

# Doing Business 2008

**Argentina**

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Argentina**

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

Doing Business Project  
World Bank Group



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1818 H Street NW  
Washington, DC 20433  
Telephone 202-473-1000  
Internet [www.worldbank.org](http://www.worldbank.org)  
E-mail [feedback@worldbank.org](mailto:feedback@worldbank.org)

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

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# Introduction

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

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

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

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

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

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

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

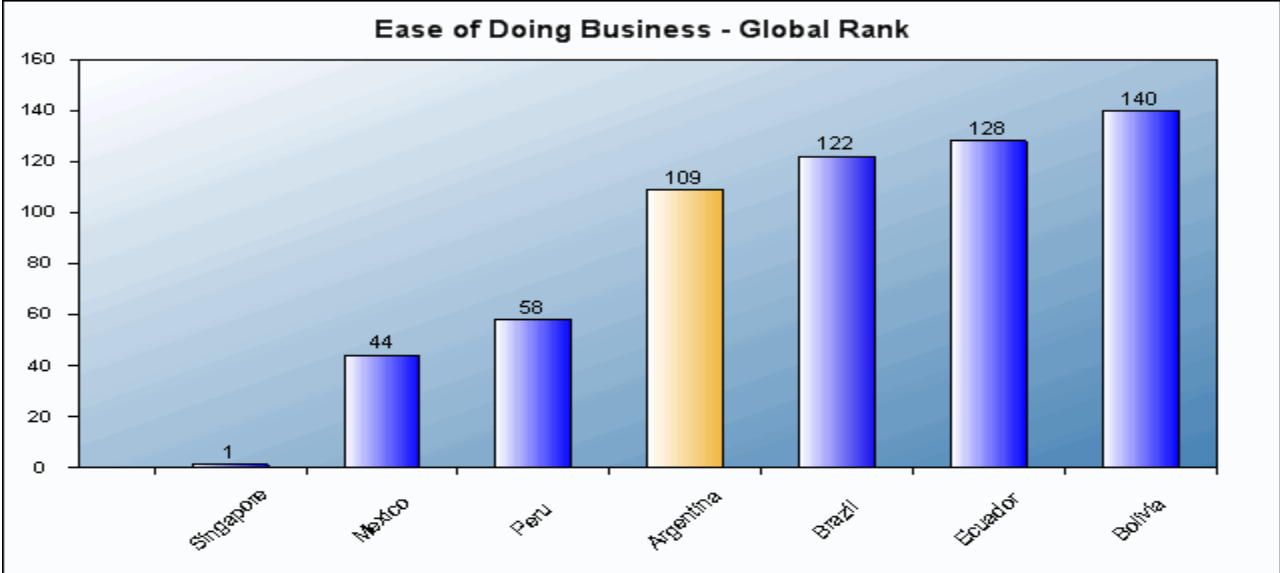
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

# Economy Rankings - Ease of Doing Business

Argentina is ranked 109 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



## Argentina's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	109
Starting a Business	114
Dealing with Licenses	165
Employing Workers	147
Registering Property	96
Getting Credit	48
Protecting Investors	98
Paying Taxes	147
Trading Across Borders	107
Enforcing Contracts	47
Closing a Business	65

## Reforms - Who is reforming?

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

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

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

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

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

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

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

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

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

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

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



## Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Argentina										✗	-1
	Bolivia											0
	Brazil								✓	✓		2
	Ecuador											0
	Mexico				✓			✓				2
	Peru											0

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

## Summary of Indicators - Argentina

<b>Starting a Business</b>	<b>Procedures (number)</b>	14
	<b>Duration (days)</b>	31
	<b>Cost (% GNI per capita)</b>	9.7
	<b>Paid in Min. Capital (% of GNI per capita)</b>	4.8
<b>Dealing with Licenses</b>	<b>Procedures (number)</b>	28
	<b>Duration (days)</b>	338
	<b>Cost (% of income per capita)</b>	234.1
<b>Employing Workers</b>	<b>Difficulty of Hiring Index</b>	44
	<b>Rigidity of Hours Index</b>	60
	<b>Difficulty of Firing Index</b>	20
	<b>Rigidity of Employment Index</b>	41
	<b>Nonwage labor cost (% of salary)</b>	26
	<b>Firing costs (weeks of wages)</b>	139
<b>Registering Property</b>	<b>Procedures (number)</b>	5
	<b>Duration (days)</b>	65
	<b>Cost (% of property value)</b>	7.6
<b>Getting Credit</b>	<b>Legal Rights Index</b>	3
	<b>Credit Information Index</b>	6
	<b>Public registry coverage (% adults)</b>	25.5
	<b>Private bureau coverage (% adults)</b>	100.0
<b>Protecting Investors</b>	<b>Disclosure Index</b>	6
	<b>Director Liability Index</b>	2
	<b>Shareholder Suits Index</b>	6
	<b>Investor Protection Index</b>	4.7
<b>Paying Taxes</b>	<b>Payments (number)</b>	19
	<b>Time (hours)</b>	615
	<b>Profit tax (%)</b>	6.0
	<b>Labor tax and contributions (%)</b>	29.4
	<b>Other taxes (%)</b>	77.5
	<b>Total tax rate (% profit)</b>	112.9

<b>Trading Across Borders</b>	<b>Documents for export (number)</b>	9
	<b>Time for export (days)</b>	16
	<b>Cost to export (US\$ per container)</b>	1325
	<b>Documents for import (number)</b>	7
	<b>Time for import (days)</b>	20
	<b>Cost to import (US\$ per container)</b>	1825
<b>Enforcing Contracts</b>	<b>Procedures (number)</b>	36
	<b>Duration (days)</b>	590
	<b>Cost (% of claim)</b>	16.5
<b>Closing a Business</b>	<b>Time (years)</b>	2.8
	<b>Cost (% of estate)</b>	12
	<b>Recovery rate (cents on the dollar)</b>	34.4

## Starting a Business in Argentina: Entry Regulation

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

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

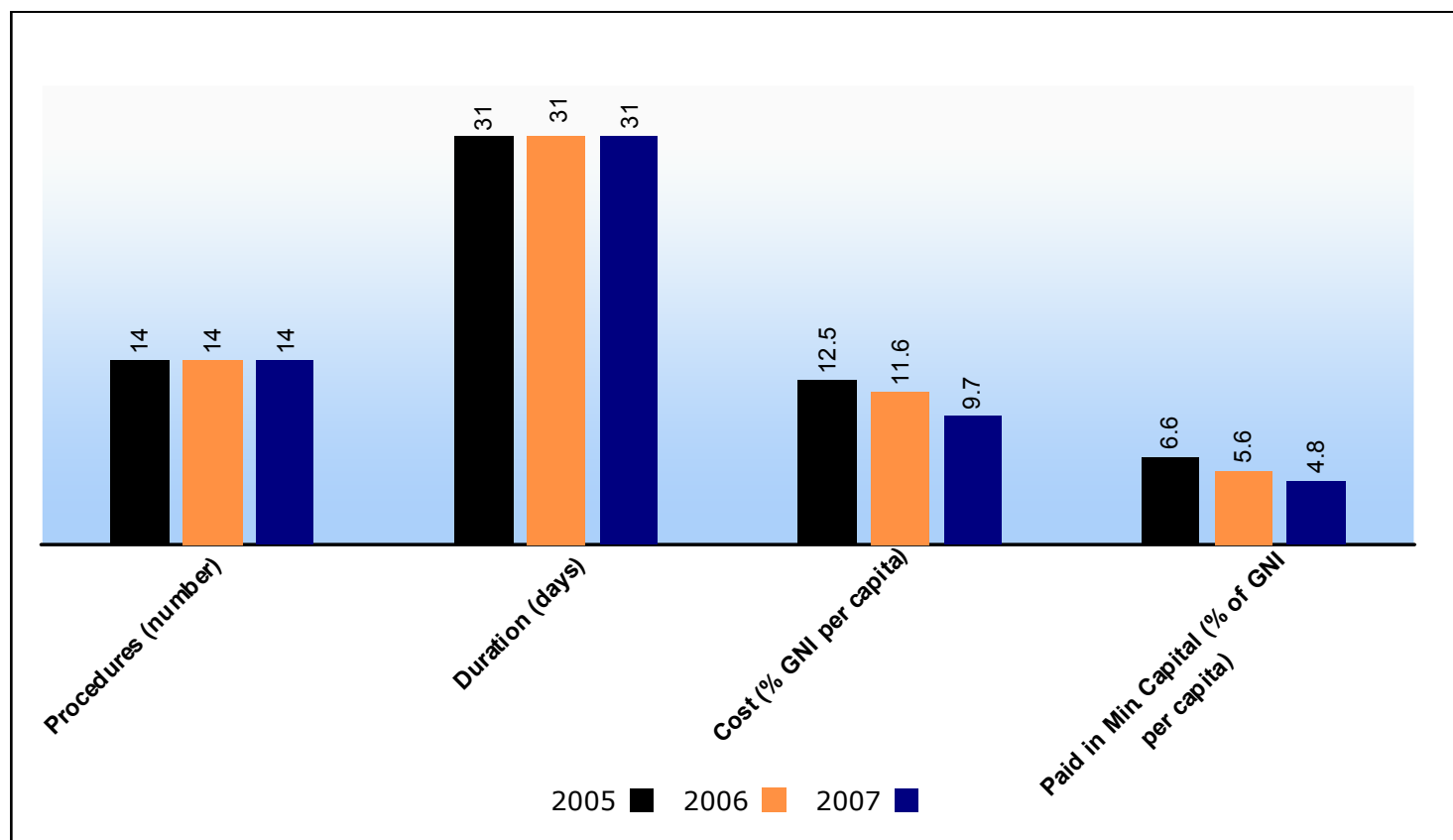
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up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

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

## 1. Historical data: Starting a Business in Argentina

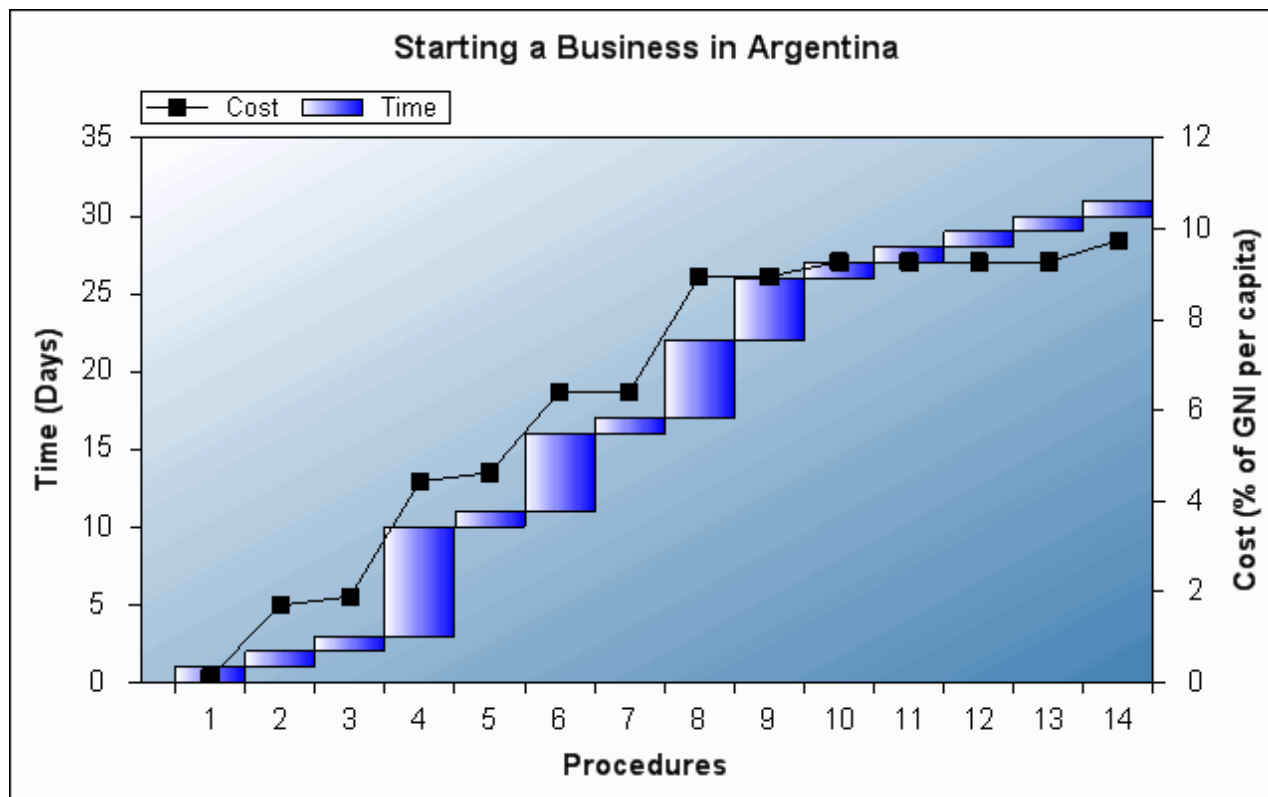
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		110	114
Procedures (number)	14	14	14
Duration (days)	31	31	31
Cost (% GNI per capita)	12.5	11.6	9.7
Paid in Min. Capital (% of GNI per capita)	6.6	5.6	4.8

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



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

It requires 14 procedures, takes 31 days, and costs 9.75% GNI per capita to start a business in Argentina.



#### List of Procedures:

1. Check company name
2. Certify signature of quota holders
3. Deposit initial capital
4. Publish new company's notice in the official paper
5. Payment of registration fee
6. Register for incorporation
7. Buy special accounting books
8. Rubricate books
9. Register for tax
10. Register for turnover tax
11. Register with labor authorities
12. Register with labor risk insurance

13. Register with AFJPs (pension)

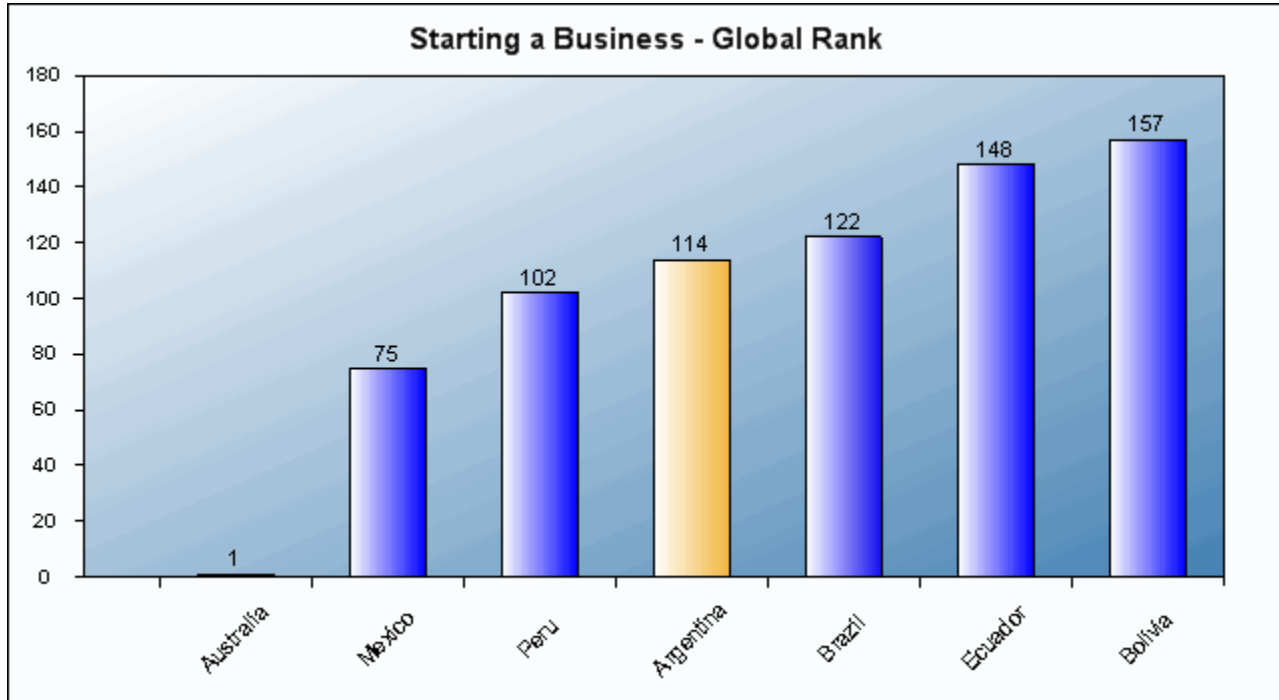
14. Rubricate books of wages

More details are available in the appendix.

