



Doing Business 2014

Understanding Regulations for Small and Medium-Size Enterprises

Comparing Business Regulations for Domestic Firms in 189 Economies

Doing Business in Myanmar

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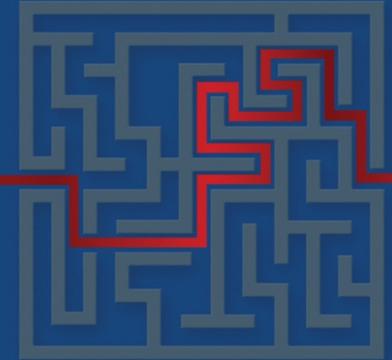
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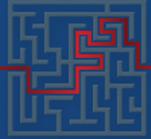
Washington, DC

October 29, 2013



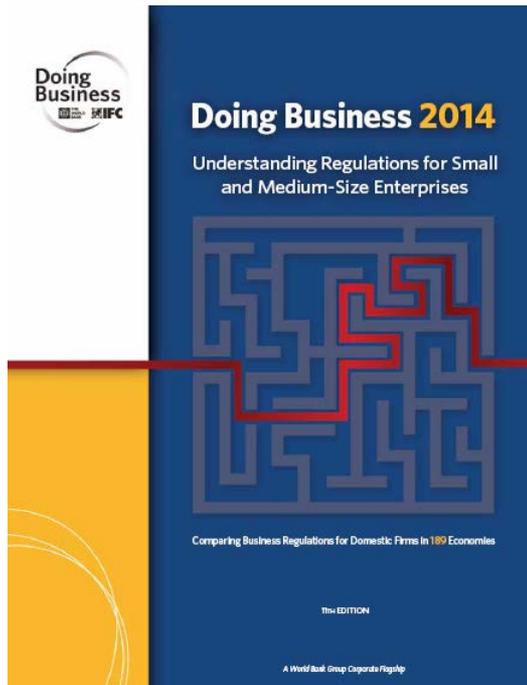
– 11TH EDITION –

A World Bank Group Corporate Flagship



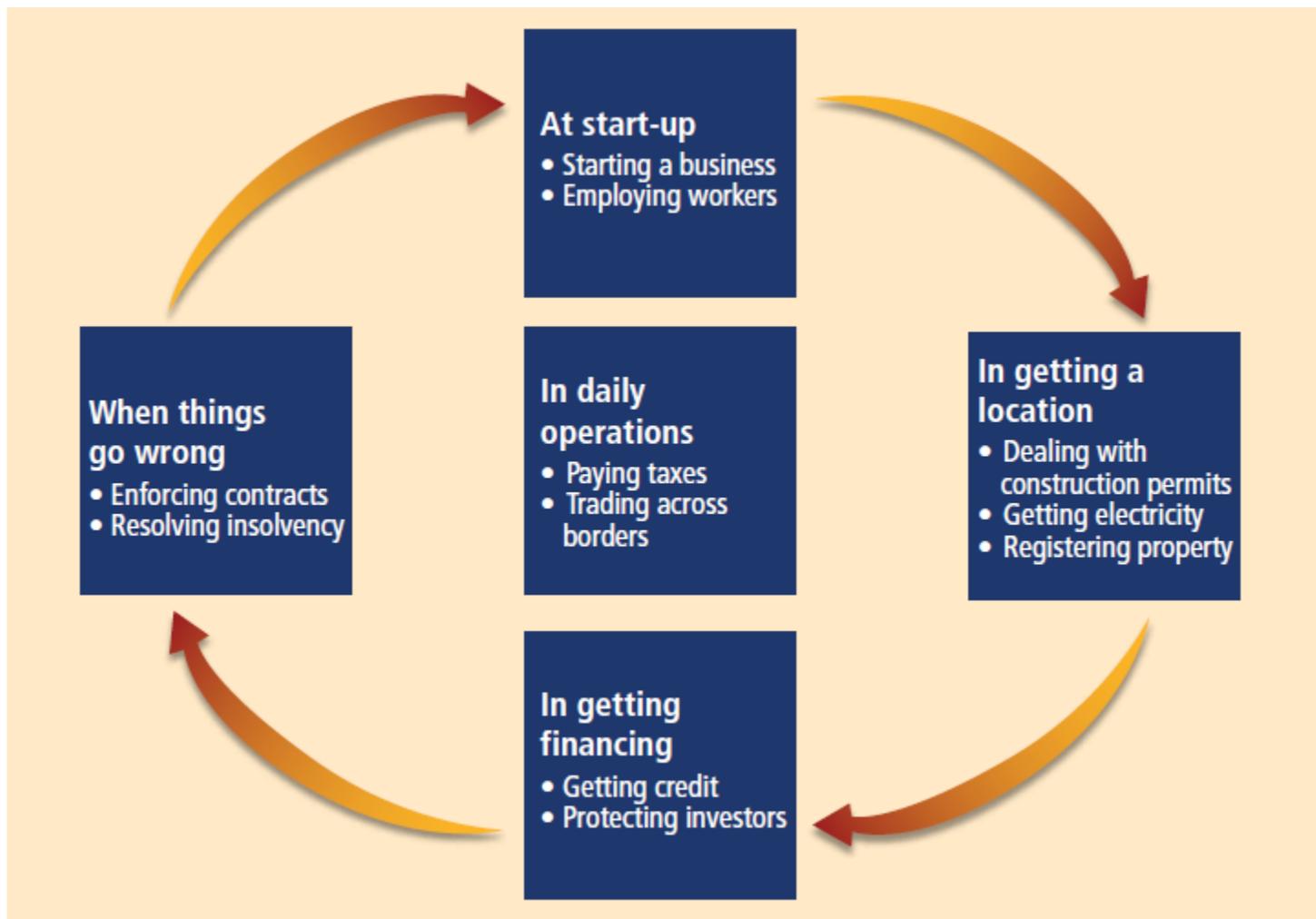
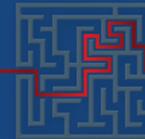
Doing Business indicators:

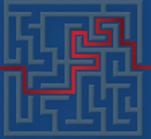
- ✓ Focus on regulations relevant to the life cycle of a small to medium-sized domestic business.
- ✓ Are built on standardized case scenarios.
- ✓ Are measured for the most populous city in each country.
- ✓ Are focused on the formal sector.



DO NOT measure all aspects of the business environment such as macroeconomic stability, corruption, level of labor skills, proximity to markets, or of regulation specific to foreign investment or financial markets.

Doing Business measures 11 areas of business regulation (10 included in the DB2014 ranking) in 189 economies





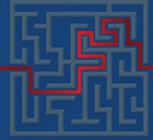
For the first time, this year's report measures business regulations in Libya, Myanmar and South Sudan, economies that emerged from conflict or are starting to open up to the global economy after years of isolation.

- **Old laws and regulations still apply in Myanmar, including the Companies Act of 1914, the Code of Civil Procedure of 1908 and the Evidence Act, 1872.**
- In Libya the civil code and the civil and commercial procedure codes all date back to 1953.
- In South Sudan the challenge is not updating old laws and regulations but creating new ones from scratch. This process takes time. Yet since independence in 2011, South Sudan has passed a company law, tax law and insolvency law.
- Data in this year's report show that **these 3 economies rank among the bottom 10 on the ease of doing business.**
- Although their performance varies somewhat across *Doing Business* topics, the data consistently show that **these economies have complex and costly regulatory procedures and weak institutions** relevant to business regulation (see next slide).

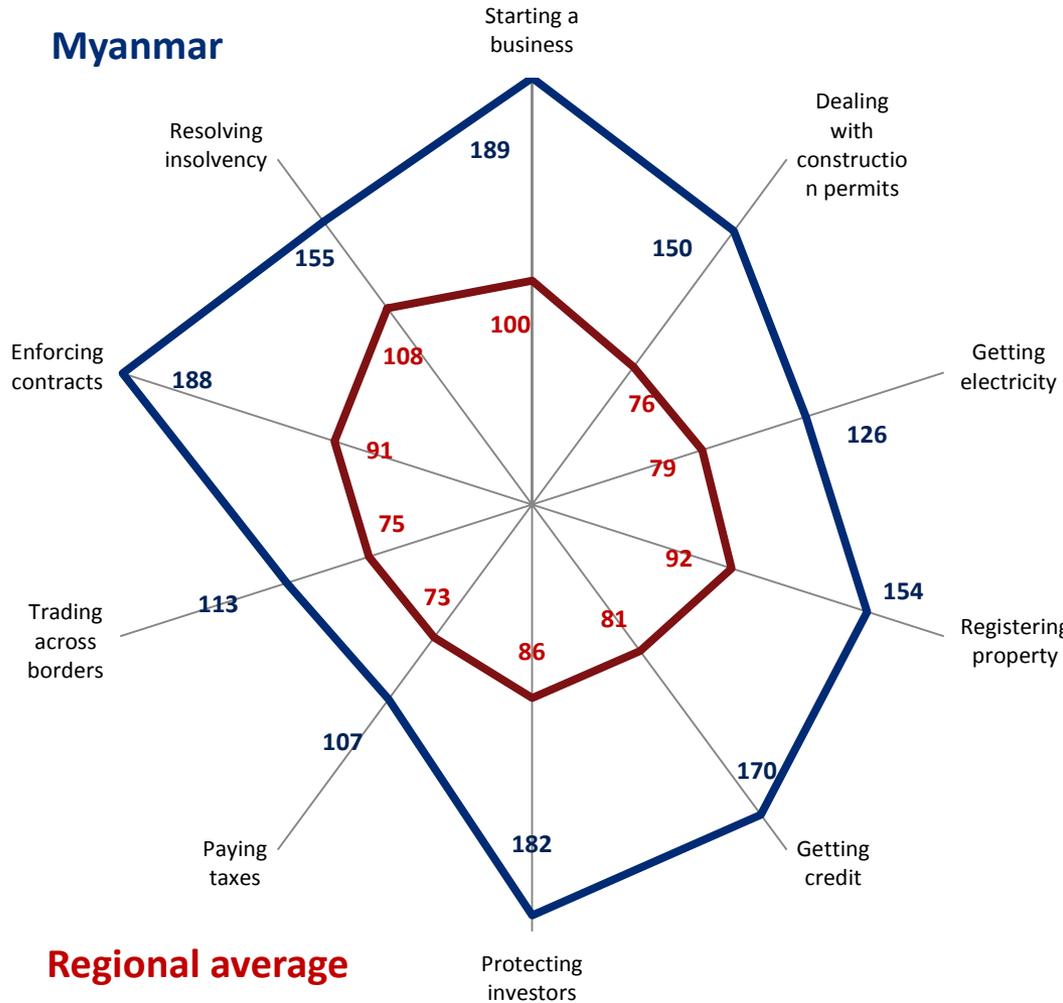
But in all 3 economies new laws are under discussion that may affect future editions of the *Doing Business* data

