessment form which is taken to the bank and payment is made. The Bank will inform the Uganda Revenue Authority that payment has been received. There is a reconciliation process between the Bank and the Uganda Revenue Authority which can take up to 3 days.

Procedure 9 The sale contract is embossed by the Ministry of Finance

Time to complete: 1 day

Cost to complete: no cost

Agency: Ministry of Finance

Comment: Once the reconciliation is done, the Uganda Revenue Authority will deliver the Sale agreement to the Ministry of Finance. The Uganda Revenue Authority will then embossed the Sale Agreement with the amount paid as stamp duty and then issue an original receipt of the amount paid.

Procedure 10 Obtain consent to transfer from Land Office

Time to complete: 5 - 10 days

Cost to complete: (paid in procedure 12)

Agency: Land Office

Comment: The transfer forms are lodged with the Land Office in order to obtain consent to transfer. The receipt of payment of the consent fees must be presented. When the transaction involves companies, they must file with the companies registry a special resolution authorizing the transaction, which costs UGX 20,000.

Procedure 11 Present documents to the Kampala City Council

Time to complete: 1 day

Cost to complete: no cost

Agency: Kampala City Council

Comment: The embossed sale agreement is given to the Kampala City Council for assessment of Registration Fee. An assessment form is given providing the amount to be paid for Registration Fees. This form will also provide the name of the designated bank where payment is to be made (Orient Bank).

The documentation shall include:
 Signed sale agreement
 Receipts of stamp duty payment (obtained in Procedure 6)
 Companies' resolutions to buy and sell

Procedure 12 Payment of registration fee at a commercial bank

Time to complete: 1 day

Cost to complete: UGX 22,500 (UGX 20,000 in fees + 2,500 bank fee) + UGX 20,000 (registration of companies' resolutions)

Agency: Commercial Bank

Comment: Registration fees must be paid in a desingated commercial bank to continue with the registration process. Actual transfer fees are UGX 10,000 in case of leases, perusal fees UGX 5,000 and other charges which add up to about UGX 22,500. In the case of leases there is a consent fee which is also paid before payment of stamp duty in this case in the land administration section of UGX 10,000. In the first instance there is an assessment form which

is taken to the bank and payment is made. The registration fee is a fixed fee.

Procedure 13 The sale contract is lodged at the Land Office

Time to complete: 21 days

Cost to complete: (already paid at the bank)

Agency: Land Office

Comment: The sale contract is lodged at the Land registry, where it will be transmitted to the Registrar who will pass the Instrument of Transfer. The file goes to typing and is then sent to the Commissioner in charge of Land Registration for verification. The registrar cancels out the old owner in handwriting and signs against the new owner. The buyer and seller must now provide a passport size photograph.

The documentation shall include:
Receipts of payment for registration fees
Photo ID of both Seller and Buyer

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

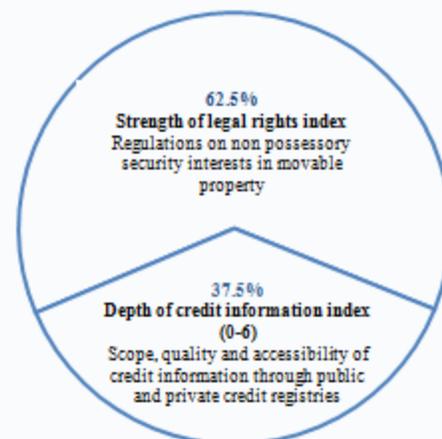
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

Getting Credit: collateral rules and credit information



Note: Private bureau coverage and public credit registry coverage are measured but do not count for the rankings.

Case Study Assumptions (applying to the Legal Rights Index only)

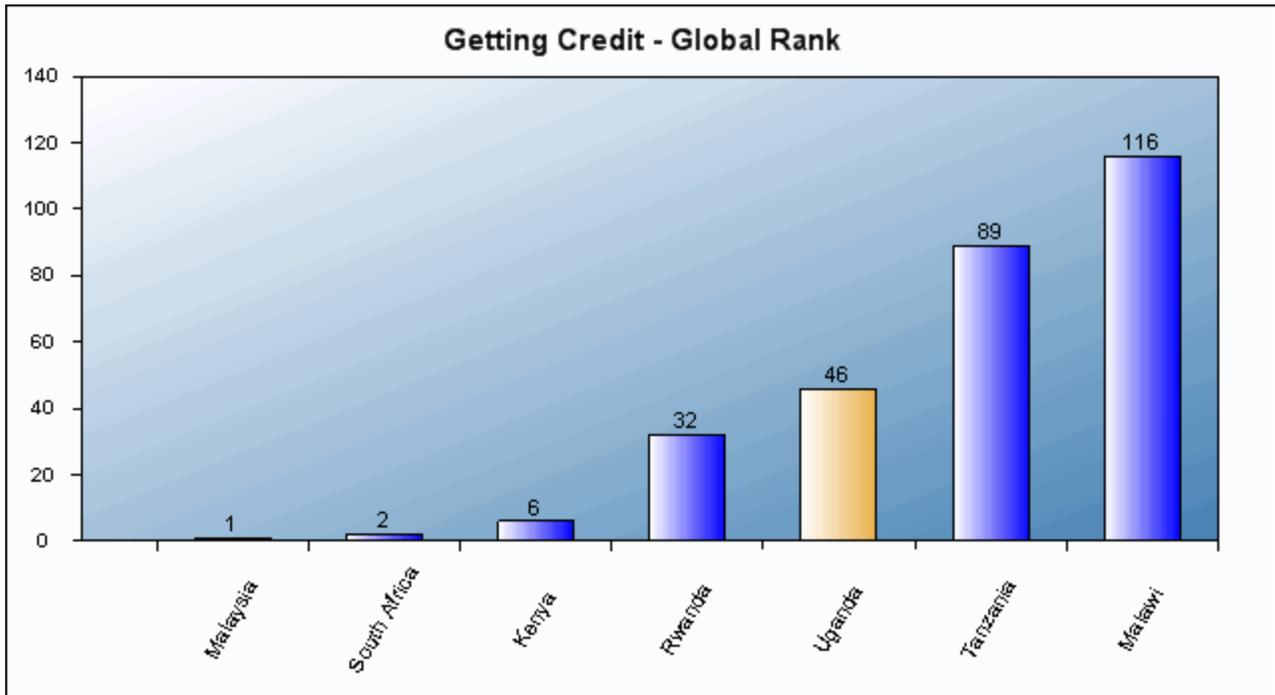
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

Uganda is ranked 46 overall for Getting Credit.