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

Argentina is ranked 114 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

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



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

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

<b>Selected Economy</b>				
<b>Argentina</b>	14	31	9.7	4.8

<b>Comparator Economies</b>				
<b>Bolivia</b>	15	50	134.1	3.4
<b>Brazil</b>	18	152	10.4	0.0
<b>Ecuador</b>	14	65	29.2	7.0
<b>Mexico</b>	8	27	13.3	11.6
<b>Peru</b>	10	72	29.9	0.0

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

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

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



## Dealing with Licenses in Argentina: Building a Warehouse

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

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

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

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

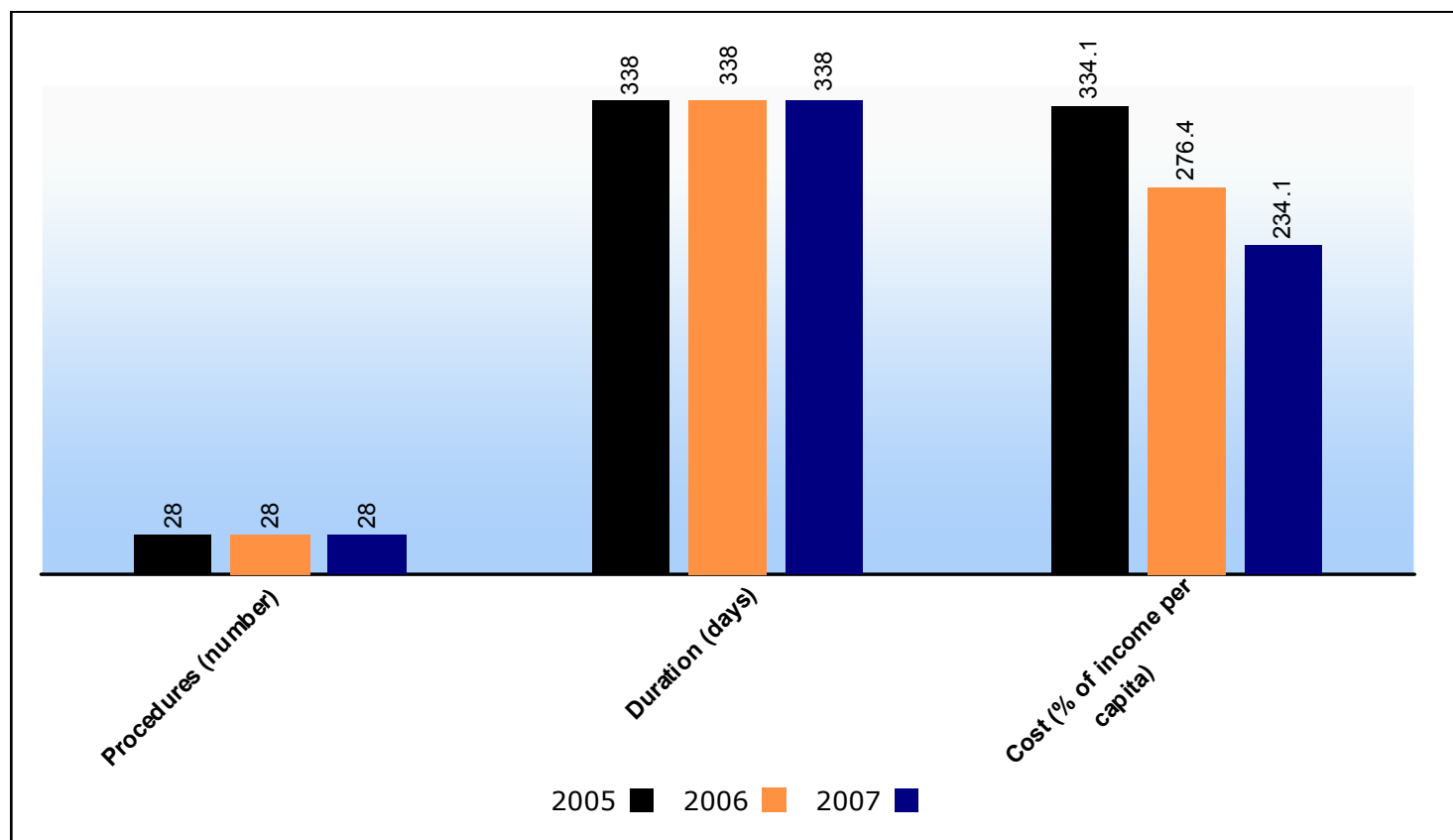
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to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

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

## 1. Historical data: Dealing with Licenses in Argentina

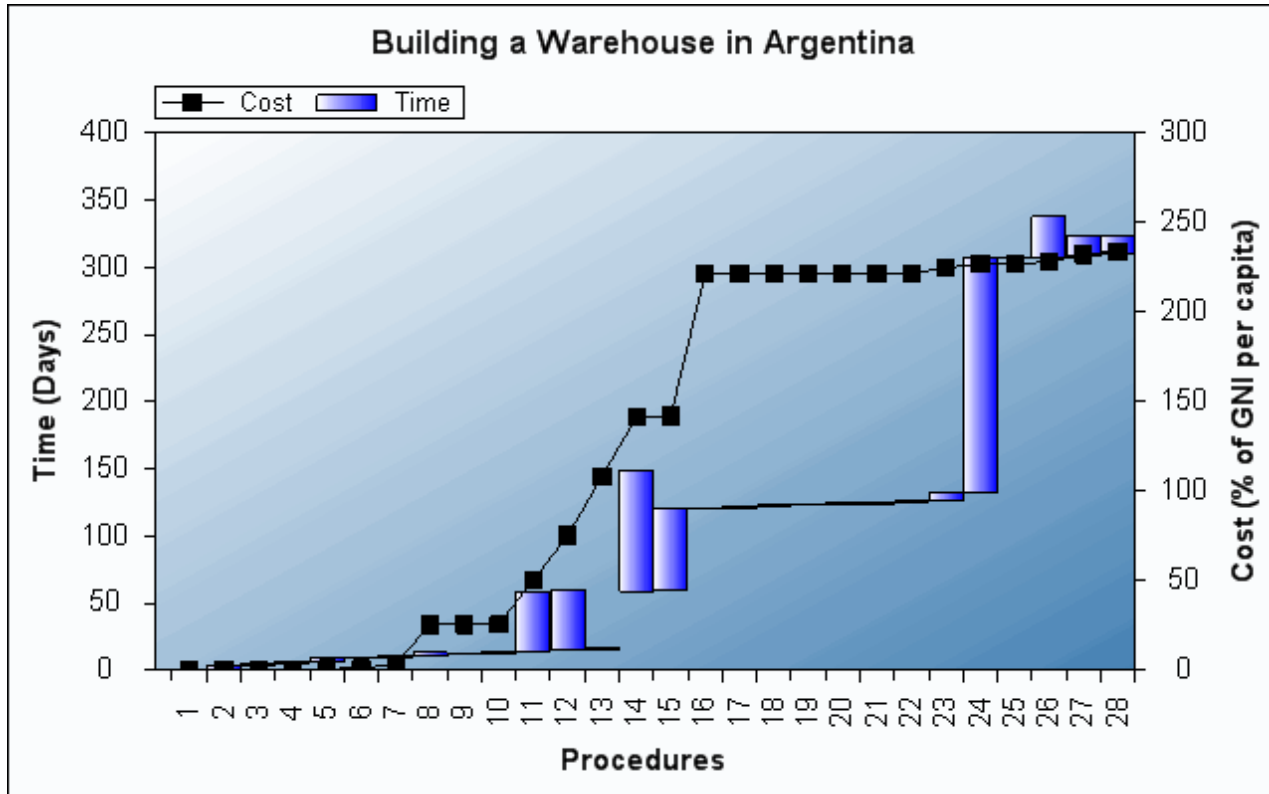
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		160	165
Procedures (number)	28	28	28
Duration (days)	338	338	338
Cost (% of income per capita)	334.1	276.4	234.1

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



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

It requires 28 procedures, takes 338 days, and costs 234.09% GNI per capita to build a warehouse in Argentina.



#### List of Procedures:

1. Cadastral consultation with authorities
2. Request and obtain perimetral measurements
3. Request and obtain land title (nomenclatura parcelaria) from Cadastral System (Sistema Cadastrales Sociedad Anonima)
4. Request and obtain certificate of level (la certificacion de nivel)
5. Obtain certificate of line and dimensions (Certificado de Linea y Dimensiones de Manzana)
6. Obtain construction work use form (formulario Uso Conforme)
7. Request and obtain certificate of project drawings (Certificado de Encomienda) from College of Professional Architects
8. Present the designs and layouts to Cadastral System (Sistema Cadastrales Sociedad Anonima)
9. Request and obtain a form for construction works
10. Request and obtain a "Volante Ochava" form
11. Request and obtain sanitary installation plans (Plano de Instalación Sanitaria)
12. Request and obtain electricity installation plans (Plano de Instalación Eléctrica)

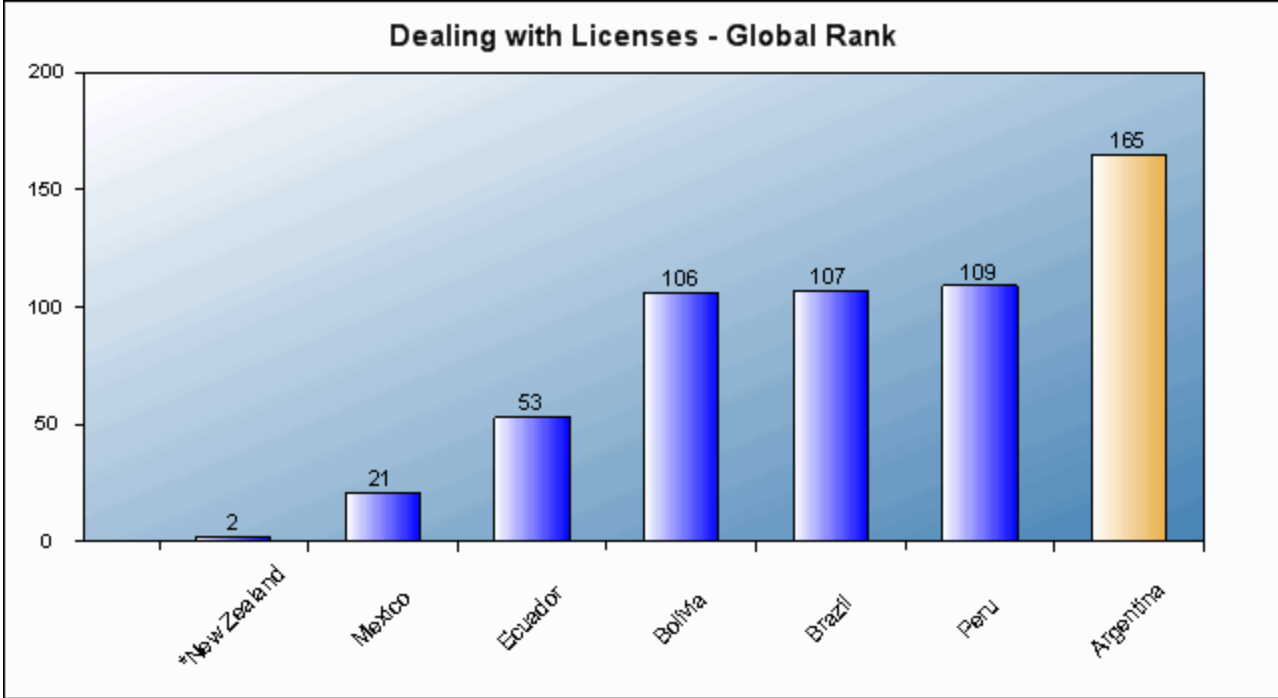
13. Request and obtain delineation and construction rights (Derechos de delineación y construcción)
14. Request and obtain a new construction project permit (Permiso de Obra Nueva)
15. Request and obtain environmental impact assessment certificate
16. Receive construction startup inspection
17. Notify the GCBA on completion of the construction work foundation and receive inspection
18. Notify the GCBA on completion of the construction work structure and receive inspection
19. Notify the GCBA on completion of the construction work masonry and receive inspection
20. Notify the GCBA on completion of construction work and receive inspection
21. Notify the ENRE on completion of the construction work and receive inspection
22. Request and obtain electricity inspection certificate
23. Notarize the forms required for final authorization
24. Request and obtain final authorization (Habilitacion Municipal)
25. Register the building
26. Request and connect to telephone services
27. Request and connect to water services
28. Request and connect to electricity services

More details are available in the appendix.

