

Doing Business 2008

Turkey

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Turkey**

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

Doing Business Project
World Bank Group



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

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Introduction

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

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

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

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

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

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

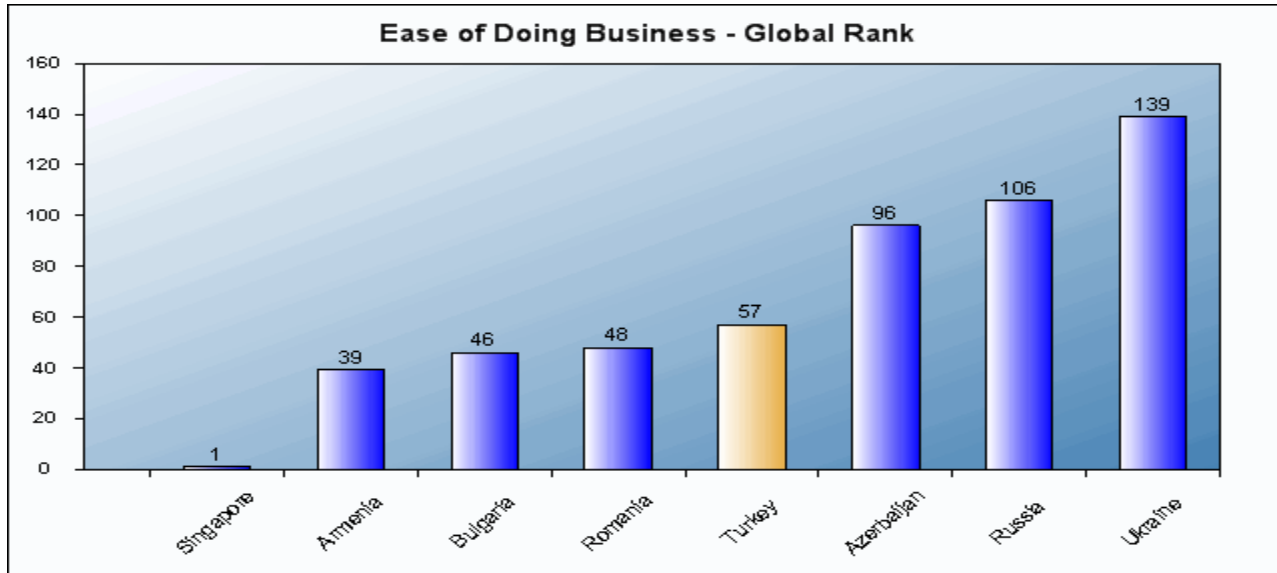
The best-practice economy are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are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

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

Economy Rankings - Ease of Doing Business

Turkey is ranked 57 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Turkey - Compared to Global Best / Selected Economies:



Turkey's ranking in Doing Business 2008

| Rank | Doing Business 2008 |
|------------------------|---------------------|
| Ease of Doing Business | 57 |
| Starting a Business | 43 |
| Dealing with Licenses | 128 |
| Employing Workers | 136 |
| Registering Property | 31 |
| Getting Credit | 68 |
| Protecting Investors | 64 |
| Paying Taxes | 54 |
| Trading Across Borders | 56 |
| Enforcing Contracts | 34 |
| Closing a Business | 112 |

Reforms - Who is reforming?

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

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

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

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

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

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

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

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

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

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

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

Number of reforms in Doing Business 2008

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

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

Summary of Indicators - Turkey

| | | |
|------------------------------|---|-------|
| Starting a Business | Procedures (number) | 6 |
| | Duration (days) | 6 |
| | Cost (% GNI per capita) | 20.7 |
| | Paid in Min. Capital (% of GNI per capita) | 16.2 |
| Dealing with Licenses | Procedures (number) | 25 |
| | Duration (days) | 188 |
| | Cost (% of income per capita) | 369.9 |
| Employing Workers | Difficulty of Hiring Index | 56 |
| | Rigidity of Hours Index | 40 |
| | Difficulty of Firing Index | 30 |
| | Rigidity of Employment Index | 42 |
| | Nonwage labor cost (% of salary) | 22 |
| | Firing costs (weeks of wages) | 95 |
| Registering Property | Procedures (number) | 6 |
| | Duration (days) | 6 |
| | Cost (% of property value) | 3.1 |
| Getting Credit | Legal Rights Index | 3 |
| | Credit Information Index | 5 |
| | Public registry coverage (% adults) | 10.3 |
| | Private bureau coverage (% adults) | 2.7 |
| Protecting Investors | Disclosure Index | 8 |
| | Director Liability Index | 4 |
| | Shareholder Suits Index | 4 |
| | Investor Protection Index | 5.3 |
| Paying Taxes | Payments (number) | 15 |
| | Time (hours) | 223 |
| | Profit tax (%) | 15.9 |
| | Labor tax and contributions (%) | 24.5 |
| | Other taxes (%) | 4.7 |
| | Total tax rate (% profit) | 45.1 |

| | | |
|-------------------------------|--|------|
| Trading Across Borders | Documents for export (number) | 7 |
| | Time for export (days) | 14 |
| | Cost to export (US\$ per container) | 865 |
| | Documents for import (number) | 8 |
| | Time for import (days) | 15 |
| | Cost to import (US\$ per container) | 1013 |
| Enforcing Contracts | Procedures (number) | 36 |
| | Duration (days) | 420 |
| | Cost (% of claim) | 18.8 |
| Closing a Business | Cost (% of income per capita) | 15 |
| | Time (years) | 3.3 |
| | Recovery rate (cents on the dollar) | 20.3 |

Starting a Business in Turkey: Entry Regulation

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

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

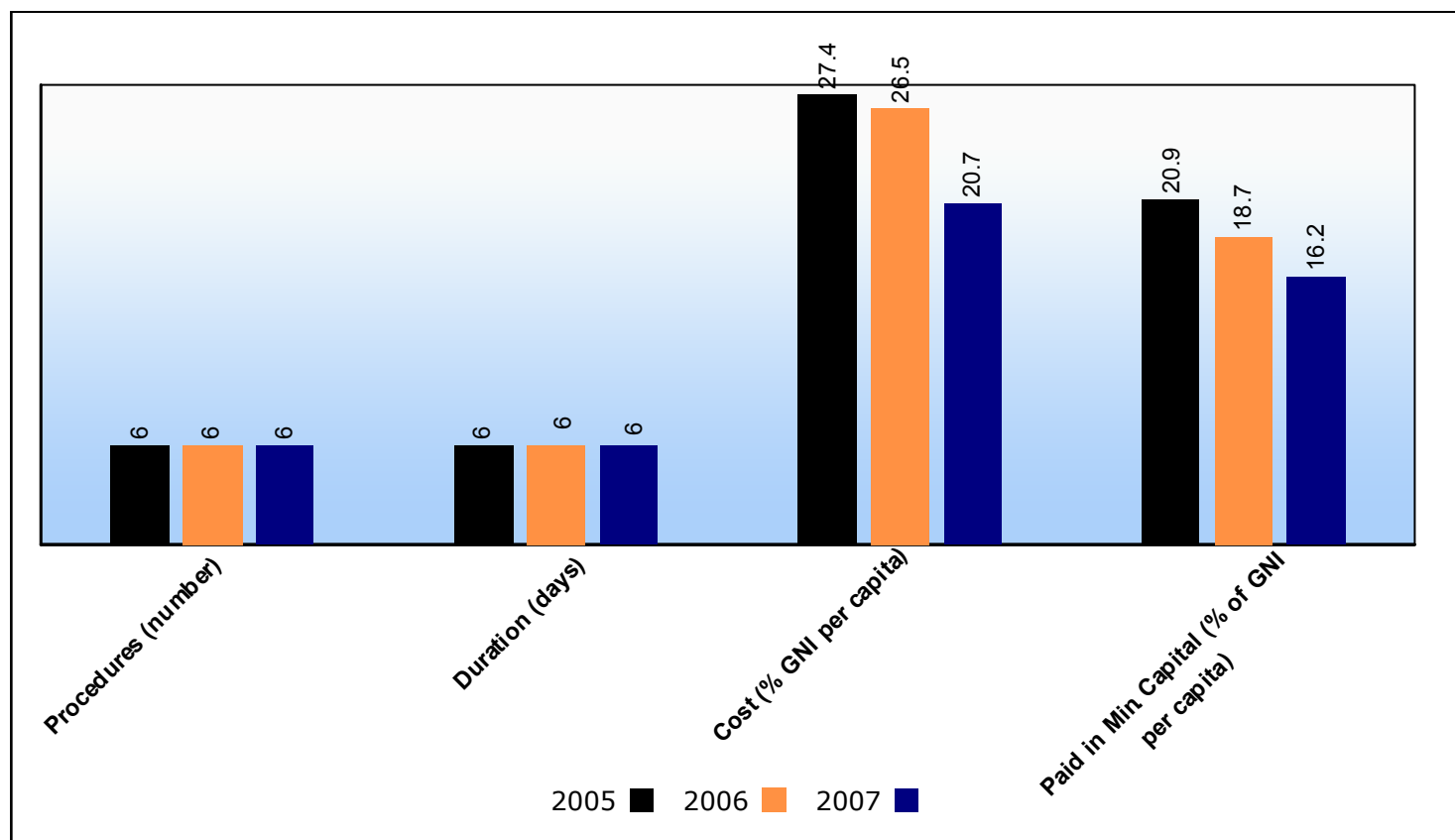
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up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

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

1. Historical data: Starting a Business in Turkey

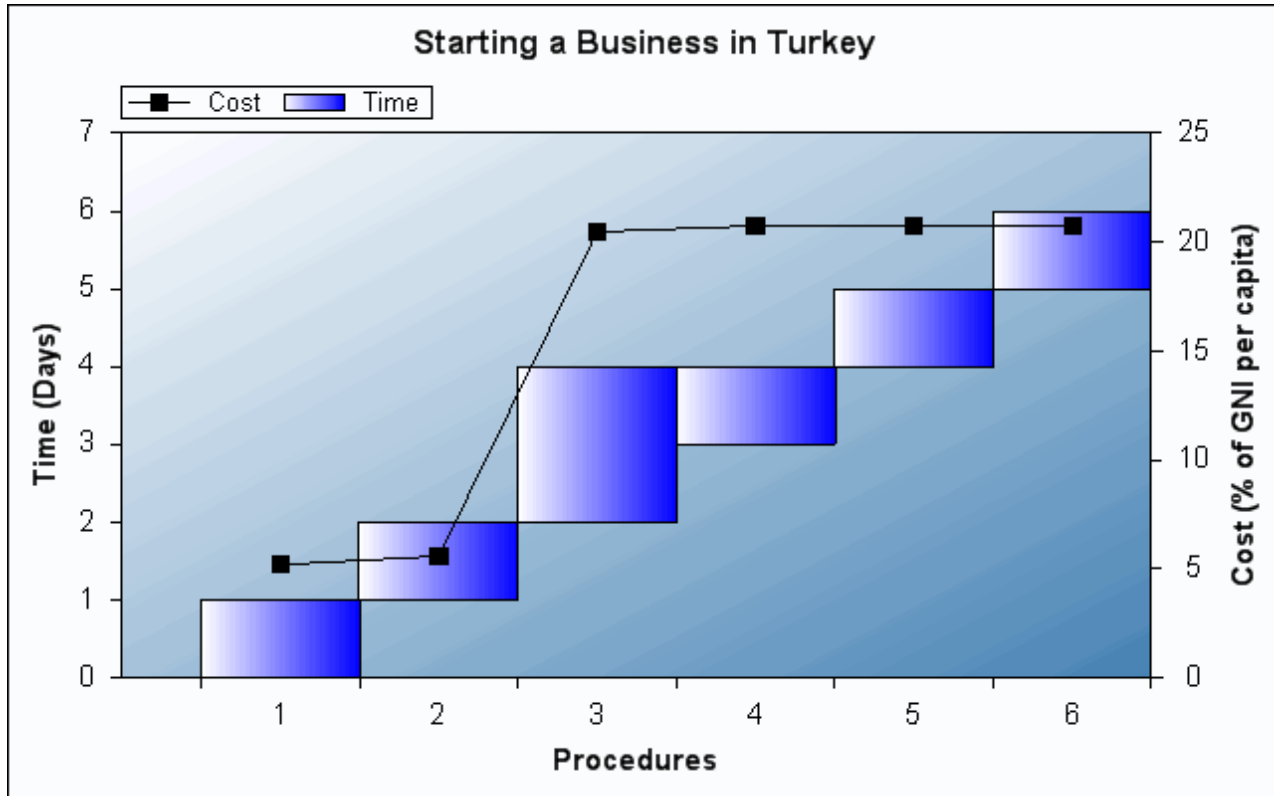
| Starting a Business data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|---------------------------------------|---------------------|---------------------|---------------------|
| Rank | | 40 | 43 |
| Procedures (number) | 6 | 6 | 6 |
| Duration (days) | 6 | 6 | 6 |
| Cost (% GNI per capita) | 27.4 | 26.5 | 20.7 |
| Paid in Min. Capital (% of GNI per ca | 20.9 | 18.7 | 16.2 |

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



3. Steps to Starting a Business in Turkey

It requires 6 procedures, takes 6 days, and costs 20.74% GNI per capita to start a business in Turkey.



