

Doing Business 2010

Portugal

COMPARING REGULATION IN 183 ECONOMIES



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Introduction

Doing Business 2010: Reforming Through Difficult Times is the seventh in a series of annual reports investigating regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 10 stages of a business's life are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2010: Reforming Through Difficult Times* are current as of June 1, 2009*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

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

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and The Caribbean, 27 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for Portugal. The data used for this country profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator. The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2010: Reforming Through Difficult Times* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

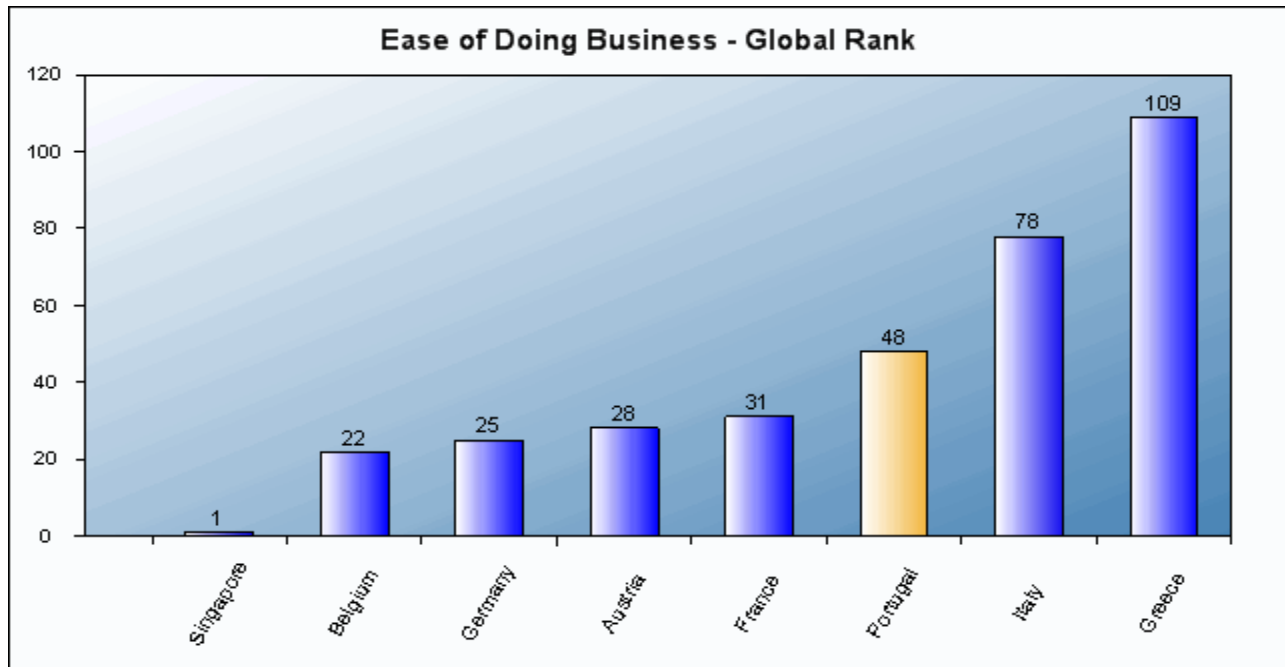
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

Note: Doing Business 2008 and Doing Business 2009 data and rankings have been recalculated to reflect changes to the methodology and the addition of new countries (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Portugal is ranked 48 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

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



Portugal's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	48
Starting a Business	60
Dealing with Construction Permits	111
Employing Workers	171
Registering Property	52
Getting Credit	87
Protecting Investors	41
Paying Taxes	80
Trading Across Borders	19
Enforcing Contracts	25
Closing a Business	22

Summary of Indicators - Portugal

Starting a Business	Procedures (number)	6
	Time (days)	6
	Cost (% of income per capita)	6.4
	Min. capital (% of income per capita)	33.5
Dealing with Construction Permits	Procedures (number)	19
	Time (days)	287
	Cost (% of income per capita)	52.9
Employing Workers	Difficulty of hiring index (0-100)	33
	Rigidity of hours index (0-100)	47
	Difficulty of redundancy index (0-10)	50
	Rigidity of employment index (0-100)	43
	Redundancy costs (weeks of salary)	97
Registering Property	Procedures (number)	5
	Time (days)	12
	Cost (% of property value)	7.4
Getting Credit	Strength of legal rights index (0-10)	3
	Depth of credit information index (0-6)	5
	Public registry coverage (% of adults)	81.3
	Private bureau coverage (% of adults)	16.4
Protecting Investors	Extent of disclosure index (0-10)	6
	Extent of director liability index (0-10)	5
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	6.0
Paying Taxes	Payments (number per year)	8
	Time (hours per year)	328
	Profit tax (%)	14.3
	Labor tax and contributions (%)	26.8
	Other taxes (%)	1.9
	Total tax rate (% profit)	42.9

Trading Across Borders	Documents to export (number)	4
	Time to export (days)	16
	Cost to export (US\$ per container)	685
	Documents to import (number)	5
	Time to import (days)	15
	Cost to import (US\$ per container)	999
Enforcing Contracts	Procedures (number)	31
	Time (days)	547
	Cost (% of claim)	13.0
Closing a Business	Recovery rate (cents on the dollar)	69.4
	Time (years)	2.0
	Cost (% of estate)	9

Starting a Business

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

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.

Methodology

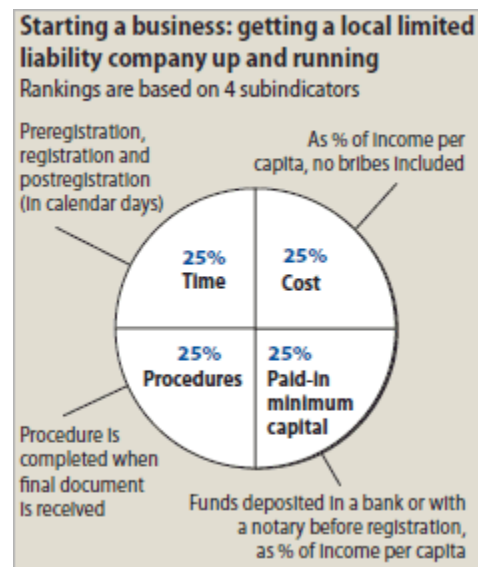
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. 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.

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.

Survey Case Study

The business:

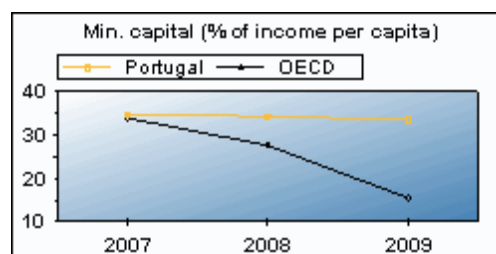
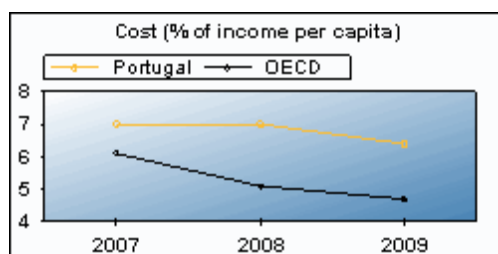
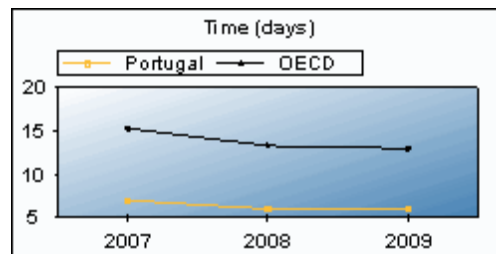
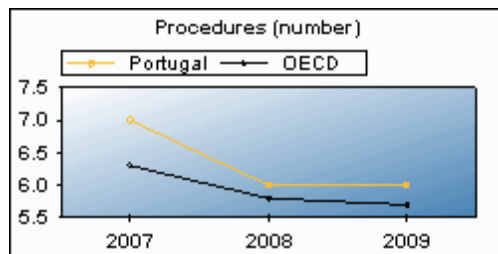
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not qualify for any special benefits
- does not own real estate



1. Historical data: Starting a Business in Portugal

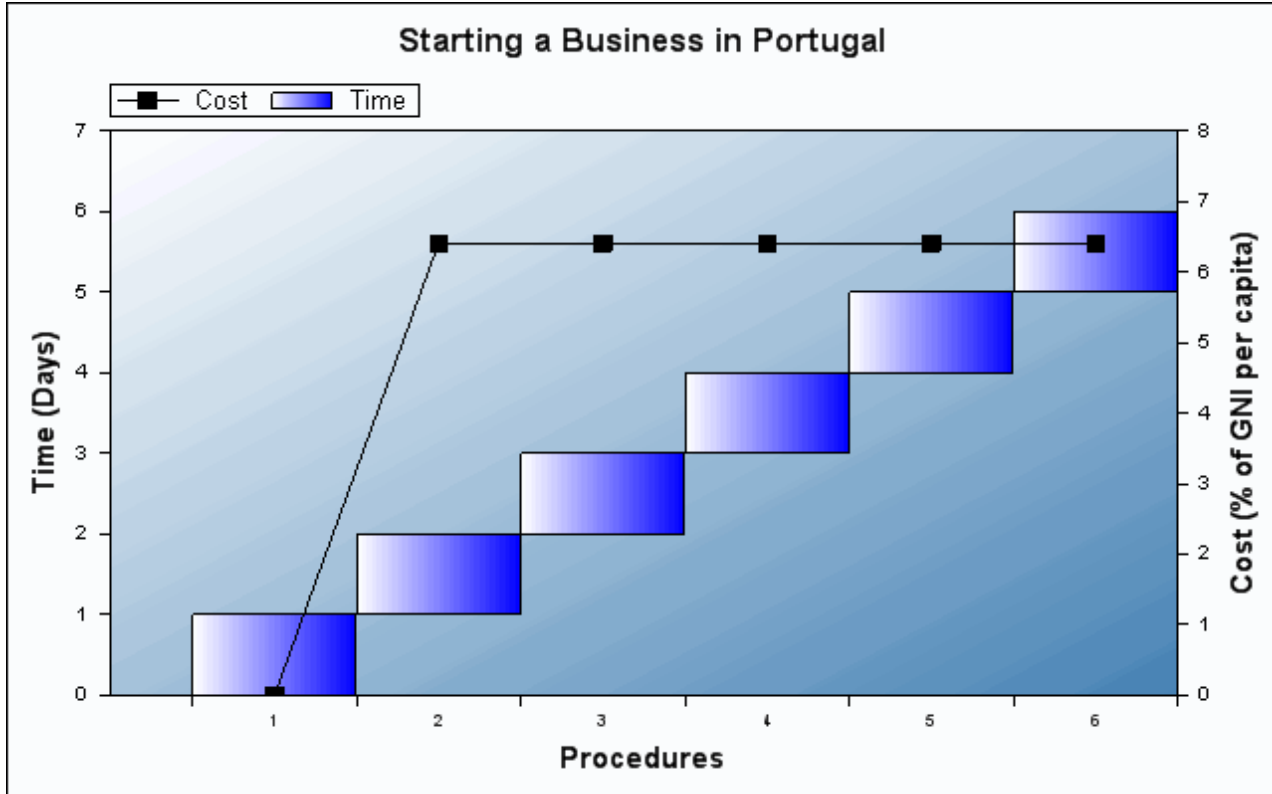
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	39	60
Procedures (number)	7	6	6
Time (days)	7	6	6
Cost (% of income per capita)	7.0	7.0	6.4
Min. capital (% of income per capita)	34.7	34.3	33.5

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



3. Steps to Starting a Business in Portugal

It requires 6 procedures, takes 6 days, and costs 6.41 % GNI per capita to start a business in Portugal.



