

Economy Profile  
Venezuela, RB

# Doing Business 2020

Comparing Business  
Regulation in  
**190** Economies



WORLD BANK GROUP

**Economy Profile of Venezuela, RB**

*Doing Business 2020 Indicators  
(in order of appearance in the document)*

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Employing workers</b>	Flexibility in employment regulation and redundancy cost

## About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

To learn more about *Doing Business* please visit [doingbusiness.org](http://doingbusiness.org)

Ease of Doing Business in  
Venezuela, RB



Region	Latin America & Caribbean
Income Category	Upper middle income
Population	28,870,195
City Covered	Caracas

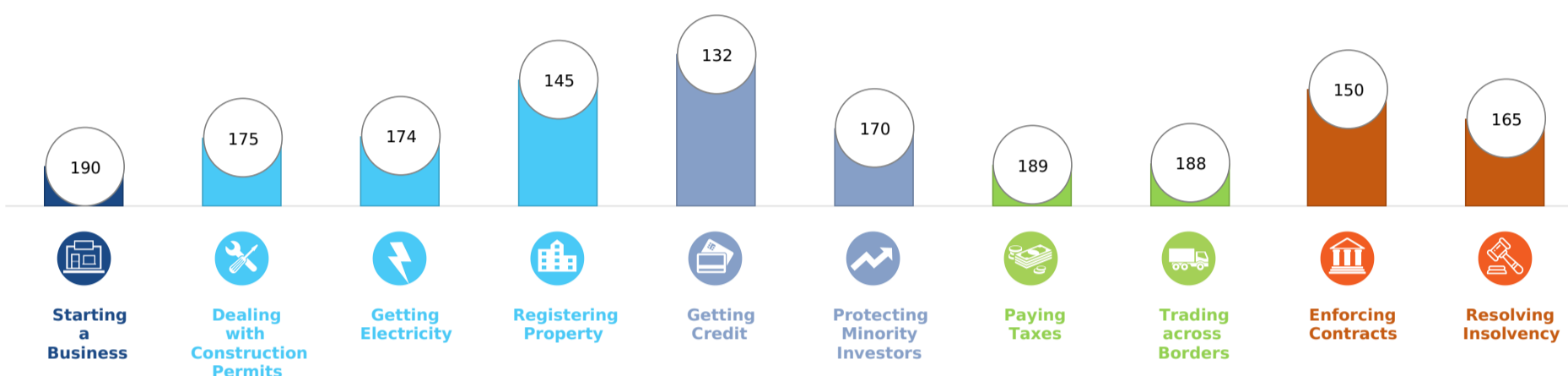
DB RANK

188

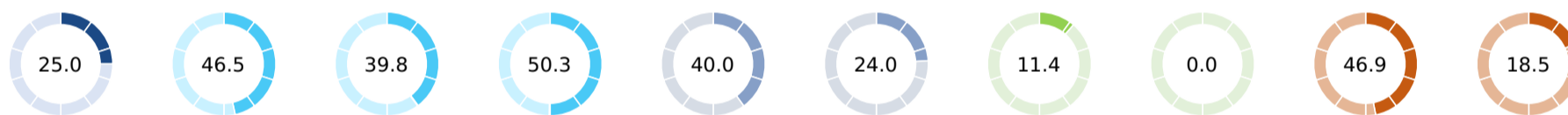
DB SCORE

30.2

Rankings on Doing Business topics - Venezuela, RB



Topic Scores



<b>Starting a Business</b> (rank)	190
Score of starting a business (0-100)	25.0
Procedures (number)	20
Time (days)	230
Cost (number)	211.8
Paid-in min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b> (rank)	175
Score of dealing with construction permits (0-100)	46.5
Procedures (number)	11
Time (days)	434
Cost (% of warehouse value)	12.0
Building quality control index (0-15)	10.5
<b>Getting Electricity</b> (rank)	174
Score of getting electricity (0-100)	39.8
Procedures (number)	6
Time (days)	208
Cost (% of income per capita)	650.7
Reliability of supply and transparency of tariff index (0-8)	0
<b>Registering Property</b> (rank)	145
Score of registering property (0-100)	50.3
Procedures (number)	10
Time (days)	53
Cost (% of property value)	2.6
Quality of the land administration index (0-30)	5.5

<b>Getting Credit</b> (rank)	132
Score of getting credit (0-100)	40.0
Strength of legal rights index (0-12)	1
Depth of credit information index (0-8)	7
Credit registry coverage (% of adults)	0.0
Credit bureau coverage (% of adults)	40.7
<b>Protecting Minority Investors</b> (rank)	170
Score of protecting minority investors (0-100)	24.0
Extent of disclosure index (0-10)	3.0
Extent of director liability index (0-10)	2.0
Ease of shareholder suits index (0-10)	3.0
Extent of shareholder rights index (0-6)	1.0
Extent of ownership and control index (0-7)	2.0
Extent of corporate transparency index (0-7)	1.0
<b>Paying Taxes</b> (rank)	189
Score of paying taxes (0-100)	11.4
Payments (number per year)	99
Time (hours per year)	920
Total tax and contribution rate (% of profit)	73.3
Postfiling index (0-100)	19.7

<b>Trading across Borders</b> (rank)	188
Score of trading across borders (0-100)	0.0
<i>Time to export</i>	
Documentary compliance (hours)	No Practice
Border compliance (hours)	No Practice
<i>Cost to export</i>	
Documentary compliance (USD)	No Practice
Border compliance (USD)	No Practice
<i>Time to export</i>	
Documentary compliance (hours)	No Practice
Border compliance (hours)	No Practice
<i>Cost to export</i>	
Documentary compliance (USD)	No Practice
Border compliance (USD)	No Practice
<b>Enforcing Contracts</b> (rank)	150
Score of enforcing contracts (0-100)	46.9
Time (days)	720
Cost (% of claim value)	43.7
Quality of judicial processes index (0-18)	7.0
<b>Resolving Insolvency</b> (rank)	165
Score of resolving insolvency (0-100)	18.5
Recovery rate (cents on the dollar)	5.3
Time (years)	4.0
Cost (% of estate)	38.0
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	5.0

## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally start and formally operate a company (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration (for example, name verification or reservation, notarization)</li> <li>• Registration in the economy's largest business city</li> <li>• Postregistration (for example, social security registration, company seal)</li> <li>• Obtaining approval from spouse to start a business or to leave the home to register the company</li> <li>• Obtaining any gender specific document for company registration and operation or national identification card</li> </ul> <p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day (2 procedures cannot start on the same day)</li> <li>• Procedures fully completed online are recorded as ½ day</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul> <p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> <li>• No professional fees unless services required by law or commonly used in practice</li> </ul> <p><b>Paid-in minimum capital (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Funds deposited in a bank or with third party before registration or up to 3 months after incorporation</li> </ul>	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p> <p><b>The business:</b></p> <ul style="list-style-type: none"> <li>-Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.</li> <li>-Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>-Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.</li> <li>-Does not qualify for investment incentives or any special benefits.</li> <li>-Is 100% domestically owned.</li> <li>-Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each.</li> <li>-Is managed by one local director.</li> <li>-Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals.</li> <li>-Has start-up capital of 10 times income per capita.</li> <li>-Has an estimated turnover of at least 100 times income per capita.</li> <li>-Leases the commercial plant or offices and is not a proprietor of real estate.</li> <li>-Has an annual lease for the office space equivalent to one income per capita.</li> <li>-Is in an office space of approximately 929 square meters (10,000 square feet).</li> <li>-Has a company deed that is 10 pages long.</li> </ul> <p><b>The owners:</b></p> <ul style="list-style-type: none"> <li>-Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.</li> <li>-Are in good health and have no criminal record.</li> <li>-Are married, the marriage is monogamous and registered with the authorities.</li> <li>-Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.</li> </ul>

Starting a Business - Venezuela, RB

Standardized Company

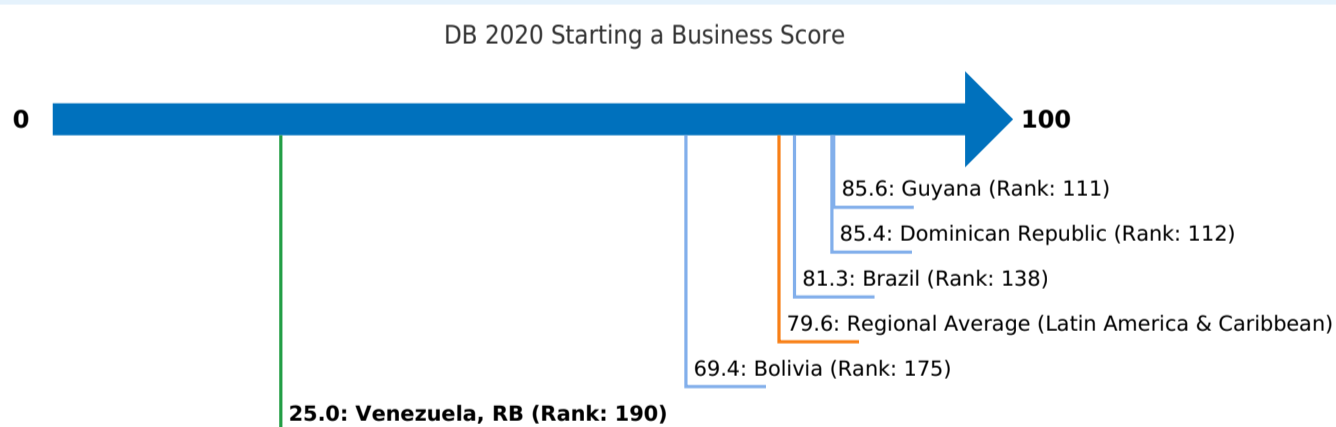
Legal form	Sociedad Anónima (SA)
Paid-in minimum capital requirement	No minimum
City Covered	Caracas

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedure - Men (number)	20	8.1	4.9	1 (2 Economies)
Time - Men (days)	230	28.8	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	211.8	31.4	3.0	0.0 (2 Economies)
Procedure - Women (number)	20	8.1	4.9	1 (2 Economies)
Time - Women (days)	230	28.8	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	211.8	31.4	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.4	7.6	0.0 (120 Economies)

Figure - Starting a Business in Venezuela, RB - Score

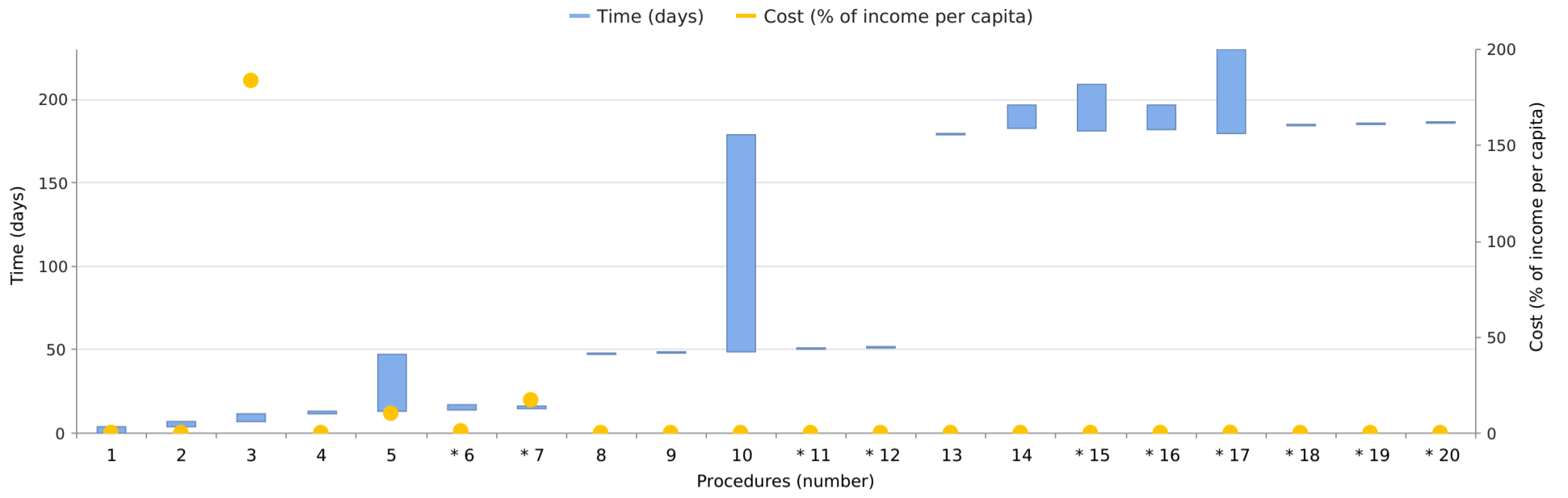


Figure - Starting a Business in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Venezuela, RB - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