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

Argentina is ranked 165 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

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



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

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

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

<b>Selected Economy</b>			
<b>Argentina</b>	<b>28</b>	<b>338</b>	<b>234.1</b>

<b>Comparator Economies</b>			
<b>Bolivia</b>	<b>17</b>	<b>249</b>	<b>198.6</b>
<b>Brazil</b>	<b>18</b>	<b>411</b>	<b>59.4</b>
<b>Ecuador</b>	<b>19</b>	<b>148</b>	<b>55.3</b>
<b>Mexico</b>	<b>11</b>	<b>131</b>	<b>103.5</b>
<b>Peru</b>	<b>21</b>	<b>210</b>	<b>165.0</b>

## Employing Workers in Argentina: Labor Regulations

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

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

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

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

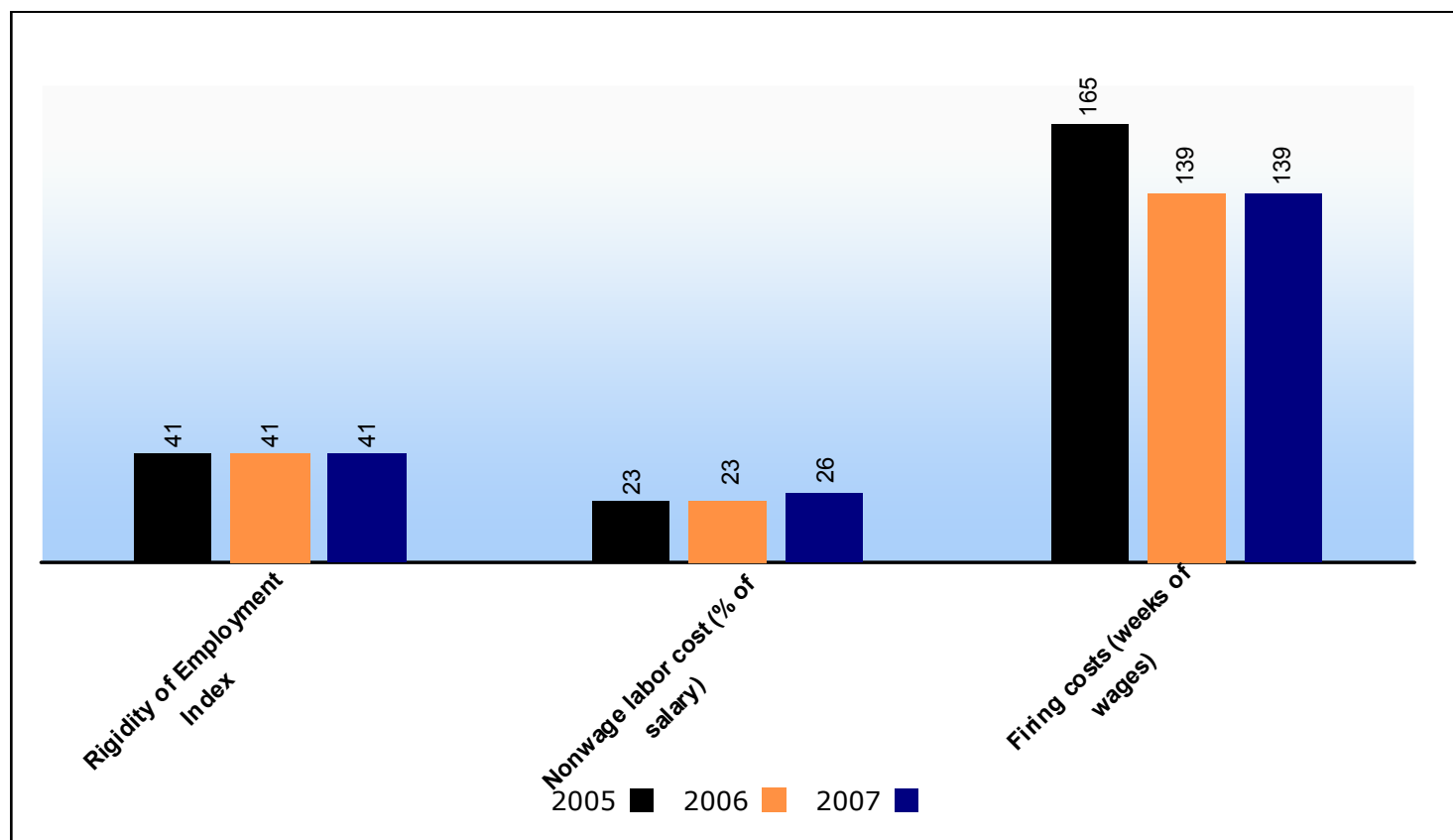
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership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

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

## 1. Historical data: Employing Workers in Argentina

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		147	147
Rigidity of Employment Index	41	41	41
Nonwage labor cost (% of salary)	23	23	26
Firing costs (weeks of wages)	165	139	139

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





### 3. Benchmarking Employing Workers Regulations:

Argentina is ranked 147 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

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



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

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

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

<b>Selected Economy</b>			
<b>Argentina</b>	41	26	139

<b>Comparator Economies</b>			
<b>Bolivia</b>	79	14	not possible
<b>Brazil</b>	46	37	37
<b>Ecuador</b>	51	12	135
<b>Mexico</b>	48	21	52
<b>Peru</b>	55	10	52

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

**Rigidity of Employment Index: Singapore, United States**

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

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

## Registering Property in Argentina: Regulation of Property Transfer

---

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

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

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

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

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

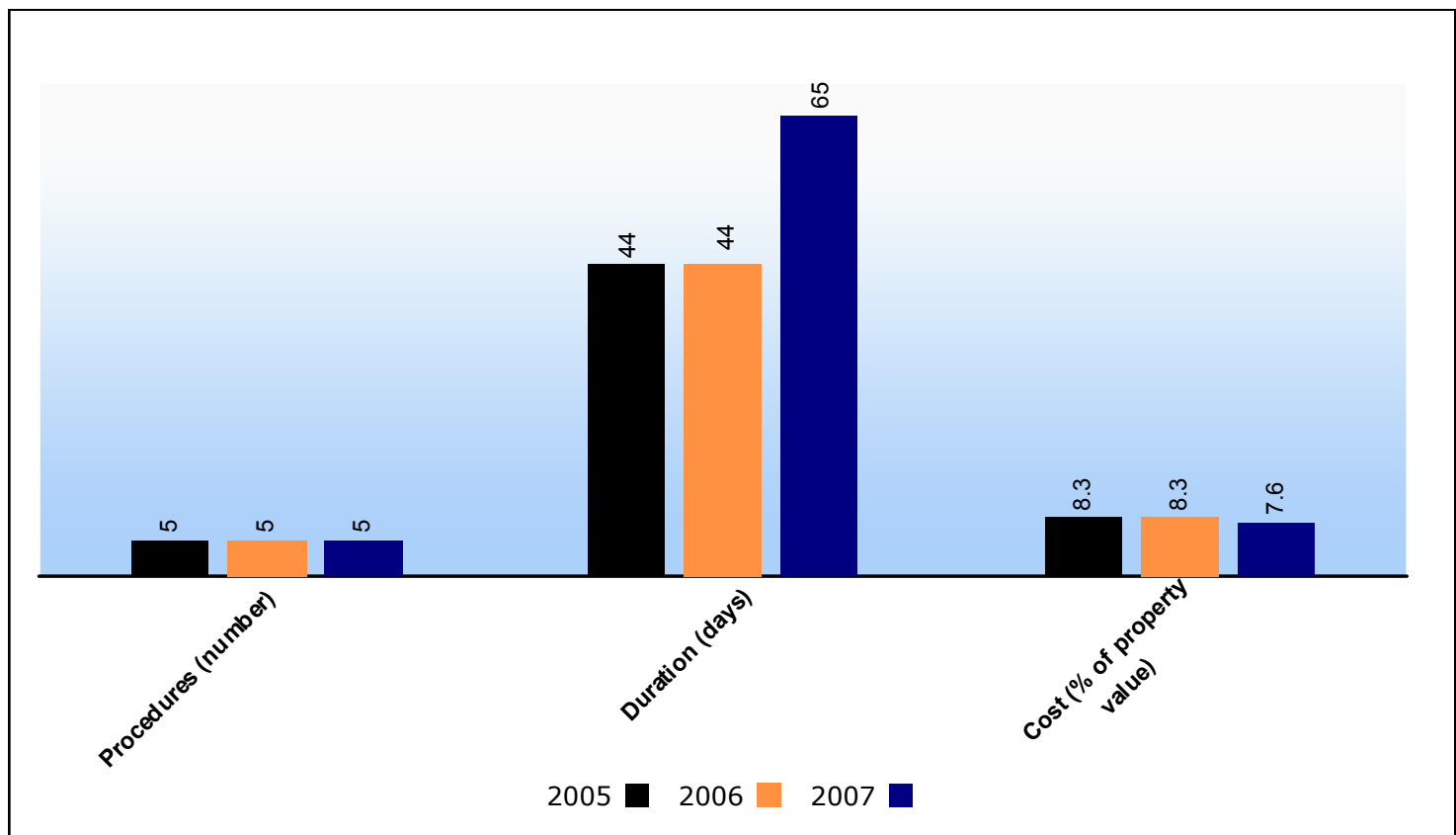
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the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

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

## 1. Historical data: Registering Property in Argentina

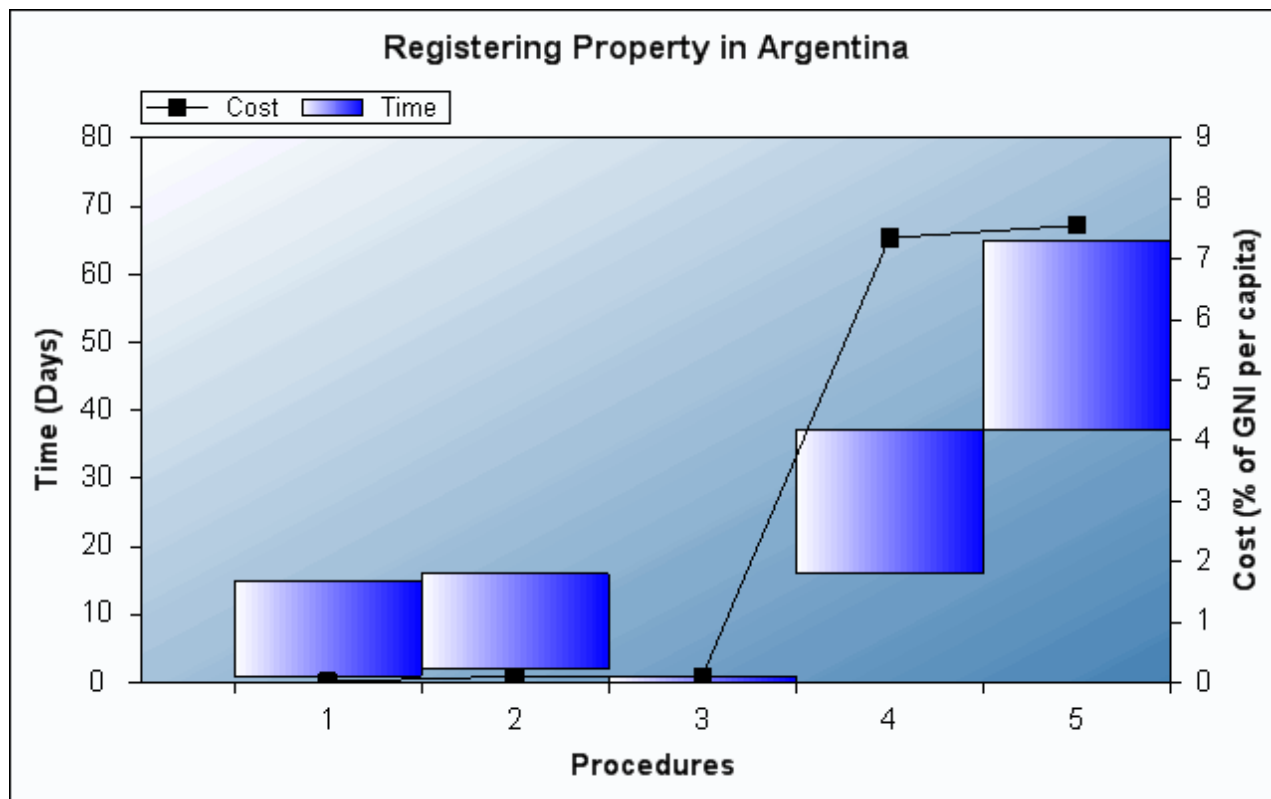
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		72	96
Procedures (number)	5	5	5
Duration (days)	44	44	65
Cost (% of property value)	8.3	8.3	7.6

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



### 3. Steps to Registering Property in Argentina

It requires 5 procedures, takes 65 days, and costs 7.56% GNI per capita to register the property in Argentina.



#### List of Procedures:

1. Seller must obtain a domain certificate and a personal anotation certificate from the Real Property Registry
2. A surveyor measures and values the property
3. Obtain a certificate issued by a surveyor describing measures, boundaries, and tax appraisal of the land and building
4. The public deed is executed by the parties with the intervention of a notary public
5. Notary public files the property transfer for registration with the Real Property Register

More details are available in the appendix.

**4. Benchmarking Registering Property Regulations:**

Argentina is ranked 96 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

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



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

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

<b>Selected Economy</b>			
<b>Argentina</b>	5	65	7.6

<b>Comparator Economies</b>			
<b>Bolivia</b>	7	92	4.9
<b>Brazil</b>	14	45	2.8
<b>Ecuador</b>	10	17	3.0
<b>Mexico</b>	5	74	4.7
<b>Peru</b>	5	33	3.3

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

**Procedures (number): Sweden**

**Duration (days): Sweden, Thailand**

**Cost (% of property value): Bhutan**

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

---

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

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

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

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

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

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

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

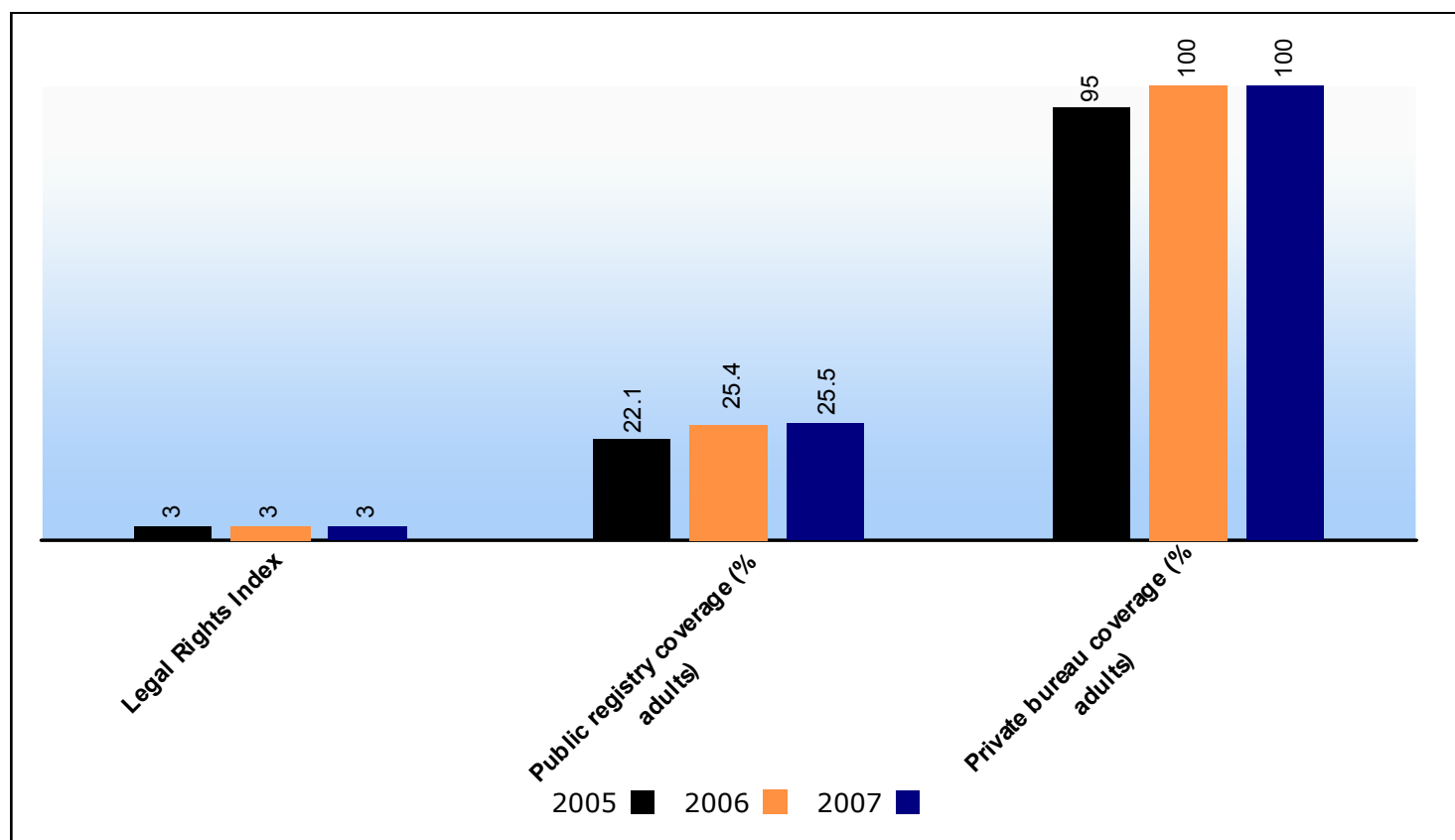
Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.



