

## Fact Sheet—Summary of Reforms in Latin America and the Caribbean

**Antigua and Barbuda** reduced its corporate income tax rate from 30% to 25%.

**Areas of Reform:** Paying Taxes

**Rank in Doing Business 2009:** 42

**Argentina** reduced the severance payment for a worker with 20 years of seniority from 30 months to 20. After its unemployment rate fell below 10%, a 2007 decree abolished the 50% increase in severance payments that had been part of “emergency laws” adopted in 2002.

**Areas of Reform:** Employing Workers

**Rank in Doing Business 2009:** 113

In **The Bahamas** no major reform was recorded.

**Rank in Doing Business 2009:** 55

In **Belize** no major reform was recorded.

**Rank in Doing Business 2009:** 78

**Bolivia** suspended applications for voluntary restructuring of financially distressed companies. The only option now is a lengthy bankruptcy procedure that typically takes years.

**Areas of Reform:** Closing a Business (making it more difficult)

**Rank in Doing Business 2009:** 150

**Brazil** reduced the time to export by four days. Authorities merged the current manifest reporting system, “Merchante” (for imports) and “Siscomex” (for exports) into a new and unique system, “Siscomex Carga.” Due to an increase in the shares of traders allotted “green line” status, the number of inspections was reduced, speeding up the customs process.

**Areas of Reform:** Trading across Borders

**Rank in Doing Business 2009:** 125

In **Chile** no major reform was recorded.

**Rank in Doing Business 2009:** 40

**Colombia**, a top global and regional reformer, improved in five of the 10 *Doing Business* indicators. It reduced the time and cost to start a business by simplifying registration formalities, including speeding up processes at the registry and eliminating the need to obtain a certificate of compliance with zoning regulations. A silence-is-consent principle for building permits is now applied, reducing the total time for dealing with construction permits by 32 days. A new unified application form was introduced. Colombia made electronic social security contributions mandatory for companies with more than 30 employees and created unified electronic forms for filing taxes. Trading across borders was expedited: better banking services and the implementation of e-payments, electronic data interchange, and coordinated inspections in customs reduced the time to export by 10 days and the time to import by five. Authorities also introduced two new insolvency proceedings: a reorganization procedure to restructure insolvent companies and a mandatory liquidation procedure. Its new insolvency law tightens time limits for

negotiating reorganization agreements. Before, the term allowed was six months, with a possible extension of eight months. The new law limits the term to four months, and the extension to two.

**Areas of Reform:** Starting a Business, Dealing with Construction Permits, Paying Taxes, Trading across Borders, Closing a Business

**Rank in Doing Business 2009:** 53

**Costa Rica** digitized tax registration records and company books, reducing the time required to start a business by 17 days.

**Areas of Reform:** Starting a Business

**Rank in Doing Business 2009:** 117

In **Dominica** no major reform was recorded.

**Rank in Doing Business 2009:** 74

The **Dominican Republic**, a top global and regional reformer, sped up formalities in several areas by making them electronic. An online system for filing and paying taxes, piloted in 2006, is now fully operational. And entrepreneurs can complete several start-up formalities online, including name verification, and commercial and tax registration. The Dominican Republic also reduced the corporate income tax rate from 29% to 25%, and abolished several taxes, including the stamp duty. The cost of property registration fell, thanks to a reduction in the transfer tax from 4.3% to 3%. Transferring property now costs 3.8% of the property value, down from 5.1%. In addition, authorities reduced the time to export by three days by improving the online portal for customs documentation and payment.

**Areas of Reform:** Starting a Business, Registering Property, Paying Taxes, Trading across Borders

**Rank in Doing Business 2009:** 97

**Ecuador** streamlined the trade process through improvements in port infrastructure and banking services and a reduction in the number of documents required. The changes reduced the time to export by two days and the time to import by 15.

**Areas of Reform:** Trading across Borders

**Rank in Doing Business 2009:** 136

**El Salvador** implemented a new commercial code that simplified business start-up by reducing the minimum capital requirement, simplifying the legalization of accounting books, and publication requirements. In trade, modernization of the customs system, a reduction in physical inspections, continued benefits from the single window reduced the time to export by seven days and the time to import by eight.