There are many areas for regulatory improvement in fragile and conflict-affected states

Global ranking, by *Doing Business* topic



Myanmar

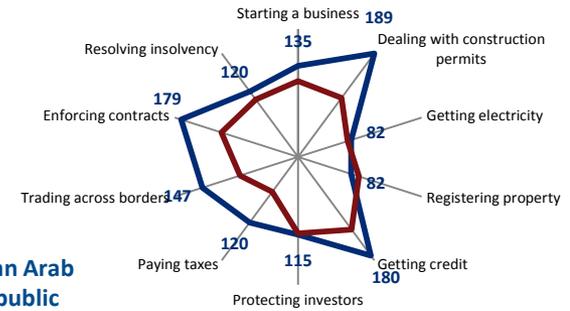


Regional average

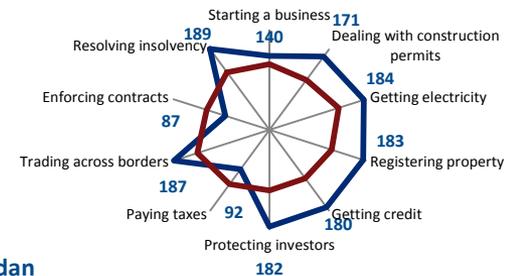
Libya



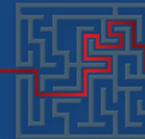
Syrian Arab Republic



South Sudan

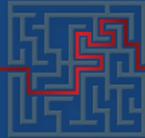


With a total of 25 reforms, 16 economies in East Asia and the Pacific improved business regulations this year





In 2012/2013, Myanmar improved in Paying Taxes

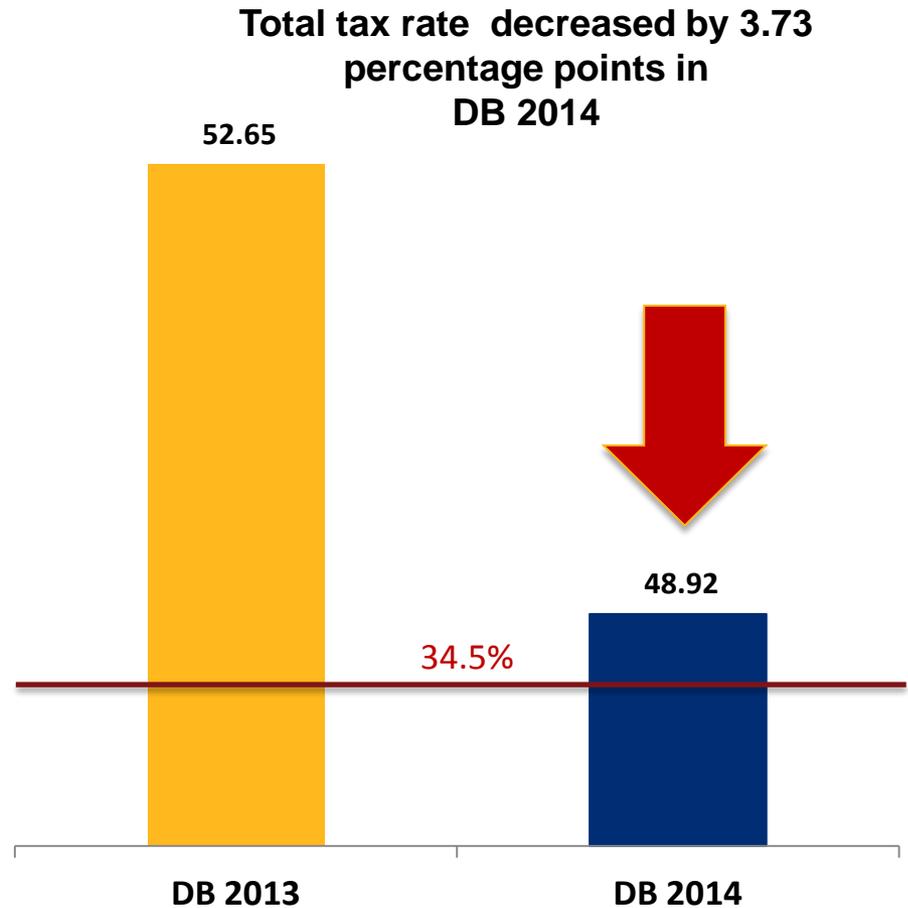


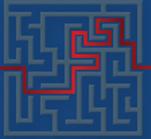
- ✓ Myanmar made paying taxes less costly for companies by **reducing the corporate income tax rate** from 30% in 2011 to 25%, as of April 2012.



As a result, total tax rate decreased from 52.54% to 48.92%,

✓ However, the total tax rate in Myanmar is still higher than the regional average of 34.5%





Electronic filing and payment
(74 economies)

Australia; Colombia; Greece;
India; Lithuania; Malta;
Mauritius; Tunisia



One tax per tax base
(48 economies)

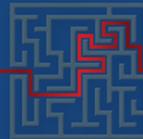
Greece; FYR Macedonia;
Namibia; Paraguay; United
Kingdom



Self-assessment
(156 economies)

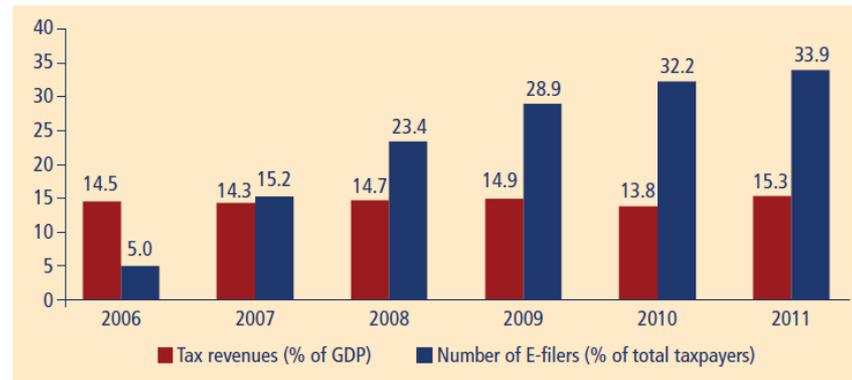
Argentina; Canada; China;
Rwanda; Sri Lanka; Turkey

Malaysia: implementing electronic tax filing and payments



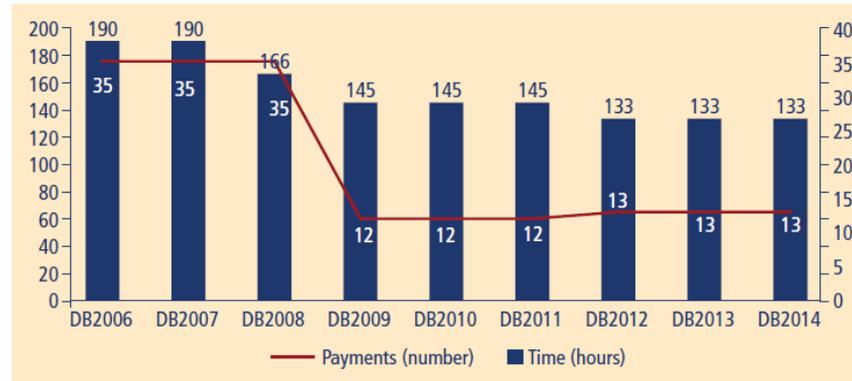
- By 2012, **75 of the economies** measured by Doing Business had fully implemented electronic tax filing and payment systems.
- The case study of **Malaysia's experience**, modernizing manual tax filing and payment and moving to a paperless online system, shows the opportunities that technology can provide to taxpayers and governments—as well as the challenges that may emerge during the transition.
- In 2004 Malaysia's Inland Revenue Board (IRB) spearheaded an initiative **to implement a system for filing and paying taxes** that would promote electronic, paperless transactions. Tax systems in developing economies, like those in more developed ones, face both new challenges and new possibilities as a result of technological change.
- IRB encountered several **implementation challenges**, key among them the public's initial reluctance to use the new system. So IRB increased its promotion efforts, upgraded the system and hired workers to show taxpayers how to use it.
- The number of individuals and companies using e-filing jumped from **5% of active filers in 2006 to 37% in 2012**.
- The time that businesses need to comply with Malaysia's tax regulations fell from **190 hours in 2004 to 133 in 2012** as measured by Doing Business.