## Details - Starting a Business in Venezuela, RB - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Reserve company name</b>  <i>Agency</i> : Commercial Registry            To reserve a company name, founders must buy the name search form (busqueda de la denominación) at the Registry.</p> <p>The cost for the name search is 1 UT and the cost for the name reservation is 2 UT. As of March 2019, the new value of the U.T. increased to VES 50 (Official Gazette N° 41.597).</p>	4 days	VES 50 (1 UT name search) + VES 100 (2 UT name reservation)
2	<p><b>Obtain an approval of the company name</b>  <i>Agency</i> : Commercial Registry            After reserving the company name, the applicant must pay the cited fee at a bank and later return to the Registry to show the bank deposit slip and obtain the company name approval.</p>	3 days	no charge
3	<p><b>Have the company's constitutive documents and social statutes prepared and legalized by a lawyer</b>  <i>Agency</i> : Lawyer            Legal assessment is required in the procurement of the company incorporation documents; the assessment must follow all formalities cited in Articles 211 to 215 of the Code of Commerce.</p>	5 days	VES 600,000 to VES 1,550,000
4	<p><b>Open a bank account</b>  <i>Agency</i> : Bank            The Mercantile Registry requires evidence of a bank account. Although founders commonly deposit 20% of declared capital, there is no minimum amount; by law, the Registrar determines the required amount.</p>	1 day	no charge
5	<p><b>Register at the local mercantile registry (Registro Mercantil)</b>  <i>Agency</i> : Commercial Registry            Founders must register with the local mercantile registry. This procedure must be done within 30 days of name reservation. The employer must fill out and submit a registration (derechos registrales) form.</p>	34 days	1% of the capital + VES 300 (6 UT for a fixed fee) + VES 250 (5 UT for the fiscal rights) + VES 25 (0.05 UT per page of the articles of association) + VES 30 (per page stamp tax for original document, registry copy and company copy).
⇒ 6	<p><b>Publish articles in a local newspaper (Gaceta Forense del Registro Mercantil)</b>  <i>Agency</i> : Local Newspaper            The company's articles of association must be published in a local newspaper.</p>	3 days (simultaneous with previous procedure)	VES 4000
⇒ 7	<p><b>Register company books</b>  <i>Agency</i> : Commercial Registry            Companies must purchase the books and register corporate books (Shareholders' Book, Shareholders' Meeting Minutes Book and, if applicable, Board of Directors Minutes Book) and accounting books (Inventory Book, Daily Book and Ledger).</p>	1 day (simultaneous with previous procedure)	VES 20000 per each book + VES 1.5 (0.06 UT) fixed fee + 5 VES (0.0003 UT per page per registration, each book has 100 pages)
8	<p><b>Register at the Tax Authorities (Servicio Nacional Integrado de Administración Aduanera y Tributaria, SENIAT) to obtain a fiscal number (Registro Unico de Información Fiscal, RIF)</b>  <i>Agency</i> : Tax Authority (SENIAT)            The entrepreneur must register at the Registro Unico de Información Fiscal (RIF) to obtain a fiscal number, within SENIAT, the National Integrated Service of Customs and Tax Administration. The company must file an electronic form which is downloaded from SENIAT's Web page (<a href="http://www.seniat.gov.ve">www.seniat.gov.ve</a>). Such form must be signed by the legal representative and be filed before SENIAT, along with the required documentation, to issue the tax information registry number.</p>	1 day	no charge
9	<p><b>Obtain a tax clearance certificate at municipal level (Instituto Municipal de Aseo Urbano)</b>  <i>Agency</i> : Municipal Institute for Urban Cleaning (Instituto Municipal de Aseo Urbano)            A tax clearance certificate must be obtained.</p>	1 day	VES 10 (0.2 UT)
10	<p><b>Register at the Social Security Institute</b>  <i>Agency</i> : Social Security Institute (IVSS)            Since 2015, applicants must register online at <a href="http://registro.ivss.gob.ve:28085/RegistroSolicitudTiuna/home.htm">http://registro.ivss.gob.ve:28085/RegistroSolicitudTiuna/home.htm</a>. The application must then be filed in person at the Social Security Institute along with the following required attachments.</p> <p>(i) Registration form 14-01 issued by the online system;            (ii) tax identification number (RIF);            (iii) commercial registry of the company;            (iv) information of the legal representative of the company (identity card);            (iv) any public service payment receipt where the company's commercial address is indicated (electricity, telephone, or other).</p> <p>Once registered online, the entrepreneur needs to file the original documents in person at the social security office. This could take up to 6 months.</p>	130 days	no charge



⇒ 11	<p><b>Register at National Bank for Housing and Habitat - Banco Nacional de Vivienda y Habitat (BANAVIH)</b></p> <p><i>Agency</i> : Bank for Housing and Habitat (BANAVIH)</p> <p>The employers must register online <a href="http://faovel.banavih.gob.ve/index.php/empleador_login/selectUsuario">http://faovel.banavih.gob.ve/index.php/empleador_login/selectUsuario</a>. The application must then be filed in person at BANAVIH along with the required attachments, to obtain a user identification and password in order to access the employer's BANAVIH online account.</p> <p>After completing the online application, the following documents must be submitted at the National Bank for Housing and Habitat: (i) tax identification number (RIF); (ii) commercial registry of the company; and (iii) information of the legal representative of the company (identity card).</p> <p>Employers must verify their list of employees monthly and pay the contribution.</p>	1 day (simultaneous with previous procedure)	no charge
⇒ 12	<p><b>Register at the National Institute of Socialist Cooperation &amp; Education</b></p> <p><i>Agency</i> : National Institute of Socialist Cooperation &amp; Education</p> <p>Employers with a minimum of five employees must register at the National Educational Co-operation Institute; the employees' social security numbers are required.</p> <p>Register must be done online at <a href="http://www.inces.gob.ve/">http://www.inces.gob.ve/</a></p>	1 day (simultaneous with previous procedure)	no charge
13	<p><b>Register with the Ministry of Labor</b></p> <p><i>Agency</i> : Ministry of Labor</p> <p>The company and the company employees have to register with the Ministry of Labor. The Registration also includes the Statistics Register and the Department of Hygiene and Safety. The applicants can register online at <a href="http://www.mintra.gob.ve">www.mintra.gob.ve</a>. The application must then be filed in person before the Ministry of Labor along with the required attachments.</p>	1 day	no charge
14	<p><b>Go through a labor inspection (by the Labor Inspectorate)</b></p> <p><i>Agency</i> : Labor Inspector Office</p> <p>The Labor Inspectorate inspects the business premises.</p>	14 days	VES 5 (0.1 UT stamp cost)
⇒ 15	<p><b>Obtain fire approval and undergo an inspection</b></p> <p><i>Agency</i> : Fire Department</p> <p>It is necessary to obtain an approval from the Firefighters' Department. It takes 8 days for assignment of an operating inspector and 15–20 days for a response to be provided. Once the inspector is assigned, he/she will perform an inspection at the place of business to establish whether all security requirements are met. After inspection, an approval from the Agency will be obtained if all the requirements are met.</p>	28 days (simultaneous with previous procedure)	no charge
⇒ 16	<p><b>Obtain conformity of use certificate (zoning permit)</b></p> <p><i>Agency</i> : Municipality</p> <p>A conformity of use certificate must be obtained. Documents required are the mercantile registration, external building maps, and a photo of the premises.</p>	15 days (simultaneous with previous procedure)	VES 250 (5 UT) + VES 1 (0.02 UT) stamp
⇒ 17	<p><b>Obtain industrial or commercial license from competent municipality</b></p> <p><i>Agency</i> : Municipality</p> <p>To obtain an industrial or commercial license from a competent municipality, the founders must file copies of registration, a sanitation certificate, the list of the premises, the latest balance sheet and a declaration of the number of employees.</p> <p>The fees depend on the Municipality in which the company will execute its commercial activities.</p>	50 days (simultaneous with previous procedure)	VES 500 (10 UT) + VES 1 (0.02 UT)
⇒ 18	<p><b>Register at the National Commission for People with Disabilities</b></p> <p><i>Agency</i> : National Council for People with Disabilities (CONAPDIS)</p> <p>In order to register companies must complete the form provided on line at <a href="http://sistemaspruebas.conapdis.gob.ve/publico/deseo_registrarme_empresa">http://sistemaspruebas.conapdis.gob.ve/publico/deseo_registrarme_empresa</a>. In order to access the website, companies need to obtain a login and username. Once that is done, registration is done immediately.</p>	1 day	No charge
⇒ 19	<p><b>Register at the National Superintendence for the Defense of Socioeconomic Rights (SUNDDE)</b></p> <p><i>Agency</i> : National Superintendence for the Defense of Socio-Economic Rights (SUNDDE)</p> <p>It is necessary to register at the Sole Registry of Venezuelan Individuals and Legal Entities who Develop Economic and Commercial Activities in Venezuela (Registro Unico de Personas Que Desarrollan Actividades Economicas, RUPDAE), a registry created by the Organic Law of Fair Prices (November, 2014).</p> <p>RUPDAE is part of the Superintendence of Fair Prices (Superintendencia de Precios Justos), within the National Superintendence for the Defense of Socioeconomic Rights (SUNDDE).</p> <p>The registration can be done online at the following site: <a href="http://rupdae.superintendenciadepreciosjustos.gob.ve/usuarios/inscripcion">http://rupdae.superintendenciadepreciosjustos.gob.ve/usuarios/inscripcion</a> or in person. The majority of companies go in person to agency to register.</p>	1 day	No charge

⇒ 20	<b>Register at the National Institute of Prevention, Occupational Health and Safety (INPSASEL)</b> <i>Agency</i> : National Institute of Prevention, Occupational Health and Safety (INPSASEL) Companies must register online at the following site. <a href="http://usuarios.inpsasel.gob.ve/login/registro">http://usuarios.inpsasel.gob.ve/login/registro</a> The procedure provides a registration number which companies will use in further interactions with government after it starts operations.	1 day	No charge
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⇒Takes place simultaneously with previous procedure.

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally build a warehouse (number)</b></p> <ul style="list-style-type: none"> <li>• Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates</li> <li>• Submitting all required notifications and receiving all necessary inspections</li> <li>• Obtaining utility connections for water and sewerage</li> <li>• Registering and selling the warehouse after its completion</li> </ul> <p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul> <p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> </ul> <p><b>Building quality control index (0-15)</b></p> <ul style="list-style-type: none"> <li>• Quality of building regulations (0-2)</li> <li>• Quality control before construction (0-1)</li> <li>• Quality control during construction (0-3)</li> <li>• Quality control after construction (0-3)</li> <li>• Liability and insurance regimes (0-2)</li> <li>• Professional certifications (0-4)</li> </ul>	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p> <p><b>The construction company (BuildCo):</b></p> <ul style="list-style-type: none"> <li>- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.</li> <li>- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.</li> </ul> <p><b>The warehouse:</b></p> <ul style="list-style-type: none"> <li>- Will be used for general storage activities, such as storage of books or stationery.</li> <li>- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.</li> <li>- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.</li> <li>- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).</li> </ul> <p><b>The water and sewerage connections:</b></p> <ul style="list-style-type: none"> <li>- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.</li> <li>- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.</li> <li>- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.</li> </ul>

Dealing with Construction Permits - Venezuela, RB

Standardized Warehouse

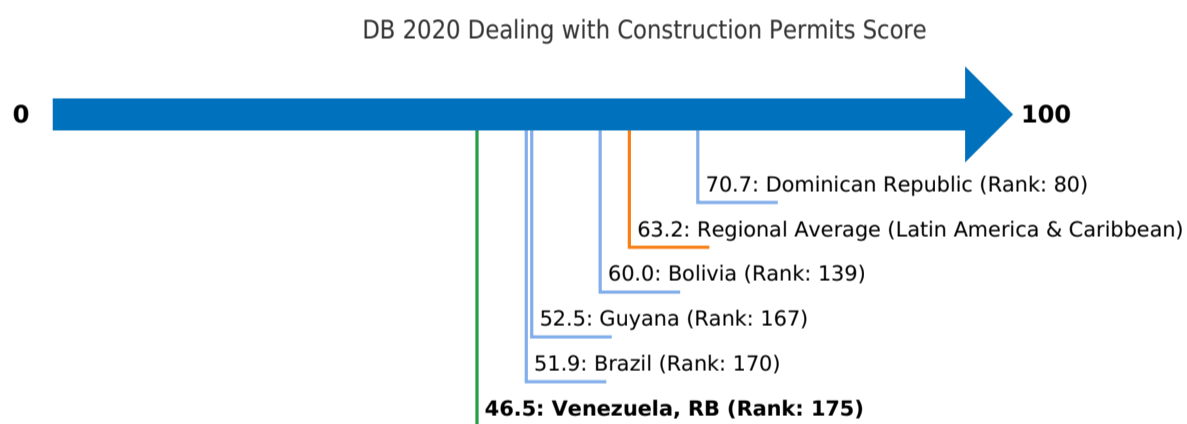
Estimated value of warehouse	VES 29,281,529.10
City Covered	Caracas

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	11	15.5	12.7	None in 2018/19
Time (days)	434	191.2	152.3	None in 2018/19
Cost (% of warehouse value)	12.0	3.6	1.5	None in 2018/19
Building quality control index (0-15)	10.5	9.0	11.6	15.0 (6 Economies)

Figure - Dealing with Construction Permits in Venezuela, RB - Score

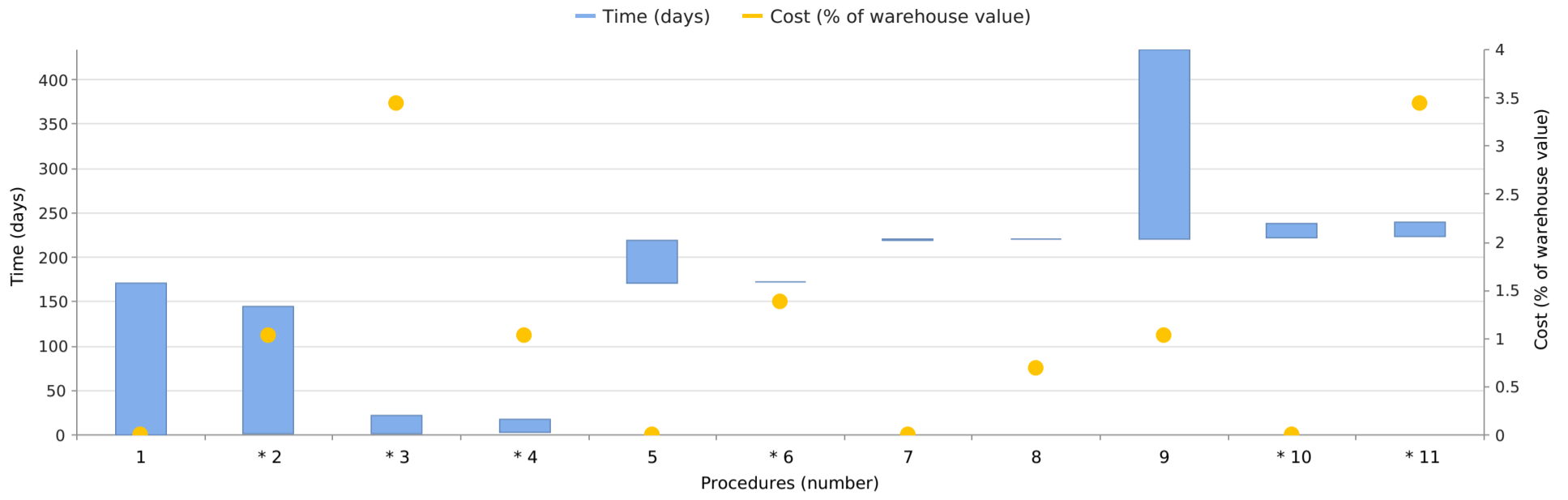


Figure - Dealing with Construction Permits in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