List of Procedures:

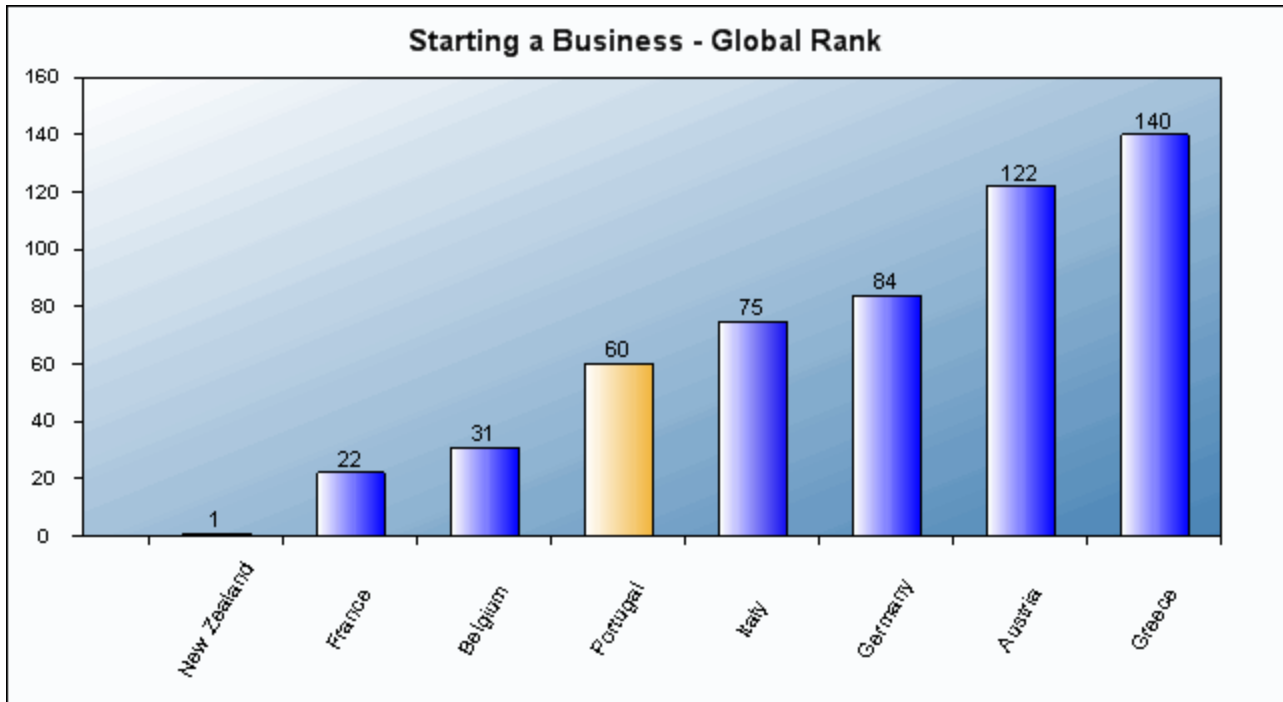
1. Choose a pre-approved company name
2. Register at the one-stop shop
3. Register with the Social Security Regional Center
4. Deposit initial capital
5. Report to the Labor Inspectorate
6. Register for the workmen's accident compensation insurance at a private insurer

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Portugal is ranked 60 overall for Starting a Business.

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



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

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

<i>Selected Economy</i>				
Portugal	6	6	6.4	33.5

<i>Comparator Economies</i>				
Austria	8	28	5.1	52.0
Belgium	3	4	5.3	19.4
France	5	7	0.9	0.0
Germany	9	18	4.7	0.0
Greece	15	19	10.9	21.4
Italy	6	10	17.9	9.7

* The following economies are also good practice economies for :

Procedures (number): Canada

Cost (% of income per capita): Slovenia

Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure from government to comply with inspections, with licensing and safety regulations, 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 economies, 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. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Methodology

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. 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.

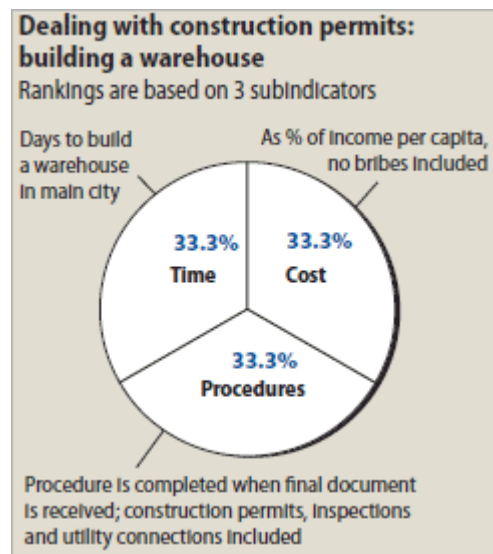
Survey Case Study

The business:

- is a small to medium-size limited liability company
- is located in the largest business city
- is domestically owned and operated, in the construction business
- has 20 qualified employees

The warehouse to be built:

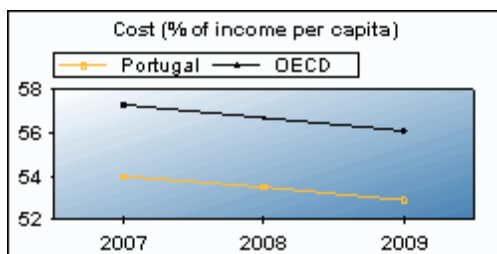
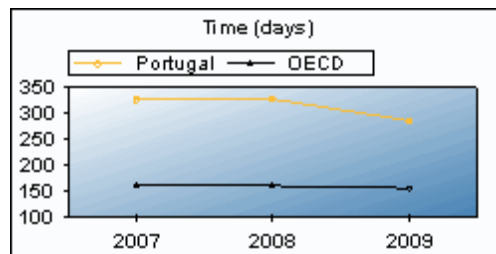
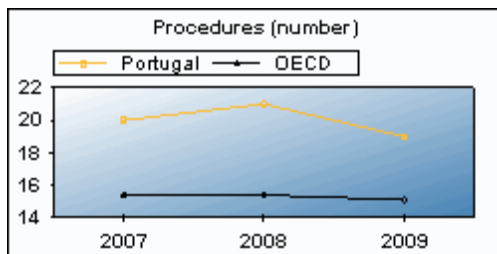
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each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



1. Historical data: Dealing with Construction Permits in Portugal

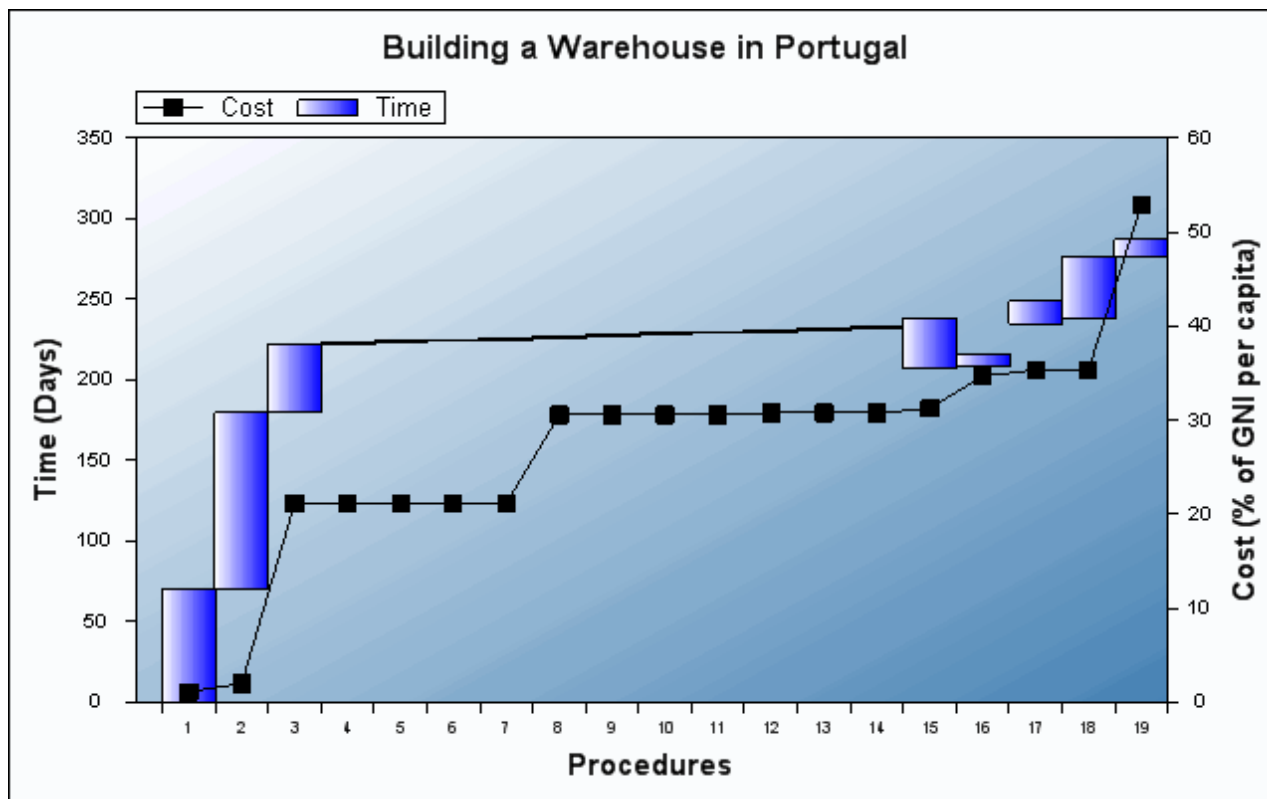
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	129	111
Procedures (number)	20	21	19
Time (days)	327	328	287
Cost (% of income per capita)	54.0	53.5	52.9

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



3. Steps to Building a Warehouse in Portugal

It requires 19 procedures, takes 287 days, and costs 52.94 % GNI per capita to build a warehouse in Portugal.



List of Procedures:

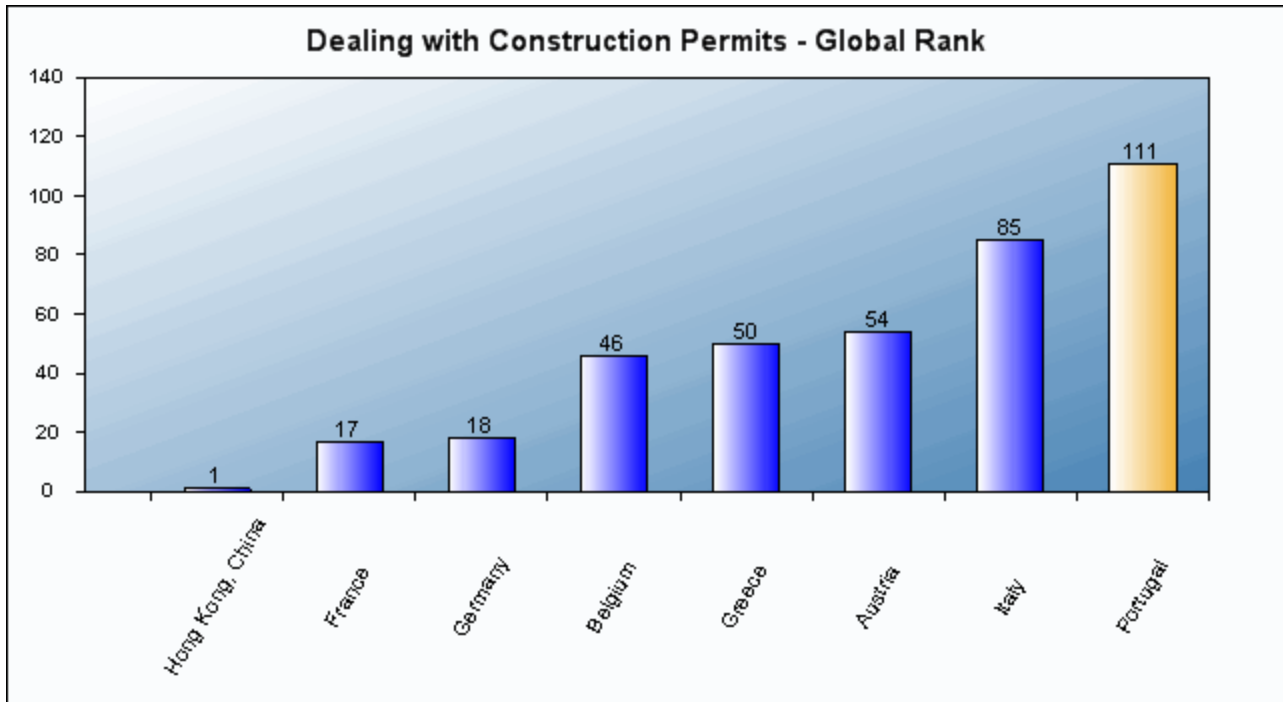
- | | |
|--|---|
| 1. Obtain approval in principle of project design | 10. Submit application for an electricity connection at the power authority |
| 2. Obtain approval of project designs from City Hall and other relevant entities | 11. Submit application for a telephone line at the telecommunications authority |
| 3. Obtain building permit (Alvará) and pay fee | 12. Receive inspection by water and sewerage authority |
| 4. Inform the labor inspection agency about the new construction site | 13. Receive inspection by power authority |
| 5. Notify City Hall when reaching plinth level in the construction and receive site inspection | 14. Receive inspection by telecommunications authority |
| 6. Notify City Hall before proceeding with concrete work and receive inspection | 15. Obtain water and sewerage connection |
| 7. Receive inspection from Labor authority | 16. Obtain electricity connection |
| 8. Apply for occupancy permit and pay fees | 17. Obtain phone connection |
| 9. Submit application for a water and sewage connection at the water and sewage authority | 18. Receive inspection and obtain occupancy permit |
| | 19. Register the building with the real estate registry |