Since 2006 e-filing usage has jumped among individuals and companies in Malaysia



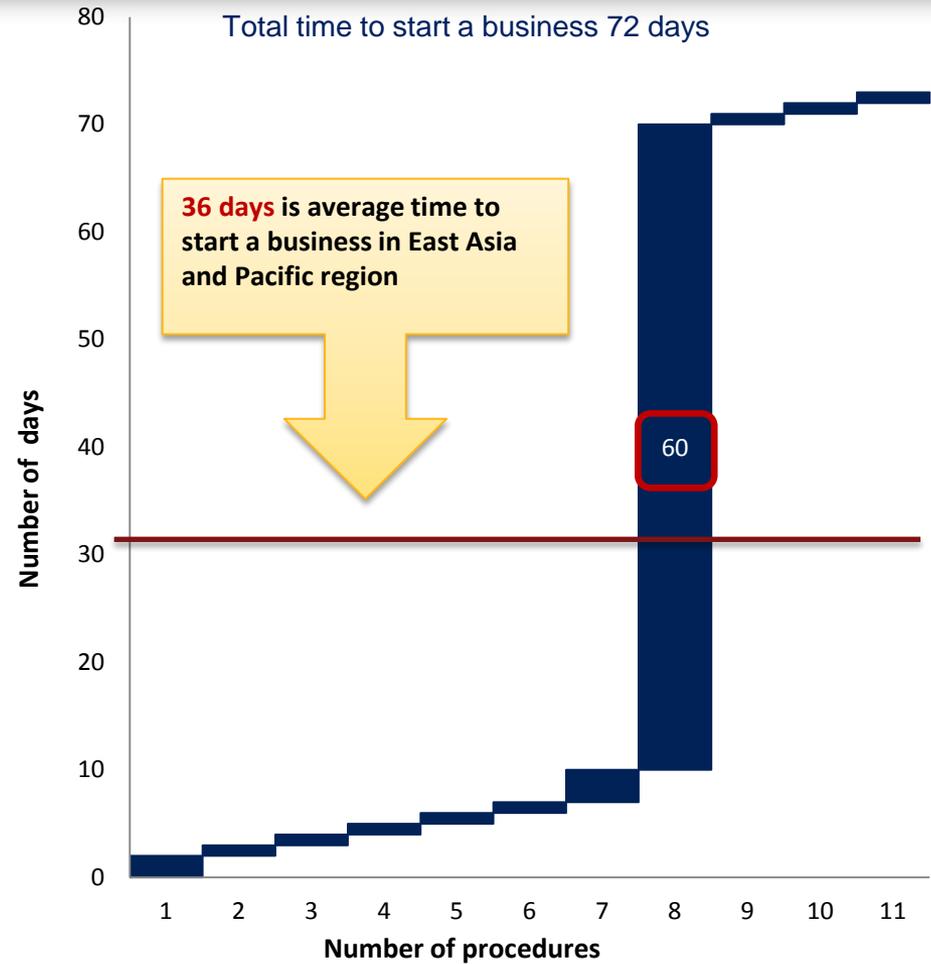
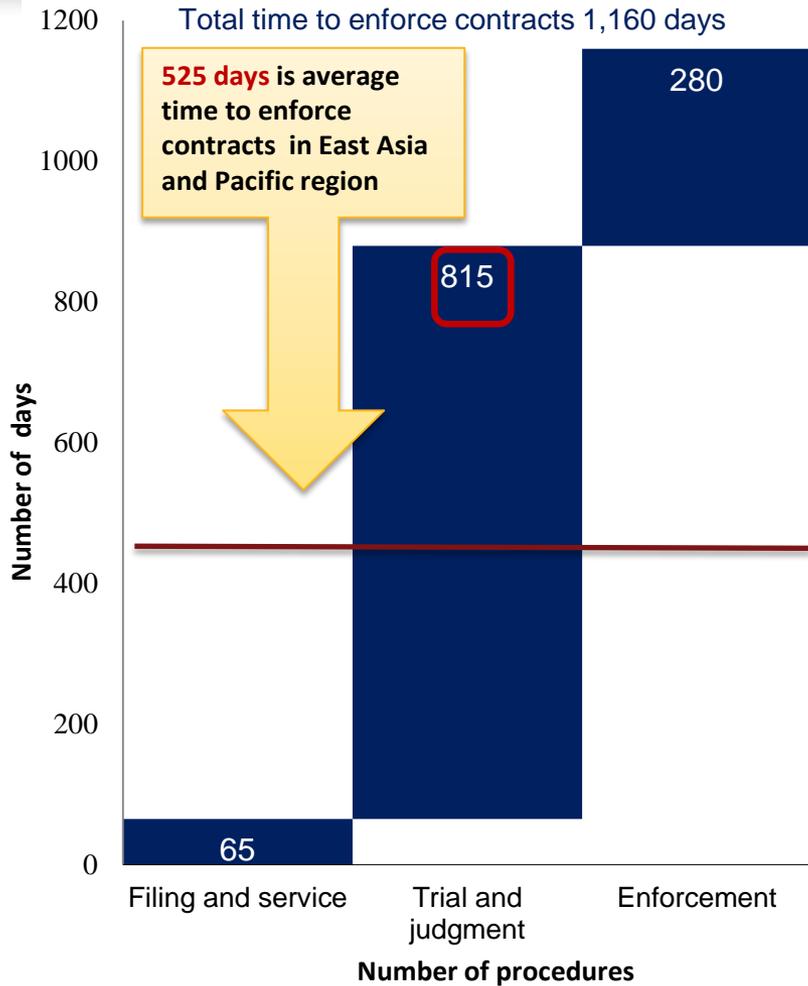
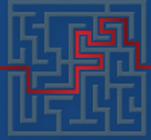
Source: World Bank, World Development Indicators database; Malaysia Inland Revenue Board data.

Malaysia's electronic filing system has eased compliance with tax obligations for businesses



Source: Doing Business database.

The average time to enforce contracts and start a business in Myanmar is still very high



Trial and judgment is the longest procedure to enforce contracts, taking **2.2 years on average**

Obtaining the permanent incorporation certificate is the major bottleneck in starting a business, taking on average **2 months**

Myanmar has the highest minimum capital requirement in the East Asia and Pacific region

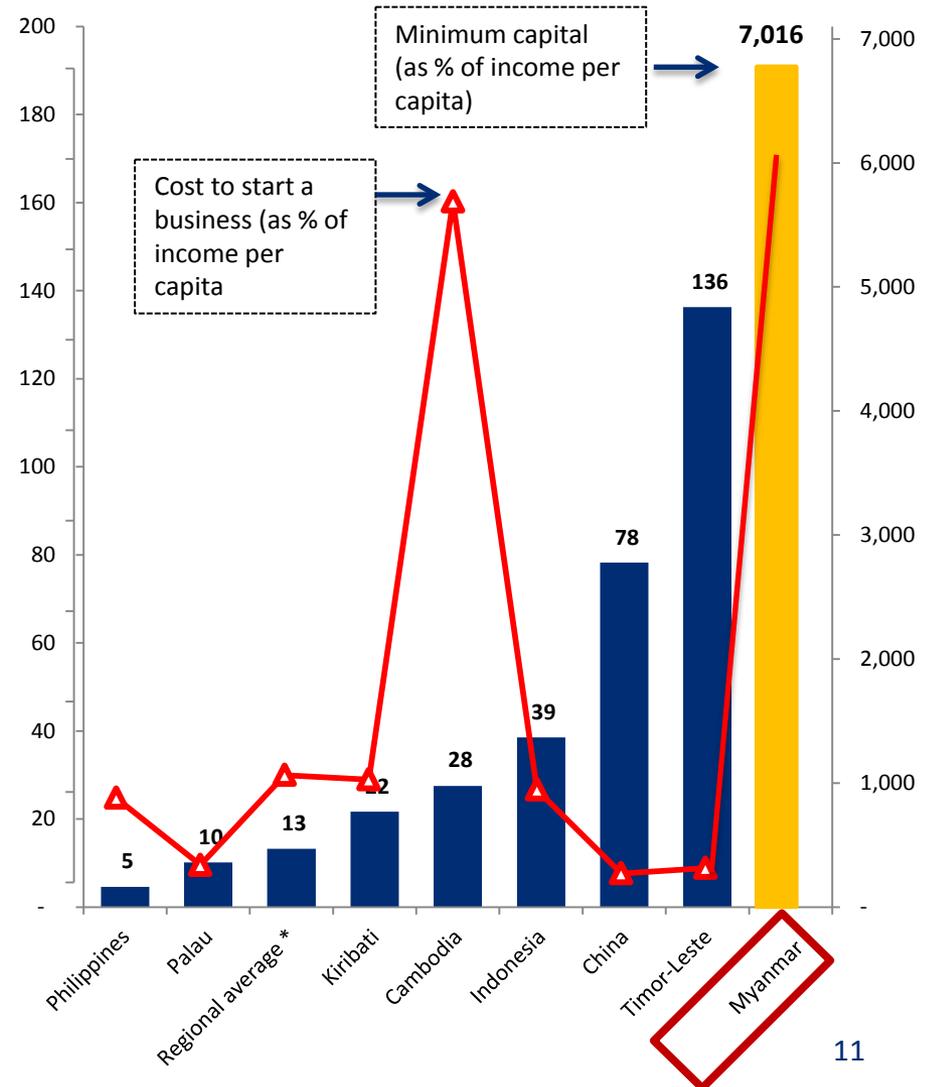


Minimum capital requirement

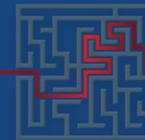
- Myanmar has a minimum capital requirement of 50 million kyat for domestic manufacturing companies (about USD 58,600), the highest out of the 189 economies measured by the *Doing Business* report.
- With a minimum capital of 136 % of income per capita, Timor-Leste follows Myanmar as the economy with the second highest minimum capital in the region.
- The minimum capital requirement in the East Asia and Pacific region is 13.2% (if Myanmar is excluded)
- 17 out of 25 economies in the region have no minimum capital requirement, including Lao PDR and Vietnam

Cost to start a business

- The cost to start a business in Myanmar (176% of income per capita) is also higher than the regional average of 30%.
- An entrepreneur must pay more than 1 million kyat (about USD 1,200) to register a new company



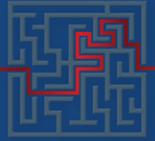
What does it take to enforce a contract in Myanmar?