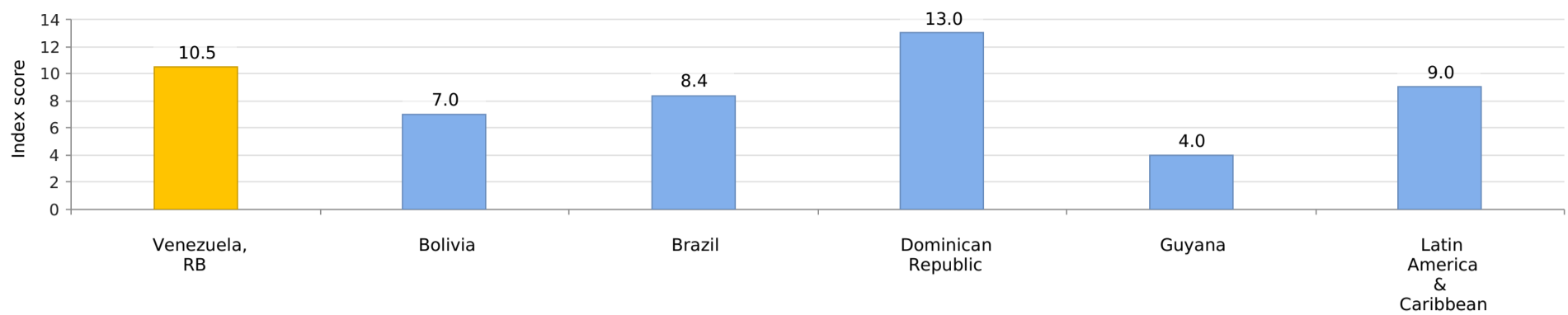
Figure - Dealing with Construction Permits in Venezuela, RB - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Venezuela, RB and comparator economies - Measure of Quality



## Details - Dealing with Construction Permits in Venezuela, RB - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Request and obtain the assignment of the basic urban variables for land development</b>  <i>Agency</i> : Dirección de Desarrollo Urbano y Catastro del Municipio            BuildCo must request assignment of the Basic Urban Variables, as stipulated by the Organic Law for Urban Development. Alternatively, a preliminary consultation or an architectural draft is prepared in order to assess compliance with the Basic Urban Variables for Buildings.</p>	171 days	USD 3
⇒ 2	<p><b>Request and obtain a certificate from the Zoning and Road Construction Division</b>  <i>Agency</i> : Zoning and Road Construction Division            BuildCo must also obtain a certificate stating that the new project is compatible with the existing or planned roads from the Zoning and Road Construction Division in order to obtain a certificate of compliance with basic urban variables for buildings.</p>	144 days	USD 3,000
⇒ 3	<p><b>Request and obtain a Soil Test</b>  <i>Agency</i> : Private Enterprise - Laboratory            A soil test is listed by "Norma Venezolana COVENIN 1618-98" as a requirement to obtain a building permit and other procedures. In practice, contractors ask for a soil test to ensure that the foundation of the building is solid. The engineer must understand the suitability of the soil for the proposed construction work. A soil test is essential to build a solid foundation and prevent structures from being damaged, collapsed or leaned.</p>	20 days	USD 10,000
⇒ 4	<p><b>Obtain a topographical map</b>  <i>Agency</i> : Private engineer or qualified topographer            A topographic survey is required by Chapter H-15 of "Norma Venezolana COVENIN 1618-98". Moreover, in practice, contractors will need a topographical survey to draw the site plan.</p>	15 days	USD 3,000
5	<p><b>Request and obtain a certificate of compliance with basic urban variables for buildings</b>  <i>Agency</i> : Dirección de Desarrollo Urbano y Catastro del Municipio            The certificate of compliance with Basic Urban Variables is required to begin the construction.</p>	48 days	no charge
⇒ 6	<p><b>Pay the corresponding fees at the bank</b>  <i>Agency</i> : Commercial Bank            Municipal taxes and fees are paid at any commercial bank at which the municipality has an account.</p>	1 day	USD 4,000
7	<p><b>Notify intention to begin construction to Municipality</b>  <i>Agency</i> : Dirección de Desarrollo Urbano y Catastro del Municipio            After the payment has been made, BuildCo. notifies the Municipality its intent to begin the warehouse construction.</p>	1 day	no charge
8	<p><b>Request and receive a fire inspection</b>  <i>Agency</i> : Fire Department            Once construction has started, BuildCo. requests this inspection at the municipal fire station. The fire inspection approval certificate is delivered by the Fire Department the day after the inspection is performed, provided that the building complies with the Fire Department Regulations and the Commission for Industrial Standards (COVENIN) standards. If the building does not comply with these regulations, the Fire Department draws up a report stating that the inspection has not been approved and detailing those aspects that must be corrected in the building in order to pass the fire inspection.</p>	1 day	USD 2,000

9	<p><b>Request and connect to water supply and sewage service</b>  <i>Agency</i> : Hidrocapital</p> <p>Water supply is obtained through connection to the sector's main pipeline, following a request to the corresponding company, which, in this case, is Hidrocapital. In some cases, buildings have their own groundwater well, making it unnecessary to request water supply services from Hidrocapital.</p> <p>Connection to the sewage system depends on whether this service exists in the sector where the building is located. If there is no sewage system, the Zoning and Road Construction Division (Dirección de Desarrollo Urbano y Catastro) requires the installation of septic tanks or waste treatment plants for wastes to be treated before being discharged into the environment. Depending on the size of the building and its intended use, the appropriate permits must be requested at the Ministry of People's Power for Environment (changed in 2007 from the Ministry of the Environment and Natural Resources), because such wastes might have a negative impact on the environment. Due to a backlog and a massive number of applications, this takes on average 6 months.</p>	213 days	USD 3,000
⇒ 10	<p><b>Receive final inspection and obtain construction completion certificate</b>  <i>Agency</i> : Dirección de Desarrollo Urbano y Catastro del Municipio</p> <p>Once the construction has been completed, and installations made, BuildCo. can obtain a construction completion certificate. To obtain the permit, the Fire Department certificate is mandatory, as is compliance with all applicable regulations.</p>	16 days	no charge
⇒ 11	<p><b>Register the building at the Subordinate Registry (Registro Subalterno)</b>  <i>Agency</i> : Subordinate Registry (Registro Subalterno)</p> <p>After the water supply and sewage services are installed, BuildCo. can register the new warehouse at the Subordinate Registry (Registro Subalterno) during or after construction. The title to the land on which the building is constructed and building plans must be submitted so Registry officials can calculate the building registration fee.</p>	16 days	USD 10,000

⇒Takes place simultaneously with previous procedure.

## Details - Dealing with Construction Permits in Venezuela, RB - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>10.5</b>
<b>Quality of building regulations index (0-2)</b>		<b>1.5</b>
How accessible are building laws and regulations in your economy? (0-1)	Free of charge; In official gazette; Not easily accessible.	0.5
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>2.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
<b>Liability and insurance regimes index (0-2)</b>		<b>1.0</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company; Owner or investor.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>2.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	University degree in architecture or engineering; Being a registered architect or engineer.	1.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	University degree in engineering, construction or construction management; Being a registered architect or engineer.	1.0



## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Venezuela, RB

Standardized Connection

Name of utility	Corpoelec
Price of electricity (US cents per kWh)	123.8
City Covered	Caracas

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	6	5.5	4.4	3 (28 Economies)
Time (days)	208	66.8	74.8	18 (3 Economies)
Cost (% of income per capita)	650.7	407.2	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	0	4.4	7.4	8 (26 Economies)

Figure - Getting Electricity in Venezuela, RB - Score

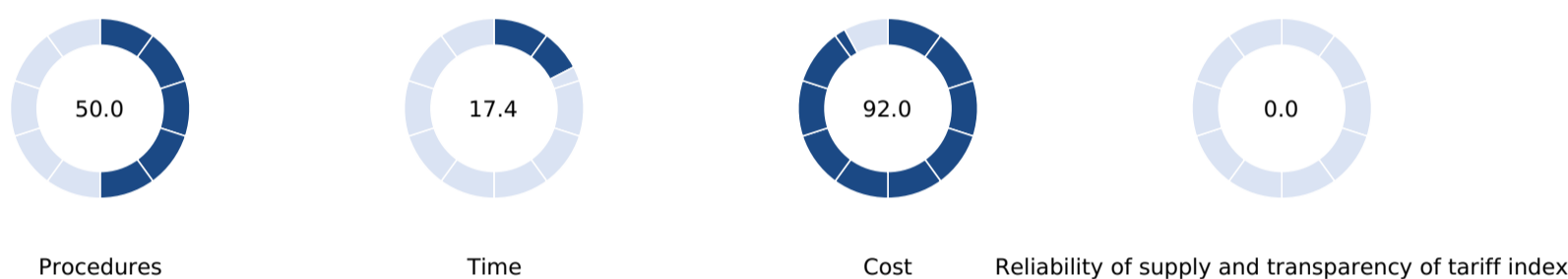
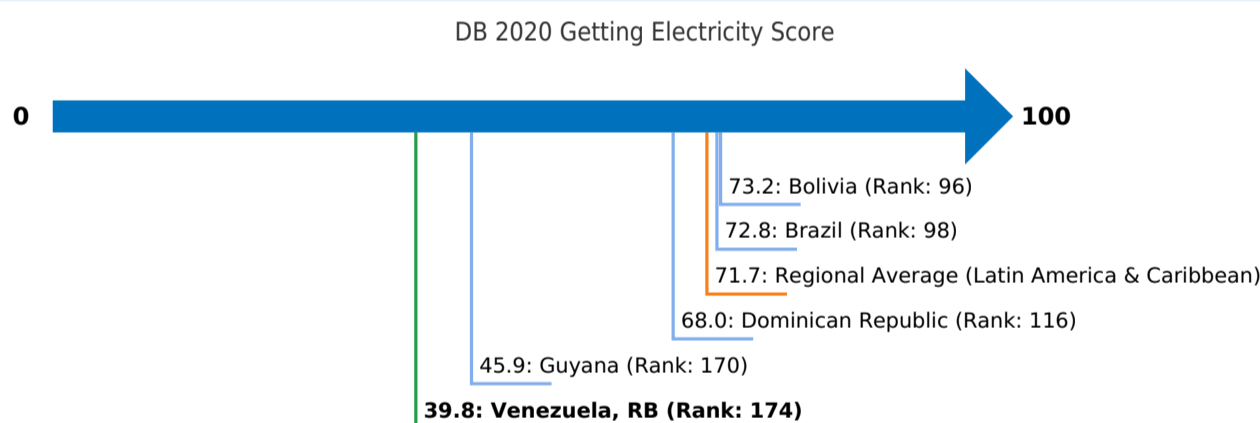
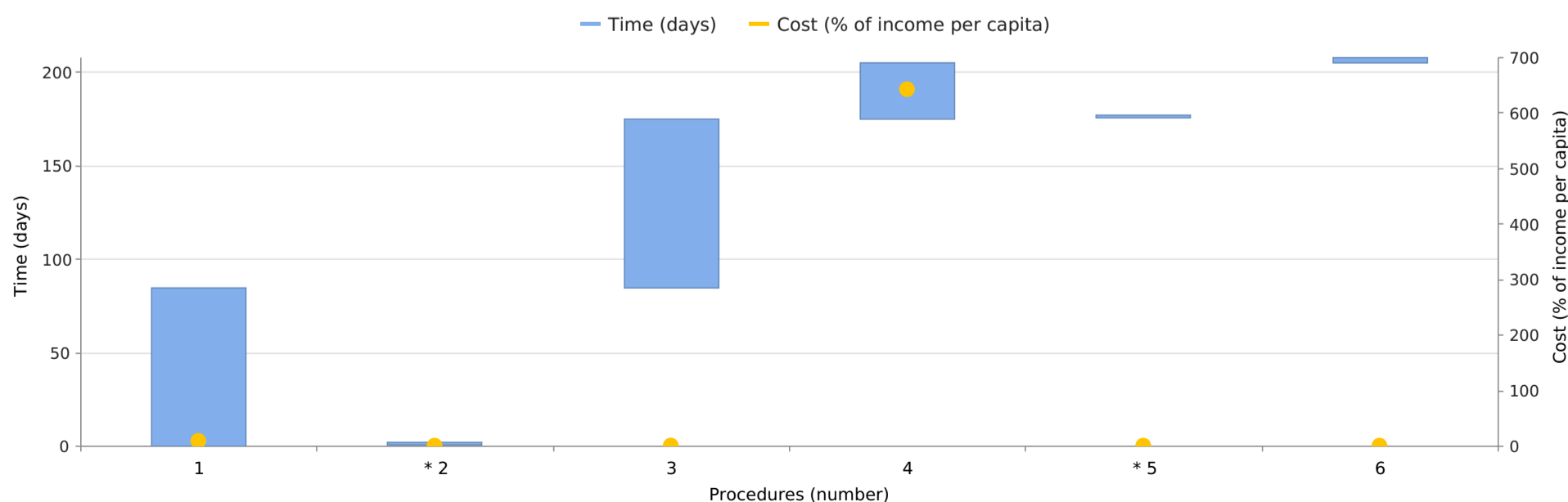


Figure - Getting Electricity in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Venezuela, RB - Procedure, Time and Cost