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



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

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			67.1	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Uganda	7	4	0.0	1.1

<i>Comparator Economies</i>				
Kenya	10	4	0.0	3.3
Malawi	7	0	0.0	0.0
Rwanda	8	4	0.7	0.0
South Africa	9	6	0.0	54.9
Tanzania	8	0	0.0	0.0

* The following economies are also good practice economies for :

Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia

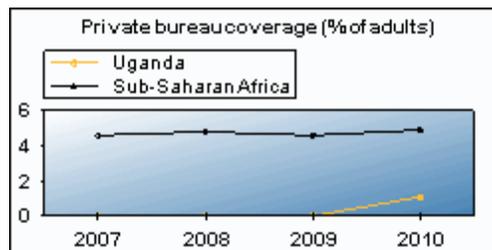
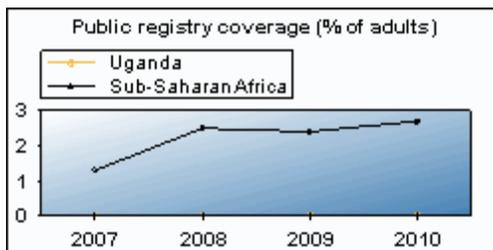
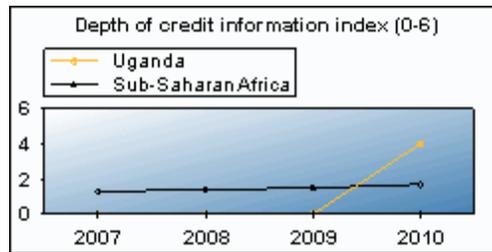
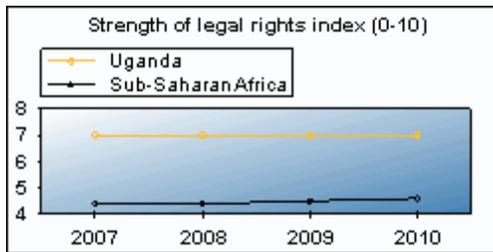
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

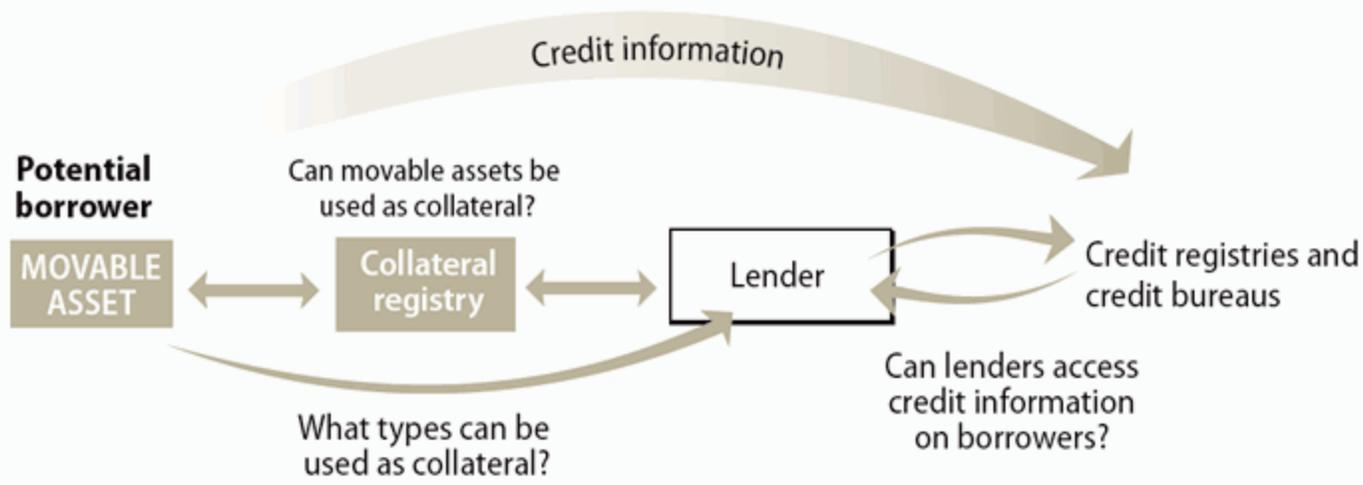
2. Historical data: Getting Credit in Uganda

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	109	46
Strength of legal rights index (0-10)	7	7	7	7
Depth of credit information index (0-6)	0	0	0	4
Private bureau coverage (% of adults)	0.0	0.0	0.0	1.1
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in Uganda over the past 4 years:



**Do lenders have credit information on entrepreneurs seeking credit?
Is the law favorable to borrowers and lenders using movable assets as collateral?**



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	4
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	1.1	0.0	
Number of individuals	174,683		0
Number of firms	3,104		0

Strength of legal rights index (0-10)**7**

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

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

Some reform outcomes

In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).

After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

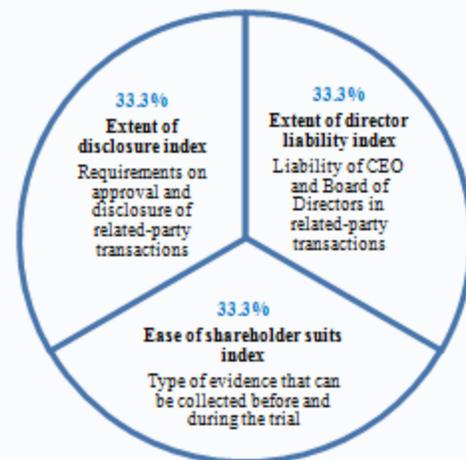
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

- Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders),
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