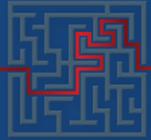
Indicator	Myanmar
Time (days)	1,160
Filing and service	65
Trial and judgment	815
Enforcement of judgment	280
Cost (% of claim)	51.5
Attorney cost	47
Court cost	2.5
Enforcement cost	2
Procedures (number)	45
Filing and service	10
Trial and judgment	23
Enforcement of judgment	12

Court name:
Lahta Township Court
City: Yangon

How does Myanmar compare to other economies in Enforcing Contracts?



Indicator	Myanmar	Malaysia	Singapore	Hong Kong SAR, China	Vietnam	Philippines	East Asia Pacific	OECD
Enforcing Contracts (rank)	188	30	12	9	46	114	88	36
Time (days)	1,160	425	150	360	400	842	551	529
Cost (% of claim)	51.5	27.5	25.8	21.2	29	26	48.7	21.0
Procedures (number)	45	29	21	27	36	37	37	31



Introduce specialized commercial courts

- Specialized courts tend to improve efficiency. Creating specialized commercial courts can result in faster and less costly contract enforcement, particularly where the commercial caseload is large.
- This would especially be helpful in Greece, where the trial and judgment period alone makes up 78% of the time it takes to enforce a contract, which is partly due to the high caseload at the Athens First Instance Single Member Court.
- Today, 82 of the 185 economies covered by *Doing Business* (including 16 of 31 OECD high-income economies) have a dedicated stand-alone court, a specialized commercial section within an existing court or specialized judges within a general civil court.

Finalize the implementation of the electronic filing service

- Electronic systems in courts, such as electronic filing services, offer multiple benefits. By allowing litigants to file complaints electronically in commercial cases, they can speed up the filing and service process. They can also prevent the loss, destruction or concealment of court records.
- The implementation of electronic filing of court documents (e-justice) to the Court of Athens began on March 13, 2012. However, as of May 2012, only about 100 lawyers were randomly selected to receive an electronic code allowing them to access the system. Greece could expedite the process of granting this service to all attorneys, as this may have many benefits for commercial dispute resolution in the Court of Athens.

Malaysia: improving contract enforcement through case management



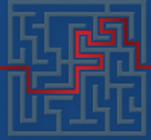
Improvements in Malaysia since 2009

- Implementation of a case management system
- Reorganization of the Commercial Division of the Kuala Lumpur high court
- Close monitoring and training of judges
- Expansion of an “e-court” project, initially launched at the Kuala Lumpur high court in February 2009
 - Queue management system using text messaging to notify lawyers of hearing dates
 - Digital planners enabling registrars to schedule hearings on the basis of which judge is available earliest
 - Court recording and transcription system provides video and audio recordings of proceedings
 - Introduction of electronic filing

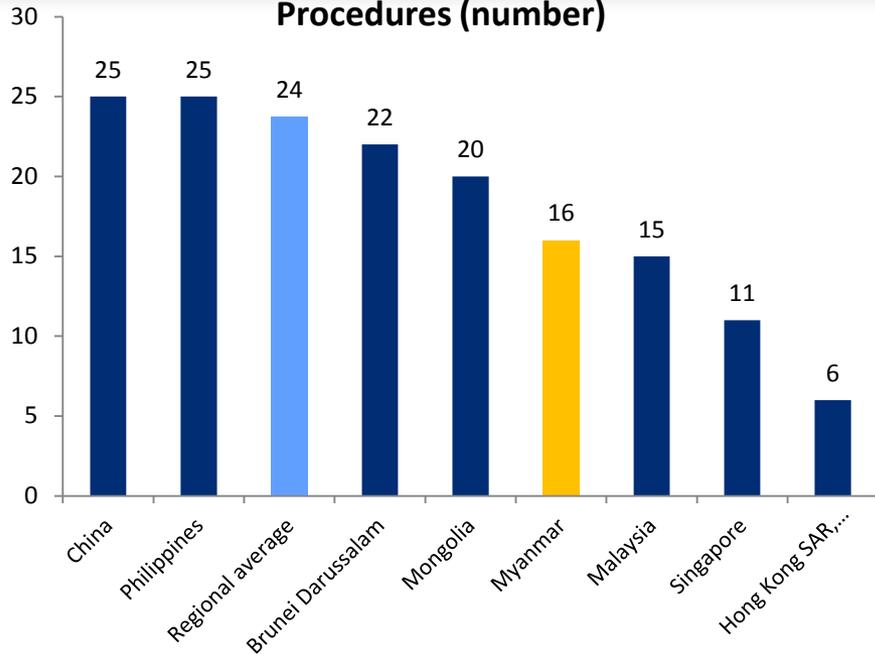
Reduction of backlogs by more than 50% between 2009 and 2011.
More than 46,000 old cases were removed from the dockets of the sessions courts, either resolved or struck because of inactivity

Decrease in Time by 175 days between DB09 (600 days) and DB13 (425 days)

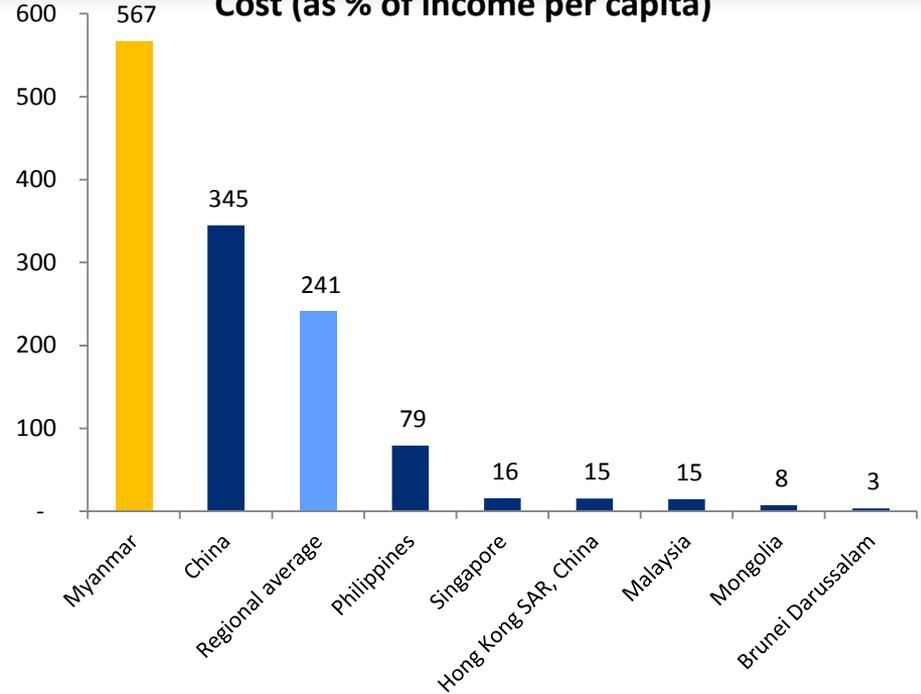
Dealing with construction permit in Myanmar is a long and costly process



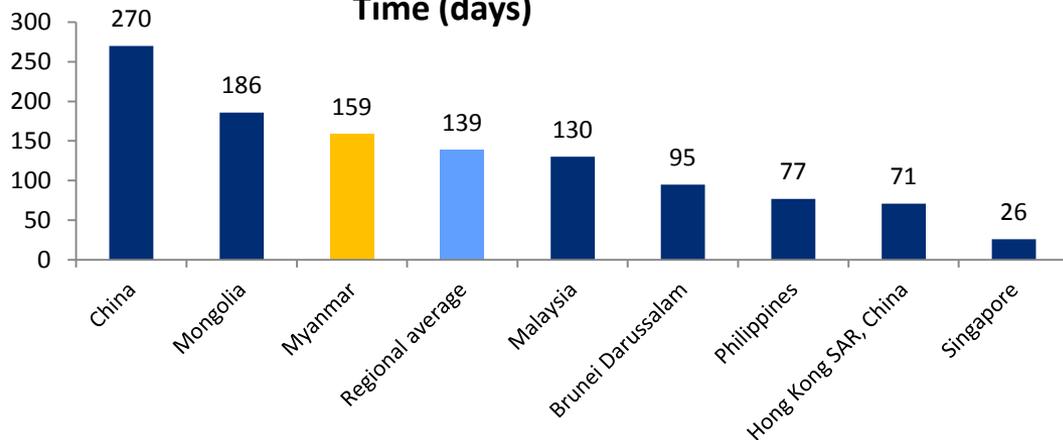
Procedures (number)



Cost (as % of income per capita)

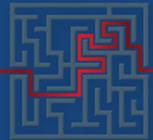


Time (days)



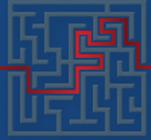
The cost of dealing with construction permits in Myanmar is the highest in the East Asia and Pacific Region