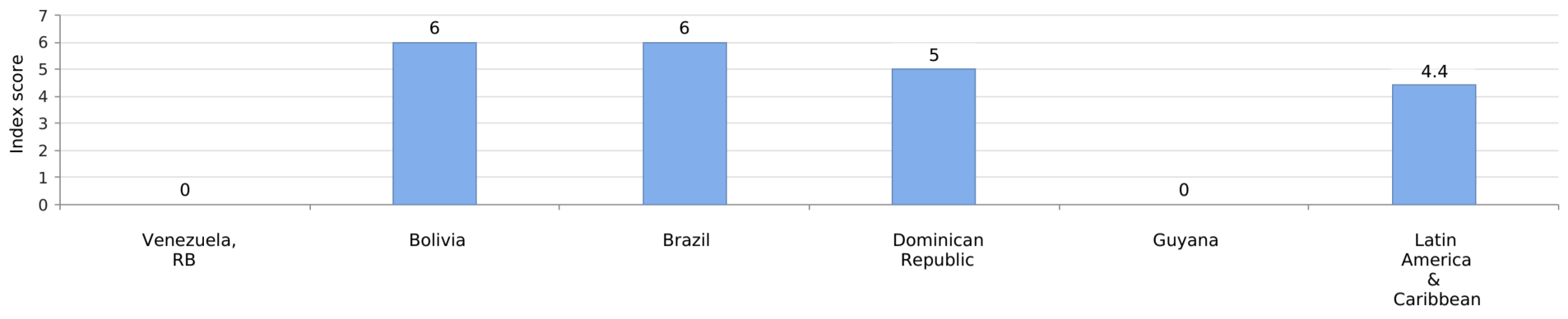


\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

**Figure - Getting Electricity in Venezuela, RB and comparator economies - Measure of Quality**



## Details - Getting Electricity in Venezuela, RB - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Hire certified electrician to prepare design and submit application to Corpoelec</b>  <i>Agency: Corpoelec</i>            The application must be submitted with legal property titles, ID of the client and a draft design of the connection made by a certified electrician ("electricista colegiado").</p>	85 calendar days	USD 500
⇒ 2	<p><b>Receive external inspection by Corpoelec</b>  <i>Agency: Corpoelec</i>            Corpoelec carries out an external inspection to determine the connections works to be carried out and if an expansion or extension of the network is needed. It is not compulsory although recommended that the client and/or the client's electrician be present during the inspection.</p> <p>A cost estimate is then sent to the client. The estimate must be paid at the premises of Corpoelec with a check at the headquarters of Corpoelec in San Bernardino. A connection of less than 36 KVA does not need a project if the distance to the network is less than 12 meters for underground connections and 30 meters for overhead.</p>	1 calendar day	USD 0
3	<p><b>Obtain excavation permit from municipality</b>  <i>Agency: Municipality</i>            The client must obtain an excavation permit for the underground connection from the Municipality. In other cases, for an overhead connection a permit is not necessary but this must be explicitly indicated in the design of the connection submitted by the applicant to the utility.</p>	90 calendar days	USD 10
4	<p><b>Pay estimate and await completion of external works by electrician</b>  <i>Agency: Electrician</i>            Once the estimate has been paid, Corpoelec hires a team to carry out the external works. As a public enterprise, Corpoelec has to comply with public procurement rules when hiring the team, which can take around 8 months. Corpoelec offers the possibility of the "mandato" in which the client can hire himself an electrician to carry out the external works.</p> <p>Corpoelec appoints an inspector who will watch the progress of the works and will sign the certificate ("finiquito de obra") approving that the works meet the standards of Corpoelec. Under the "mandato", the client pays the market price, thus the cost is higher than when Corpoelec carries out the works, but reduces the time to obtain a connection.</p>	30 calendar days	USD 37,330
⇒ 5	<p><b>Receive final inspection by Corpoelec</b>  <i>Agency: Corpoelec</i>            When the client opts for the "mandato", Corpoelec carries out a final inspection and delivers a certificate of conformity of the works ("finiquito de obra").</p>	1 calendar day	USD 0
6	<p><b>Sign supply contract with Corpoelec</b>  <i>Agency: Corpoelec</i>            The client signs a supply contract with Corpoelec and can be exempted from the payment of the security deposit if a bank account or credit card is registered to cover the monthly bill payment.</p> <p>This can be done in any of the commercial offices of Corpoelec of Caracas.</p>	3 calendar days	USD 0

⇒ Takes place simultaneously with previous procedure.

## Details - Getting Electricity in Venezuela, RB - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	0
<b>Total duration and frequency of outages per customer a year (0-3)</b>	0
System average interruption duration index (SAIDI)	..
System average interruption frequency index (SAIFI)	..
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	N/A
<b>Mechanisms for monitoring outages (0-1)</b>	0
Does the distribution utility use automated tools to monitor outages?	No
<b>Mechanisms for restoring service (0-1)</b>	0
Does the distribution utility use automated tools to restore service?	No
<b>Regulatory monitoring (0-1)</b>	0
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	No
<b>Financial deterrents aimed at limiting outages (0-1)</b>	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
<b>Communication of tariffs and tariff changes (0-1)</b>	0
Are effective tariffs available online?	No
Link to the website, if available online	n.a
Are customers notified of a change in tariff ahead of the billing cycle?	No

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Registering Property - Venezuela, RB

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	10	7.4	4.7	1 (5 Economies)
Time (days)	53	63.7	23.6	1 (2 Economies)
Cost (% of property value)	2.6	5.9	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	5.5	12.0	23.2	None in 2018/19

Figure - Registering Property in Venezuela, RB - Score

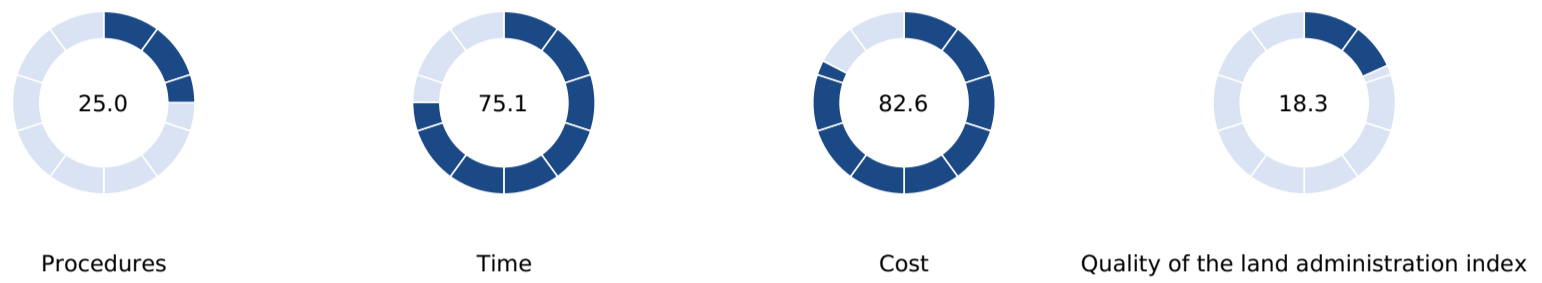
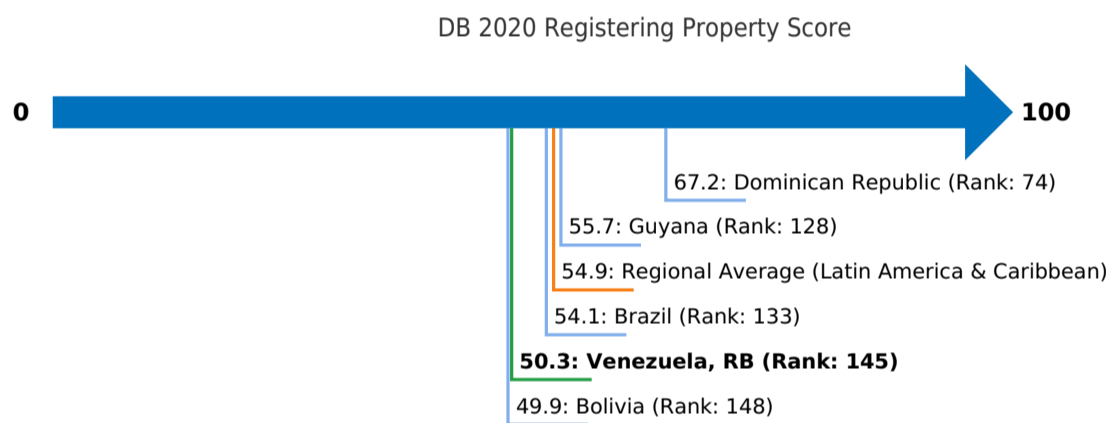
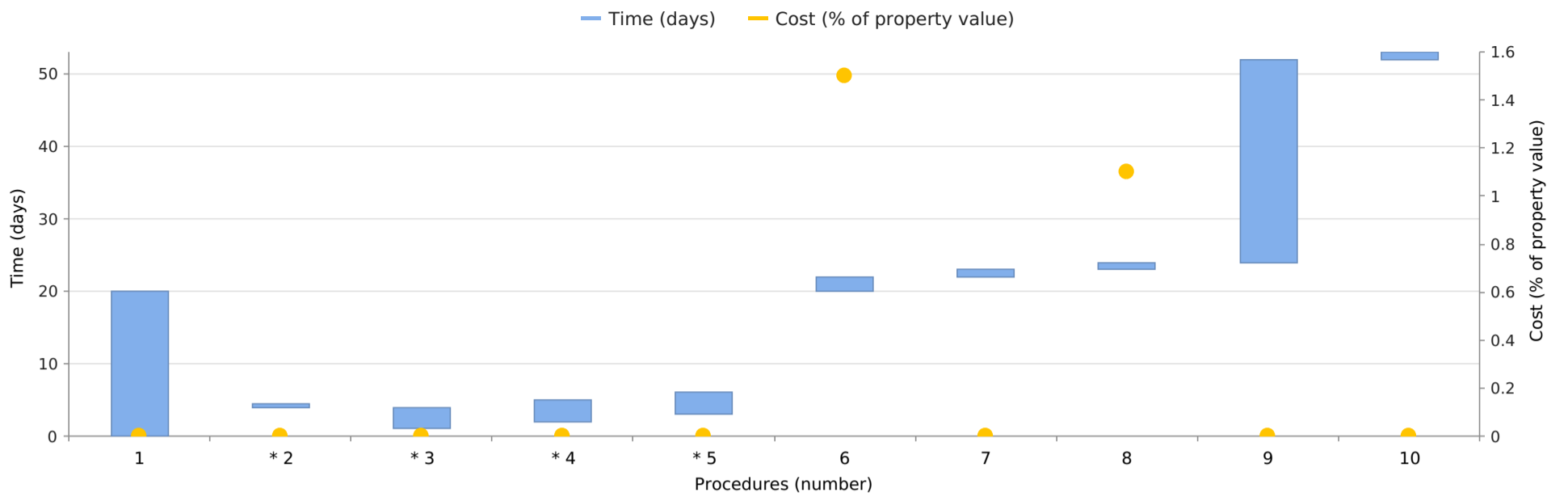


Figure - Registering Property in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

Figure - Registering Property in Venezuela, RB - Procedure, Time and Cost

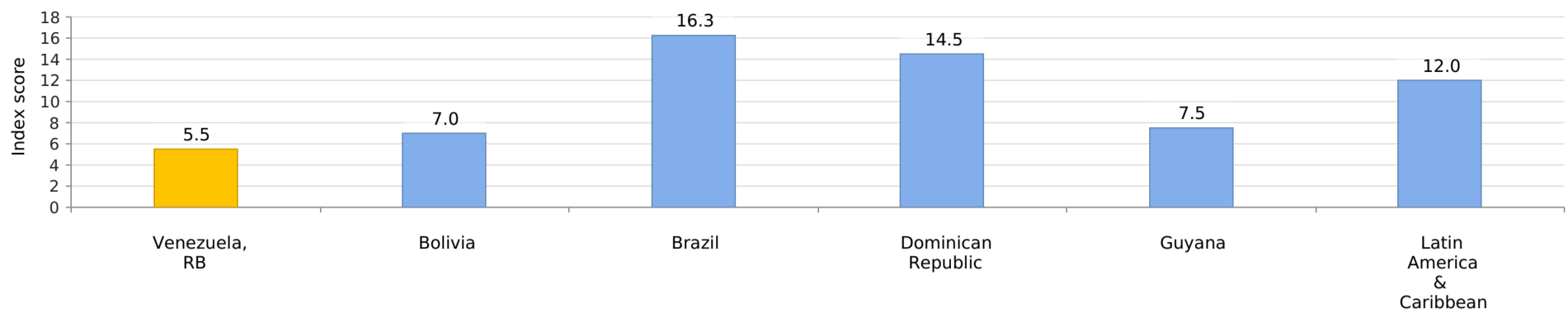


\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.