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Portugal is ranked 111 overall for Dealing with Construction Permits.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.6
Singapore		25	

<i>Selected Economy</i>			
Portugal	19	287	52.9

<i>Comparator Economies</i>			
Austria	14	194	71.4
Belgium	14	169	63.5
France	13	137	22.9
Germany	12	100	60.2
Greece	15	169	50.7
Italy	14	257	137.2

Employing Workers

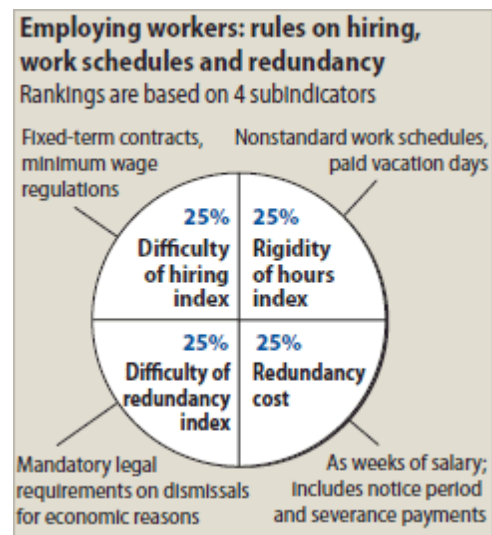
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety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

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

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

Methodology

Two measures are presented: a rigidity of employment index and a redundancy cost measure. The rigidity of employment index is the average of three sub-indices: difficulty of hiring, rigidity of hours and difficulty of redundancy. 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 taking into account legal provisions that refer specifically to small to medium-size companies in the manufacturing industry in which continuous operation is economically necessary, as well as mandated days of annual leave with pay. The difficulty of redundancy index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.



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

Survey Case Study

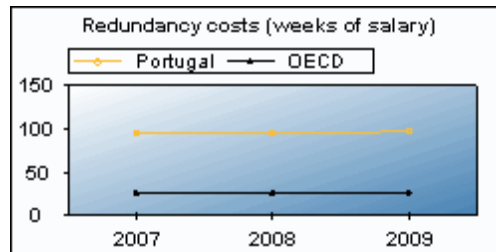
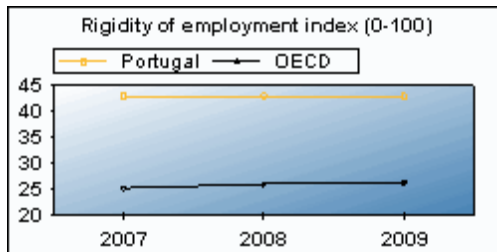
The business:

- is a limited liability company operating in the manufacturing sector
- is located in the largest business city
- is 100% domestically owned
- has 60 employees
- The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

1. Historical data: Employing Workers in Portugal

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	172	171
Redundancy costs (weeks of salary)	95	95	97
Rigidity of employment index (0-100)	43	43	43

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



3. Benchmarking Employing Workers Regulations:

Portugal is ranked 171 overall for Employing Workers.

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



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

Good Practice Economies	Rigidity of employment index (0-100)	Redundancy costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

<i>Selected Economy</i>		
Portugal	43	97

<i>Comparator Economies</i>		
Austria	24	2
Belgium	17	16
France	52	32
Germany	42	69
Greece	50	24
Italy	38	11

* The following economies are also good practice economies for :

Rigidity of employment index (0-100): Australia, Brunei Darussalam, Kuwait, Marshall Islands, Singapore, St. Lucia, Uganda, United States

Redundancy costs (weeks of salary): Denmark, Iraq, Marshall Islands, Micronesia, Fed. Sts., Palau, Puerto Rico, Tonga, United States

Registering Property

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

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

Methodology

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

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

- number of procedures to register property
- time to register property (in calendar days)
- official costs to register property (as a percentage of the property value)

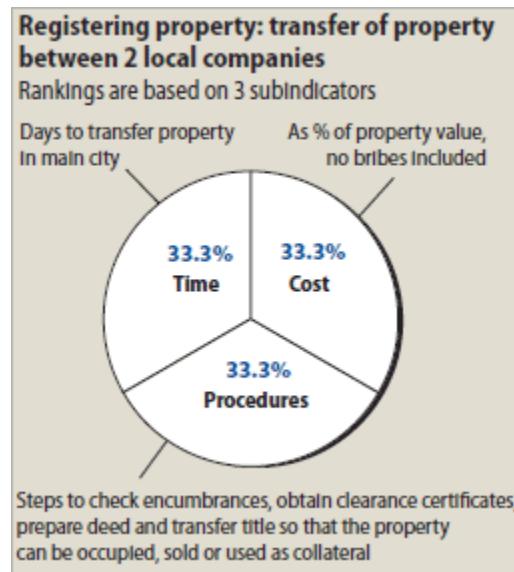
Survey Case Study

The buyer and seller:

- are limited liability companies
- are private nationals (no foreign ownership)
- are located in periurban area of the largest business city
- conduct general commercial activities

The property:

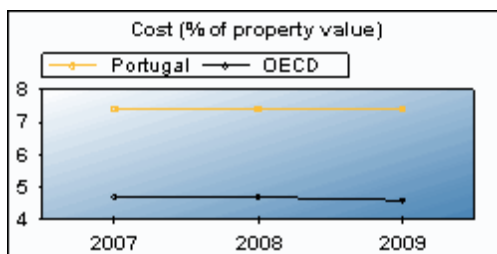
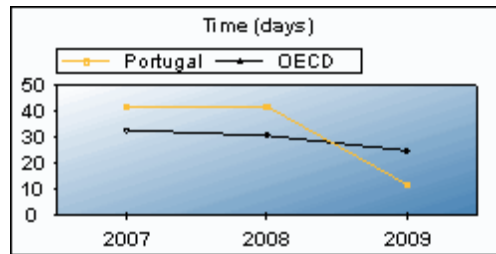
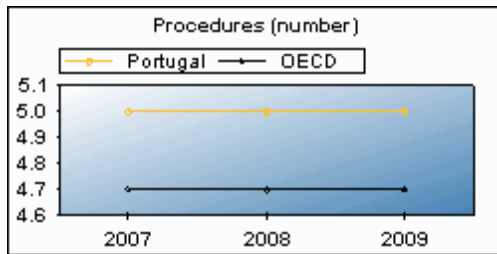
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller company owned the property for the last 10 years.
- is registered in the land registry and/or cadastre and is free of all disputes.



1. Historical data: Registering Property in Portugal

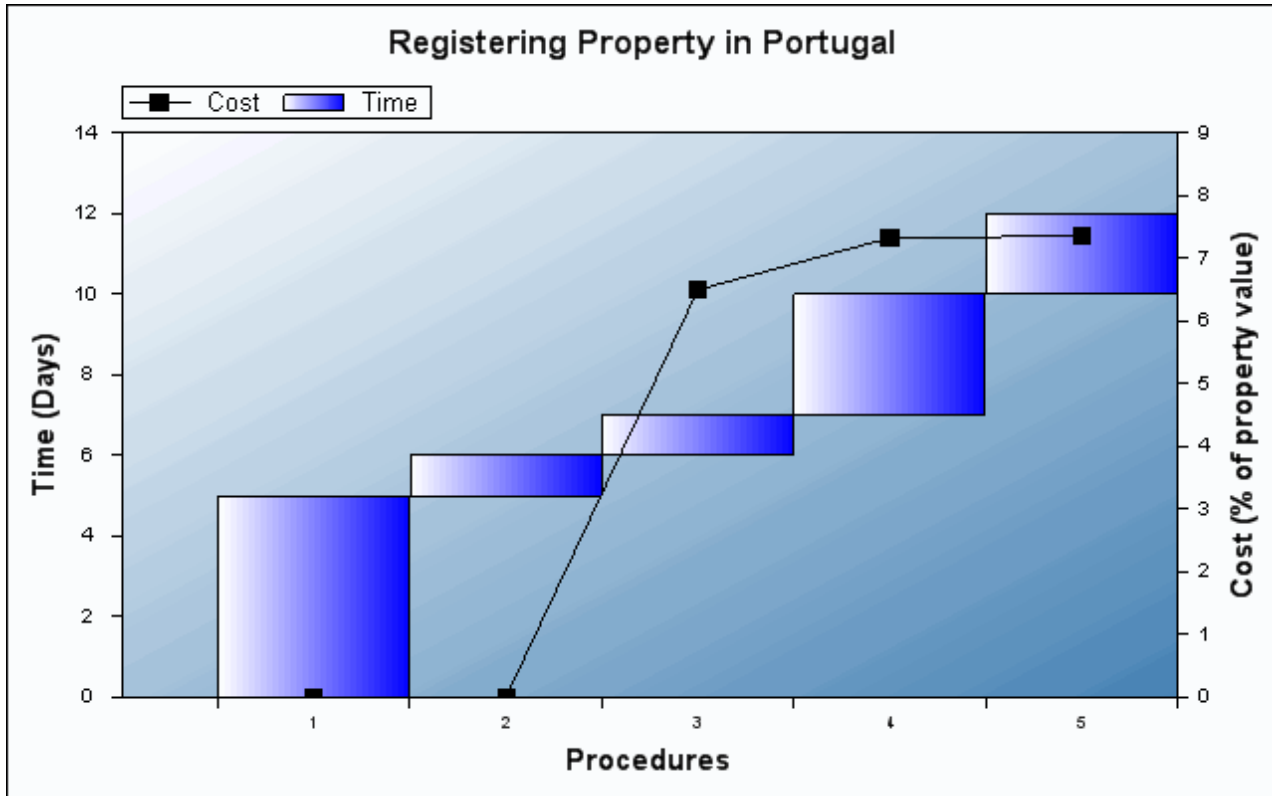
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	82	52
Procedures (number)	5	5	5
Time (days)	42	42	12
Cost (% of property value)	7.4	7.4	7.4

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



3. Steps to Registering Property in Portugal

It requires 5 procedures, takes 12 days, and costs 7.40 % of property value to register the property in Portugal.