The most popular reforms in dealing with constructions in 2012/13

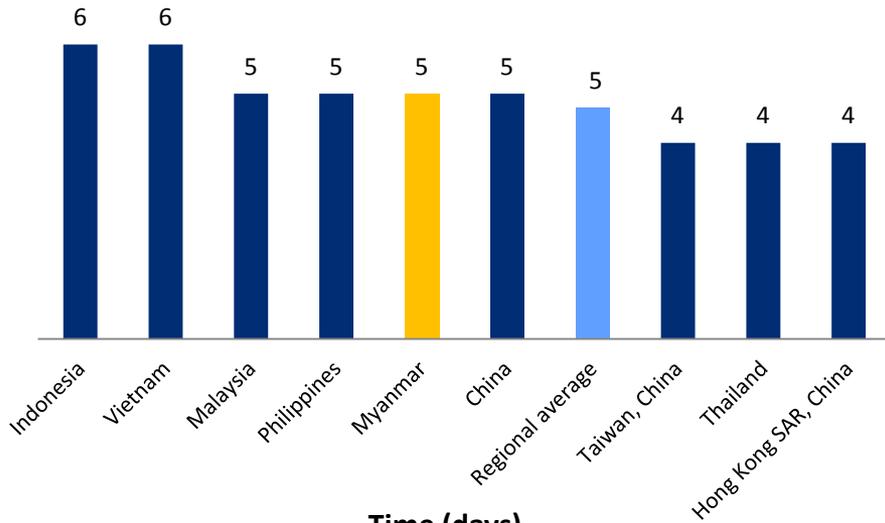


Feature	Economies	Some highlights
Streamlined procedures	Botswana; Costa Rica; Côte d'Ivoire; Gabon; Guatemala; Kosovo; Latvia; FYR Macedonia; Malaysia; Montenegro; Mozambique; Philippines; Poland; Russian Federation; Rwanda; Sri Lanka; Togo; Ukraine	The Russian Federation eliminated duplicate clearances from several government agencies.
Reduced time for processing permit applications	Botswana; Costa Rica; Côte d'Ivoire; Gabon; Guatemala; Latvia; Malaysia; Montenegro; Mozambique; Russian Federation; Slovenia; Sri Lanka; Turkey	Turkey implemented strict time limits to obtain a lot plan and simplified documentation requirements to obtain an occupancy permit.
Introduced or improved one-stop shop	Burundi; Gabon; Guatemala; Malaysia; Mongolia; Montenegro	Guatemala and Malaysia introduced one-stop shops for construction permits and postconstruction approvals.
Reduced fees	Kosovo; Malaysia; Malta; Mongolia; Rwanda; Sri Lanka	Sri Lanka reduced the fee to obtain a construction permit by eliminating the development tax.
Introduced or improved online services	Costa Rica; Gabon; Guatemala; Mozambique; Rwanda	Costa Rica launched an e-government platform that allows online submission of construction permit applications and streamlines internal reviews.
Introduced risk-based approvals	Botswana; Malaysia; Ukraine	Botswana clarified environmental impact assessment requirements for projects. Ukraine introduced a risk-based approval system, eliminating preconstruction utility approvals and postconstruction certification procedures.
Adopted a new building code	Azerbaijan	Azerbaijan adopted a new construction code that streamlined procedures and established official time limits for completing various procedures in the construction permitting process.
Improved building control process	Togo	Togo improved its workflow communication and implemented a standard procedure for processing applications.

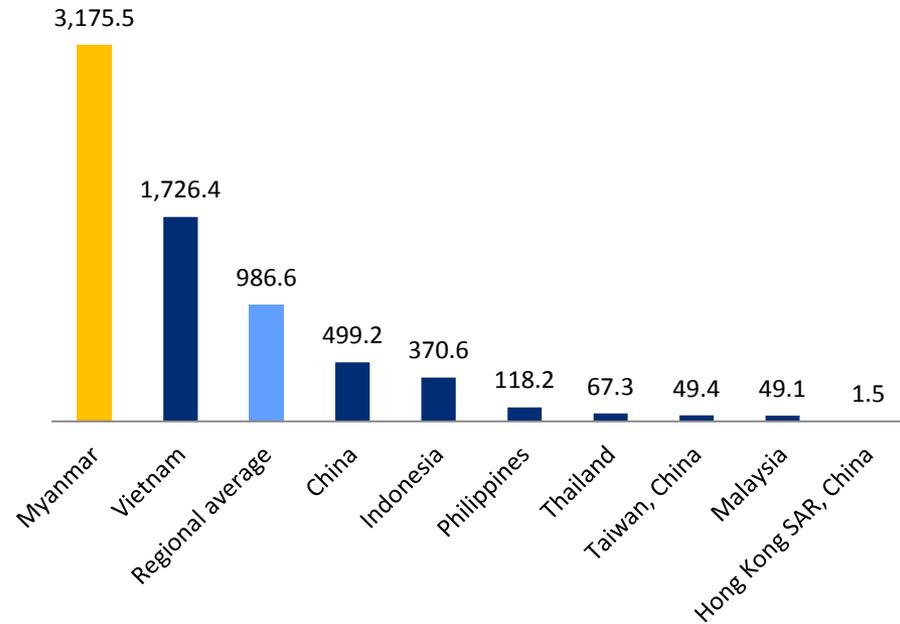
It takes less days but is more costly to obtain an electricity connection in Myanmar than in the average of the East Asia and Pacific region



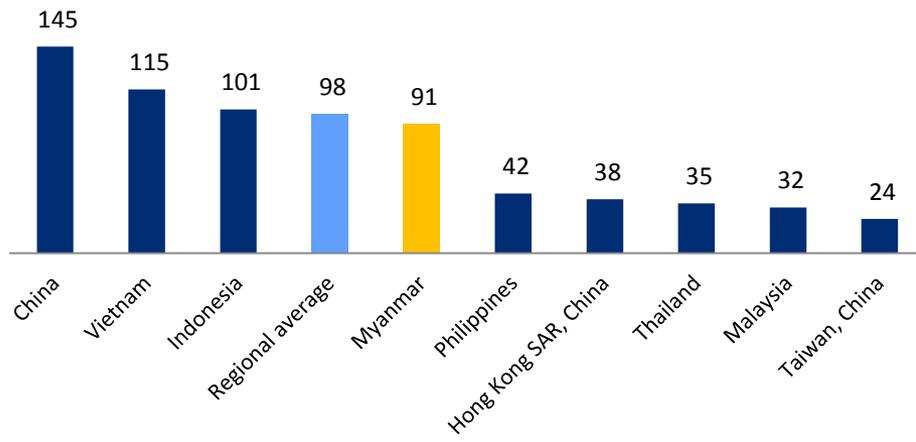
Procedures (number)



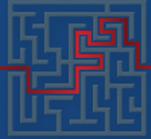
Cost (as % of income per capita)



Time (days)

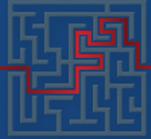


The cost of getting electricity in Myanmar is the highest in the East Asia and Pacific Region



Strength of legal rights index (0-10)

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	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 collateral?	Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	No
Is a collateral registry in operation, that is unified geographically and by asset type, with an electronic database indexed by debtor's names?	No
Are secured creditors paid first (i.e. before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before general tax claims and employee claims) when a business is liquidated?	No
Are secured creditors either not subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure, or the law provides secured creditors with grounds for relief from an automatic stay or	Yes
Does the law allow parties to agree in a collateral agreement that the lender may enforce its security right out of court, at the time a security interest is created?	Yes
Score (number of "yes" responses)	4

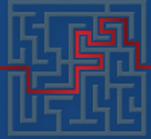


Getting Credit in Myanmar	Myanmar	East Asia Pacific	OECD
Strength of legal rights index (0-10)	4	7	7
Depth of credit information index (0-6)	0	3	5
Public registry coverage (% of adults)	0.0	11.4	15.2
Private bureau coverage (% of adults)	0.0	19.7	66.7

Depth of credit information index (0-6)	0
Private credit bureau	No
Public credit registry	No
Strength of legal rights index (1-10)	4

- As of 2013, Myanmar does not have a functioning credit reporting system in place.

Where is it easier to get credit and why?

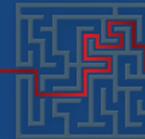


1.  Malaysia
2.  United Kingdom
3.  Singapore
4.  Australia
5.  Hong Kong SAR, China
6.  Latvia
7.  Montenegro
8.  New Zealand
9.  Macedonia FYR
10.  Georgia

Good common practices:

- Distribute information on all the loans.
- Distribute historical credit information on individuals and companies.
- Distribute information from alternative sources, such as retailers or utility companies.
- Allow a wide range of assets to be used as collateral without requiring a specific description.
- Most of them allow out-of-court enforcement of security rights.

Protecting investors in Myanmar – areas for improvement

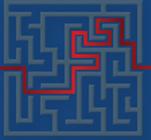


Protecting investors in Myanmar	Myanmar	East Asia Pacific	OECD
Extent of disclosure index (0-10)	3	5	7
Extent of director liability index (0-10)	0	5	5
Ease of shareholder suits index	4	6	7
Strength of investor protection index (0-10)	2.3	5.3	6.2

Extent of director liability index (0-10)	0
Whether shareholders can use directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	No
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	Not liable
Whether shareholders can hold members of the approving body liable for the damage that the Buyer-Seller transaction causes to the company?	No liable
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	Not possible or only in case of Seller's fraud or bad faith
Whether a court can void the transaction upon a successful claim by the shareholder plaintiff?	No
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	No
Whether fines and imprisonment can be applied against Mr. James?	No

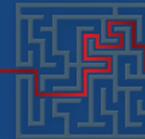
Myanmar could improve the extent of director liability index by:

- ✓ **Increasing the ability of shareholders to hold interest parties and members of the approving body liable** in case of related-party transactions
- ✓ **Increasing the ability of shareholders to sue** directly or derivatively



- Related-party transactions require:
 - Prior approval (e.g. France, United Kingdom)
 - Higher internal and external disclosure
 - Disclosure of family and indirect ownership (e.g. New Zealand, Singapore)
 - External review (e.g. Australia, Sweden)
- Facilitate shareholder judicial redress for damages.
- Tougher remedies against directors involved in harmful related-party transactions (e.g. Colombia, Malaysia).
- Open company books for shareholder inspection (e.g. Greece, Japan).
- Encourage institutional investors to be active in identifying bad practices.