List of Procedures:

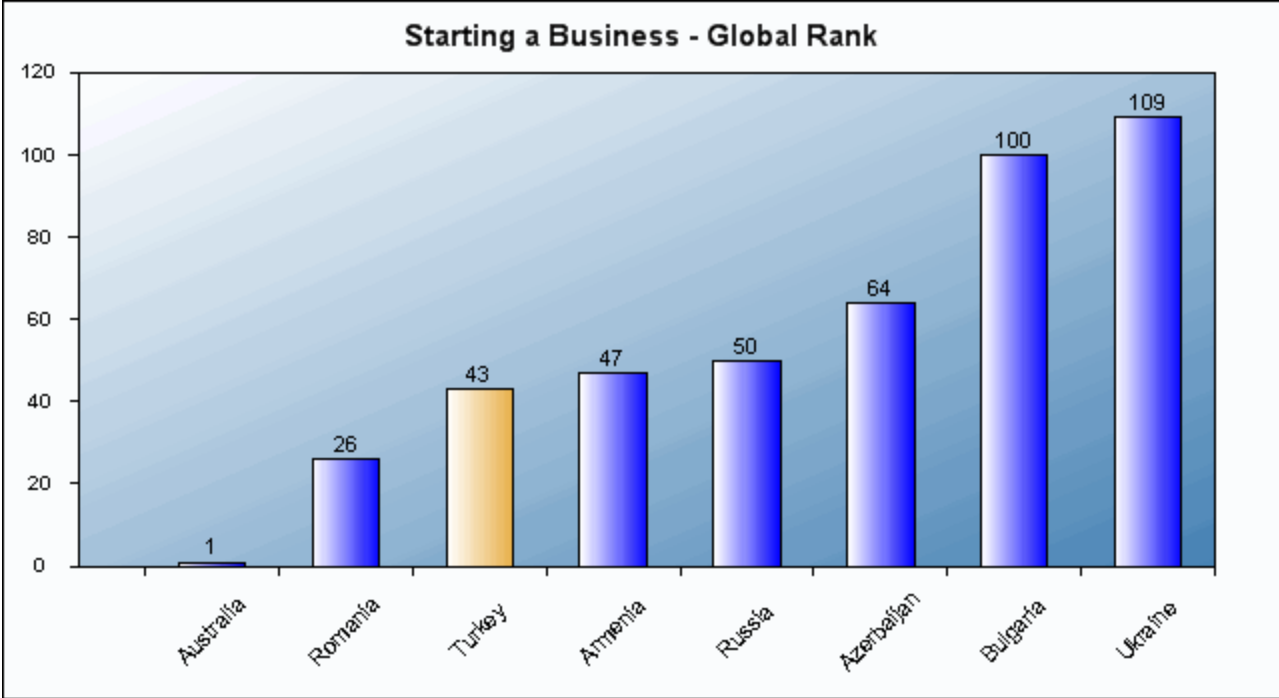
1. Notarize deeds
2. Pay to the account of Competition Authority
3. Register at trade registry office
4. Certify tax books
5. Follow up with the tax office
6. Deposit capital

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Turkey is ranked 43 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

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



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

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

| <i>Selected Economy</i> | | | | |
|-------------------------|---|---|------|------|
| Turkey | 6 | 6 | 20.7 | 16.2 |

| <i>Comparator Economies</i> | | | | |
|-----------------------------|----|----|-----|-------|
| Armenia | 9 | 18 | 4.8 | 3.1 |
| Azerbaijan | 13 | 30 | 6.9 | 0.0 |
| Bulgaria | 9 | 32 | 8.4 | 56.3 |
| Romania | 6 | 14 | 4.7 | 1.5 |
| Russia | 8 | 29 | 3.7 | 3.2 |
| Ukraine | 10 | 27 | 7.8 | 203.1 |

* The following economies are also best practice economies for :

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

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

Dealing with Licenses in Turkey: Building a Warehouse

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

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

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

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

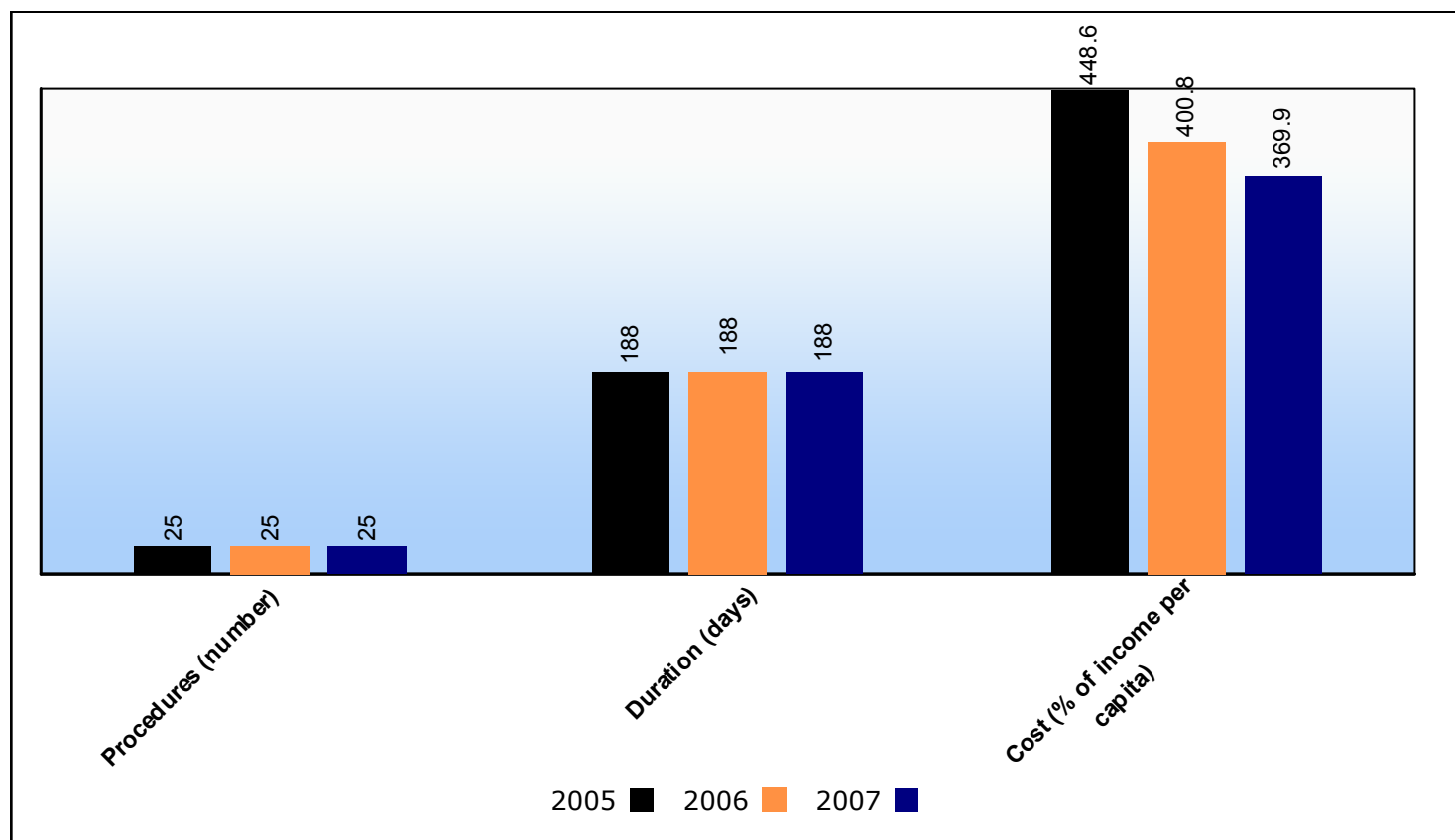
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to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

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

1. Historical data: Dealing with Licenses in Turkey

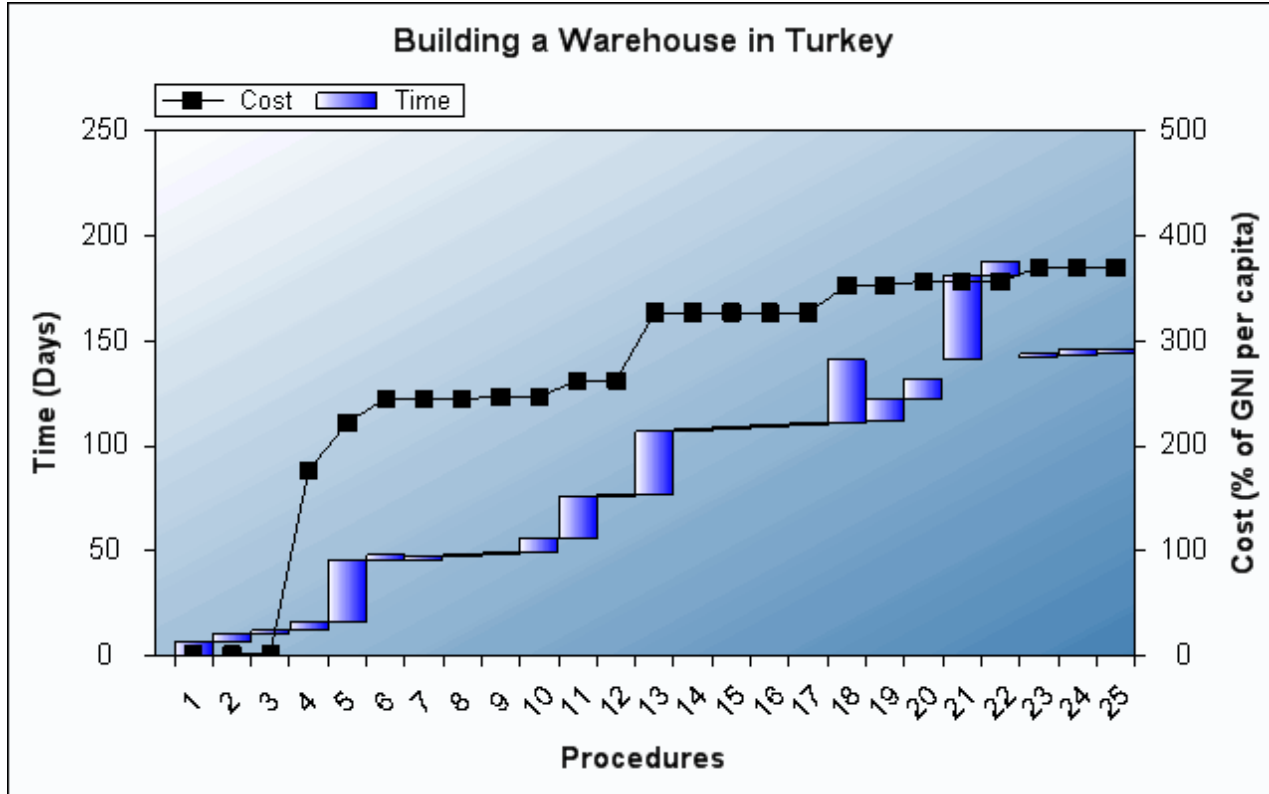
| Dealing with Licenses data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|-------------------------------|---------------------|---------------------|---------------------|
| Rank | | 126 | 128 |
| Procedures (number) | 25 | 25 | 25 |
| Duration (days) | 188 | 188 | 188 |
| Cost (% of income per capita) | 448.6 | 400.8 | 369.9 |

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



3. Steps to Building a Warehouse in Turkey

It requires 25 procedures, takes 188 days, and costs 369.93% GNI per capita to build a warehouse in Turkey.



List of Procedures:

1. Obtain lot plan
2. Obtain cadastral plan
3. Obtain road datum document
4. Hire an independent building inspector
5. Obtain approval of architectural drawings from the municipality
6. Obtain approval from the Fire Department
7. Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS)
8. Obtain approval of technical drawings from the phone company
9. Obtain contractor registration document from the chamber of commerce
10. Obtain project approval from the civil defense directorate of the district governor's office
11. Obtain proof of payment and clearance of water and sewerage infrastructure
12. Receive foundation registration number from the Social Security Institution

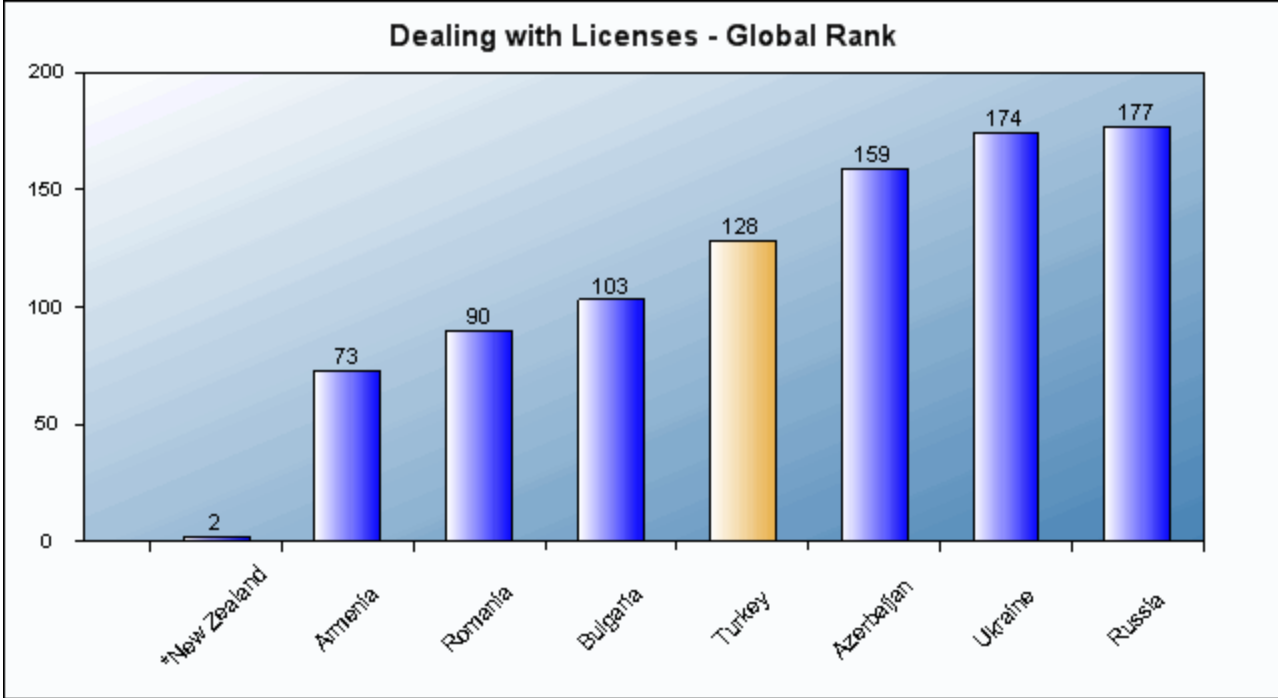
13. Obtain building permit
14. Obtain proof of tax payment
15. Request inspection from the civil defense experts
16. Receive inspection from the civil defense experts in the district governor's office
17. Receive final inspection from the municipality
18. Obtain occupancy permit
19. Obtain proof of real estate tax payment
20. Change the title deed from a land title deed to a building title deed
21. Request water connection and permission for discharge of sewerage and rainwater
22. Receive inspection and obtain connection from the water and sewerage department
23. Obtain electricity connection
24. Obtain approval of telephone system from the Telephone Regional directorate
25. Obtain telephone connection

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Turkey is ranked 128 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

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



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

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

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

| Selected Economy | | | |
|-------------------------|----|-----|-------|
| Turkey | 25 | 188 | 369.9 |

| Comparator Economies | | | |
|-----------------------------|----|-----|--------|
| Armenia | 19 | 116 | 411.3 |
| Azerbaijan | 31 | 207 | 768.3 |
| Bulgaria | 22 | 131 | 499.9 |
| Romania | 17 | 243 | 124.3 |
| Russia | 54 | 704 | 3788.4 |
| Ukraine | 29 | 429 | 668.5 |