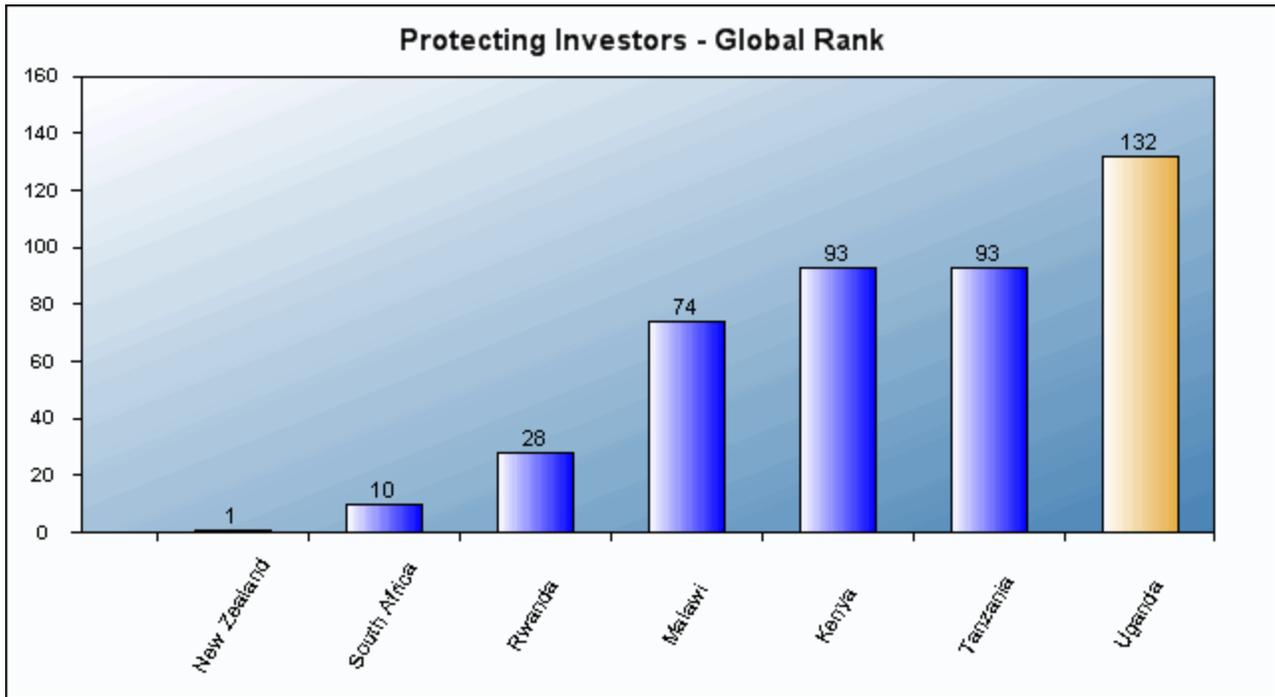
The transaction

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

1. Benchmarking Protecting Investors Regulations:

Uganda is ranked 132 overall for Protecting Investors.

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



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

Good Practice Economies	Strength of investor protection index (0-10)
New Zealand	9.7

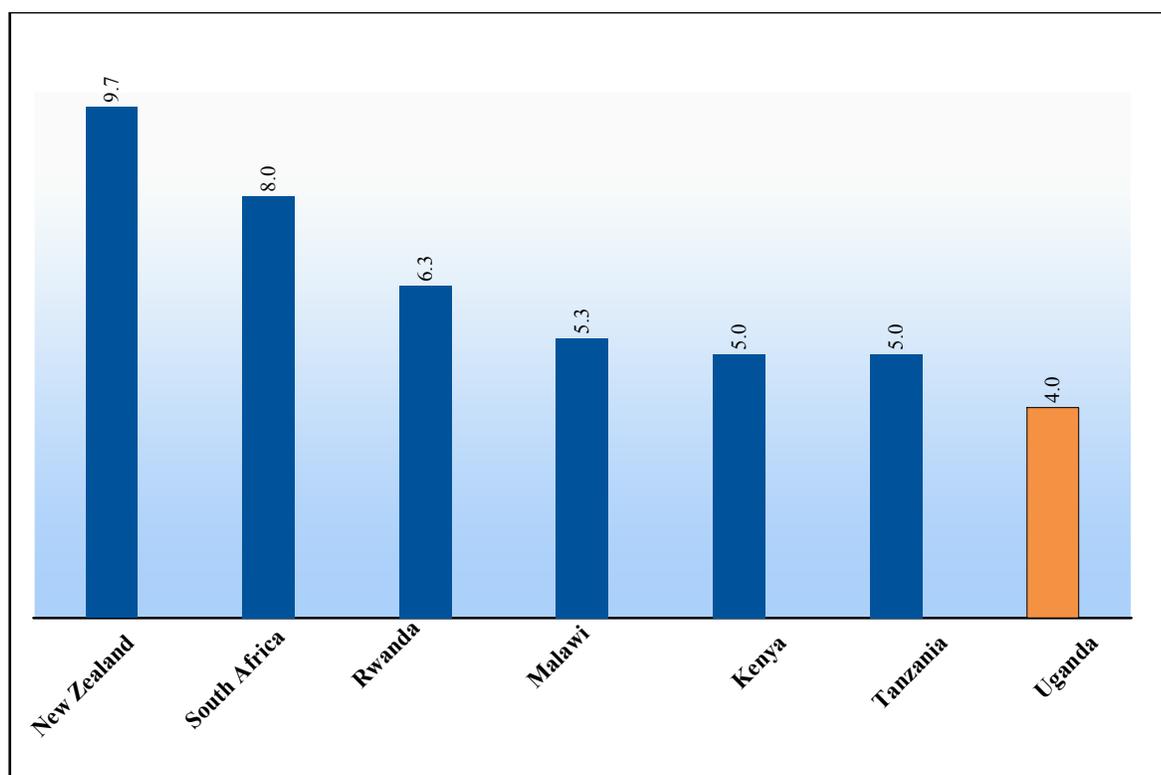
<i>Selected Economy</i>	
Uganda	4.0

<i>Comparator Economies</i>	
Kenya	5.0
Malawi	5.3
Rwanda	6.3
South Africa	8.0
Tanzania	5.0