Figure - Registering Property in Venezuela, RB and comparator economies - Measure of Quality



## Details - Registering Property in Venezuela, RB - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain a cadastral certificate (ficha/cédula catastral)</b>  <i>Agency</i> : Cadaster office of the Municipality            Obtaining a cadastral certificate is a requirement for conducting a property transaction. This has the purpose of keeping an updated record of the ownership, the value and the physical characteristics of the property. This procedure is regulated by the Geography, Cartography, and Cadastral Law of March 28, 2000 (Chapter III, regarding the link between the Cadaster and the Public Registry) and Resolution N°019 of the Ministry of Popular Power for the Interior, Justice and Peace published on January 13, 2014 (Official Gazette N°40,332, regarding the requirements for processing and registering transactions at the Public Registries). Caracas is made up of five municipalities: Libertador, Chacao, Baruta, Sucre, and El Hatillo. The time and cost (from 0.5 to 1.5 Venezuelan Tax Unit) to complete this procedure varies depending on the municipality that has the territorial jurisdiction to issue the cadastral certificate.</p>	20 days	VES 50; (From 0.5 to 1.5 Tax Unit (Tax unit by March 2019: VES 50))
⇒ 2	<p><b>Obtain a certificate of solvency from the Venezuelan Institute of Social Security (IVSS)</b>  <i>Agency</i> : Venezuelan Social Security Institute ("IVSS")            Registration with the Social Security Institute is mandatory in Venezuela. This certificate of solvency can be obtained online through the IVSS website, by providing the company's IVSS number. If the company is already registered with the IVSS, the certificate will be issued online immediately.</p>	Less than one day, online	No cost
⇒ 3	<p><b>Obtain the Municipal Solvency Certificate at the Municipality</b>  <i>Agency</i> : Municipality            The Municipal Solvency Certificate ("Certificado de Solvencia Municipal") ascertains whether a Property has any outstanding debts with the corresponding Tax administration. It must be obtained at the pertinent tax authority of the municipality where the immovable property is located. For this, the seller must request the statement of account of the immovable property that it wishes to dispose of and proceed to the pertinent payment.</p>	3 days	VES 65; (1 Tax Unit for administrative fees + 0,3 Tax Units (Tax unit by March 2019: VES 50))
⇒ 4	<p><b>Obtain a certificate of solvency from the water company</b>  <i>Agency</i> : Water Company            The seller presents his latest water bill that he has paid in order to obtain a certificate of solvency ("solvencia de servicio") from the water company (Hidrocapital is the main supplier in the municipalities that conform Caracas). The Certificate is valid for 30 days.</p>	3 days	VES 15; (0.3 Tax Units (Tax unit by March 2019: VES 50))
⇒ 5	<p><b>Obtain a non-encumbrance certificate for the last 10 years from Registry</b>  <i>Agency</i> : Public Registry            The certificate of encumbrances is not legally required, but it is usually obtained in practice (and requested by the purchaser). This example is a case of a title that covers the last ten years of the property.</p>	3 days	VES 420; (3 Tax Units for the first year + 0.6 Tax Units for each additional year (10 years needed))

6	<p><b>Sales agreement is drafted by lawyer</b>  <i>Agency : Lawyer</i>  According to the "Ley de Abogados" and the Public Registry Law (Article 22), all documents that are presented to the Registry have to be approved by a lawyer. In practice, the lawyer also drafts the sales agreement. The lawyer's fees were estimated according to the "Reglamento de Honorario Mnimo". However, these guidelines are not binding for lawyers in Caracas.</p>	2 days	<p>VES 439,222.94;  (Lawyer's fees according to the following cumulative schedule included in article 4  a) Up to Bs. 100.000,00: Bs. 30.000,00  b) From Bs. 100.001,00 to Bs. 2.000.000,00: 2.5%  c) From Bs. 2.000.001,00 to Bs. 5.000.000,00: 2%  d) From Bs. 5.000.001,00 onwards: 1,5%</p> <p>The above schedule translates into the following in VEF:  Property value (in VEF) :  Lawyer fees  - Under 100: VEF 30  - From 101 to 2,000: 2.5% of contract value  - From 2,000 to 5,000: 2.0% of contract value  - Over 5,000: 1.5% of contract value</p> <p>Due to the last currency conversion from Bolivar fuerte (VEF) to Bolivar Soverano (VES), in August 2018, and the lack of applicability of the contract values established by law, it's widely used in practice to apply a rate of 1.5% of the contract value.)</p>
7	<p><b>The sale agreement is presented to the Registry Office for its revision and taxes and fees are liquidated</b>  <i>Agency : Public Registry</i>  The sale agreement is presented to the local office of SAREN (Servicio Autnomo de Registros y Notaras) for the calculation of the following taxes and fees:  a) SAREN's fees, which amount to 0.6% of the property value, according to the Law of Public Registries and Notaries of 2014 (the fee provisions entered into force on May 2015), and must be paid within 60 days of assessment.  b) Municipal tax, which amounts to 5 Tax Units.</p> <p>An internal order of SAREN of 2008 established a "Previous Revision" procedure at the time of the assessment of the SAREN fees. This procedure was established to review the substance of the property transaction before the parties paid the applicable taxes and proceeded to present all documents for registration. Previous Revision procedures can add up to 5 days to the property transfer process, but do not guarantee that the registration application will be approved after the payment of taxes. Not all SAREN offices have taken up this procedure, since ultimately it is not established by law, and seems to contradict the legally established celerity principle that governs registration procedures in Venezuela.</p>	1 day	No cost
8	<p><b>Payment of taxes at a private commercial bank</b>  <i>Agency : Commercial Bank</i>  After the presentation of the sale agreement to the Public Registry, the fees due to SAREN are paid in a private bank. The Income Tax must also be paid at the same private bank (0.5% of purchase price). Finally, a fee equivalent to 5 Tax Units has to be paid to the corresponding "Hacienda Pblica Municipal" on its account at the bank.</p>	1 day	VES 322,346.82; (0.6% of purchase price (SAREN fee) + 0.5% of purchase price (advance payment of Income Tax) + 5 Tax Unit for Municipal Tax)

9	<p><b>Present all the documents to the Registry</b>  <i>Agency</i> : Public Registry</p> <p>The user must go to the "Departamento de Presentaciones" in the Registry's office and present the following documents:</p> <ul style="list-style-type: none"> <li>- sale document (obtained in procedure 6);</li> <li>- receipt of payments;</li> <li>- Municipal Solvency Certificate (obtained in procedure 3);</li> <li>- Cadastral certificate (obtained in procedure 1);</li> <li>- Solvency certificate from the water company (obtained in procedure 4);</li> <li>- Solvency certificate from the IVSS (obtained in procedure 2);</li> <li>- Copy of the means of payment for the transaction (check or bank transfer);</li> </ul> <p>This list of the required documents is regulated by Resolution N°019 of the Ministry of Popular Power for the Interior, Justice and Peace published on January 13, 2014 (Official Gazette N°40,332).</p> <p>The documentation is reviewed carefully by the Revision Department, verifying the identity of the owners, boundaries, the fulfillment of judicial decisions related to the property, and other information. The date for the signature by the registrar is set and parties must come back on that day for the final step. Since 2005, staff at the Registry is inclined to use discretion ("jurisprudencia") in dealing with cases and may ask the clients two times for extra documents, thus delaying this procedure. The documentation shall include copy of RIF ("Registro de Información Fiscal" or Fiscal Information Register) of both buyer and seller. If there is any authorization by the meetings of the pertinent companies, copies of those authorizing the sale of the immovable must be included. If acting through an attorney-in-fact, a copy of his/her identity card and a copy of the power-of-attorney is required.</p> <p>The sale document is signed by the Registrar under the presence of the parties and two witnesses.</p>	28 days	no charge
10	<p><b>Seller must inform the Municipality of the change of ownership</b>  <i>Agency</i> : Municipality (Cadastral)</p> <p>According to Gaceta Oficial N° 37.002 chapter II, article 31 the owners of properties, as well as the officials responsible for the administration of real estate belonging to the State, are obliged with the cadastre to register the property in the respective municipal cadastre office. Properties that are not registered in the Cadastre office may be sanctioned with a fine of 5 to 200 Tax Units.</p>	1 day	no charge

⇒ Takes place simultaneously with previous procedure.

## Details - Registering Property in Venezuela, RB - Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>5.5</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>0.0</b>
Type of land registration system in the economy:	Title Registration System	
What is the institution in charge of immovable property registration?	Public Registry, a dependent Agency of the Servicio Autónomo de Registros y Notarías ("SAREN")	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0.0
Institution in charge of the plans showing legal boundaries in the largest business city:	El Instituto Geográfico de Venezuela Simón Bolívar ("IGVSB")	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
<b>Transparency of information index (0-6)</b>		<b>1.5</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Freely accessible by anyone	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2018:		
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		

Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, in person	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0-8)</b>		<b>0.0</b>
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
<b>Land dispute resolution index (0-8)</b>		<b>4.0</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Civil Code (Código Civil Venezolano), Part XXII, Article 1920	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	
Legal basis:	Article 9 of the "Ley de Registro Público y del Notariado", published in the "Gaceta Oficial Extraordinaria" No. 6.156 of 19 November 2014	
Is there a is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary; Lawyer;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary; Lawyer;	
Is there a national database to verify the accuracy of government issued identity documents?	Yes	1.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	Tribunales de Primera Instancia en lo civil, mercantil, tránsito y bancario del Area Metropolitana de Caracas	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	More than 3 years	0.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	No	0.0
Number of land disputes in the economy in 2018:		

**Equal access to property rights index (-2-0)****0.0**

Do unmarried men and unmarried women have equal ownership rights to property?

Yes

Do married men and married women have equal ownership rights to property?

Yes

0.0

## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

#### Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

### Case study assumptions

*Doing Business* assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

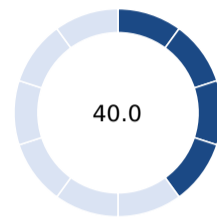
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Venezuela, RB

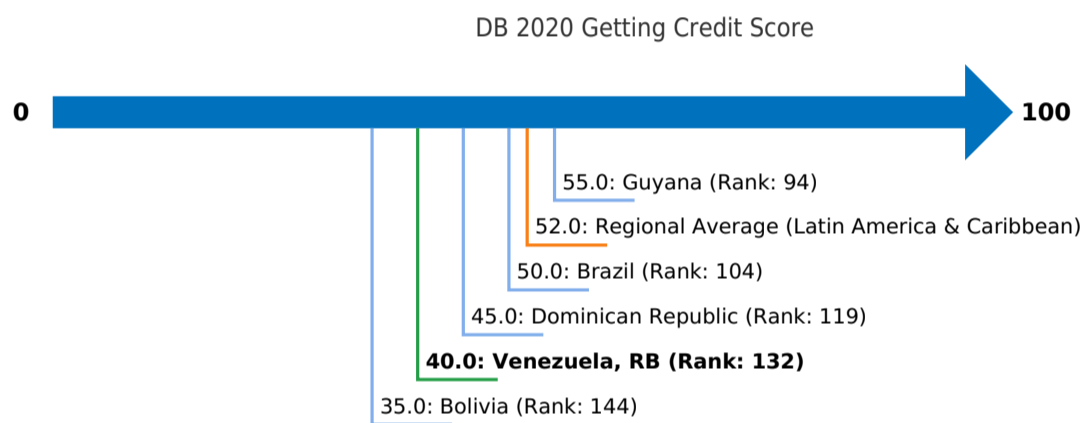
Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	1	5.3	6.1	12 (5 Economies)
Depth of credit information index (0-8)	7	5.1	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	0.0	14.6	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	40.7	47.6	66.7	100.0 (14 Economies)

Figure - Getting Credit in Venezuela, RB - Score



Score - Getting Credit

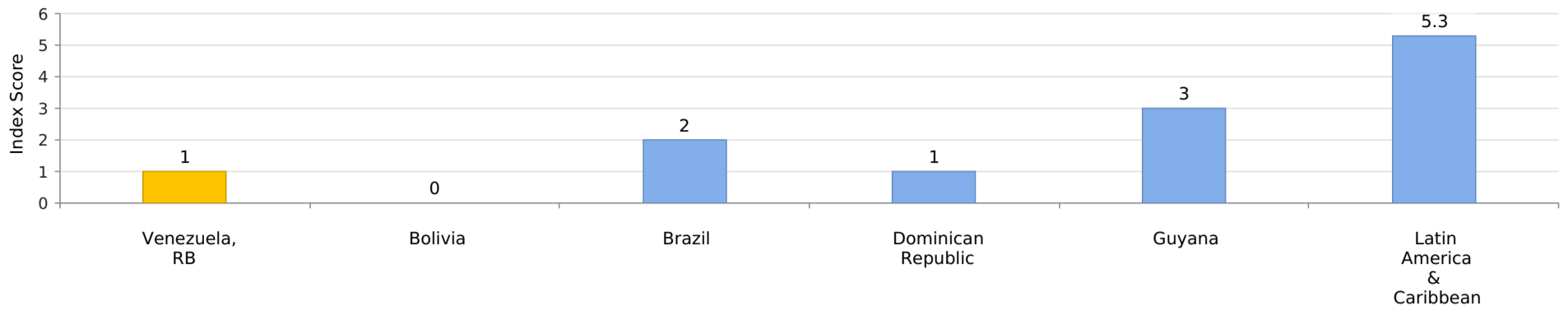
Figure - Getting Credit in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.



