



**Doing  
Business**  
SUBNATIONAL




**2012**



**Doing Business  
in Russia 2012**

**COMPARING REGULATION FOR DOMESTIC FIRMS IN 30 CITIES AND WITH 183 ECONOMIES**





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# Doing Business in Russia 2012

COMPARING REGULATION FOR DOMESTIC FIRMS IN 30 CITIES AND WITH 183 ECONOMIES

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*Doing Business in Russia 2012* is the second subnational report in the *Doing Business* series in Russia. In 2009, quantitative indicators on business regulations were published for 10 cities: Irkutsk, Kazan, Moscow, Perm, Petrozavodsk, Rostov-on-Don, Saint Petersburg, Tomsk, Tver, and Voronezh. This year, *Doing Business in Russia in 2012* documents improvements in the 10 cities previously measured and expands the analysis to 20 new cities across the nation: Kaliningrad, Kaluga, Kemerovo, Khabarovsk, Kirov, Murmansk, Novosibirsk, Omsk, Samara, Saransk, Stavropol, Surgut, Ulyanovsk, Vladikavkaz, Vladivostok, Volgograd, Vyborg, Yakutsk, Yaroslavl, and Yekaterinburg. Data for Moscow is taken from the annual *Doing Business* report. The selection criteria include the level of urbanization, population, economic activity, political and geographical diversity, and other factors. The cities were selected by the Ministry of Economic Development of the Russian Federation.

Comparisons with other economies are based on *Doing Business 2012—Doing Business in a*

*more transparent world*—the ninth in a series of annual reports published by The World Bank and International Finance Corporation. The indicators in *Doing Business in Russia 2012* are also comparable with more than 352 cities from 54 economies benchmarked in other subnational *Doing Business* studies. All data and reports are available at <http://subnational.doingbusiness.org> and [www.doingbusiness.org](http://www.doingbusiness.org).

*Doing Business* investigates the regulations that enhance business activity and those that constrain it. Regulations affecting 4 stages of the life of a business are measured at the subnational level in Russia: starting a business, dealing with construction permits, getting electricity, and registering property. These indicators were selected because they cover areas of local jurisdiction or practice. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why. The data in *Doing Business in Russia 2012* are current as of November 2011.



# Executive summary

The Russian Federation is a vast country of great capacity. Over the past decade its GDP has grown by an annual average of 4.9%,<sup>1</sup> doubling real disposable income and enabling the emergence of a middle class. This growth has been fueled primarily by revenues from commodity producers. Russia's emerging economy depends on oil and gas commodities, which in 2011 accounted for about half of federal revenue and nearly two-thirds of exports.<sup>2</sup>

Despite the abundance of natural resources, Russia has not grown at the same pace as other large emerging economies. Over the past 20 years, China's GDP has increased 10% a year on average and India's by 6%.<sup>3</sup> The global financial crisis of 2008/09 drew attention to the fragility of growth based on natural resources. Weak competition, poor investment and lack of innovation constrain growth.<sup>4</sup>

According to the World Bank's Enterprise Surveys, in 2009 Russian managers spent 20% of their time dealing with government regulations—more than twice as much as their peers in the 10 EU emerging countries.<sup>5</sup> According to the World Economic Forum 2011-12 rankings, Russia is in the bottom decile on the burden of government regulation, with its weak institutional framework cited as a key obstacle to growth. Even when laws and regulations do not obstruct firms' entry and exit, application and enforcement of rules often remain inconsistent.

Russia has significant differences between regions. More than 80% of the population lives in the Western part of the country,<sup>6</sup> and

nearly 73% live in cities.<sup>7</sup> Economic activity is also highly concentrated. In 2010 Moscow had the country's highest gross regional product—more than five times that of Saint Petersburg, which was second. Muscovites had an income per capita of about 730,000 rubles (\$25,000), many times that in other regions and two and a half times national income per capita (\$9,900).<sup>8</sup>

Much of the difference in regional economic performance is caused by natural resources. For example, in Omsk Oblast just over two-thirds of goods and services are produced by the oil and coal industries.<sup>9</sup> But Novosibirsk, for instance, has a legacy of scientific research. Kaluga Oblast has attracted significant foreign direct investment in recent years, particularly from foreign car manufacturers.

Promoting small and medium-size firms as an engine of growth, employment and revenue diversification has become a focus of government policy.<sup>10</sup> In 2010 the government invested 600 million euros (\$777 million) in start-up grants, micro loans, support for youth entrepreneurship, and business training, and 140,000 jobs were created.<sup>11</sup> Still, small and medium-size firms account for 20% of employment in Russia, less than in Brazil (25%), Turkey (35%) or USA (42%).<sup>12</sup>

The government aims to remove structural barriers to growth to further boost small and medium-size enterprises. The strategy for economic development through 2020 emphasizes increasing competition, creating an economic environment that encourages long-term investment and promoting

investment.<sup>13</sup> In 2011 the government committed to making Russia one of the most inviting places to do business, and a national initiative has been created to spearhead improvements in the investment climate for all businesses—domestic and foreign.<sup>14</sup> The investment climate agenda includes comprehensive policy reforms ranging from easing doing business to simplifying regulation, privatization, improving competition and supporting innovation.