2. Historical data: Protecting Investors in Uganda

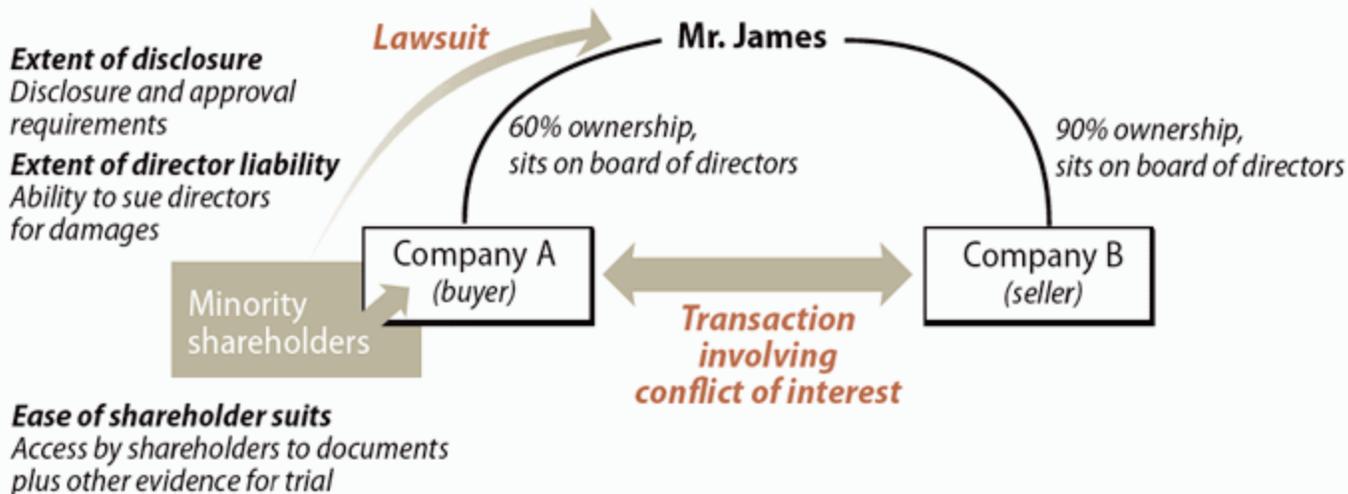
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	131	132
Strength of investor protection index (0-10)	4.0	4.0	4.0	4.0

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



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

How well are minority shareholders protected against self-dealing in related-party transactions?



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	2
What corporate body provides legally sufficient approval for the transaction?	1
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	0
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	5
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	5
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	1
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	4.0

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

Some reform outcomes

Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.

Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.

What do the Paying taxes indicators measure?

Tax payments for a manufacturing company in 2009
(number per year adjusted for electronic or joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

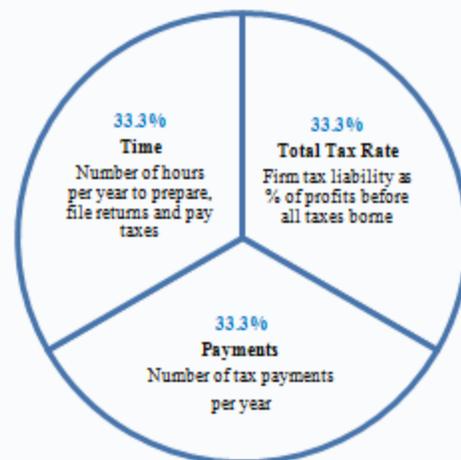
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



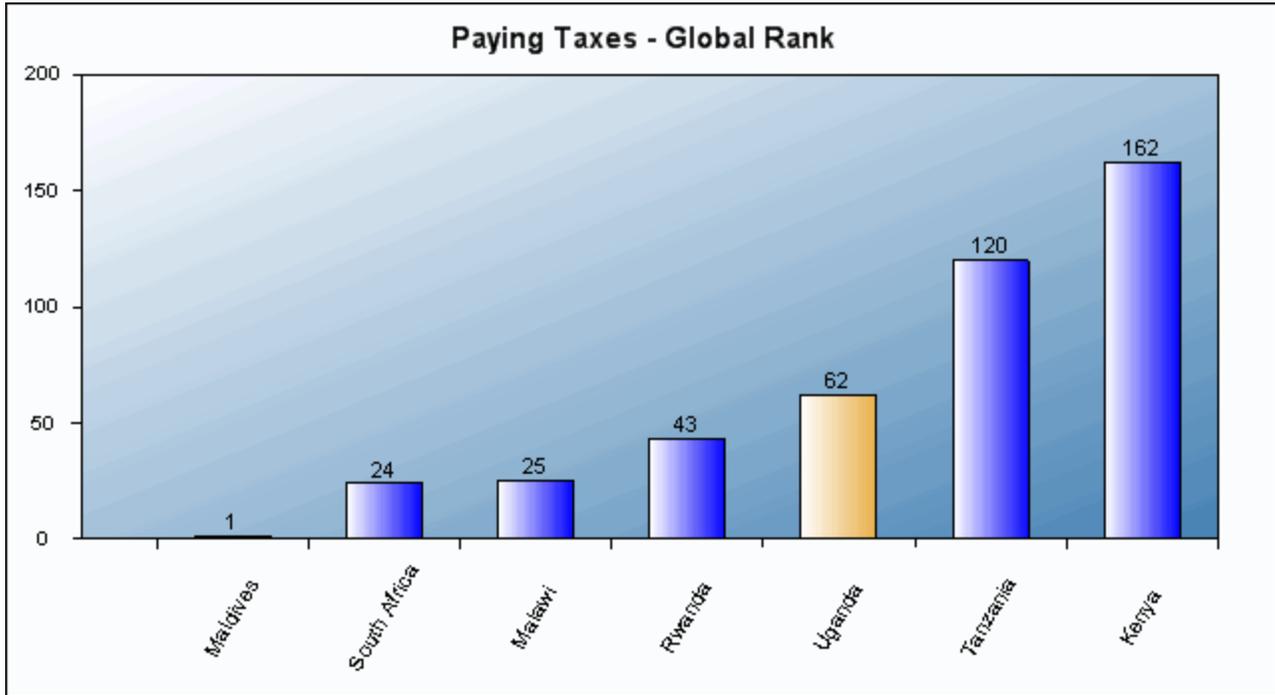
Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations:

Uganda is ranked 62 overall for Paying Taxes.

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



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

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	3	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Uganda	32	161	35.7

<i>Comparator Economies</i>			
Kenya	41	393	49.7
Malawi	19	157	25.1
Rwanda	26	148	31.3
South Africa	9	200	30.5
Tanzania	48	172	45.2

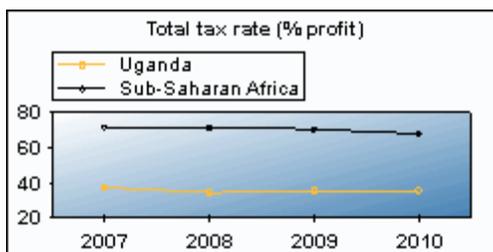
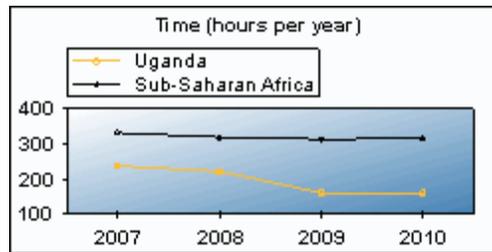
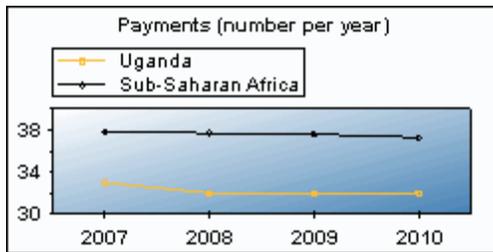
* The following economies are also good practice economies for :