List of Procedures:

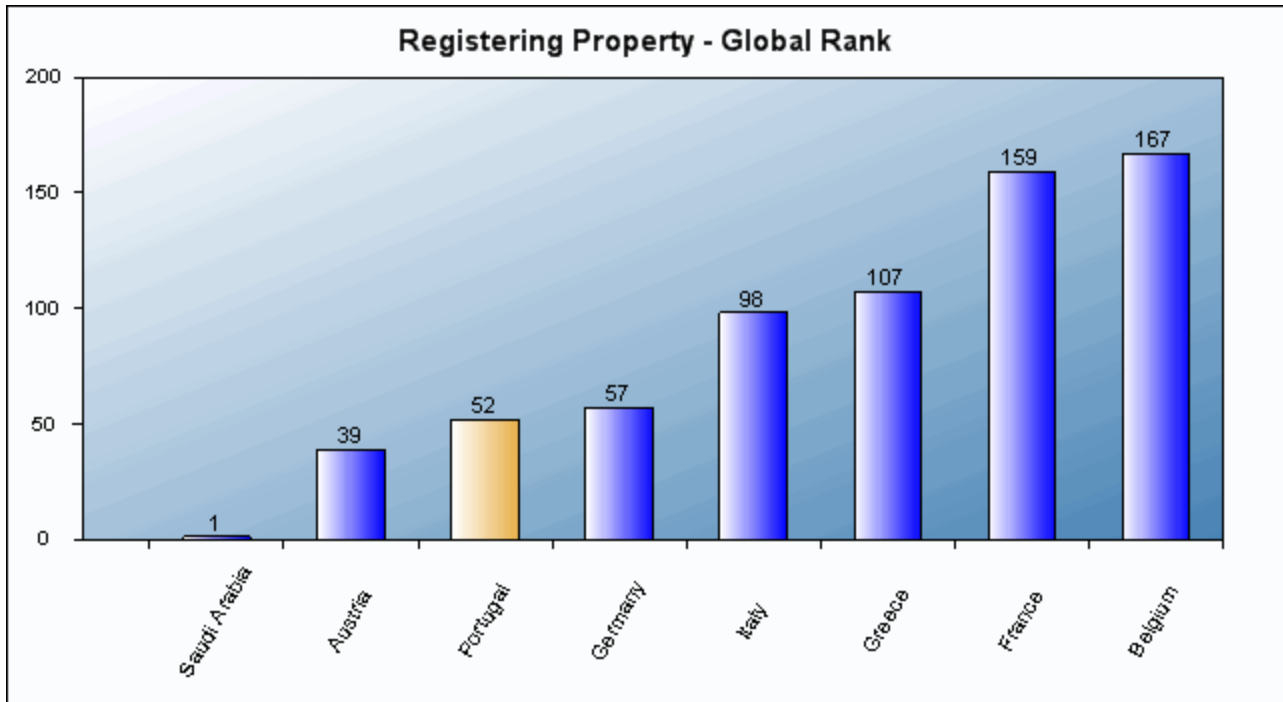
1. Request an information certificate on the property at the Registry
2. Request a tax clearance certificate on the property
3. Payment of the real property transfer tax
4. Formalize the sale and purchase public deed
5. Register the property at the Real Property Registry

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Portugal is ranked 52 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
Portugal	5	12	7.4

<i>Comparator Economies</i>			
Austria	3	32	4.5
Belgium	7	79	12.7
France	8	98	6.1
Germany	4	40	5.2
Greece	11	22	4.0
Italy	8	27	4.6

* The following economies are also good practice economies for :

Procedures (number): United Arab Emirates

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

Getting Credit

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

Methodology

Credit information: three indicators are constructed

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

Legal Rights: the strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. Ten points are analyzed:

- Can a business use movable assets as collateral while keeping possession of the assets, and can any financial institution accept such assets as collateral?
- Does the law allow a business to grant a non-possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets?
- Does the law allow a business to grant a non-possessory security right in substantially all of its assets, without requiring a specific description of the secured assets?
- Can a security right extend to future or after-acquired assets and extend automatically to the products, proceeds or replacements of the original assets?
- Is general description of debts and obligations permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties?
- Is a collateral registry in operation that is unified geographically and by asset type as well as being indexed by the name of the grantor of a security right?
- Are secured creditors paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated?
- Are secured creditors subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure?
- Are parties allowed to agree in a collateral agreement that the lender may enforce its security right out of court?

Legal Rights Survey Case Study

The Debtor:

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

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

62.5%
Strength of legal rights index
(0-10)

37.5%
Depth of credit information index
(0-6)

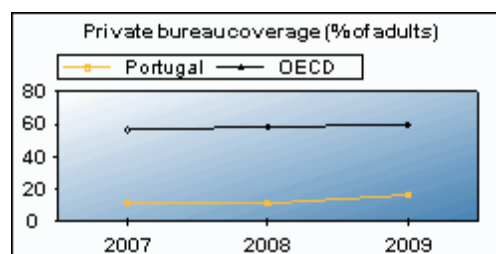
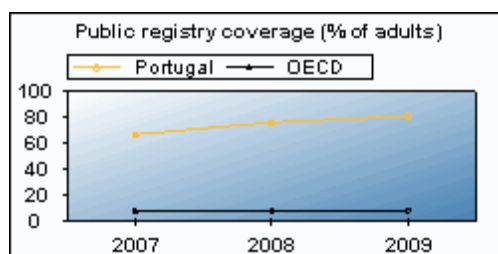
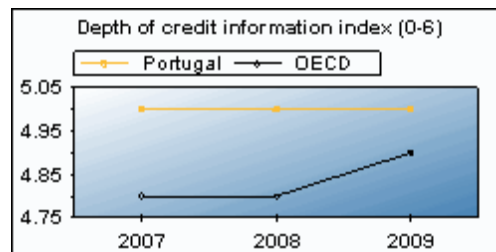
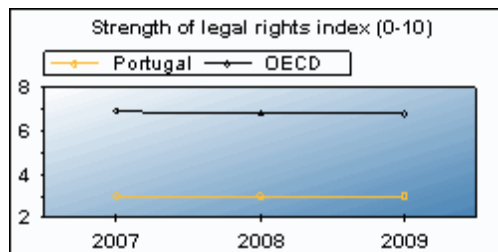
Scope, quality and accessibility of credit information through public and private credit registries

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

1. Historical data: Getting Credit in Portugal

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	84	87
Strength of legal rights index (0-10)	3	3	3
Depth of credit information index (0-6)	5	5	5
Private bureau coverage (% of adults)	11.3	11.3	16.4
Public registry coverage (% of adults)	67.1	76.4	81.3

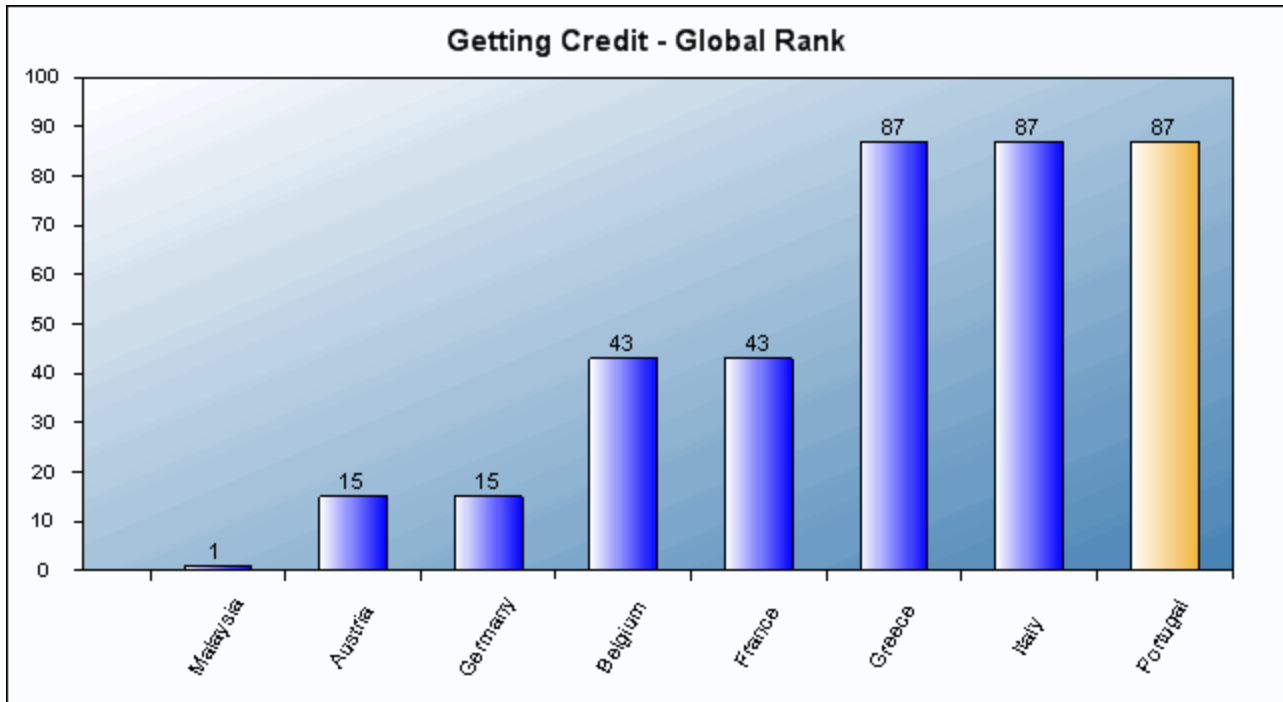
2. The following graphs illustrates the Getting Credit indicators in Portugal over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Portugal is ranked 87 overall for Getting Credit.

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



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

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			81.3	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Portugal	3	5	81.3	16.4

<i>Comparator Economies</i>				
Austria	7	6	1.4	39.2
Belgium	7	4	56.5	0.0
France	7	4	32.5	0.0
Germany	7	6	0.8	98.3
Greece	3	5	0.0	46.9
Italy	3	5	12.2	77.5

* The following economies are also good practice economies for :

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

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

27 countries have the highest credit information index.

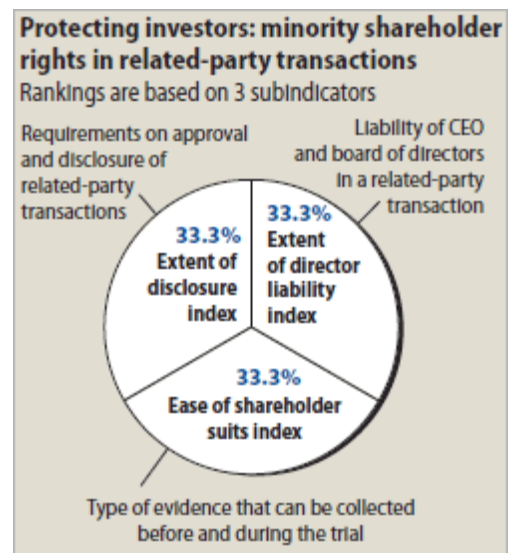
Protecting Investors

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

Methodology

To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain. 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 three indices are:

- 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.

Survey case study

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

Several questions arise:

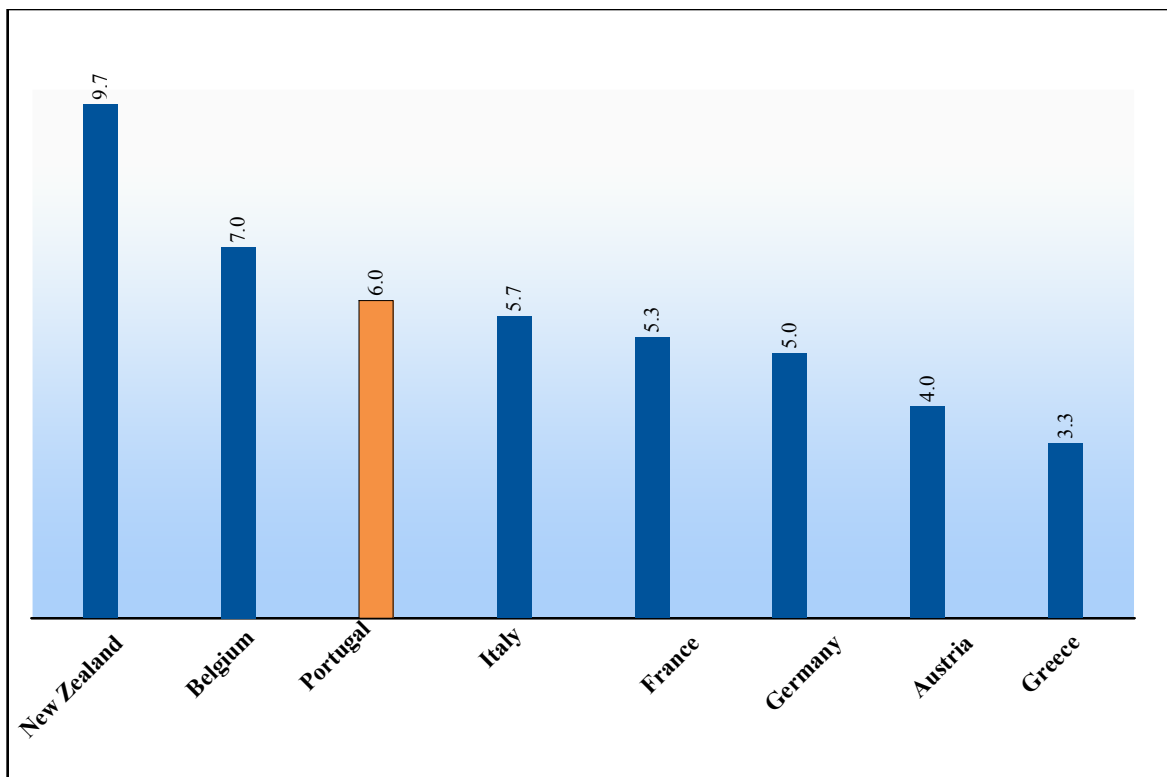
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Doidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in Portugal

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	38	41
Strength of investor protection index (0-10)	6.0	6.0	6.0