Figure - Legal Rights in Venezuela, RB and comparator economies



Details - Legal Rights in Venezuela, RB

Strength of legal rights index (0-12)

1

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? No

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? No

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? No

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

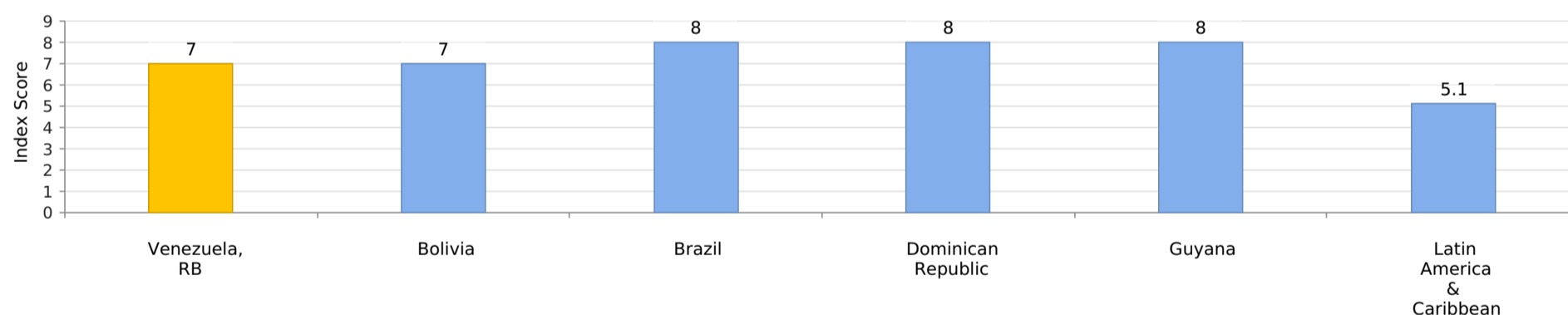
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? No

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? No

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? No

Figure - Credit Information in Venezuela, RB and comparator economies



## Details - Credit Information in Venezuela, RB

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	7,658,345	0
Number of firms	81,490	0
Total	7,739,835	0
<b>Percentage of adult population</b>	<b>40.7</b>	<b>0.0</b>

## Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

#### The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

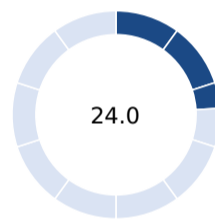
Protecting Minority Investors - Venezuela, RB

Stock exchange information

Stock exchange	Bolsa de Valores de Caracas
Stock exchange URL	http://www.bolsadecaracas.com
Listed firms with equity securities	51
City Covered	Caracas

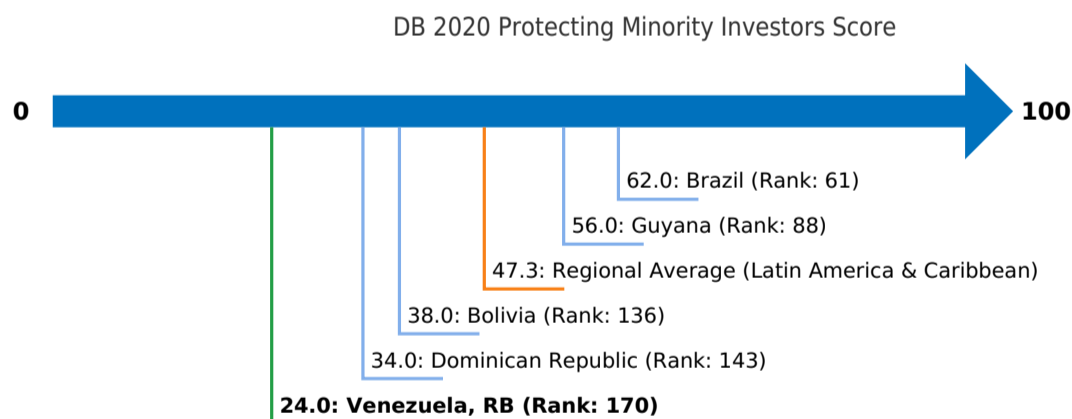
Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	3.0	4.1	6.5	10 (13 Economies)
Extent of director liability index (0-10)	2.0	5.2	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	3.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	1.0	3.0	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	2.0	2.3	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	1.0	2.3	5.7	7 (13 Economies)

Figure - Protecting Minority in Venezuela, RB - Score



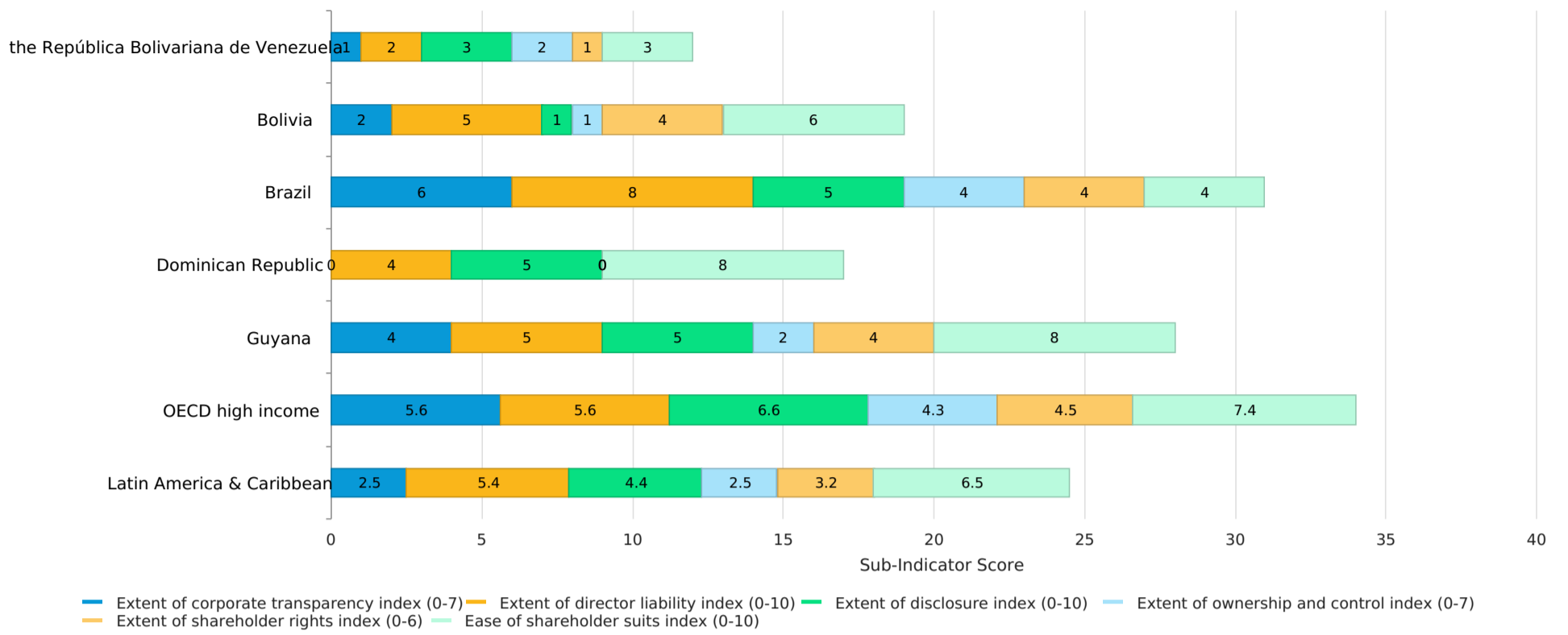
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Venezuela, RB and comparator economies - Measure of Quality



## Details - Protecting Minority Investors in Venezuela, RB - Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-30)</b>		
<b>Extent of disclosure index (0-10)</b>		<b>3.0</b>
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Existence of a conflict without any specifics	1.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	No disclosure obligation	0.0
Must Buyer immediately disclose the transaction to the public? (0-2)	No disclosure obligation	0.0
<b>Extent of director liability index (0-10)</b>		<b>2.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Not liable	0.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	No	0.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	No	0.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
<b>Ease of shareholder suits index (0-10)</b>		<b>3.0</b>
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	No	0.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	No	0.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	No	0.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-20)</b>		
<b>Extent of shareholder rights index (0-6)</b>		<b>1.0</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	No	0.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	No	0.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	No	0.0
Do shareholders elect and dismiss the external auditor?	No	0.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	No	0.0
<b>Extent of ownership and control index (0-7)</b>		<b>2.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	No	0.0

Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Must Buyer pay declared dividends within a maximum period set by law?	No	0.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
<b>Extent of corporate transparency index (0-7)</b>		<b>1.0</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	No	0.0
Must Buyer disclose its audit reports to the public?	Yes	1.0



## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

#### Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

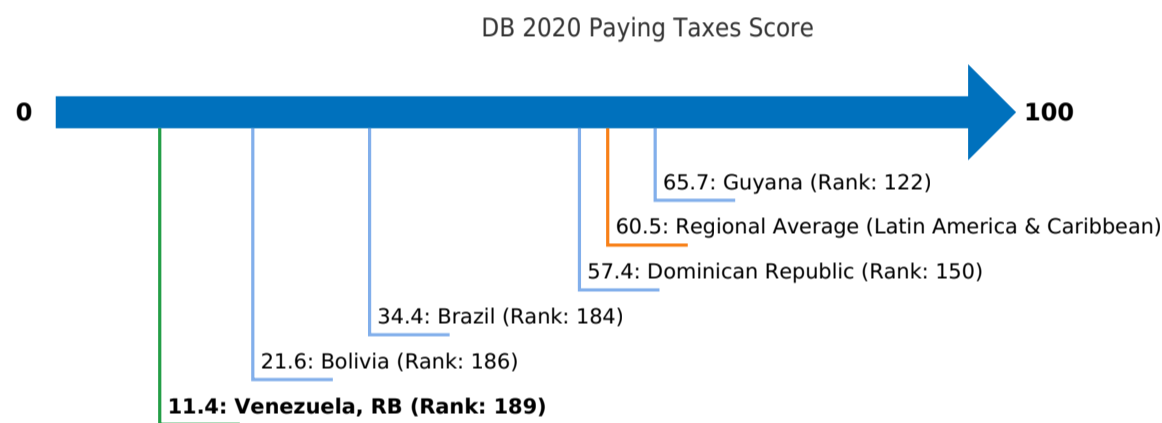
Paying Taxes - Venezuela, RB

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Payments (number per year)	99	28.2	10.3	3 (2 Economies)
Time (hours per year)	920	317.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	73.3	47.0	39.9	26.1 (33 Economies)
Postfiling index (0-100)	19.7	47.5	86.7	None in 2018/19

Figure - Paying Taxes in Venezuela, RB - Score

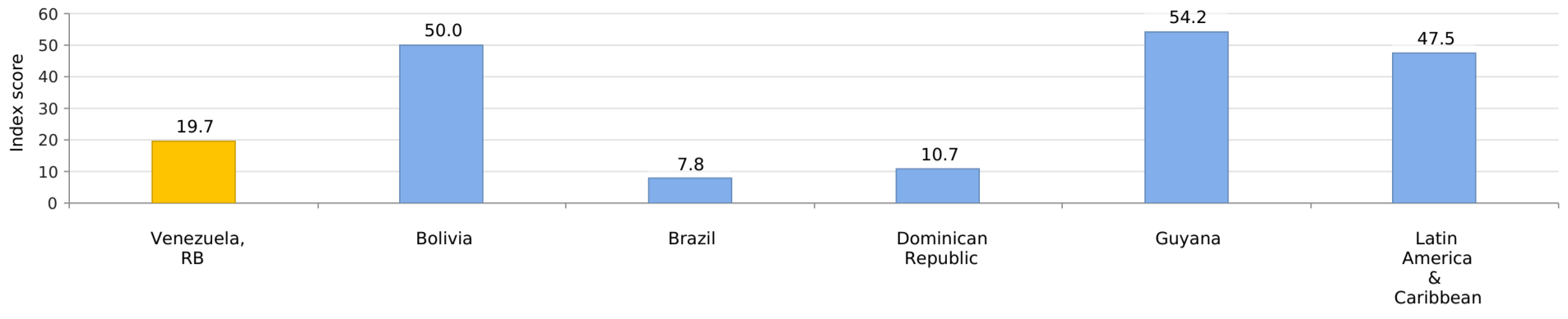


Figure - Paying Taxes in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Venezuela, RB and comparator economies - Measure of Quality



## Details - Paying Taxes in Venezuela, RB

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Municipal business tax	1.0			1.6%	turnover	28.28	
Employer paid - Social security contributions	12.0		288.0	10%	gross salaries	11.38	
Science technology and innovation tax	1.0			0.5%	annual gross income	8.84	
Tax on Great Financial Transactions	1.0			From 1% to 2%	Every banking transaction	8.59	
Corporate income tax	13.0		120.0	15%-34% (progressive scale)	taxable income	7.75	
Employer paid - Housing contribution	12.0			2%	gross salaries	2.28	
Employer paid - Unemployment relief benefit contribution	0.0	jointly		2%	gross salaries	2.28	
Employer paid - Training tax	4.0			2%	gross salaries	2.26	
Anti-drug tax	1.0			1%	annual operational earnings	1.65	
Employee paid - Housing contribution	0.0	jointly		1%	gross salaries	0.00	withheld
Employee paid - Social security contributions	0.0	jointly		5.5%	gross salaries	0.00	withheld
Employee paid - Unemployment relief benefit	0.0	jointly		0.5%	gross salaries	0.00	withheld
Fuel tax	1.0			30%-50%	fuel consumption	0.00	
Property tax	12.0			0.48%	building value	0.00	
Stamp duty	1.0			various rates		0.00	small amount
Value added tax (VAT)	40.0		512.0	16%	value added	0.00	not included
Totals	99		920			73.3	

## Details - Paying Taxes in Venezuela, RB - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	9.4
Labor tax and contributions (% of profit)	18.2
Other taxes (% of profit)	45.7

## Details - Paying Taxes in Venezuela, RB - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>19.7</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	none	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0.0
Time to obtain VAT refund (weeks)	No VAT refund per case study scenario	0.0
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	25% - 49%	
Time to comply with a corporate income tax correction (hours)	13.0	78.9
Time to complete a corporate income tax correction (weeks)	32.3	0.0

**Notes:** Names 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.

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.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

## Trading across Borders

*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

#### Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

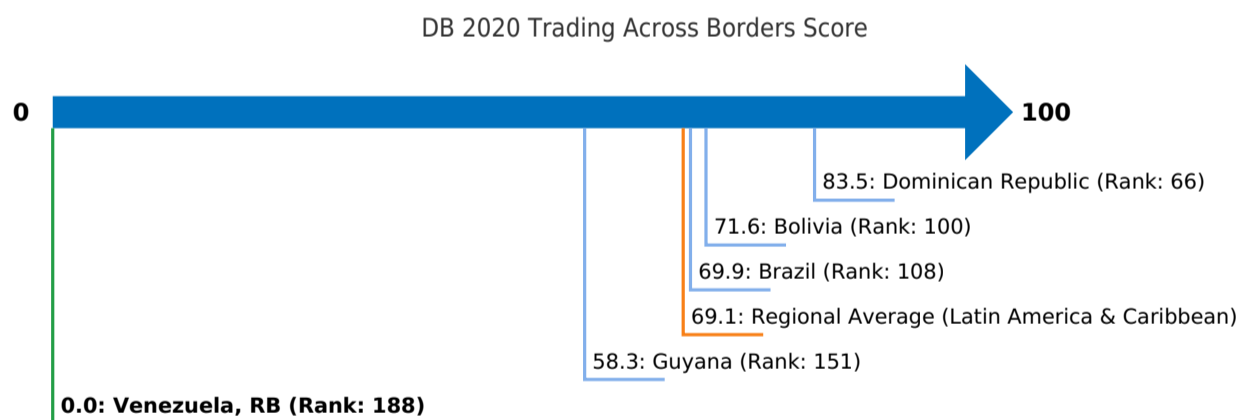
Trading across Borders - Venezuela, RB

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	No Practice	55.3	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	No Practice	516.3	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	No Practice	35.7	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	No Practice	100.3	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	No Practice	55.6	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	No Practice	628.4	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	No Practice	43.2	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	No Practice	107.3	23.5	0 (30 Economies)