Payments (number per year): Qatar

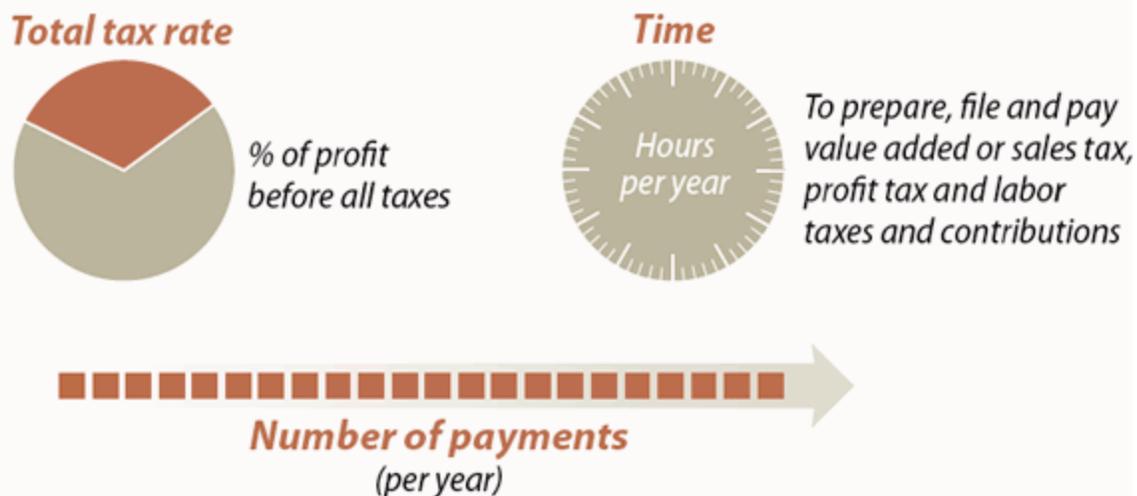
2. Historical data: Paying Taxes in Uganda

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	63	62
Total tax rate (% profit)	37.4	34.5	35.7	35.7
Payments (number per year)	33	32	32	32
Time (hours per year)	237	222	161	161

3. The following graphs illustrate the Paying Taxes sub indicators in Uganda over the past 4 years:



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty on contracts	1			various rates			
Value added tax (VAT)	12		60	18.0%	value added		
Tax on insurance	1			UGX 5000	per contract	0.00	
Trading license	1			various rates	nature of trade	0.00	
Property tax	1			7-10%	rental value of property	0.10	
Tax on interest	0	withheld		15.0%	interest income	0.40	
Fuel tax	1			included in fuel price	liters	0.90	
Social security contributions	12		66	10.0%	gross salaries	11.30	
Corporate income tax	3		35	30.0%	taxable profit	23.30	
Totals	32		161			35.7	

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.

In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

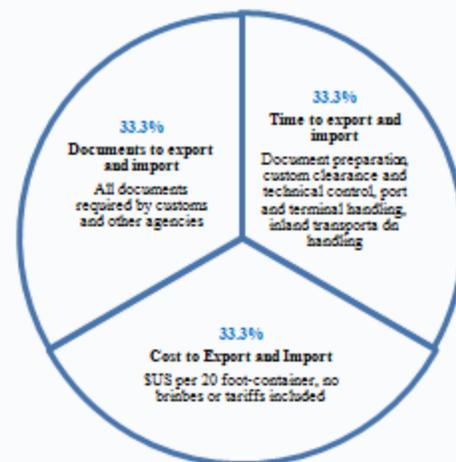
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



Case Study Assumptions

The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

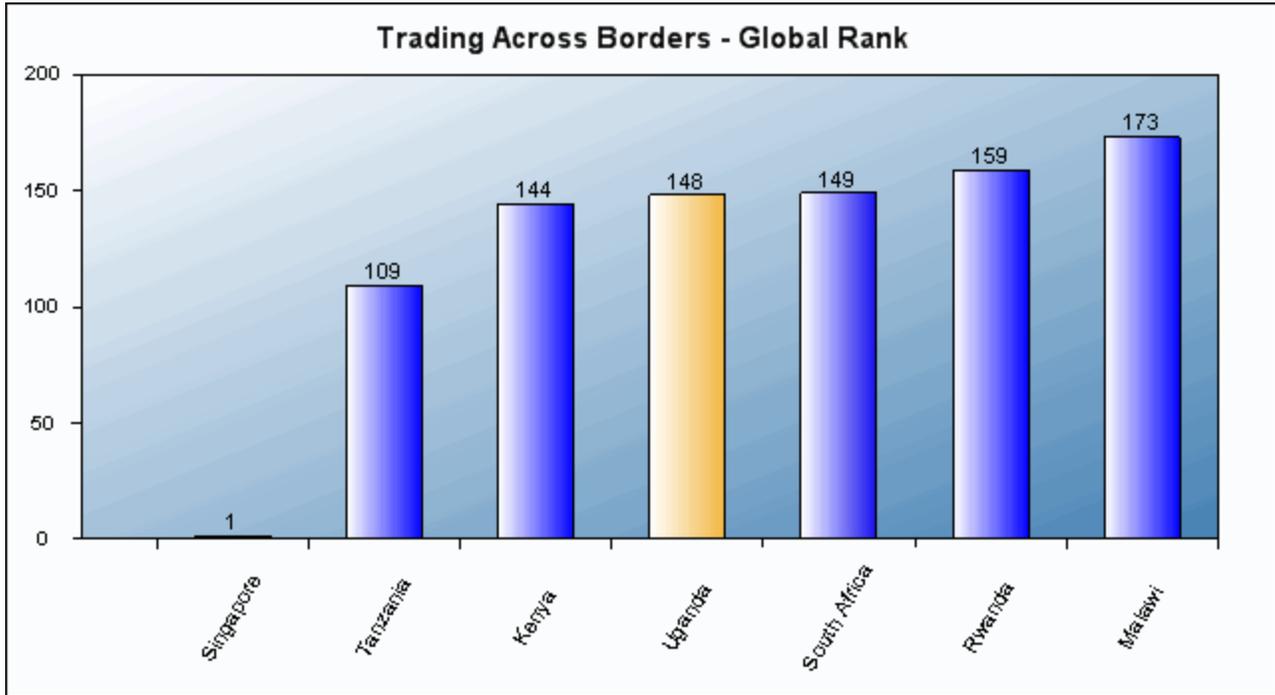
The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

1. Benchmarking Trading Across Borders Regulations:

Uganda is ranked 148 overall for Trading Across Borders.