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

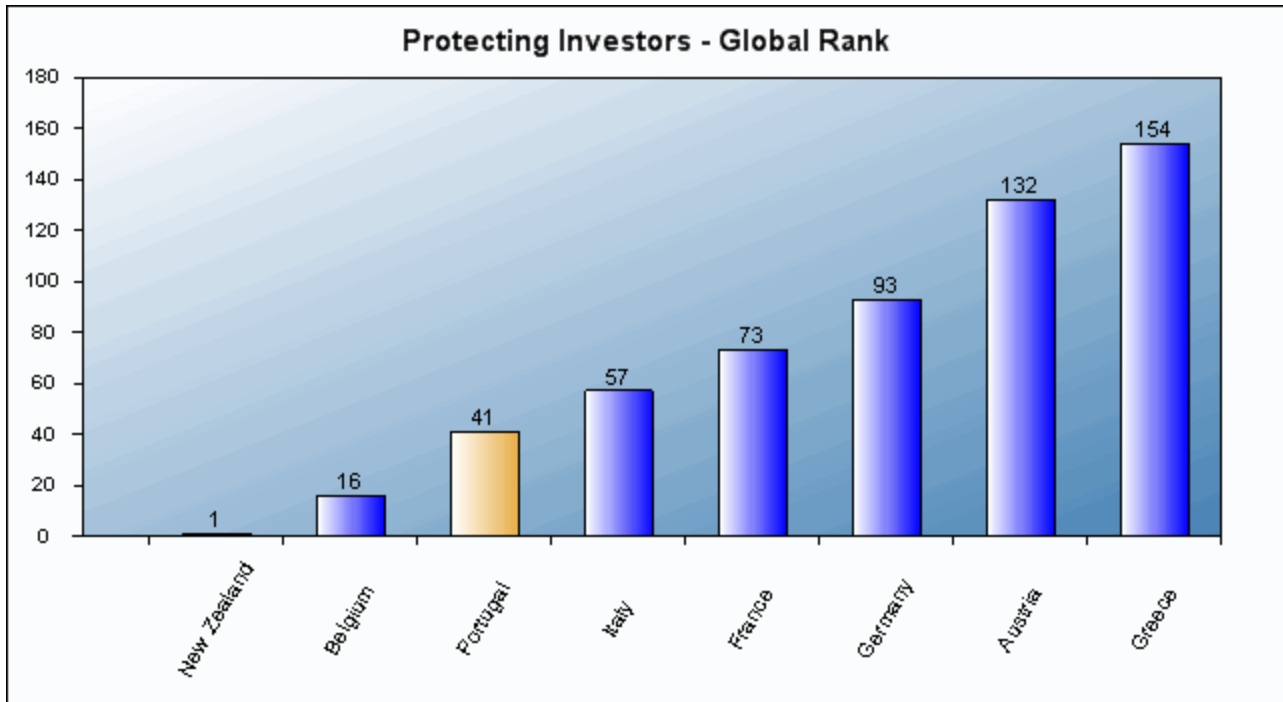


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Portugal is ranked 41 overall for Protecting Investors.

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



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

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

<i>Selected Economy</i>	
Portugal	6.0

<i>Comparator Economies</i>	
Austria	4.0
Belgium	7.0
France	5.3
Germany	5.0
Greece	3.3
Italy	5.7

Paying Taxes

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

Methodology

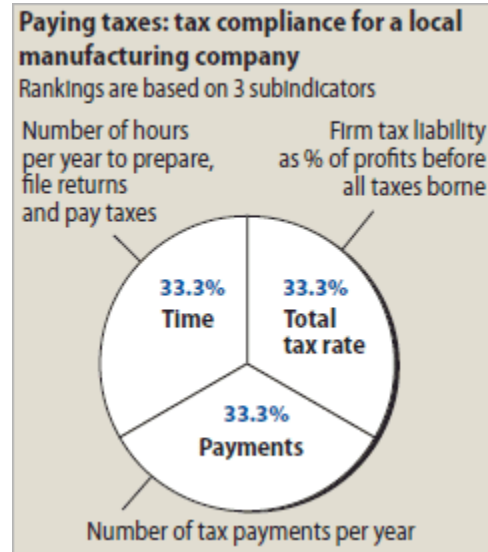
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

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

Survey case study

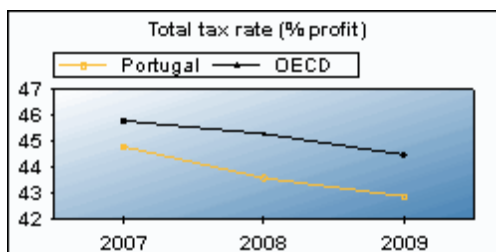
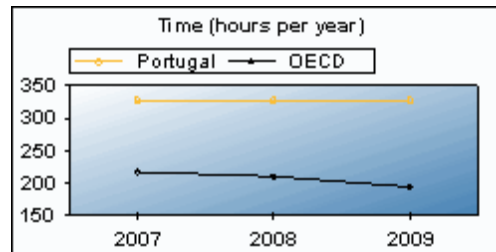
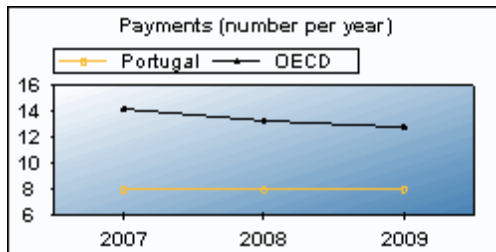
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.



1. Historical data: Paying Taxes in Portugal

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	72	80
Total tax rate (% profit)	44.8	43.6	42.9
Payments (number per year)	8	8	8
Time (hours per year)	328	328	328

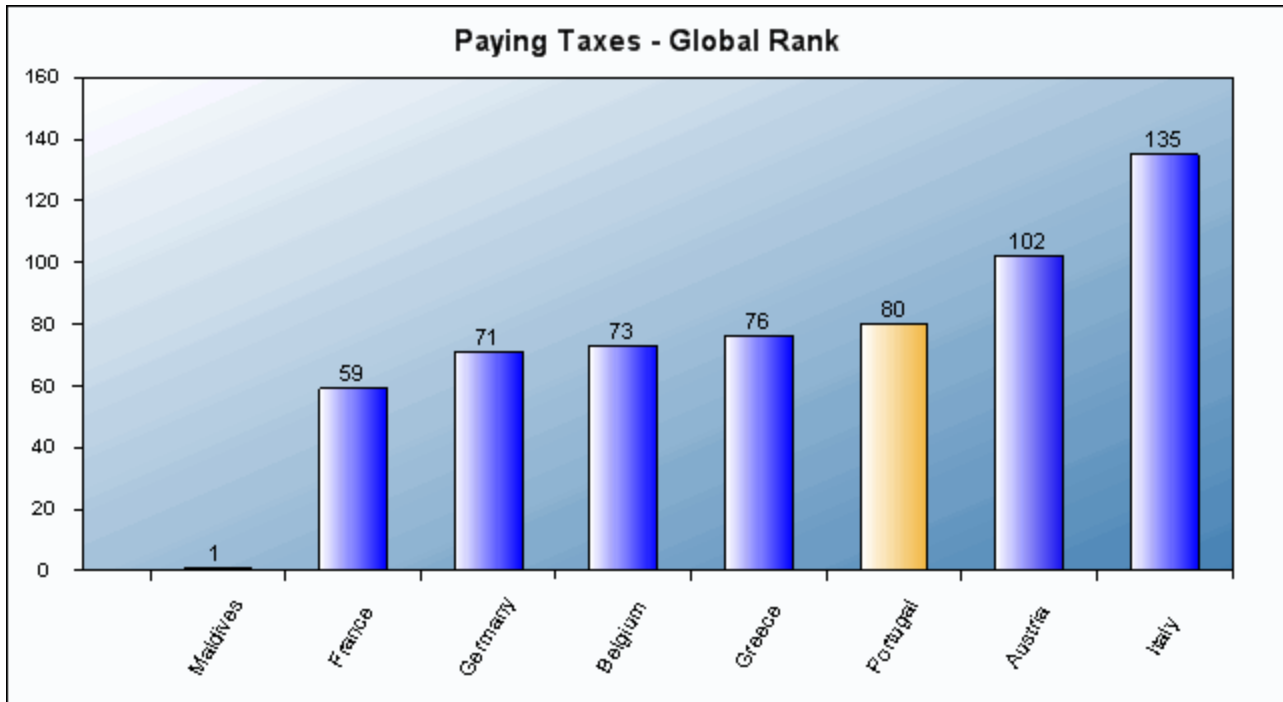
2. The following graphs illustrates the Paying Taxes indicators in Portugal over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Portugal is ranked 80 overall for Paying Taxes.

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



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

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	1	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Portugal	8	328	42.9

<i>Comparator Economies</i>			
Austria	22	170	55.5
Belgium	11	156	57.3
France	7	132	65.8
Germany	16	196	44.9
Greece	10	224	47.4
Italy	15	334	68.4

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

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

Methodology

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

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars.

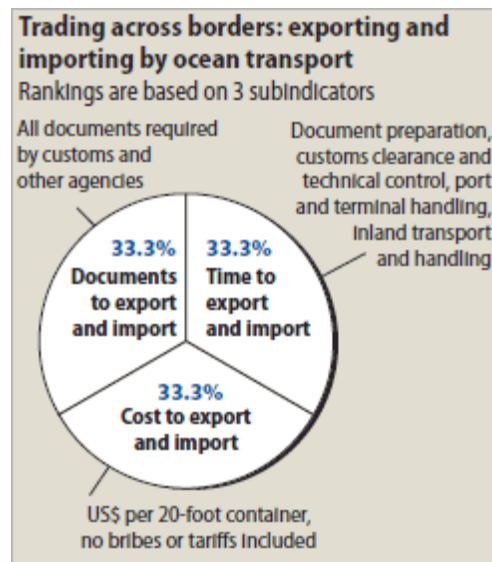
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

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

Survey case study

To make the data comparable across countries, several assumptions about the business and the traded goods are used:

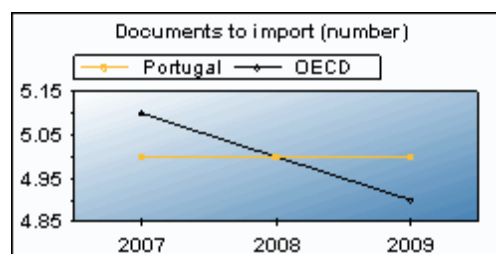
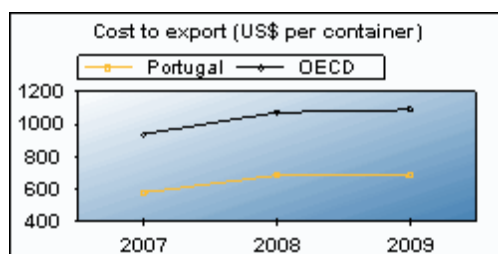
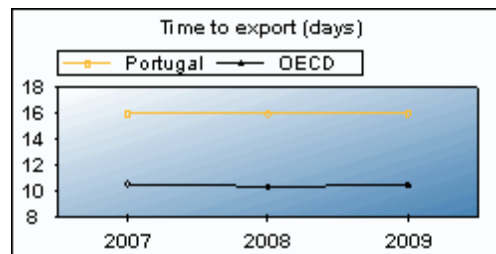
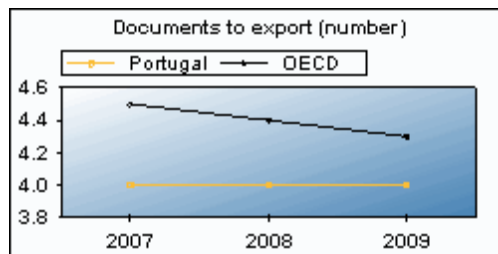
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy.
- The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

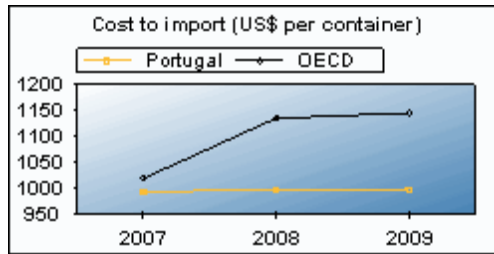
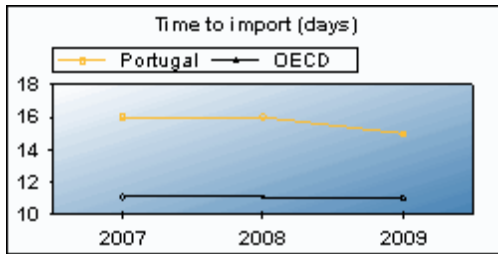