## 1. Historical data: Getting Credit in Argentina

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		45	48
Legal Rights Index	3	3	3
Public registry coverage (% adults)	22.1	25.4	25.5
Private bureau coverage (% adults)	95.0	100.0	100.0

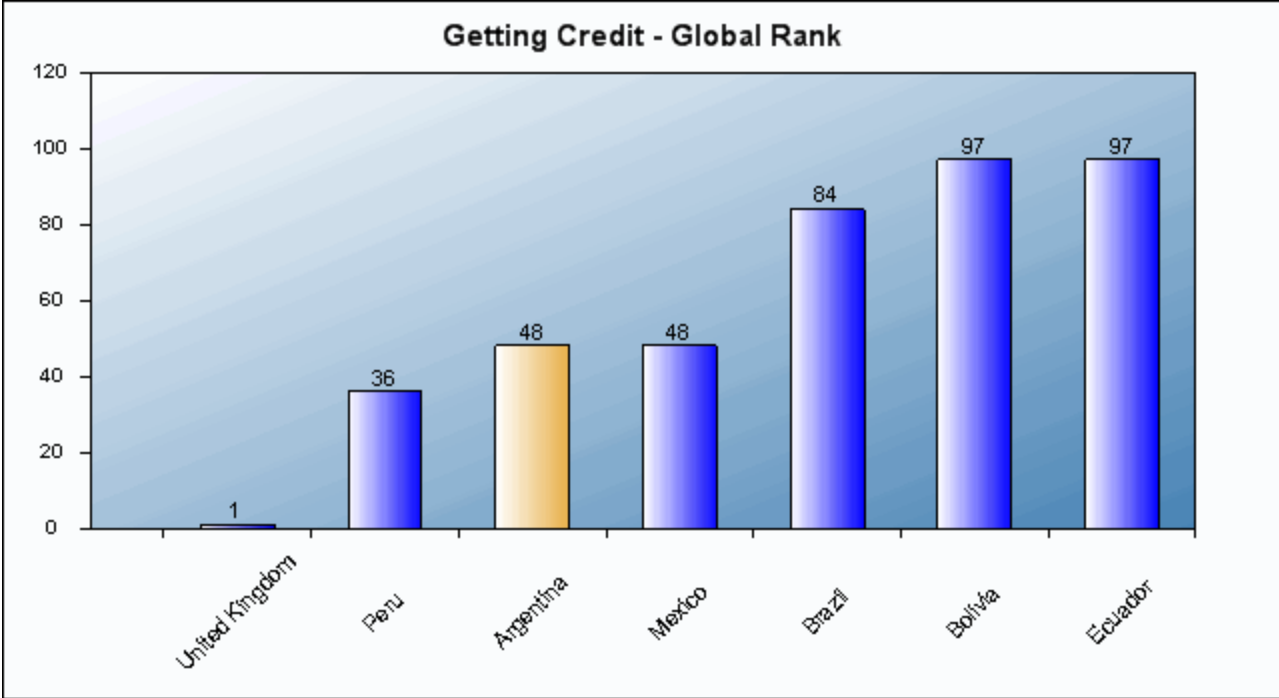
2. The following graph illustrates the Getting Credit indicators in Argentina over the past 3 years:



**3. Benchmarking Getting Credit Regulations:**

Argentina is ranked 48 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

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



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

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

<b>Selected Economy</b>			
<b>Argentina</b>	3	25.5	100.0

<b>Comparator Economies</b>			
<b>Bolivia</b>	1	12.1	22.6
<b>Brazil</b>	2	17.1	46.4
<b>Ecuador</b>	1	37.9	44.1
<b>Mexico</b>	3	0.0	61.2
<b>Peru</b>	4	20.7	33.0

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

**Legal Rights Index: United Kingdom**

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

## Protecting Investors in Argentina

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

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

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

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

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

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

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

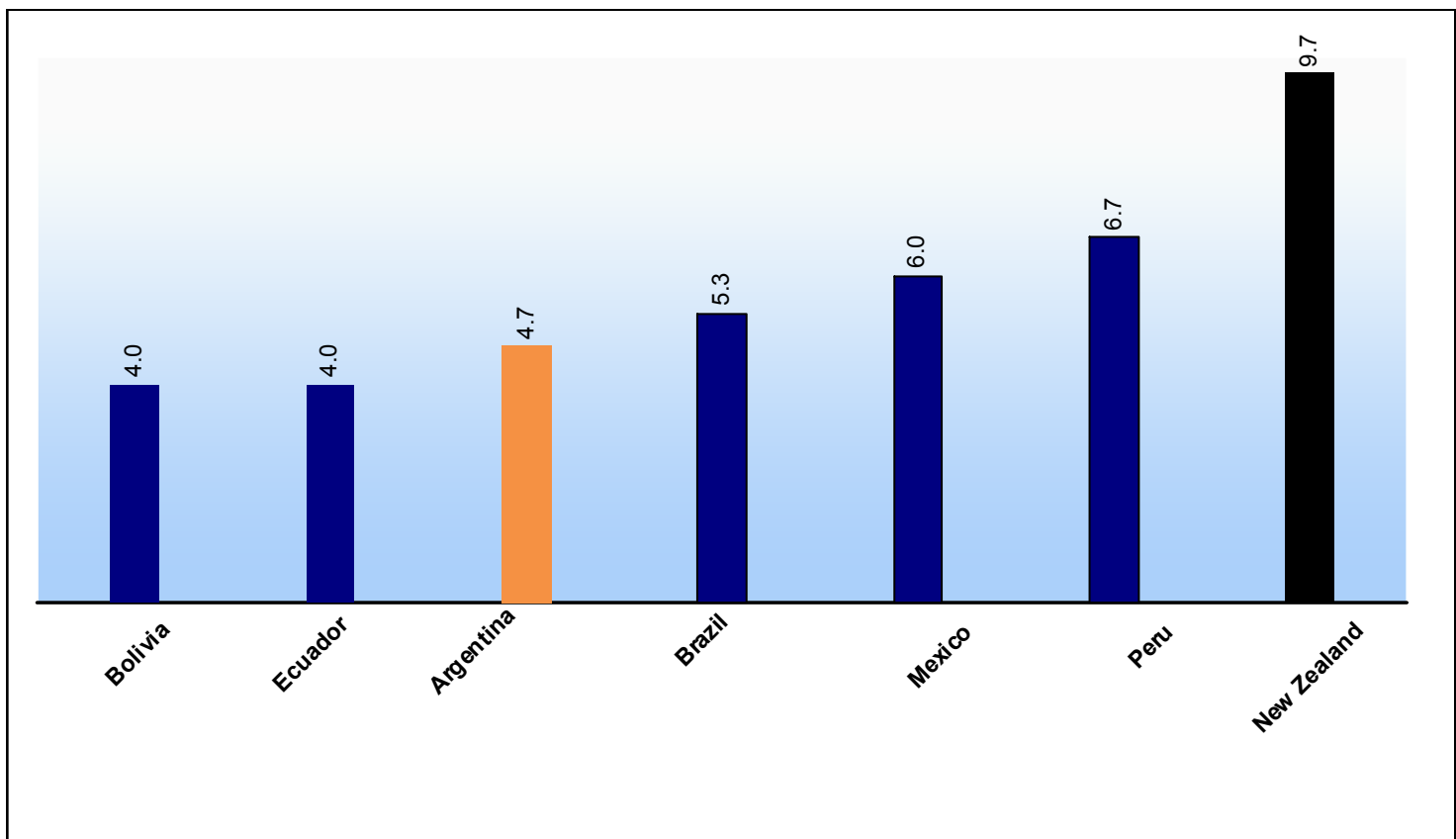
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

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

## 1. Historical data: Protecting Investors in Argentina

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		96	98
Investor Protection Index	4.7	4.7	4.7

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

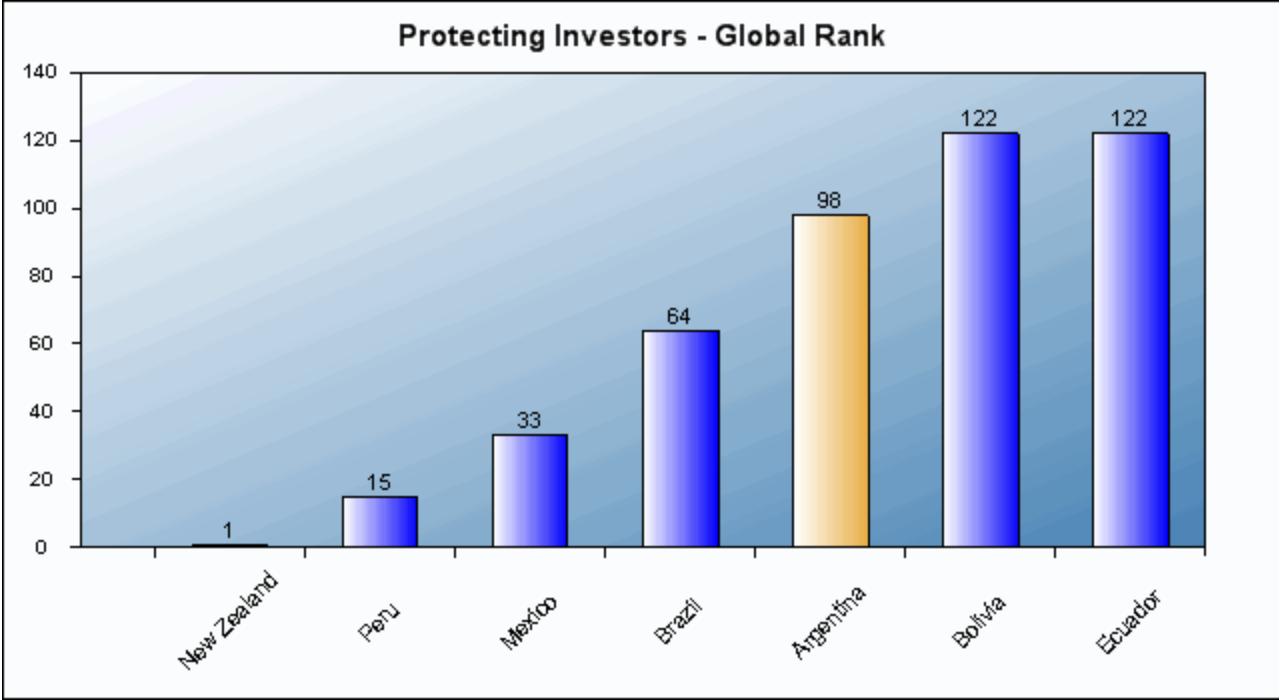


**Note:** The higher the score, the greater the investor protection.

**3. Benchmarking Protecting Investors Regulations:**

Argentina is ranked 98 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

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



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

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

<b><i>Selected Economy</i></b>	
<b>Argentina</b>	4.7

<b><i>Comparator Economies</i></b>	
<b>Bolivia</b>	4.0
<b>Brazil</b>	5.3
<b>Ecuador</b>	4.0
<b>Mexico</b>	6.0
<b>Peru</b>	6.7

## Paying Taxes: Tax Payable and Compliance in Argentina

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

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

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

Three indicators are constructed:

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

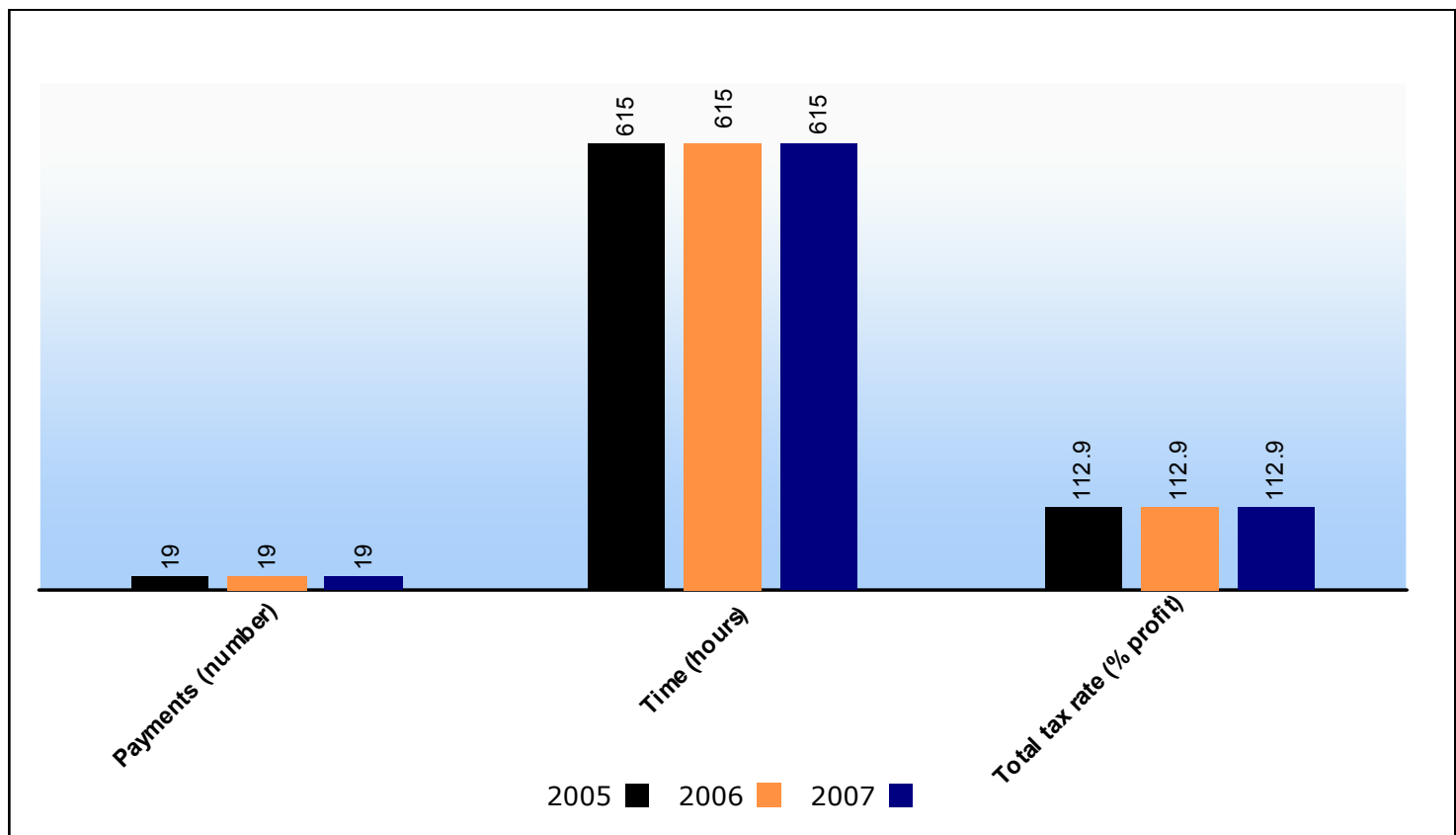
Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more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