Employing Workers in Turkey: Labor Regulations

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

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

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

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

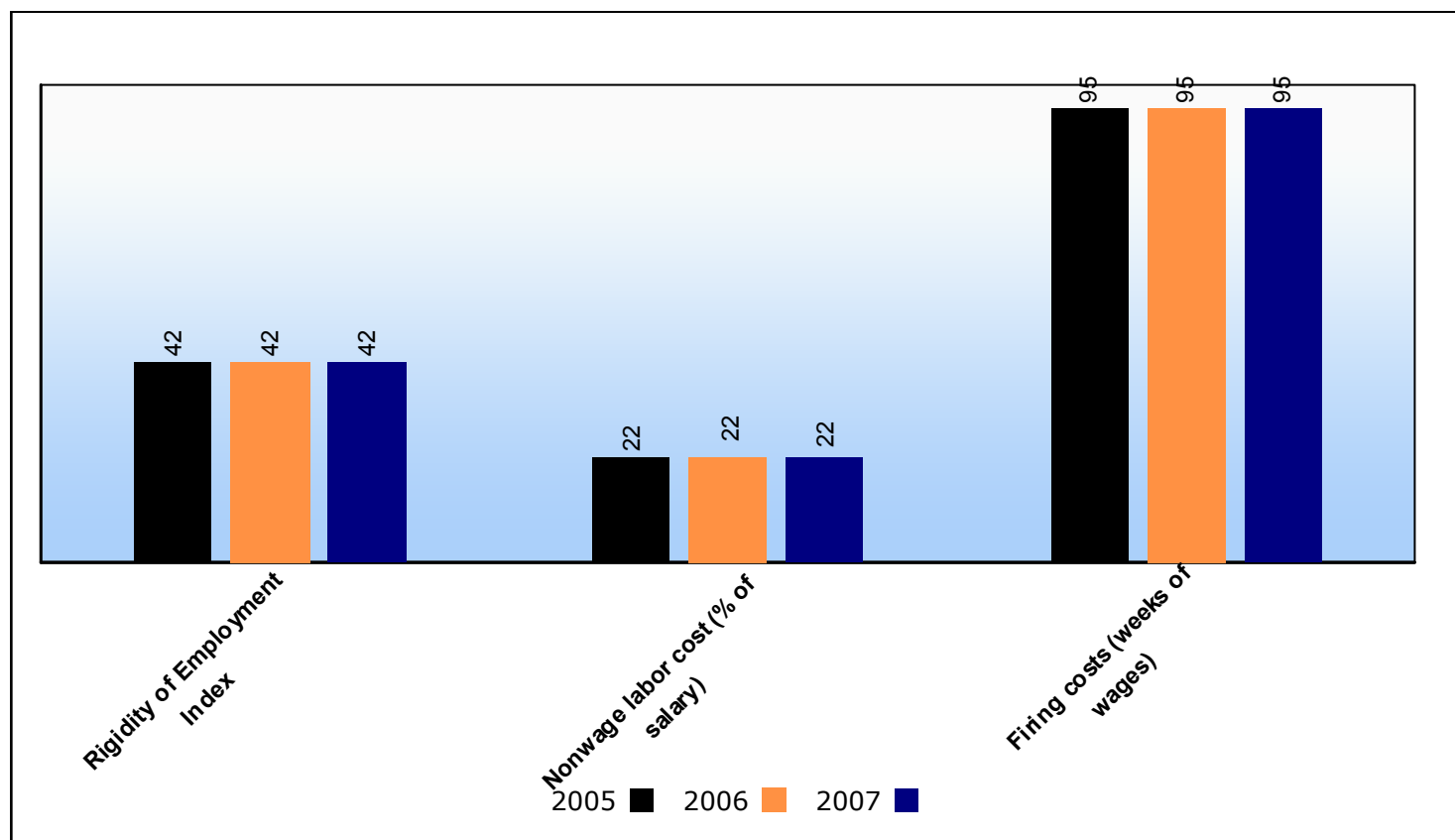
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership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

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

1. Historical data: Employing Workers in Turkey

| Employing Workers data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|----------------------------------|---------------------|---------------------|---------------------|
| Rank | | 138 | 136 |
| Rigidity of Employment Index | 42 | 42 | 42 |
| Nonwage labor cost (% of salary) | 22 | 22 | 22 |
| Firing costs (weeks of wages) | 95 | 95 | 95 |

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



3. Benchmarking Employing Workers Regulations:

Turkey is ranked 136 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

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



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

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

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

| Selected Economy | | | |
|-------------------------|----|----|----|
| Turkey | 42 | 22 | 95 |

| Comparator Economies | | | |
|-----------------------------|----|----|----|
| Armenia | 31 | 19 | 13 |
| Azerbaijan | 38 | 22 | 22 |
| Bulgaria | 29 | 23 | 9 |
| Romania | 66 | 31 | 8 |
| Russia | 44 | 31 | 17 |
| Ukraine | 45 | 38 | 13 |

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

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

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

Registering Property in Turkey: Regulation of Property Transfer

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

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

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

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

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

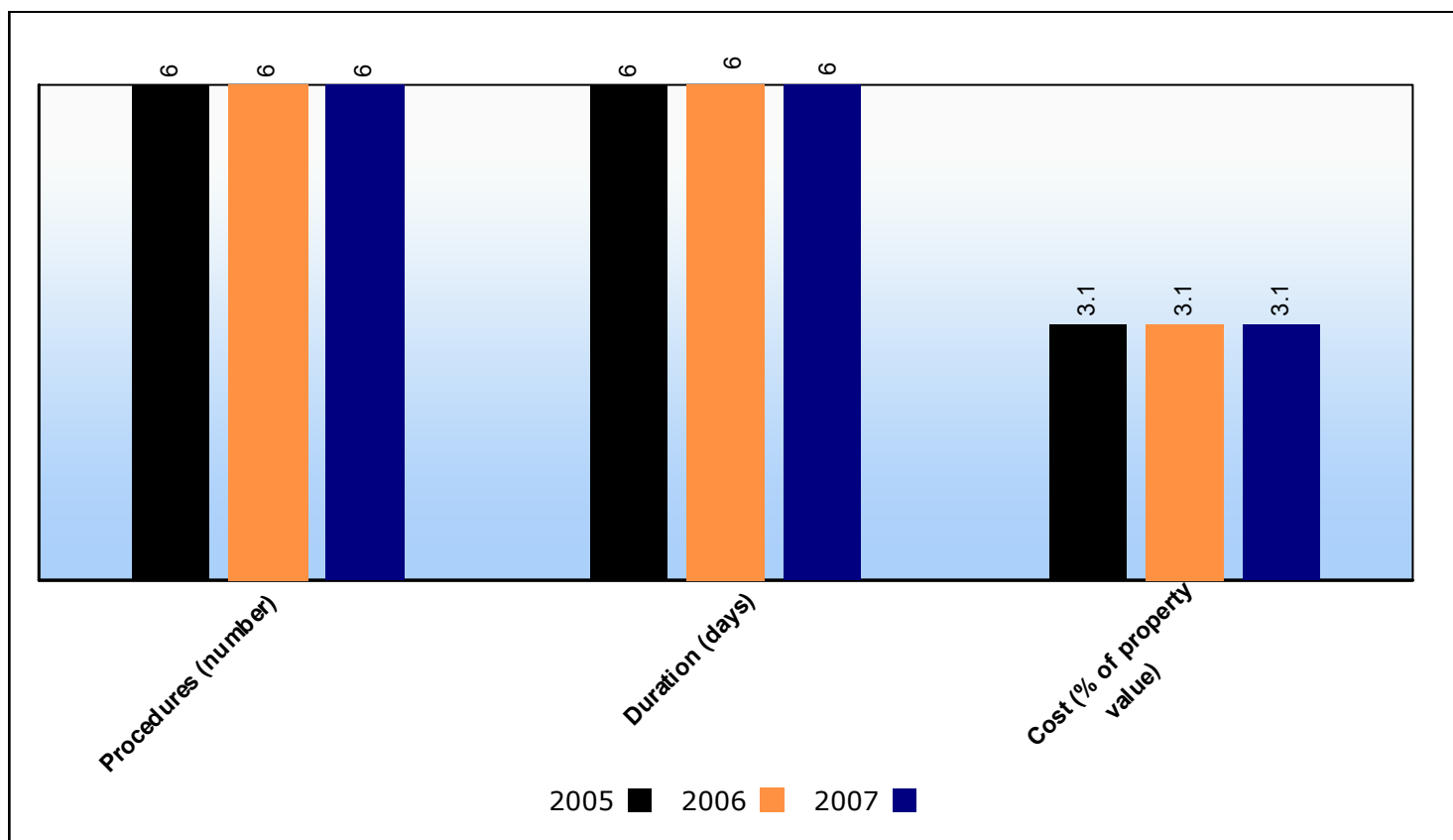
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the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

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

1. Historical data: Registering Property in Turkey

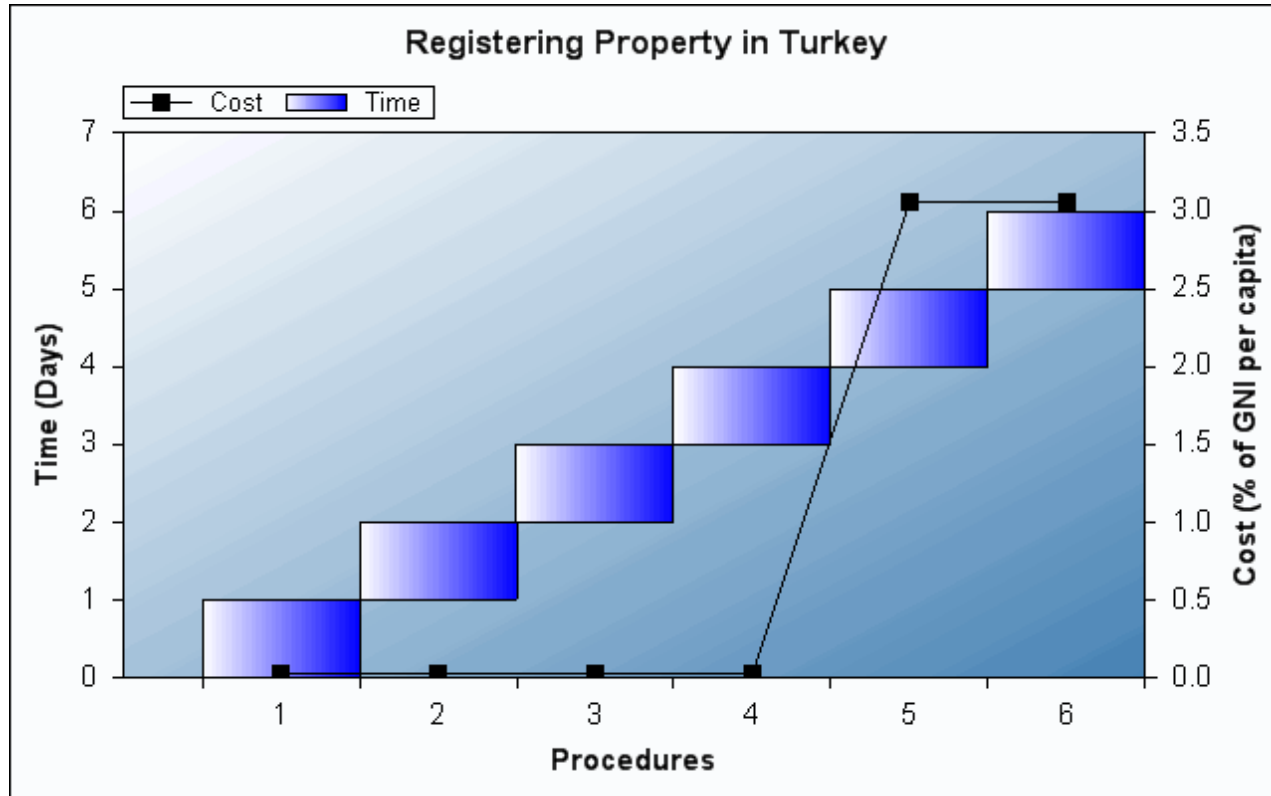
| Registering Property data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|----------------------------|---------------------|---------------------|---------------------|
| Rank | | 30 | 31 |
| Procedures (number) | 6 | 6 | 6 |
| Duration (days) | 6 | 6 | 6 |
| Cost (% of property value) | 3.1 | 3.1 | 3.1 |

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



3. Steps to Registering Property in Turkey

It requires 6 procedures, takes 6 days, and costs 3.05% GNI per capita to register the property in Turkey.



List of Procedures:

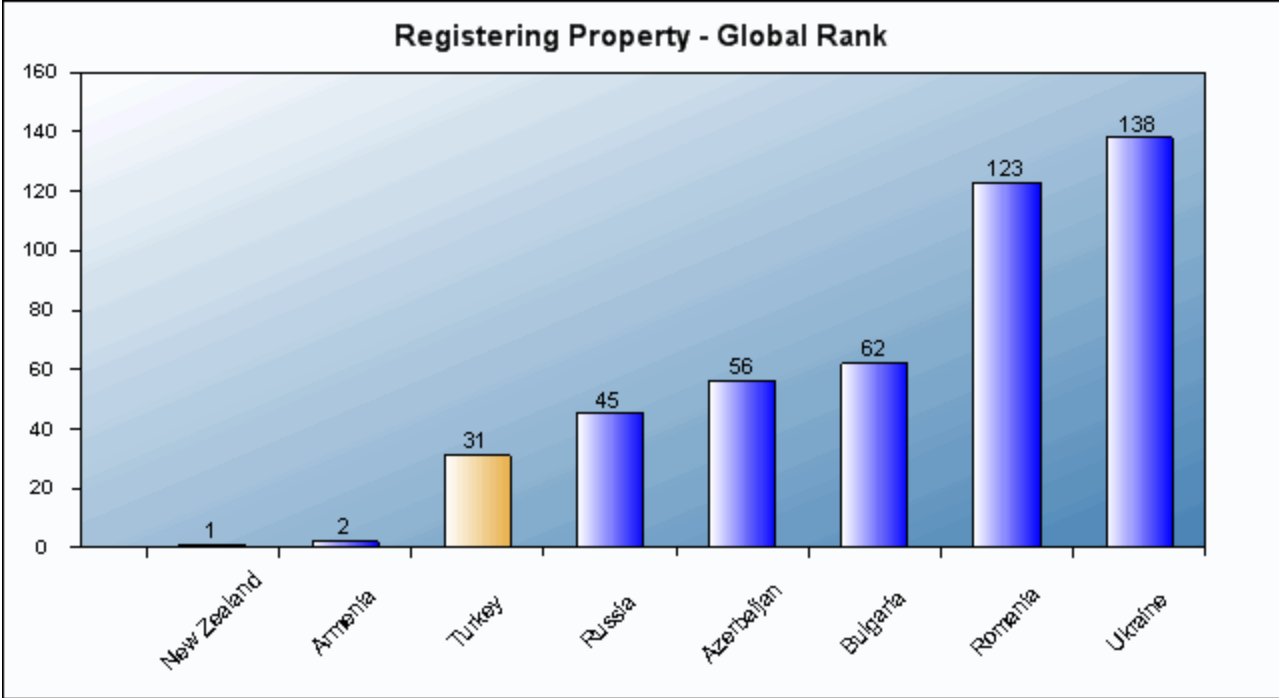
1. The notary public issues the signature circular
2. Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf
3. Obtain an earthquake insurance policy, or amend the existing one
4. Parties apply for registration at the Registry
5. Mortar dues are paid at a commercial bank
6. Transaction is completed at the registry office

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Turkey is ranked 31 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

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



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

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

| Selected Economy | | | |
|-------------------------|---|---|-----|
| Turkey | 6 | 6 | 3.1 |

| Comparator Economies | | | |
|-----------------------------|----|-----|-----|
| Armenia | 3 | 4 | 0.4 |
| Azerbaijan | 7 | 61 | 0.2 |
| Bulgaria | 9 | 19 | 2.3 |
| Romania | 8 | 150 | 2.8 |
| Russia | 6 | 52 | 0.3 |
| Ukraine | 10 | 93 | 3.3 |