1. Historical data: Trading Across Borders in Portugal

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	19	19
Cost to export (US\$ per container)	580	685	685
Cost to import (US\$ per container)	994	999	999
Documents to export (number)	4	4	4
Documents to import (number)	5	5	5
Time to export (days)	16	16	16
Time to import (days)	16	16	15

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

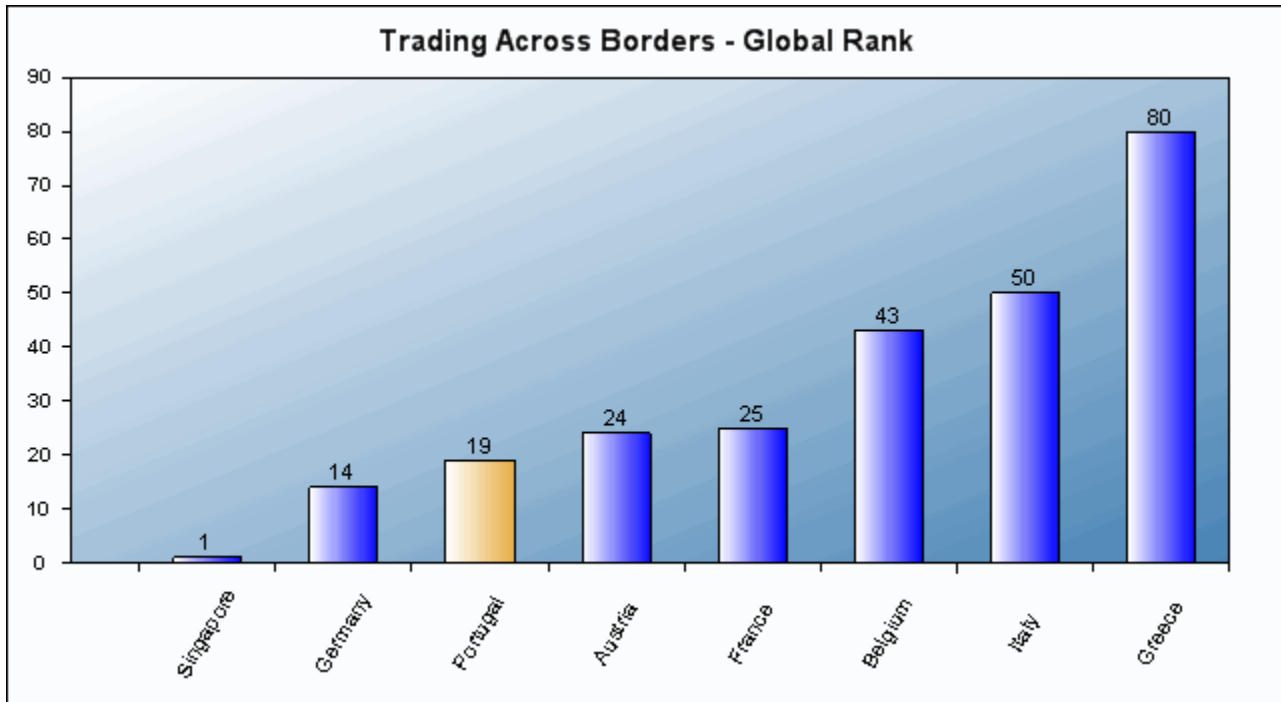




3. Benchmarking Trading Across Borders Regulations:

Portugal is ranked 19 overall for Trading Across Borders.

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



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

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

<i>Selected Economy</i>						
Portugal	4	16	685	5	15	999

<i>Comparator Economies</i>						
Austria	4	7	1180	5	8	1195
Belgium	4	8	1619	5	9	1600
France	2	9	1078	2	11	1248
Germany	4	7	872	5	7	937
Greece	5	20	1153	6	25	1265
Italy	4	20	1231	4	18	1231

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

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

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

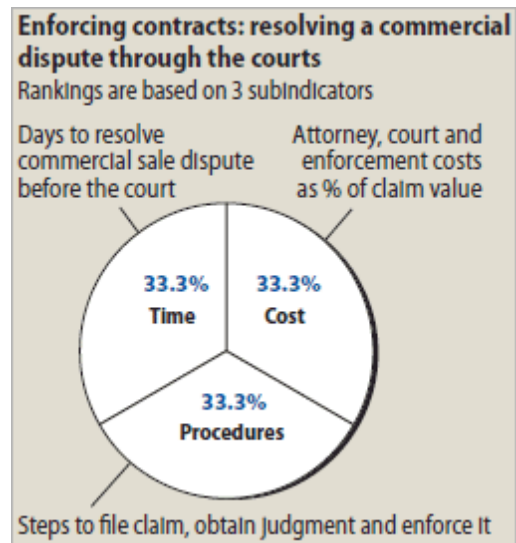
Methodology

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

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

Survey case Study

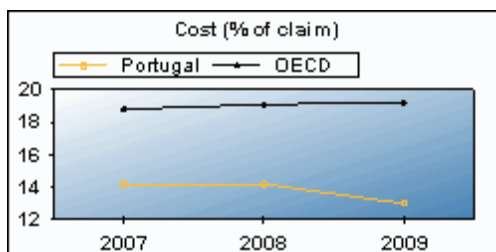
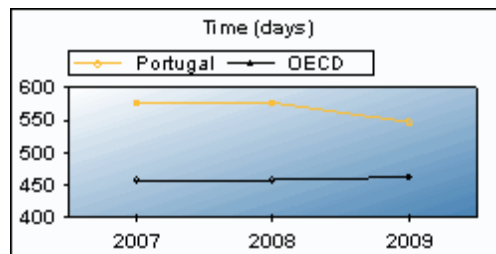
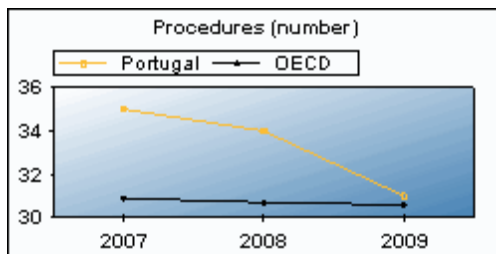
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.
- The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita).
- The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits.
- Judgment is 100% in favor of the Seller and is not appealed.
- The Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.



1. Historical data: Enforcing Contracts in Portugal

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	32	25
Procedures (number)	35	34	31
Time (days)	577	577	547
Cost (% of claim)	14.2	14.2	13.0

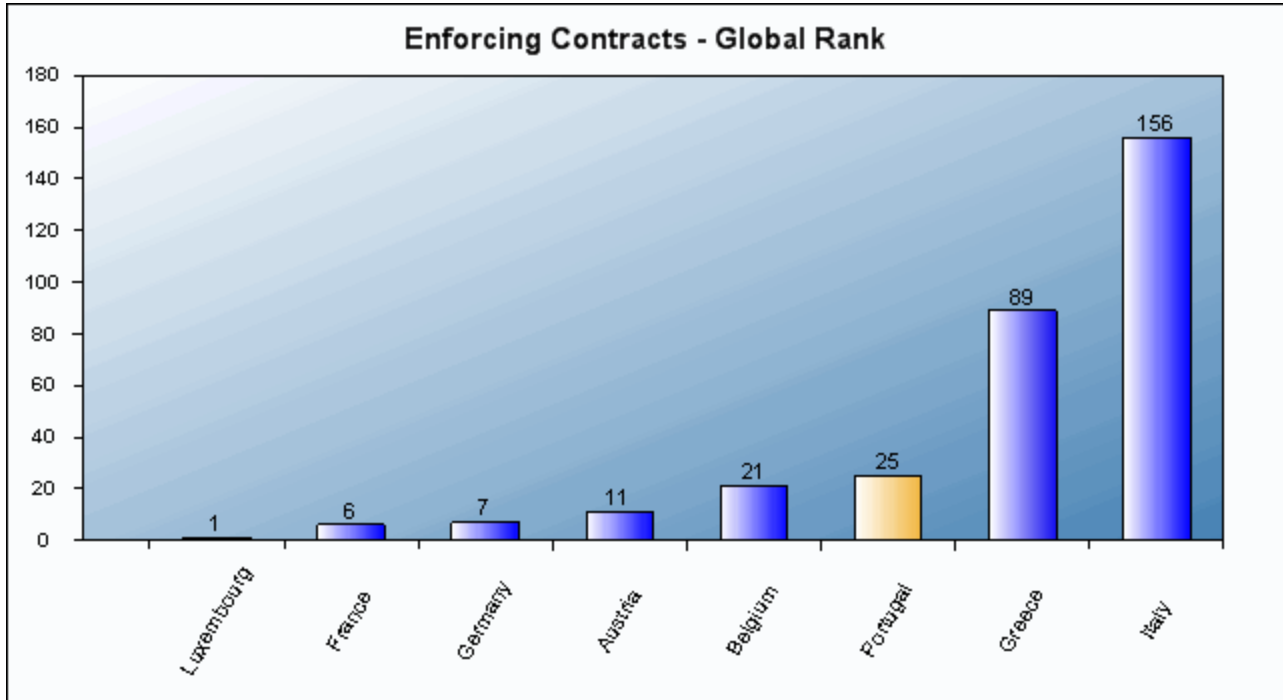
2. The following graphs illustrates the Enforcing Contracts indicators in Portugal over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Portugal is ranked 25 overall for Enforcing Contracts.

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



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

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

<i>Selected Economy</i>			
Portugal	31	547	13.0

<i>Comparator Economies</i>			
Austria	25	397	18.0
Belgium	25	505	16.6
France	29	331	17.4
Germany	30	394	14.4
Greece	39	819	14.4
Italy	40	1210	29.9

Closing a Business

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

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

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.

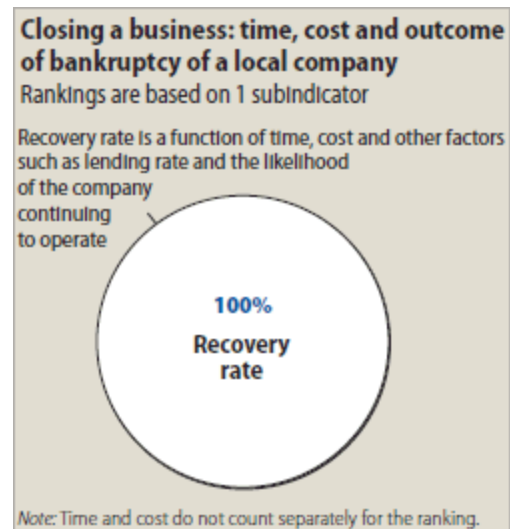
Methodology

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.

Survey case study

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:

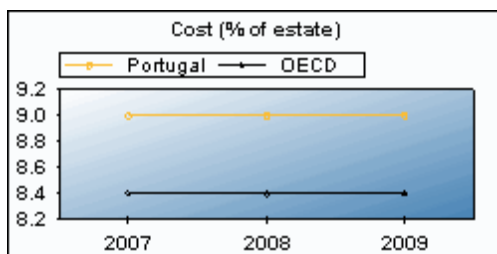
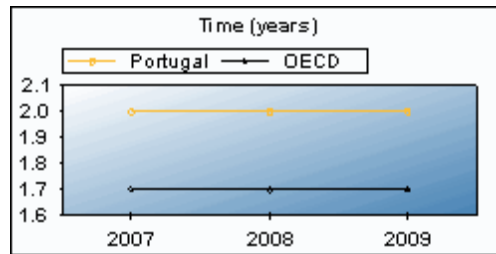
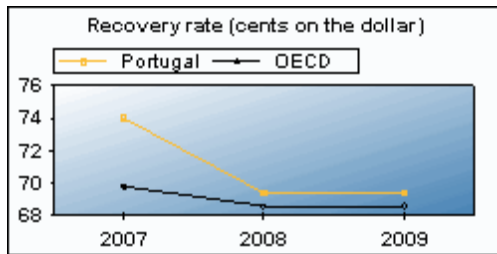
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed 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.



1. Historical data: Closing Business in Portugal

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	22	22
Time (years)	2.0	2.0	2.0
Cost (% of estate)	9	9	9
Recovery rate (cents on the dollar)	74.0	69.4	69.4

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



3. Benchmarking Closing Business Regulations:

Portugal is ranked 22 overall for Closing a Business.