## 1. Historical data: Paying Taxes in Argentina

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		146	147
Time (hours)	615	615	615
Total tax rate (% profit)	112.9	112.9	112.9
Payments (number)	19	19	19

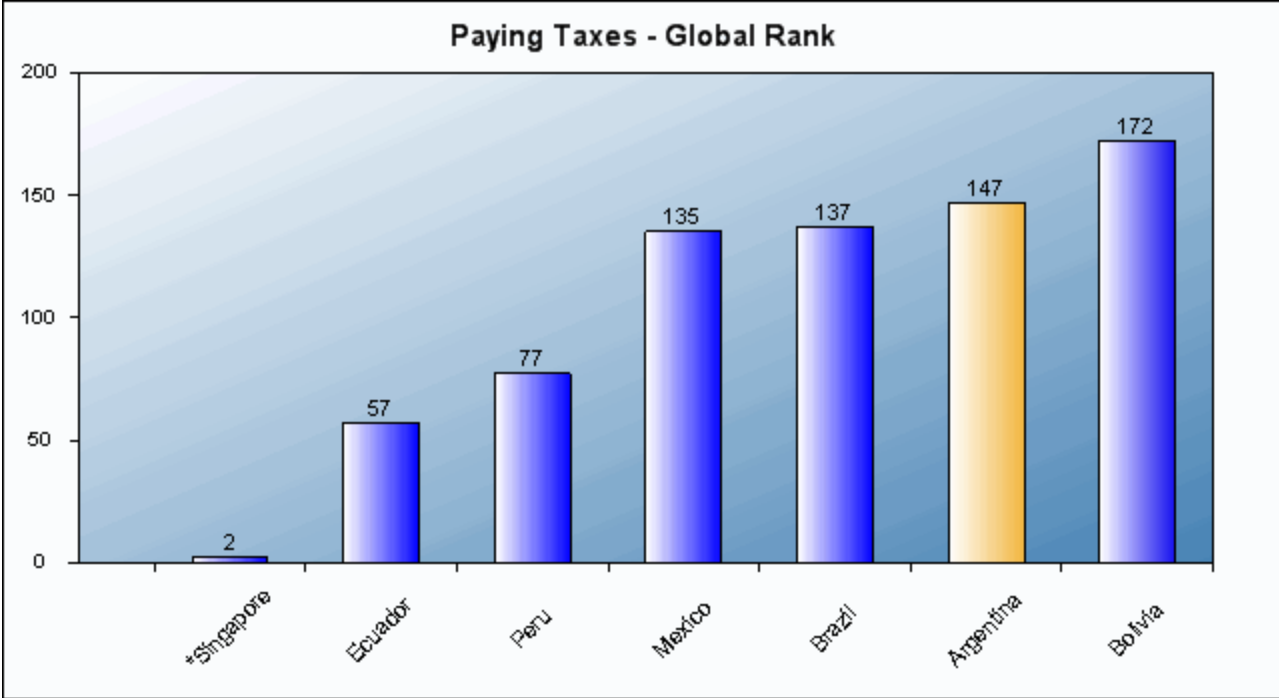
2. The following graph illustrates the Paying Taxes indicators in Argentina over the past 3 years:



**3. Benchmarking Paying Taxes Regulations:**

Argentina is ranked 147 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

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



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

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

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

<b>Selected Economy</b>			
<b>Argentina</b>	19	615	112.9

<b>Comparator Economies</b>			
<b>Bolivia</b>	41	1080	78.1
<b>Brazil</b>	11	2600	69.2
<b>Ecuador</b>	8	600	35.3
<b>Mexico</b>	27	552	51.2
<b>Peru</b>	9	424	41.5

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

**Payments (number): Maldives**

**Time (hours): Maldives**

## Trading Across Borders: Importing and Exporting from Argentina

---

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

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

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

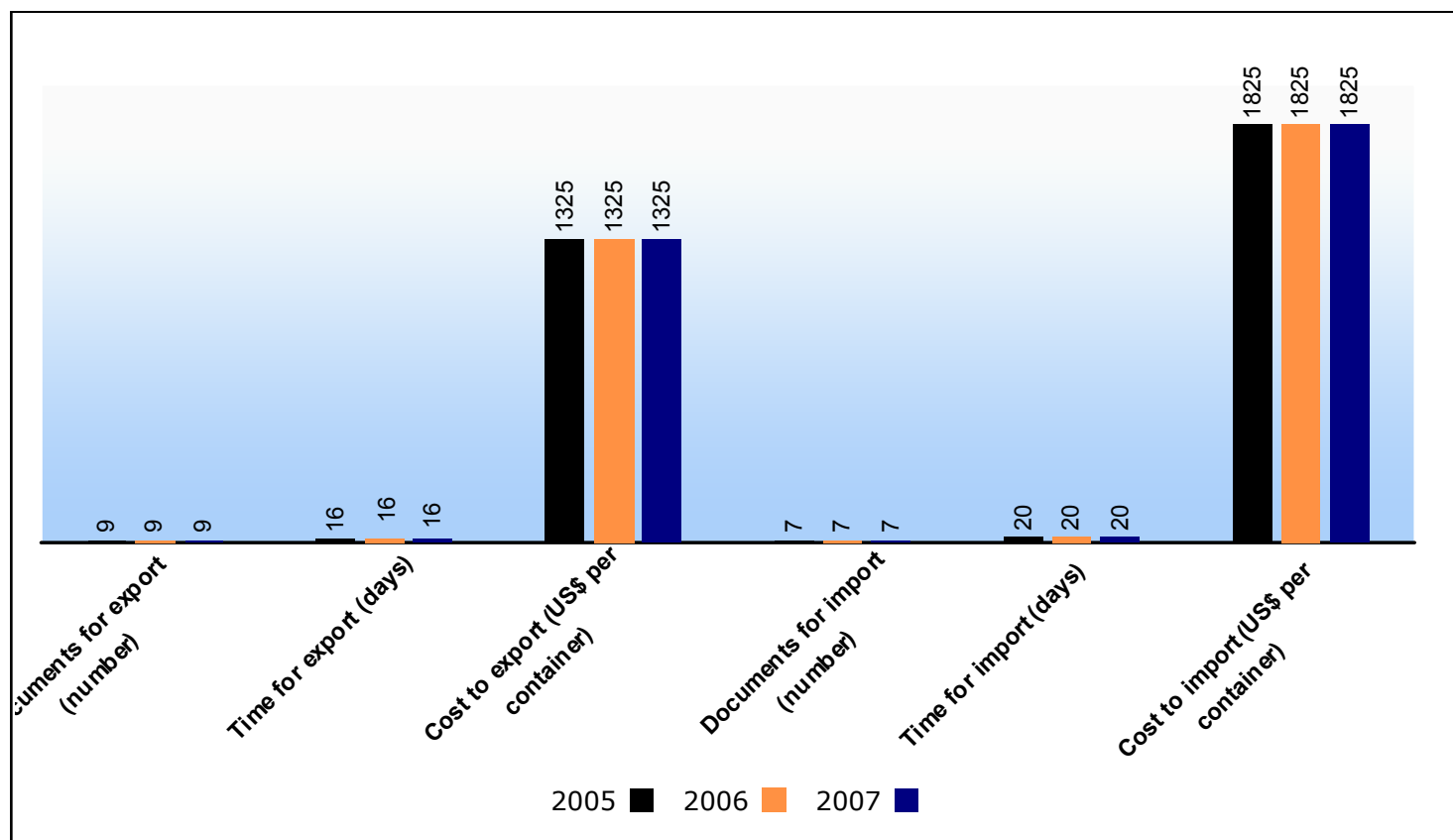
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars.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

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

## 1. Historical data: Trading Across Borders in Argentina

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		101	107
Documents for export (number)	9	9	9
Time for export (days)	16	16	16
Cost to export (US\$ per container)	1325	1325	1325
Documents for import (number)	7	7	7
Time for import (days)	20	20	20
Cost to import (US\$ per container)	1825	1825	1825

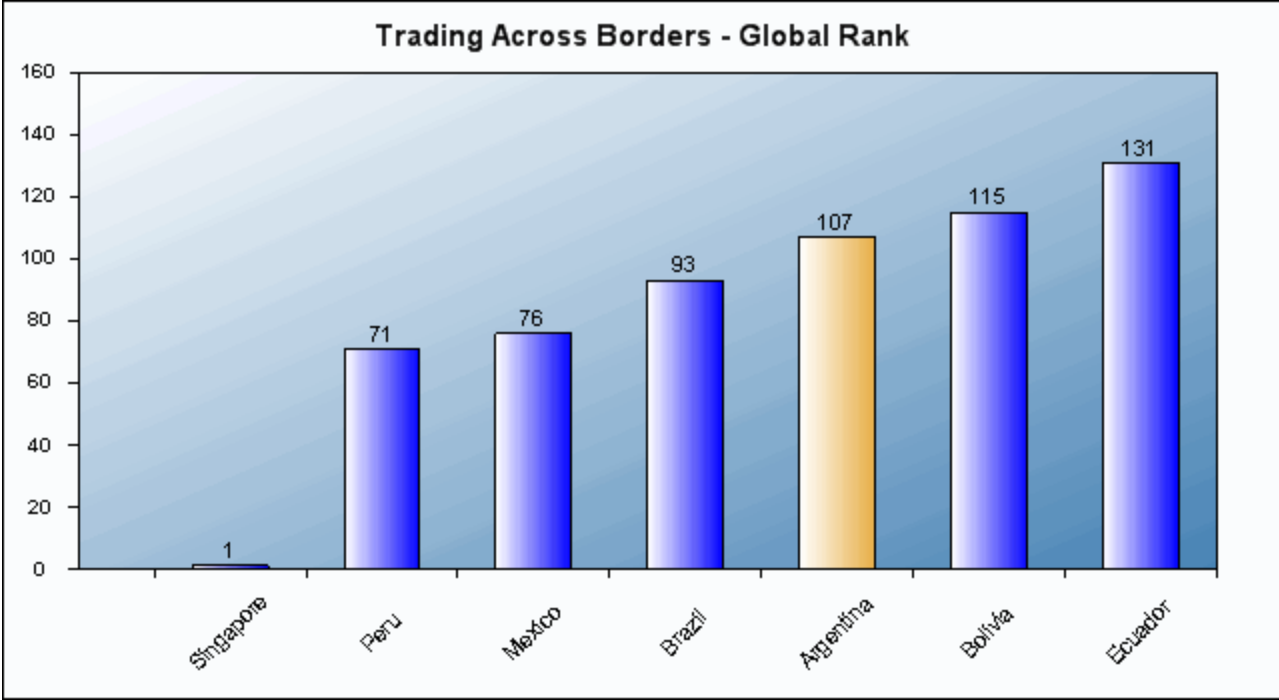
2. The following graph illustrates the Trading Across Borders indicators in Argentina over the past 3 years:



**3. Benchmarking Trading Across Borders Regulations:**

Argentina is ranked 107 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

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



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

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

<b>Selected Economy</b>						
<b>Argentina</b>	<b>9</b>	<b>16</b>	<b>1325</b>	<b>7</b>	<b>20</b>	<b>1825</b>

<b>Comparator Economies</b>						
<b>Bolivia</b>	<b>8</b>	<b>24</b>	<b>1110</b>	<b>7</b>	<b>36</b>	<b>1230</b>
<b>Brazil</b>	<b>8</b>	<b>18</b>	<b>1090</b>	<b>7</b>	<b>22</b>	<b>1240</b>
<b>Ecuador</b>	<b>10</b>	<b>22</b>	<b>1090</b>	<b>8</b>	<b>44</b>	<b>1090</b>
<b>Mexico</b>	<b>5</b>	<b>17</b>	<b>1302</b>	<b>5</b>	<b>23</b>	<b>2411</b>
<b>Peru</b>	<b>7</b>	<b>24</b>	<b>590</b>	<b>8</b>	<b>31</b>	<b>670</b>

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

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

**Time for export (days): Estonia, Singapore**

**Documents for import (number): Sweden**

## Enforcing Contracts: Court Efficiency in Argentina

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

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

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

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

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

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

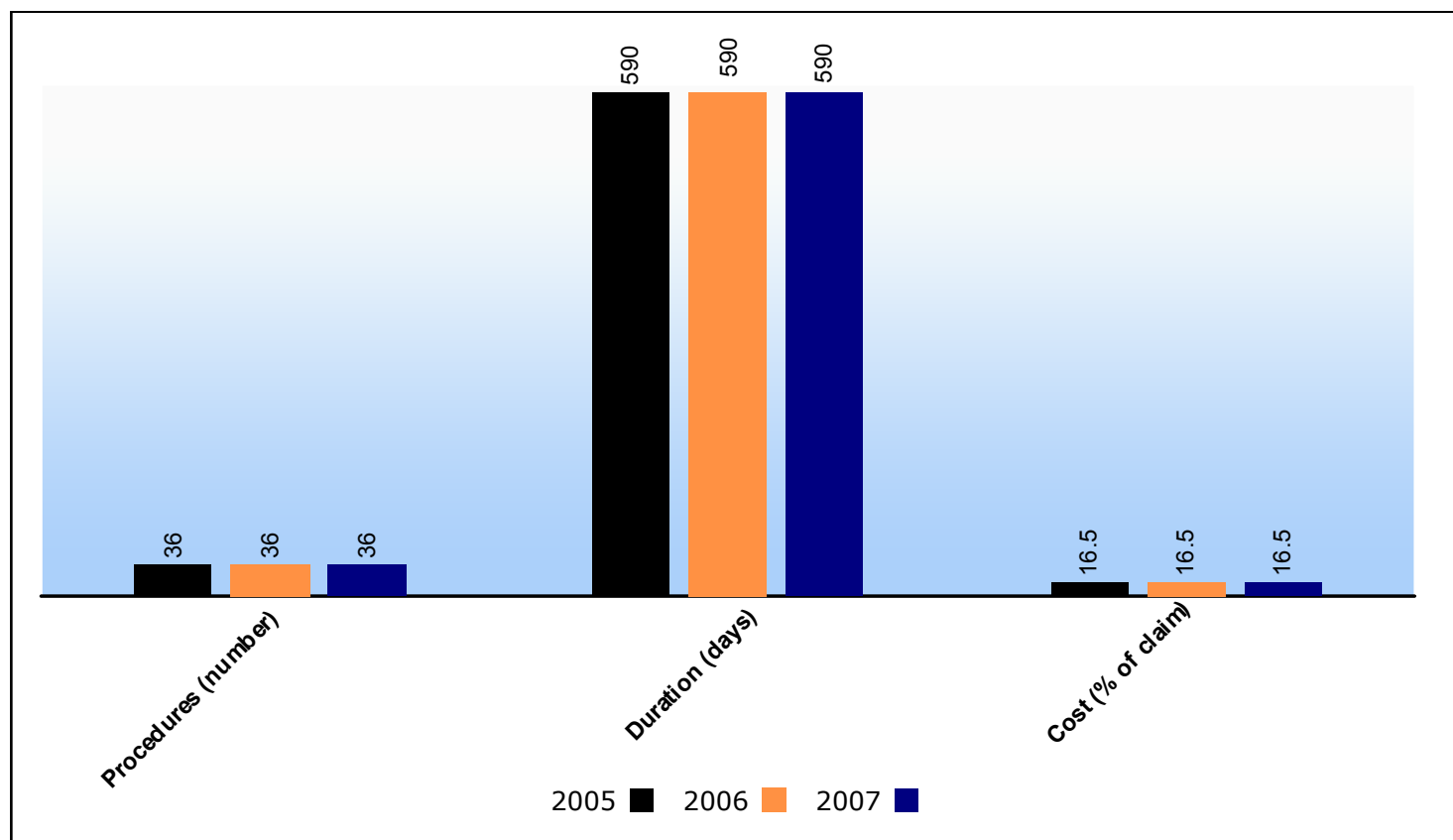
The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and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