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



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

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					4	439

<i>Selected Economy</i>						
Uganda	6	37	2780	8	34	2940

<i>Comparator Economies</i>						
Kenya	8	26	2055	7	24	2190
Malawi	11	41	1713	10	51	2570
Rwanda	8	35	3275	8	34	4990
South Africa	8	30	1531	9	35	1807
Tanzania	5	24	1262	7	31	1475

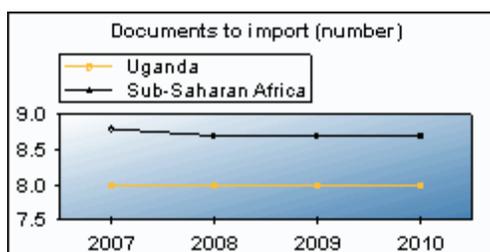
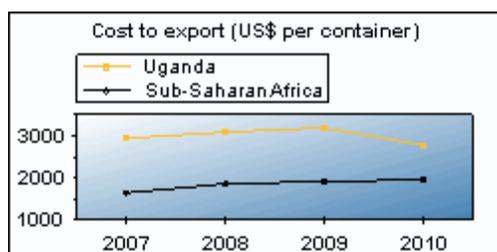
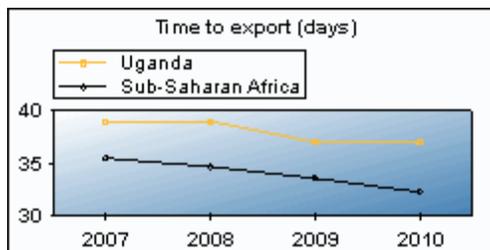
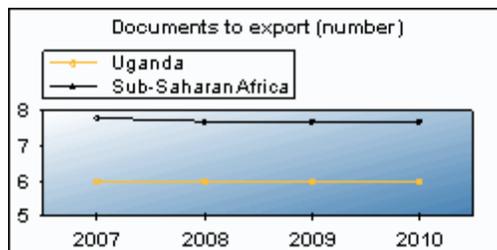
* The following economies are also good practice economies for :

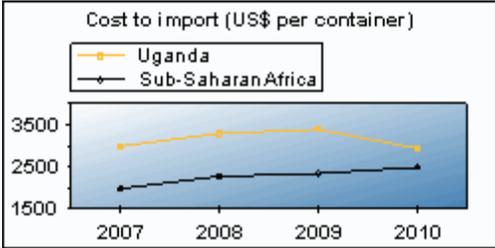
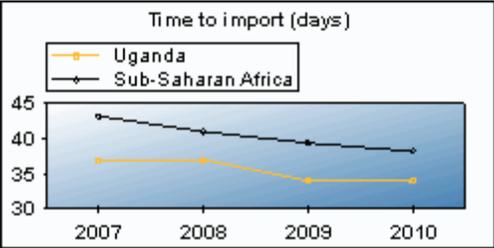
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Uganda

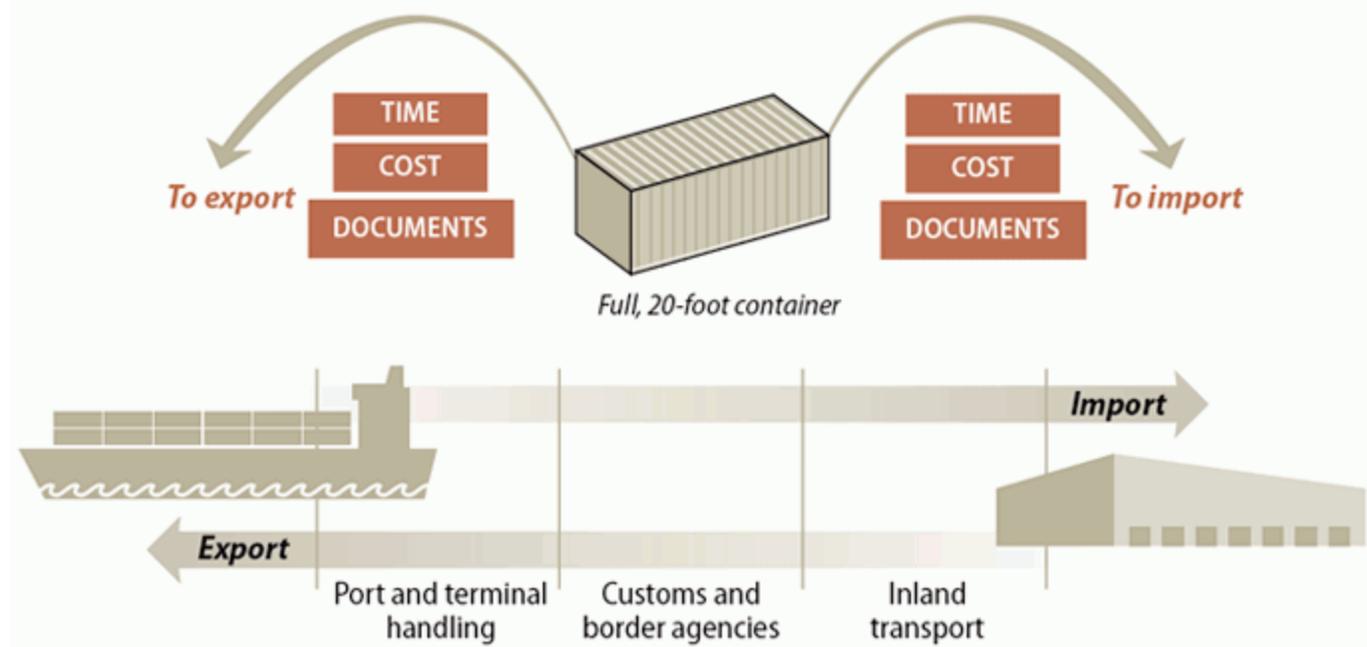
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	147	148
Cost to export (US\$ per container)	2940	3090	3190	2780
Cost to import (US\$ per container)	2990	3290	3390	2940
Documents to export (number)	6	6	6	6
Documents to import (number)	8	8	8	8
Time to export (days)	39	39	37	37
Time to import (days)	37	37	34	34

3. The following graphs illustrate the Trading Across Borders sub indicators in Uganda over the past 4 years:





How much time, how many documents and what cost to export and import across borders by ocean transport?