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Turkey: Legal Rights and Credit Information

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

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

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

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

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

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

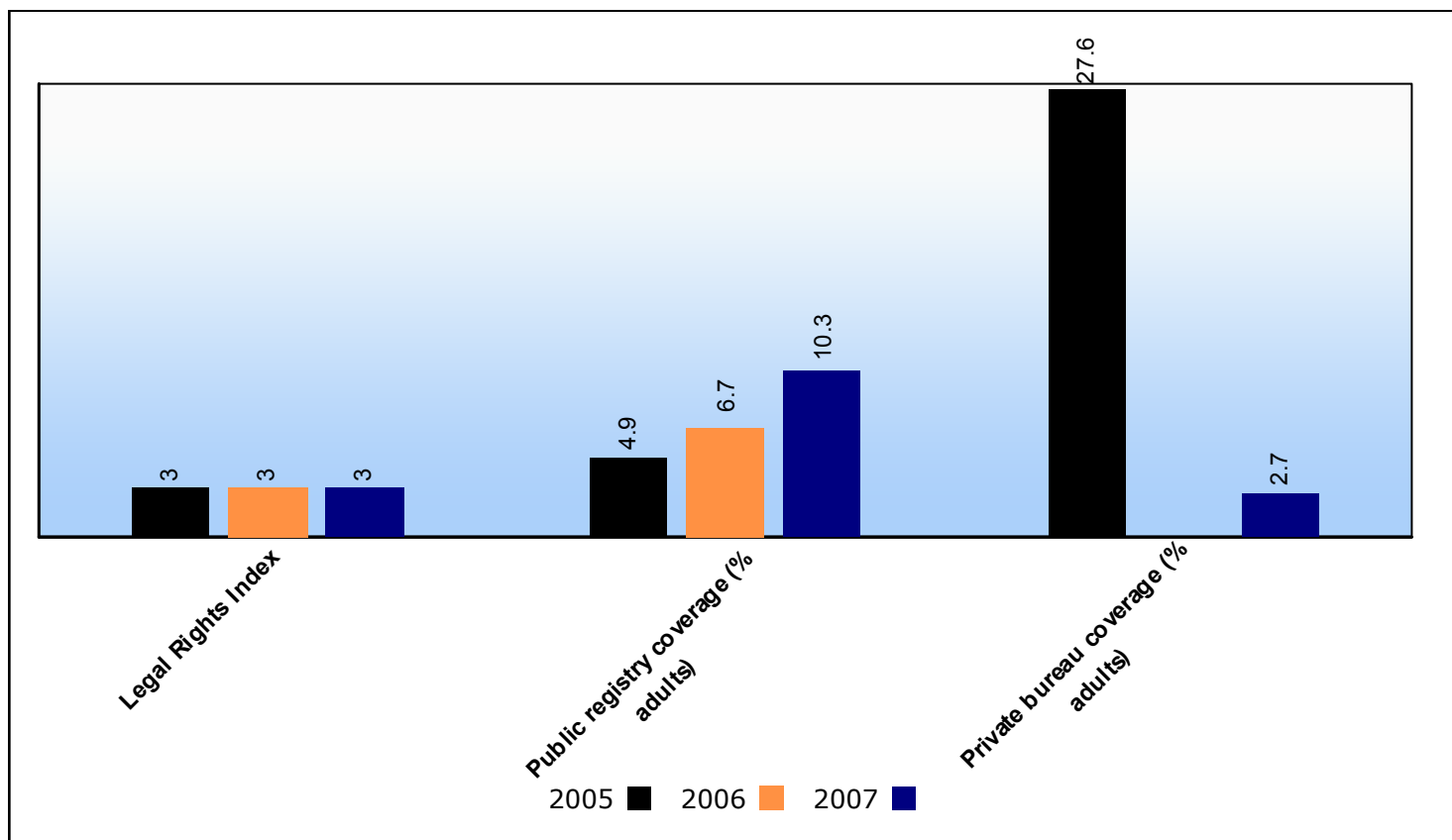
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

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

1. Historical data: Getting Credit in Turkey

| Getting Credit data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|-------------------------------------|---------------------|---------------------|---------------------|
| Rank | | 62 | 68 |
| Legal Rights Index | 3 | 3 | 3 |
| Public registry coverage (% adults) | 4.9 | 6.7 | 10.3 |
| Private bureau coverage (% adults) | 27.6 | not available | 2.7 |

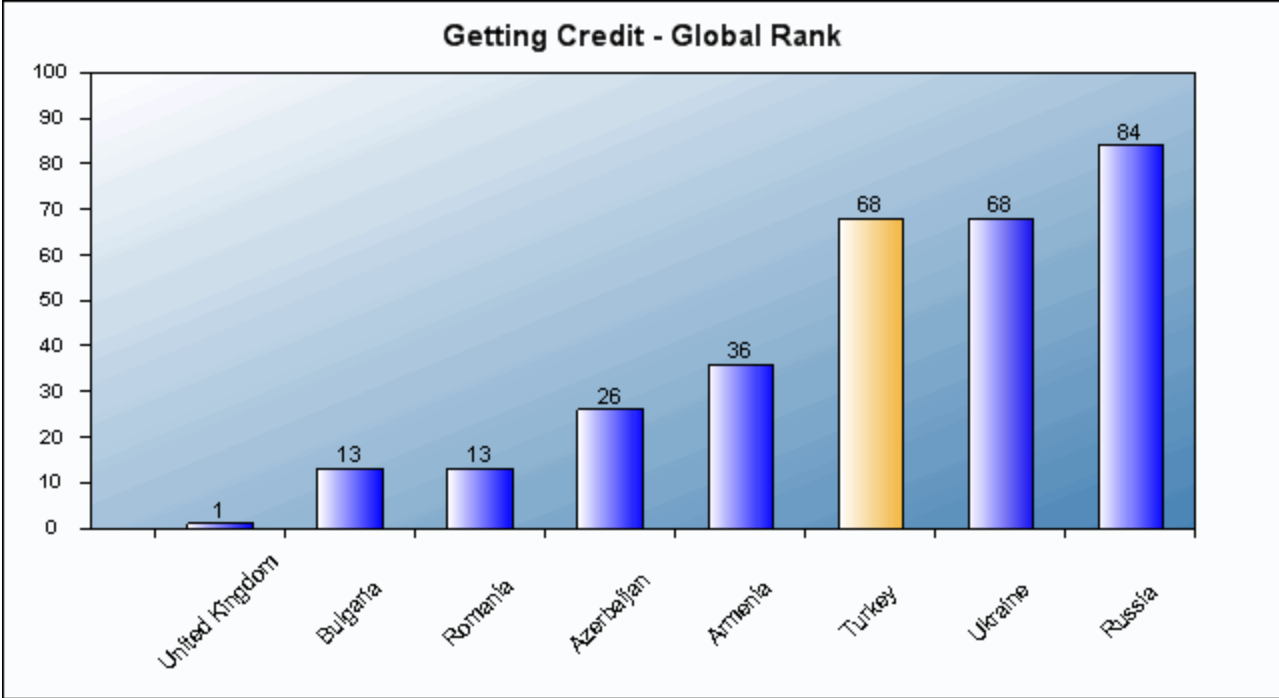
2. The following graph illustrates the Getting Credit indicators in Turkey over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Turkey is ranked 68 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

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



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

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

| Selected Economy | | | |
|-------------------------|---|------|-----|
| Turkey | 3 | 10.3 | 2.7 |

| Comparator Economies | | | |
|-----------------------------|---|------|------|
| Armenia | 5 | 2.8 | 13.5 |
| Azerbaijan | 7 | 1.4 | 0.0 |
| Bulgaria | 6 | 25.4 | 3.0 |
| Romania | 7 | 4.1 | 10.9 |
| Russia | 3 | 0.0 | 4.4 |
| Ukraine | 8 | 0.0 | 0.0 |

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

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

Protecting Investors in Turkey: Corporate Governance

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

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

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

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

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

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

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

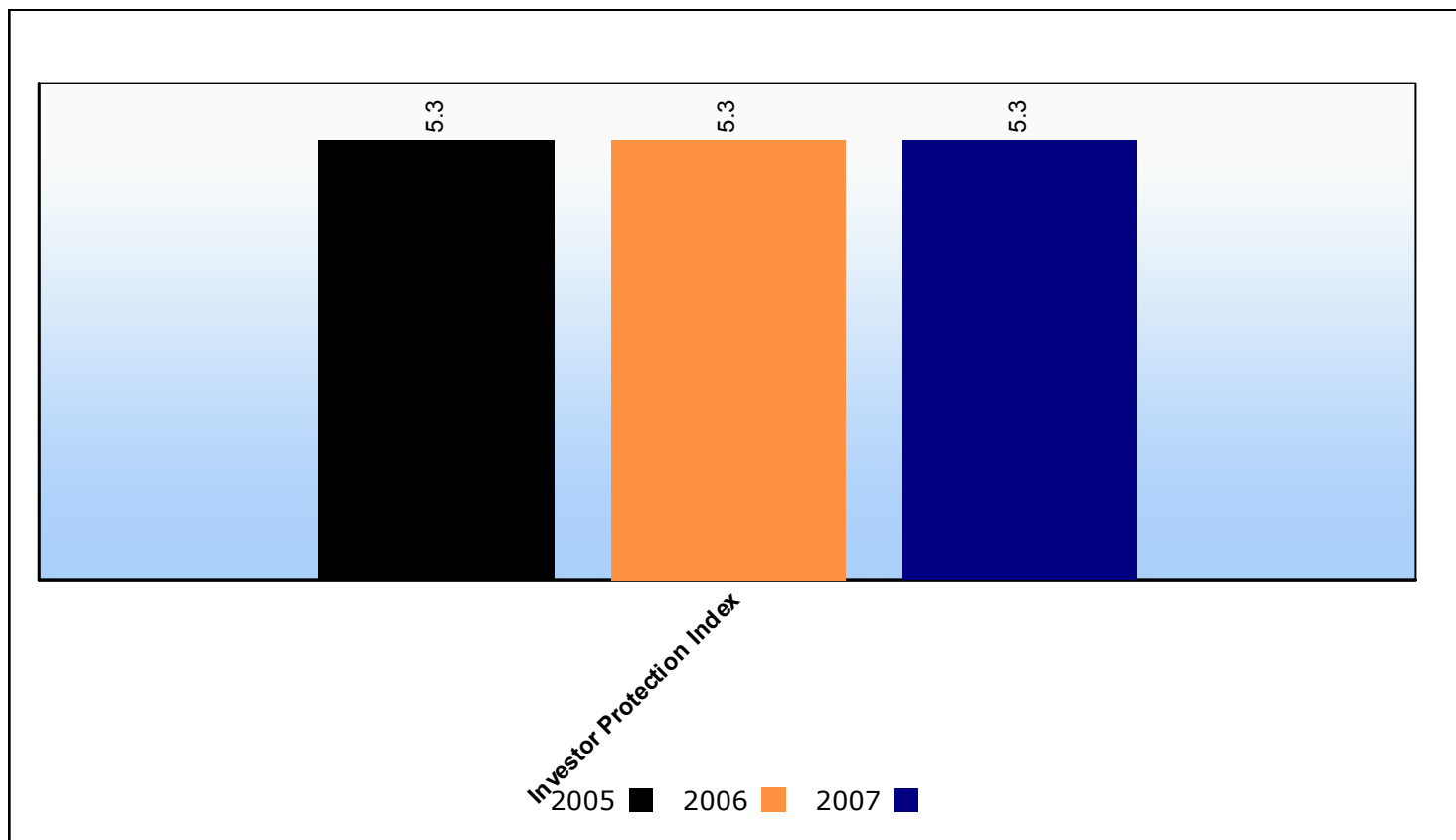
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

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

1. Historical data: Protecting Investors in Turkey

| Protecting Investors data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|---------------------------|---------------------|---------------------|---------------------|
| Rank | | 62 | 64 |
| Investor Protection Index | 5.3 | 5.3 | 5.3 |

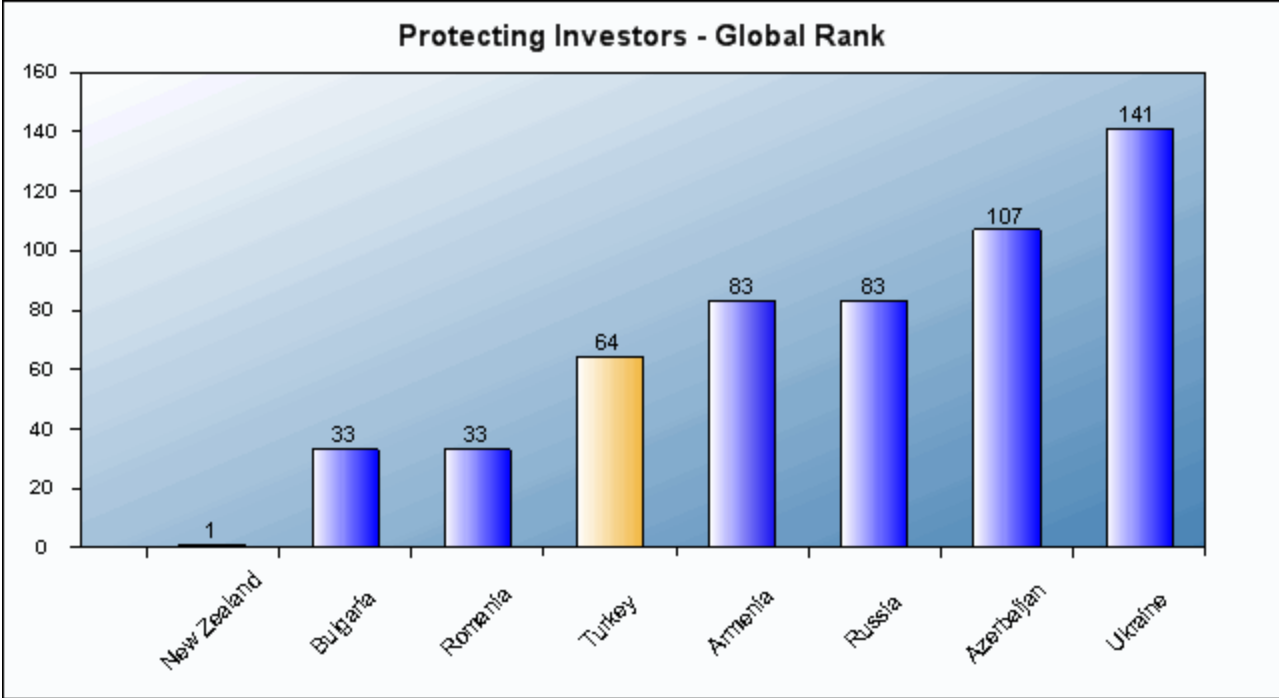
2. The following graph illustrates the Protecting Investors indicators in Turkey over the past 3 years:



3. Benchmarking Protecting Investors Regulations:

Turkey is ranked 64 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

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



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

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

| <i>Selected Economy</i> | |
|--------------------------------|-----|
| Turkey | 5.3 |

| <i>Comparator Economies</i> | |
|------------------------------------|-----|
| Armenia | 5.0 |
| Azerbaijan | 4.3 |
| Bulgaria | 6.0 |
| Romania | 6.0 |
| Russia | 5.0 |
| Ukraine | 3.7 |

Paying Taxes: Tax Payable and Compliance in Turkey

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

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

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

Three indicators are constructed:

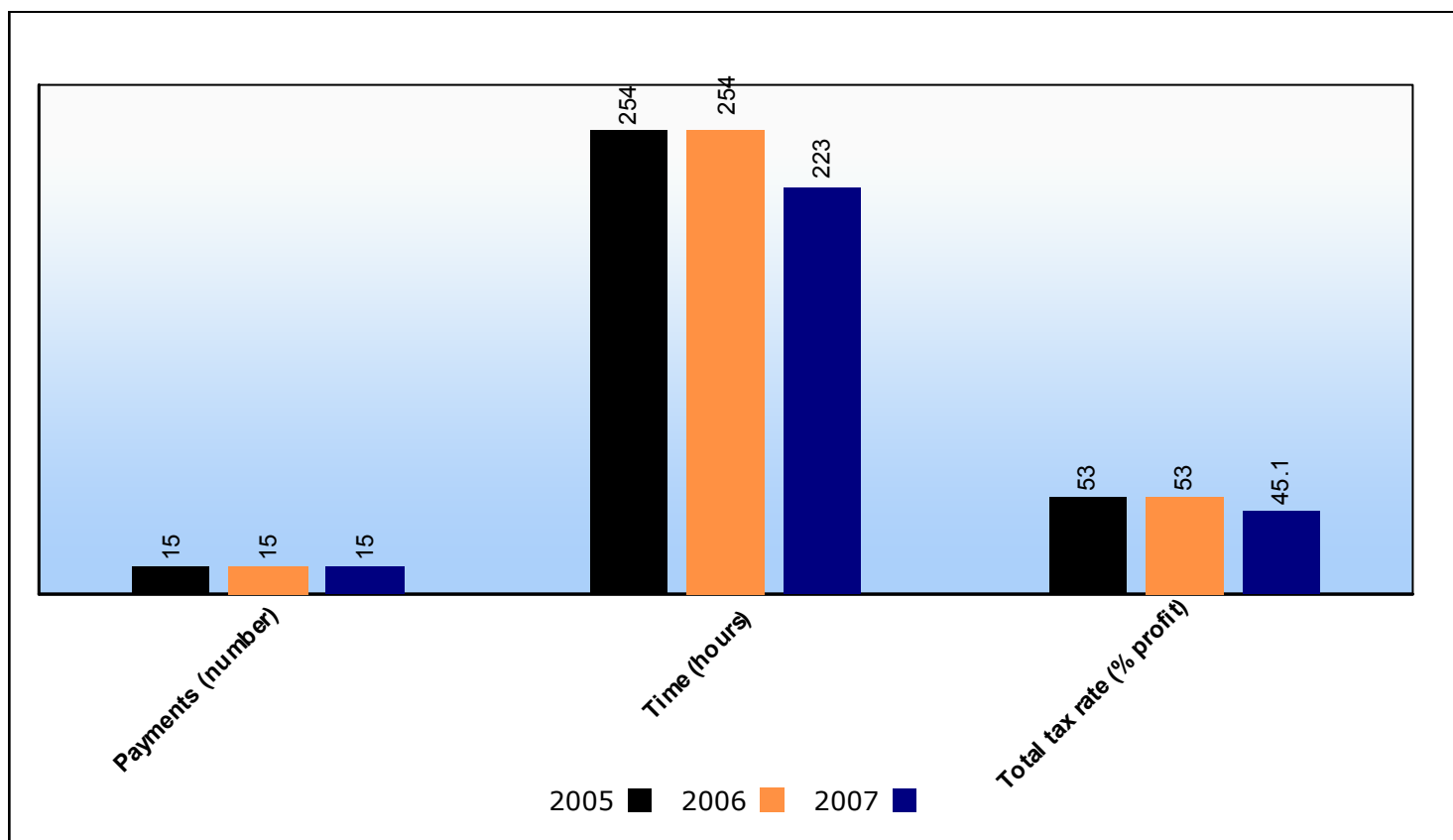
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added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

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

1. Historical data: Paying Taxes in Turkey

| Paying Taxes data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|---------------------------|---------------------|---------------------|---------------------|
| Rank | | 85 | 54 |
| Time (hours) | 254 | 254 | 223 |
| Total tax rate (% profit) | 53.0 | 53.0 | 45.1 |
| Payments (number) | 15 | 15 | 15 |

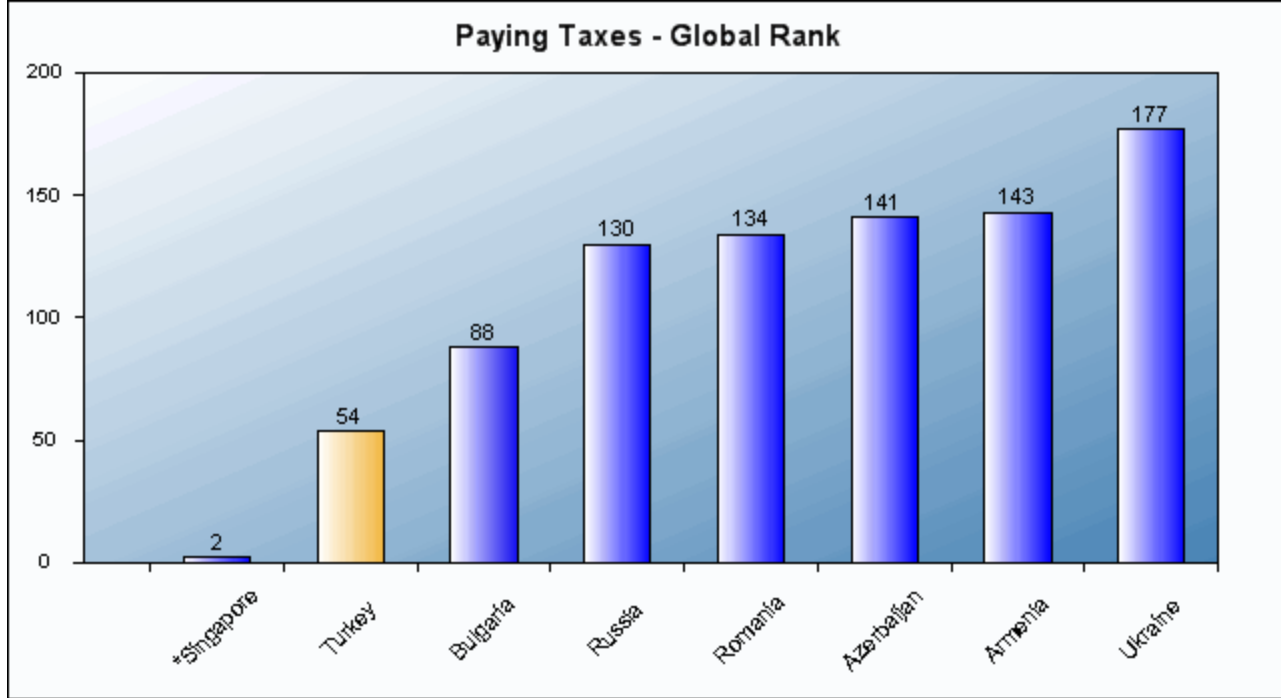
2. The following graph illustrates the Paying Taxes indicators in Turkey over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Turkey is ranked 54 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

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



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

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

| Best Practice Economies | Payments (number) | Time (hours) | Total tax rate (% profit) |
|--------------------------------|--------------------------|---------------------|----------------------------------|
| Sweden* | 2 | | |
| United Arab Emirates* | | 12 | |
| Vanuatu | | | 8.4 |

| Selected Economy | | | |
|-------------------------|----|-----|------|
| Turkey | 15 | 223 | 45.1 |

| Comparator Economies | | | |
|-----------------------------|----|------|------|
| Armenia | 50 | 1120 | 36.6 |
| Azerbaijan | 38 | 952 | 40.9 |
| Bulgaria | 17 | 616 | 36.7 |
| Romania | 96 | 202 | 46.9 |
| Russia | 22 | 448 | 51.4 |
| Ukraine | 99 | 2085 | 57.3 |

* The following economies are also best practice economies for :

Payments (number): **Maldives**

Time (hours): **Maldives**

Trading Across Borders: Importing and Exporting from Turkey

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

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

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

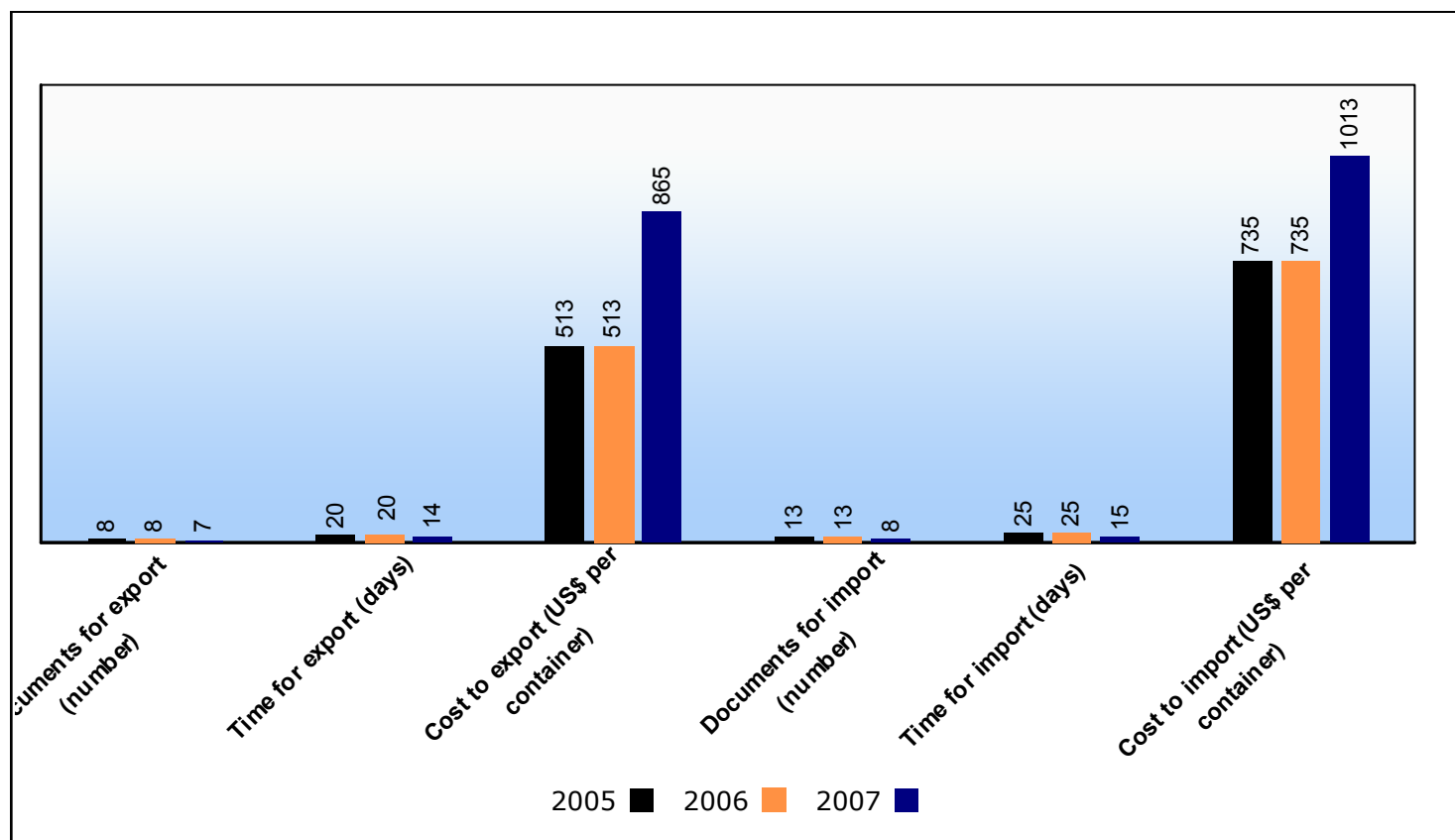
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars.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

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

1. Historical data: Trading Across Borders in Turkey

| Trading Across Borders data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|-------------------------------------|---------------------|---------------------|---------------------|
| Rank | | 73 | 56 |
| Documents for export (number) | 8 | 8 | 7 |
| Time for export (days) | 20 | 20 | 14 |
| Cost to export (US\$ per container) | 513 | 513 | 865 |
| Documents for import (number) | 13 | 13 | 8 |
| Time for import (days) | 25 | 25 | 15 |
| Cost to import (US\$ per container) | 735 | 735 | 1013 |

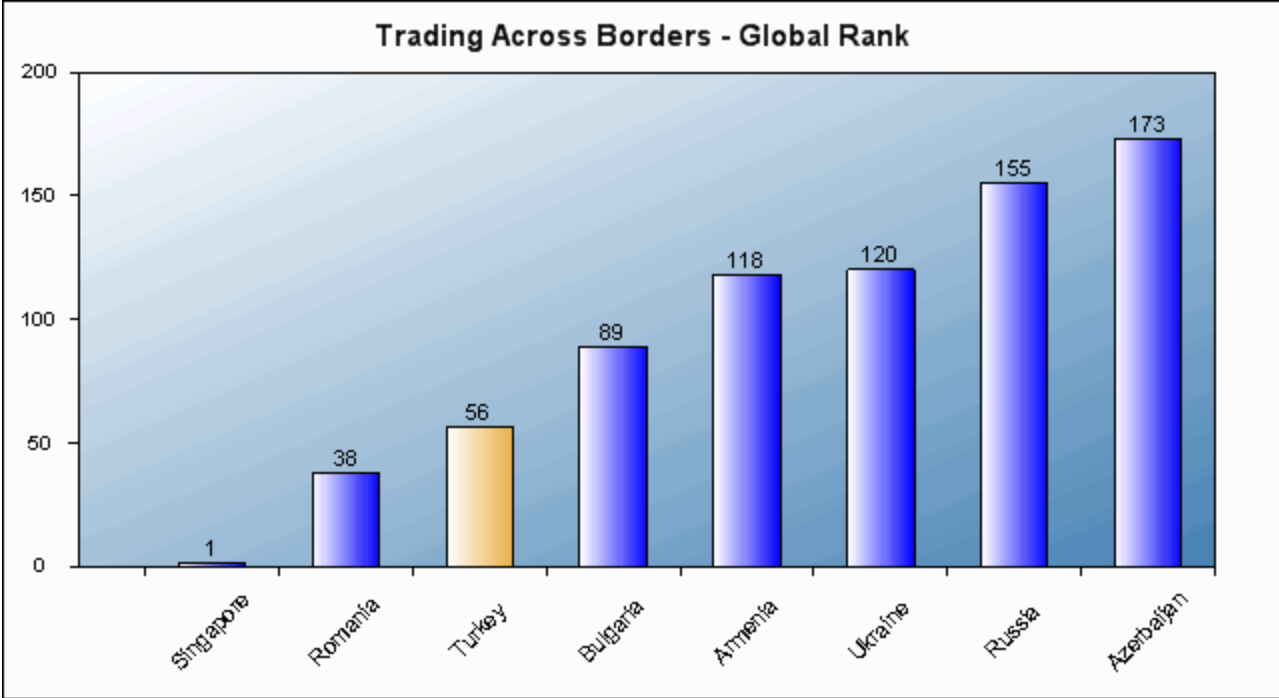
2. The following graph illustrates the Trading Across Borders indicators in Turkey over the past 3 years:



3. Benchmarking Trading Across Borders Regulations:

Turkey is ranked 56 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

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



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

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

| <i>Selected Economy</i> | | | | | | |
|-------------------------|---|----|-----|---|----|------|
| Turkey | 7 | 14 | 865 | 8 | 15 | 1013 |

| <i>Comparator Economies</i> | | | | | | |
|-----------------------------|---|----|------|----|----|------|
| Armenia | 7 | 30 | 1165 | 8 | 24 | 1335 |
| Azerbaijan | 9 | 56 | 2715 | 14 | 56 | 2945 |
| Bulgaria | 5 | 23 | 1329 | 7 | 21 | 1377 |
| Romania | 5 | 12 | 1075 | 6 | 13 | 1075 |
| Russia | 8 | 36 | 2050 | 13 | 36 | 2050 |
| Ukraine | 6 | 31 | 1045 | 10 | 39 | 1065 |

* The following economies are also best practice economies for :

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

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

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

Enforcing Contracts: Court Efficiency in Turkey

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

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

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

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

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

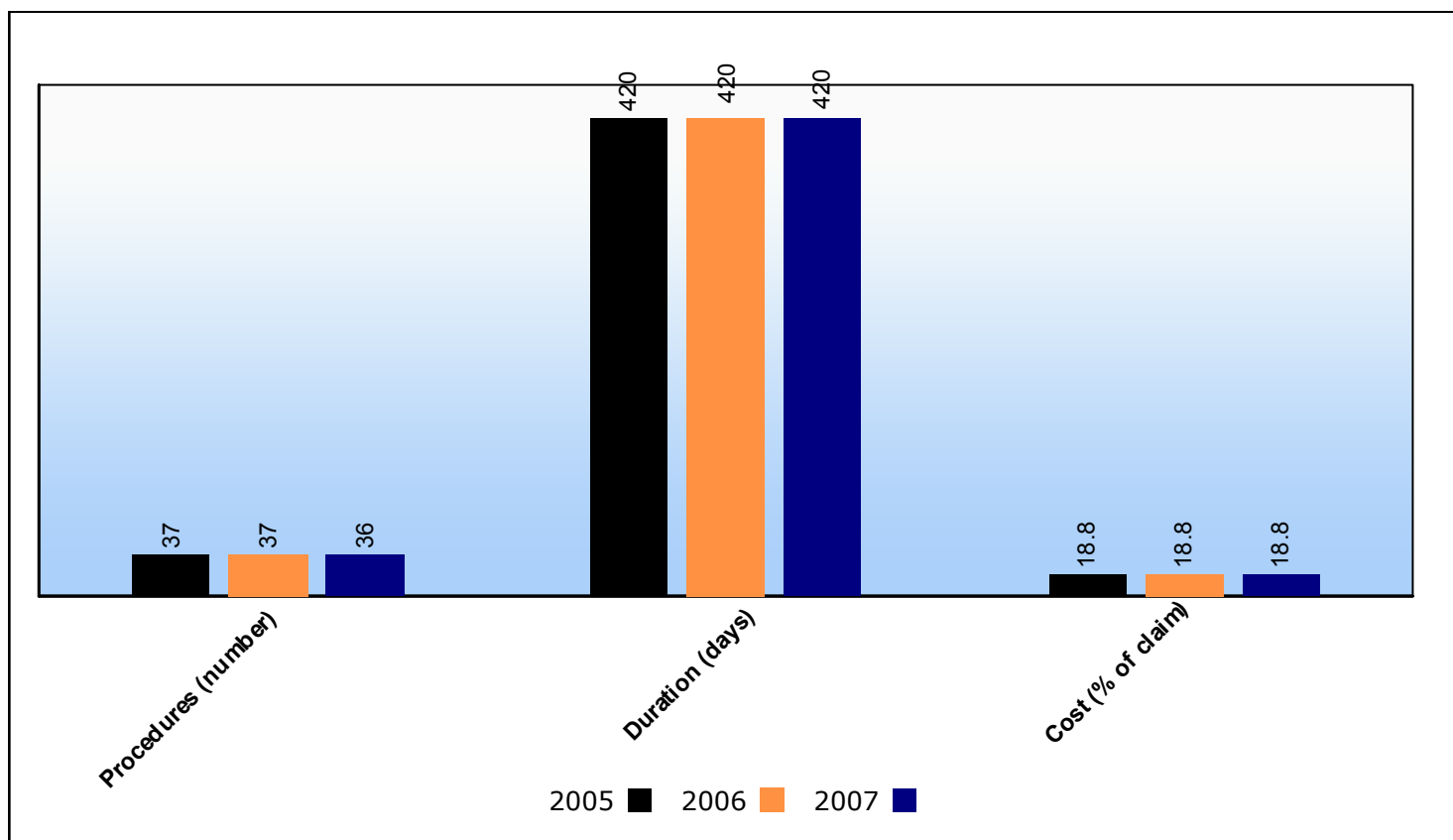
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative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

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

1. Historical data: Enforcing Contracts in Turkey

| Enforcing Contracts data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|--------------------------|---------------------|---------------------|---------------------|
| Rank | | 36 | 34 |
| Procedures (number) | 37 | 37 | 36 |
| Duration (days) | 420 | 420 | 420 |
| Cost (% of claim) | 18.8 | 18.8 | 18.8 |

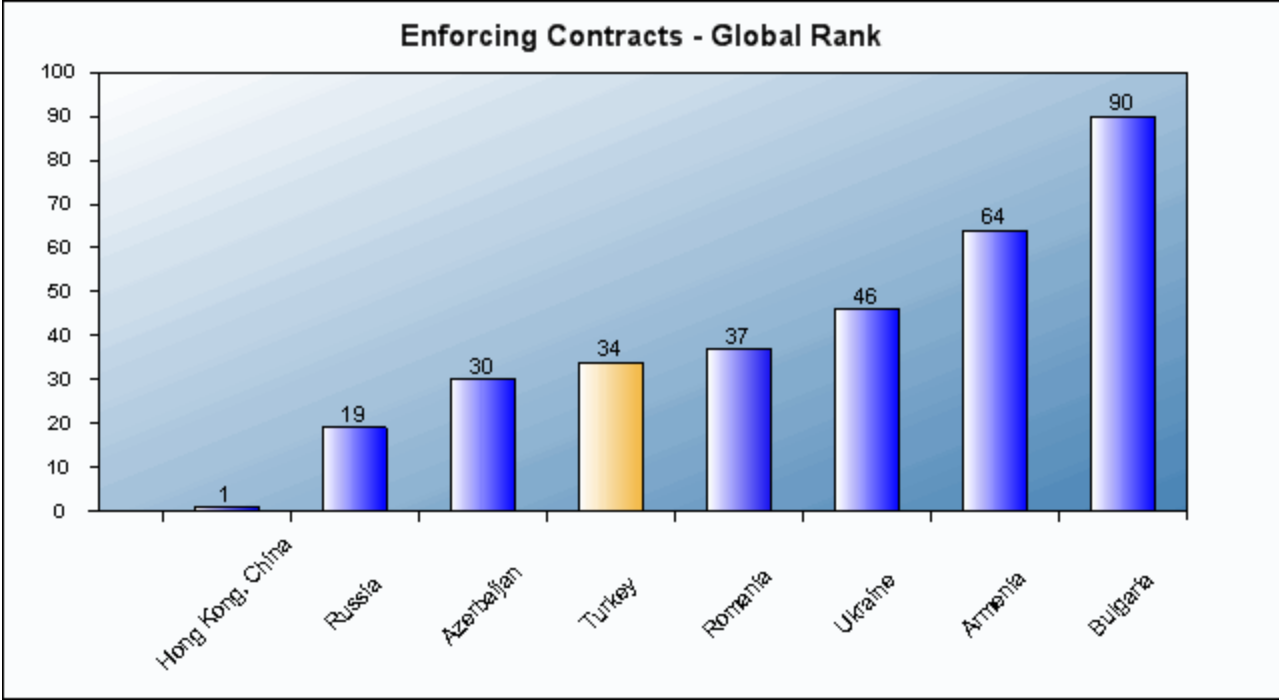
2. The following graph illustrates the Enforcing Contracts indicators in Turkey over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Turkey is ranked 34 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

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



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

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

| Selected Economy | | | |
|-------------------------|----|-----|------|
| Turkey | 36 | 420 | 18.8 |

| Comparator Economies | | | |
|-----------------------------|----|-----|------|
| Armenia | 50 | 285 | 19.0 |
| Azerbaijan | 39 | 267 | 18.5 |
| Bulgaria | 40 | 564 | 22.2 |
| Romania | 32 | 537 | 19.9 |
| Russia | 37 | 281 | 13.4 |
| Ukraine | 30 | 354 | 41.5 |

Closing Business in Turkey: Bankruptcy

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

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

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

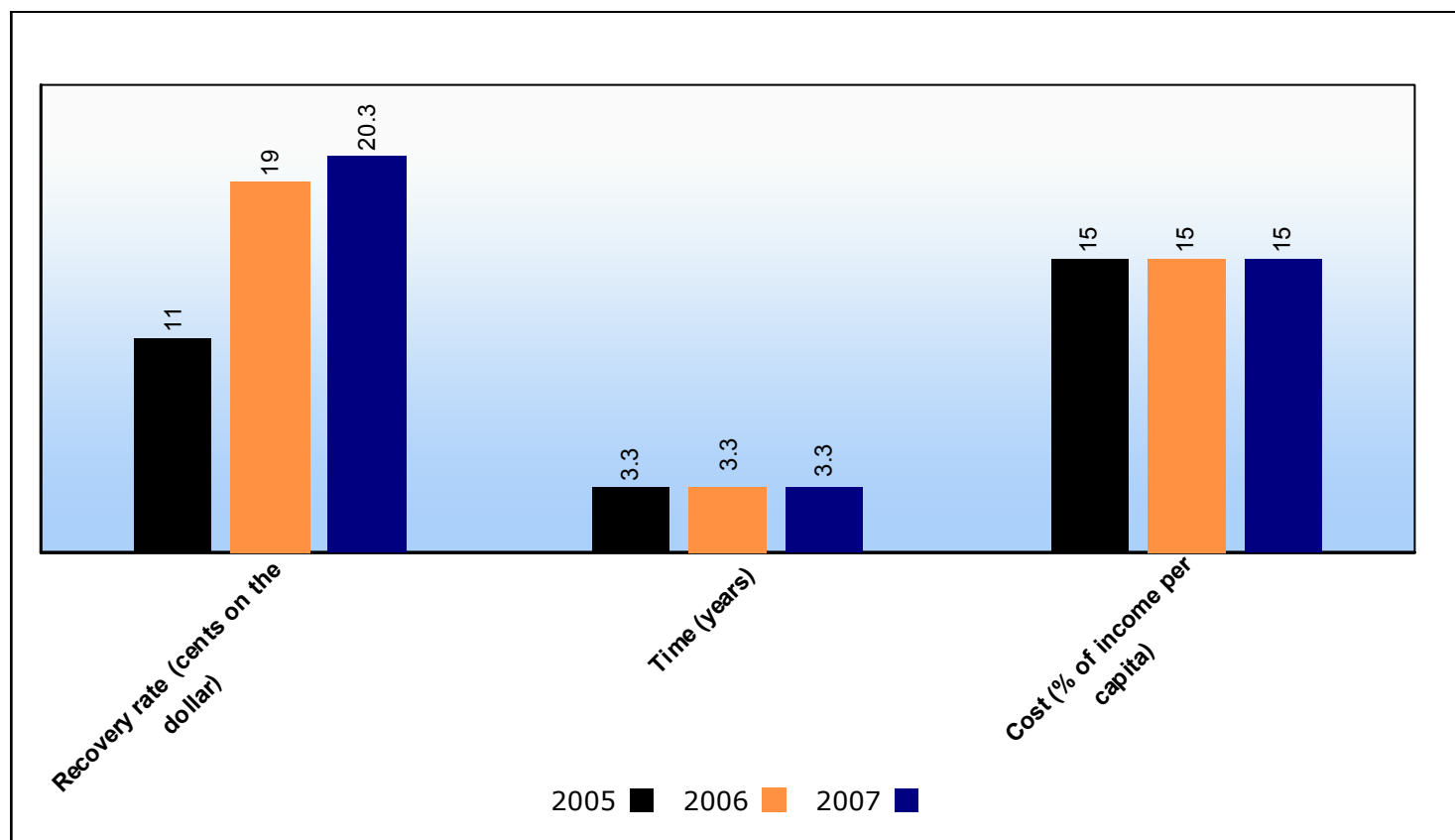
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

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

1. Historical data: Closing Business in Turkey

| Closing a Business data | Doing Business 2006 | Doing Business 2007 | Doing Business 2008 |
|-------------------------------------|---------------------|---------------------|---------------------|
| Rank | | 114 | 112 |
| Cost (% of income per capita) | 15 | 15 | 15 |
| Time (years) | 3.3 | 3.3 | 3.3 |
| Recovery rate (cents on the dollar) | 11 | 19 | 20.3 |

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



3. Benchmarking Closing Business Regulations:

Turkey is ranked 112 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

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



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

| Best Practice Economies | Recovery rate (cents on the | Time (years) | Cost (% of income per capita) |
|--------------------------------|------------------------------------|---------------------|--------------------------------------|
| Colombia | | | 1 |
| Ireland* | | 0.4 | |
| Japan | 92.6 | | |

| Selected Economy | | | |
|-------------------------|-------------|------------|-----------|
| Turkey | 20.3 | 3.3 | 15 |

| Comparator Economies | | | |
|-----------------------------|------|-----|----|
| Armenia | 42.0 | 1.9 | 4 |
| Azerbaijan | 31.5 | 2.7 | 8 |
| Bulgaria | 32.4 | 3.3 | 9 |
| Romania | 28.9 | 3.3 | 9 |
| Russia | 29.0 | 3.8 | 9 |
| Ukraine | 9.1 | 2.9 | 42 |

* The following economies are also best practice economies for :

Time (years): **Cape Verde**

Starting a Business in Turkey

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

STANDARDIZED COMPANY

Legal Form: Limited Sirket (LS)

Minimum Capital Requirement: TRY 1,250

City: Istanbul

Registration Requirements:

| No: | Procedure | Time to complete | Cost to complete |
|-----|--|--|--|
| 1 | Execute and notarize Articles of Association of the Company ("AoA"), signature declaration of the managers of the Company and certified copies of each manager's identity card or passport | 1 day | about YTL 400 |
| 2 | Deposit 0.04% of capital to the account of Competition Authority at the Central Bank, paid to any Ziraat Bank branch. | 1 day | 0.04% of capital |
| 3 | File the Incorporation Notice Form, Commitment Letter and Chamber Registration Statement the Trade Registry Office | 2 days | YTL 150 (initial registration fee of Chamber of Commerce) + YTL 195 (first manager's signature) + YTL 150.70 (for each additional manager) + YTL 355 (commercial registration) + YTL 0.15 per word for publication; YTL 0.30 (Trade Registry Gazette fee); YTL |
| 4 * | The Notary certifies the legal books | 1 day (simultaneous with previous procedure) | see comment |
| 5 | Follow up with the tax office on Commercial Registry's notification | 1 day | no charge |
| 6 | Deposit the initial capital in a bank and obtain the certificate of paid-in capital | 1 day | no charge |

* Takes place simultaneously with another procedure.