## 1. Historical data: Enforcing Contracts in Argentina

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		47	47
Procedures (number)	36	36	36
Duration (days)	590	590	590
Cost (% of claim)	16.5	16.5	16.5

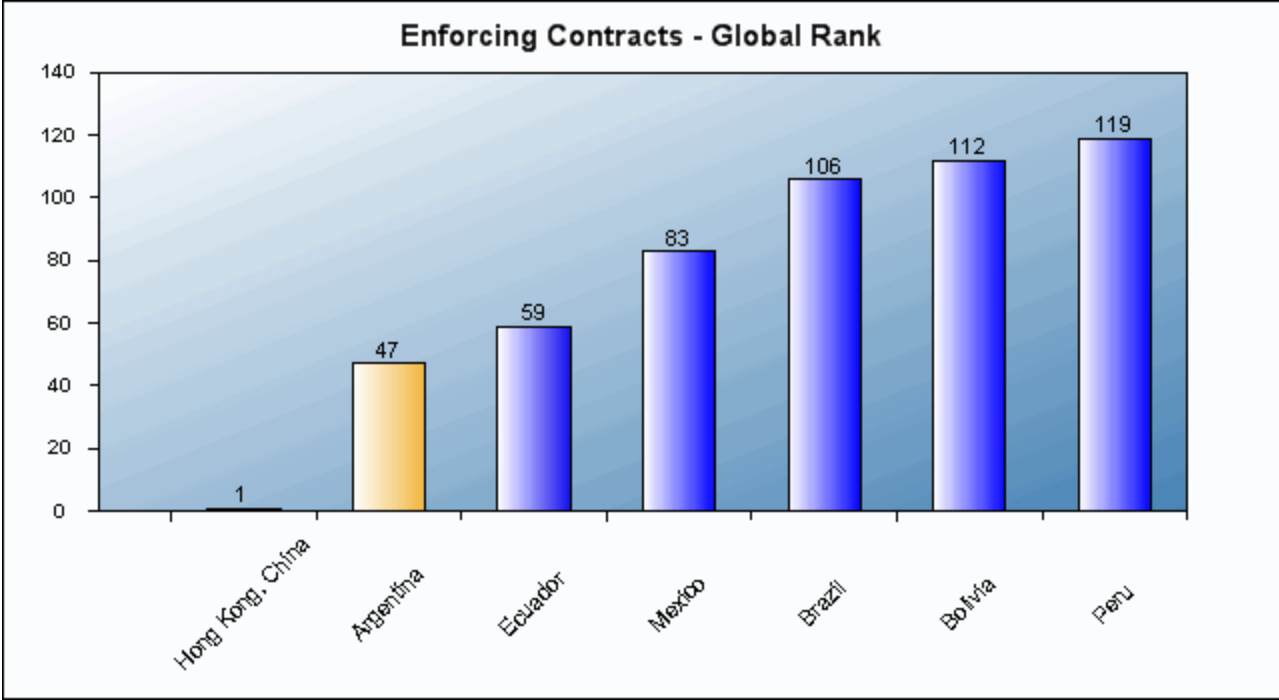
2. The following graph illustrates the Enforcing Contracts indicators in Argentina over the past 3 years:



**3. Benchmarking Enforcing Contracts Regulations:**

Argentina is ranked 47 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

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



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

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

<b>Selected Economy</b>			
<b>Argentina</b>	36	590	16.5

<b>Comparator Economies</b>			
<b>Bolivia</b>	37	591	33.2
<b>Brazil</b>	45	616	16.5
<b>Ecuador</b>	39	498	20.8
<b>Mexico</b>	38	415	32.0
<b>Peru</b>	41	468	35.7

## Closing Business in Argentina: Bankruptcy

---

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

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

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

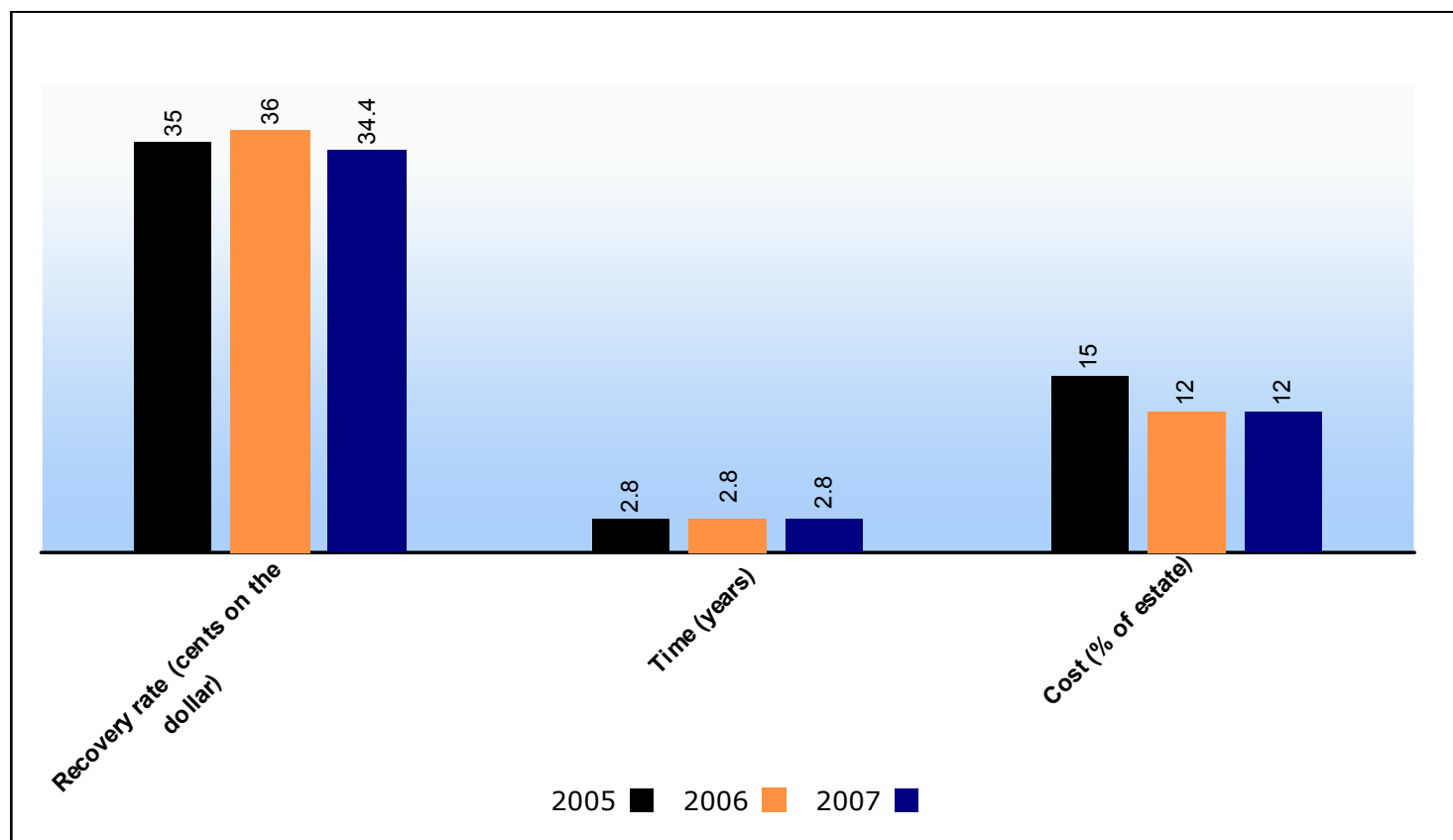
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

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

## 1. Historical data: Closing Business in Argentina

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		59	65
Time (years)	2.8	2.8	2.8
Cost (% of estate)	15	12	12
Recovery rate (cents on the dollar)	35	36	34.4

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



**3. Benchmarking Closing Business Regulations:**

Argentina is ranked 65 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

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



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

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

<b>Selected Economy</b>			
<b>Argentina</b>	<b>34.4</b>	<b>2.8</b>	<b>12</b>

<b>Comparator Economies</b>			
<b>Bolivia</b>	<b>38.7</b>	<b>1.8</b>	<b>15</b>
<b>Brazil</b>	<b>14.6</b>	<b>4.0</b>	<b>12</b>
<b>Ecuador</b>	<b>16.9</b>	<b>5.3</b>	<b>18</b>
<b>Mexico</b>	<b>63.9</b>	<b>1.8</b>	<b>18</b>
<b>Peru</b>	<b>24.7</b>	<b>3.1</b>	<b>7</b>

## Starting a Business in Argentina

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

### STANDARDIZED COMPANY

Legal Form: Sociedad de Responsabilidad Limitada (SRL)

Minimum Capital Requirement: ARS 750

City: Buenos Aires

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	The name of the company is verified by the Office of Corporations (Inspección General de Justicia) (IGJ)	1 day	ARS 18
2	Certify signatures of quota holders by a notary public	1 day	ARS 250
3	Deposit initial capital in National Bank (Banco de la Nación Argentina)	1 day	ARS 30 + VAT
4	Publish the new company's notice in the official paper (Boletín Oficial)	7 - 14 days	ARS 400
5	Payment of the incorporation fee	1 day	ARS 30
6	Register at the registro público de comercio at the Inspection General de Justicia (IGJ).	5 days	ARS 94 / 282
7	Buy special books	1 day	fees included in procedure 8.
8	Get a form from the Public Notaries College and have a notary public submit the company books for rubrication by IGJ	5 days	ARS 400
9	Obtain a tax identification number (CUIT) from the National Tax Office (Administración Federal de Ingresos Públicos, AFIP) and register for social security	4 days	no charge
10	Register turnover tax at local level at the Dirección General de Rentas (DGR) in the City of Buenos Aires	1 day	ARS 50
11	Register with the Unified System for Labor Registration (USLR)	1 day	no charge
12	Contract an insurance for employees with a risk labor company (ART, Aseguradora de Riesgos del Trabajo)	1 day	no charge
13	Register with Aseguradoras de Fondos de Jubilaciones y Pensiones (AFJPs)	1 day	no charge
14	Rubricate books of wages in the Ministerio de Trabajo (Ministry of Labor)	1 day	ARS 75



<b>Procedure 1</b>	<b>The name of the company is verified by the Office of Corporations (Inspección General de Justicia) (IGJ)</b>
<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	ARS 18
<b>Comment:</b>	The corporate name must be reserved to incorporate any new company or make any change to an existing name. A request must be submitted using the reservation of name form (reserva de nombre) for a cost of USD 18. Such request expires in 30 days.
<b>Procedure 2</b>	<b>Certify signatures of quota holders by a notary public</b>
<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	ARS 250
<b>Comment:</b>	The company is not obliged to notarize bylaws, which can be formally constituted under a private document. However, the founding members' signatures must be certified by a public notary. Each signature certification costs about ARS 50. At the inaugural meeting of partners and quotaholders, draft statutes are approved and capital is subscribed to and paid in. The capital must be fully subscribed upon incorporation, but only 25% must be paid in; the balance must be paid in 2 years.
<b>Procedure 3</b>	<b>Deposit initial capital in National Bank (Banco de la Nación Argentina)</b>
<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	ARS 30 + VAT
<b>Comment:</b>	The company must deposit at least 25% of the subscribed capital, which must be no less than ARS 3,000, in the National Bank, and also obtain proof of payment. The deposit must be made at the central office of the Argentine National Bank (Banco de la Nación Argentina), or at the branch corresponding to the company's domicile. It can be withdrawn once the company's bylaws are registered by the Office of Corporations.
<b>Procedure 4</b>	<b>Publish the new company's notice in the official paper (Boletín Oficial)</b>
<b>Time to complete:</b>	7 - 14 days
<b>Cost to complete:</b>	ARS 400
<b>Comment:</b>	The applicant company must wait for the actual publication of the new company notice before proceeding to the next procedure. The publication fee ranges from ARS 300 to ARS 500, depending on the length of the notice and the corporate purpose. In 2004, notice publication requirements have changed (Resolution No. 13/2004). The company must authenticate the representative's signature before a notary public, and the notice must comply with specific syntactic guidelines prescriptions.
<b>Procedure 5</b>	<b>Payment of the incorporation fee</b>
<b>Time to complete:</b>	1 day
<b>Cost to complete:</b>	ARS 30
<b>Comment:</b>	
<b>Procedure 6</b>	<b>Register at the registro público de comercio at the Inspection General de Justicia (IGJ).</b>

**Time to complete:** 5 days

**Cost to complete:** ARS 94 / 282

**Comment:** Companies located in the provinces (that is, outside the federal capital) must register the documents with the Public Registry of Commerce under the jurisdiction of the local commercial court. The company representative must file the official record of incorporation, together with the documents approving the directorial nomination, a copy of the publication, and evidence of the guarantee required for principal directors and managers. During the formation period (that is, after the inaugural meeting and before the final registration at the Public Registry of Commerce), the corporation may validly operate (with the exception of customs clearing) under its name by adding the words "en formación." However, its partners and managers are jointly responsible and are not protected by limitation of liability during this period unless their actions have been expressly authorized in the inaugural meeting deed.

Time for filing:

- Regular filing: 5 to 14 days (5 days, if no objection).

- Special and urgent filing: 1 to 3 days.

According to Resolution No. 20/2004 (effective as of February 7, 2005), the company directors must put forth a guarantee. The cost is borne by the directors not the company.

#### **Procedure 7 Buy special books**

**Time to complete:** 1 day

**Cost to complete:** fees included in procedure 8.

**Comment:**

#### **Procedure 8 Get a form from the Public Notaries College and have a notary public submit the company books for rubrication by IGJ**

**Time to complete:** 5 days

**Cost to complete:** ARS 400

**Comment:** Once the Inspección General de Justicia (IGJ) duly registers the sociedad a responsabilidad limitada (SRL), the IGJ must rubricate at least a Book of Minutes of Quotaholders' and Managers' Meetings and four other books for accounting purposes. This procedure can be developed only after the company is registered. The cost includes purchasing books, notary services (form and fees), and IGJ registration (stamp fees). The rubrication of books of account with the IGJ must be applied for by a public notary, who must file a form given by the Public Notaries College. The form costs ARS 115 and may include up to five books for their rubrication. If the company wishes to rubricate more than five books, another form of same value is required.