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	9	220
Customs clearance and technical control	4	135
Ports and terminal handling	6	375
Inland transportation and handling	18	2050
Totals	37	2780

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	350
Customs clearance and technical control	5	150
Ports and terminal handling	6	390
Inland transportation and handling	13	2050
Totals	34	2940

Documents for Export and Import

Export

- Bill of lading
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Certificate of Conformity
- Transit document

Import

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Inspection report
- Packing list
- Transit document

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Some reform outcomes

In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.

In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

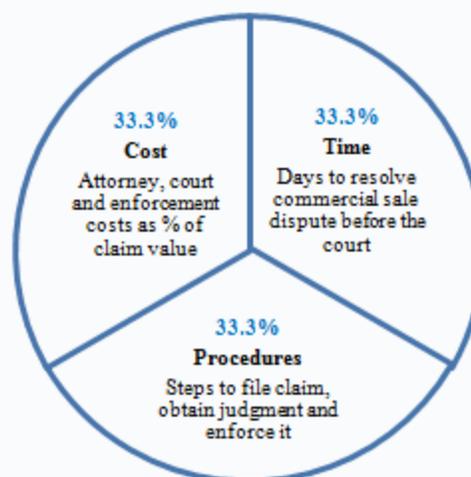
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs



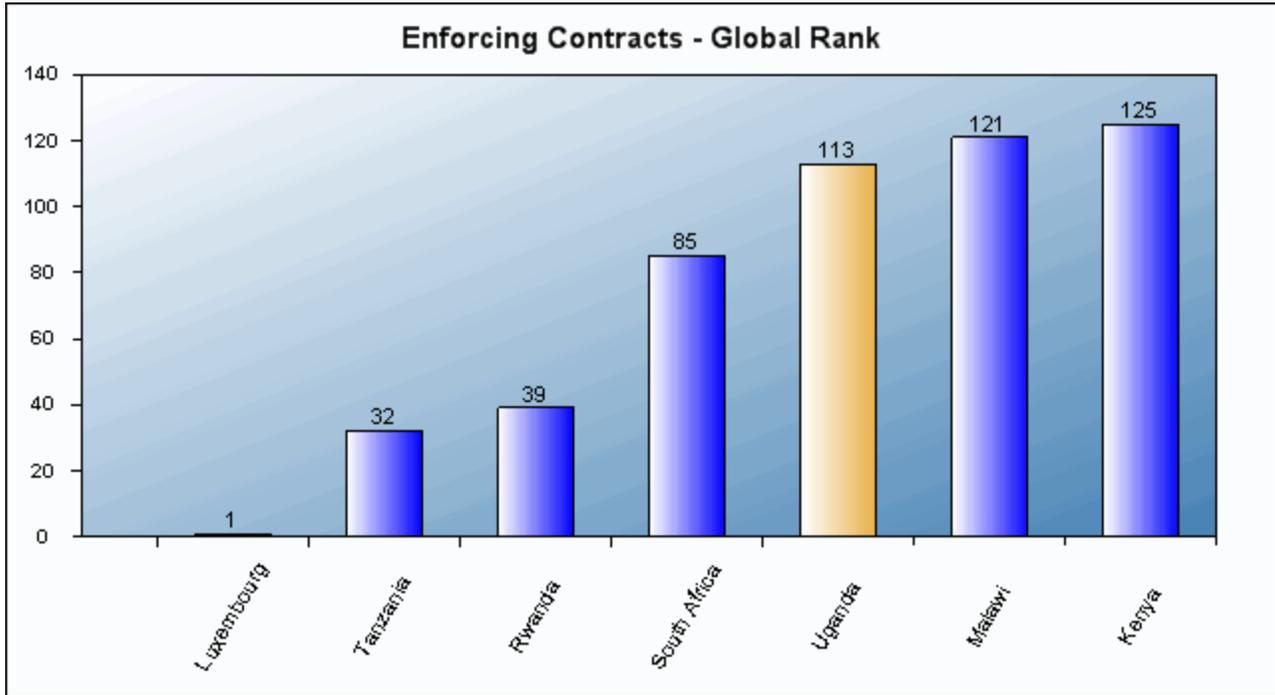
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations:

Uganda is ranked 113 overall for Enforcing Contracts.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		150	

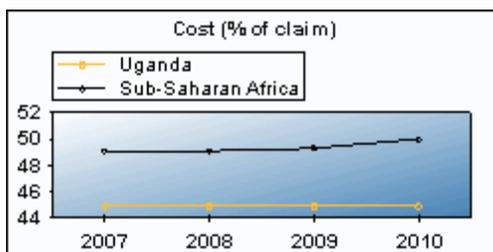
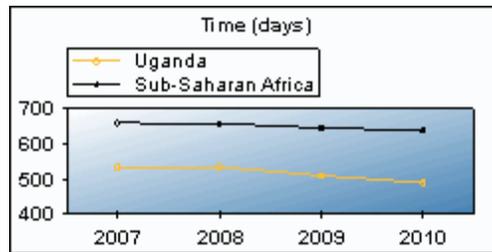
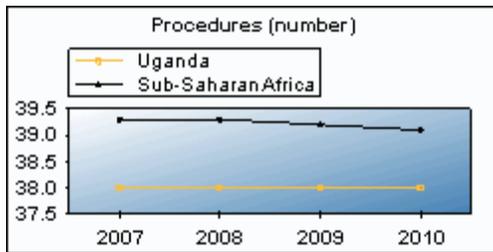
<i>Selected Economy</i>			
Uganda	38	490	44.9

<i>Comparator Economies</i>			
Kenya	40	465	47.2
Malawi	42	312	94.1
Rwanda	24	230	78.7
South Africa	30	600	33.2
Tanzania	38	462	14.3