Procedure 1 Execute and notarize Articles of Association of the Company (“AoA”), signature declaration of the managers of the Company and certified copies of each manager’s identity card or passport

Time to complete: 1 day

Cost to complete: about YTL 400

Comment: Documents required: (i) Three original copies of the notarized AoA and one of which must be original; (ii) 2 notarized signature declarations ; (iii) Identity cards or passport copies of the managers need to be notarized as well. The documents with respect to the incorporation of a company are exempt from the payment of stamp tax by the changes which have been enacted in the Stamp Tax Law on January 01, 2004. The certification fee will be paid only to the Notary Public for the execution of the AoA.

The cost varies. The cost for the notarization of three copies of the Articles of Association consisting of 10 pages is approximately 300-500 YTL. For two signature declarations (consisting of 5 signatures) the cost is about 100 YTL.

Procedure 2 Deposit 0.04% of capital to the account of Competition Authority at the Central Bank, paid to any Ziraat Bank branch.

Time to complete: 1 day

Cost to complete: 0.04% of capital

Comment: The original receipt of Ziraat Bankası evidencing that 4/10,000 of the company’s capital has been paid to the Competition Authority account is required for registering the company with the Commercial Registry.

Procedure 3 File the Incorporation Notice Form, Commitment Letter and Chamber Registration Statement the Trade Registry Office

Time to complete: 2 days

Cost to complete: YTL 150 (initial registration fee of Chamber of Commerce) + YTL 195 (first manager’s signature) + YTL 150.70 (for each additional manager) + YTL 355 (commercial registration) + YTL 0.15 per word for publication; YTL 0.30 (Trade Registry Gazette fee); YTL

Comment: The formation of a LS does not require application to the court, thus, registration proceedings may be commenced once the documents are gathered.
The following documents are required for the establishment:
(i) For each individual shareholder who is not a Turkish citizen, a copy of his passport notarized by a Turkish notary. (ii) For each Turkish individual shareholder or Turkish representative of such shareholder two certified copies of his identity card. (iii) Three copies of “Establishment Notification Form (Kuruluş Bildirim Formu) (iv) Three copies of the notarized articles of association of the company to be formed. (v) Bank receipt evidencing the deposit to the Competition Authority Account (4/10000 of the capital) (vi) An “Undertaking (Taahhütname)” signed by the authorized representatives, (vii) for each person authorized to represent the founders of the limited liability company to be established, two copies of his signature declaration in the The formation of an LS does not require a court application, thus, registration proceedings may be commenced once the documents are gathered.
The following documents are required:
(i) For each individual shareholder who is not a Turkish citizen, a copy of his passport notarized by a Turkish notary; (ii) For each Turkish individual shareholder or Turkish representative of such shareholder two certified copies of his identity card; (iii) Three copies of “Establishment Notification Form (Kuruluş Bildirim Formu); (iv) Three copies of the notarized articles of association of the company to be formed; (v) Bank receipt evidencing the deposit to the Competition Authority

Account (4/10,000 of the capital); (vi) An “Undertaking (Taahhütname)” signed by the authorized representatives; and (vii) for each person authorized to represent the company founders, two copies of his signature declaration in the name of the company to be formed.

The Commercial Registry Office notifies the tax office and the District Employment Office of the incorporation of the company and arranges for the publication. The publication is announced at the Commercial Registration Gazette within approximately 10 days of the registration of the company.

A tax identification plaque shall be obtained from the local tax office after the notification of Commercial Registry Office to the local tax office. The Commercial Registry Office also notifies the Ministry of Labor and Social Security, Directorate of the Social Security Institution of the incorporation of the company. A social security number shall be obtained from the relevant Social Security Administration and employees of the Company shall be registered with such administration.

The registration cost for limited liability company has been increased to 355 YTL; Publication/advertisement fee cost is 0.15 YTL per word; The fee for the start-up announcement is YTL 25; The Trade Registry Gazette fee is 0.30 YTL; The amount for the publication generally ranges from 90 - 460 YTL; Additionally, the registration fee for first manager's signature (single signature) is 195 YTL while it is 150.70 YTL for each additional manager (each additional signature).

Chamber of Commerce Annual membership fees for İstanbul are as follows :

| Capital | Annual Membership fee |
|-----------------------|-----------------------|
| 1,000,000 YTL and up | 225 YTL |
| 250,000 – 999,999 YTL | 200 YTL |
| 25,000 – 249, 999 YTL | 150 YTL |
| 1,000 – 24,999 YTL | 100 YTL |
| 1 – 999 YTL | 57 YTL |

Procedure 4 The Notary certifies the legal books

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

Cost to complete: see comment

Comment: The Notary Public shall notify the tax office of the certification of the commercial books. The fees are as follows: 10.50 YTL for the opening certification per book; 3.60 YTL for certification up to 100 pages and 3.60 YTL for certification for each additional 50 pages. The certification of the legal books should be completed the day that the Company is registered with the Commercial Registration.

Procedure 5 Follow up with the tax office on Commercial Registry’s notification

Time to complete: 1 day

Cost to complete: no charge

Comment: The Commercial Registry Office notifies the tax office and Social Security Administration of the incorporation of the Company. In practice, in order to expedite the registration process, Company representatives follow up whether the notification has been received. A tax officer comes to the head quarters of the company to prepare a determination report. There must be at least one authorized signature in the determination report.

Procedure 6 Deposit the initial capital in a bank and obtain the certificate of paid-in capital

Time to complete: 1 day

Cost to complete: no charge

Comment:

If the total capital is not paid in advance, 25% of the initial capital must be deposited within 3 months of the incorporation of the Company and the balance of the capital being subscribed must be paid within 3 years following its incorporation. Depositing the initial capital of the Company in a bank before registering the Company with the Commercial Registry is no longer required.

Dealing with Licenses in Turkey

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

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Istanbul

Registration Requirements:

| No: | Procedure | Time to complete | Cost to complete |
|-----|--|------------------|------------------|
| 1 | Obtain lot plan | 7 days | TRY 67 |
| 2 | Obtain cadastral plan | 3 days | no charge |
| 3 | Obtain road datum document | 2 days | TRY 105 |
| 4 | Hire an independent building inspector | 4 days | TRY 13,490 |
| 5 | Obtain approval of architectural drawings from the municipality | 30 days | TRY 3,500 |
| 6 | Obtain approval from the Fire Department | 2 days | TRY 1,782 |
| 7 * | Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS) | 1 day | no charge |
| 8 * | Obtain approval of technical drawings from the phone company | 1 day | no charge |
| 9 | Obtain contractor registration document from the chamber of commerce | 1 day | TRY 100 |
| 10 | Obtain project approval from the civil defense directorate of the district governor's office | 7 days | TRY 30 |
| 11 | Obtain proof of payment and clearance of water and sewerage infrastructure | 20 days | TRY 1,208 |
| 12 | Receive foundation registration number from the Social Security Institution | 1 day | no charge |
| 13 | Obtain building permit | 30 days | TRY 5,000 |
| 14 | Obtain proof of tax payment | 1 day | no charge |
| 15 | Request inspection from the civil defense experts | 1 day | no charge |

| | | | |
|------|---|---------|-----------|
| 16 | Receive inspection from the civil defense experts in the district governor's office | 1 day | no charge |
| 17 | Receive final inspection from the municipality | 1 day | no charge |
| 18 * | Obtain occupancy permit | 30 days | TRY 2,000 |
| 19 * | Obtain proof of real estate tax payment | 10 days | no charge |
| 20 | Change the title deed from a land title deed to a building title deed | 10 days | TRY 300 |
| 21 | Request water connection and permission for discharge of sewerage and rainwater | 40 days | no charge |
| 22 | Receive inspection and obtain connection from the water and sewerage department | 7 days | no charge |
| 23 | Obtain electricity connection | 2 days | TRY 1,000 |
| 24 | Obtain approval of telephone system from the Telephone Regional directorate | 3 days | no charge |
| 25 * | Obtain telephone connection | 2 days | TRY 7 |

* Takes place simultaneously with another procedure.

Procedure 1 Obtain lot plan

Time to complete: 7 days

Cost to complete: TRY 67

Comment: BuildCo applies to the Land Registry. The technicians from the Land Registry peg the corners of the plot, fix its location on the land, and prepare the plan for application.

Procedure 2 Obtain cadastral plan

Time to complete: 3 days

Cost to complete: no charge

Comment: BuildCo submits an application to the Cadastral Plan Branch of the relevant municipality, along with the two documents described in the previous procedure, and obtains the Cadastral Plan Document. This document states the development conditions applicable to the plot.

Procedure 3 Obtain road datum document

Time to complete: 2 days

Cost to complete: TRY 105

Comment: BuildCo must apply to the Road Datum Branch of the relevant municipality with the documents obtained in the previous procedures. The branch technicians set all the necessary levels - road, entrance, plot, and building corners, etc. – to be the basis for the design process of the works that will follow, and issue a “Road Datum Document”.

Procedure 4 Hire an independent building inspector

Time to complete: 4 days

Cost to complete: TRY 13,490

Comment: The company must select an independent building inspector and sign a service contract with this inspector. The inspector must check and approve all the projects before they are submitted to the municipality.

The list of projects is extensive, and includes: the architectural design of the building done by design consultants; the reinforced concrete and insulation projects prepared by a civil engineer; the fire safety project prepared jointly by an architect and the mechanical engineer for utilities; the projects and documents for hot water, and those of central heating facilities prepared by a mechanical engineer; the electrical wiring project done by an electrical engineer; the telecommunications system project done by an electrical engineer; and the landscape project prepared by a landscape engineer.

Selecting an independent building consultant takes only 1 day. However, practitioners agree that it takes at least 3 days for the building inspector to review and approve all the documents before they are submitted to the municipality. Hence, Doing Business counts 4 days to complete this procedure.

The building inspector charges a fee of 3% of the total building cost. This fee is usually paid in 4 installments (at specified intervals of the construction project). Generally, the inspector receives payment at these stages:
20% when basement is completed;
40% when static structure is completed;

20% when detailed works are completed (such as plaster, lifeline connections);
and
20% when approval of housing is obtained from municipality.

However, Doing Business counts any interaction with the independent building inspector as an internal (i.e. within BuildCo) process. Hence, the phased-out payment is included in this procedure as a one lump sum, for methodological reasons.

Procedure 5 Obtain approval of architectural drawings from the municipality

Time to complete: 30 days

Cost to complete: TRY 3,500

Comment: The company must submit the documents listed below along with the architectural drawings to the project branch of the municipality:

1. The authorization document of the architect;
2. The plan for the application;
3. The cadastral plan document;
4. The road datum document;
5. The title deed registration document;
6. The plot share distribution table, in case there is more than one independent section on the land – for instance, in the case of an apartment building;
7. Buildup area breakdown table in square meters;
8. Ratified geological study; and
9. 3 sets of the elevator preliminary report (not applicable in the warehouse case).

The municipality must approve the project for design. The fire safety project should also be submitted to the municipality for approval, which can be included in this procedure.

If the municipality asks for changes to be made to the architectural projects during the approval process, these changes should be reflected in the engineering and landscaping projects as well. For final approval, these projects are submitted to the municipal project branch for static, sanitation facility, heating and heat insulation, and landscaping projects; to TEDAS (Turkish Electricity Distribution Corporation) for the electricity project; and to the phone company for the telecommunication project. Fire-electricity and fire-mechanical projects have to be approved by the Fire Department.

Article 22 of the Land Development Law establishes a 30-day statutory time limit for this procedure. Although in some cases, the approval may be granted within 7 days, practitioners agree that most cases require the full 30 days allowed for by the law.

The cost estimated for this procedure ranges from YTL 3,000 to YTL 3,500. The fees taken from one district municipality website show the cost breakdown to include fees for examination, approval, and various other taxes (i.e., sign posts, trees, etc.).

Procedure 6 Obtain approval from the Fire Department

Time to complete: 2 days

Cost to complete: TRY 1,782

Comment: BuildCo must apply for fire facilities approval to Istanbul Metropolitan Municipality Fire Brigade department. Fee is YTL 1.37 for each square meter. In the present case, the total cost is: $1300.6 * 1.37 = \text{YTL } 1782$.

| | | |
|--------------------------|-----------|---|
| Procedure | 7 | Obtain approval of technical drawings from the Turkish Electricity Corporation (TEDAS) |
| Time to complete: | | 1 day |
| Cost to complete: | | no charge |
| Comment: | | If the building required new electricity facilities from TEDAS (Turkish electricity corporation), the latter would charge a fee for these new facilities. |
| Procedure | 8 | Obtain approval of technical drawings from the phone company |
| Time to complete: | | 1 day |
| Cost to complete: | | no charge |
| Comment: | | If the building required new telecommunication facilities from the Post and Phone Corporation (PTT), the latter would charge a fee for these new facilities. |
| Procedure | 9 | Obtain contractor registration document from the chamber of commerce |
| Time to complete: | | 1 day |
| Cost to complete: | | TRY 100 |
| Comment: | | The contractor (BuildCo) must obtain the “contractor registration document” for the year the building permit is issued in. |
| Procedure | 10 | Obtain project approval from the civil defense directorate of the district governor’s office |
| Time to complete: | | 7 days |
| Cost to complete: | | TRY 30 |
| Comment: | | The company must submit the project to the civil defense directorate of the district governor’s office for approval of the shelter provided in the designed building. |
| Procedure | 11 | Obtain proof of payment and clearance of water and sewerage infrastructure |
| Time to complete: | | 20 days |
| Cost to complete: | | TRY 1,208 |
| Comment: | | The company contacts the water and sewerage department to pay the fees and participation share in cost of water and sewerage infrastructure. A clearance document is obtained, that shows that complete payment was made. |
| Procedure | 12 | Receive foundation registration number from the Social Security Institution |
| Time to complete: | | 1 day |
| Cost to complete: | | no charge |
| Comment: | | The company must register the staff that will be working at the construction site with the social security authority. |
| Procedure | 13 | Obtain building permit |

Time to complete: 30 days

Cost to complete: TRY 5,000

Comment: The company requests a building permit from the licensing branch of the municipality. The approved design, engineering drawings, and other necessary documents (described in procedures 7 to 16) must be attached to this request. The company must pay the fees before receiving the building permit and start foundations work.