The cost includes books (ARS 200), form (ARS 115), and notary fees (about ARS 85).

#### **Procedure 9 Obtain a tax identification number (CUIT) from the National Tax Office (Administración Federal de Ingresos Públicos, AFIP) and register for social security**

**Time to complete:** 4 days

**Cost to complete:** no charge

**Comment:** Tax and social security registration can be done jointly at the National Tax Office (Administración Federal de Ingresos Públicos, AFIP). For the company to obtain a

tax identification number (Clave Único de Identificación Tributaria, CUIT) the company must file an application form subscribed by its legal representative (with the signature certified by a notary public). Registration includes income tax and VAT fees. The company must individually register all principals (with the AFIP) as managers of limited liability companies and obtain their corresponding tax identification number (CUIT) before registering the company. AFIP requires evidence of fiscal domicile, registration of company administrators (that is, CUIT received), and payment of their social security taxes.

To obtain the CUIT, the company must fulfill the following requirements: (a) fill out and submit AFIP form 460/J; (b) provide at least two references relating to the fiscal domicile; (c) submit company bylaws with IGJ registration.

Additionally, companies must be registered as employers with the AFIP, by filing form 460/J, listing the number of employees and the date of hire. Employers pay pension fund, family allowances fund, social health, social services. Employees can choose between state and private pension systems.

**Procedure 10 Register turnover tax at local level at the Dirección General de Rentas (DGR) in the City of Buenos Aires**

**Time to complete:** 1 day

**Cost to complete:** ARS 50

**Comment:** Each of the 24 jurisdictions impose a tax on turnover (sales) generated within its boundaries, regardless whether the beneficiary of such sales maintains a domicile or place of business in its jurisdiction. The related rates of tax, rules, and other assessment procedures are determinable solely by each jurisdiction's government authority. Taxes vary by sector. Industries and construction: 1.5%; Commerce and services: 3.0%.

The following documentation must be filed with the General Directory of Income (Dirección General de Rentas, DGR): (a) a duly completed form R-444N and a copy of the CUIT; (b) evidence of the fiscal domicile (e.g., photocopy of invoice for public services); (c) municipal authorization to perform commercial activity within each jurisdiction; (d) company bylaws, duly authorized person to file the petition; and (e) copy of the articles of incorporation, registered with the IGJ. The DGR must generally provide the company with the corresponding registration number when the documentation is filed.

**Procedure 11 Register with the Unified System for Labor Registration (USLR)**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** Employers must make social security withholdings and pay contributions to the Unified System for Labor Registration (USLR), calculated on the salaries paid to employees under relationship of subordination. This entity manages (a) the retirement pension fund, (b) the family allowances fund, (c) the social security fund, and (d) the unemployment fund.

**Procedure 12 Contract an insurance for employees with a risk labor company (ART, Aseguradora de Riesgos del Trabajo)**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** Risk Labor Companies (Aseguradora de Riesgos del Trabajo, ART) are private companies.

**Procedure 13 Register with Aseguradoras de Fondos de Jubilaciones y Pensiones (AFJPs)**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** Employees inform their employers about the retirement and pension fund insurance. (Aseguradoras de Fondos de Jubilaciones y Pensiones, AFJP) they choose, enabling employers to deposit their worker pension installments. If company employees do not choose an AFJP, the employers' contributions must be made to the public entity in charge of the national pension state system.

**Procedure 14 Rubricate books of wages in the Ministerio de Trabajo (Ministry of Labor)**

**Time to complete:** 1 day

**Cost to complete:** ARS 75

**Comment:** Every jurisdiction has its own rules regarding the cost of rubricating books of wages in the Argentine Ministry of Labor.

## Dealing with Licenses in Argentina

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

### BUILDING A WAREHOUSE

Date as of: January 2,007

Estimated Warehouse Value:

City: Buenos Aires

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Cadastral consultation with authorities	1 day	ARS 30
2	Request and obtain perimetral measurements	2 days	ARS 30
3	Request and obtain land title (nomenclatura parcelaria) from Cadastral System (Sistema Cadastrales Sociedad Anonima)	2 days	ARS 30
4	Request and obtain certificate of level (la certificacion de nivel)	2 days	ARS 33
5	Obtain certificate of line and dimensions (Certificado de Linea y Dimensiones de Manzana)	2 days	ARS 33
6	Obtain construction work use form (formulario Uso Conforme)	1 day	ARS 33
7	Request and obtain certificate of project drawings (Certificado de Encomienda) from College of Professional Architects	1 day	ARS 400
8	Present the designs and layouts to Cadastral System (Sistema Cadastrales Sociedad Anonima)	3 days	ARS 3,447
9 *	Request and obtain a form for construction works	1 day	ARS 15
10 *	Request and obtain a "Volante Ochava" form	1 day	ARS 15
11 *	Request and obtain sanitary installation plans (Plano de Instalación Sanitaria)	45 days	ARS 3,902
12 *	Request and obtain electricity installation plans (Plano de Instalación Eléctrica)	45 days	ARS 3,902
13 *	Request and obtain delineation and construction rights (Derechos de delineación y construcción)	1 day	ARS 5,202
14	Request and obtain a new construction project permit (Permiso de Obra Nueva)	90 days	ARS 5,202
15 *	Request and obtain environmental impact assessment certificate	60 days	ARS 124

16	Receive construction startup inspection	1 day	ARS 12,486
17	Notify the GCBA on completion of the construction work foundation and receive inspection	1 day	no charge
18	Notify the GCBA on completion of the construction work structure and receive inspection	1 day	no charge
19	Notify the GCBA on completion of the construction work masonry and receive inspection	1 day	no charge
20	Notify the GCBA on completion of construction work and receive inspection	1 day	no charge
21	Notify the ENRE on completion of the construction work and receive inspection	1 day	no charge
22	Request and obtain electricity inspection certificate	1 day	ARS 19
23	Notarize the forms required for final authorization	7 days	ARS 500
24	Request and obtain final authorization (Habilitacion Municipal)	174 days	ARS 335
25	Register the building	1 day	no charge
26 *	Request and connect to telephone services	30 days	ARS 182
27 *	Request and connect to water services	14 days	ARS 662
28 *	Request and connect to electricity services	14 days	ARS 275

\* Takes place simultaneously with another procedure.

<b>Procedure</b>	<b>1</b>	<b>Cadastral consultation with authorities</b>
<b>Time to complete:</b>		1 day
<b>Cost to complete:</b>		ARS 30
<b>Comment:</b>		Consultation is a prerequisite for clarifying subsequent procedures. The land ownership certificate, the plot surface area, and the terrain and cadastral measurements are confirmed. Proof is issued.
<b>Procedure</b>	<b>2</b>	<b>Request and obtain perimetral measurements</b>
<b>Time to complete:</b>		2 days
<b>Cost to complete:</b>		ARS 30
<b>Comment:</b>		
<b>Procedure</b>	<b>3</b>	<b>Request and obtain land title (nomenclatura parcelaria) from Cadastral System (Sistema Cadastrales Sociedad Anonima)</b>
<b>Time to complete:</b>		2 days
<b>Cost to complete:</b>		ARS 30
<b>Comment:</b>		
<b>Procedure</b>	<b>4</b>	<b>Request and obtain certificate of level (la certificacion de nivel)</b>
<b>Time to complete:</b>		2 days
<b>Cost to complete:</b>		ARS 33
<b>Comment:</b>		According to the Decree on Fiscal Fees and Tariffs for 2007, the fee for the certificate of level is ARS 27 plus VAT (21%). The certificate is required for areas that do not have definite leveling maps. Nonelevated industrial zones have updated, precise level outlines. Along with the land specifications (parcel nomenclature), the authority will require this certificate and will make a note in the "certificate of line and dimensions of district" (Certificate de Línea y Dimensiones de Manzana).
<b>Procedure</b>	<b>5</b>	<b>Obtain certificate of line and dimensions (Certificado de Linea y Dimensiones de Manzana)</b>
<b>Time to complete:</b>		2 days
<b>Cost to complete:</b>		ARS 33
<b>Comment:</b>		
<b>Procedure</b>	<b>6</b>	<b>Obtain construction work use form (formulario Uso Conforme)</b>
<b>Time to complete:</b>		1 day
<b>Cost to complete:</b>		ARS 33

**Comment:** Similar to a zoning certificate, the form is issued according to the Urban Planning Code.

**Procedure 7 Request and obtain certificate of project drawings (Certificado de Encomienda) from College of Professional Architects**

**Time to complete:** 1 day

**Cost to complete:** ARS 400

**Comment:** Effective February 1, 2007, the fee for the certificate of project drawings is ARS 400 for areas between 1,000 sq. m and 2,500 sq. m.

**Procedure 8 Present the designs and layouts to Cadastral System (Sistema Cadastrales Sociedad Anonima)**

**Time to complete:** 3 days

**Cost to complete:** ARS 3,447

**Comment:** The fee is ARS 2.65 per sq. m. On average, the time required is 48–72 hours.

**Procedure 9 Request and obtain a form for construction works**

**Time to complete:** 1 day

**Cost to complete:** ARS 15

**Comment:**

**Procedure 10 Request and obtain a “Volante Ochava” form**

**Time to complete:** 1 day

**Cost to complete:** ARS 15

**Comment:**

**Procedure 11 Request and obtain sanitary installation plans (Plano de Instalación Sanitaria)**

**Time to complete:** 45 days

**Cost to complete:** ARS 3,902

**Comment:**

**Procedure 12 Request and obtain electricity installation plans (Plano de Instalación Eléctrica)**

**Time to complete:** 45 days

**Cost to complete:** ARS 3,902



**Comment:**

**Procedure 13 Request and obtain delineation and construction rights (Derechos de delineación y construcción)**

**Time to complete:** 1 day

**Cost to complete:** ARS 5,202

**Comment:** The fee for this procedure is ARS 3.31 per square meter plus VAT, which amounts to ARS 4.00 per sq. m. This fee base is provided for by the Classification of Tariff Law. After completing the form and paying the fee, the company representative receives an attestation.

**Procedure 14 Request and obtain a new construction project permit (Permiso de Obra Nueva)**

**Time to complete:** 90 days

**Cost to complete:** ARS 5,202

**Comment:** The permit fee is ARS 4 per sq. m. In this case, the total fee would be about ARS 5,202.40.

To request and obtain a new construction project permit, BuildCo must submit the following plans and documentation:

- Affidavit for the construction project.
- Particulars on the signatory.
- Building company details.
- Certificate of use pursuant to the provisions contained in the Urban Planning Code.
- Property titles and purchase agreement (boleto de compra de venta), which is proof of ownership of land for warehouse construction.
- Project plans.
  - Cadastral plan, delimiting the plot for warehouse construction.
  - Fire station installation map.
  - Sanitary installation plan.
  - Electromechanical plans (elevators, pumps).
  - Structure plan.
  - Land survey.
  - Excavation record, if applicable.
  - Land titles (certificados parcelarios) of construction work layout.

After the application, the city of Buenos Aires (Gobierno de la Ciudad de Buenos Aires, GCBA) approves the company's project drawings (which determine the cost) and issues the project record number.

If construction work has not yet started during a 3-year period (from the plan registration date to the granting of the respective permit), the permit and the respective record will expire. The construction fees and approved delineation will be forfeited. After the Accounting Department (Dirección de Fiscalización de Obras y Catastro) issues the relevant resolution (disposición), the expired record is sent to the general files for permanent and final storage.

The developer must notify the Instituto de Estadística y Registro de la Industria de la Construcción (IERIC) once during its "existence," but it is compelled to notify each construction startup through the completion of an enclosed form. Before starting construction, the company posts the announcement of machinery works.

**Procedure 15 Request and obtain environmental impact assessment certificate**

**Time to complete:** 60 days

**Cost to complete:** ARS 124

**Comment:**

Other documents needed include the following:

- Environmental Assessment Impact form (Formulario Categorización Impacto Ambiental Tipo Ie).
- DDJJ through Form Annex II Dcto 1352/02.
- Formula Polinómica s/ Annex VIII de Resol. 873–SSMAMB/ 04.
- Aide memoire (memoria descriptiva) with the signature of the main representative (firma del titular) s/ Annex Vd Decree 1352/02 that includes:
  - Description of the activity, including materials and inputs, supply and storage processes, operation and location of the machinery used, logistics to deliver products and services, and the like.
  - Further details or clarifications on emissions, solid waste, noise vibrations from machinery, and so forth (including results from the formula polinómica).
  - Detailed information on cargo-handling logistics.
  - Detailed information of construction projects designed to mitigate negative impacts.
  - Detailed information on land usage.
  - Fire prevention plan.
  - Waste management plan.
- Environmental impact map.
- Registration number in the Registry for Consultants and Professionals (Reg. No. 344 Evaluac. Ambtal. 4/10/00).
- Encomienda to the Professional Council.
- Notarized copy of the property title.

According to O.F. and T. 2007, the environmental assessment fee for a warehouse larger than 500 sq. m. is stipulated in the modifications to Law No. 123 through Resolution No. 873–SSMAMB/ 04.

If the report is complete, the certificate should be issued in 30 days.

**Procedure 16 Receive construction startup inspection**

**Time to complete:** 1 day

**Cost to complete:** ARS 12,486

**Comment:**

A record of inspection agents may be found at the city of Buenos Aires Web site ([www.buenosaires.gov.ar](http://www.buenosaires.gov.ar)).

1.2.1.3. Inspection Schedule (Building Code)

All inspections must be completed within 24 hours of such request, no matter where the building is located, and according to construction industry schedules and working days, except for municipal schedules and holidays.

After the application is submitted at the public works office counter, the inspection schedule will be fixed for the following day, depending on the radius within which the construction work is located. In practice, inspectors visit the location in 7–14 days. Suspension of construction is not required. There are four inspections for each type of work, but each one is processed through professional supervisors (Profesionales Verificadores de Obra, PVO). The inspection fee is paid, before registration, together with that for construction rights.

The construction inspection fee is 1% of project value. The inspection fee is paid while applying for construction rights. The average wait time is 7–10 days.

**Procedure 17 Notify the GCBA on completion of the construction work foundation and receive inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** In practice, the inspectors visit the location in 7–14 days. Suspension of construction is not required.

**Procedure 18 Notify the GCBA on completion of the construction work structure and receive inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** In practice, the inspectors visit the location in 7–14 days. Suspension of construction is not required.

**Procedure 19 Notify the GCBA on completion of the construction work masonry and receive inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** In practice, the inspectors visit the location in 7–14 days. Suspension of construction is not required.

**Procedure 20 Notify the GCBA on completion of construction work and receive inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** To receive a work completion notice, BuildCo must submit the following documents to the city of Buenos Aires:

- A document from Directorate of Real Estate and Registry, proving the sworn declaration of completed work. That form is obtained in that directorate and displays the proprietor's signature, in addition to a simple heliographic copy of the building plan.
- Original plan of the work in fabric or film transparent polyester, which can be unified (architecture and structures) or displayed in two separated originals.
- Architecture plans (six heliographic copies) and structure plans (six heliographic copies).
- Plans on fire protection (two copies).
- Descriptive record with detail of materials and elements used in the completed work (original and copy).
- Form of statistics.
- Request of sworn declaration of completion (triplicate).
- Plan showing medical facility.