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



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

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

<i>Selected Economy</i>			
Portugal	69.4	2.0	9

<i>Comparator Economies</i>			
Austria	71.5	1.1	18
Belgium	86.3	0.9	4
France	44.7	1.9	9
Germany	52.2	1.2	8
Greece	44.2	2.0	9
Italy	56.6	1.8	22

* The following economies are also good practice economies for :

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

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

Rank	Economy	Reforms									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Rwanda	✓		✓	✓	✓	✓		✓	✓	7
2	Kyrgyz Republic	✓	✓	✓	✓	✓		✓	✓		7
3	Macedonia, FYR	✓	✓	✓	✓	✓	✓	✓			7
4	Belarus	✓	✓	✓	✓			✓	✓		6
5	United Arab Emirates	✓	✓						✓		3
6	Moldova	✓			✓			✓			3
7	Colombia	✓	✓		✓	✓	✓	✓	✓	✓	8
8	Tajikistan	✓	✓		✗	✓	✓			✓	5
9	Egypt, Arab Rep.	✓	✓			✓			✓		4
10	Liberia	✓	✓					✓			3
	Portugal		✓	✗	✓			✓	✓		4
	Austria										
	Italy										
	Greece					✓					1
	Belgium				✓			✓			2
	France				✓					✓	2
	Germany	✓								✓	2

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

Austria	In Austria no major reform was recorded.
Belarus	Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.
Belgium	Belgium eased property transfers by setting statutory time limits. The tax payment process and administration were improved by mandating electronic filing for medium-size businesses.
Colombia	Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.
Egypt, Arab Rep.	The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.
France	France improved the insolvency process by encouraging preinsolvency workouts and no longer requiring estimation of the value of assets by a public auctioneer. A fuller electronic connection between notaries and the land registry reduced the time to transfer property in France and made it easier to obtain encumbrance and ownership documents from the registry.
Germany	Germany's recent Act on the Implementation of Measures to Stabilize the Financial Market (Finanzmarktstabilisierungsgesetz) removes the requirement for potentially viable companies to file for immediate insolvency in cases of overindebtedness. The business start-up process was eased by reducing the minimum capital requirement to a value that is merely symbolic.
Greece	Greece's private credit bureau, Tiresias, expanded the amount of information it distributes in its credit reports, enhancing access to credit information.
Italy	In Italy no major reform was recorded.

Kyrgyz Republic

The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.

Liberia

Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.

Macedonia, FYR

The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.

Moldova

Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.

Portugal

Portugal reduced the time and improved the procedures for contract enforcement by enabling e-filing for the initiation of a suit and by lessening the need for a judge's intervention in the execution of judgment. Employing workers was made more difficult by restricting the use of fixed-term contracts and increasing the notice period for redundancy dismissals. Property registration was sped up with computerization at the Registry and an amendment to the Registry Code making the use of notaries optional. Portugal improved the efficiency of customs administration through training for agents and enhanced customer service, reducing customs clearance times. It also introduced an improved fire safety appraisal system for new construction projects and faster registration of new buildings.

Rwanda

Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.

Tajikistan

Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

United Arab Emirates

The United Arab Emirates shortened the time for delivering building permits by improving its online system for processing applications. Business start-up was eased by simplifying the documents needed for registration, abolishing the minimum capital requirement, and removing the requirement that proof of deposit of capital be shown for registration. Greater capacity at the container terminal, elimination of the terminal handling receipt as a required document, and an increase in trade finance products, have improved trade processes.

APPENDICES

Starting a Business in Portugal

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

STANDARDIZED COMPANY
Legal Form: Sociedade por Quotas
Minimum Capital Requirement:
City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Choose a pre-approved company name	1	0
2	Register at the one-stop shop	1	360.003
3	Register with the Social Security Regional Center	1	0
4	Deposit initial capital	1	0
5	Report to the Labor Inspectorate	1	0
6	Register for the workmen's accident compensation insurance at a private insurer	1	0

Procedure 1 Choose a pre-approved company name

Time to complete: 1

Cost to complete: 0

Comment: Before requesting the corporate name, the company promoter can search the National Registry of Collective Entities (Registo Nacional de Pessoas Colectivas, RNPC) database (also via the Internet) for the availability of the requested name. The promoter can reserve a company name for 48 hours at a fee of EUR 31. (For information on company names or on notary and registrar issues, visit www.dgrn.mj.pt/impres/imprnpc.asp.)

The RNPC issues a certificate of approval of the promoter's company name or of the promoter's choice of one of the preapproved names provided by the Portuguese authorities (the list is on the Internet). If the company decides not to use one of the preapproved company names, the company must obtain from the RNPC a certificate of approval and a provisional taxpayer card. A new search engine has expedited this procedure, which now takes about 4 days. The certificate is valid for 90 days and may be renewed only once.

The fee for company name approval is EUR 70:

- Certification of company name approval: EUR 56.

- Provisional identity card (for collective person): EUR 14.

An additional fee of EUR 31 applies if a name reservation is requested.

Under Decree-Law No. 111/2005 (effective July 13, 2005), the certificate of approval is valid for 3 months and may be renewed only once. The provisional identification card is valid for 3 months and can be renewed if the incorporation process has not been completed. The provisional taxpayer card can be requested at the same time as the corporate certificate.

If the parties decide to incorporate the company outside the Centros de Formalidades das Empresas, (CFE), they can request the certificate of approval and the taxpayer card via the Internet, mail, or at a local RNPC office. The forms should be signed by one of the future shareholders (or by a proxy).

Procedure 2 Register at the one-stop shop

Time to complete: 1

Cost to complete: 360.003

Comment: If the company does not select one of the preapproved company names, the promoter must submit the documents cited in Procedure 1. Shareholders who opt to incorporate the company within 24 hours must choose one of the standard articles of association without adding other clauses. The company commercial registration is immediate, and a certificate is issued. Shareholders can also acquire a registered trademark at the same time.

For tax purposes, shareholders may also file at this time a declaration of commencement of activities. If this option is not exercised, this declaration should be submitted within 15 days of company incorporation. Through this fast-track procedure, the following are handled on a single visit to the one-stop shop (a) the company corporate tax number; (b) the company's Social Security number; (c) the commercial register of the company incorporation; and (d) the declaration of start of business operations. Employee registration must be done at least 24 hours before the start of employment.

Promoters must file taxpayer identification documents, deeds, collective person's card, minutes of company inaugural meeting, a copy of statutory members' tax cards, and documents proving the declaration of commencement of activity. Companies that have interaction with the public must have the company's work schedule approved at the Ministry of Employment and Social Security (Ministério do Emprego e da Segurança Social; the homepage is <http://www.seg-social.pt>)

The mandatory publications are made on a website of the Ministry of Justice (<http://publicacoes.mj.pt/Index.asp>) More information on the new system, "company one hour," can be found at <http://www.empresanahora.pt/empresa>.

Decree-Law 125/2006 and Administrative Rule 657-C/2006 No. 657-C/2006 (dated June 29, 2006) provided for a special regime for setting up companies via the Internet. This new regime allows for online incorporation of civil and commercial companies. Incorporators can complete all incorporation procedures online, including the search for a unique company name.

To search a company name, incorporators may elect between three options a) submit a preapproved, registered name (as in the company one hour system); b) apply for a company name online; or c) file a certificate of name approval, obtained nonelectronically

When preparing to file company bylaws, the incorporators may elect to either draft the bylaws or file standard, boilerplate bylaws (The required documents and information must be filed by electronic authentication or electronic signature. The application is deemed valid only after an electronic confirmation of the date and time the application was filed. The registry shall be made immediately or within 2 working days of the filing of the application.

The online company registration system is accessible to lawyers, solicitors and notaries who own a digital certification that proves the user's profession.

Administrative Rule 1416-A/2006 sets out two other stipulations:

- (1) The applicant's option of applying for commercial registration online is contingent on appropriate electronic certification.
- (2) The availability of information online must always be updated. Upon request, a password is sent that allows the applicant company or any other public or private entity (to whom the password is disclosed) to see the certificate online. The password is disclosed upon delivery of a hard copy certificate.

As of June 30, 2006, shareholders that choose to incorporate and register the company at the one-stop shop (using the new expedited system) can also acquire a registered trademark at the same time.

Procedure 3 Register with the Social Security Regional Center

Time to complete: 1

Cost to complete: 0

Comment:

Employers must register employees for social security insurance in 10 working days after the tax declaration on start of business activities and at least 24 hours before employees start employment.

This procedure can be conducted at the at the Centros de Formalidades das Empresas (CFE). The employer must file the following documents: the taxpayer identification card, deeds, collective person's card, minutes of company inaugural meeting, a copy of the statutory members' tax cards, and a document proving the declaration of commencement of activity. Companies that have interaction with the public must have the company's

work schedule approved at the Ministry of Employment and Social Security (Ministerio do Emprego e da Segurança Social).

Under Decree-Law 14/2007, as of March 2007 employees may be registered online via www.seg-social.pt/.

Procedure 4 Deposit initial capital

Time to complete: 1

Cost to complete: 0

Comment: Initial capital may be deposited by online banking or in person at the one-stop shop (Caixa Geral de Depósitos), where a bank attendant is available to handle the transaction.

Procedure 5 Report to the Labor Inspectorate

Time to complete: 1

Cost to complete: 0

Comment: Before starting its activity, the incorporated company must submit the following information to the Labour General Inspection: the company name and its tax number, its corporate activity, its registered office and other company locations, and the number of workers and managers. The company must also provide a copy of the published announcement of the incorporation deed.
Since mid-2008, entrepreneurs can file a declaration of commencement of operations at the one-stop shop and the Registry can forward it electronically to the new Work Inspection Agency (ACT - Autoridade para as Condições do Trabalho).

Procedure 6 Register for the workmen's accident compensation insurance at a private insurer

Time to complete: 1

Cost to complete: 0

Comment: The workers' compensation insurance covers all workers and managers who receive a salary. The insurance is underwritten by a private insurer carrier and according to new regulations, it can be done after the company starts business activities. Note that social security insurance does not cover occupational accident or injury. According to Decree-Law 14/2007, as of March 2007 an employee can be registered online on the social security site.

Dealing with Construction Permits in Portugal

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

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain approval in principle of project design	70 days	EUR 162
2	Obtain approval of project designs from City Hall and other relevant entities	110 days	EUR 136
3	Obtain building permit (Alvará) and pay fee	42 days	EUR 2,860
4	Inform the labor inspection agency about the new construction site	1 day	no charge
5	Notify City Hall when reaching plinth level in the construction and receive site inspection	1 day	no charge
6	Notify City Hall before proceeding with concrete work and receive inspection	1 day	no charge
7	Receive inspection from Labor authority	1 day	no charge
8	Apply for occupancy permit and pay fees	1 day	EUR 1,405
9 *	Submit application for a water and sewage connection at the water and sewage authority	1 day	no charge
10 *	Submit application for an electricity connection at the power authority	1 day	no charge
11 *	Submit application for a telephone line at the telecommunications authority	1 day	no charge
12 *	Receive inspection by water and sewerage authority	1 day	EUR 31
13 *	Receive inspection by power authority	1 day	no charge
14 *	Receive inspection by telecommunications authority	1 day	no charge

15 *	Obtain water and sewerage connection	31 days	EUR 70
16 *	Obtain electricity connection	8 days	EUR 514
17 *	Obtain phone connection	14 days	EUR 100
18 *	Receive inspection and obtain occupancy permit	39 days	no charge
19	Register the building with the real estate registry	10 days	EUR 2,625

* Takes place simultaneously with another procedure.

Procedure 1 Obtain approval in principle of project design

Time to complete: 70 days

Cost to complete: EUR 162

Comment: Granted by the municipality, the approval indicates BuildCo's possibility to execute a certain project. This approval binds the authorities involved in the issuing process but does not authorize construction. Valid for a year, this approval is not a prerequisite for the other procedures. Even so, this procedure cannot be performed simultaneously with any other procedure.

The Ministerial Order #111/2001 has been replaced by a new Ordinance 232/2008 as of March 11, 2009. According to it the required documents are as follows:

- Title to the property, or proof of ownership or lease agreement.
- Architectural project.
- Project clearance from the Fire Department. Approval of the architectural project depends on the issuance of a favorable opinion from the Fire Department. The costs involved are chargeable only at the issuance of the operating license. The company should also request approval of the security system against fire risks that would be filed upon submission of the specific drawings.
- Specific drawings, such as drawings of the electrical power layout. Approved project design drawings are valid for 6 months but are subject to a 3-month extension upon the company's request.
- Specification of patent.
- Direct billing, issued to the owner.
- Schedule of construction work execution.
- Other forms and documents deemed relevant.