Building permits are usually issued between 1 and 2 months after submission of the application. The law provides for a statutory time limit of 30 days for the Municipality issuing the permit. There are frequent complaints from applicants about not receiving the building permit within the specified time.

Procedure 14 Obtain proof of tax payment

Time to complete: 1 day

Cost to complete: no charge

Comment: The company must pay all taxes owed, and obtain a tax clearance document from the related tax departments. This document states that all due taxes have being paid.

Procedure 15 Request inspection from the civil defense experts

Time to complete: 1 day

Cost to complete: no charge

Comment: BuildCo has to first request an inspection that takes 1 day. Depending on the availability of inspectors, it takes approximately 1 week to receive the final inspection from the district governor's office.

Procedure 16 Receive inspection from the civil defense experts in the district governor's office

Time to complete: 1 day

Cost to complete: no charge

Comment: The civil defense experts of the district governor's office determine (on site) if the property is conform to the project, and document this with a report.

Procedure 17 Receive final inspection from the municipality

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 18 Obtain occupancy permit

Time to complete: 30 days

Cost to complete: TRY 2,000

Comment: Land Development Law 3194 requires an occupancy permit for all new constructions.
 The company applies for the occupancy permit by submitting the following documents:

1. The invoice for the building;
2. The building permit;
3. The buildup area breakdown table in square meters;
4. The original copy of the plot title deed;
5. The real estate tax declaration; and
6. The real estate tax receipt.

An authorized commission from the municipality inspects the building and checks its conformity to the project. This commission then issues the occupancy permit.

The law specifies a statutory time limit of 30 days for the municipality to issue an occupancy permit. Practitioners observe that this statutory time limit is not frequently observed, and so, this process can take longer than 30 days.

Procedure 19 Obtain proof of real estate tax payment

Time to complete: 10 days

Cost to complete: no charge

Comment: Real estate taxes must be submitted to the tax office within 3 months of receipt of the title deeds. The company must obtain a copy of the real estate tax form and a tax clearance statement from municipal accounting office.

Procedure 20 Change the title deed from a land title deed to a building title deed

Time to complete: 10 days

Cost to complete: TRY 300

Comment: The company must submit the following documents to the title deed department in order to register the building:

1. The original copy of the title deed;
2. The original copy of the plot share distribution table;
3. The original copy of the occupation permit;
4. The originals of the photographs of the front and back facades of the building; and
5. The cadastral survey pages.

Registering the warehouse takes some time due to backlogs and long wait times at the land registry. However, with connections at the land registry, the process may take as little as 3 days.

Procedure 21 Request water connection and permission for discharge of sewerage and rainwater

Time to complete: 40 days

Cost to complete: no charge

Comment: The company must request permission to discharge of sewage and rainwater from the water and sewerage department. The technicians from this department perform their inspections at the site and grant permission for connection of wastewater and rainwater to the system.

The company can also request the water connection at the same time. The technicians from the same department check the conformance of the canal connections to the approved design. The technicians will issue a letter of approval for connection.

Procedure 22 Receive inspection and obtain connection from the water and sewerage department

Time to complete: 7 days

Cost to complete: no charge

Comment:

Procedure 23 Obtain electricity connection

Time to complete: 2 days

Cost to complete: TRY 1,000

Comment:

Procedure 24 Obtain approval of telephone system from the Telephone Regional directorate

Time to complete: 3 days

Cost to complete: no charge

Comment:

Procedure 25 Obtain telephone connection

Time to complete: 2 days

Cost to complete: TRY 7

Comment:

Employing Workers in Turkey

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

| Employing Workers Indicators (2007) | Answer | Score |
|---|---------------|--------------|
| Rigidity of Employment Index | | 41.9 |
| Difficulty of Hiring Index | | 55.6 |
| Are fixed-term contracts prohibited for permanent tasks? | Yes | 1 |
| What is the maximum duration of fixed-term contracts (including renewals)? (in months) | No limit | 0.0 |
| What is the ratio of mandated minimum wage to the average value added per worker? | 0.57 | 0.67 |
| Rigidity of Hours Index | | 40.0 |
| Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production? | Yes | 0 |
| What is the maximum number of working days per week? | 6 | 0 |
| Are there restrictions on night work? | Yes | 1 |
| Are there restrictions on "weekly holiday" work? | No | 0 |
| What is the paid annual vacation (in working days) for an employee with 20 years of service? | 26 | 1 |
| Difficulty of Firing Index | | 30.0 |
| Is the termination of workers due to redundancy legally authorized? | Yes | 0 |
| Must the employer notify a third party before terminating one redundant worker? | No | 0 |
| Does the employer need the approval of a third party to terminate one redundant worker? | No | 0 |
| Must the employer notify a third party before terminating a group of 25 redundant workers? | Yes | 1 |
| Does the employer need the approval of a third party to terminate a group of 25 redundant workers? | No | 0 |
| Can an employer make redundant a worker only if the worker could not have been reassigned or retrained? | Yes | 1 |
| Are there priority rules applying to redundancies? | No | 0 |
| Are there priority rules applying to re-employment? | Yes | 1 |
| Firing costs (weeks of wages) | | 94.7 |
| What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary) | | 8.0 |

| | |
|--|------|
| 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 |
|--|-----|

| | |
|---|-------------|
| Nonwage labor cost (% of salary) | 21.5 |
|---|-------------|

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 Turkey

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

STANDARDIZED PROPERTY

Property Value: 270,000.00

City: Istanbul

Registration Requirements:

| No: | Procedure | Time to complete | Cost to complete |
|-----|--|------------------|---|
| 1 | The notary public issues the signature circular | 1 day | YTL 46.5 paid by each of the seller and buyer |
| 2 | Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf | 1 day | YTL 16 |
| 3 | Obtain an earthquake insurance policy, or amend the existing one | 1 day | no cost (unless a new insurance is needed) |
| 4 | Parties apply for registration at the Registry | 1 day | no cost |
| 5 | Mortar dues are paid at a commercial bank | 1 day | YTL 100 (registration fee) + 3% of declared transaction price (mortar dues) or 3% of the taxable value of the real estate (whichever is higher) |
| 6 | Transaction is completed at the registry office | 1 day | Already paid in Procedure 7 |

Procedure 1 The notary public issues the signature circular**Time to complete:** 1 day**Cost to complete:** YTL 46.5 paid by each of the seller and buyer**Comment:** Parties make an application to the notary public for the issuance of the signature circular. The necessary documents are the signature declarations and notarized ID copies and the registry letter.**Procedure 2 Managers obtain an authorization certificate of their authority to conduct transactions on companies' behalf****Time to complete:** 1 day**Cost to complete:** YTL 16**Comment:** If the sale transaction will be made in person by the company signatories, the managers should obtain a separate document from the trade registry, showing that they have the authority to conduct transactions before land registry on companies' behalf. If the sale transaction will be made in proxy given by the company signatories, the representatives should be given special proxies, which will be issued before the notary and inclusive of the authorized managers' statement as well as the photographs. The notary might ask the manager to show the above mentioned authorization document or a signature circular of the company.**Procedure 3 Obtain an earthquake insurance policy, or amend the existing one****Time to complete:** 1 day**Cost to complete:** no cost (unless a new insurance is needed)**Comment:** If a "compulsory earthquake insurance policy" had not been issued for the building, one must be prepared since in practice, when selling the building or asking for a loan on it, it is usually required. The cost of this insurance policy depends on the features such as the area of the building and the place thereof, and the insurance brokers automatically calculate it.
If there is an existing "compulsory earthquake insurance policy" which is still valid at the date of the sale (i.e. if the term of the insurance policy has not yet expired), then there is no need to issue another one just as a result of the change of ownership. However, the new owner of the property shall have the insurance policy amended to indicate his own name under the policy, which will be arranged between the insurance company and the new owner.**Procedure 4 Parties apply for registration at the Registry****Time to complete:** 1 day**Cost to complete:** no cost**Comment:** The seller and the purchaser (or their representatives) meet at the registry office and fill in an application form. Once the required documents are presented, the parties declare the consideration to be paid by the purchaser. The officer calculates the mortar dues, and gives the account details of the registry office for the payment, and makes an appointment on the very day or on the consecutive day for the parties to pay the dues and come back again for signature.

The documentation shall include:

Tax registration certificates of the companies.

The Authorization Certificate of the manager obtained from trade registry, if transactions are carried out by the company signatories.

The notarized proxies of the representatives (if they will perform the transaction)
The identity cards of signatories (passport for foreigners)
Two photographs of each person who would actually sign the registry documents.
Signature Circular
Title deed copy or information regarding the title deed of the property

Procedure 5 Mortar dues are paid at a commercial bank

Time to complete: 1 day

Cost to complete: YTL 100 (registration fee) + 3% of declared transaction price (mortar dues) or 3% of the taxable value of the real estate (whichever is higher)

Comment: Mortar dues are paid to the bank account of the land registry, and the bank will give a receipt of the payment. The mortar due is equal to 3% of the declared amount in Turkish Lira, collected 1.5% each from the parties, but in practice usually the purchaser pays all. The parties also pay a registration fee to cover overall expenses of Land Registries in Turkey. This is usually paid by the purchaser.

Procedure 6 Transaction is completed at the registry office

Time to complete: 1 day

Cost to complete: Already paid in Procedure 7

Comment: Once all the above procedures are fulfilled, the parties meet at registry office before the registry manager or his deputy at the appointment hour decided previously. The purchaser pays the consideration at that time. If it is already paid, the seller declares that it is fully paid. Then the parties both sign the land record sheet as well as the photographs of each other that are stuck to the document. Each person witnesses that he/she had made the transaction mutually with the person in the picture, the transfer of the title is then completed. The documentation shall include: payment receipts .

Getting Credit in Turkey

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

| Getting Credit Indicators (2007) | | | Indicator |
|---|------------------------------|-------------------------------|-----------|
| Private bureau coverage (% adults) | Private credit bureau | Public credit registry | 5 |
| Are data on both firms and individuals distributed? | No | Yes | 1 |
| Are both positive and negative data distributed? | Yes | Yes | 1 |
| Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions? | 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 | No | 1 |
| Is it guaranteed by law that borrowers can inspect their data in the largest credit registry? | Yes | Yes | 1 |
| Coverage | 2.7 | 10.3 | |
| Number of individuals | 0 | 3,901,810 | |
| Number of firms | 1,400,000 | 1,408,930 | |
| Legal Rights Index | | | 3 |
| Does the law allow all natural and legal persons to be party to collateral agreements? | | | Yes |
| Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral? | | | No |
| Does the law allow for general descriptions of debt, so that all types of obligations can be secured? | | | No |
| Does a unified registry exist for all security rights in movable property? | | | No |
| Do secured creditors have absolute priority to their collateral outside bankruptcy procedures? | | | No |
| Do secured creditors have absolute priority to their collateral in bankruptcy procedures? | | | No |
| During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement? | | | No |
| During reorganization, is management's control of the company's assets suspended? | | | Yes |
| Does the law authorize parties to agree on out of court enforcement? | | | Yes |
| May parties have recourse to out of court enforcement without restrictions? | | | No |

Protecting Investors in Turkey

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

| Protecting Investors Data (2007) | Indicator |
|---|------------------|
| Disclosure Index | 2 |
| What corporate body provides legally sufficient approval for the transaction? (0-3; see notes) | 2 |
| Immediate disclosure to the public and/or shareholders (0-2; see notes) | 2 |
| Disclosures in published periodic filings (0-2; see notes) | 2 |
| Disclosures by Mr. James to board of directors (0-2; see notes) | 2 |
| Requirement that an external body review the transaction before it takes place (0=no, 1=yes) | 0 |
| Director Liability Index | 1 |
| 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) | 0 |
| Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes) | 1 |
| Shareholder Suits Index | 3 |
| Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes) | 3 |
| Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes) | 0 |
| Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes) | 1 |
| Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes) | 0 |
| Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes) | 0 |
| Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes) | 0 |

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in Turkey

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Bhutan, 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 |
|-------------------------------|-------------------|-------------------|--------------|--|--|---------------------------|-------------------------|
| Advertising tax | 2 | | | various rates | advertising expenses | | small amount |
| Value added tax (VAT) | 1 | online filing | 97 | 18.0% | value added | | not included |
| Stamp duty | 1 | | | 0.8% | transaction value | | small amount |
| Tax on financial transactions | 1 | | | TRY 1.6 | per check | 0.10 | |
| Vehicle tax | 1 | | | fixed fee (TRY 1,317) | | 0.33 | |
| Tax on interest | 0 | withheld | | 15.0% | interest income | 0.38 | included in other taxes |
| Stamp duty on property sale | 1 | | | 0.8% | sale price | 0.45 | |
| Environmental tax | 2 | | | fixed fee (TRY 1,537) with 25% surcharge in Istanbul | | 0.48 | |
| Property tax | 2 | | | 0.2% and 0.3% (doubled in Istanbul) | value of building and land (reevaluated each year) | 0.88 | |
| Property transfer tax | 1 | | | 1.5% | sale price | 0.91 | |
| Fuel tax | 1 | | | | included in fuel price | 1.53 | |
| Unemployment insurance | 0 | paid jointly | | 2.0% | gross salaries | 2.28 | |
| Corporate income tax | 1 | online filing | 45 | 20.0% | taxable profits | 15.91 | |
| Social security contributions | 1 | online filing | 79 | 19.5% | gross salaries | 22.22 | |
| Totals | 15 | | 223 | | | 45.1 | |

Notes:

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

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

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

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

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

Trading Across Borders in Turkey

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

| Nature of Export Procedures (2007) | Duration (days) | US\$ Cost |
|---|-----------------|-----------|
| Documents preparation | 6 | 165 |
| Inland transportation and handling | 2 | 280 |
| Customs clearance and technical control | 3 | 200 |
| Ports and terminal handling | 3 | 220 |
| Totals | 14 | 865 |

| Nature of Import Procedures (2007) | Duration (days) | US\$ Cost |
|---|-----------------|-----------|
| Documents preparation | 8 | 280 |
| Customs clearance and technical control | 3 | 200 |
| Ports and terminal handling | 3 | 183 |
| Inland transportation and handling | 1 | 350 |
| Totals | 15 | 1013 |

Export

Bill of lading

Certificate of origin

Commercial invoice

Customs export declaration

Packing list

Preferential certificate

Technical standard/health certificate

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration

Import license

Technical standard/health certificate

Terminal handling receipts

Enforcing Contracts in Turkey

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

| Nature of Procedure (2007) | Indicator |
|-----------------------------------|------------------|
| Procedures (number) | 36.00 |
| Duration (days) | 420.00 |
| Filing and service | 30.0 |
| Trial and judgment | 290.0 |
| Enforcement of judgment | 100.0 |
| Cost (% of claim)* | 18.80 |
| Attorney cost (% of claim) | 12.0 |
| Court cost (% of claim) | 5.4 |
| Enforcement Cost (% of claim) | 1.4 |

Court information: Istanbul Commercial Court of ("Ticaret Mahkemesi")
First Instance

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