Thank you!

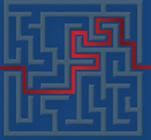


Questions

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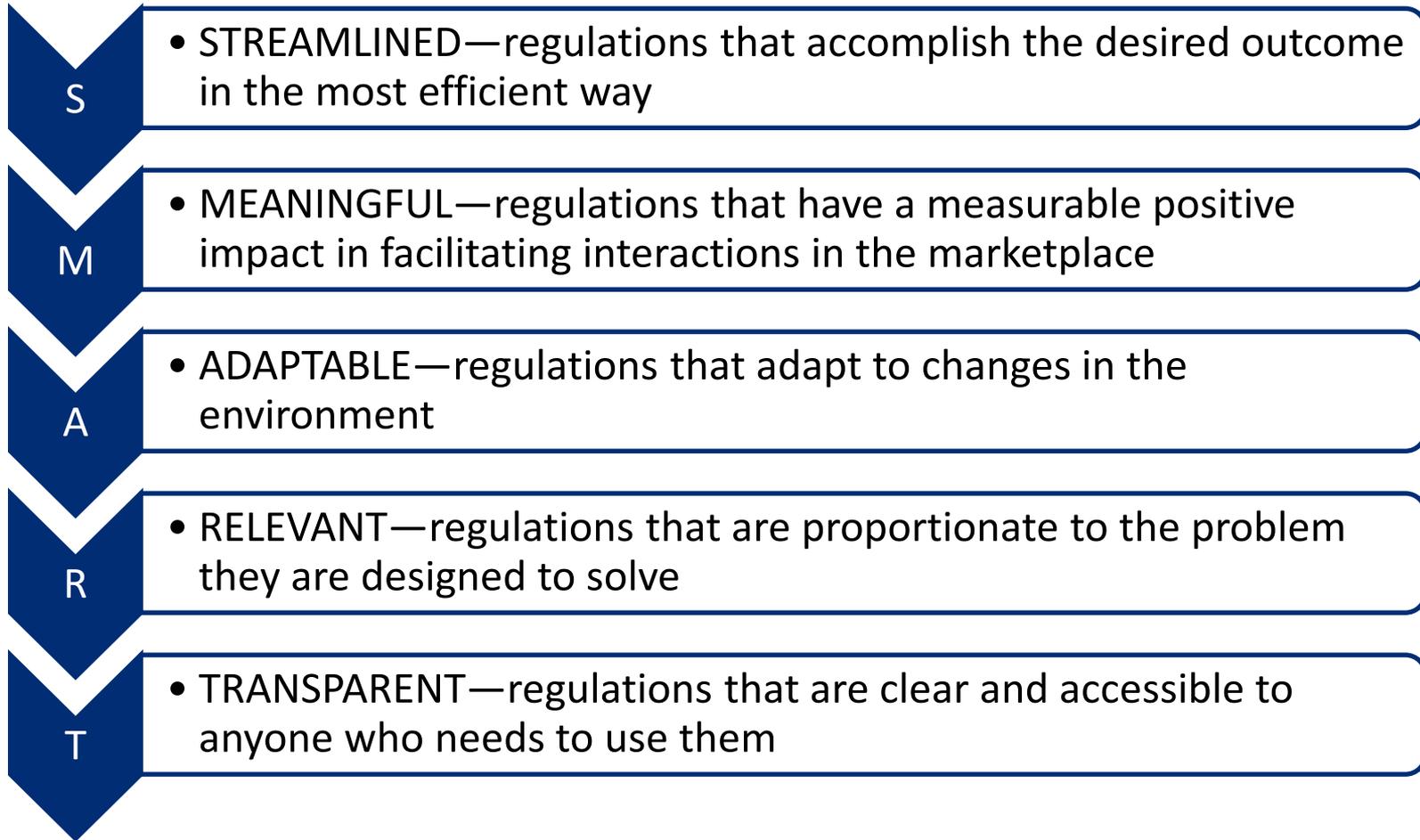
The screenshot shows the homepage of **DOING BUSINESS**, measuring business regulations. It features the IFC and World Bank logos, a search bar, and a navigation menu. The main content area highlights the **Doing Business 2014** report, listing key findings such as Ukraine's improvement and Singapore's ease of doing business. A sidebar offers an **Explore Economy Data** tool with dropdown menus for economy and topic selection. Below the main content, there are sections for **RECENT PUBLICATIONS** (featuring the 2013 East African Community report), **PRESS RELEASE** (World Bank President's statement), **STAY CONNECTED!** (social media links), **Subnational Data** (exploring data for 335 cities), and **Distance to Frontier** (showing economic improvement over time).



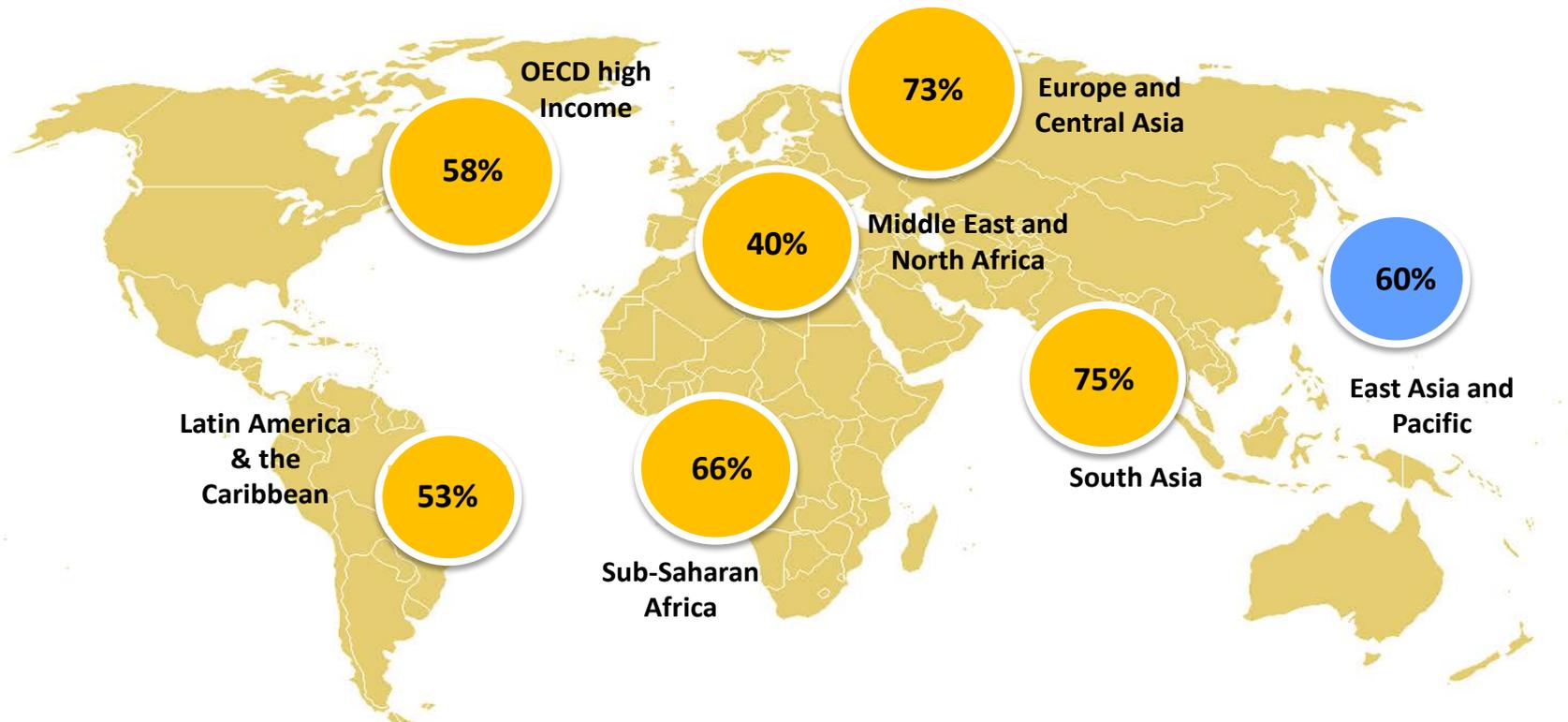
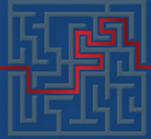
ANNEX



How does *Doing Business* define SMART business regulations?