This procedure is not mandatory but it is common practice.

Procedure 2 Obtain approval of project designs from City Hall and other relevant entities

Time to complete: 110 days

Cost to complete: EUR 136

Comment: The company must present the project design to the local municipality and consult with the relevant public entities, such as the Monuments Protection Authority. The number and type of entities that must be consulted vary from case to case. The municipality forwards the file to the public entities to be consulted.

After the municipality grants approval of the design project, it requests the applicant to present, within 6 months, the "specialty projects," for instance, the stability, electricity, gas, sewage, waste water, telephone and telecommunications, thermal and acoustic behavior of the building, elevators, and the like.

The municipality then forwards the specialty projects to the relevant entities for approval. The design project approval takes on average the first 30 days of the previous procedure, after which the specialty projects can be sent for approval at the same time that the approval from the relevant entities in the previous procedure is being requested (these two steps take 10 and 20 days, respectively). Once all approvals from third parties have been granted, it takes 45 days for the municipality to make its final decision. Because the applicant can present both the designs and specialty projects at the same time and to the same agency, those steps are considered as one procedure here.

The applicant can also directly ask the relevant authorities for approval of the specialty projects and submit those approvals with the designs, which saves substantial time.

Procedure 3 Obtain building permit (Alvará) and pay fee

Time to complete: 42 days

Cost to complete: EUR 2,860

Comment: BuildCo must request a building permit within a maximum of a year from the date of notification of final approval of the building project. The building permit is issued after the relevant taxes have been paid.

Procedure 4 Inform the labor inspection agency about the new construction site

Time to complete: 1 day

Cost to complete: no charge

Comment: The Labor Conditions Agency might perform on-site inspections during construction. The project might also receive unscheduled inspections from other agencies, such as the agency issuing construction licenses, the Register (INCI), and the municipality.

Procedure 5 Notify City Hall when reaching plinth level in the construction and receive site inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The municipality might inspect the site after receiving notification.

Procedure 6 Notify City Hall before proceeding with concrete work and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The municipality might inspect the site after receiving notification.

Procedure 7 Receive inspection from Labor authority

Time to complete: 1 day

Cost to complete: no charge

Comment: Labor Conditions Agency shows up more in recent years due to increased cases of using illegal labor force by construction companies. Although BuildCo is a law abiding company it is most likely it will be inspected at least once during the construction cycle. The inspections lately look at mainly health and safety conditions. They also look at employment contracts and legal status of authorized workers ("alvara"). Every construction site can be inspected several times during the term of building permit.

Procedure 8 Apply for occupancy permit and pay fees

Time to complete: 1 day

Cost to complete: EUR 1,405

Comment: Once the building has been completed, the applicant requests the occupancy and use permit, which costs EUR 1,404.65. The payment can be required either when the application form is filed or when the license is issued, depending on the municipality. The municipality might charge EUR 80.92 due to an additional inspection of the works. In this case, this procedure might cost around EUR 1,485.57. The timelimit within the permit must be issued is 15 working days from previously registered 30 days.

Procedure 9 Submit application for a water and sewage connection at the water and sewage authority

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 Submit application for an electricity connection at the power authority

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 11 Submit application for a telephone line at the telecommunications authority

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 12 Receive inspection by water and sewerage authority

Time to complete: 1 day

Cost to complete: EUR 31

Comment:

Procedure 13 Receive inspection by power authority

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 14 Receive inspection by telecommunications authority

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 15 Obtain water and sewerage connection

Time to complete: 31 days

Cost to complete: EUR 70

Comment: The steps for obtaining a water and sewerage connection are as follows:

1. Filing of an application for water connection with the Water Authority (EPAL). When the connection involves installation of a water meter, the cost is about EUR 69.70. The request must be filed in triplicate and accompanied by the localization map at a scale of 1:1000, the operating license, the direct billing of the water design engineer concerning the project and the execution of the water connection, the name of the design engineer, a favorable opinion issued by the Fire Department, the security certificate, and the certification of the Fire Department. This procedure may occur simultaneously with procedures 1, 4, and 16. BuildCo can deliver the operating license to EPAL at any time before the first on-site inspection.
2. First on-site inspection by EPAL, following the company's request. The cost of each inspection is EUR 31.17.
3. Completion of the water connection work. BuildCo is responsible for establishing the water connection and bearing the associated costs.
4. Execution of the water supply agreement and installation of the water meters.
5. Issuance of a certificate by EPAL. The company must file a copy of the certificate with the municipal authority.

Procedure 16 Obtain electricity connection

Time to complete: 8 days

Cost to complete: EUR 514

Comment: The request must be accompanied by several documents, such as the electrical plans, a map with the warehouse location, the operating license or the direct billing of the electric design engineer, and information regarding the needed voltage, conduit size, and materials needed to establish the electricity connection.

The costs of installing electricity depend on the size and technical characteristics of the connection and the adaptations to the power network needed to complete the installation. Those costs have increased. For one meter, the applicant now pays EUR 281.33, plus EUR 45.38 for fire services, at the time the application is filed. Fees of EUR 27.23 are needed for each additional meter. The applicant is entitled to two free inspections. Each additional one costs EUR 40. Issuance of the certificate costs EUR 72,60.

The total cost is therefore EUR 399.31. (It is assumed that one water meter is needed and that no inspections other than the free ones take place. All these amounts include value-added tax.)

Procedure 17 Obtain phone connection

Time to complete: 14 days

Cost to complete: EUR 100

Comment:

Procedure 18 Receive inspection and obtain occupancy permit

Time to complete: 39 days

Cost to complete: no charge

Comment:

Procedure 19 Register the building with the real estate registry

Time to complete: 10 days

Cost to complete: EUR 2,625

Comment:

Employing Workers in Portugal

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

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		33.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	72	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.24	0.00
Difficulty of redundancy index (0-10)		50.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 9 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	Yes	1
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
Redundancy costs (weeks of salary)		97.4
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		10.7
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		86.7
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		43.3
Rigidity of hours index (0-100)		46.7
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 and do these apply when continuous operations are economically necessary?	No	0.33
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	Yes	1.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	22	1

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 Portugal

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

STANDARDIZED PROPERTY

Property Value: 746,258.27

City: Lisbon

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request an information certificate on the property at the Registry	1-10 days	EUR 6 per certificate
2	Request a tax clearance certificate on the property	1 day	no cost
3	Payment of the real property transfer tax	1 day	6.5% of the of the property's fiscal value or sale price, whichever is higher
4	Formalize the sale and purchase public deed	1-5 days	0.8% of the sale price or fiscal value, whichever is higher + EUR 195.59 in notary's fees + EUR 251 in public deed taxation
5	Register the property at the Real Property Registry	1-3 days	EUR 200 (registry of transmission and actualization of the property's registry identification)

Procedure 1 Request an information certificate on the property at the Registry**Time to complete:** 1-10 days**Cost to complete:** EUR 6 per certificate**Comment:** Changes to the Registry Code introduced with the Decree Law No: 116 of July 4, 2008 made it possible to obtain this certificate online. For properties whose records are already computerized the procedure lasts 1 day, but for those not yet computerized it might take up to 10 days.**Procedure 2 Request a tax clearance certificate on the property****Time to complete:** 1 day**Cost to complete:** no cost**Comment:** This certificate may be requested and validly printed from the internet site, www.dgci.min-financas.pt. When it is requested this way, it is received immediately and free of charge. If one requests it directly from the Tax Registry, a cost of EUR 4.96 is incurred. One may use this internet site after applying with the Tax Authorities for a username and password regarding tax declarations by internet; notaries can also obtain tax certificates free of charge on behalf of the seller and the buyer, according to Decree-Law no. 238/2006, of December, 20th.**Procedure 3 Payment of the real property transfer tax****Time to complete:** 1 day**Cost to complete:** 6.5% of the of the property's fiscal value or sale price, whichever is higher**Comment:** The payment can be made at any post office or ATM terminal, but must be initiated (or paid) at the Tax Authority office or at the internet site www.e-financas.gov.pt. Applicants can use this site after applying with the Tax Authorities for a username and password.**Procedure 4 Formalize the sale and purchase public deed****Time to complete:** 1-5 days**Cost to complete:** 0.8% of the sale price or fiscal value, whichever is higher + EUR 195.59 in notary's fees + EUR 25 for public deed taxation**Comment:** With the Decree 166 of July 4, 2008 the purchase agreement can be signed by the parties before a Notary ("Notário"), a Lawyer ("Advogado"), a Solicitor ("Solocitador") or at a registry office ("Conservatória do Registo Predial") or a commercial and industrial chamber ("Câmara de Comércio e Indústria").
Because of the law on prevention and repression of money-laundering (Section 1, no. 2, i), parties' identities must be verified for sums over EUR 15,000 as well as information about the origin and destiny of funds involved, justification of the transaction and identities of the beneficiaries (if other than the parties) if the transaction is over EUR 12,500.**Procedure 5 Register the property at the Real Property Registry**

Time to complete:	1-3 days
Cost to complete:	EUR 200 (registry of transmission and actualization of the property's registry identification)
Comment:	<p>Title is transferred with the execution of the relevant public deed. Although registration is not mandatory by law, it has the legal effect of publicity (article 1 of the Real Property Registration Code). The registration is not constitutive of property rights but in case of conflict it evidences the ownership of the person/entity registered as the owner of the property. The acquisition is effective as of the execution of the relevant public deed but the ownership may only be opposed to any third parties upon registration.</p> <p>Please also note that although registration is not mandatory by law the property can not be sold unless the owner is registered as the owner in the relevant Land Registry Department</p> <p>The national program for the computerization of the Real Property Registries has been completed in all of Portugal, including Lisbon now complete. Moreover, applicant can now chose to do the transaction at any given Real Property Registry, thus having the choice to select the one that takes less time to complete the registration procedure. The cost is EUR 250 (however, if the registry is made online, the cost is reduced to EUR 200).</p>

Getting Credit in Portugal

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

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	5
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	Yes	1
Coverage		16.4	81.3
Number of individuals		1,377,920	7,011,650
Number of firms		92,419	281,808

Strength of legal rights index (0-10)		3
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

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

No

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

Yes

Protecting Investors in Portugal

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

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	6
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	1
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Extent of director liability index (0-10)	5
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	1
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Ease of shareholder suits index (0-10)	7
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	4
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	1
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

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

Strength of investor protection index (0-10)	6.0
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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 Portugal

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty	1			0.50%	transaction value		
Value added tax (VAT)	1	online filing	96	21.00%	value added		
Tax on check transactions	1			0.05 EUR	per check	0.00	
Vehicle tax	1			fixed fee (EUR 289)	per vehicle	0.08	
Tax on interest income	0			20.00%	interest income	0.51	
Fuel tax	1			28 cents	fuel consumption in liters	0.74	
Municipal business tax	0	paid jointly with CIT		1.50%	tax profits	0.91	
Property tax	1			0.7%	property value	1.04	
Corporate income tax	1	online filing	40	25.0%	taxable profits	13.37	
Social security contributions	1	online filing	192	23.75%	gross salaries	26.79	
Totals	8		328			42.9	

Notes:

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

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

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

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

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

Trading Across Borders in Portugal

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

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	10	150
Customs clearance and technical control	1	100
Ports and terminal handling	3	260
Inland transportation and handling	2	175
Totals	16	685

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	10	300
Customs clearance and technical control	1	264
Ports and terminal handling	3	260
Inland transportation and handling	1	175
Totals	15	999

Export

Bill of lading

Commercial invoice

Customs export declaration

Packing list

Import

Bill of lading

Certificate of origin

Commercial invoice

Customs import declaration

Packing list

Enforcing Contracts in Portugal

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

Nature of Procedure (2009)	Indicator
Procedures (number)	31
Time (days)	547
Filing and service	30.0
Trial and judgment	337.0
Enforcement of judgment	180.0
Cost (% of claim)*	13.00
Attorney cost (% of claim)	10.6
Court cost (% of claim)	1.8
Enforcement Cost (% of claim)	0.5

Court information: Lisbon Civil Court ("Juízos Cíveis do Tribunal Judicial da Comarca de Lisboa")

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



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