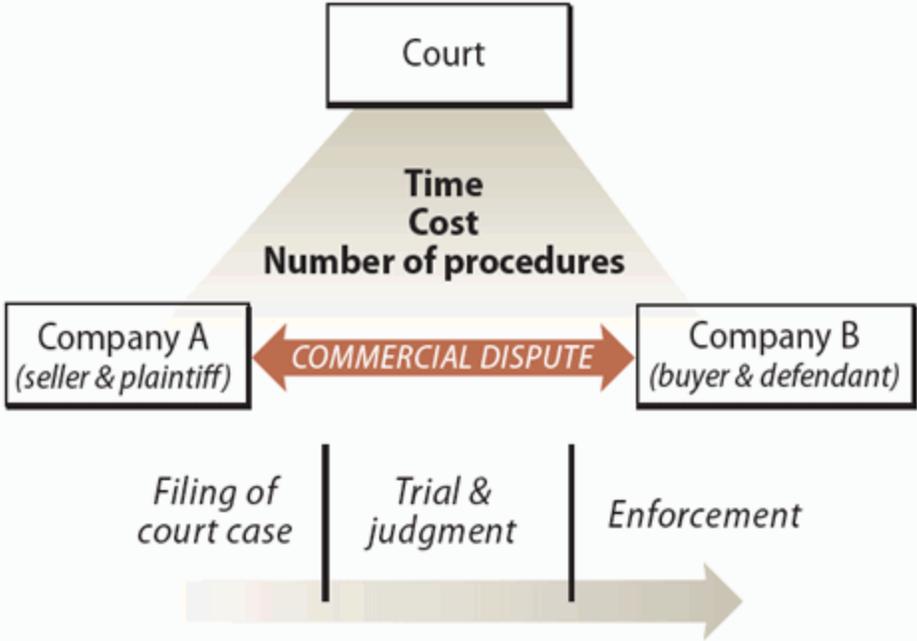
2. Historical data: Enforcing Contracts in Uganda

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	116	113
Procedures (number)	38	38	38	38
Time (days)	535	535	510	490
Cost (% of claim)	44.9	44.9	44.9	44.9

3. The following graphs illustrate the Enforcing Contracts sub indicators in Uganda over the past 4 years:



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



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

Nature of Procedure (2010)	Indicator
Procedures (number)	38
Time (days)	490
Filing and service	20.0
Trial and judgment	365.0
Enforcement of judgment	105.0
Cost (% of claim)*	44.90
Attorney cost (% of claim)	28.6
Court cost (% of claim)	6.7
Enforcement Cost (% of claim)	9.6

Court information: Kampala Mengo Chief
Magistrates Court

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

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

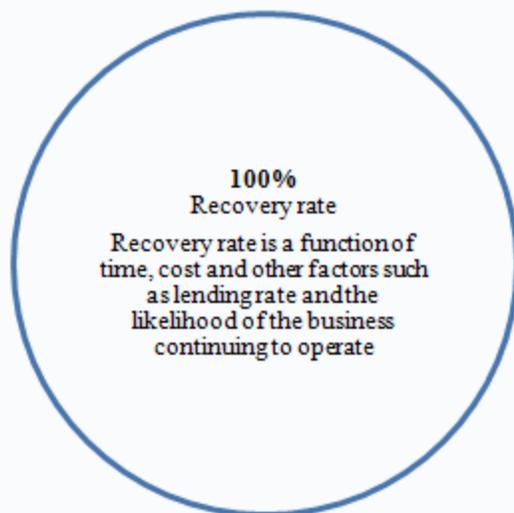
- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



Case Study Assumptions

The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations:

Uganda is ranked 56 overall for Closing a Business.

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



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

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.7		
Singapore*			1

<i>Selected Economy</i>			
Uganda	39.7	2.2	30

<i>Comparator Economies</i>			
Kenya	29.8	4.5	22
Malawi	17.9	2.6	25
Rwanda	0.0	no practice	no practice
South Africa	34.4	2.0	18
Tanzania	21.9	3.0	22

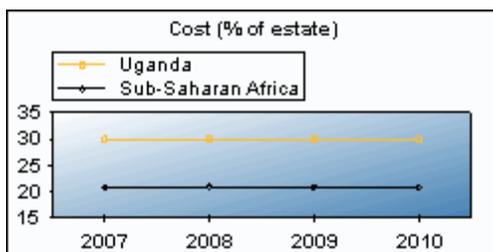
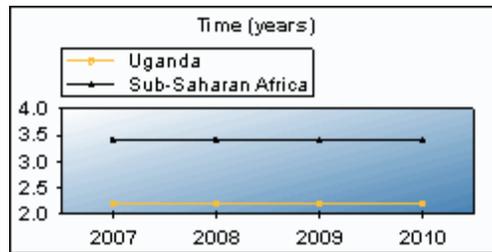
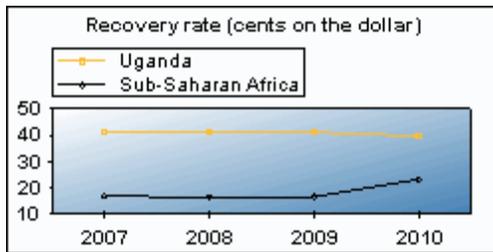
* The following economies are also good practice economies for :

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

2. Historical data: Closing Business in Uganda

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	53	56
Time (years)	2.2	2.2	2.2	2.2
Cost (% of estate)	30	30	30	30
Recovery rate (cents on the dollar)	41.0	41.1	41.1	39.7

3. The following graphs illustrate the Closing Business sub indicators in Uganda over the past 4 years:



Since 2004 Doing Business has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . * Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by Doing Business have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

The top 10 most-improved in Doing Business 2011

Economy	Indicator									
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Employing Workers
Kazakhstan	✓	✓				✓	✓			
Rwanda		✓		✓			✓			
Peru	✓	✓	✓				✓			
Vietnam	✓	✓		✓						
Cape Verde	✓		✓				✓			
Tajikistan	✓				✓	✓				
Zambia	✓						✓	✓		
Hungary		✓	✓				✓			✓
Grenada	✓		✓				✓			
Brunei Darussalam	✓						✓	✓		

 Positive Change
 Negative Change

* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Kenya	Kenya eased business start-up by reducing the time it takes to get the memorandum and articles of association stamped, merging the tax and value added tax registration procedures and digitizing records at the registrar. Kenya increased the administrative burden of paying taxes by requiring quarterly filing of payroll taxes. Kenya speeded up trade by implementing an electronic cargo tracking system and linking this system to the Kenya Revenue Authority's electronic data interchange system for customs clearance.
Malawi	Malawi eased property transfers by cutting the wait for consents and registration of legal instruments by half. Malawi simplified the enforcement of contracts by raising the ceiling for commercial claims that can be brought to the magistrates court.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

Uganda	Uganda made it more difficult to start a business by increasing the trade licensing fees. Uganda enhanced access to credit by establishing a new private credit bureau. Uganda continues to improve the efficiency of its court system, greatly reducing the time to file and serve a claim.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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