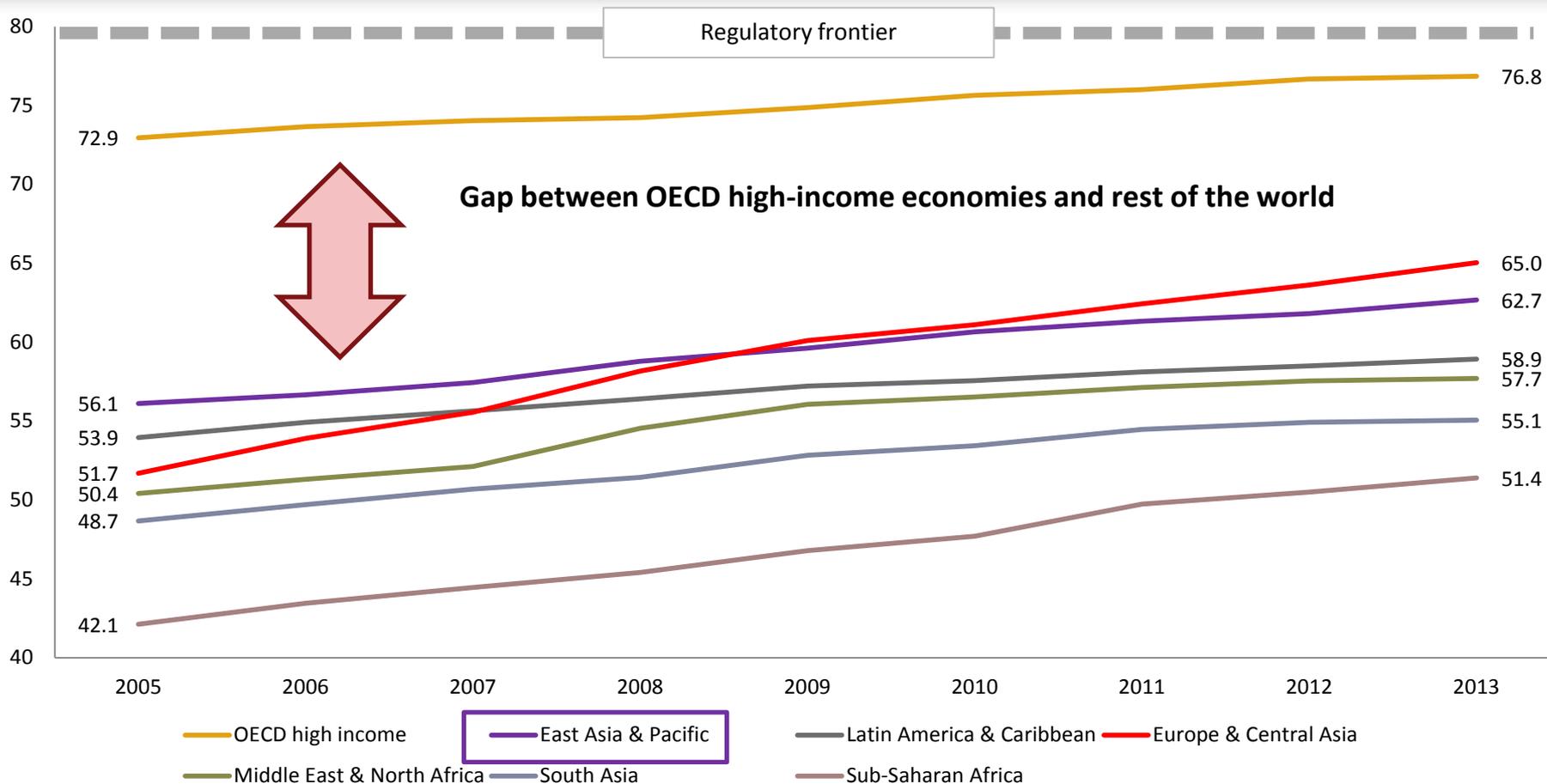
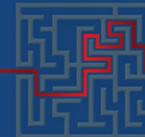
Pace of reforms remains strong in 2012/13: share of economies with at least one reform making it easier to do business



Worldwide, 114 economies implemented 238 reforms in 2012/2013, 18% rise with respect to 2011/2012.

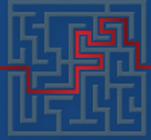
60% of all economies in East Asia and Pacific reformed in 1 or more areas of business regulation in 2012/13

East Asia & Pacific improved business environment since 2005, but still has a long way to go in narrowing the gap

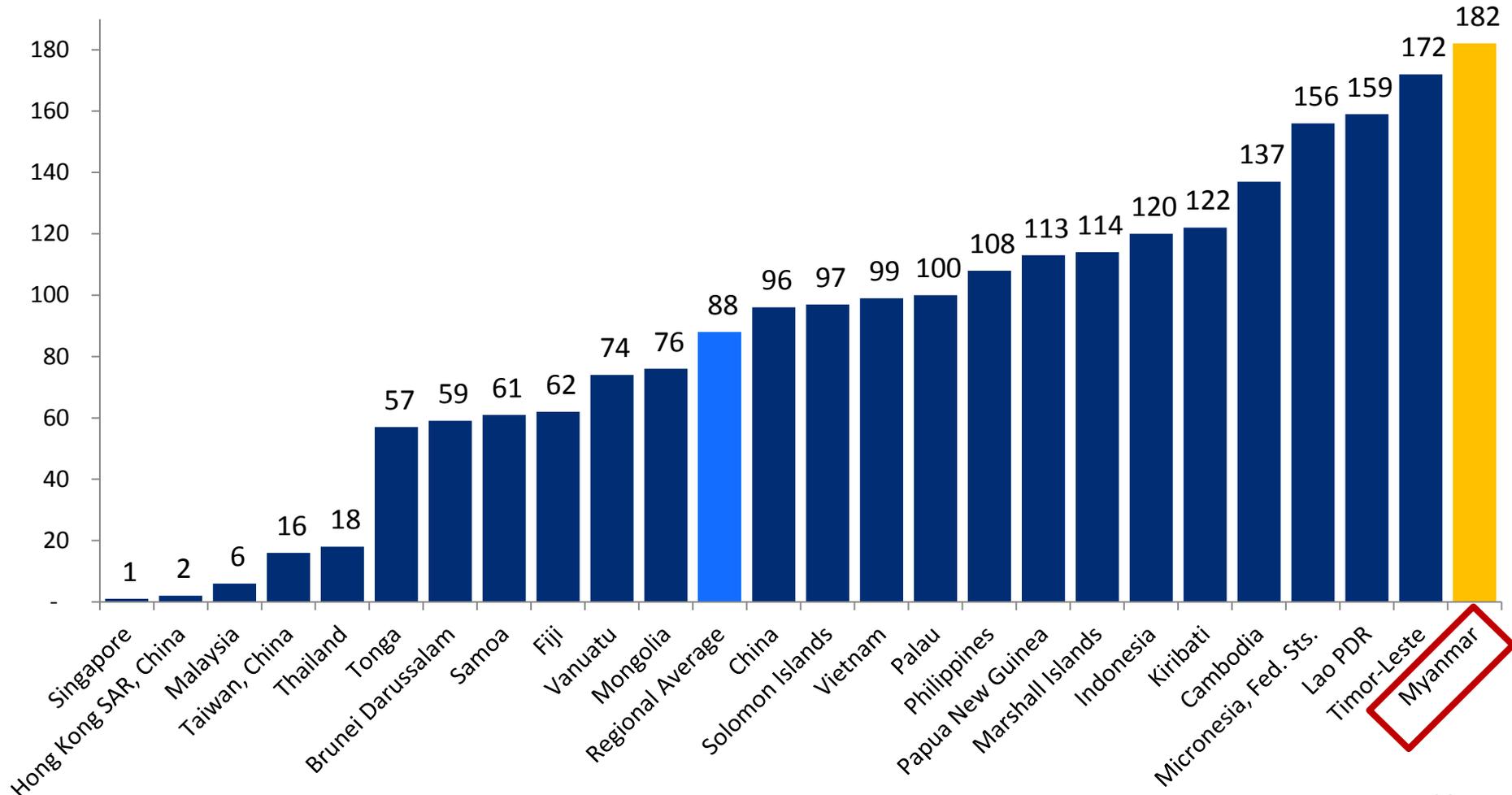


Note: The distance to frontier measure shows how far on average an economy is at a point in time from the best performance achieved by any economy on each *Doing Business* indicator since 2003 or the first year in which data for the indicator were collected. The measure is normalized to range between 0 and 100, with 100 representing the frontier. The data refer to the 183 economies included in *Doing Business 2010* (2009) and to the regional classifications for 2013. Six economies were added in subsequent years. Source: *Doing Business* database.

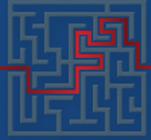
Singapore and Hong Kong lead EAP in the ease of doing business



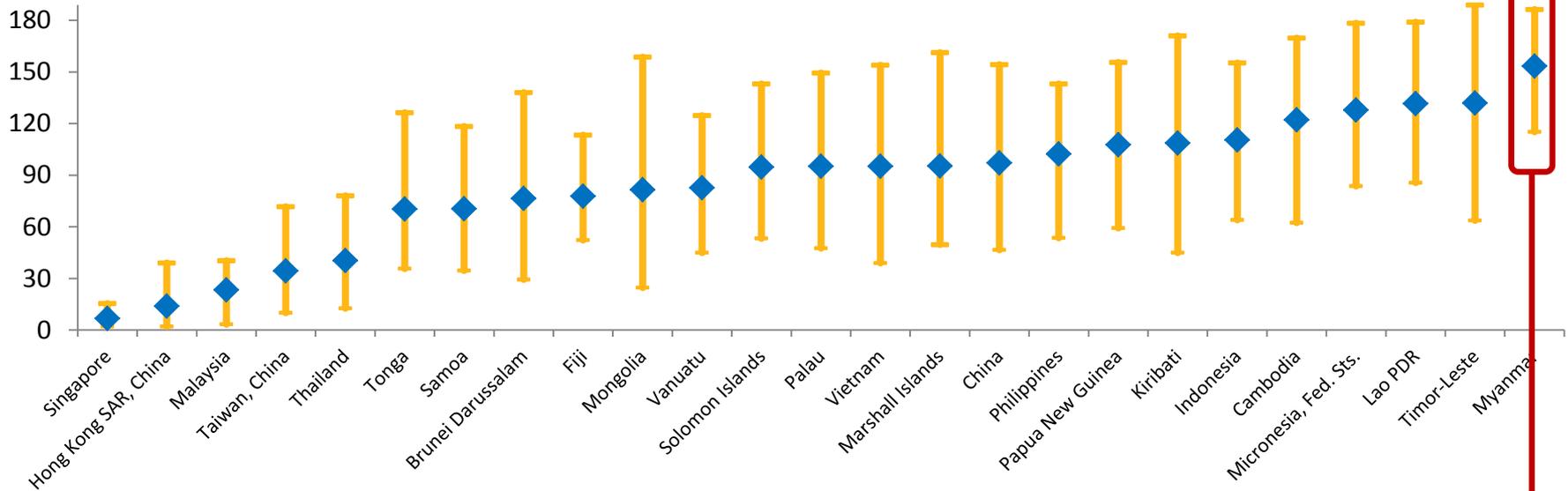
Rank



Little variability across areas of business regulation in Myanmar



Average Rank Across DB Topics



Myanmar's TOP 3 rankings:

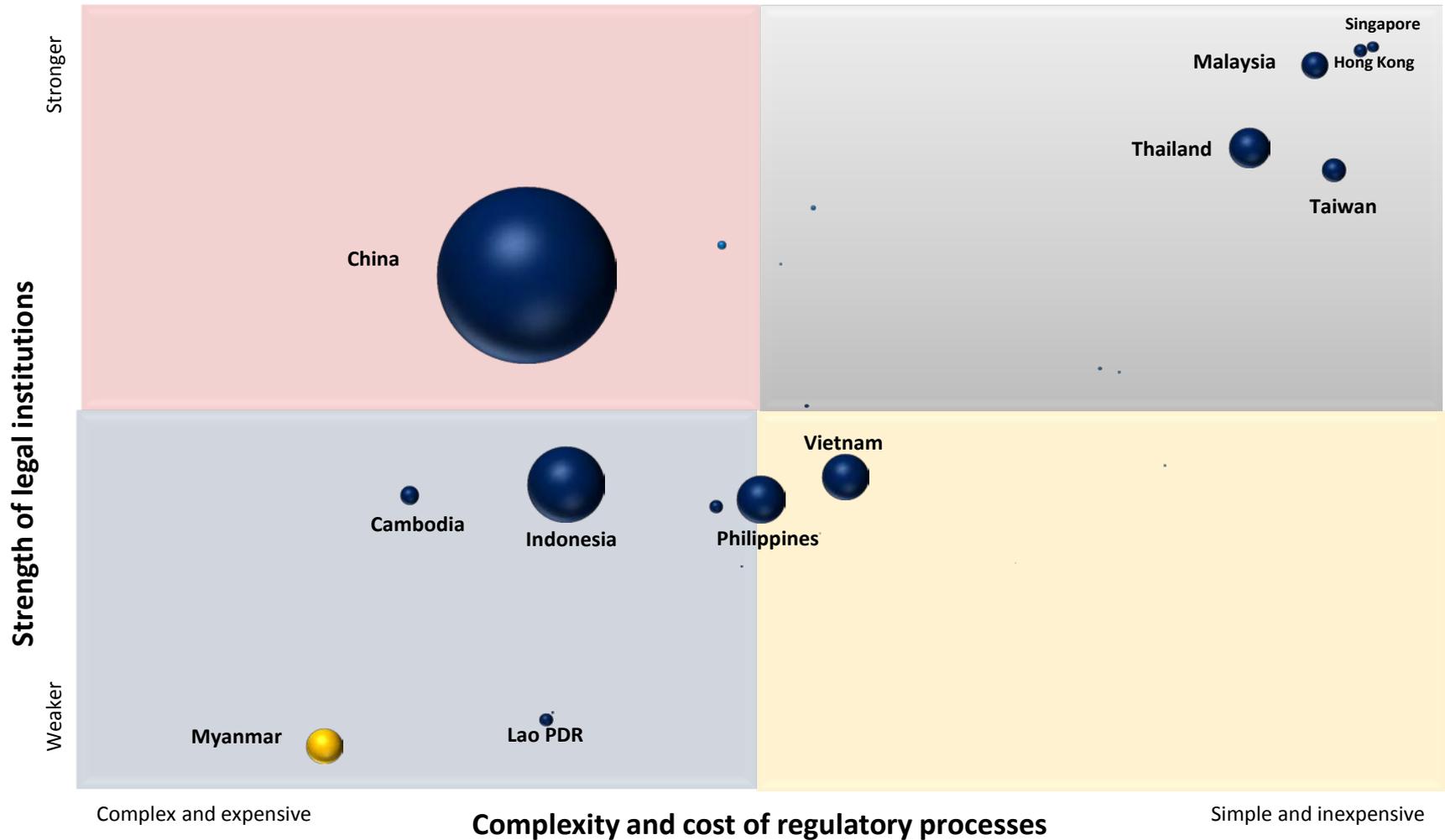
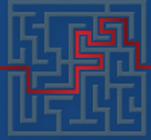
- Paying taxes: 107
- Trading across borders: 113
- Getting electricity: 126

Myanmar's BOTTOM 3 rankings:

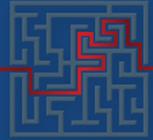
- Starting a business: 189
- Enforcing contracts: 188
- Protecting investors: 182

Myanmar is ranked 182 at the ease of doing business, but in fact its performance varies significantly across indicators.

Myanmar has weak legal institutions and complex and expensive regulatory processes

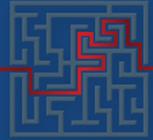


Singapore and Hong Kong SAR, China rank highly in numerous areas of business regulations



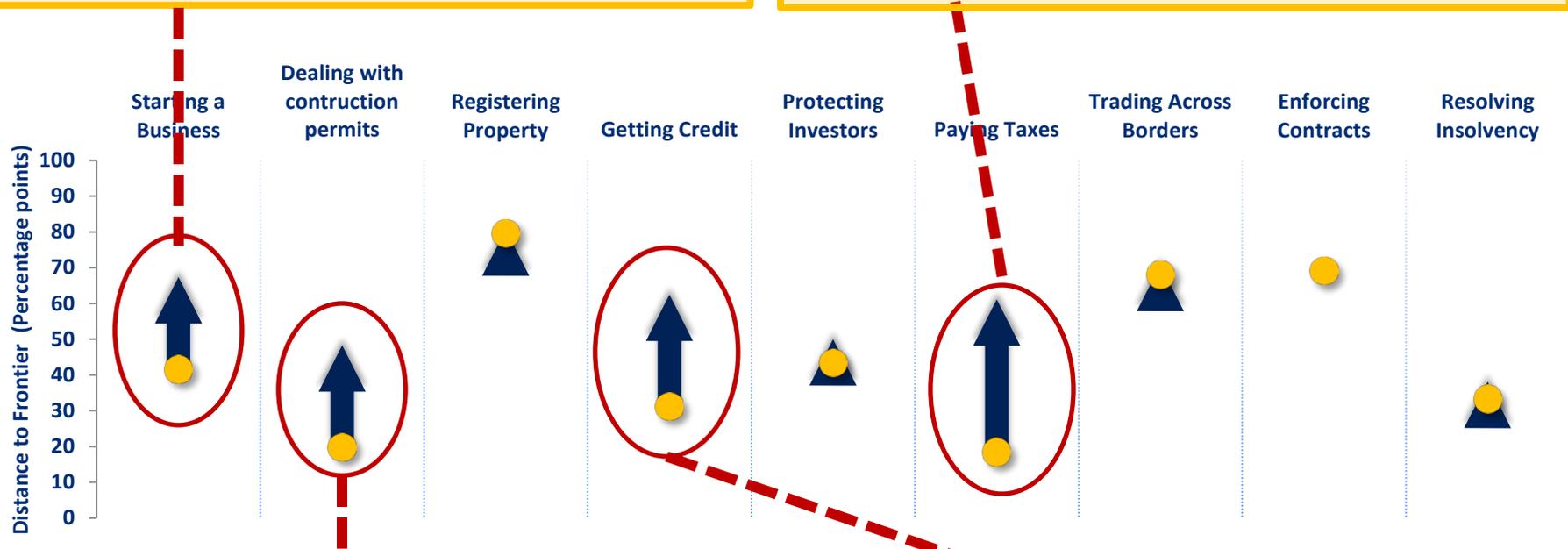
Indicator	World's top ranked	East Asia and Pacific's top ranked
<i>Starting a business</i>	New Zealand	Singapore (3) Hong Kong SAR, China (5)
<i>Dealing with construction permits</i>	Hong Kong SAR, China	Hong Kong SAR, China (1) Singapore (3)
<i>Getting electricity</i>	Iceland	Hong Kong SAR, China (5) Singapore (6)
<i>Registering property</i>	Georgia	Palau (20) Mongolia (27)
<i>Getting credit</i>	Malaysia / U.K.	Malaysia (1) Hong Kong SAR, China/Singapore (3)
<i>Protecting investors</i>	New Zealand	Singapore (2) Hong Kong SAR, China (3)
<i>Paying taxes</i>	United Arab Emirates	Hong Kong SAR, China (4) Singapore (5)
<i>Trading across borders</i>	Singapore	Singapore (1) Hong Kong SAR, China (2)
<i>Enforcing contracts</i>	Luxembourg	Hong Kong SAR, China (9) Singapore (12)
<i>Resolving Insolvency</i>	Japan	Singapore (4) Taiwan, China (16)

China has reformed in several areas of business regulation since 2005, leading to improvements across indicators



Exempted business registration fee, production cost for Organization Code Certificate, fee to register for both local and state tax, and production cost of tax invoices in 2011/12.

In the last 8 years, China simplified taxes payment for businesses, in addition of decreasing time and number of payment, taxes rate dropped from 80% of profit to 63.7%.



Request and obtain land use and planning conditions approvals from the Construction, Communication, Transportation Commission (20 days, no cost) are merged into a new procedure in 2011/12.

Allowed entrepreneurs to use accounts receivables and a changing pool of assets to secure a loan in October 2007.