Figure - Trading across Borders in Venezuela, RB - Score



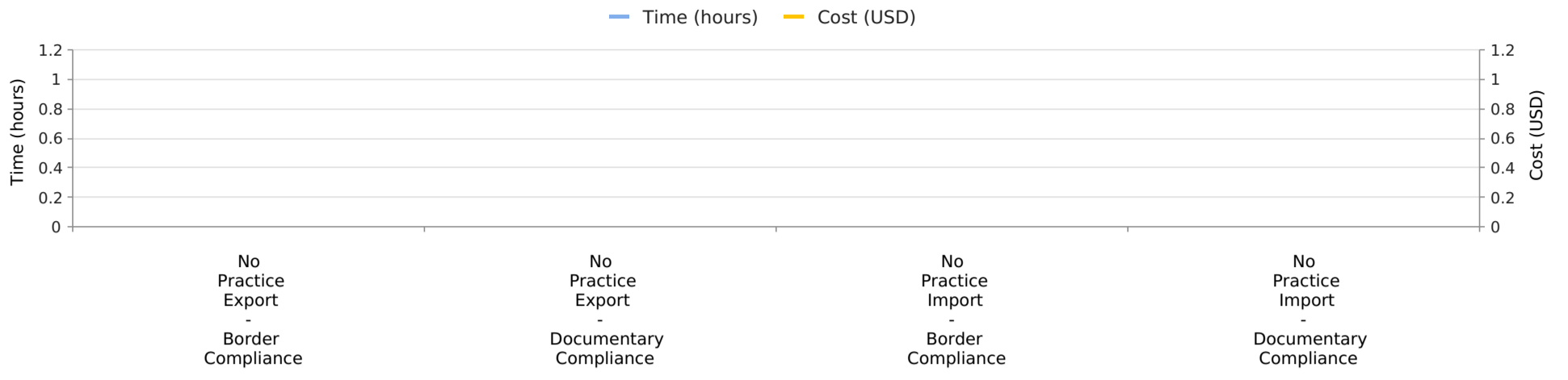
Figure - Trading across Borders in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.



Figure - Trading across Borders in Venezuela, RB - Time and Cost



## Details - Trading across Borders in Venezuela, RB

Characteristics	Export	Import
Product	HS 72 : Iron and steel	HS 8708: Parts and accessories of motor vehicles
Trade partner	Colombia	United States
Border	Puerto Cabello port	Puerto Cabello port
Distance (km)	221	221
Domestic transport time (hours)	No practice	No practice
Domestic transport cost (USD)	No practice	No practice

## Details - Trading across Borders in Venezuela, RB - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	No practice	No practice
Export: Clearance and inspections required by agencies other than customs	No practice	No practice
Export: Port or border handling	No practice	No practice
Import: Clearance and inspections required by customs authorities	No practice	No practice
Import: Clearance and inspections required by agencies other than customs	No practice	No practice
Import: Port or border handling	No practice	No practice



## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

#### Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

#### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

### Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Venezuela, RB

Standardized Case

Claim value	VES 162,236
Court name	Caracas Municipal Court
City Covered	Caracas

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time (days)	720	774.2	589.6	120 (Singapore)
Cost (% of claim value)	43.7	32.0	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	7.0	8.8	11.7	None in 2018/19

Figure - Enforcing Contracts in Venezuela, RB - Score

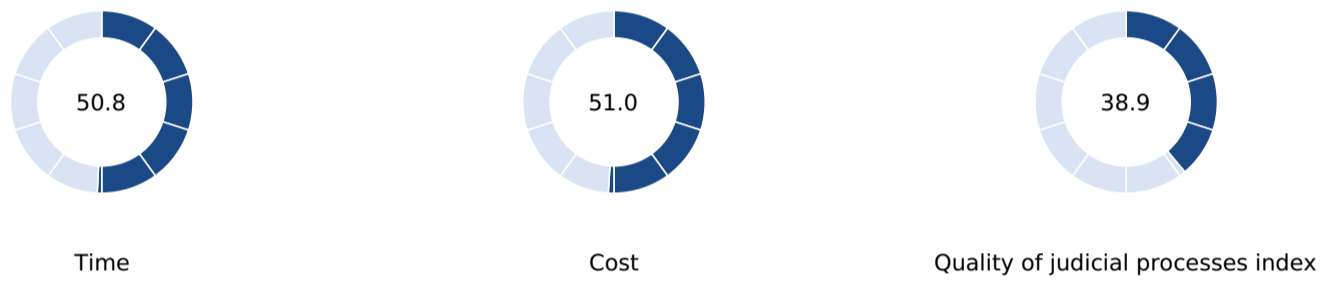


Figure - Enforcing Contracts in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Venezuela, RB - Time and Cost

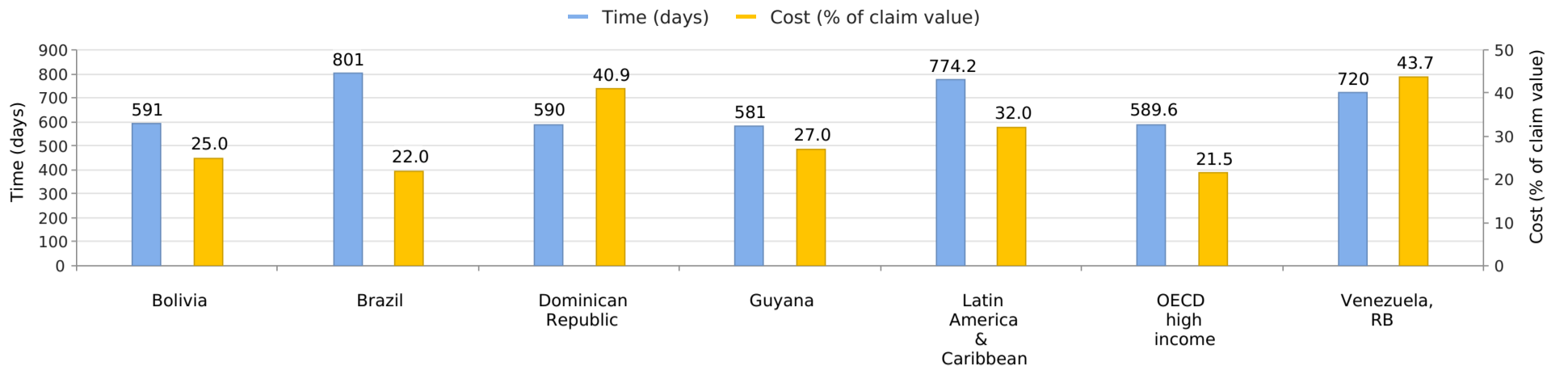
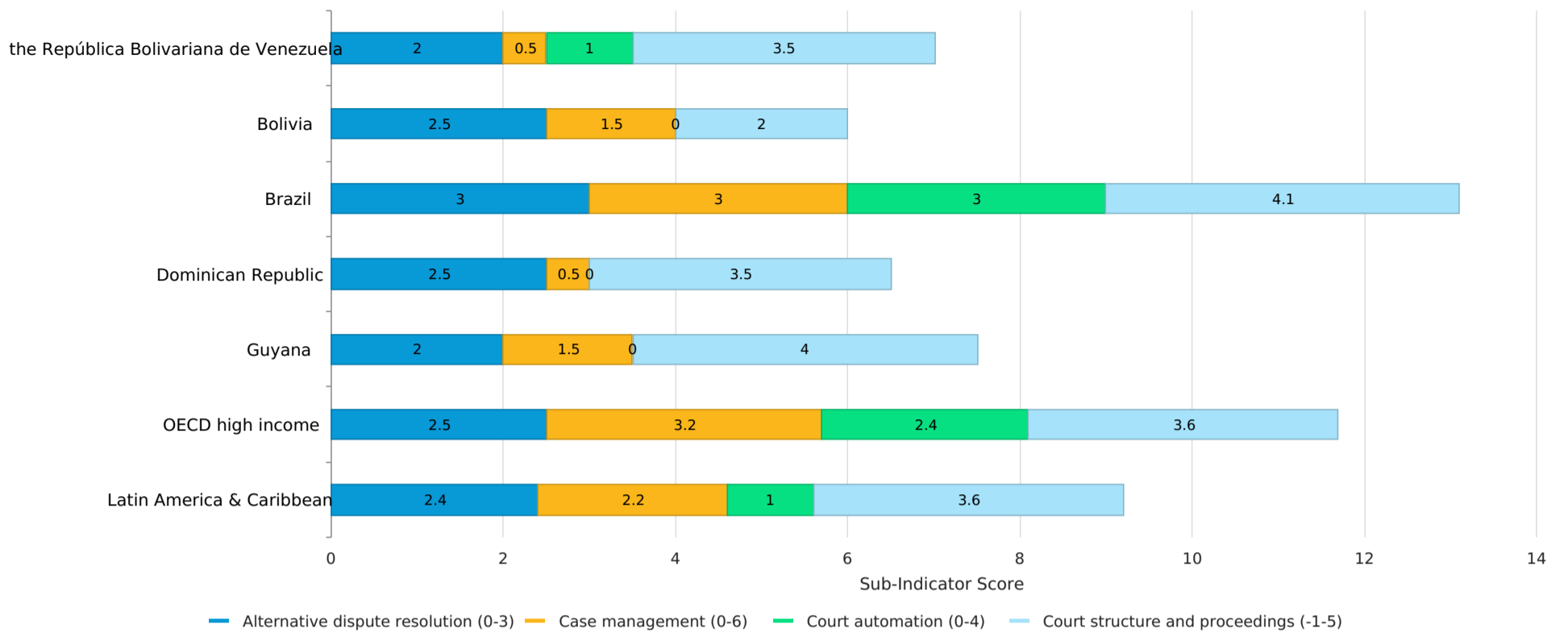


Figure - Enforcing Contracts in Venezuela, RB and comparator economies - Measure of Quality



Details - Enforcing Contracts in Venezuela, RB

	Indicator
<b>Time (days)</b>	<b>720</b>
Filing and service	150
Trial and judgment	420
Enforcement of judgment	150
<b>Cost (% of claim value)</b>	<b>43.7</b>
Attorney fees	21.5
Court fees	7.2
Enforcement fees	15
<b>Quality of judicial processes index (0-18)</b>	<b>7.0</b>
Court structure and proceedings (-1-5)	3.5
Case management (0-6)	0.5
Court automation (0-4)	1.0
Alternative dispute resolution (0-3)	2.0

## Details - Enforcing Contracts in Venezuela, RB - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>7.0</b>
<b>Court structure and proceedings (-1-5)</b>		<b>3.5</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>0.5</b>
1. Time standards		0.5
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>1.0</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		1.0
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.0</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	



2. Mediation/Conciliation	0.5
2.a. Is voluntary mediation or conciliation available?	Yes
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)	No
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No

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## Resolving Insolvency

*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Time required to recover debt (years)</b></p> <ul style="list-style-type: none"> <li>• Measured in calendar years</li> <li>• Appeals and requests for extension are included</li> </ul> <p><b>Cost required to recover debt (% of debtor's estate)</b></p> <ul style="list-style-type: none"> <li>• Measured as percentage of estate value</li> <li>• Court fees</li> <li>• Fees of insolvency administrators</li> <li>• Lawyers' fees</li> <li>• Assessors' and auctioneers' fees</li> <li>• Other related fees</li> </ul> <p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>• Whether business continues operating as a going concern or business assets are sold piecemeal</li> </ul> <p><b>Recovery rate for creditors</b></p> <ul style="list-style-type: none"> <li>• Measures the cents on the dollar recovered by secured creditors</li> <li>• Outcome for the business (survival or not) determines the maximum value that can be recovered</li> <li>• Official costs of the insolvency proceedings are deducted</li> <li>• Depreciation of furniture is taken into account</li> <li>• Present value of debt recovered</li> </ul> <p><b>Strength of insolvency framework index (0- 16)</b></p> <ul style="list-style-type: none"> <li>• Sum of the scores of four component indices:</li> <li>• Commencement of proceedings index (0-3)</li> <li>• Management of debtor's assets index (0-6)</li> <li>• Reorganization proceedings index (0-3)</li> <li>• Creditor participation index (0-4)</li> </ul>	<p>To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:</p> <ul style="list-style-type: none"> <li>- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.</li> <li>- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.</li> <li>- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.</li> </ul> <p>In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.</p>

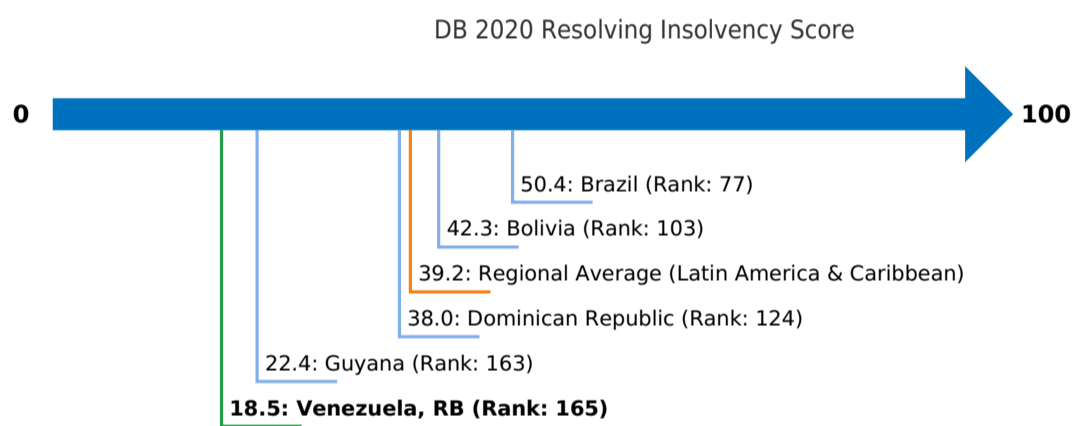
Resolving Insolvency - Venezuela, RB

Indicator	Venezuela, RB	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	5.3	31.2	70.2	92.9 (Norway)
Time (years)	4.0	2.9	1.7	0.4 (Ireland)
Cost (% of estate)	38.0	16.8	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	5.0	7.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Venezuela, RB - Score