BuildCo must submit an affidavit on completion of the construction work. After that, the administrative authority has 60 working days to verify the affidavit's accuracy and truthfulness. According to the Building Code, this action releases contractors involved in the construction from liability, leaving the owner as the sole liable party. Even so, neither the final approval nor the affidavit nor the final construction plans are required for municipal approval of the warehouse.

In practice, the inspectors visit the location in 7–14 days. Suspension of construction is not required. The city of Buenos Aires verifies compliance of

construction work with the approved plans and grants a fire inspection certificate (previously a fire department responsibility).

**Procedure 21 Notify the ENRE on completion of the construction work and receive inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** In general, the National Regulatory Agency for Electricity (Ente Nacional Regulador de la Electricidad, ENRE) completes the inspection within 7 days of notification.

**Procedure 22 Request and obtain electricity inspection certificate**

**Time to complete:** 1 day

**Cost to complete:** ARS 19

**Comment:**

**Procedure 23 Notarize the forms required for final authorization**

**Time to complete:** 7 days

**Cost to complete:** ARS 500

**Comment:** A notary public draws up the authorization deed (escritura de habilitación). Although the average fee is ARS 500, the fee depends on the size of the work.

**Procedure 24 Request and obtain final authorization (Habilitacion Municipal)**

**Time to complete:** 174 days

**Cost to complete:** ARS 335

**Comment:** According to applicable regulations, authorization may be granted provisionally (pending final authorization) for the construction of either (a) a new facility or any of its parts or (b) any extension or modification to an existing one. However, the use must coincide with that stated on the documents for the project approved for execution, provided that the relevant part has been completed pursuant to applicable regulations.

Final authorization must be requested within 30 days of work completion. In practice, this takes 6 months after the authorization file is submitted.

As required by the type of authorization procedure, the construction professional (architect, engineer, construction foreman, land surveyor) must prepare the documents. The following forms must be purchased from the corresponding professional board (consejo profesional):

- Request for authorization.
- Usage certificate (certificado de uso conforme).
- Building design affidavit (declaración jurada de conformación del local).
- Overload certificate (certificado de sobrecarga), if applicable.
- Site layout, if applicable.
- Plans or final certificate of fire, ventilation, and mechanical installation, if applicable.
- Certificate or supporting document attesting to the submittal of the environmental aptitude application (solicitud de aptitud ambiental) (Law 123, Law 452, and

regulatory decrees).

For this purpose, if requested, the construction professional must verify whether the site's building conditions conforms to the pertinent zoning. If necessary, the professional must also consult with the Urban Planning Institute (Consultora Planificación Urbana, CPU) before starting the procedure. The cost is ARS 1,635.60 (ARS 335 plus an honorarium for the participating independent professional of 1 ARS/ sq. m.). In this case, the professional can be part BuildCo.

**Procedure 25 Register the building**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** The building must be registered at the Revenue Department (Dirección de Rentas) by submitting final approved plans.

**Procedure 26 Request and connect to telephone services**

**Time to complete:** 30 days

**Cost to complete:** ARS 182

**Comment:** No additional requirements exist for obtaining telephone service. Within 10 working days of the phone request, an installation invoice is issued. The connection is made within 17 working days.

**Procedure 27 Request and connect to water services**

**Time to complete:** 14 days

**Cost to complete:** ARS 662

**Comment:** To obtain a connection to potable water service, the final construction work layout (with the relevant certificate issued by the municipal authorities) must be submitted at the commercial office in the zone where the construction site is located. On submittal, a provisional invoice will be issued according to the size of the construction site. Once the application for connection is filed, an inspector visits the construction site to verify the type of connection required. The connection is made within 72–92 hours of that determination.

**Procedure 28 Request and connect to electricity services**

**Time to complete:** 14 days

**Cost to complete:** ARS 275

**Comment:** A copy of the building permit, issued by the city of Buenos Aires, must be submitted to obtain an electric power connection (servicio de conexión). Once the application is filed, the work verification is issued within 5 working days. The connection order is sent soon after. Within 5 working days, an electrical connection is established. The connection fee is ARS 275.30 for the single-phase energy and ARS 420.89 for three-phase energy.

## Employing Workers in Argentina

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

<b>Employing Workers Indicators (2007)</b>	<b>Answer</b>	<b>Score</b>
<b>Rigidity of Employment Index</b>		<b>41.5</b>
<b>Difficulty of Hiring Index</b>		<b>44.4</b>
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	60	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.39	0.33
<b>Rigidity of Hours Index</b>		<b>60.0</b>
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	24	1
<b>Difficulty of Firing Index</b>		<b>20.0</b>
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
<b>Firing costs (weeks of wages)</b>		<b>138.7</b>
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		8.7

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	130.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
<b>Nonwage labor cost (% of salary)</b>	<b>26.0</b>

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

## Registering Property in Argentina

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

### STANDARDIZED PROPERTY

Property Value: 257,500.00

City: Buenos Aires

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Seller must obtain a domain certificate and a personal anotation certificate from the Real Property Registry	14 days (for domain certificate), 2 days (urgent for anotation certificate) (simultaneous with procedures 2 and 3)	Domain Certificate: ARS 42 Personal Anotation Certificate: ARS 37 (regular) or ARS 67 (urgent)
2 *	A surveyor measures and values the property	14 days (simultaneous with procedures 1 and 3)	ARS 700 (paid by seller)
3 *	Obtain a certificate issued by a surveyor describing measures, boundaries, and tax appraisal of the land and building	1 day (simultaneous with procedures 1 and 2)	Already paid in Procedure 2
4	The public deed is executed by the parties with the intervention of a notary public	14-28 days	Notary public fees: 1-1.5% of the purchase price (usually paid by buyer) Stamp Tax: 3 % of the purchase price (usually paid jointly) Transfer Tax: 3% of the purchase price (paid by seller) (1.5% if the seller is a person rather than a company)
5	After the execution of the public deed, the notary public files the property transfer for registration with the Real Property Register	28 days (regular)	ARS 42 (regular) + 0.2% property price additional stamp tax

\* Takes place simultaneously with another procedure.



**Procedure 1 Seller must obtain a domain certificate and a personal annotation certificate from the Real Property Registry**

**Time to complete:** 14 days (for domain certificate), 2 days (urgent for annotation certificate) (simultaneous with procedures 2 and 3)

**Cost to complete:** Domain Certificate: ARS 42  
Personal Annotation Certificate: ARS 37 (regular) or ARS 67 (urgent)

**Comment:** The domain certificate sets forth that the property is free and clear of liens and or encumbrances. The personal annotation certificate sets forth that there is no judicial order restraining the seller from disposing of his assets. The domain certificate automatically blocks the property for a period of 25 to 30 calendar days (depending on whether the public notary is registered or not in the Province of Buenos Aires) during which no lien on the property or transfer of the property may be registered.  
Fees are usually paid by the seller (but it is negotiable between buyer and seller).

**Procedure 2 A surveyor measures and values the property**

**Time to complete:** 14 days (simultaneous with procedures 1 and 3)

**Cost to complete:** ARS 700 (paid by seller)

**Comment:** In order to execute the public deed with the intervention of a notary public, one needs to obtain a certificate issued by a surveyor describing measures, boundaries, and a tax appraisal of the tract of land and buildings. A surveyor, then, must go to the property and take the appropriate measures.  
This process can sometimes take up to three weeks. The AR\$ 700 include both the fees of the surveyor as well as the Cadastre registration fees.

**Procedure 3 Obtain a certificate issued by a surveyor describing measures, boundaries, and tax appraisal of the land and building**

**Time to complete:** 1 day (simultaneous with procedures 1 and 2)

**Cost to complete:** Already paid in Procedure 2

**Comment:** This certificate issued by the surveyor is given to the seller and needed for the execution of the public deed. It is not necessary to get new certificates for each transfer since they are valid for all transactions executed before their expiration date (1 year since issuance in the case of land and 2 years in the case of buildings). However, it is included as another procedure because it is most probable that a new surveyor certificate will be required, considering the property is 10 years old.

**Procedure 4 The public deed is executed by the parties with the intervention of a notary public**

**Time to complete:** 14-28 days

**Cost to complete:** Notary public fees: 1-1.5% of the purchase price (usually paid by buyer)  
Stamp Tax: 3 % of the purchase price (usually paid jointly)  
Transfer Tax: 3% of the purchase price (paid by seller) (1.5% if the seller is a person rather than a company)

**Comment:** The public deed is the only document which is mandatory by law to transfer title to a property.  
As possession is required together with the title (public deed) to acquire real property, prior or upon the execution of the public deed the buyer actually possess the property.  
Transactions subject to Capital Gains Tax are not subject to Transfer Tax (this is the case when companies are parties to the transaction). Capital Gains Tax is paid by the seller. However, this tax is not applicable if the money collected by seller for

the transfer of property is used to buy another property within a year of the sale or for the construction of a new property. In this last case, for the tax waiver to apply, the construction has to start a year after or a year before the transaction and it has to be completed 4 years after the date of the transaction.

The notary will retain the 3% for the transfer tax, but if the transaction is subject to Capital Gains Tax (CGT), he will use this amount to pay the CGT. This rate has been reduced from 4% by law 13.613 (December 30, 2006) issued by the province of Buenos Aires. If the transaction has been arranged through a broker, his fees will be about 3% of the purchase price

The documentation shall include:

Domain Certificate (obtained in Procedure 1)

Personal Anotation Certificate (obtained in Procedure 2)

Receipt of payment of all taxes and utilities related to the property, or affidavit issued by the pertinent authority or public utility certifying that there is no debt.

Tax ID for each party (CUIT/CUIL/CDI)

Powers of attorney or pertinent company's resolution approving the transaction and empowering the signing parties.

<b>Procedure</b>	<b>5</b>	<b>After the execution of the public deed, the notary public files the property transfer for registration with the Real Property Register</b>
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**Time to complete:** 28 days (regular)

**Cost to complete:** ARS 42 (regular) + 0.2% property price additional stamp tax

**Comment:**

Upon registration, the buyer will have perfect and complete title to the property, opposable to third parties.

The registration fees are usually paid by the buyer.

It is a common business practice that after the seller and the buyer have agreed on the price, the buyer makes a symbolic down-payment (earnest money) in assurance of his good faith and the seller signs a document (reservation of property) by which he agrees on the price and undertakes the obligation not to further offer the property to third parties.

If the buyer decides not to complete the transaction without a reasonable justification, the seller is entitled to keep the earnest money as indemnification. On the other hand, if it is the seller who decides not to complete the transaction without a reasonable justification, he shall refund the earnest money and pay an equal amount as indemnification.

While the notary public prepares the material for the granting of the public deed, both parties are usually willing to secure the transaction and establish all the terms and conditions on the purchase. It is also common practice that the parties enter into a binding purchase agreement.

The purchase agreement does not transfer title to the property, but it is enforceable and it provides legal remedies for the parties in case one of them defaults on one of his obligations.

It is customary that the buyer makes a significant down payment (approximately 25%) upon execution of the purchase agreement.

It is likely that the parties will retain a public notary in order to certify the signatures of the parties.

Note that our case is located in Buenos Aires Provincia, where some particular rules apply; for instance, the need to conduct a survey of the land (procedures 2 and 3), suspension of some expedited procedures and the applicable stamp tax is 3% (procedure 4.) An additional stamp duty is also to be paid when submitting the registration paperwork, equivalent to 0.2% of the purchase price.

## Getting Credit in Argentina

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

Getting Credit Indicators (2007)			Indicator
<b>Private bureau coverage (% adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>6</b>
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
<b>Coverage</b>	100.0	25.5	
Number of individuals	39,000,000	7,274,900	
Number of firms	1,300,000	98,016	
<b>Legal Rights Index</b>			<b>3</b>
Does the law allow all natural and legal persons to be party to collateral agreements?			Yes
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			No
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			Yes
Does a unified registry exist for all security rights in movable property?			No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			Yes
During reorganization, is management's control of the company's assets suspended?			No
Does the law authorize parties to agree on out of court enforcement?			No
May parties have recourse to out of court enforcement without restrictions?			No

## Protecting Investors in Argentina

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

<b>Protecting Investors Data (2007)</b>	<b>Indicator</b>
<b>Disclosure Index</b>	<b>6</b>
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	2
Disclosures in published periodic filings (0-2; see notes)	0
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
<b>Director Liability Index</b>	<b>2</b>
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	0
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for for damage to the company. (0-2; see notes)	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
<b>Shareholder Suits Index</b>	<b>6</b>
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	4
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	0
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

**Notes:****Extent of Disclosure Index**

*What corporate body provides legally sufficient approval for the transaction?*

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

*Immediate disclosure to the public and/or shareholders*

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

*Disclosures in published periodic filings*

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

*Disclosures by Mr. James to board of directors*

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

**Director Liability Index**

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

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

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

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

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

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

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

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

**Shareholder Suits Index**

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

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

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

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

## Paying Taxes in Argentina

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	240	21.0%	value added		not included
Vehicle tax	6			2.3%	vehicle weight	0.24	
Property transfer tax (stamp duty)	1			50% of 2.5%	sale price	0.76	
Fuel tax	1			AR 0.15	per liter	2.44	
Property tax	6			varies (0,562% plus AR\$ 14,364 )	fiscal value of building and land	3.43	
Labor risk insurance	0	paid jointly		3% (+ AR\$ 0.6 per employee per month)	gross salaries	3.44	
Corporate income tax	1	online filing	135	35.0%	taxable profits	5.99	
Tax on financial transactions	1			0.6%	Any amount debited or credited to bank accounts	17.57	
Social security contributions	1	online filing	240	23.0%	gross salaries	25.94	
Turnover tax by City of Buenos Aires	1	online filing		3.0%	turnover	53.03	
<b>Totals</b>	<b>19</b>		<b>615</b>			<b>112.9</b>	

**Notes:**

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

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

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

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

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

## Trading Across Borders in Argentina

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

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	8	500
Customs clearance and technical control	2	120
Ports and terminal handling	2	430
Inland transportation and handling	4	275
Totals	16	1325

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	10	750
Customs clearance and technical control	3	150
Ports and terminal handling	5	650
Inland transportation and handling	2	275
Totals	20	1825

### Export

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs export declaration

Foreign exchange authorization

Packing list

Tax certificate

Terminal handling receipts

### Import

Bill of lading

Certificate of origin

Commercial invoice

Customs import declaration



Packing list

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Technical standard/health certificate

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Terminal handling receipts

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## Enforcing Contracts in Argentina

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

Nature of Procedure (2007)	Indicator
Procedures (number)	36.00
Duration (days)	590.00
Filing and service	150.0
Trial and judgment	320.0
Enforcement of judgment	120.0
<b>Cost (% of claim)*</b>	<b>16.50</b>
Attorney cost (% of claim)	12.0
Court cost (% of claim)	4.5
Enforcement Cost (% of claim)	0.0

**Court information:** Buenos Aires First Instance ("Juzgado de Primera Instancia - Justicia Nacional en lo  
Court, Commercial Section Comercial")  
[www.pjn.gov.ar/justicia.php?kn=K254](http://www.pjn.gov.ar/justicia.php?kn=K254)

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