**Areas of Reform:** Starting a Business, Trading across Borders

**Rank in Doing Business 2009:** 72

In **Grenada** no major reform was recorded.

**Rank in Doing Business 2009:** 84

**Guatemala** enacted a new secured transactions law (*Ley de Garantías Mobiliarias*), creating new forms of pledges over movable assets and a registry for the pledges. Under the new law, accounts receivable and

inventory may be described in general terms when used as collateral and parties may agree to out-of-court enforcement of the security right at the time the security interest is created.

**Areas of Reform:** Getting Credit (Legal Rights)

**Rank in Doing Business 2009:** 112

In **Guyana** no major reform was recorded.

**Rank in Doing Business 2009:** 105

**Haiti** reduced the time to export by a day, by implementing risk-based inspections in customs.

**Areas of Reform:** Trading across Borders

**Rank in Doing Business 2009:** 154

**Honduras** improved the efficiency of its tax system by introducing electronic filing and payment. It also made it easier to import by abolishing a requirement for consular legalization of trade documents.

**Areas of Reform:** Paying Taxes, Trading across Borders

**Rank in Doing Business 2009:** 133

**Jamaica**, as part of an initiative to improve administrative efficiency, introduced a statutory time limit for issuing building permits, reducing the time required to build a warehouse by 80 days. It also reduced the property transfer tax from 7.5% to 6%, and the stamp duty from 5.5% to 4.5%, of the property value. That cut the cost to transfer property from 13.5% of the property value to 11%.

**Areas of Reform:** Dealing with Construction Permits, Registering Property

**Rank in Doing Business 2009:** 63

**Mexico** introduced a new tax law that abolishes the asset tax (IMPAC) and the possible eventual amalgamation of income tax applicable to corporations and individuals with business activities. A new withholding tax on cash deposit interest is being implemented, and new reporting rules were introduced for value-added tax. Mexico also amended its bankruptcy law to make reorganization more accessible. Now debtors and creditors may enter into a reorganization agreement at any stage of the insolvency procedure, which is expected to speed the process.

**Areas of Reform:** Paying Taxes, Closing a Business

**Rank in Doing Business 2009:** 56

In **Nicaragua** no major reform was recorded.

**Rank in Doing Business 2009:** 107

**Panama** introduced an online system for company creation, greatly speeding business start-up.

**Areas of Reform:** Starting a Business

**Rank in Doing Business 2009:** 81

In **Paraguay** no major reform was recorded.

**Rank in Doing Business 2009:** 115

In **Peru** no major reform was recorded.

**Rank in Doing Business 2009:** 62

In **Puerto Rico** no major reform was recorded.

**Rank in Doing Business 2009: 35**

In **St. Kitts and Nevis** no major reform was recorded.

**Rank in Doing Business 2009: 67**

In **St. Lucia** no major reform was recorded.

**Rank in Doing Business 2009: 34**

**St. Vincent and the Grenadines** reduced its corporate tax rate from 40% to 37.5%. And it introduced a value-added tax at a standard rate of 15% to replace several existing taxes, including the hotel tax, consumption duty, entertainment tax, stamp duty on receipts, and domestic and international telecommunications surcharge. The country also enacted a bankruptcy law, its first set of rules regulating the bankruptcy of private enterprises.

**Areas of Reform:** Paying Taxes, Closing a Business

**Rank in Doing Business 2009: 66**

In **Suriname** no major reform was recorded.

**Rank in Doing Business 2009: 146**

In **Trinidad and Tobago** no major reform was recorded.

**Rank in Doing Business 2009: 80**

**Uruguay** eliminated the minimum capital requirement in July 2007, making it easier to start a business. A new tax law abolished COFIS (a 3% sales tax) and reduced the value-added tax from 23% to 22%. In trade, Uruguay implemented electronic data interchange and improved its banking system, reducing the time to export by five days and the time to import by a day.

**Areas of Reform:** Starting a Business, Paying Taxes, Trading across Borders

**Rank in Doing Business 2009: 109**

**Venezuela** reintroduced a tax on financial transactions, which is levied at a rate of 1.5% on all payments made to third parties. The tax, which had been abolished in February 2006, was levied at a rate of 0.5% before.

**Areas of Reform:** Paying Taxes (making it more difficult)

**Rank in Doing Business 2009: 174**