Figure - Resolving Insolvency in Venezuela, RB and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Venezuela, RB - Time and Cost

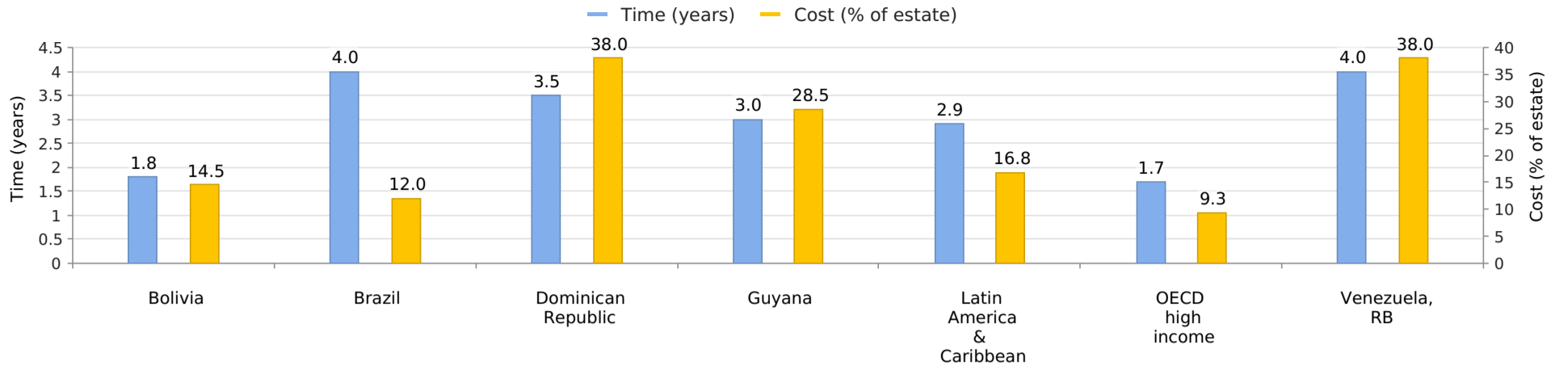
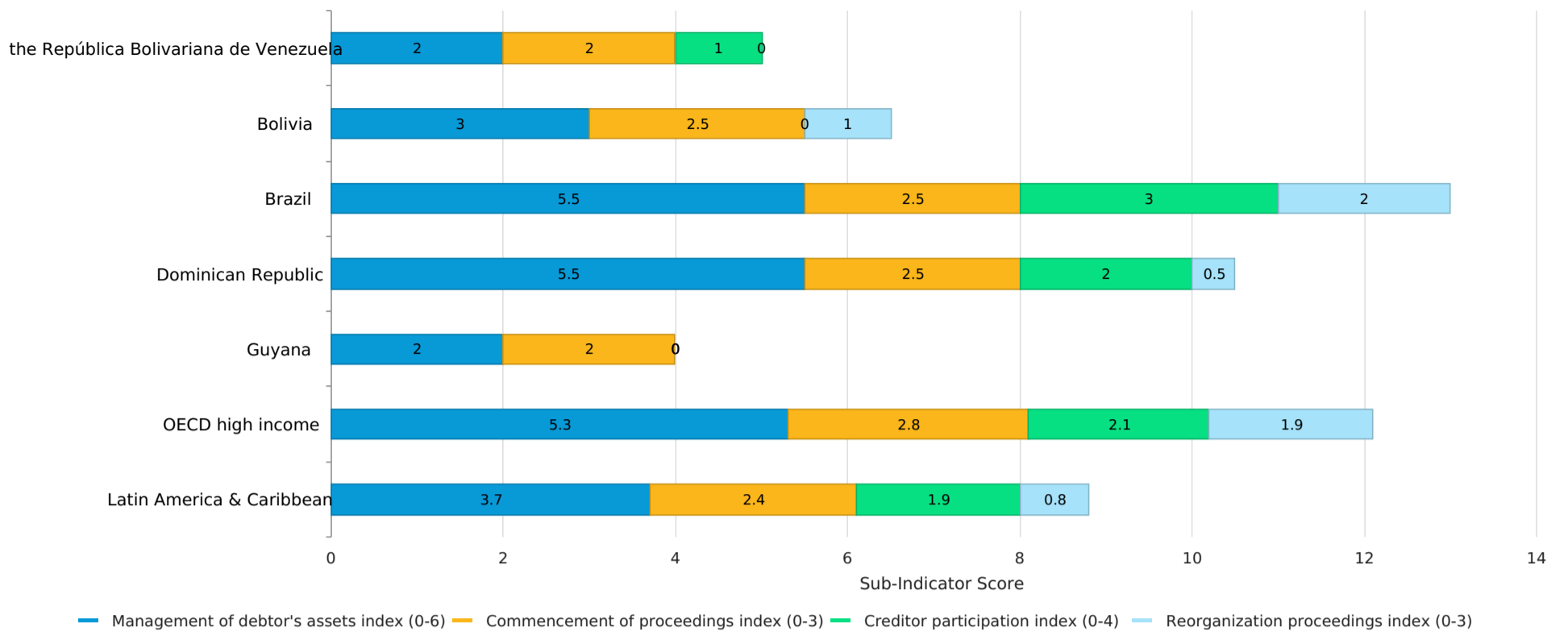
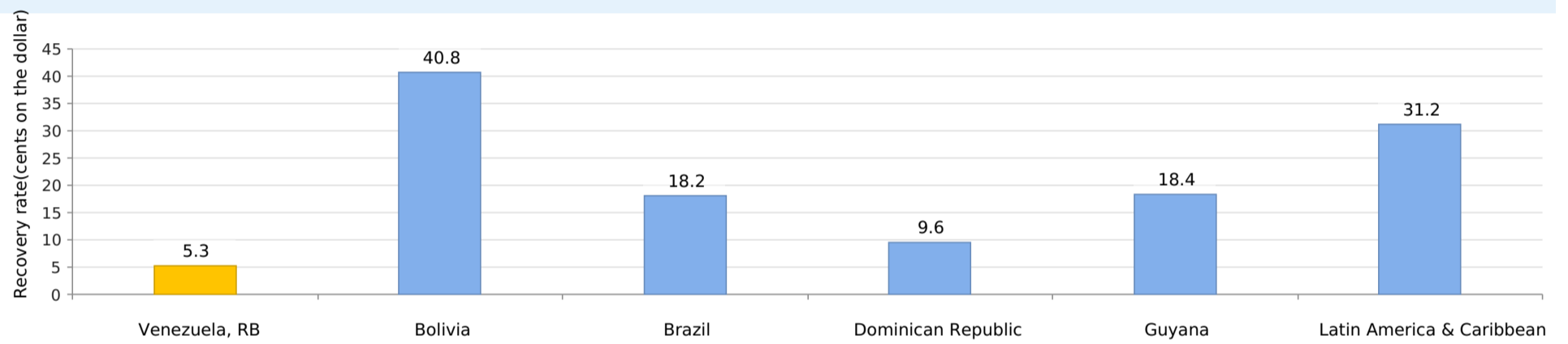


Figure - Resolving Insolvency in Venezuela, RB and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Venezuela, RB and comparator economies - Recovery Rate



## Details - Resolving Insolvency in Venezuela, RB

Indicator	Answer	Score
Proceeding	liquidation (after an attempt at foreclosure)	Bizbank would initiate a foreclosure procedure. Once the lawsuit filed, there would be preliminary hearings, which would be followed by the formal declaration of bankruptcy of Mirage by the court, turning the process into a liquidation proceeding. Subsequently, the judge would appoint the liquidator / administrator of the bankruptcy. The procedure would be supervised judicially, and after the list of Mirage creditors is drawn up by the administrator, the public auction of its assets and the distribution of the profits of the sale among the creditors would be carried out.
Outcome	piecemeal sale	Once the bankruptcy is declared, the administrator / liquidator will administer the debtor's assets, who must sell Mirage's assets, and distribute the proceeds among the creditors according to the legal priority order. There is no possibility that the company will continue to operate once the bankruptcy has been declared.
Time (in years)	4.0	It would take about 4 years for a liquidation proceeding after an attempt at foreclosure similar to the one described in the case study. The procedure would be initiated by the Bank filing for foreclosure. The Court will declare the bankruptcy of the debtor converting the foreclosure procedure into a liquidation proceeding. This stage would take approximately 6 months. Afterwards, a liquidator will be appointed and the list of creditors' claims will be issued. This stage will take from 1 to 2 years. The sale of the debtor's assets would take up to 2 years.
Cost (% of estate)	38.0	The costs would amount to approximately 38% of the value of Mirage's estate. The main component are the attorney's fees (20%). The rest will be service fees, and cost associated with the auction and fees of the liquidator.
Recovery rate (cents on the dollar)		5.3

## Details - Resolving Insolvency in Venezuela, RB - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>5.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.0</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(b) Debtor may file for liquidation only	0.5
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(a) Debtor is generally unable to pay its debts as they mature	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>2.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	No	0.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>0.0</b>
Which creditors vote on the proposed reorganization plan?	N/A	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
<b>Creditor participation index (0-4)</b>		<b>1.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

## Employing Workers

*Doing Business* presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.



## Employing Workers - Venezuela, RB

## Details - Employing Workers in Venezuela, RB

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	12.0
Maximum length of fixed-term contracts, including renewals (months)	24.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	..
Ratio of minimum wage to value added per worker	..
Maximum length of probationary period (months)	1.0
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	5.0
Premium for night work (% of hourly pay)	30.0
Premium for work on weekly rest day (% of hourly pay)	50.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	Yes
Restrictions on weekly holiday?	Yes
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	15.0
Paid annual leave for a worker with 5 years of tenure (working days)	19.0
Paid annual leave for a worker with 10 years of tenure (working days)	24.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	19.3
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	No
Third-party notification if one worker is dismissed?	n.a.
Third-party approval if one worker is dismissed?	n.a.
Third-party notification if nine workers are dismissed?	n.a.
Third-party approval if nine workers are dismissed?	n.a.
Retraining or reassignment obligation before redundancy?	n.a.
Priority rules for redundancies?	n.a.
Priority rules for reemployment?	n.a.
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	N/A
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	N/A
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	N/A
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	N/A
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	N/A
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	N/A

Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	N/A
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	N/A
Unemployment protection after one year of employment?	Yes

## Business Reforms in Venezuela, RB

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

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DB2018

✗ **Starting a Business:** República Bolivariana de Venezuela made starting a business more expensive by raising several fees charged during the business registration process. Lawyer fees and publication costs were also increased.

✗ **Paying Taxes:** Venezuela, RB made paying taxes more costly by introducing a new tax called the Tax on Great Financial Transactions.

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DB2017

✗ **Starting a Business:** The República Bolivariana de Venezuela made starting a business more expensive by raising the value of the tributary unit and lawyers' fees. It also made the process more time consuming by limiting the work schedule of the public sector.

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DB2016

✗ **Starting a Business:** República Bolivariana de Venezuela made starting a business more difficult by increasing incorporation costs. It also made starting a business more difficult by making the registration at the Venezuelan Social Security Institute (IVSS), the National Bank for Housing and Habitat (BANAVIH) and the National Institute of Socialist Cooperation & Education (INCES) prerequisites for the Ministry of Labor (Minpptrass) registration.

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DB2015

✗ **Starting a Business:** República Bolivariana de Venezuela made starting a business more difficult by increasing incorporation costs and by requiring companies to register within the Superintendence for Socioeconomic Rights (SUNDEE).

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DB2014

✗ **Starting a Business:** República Bolivariana de Venezuela made starting a business more costly by increasing the company registration fees.

✓ **Getting Credit:** República Bolivariana de Venezuela improved access to credit information by starting to collect data on firms from financial institutions.

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DB2013

✗ **Starting a Business:** República Bolivariana de Venezuela made starting a business more difficult by increasing the cost of company incorporation.

✗ **Paying Taxes:** República Bolivariana de Venezuela made paying taxes more costly and difficult for companies by introducing a sports, physical activities and physical education tax.

**Employing Workers:** República Bolivariana de Venezuela introduced a new Labor Code that prohibits redundancy dismissals.

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DB2012

✗ **Paying Taxes:** República Bolivariana de Venezuela made paying taxes costlier for firms by doubling the municipal economic activities tax (sales tax).

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DB2011

✗ **Starting a Business:** República Bolivariana de Venezuela made starting a business more difficult by introducing a new procedure for registering a company.

✓ **Getting Credit:** República Bolivariana de Venezuela improved access to credit information by creating a private credit bureau.

✓ **Paying Taxes:** República Bolivariana de Venezuela abolished the tax on financial transactions.

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DB2010

✗ **Paying Taxes:** República Bolivariana de Venezuela made paying taxes more costly for companies by introducing 2 new taxes.

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DB2009

✗ **Paying Taxes:** República Bolivariana de Venezuela made paying taxes more costly for companies by levying a financial transactions tax on payments made to third parties.

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DB2008

- ✓ **Registering Property:** República Bolivariana de Venezuela reduced the time needed for registering property by implementing time limits at several agencies.
- ✗ **Paying Taxes:** República Bolivariana de Venezuela made paying taxes more difficult for companies by introducing 3 new taxes.
- ✗ **Trading across Borders:** República Bolivariana de Venezuela made exporting more difficult by introducing new requirements for registration of export transactions.

*Doing Business 2020* is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

[www.doingbusiness.org](http://www.doingbusiness.org)



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