## WHAT DOES DOING BUSINESS IN RUSSIA 2012 MEASURE?

*Doing Business* tracks business regulations that affect small and medium-size domestic limited liability companies.<sup>15</sup> Moscow represents Russia in the annual *Doing Business* publication, which compares 183 economies worldwide. But entrepreneurs in Russia face different local practices depending on where they establish their businesses. *Doing Business in Russia 2009* was the first sub-national project to go beyond Moscow and capture regional regulatory differences in 10 cities on 4 *Doing Business* topics: starting a business, dealing with construction permits, registering property, and trading across borders.

This report updates the information from 2008 and tracks the progress in implementation of business reforms on 3 topics—starting a business, dealing with construction permits, and registering property. It also measures a new indicator—getting electricity—and expands the analysis to cover 20 additional cities. The summary results are presented in table 1.1.

TABLE 1.1 *Doing Business in Russia 2012—where is it easier?*

City	Region	Aggregate rank	Ease of starting a business	Ease of dealing with construction permits	Ease of getting electricity	Ease of registering property
Ulyanovsk	Ulyanovsk Oblast	1	3	4	5	8
Saransk	Republic of Mordovia	2	20	8	1	8
Vladikavkaz	Republic of North Ossetia–Alania	3	27	11	2	2
Rostov-on-Don	Rostov Oblast	4	26	15	3	4
Kazan	Republic of Tatarstan	5	4	14	17	4
Kaluga	Kaluga Oblast	6	17	9	15	1
Stavropol	Stavropol Kray	7	4	2	9	19
Yaroslavl	Yaroslavl Oblast	8	7	17	6	16
Surgut	Khanty-Mansiisk Autonomous Okrug – Yugra	9	30	1	19	8
Irkutsk	Irkutsk Oblast	10	8	6	10	18
Petrozavodsk	Republic of Karelia	11	6	16	21	8
Kirov	Kirov Oblast	12	13	5	4	20
Omsk	Omsk Oblast	13	19	20	13	4
Vyborg	Leningrad Oblast	14	10	23	12	8
Vladivostok	Primorsky Kray	15	18	22	23	3
Volgograd	Volgograd Oblast	16	2	27	26	4
Voronezh	Voronezh Oblast	17	15	28	16	8
Tver	Tver Oblast	18	21	25	14	8
Kaliningrad	Kaliningrad Oblast	19	11	3	22	22
Tomsk	Tomsk Oblast	20	15	6	10	25
Samara	Samara Oblast	21	22	24	28	8
St. Petersburg	St. Petersburg	22	1	9	24	27
Khabarovsk	Khabarovsk Kray	23	24	29	8	17
Yekaterinburg	Sverdlovsk Oblast	24	29	13	19	20
Perm	Perm Kray	25	13	12	18	27
Murmansk	Murmansk Oblast	26	12	19	27	23
Kemerovo	Kemerovo Oblast	27	28	21	7	29
Yakutsk	Republic of Sakha – Yakutia	28	8	26	25	30
Novosibirsk	Novosibirsk Oblast	29	23	18	29	24
Moscow	Moscow	30	25	30	30	26

Note: The aggregate rank is based on the starting a business, dealing with construction permits, getting electricity and registering property indicators. See *Data notes* for details.

Source: *Doing Business* database.

Some observations should be made. First, this year's aggregate ranking should not be compared to the one in *Doing Business in Russia 2009* for various reasons. The new aggregate ranking includes getting electricity, while the old ranking included trading across borders. Some changes can

also be attributed to recent updates to the dealing with construction permits indicator methodology.<sup>16</sup> In addition, 20 new cities were added.

Second, consistent performers stay at the top—Kazan, for example, was already doing well on the areas of starting a business and

registering property in 2009 and continues to be among the top performers on these indicators, despite the addition of 20 new cities. Irkutsk remained ranked in the top third of cities measured for starting a business and dealing with construction permits, thanks to continuous reforms.

Third, no city does equally well in all areas. For example, Rostov-on-Don ranks well on getting electricity and registering property, but lags behind on starting a business. Kaliningrad ranks third on the ease of dealing with construction permits, but in the bottom third on getting electricity and registering property. Saint Petersburg climbed to the top of the classification on starting a business due to reforms, but lags in other areas. These results can guide policy makers on areas where improvements are possible without major legislative changes. Cities can share experiences and learn from each other.

Finally, the demand for business services is usually lower in smaller cities than in large business centers. That can lead to bottlenecks and higher costs for services in large cities, but these also benefit from economies of scale and might have more resources to invest in administrative modernization.

## RUSSIA FROM A GLOBAL PERSPECTIVE

From a global perspective Russia, represented by Moscow, ranks 120 of 183 economies on the ease of doing business across 10 indicators according to *Doing Business in 2012: Doing Business in a More Transparent World*. While Russia does well on some indicators, especially enforcing contracts and registering property, it lags on others, including those measured by this report.

Over the past 7 years, 163 economies have made regulation more business-friendly. Russia is among the 30 economies that improved the most. Since 2005 it has made 15 improvements across 9 indicators (table 1.2).



Indicator	DB 2012	DB 2011	DB 2010	DB 2009	DB 2008	DB 2007	DB 2006	Total
Starting a business						1	1	2
Dealing with construction permits		1						1
Getting electricity	1							1
Registering property	1		1					2
Getting credit					1		1	2
Protecting investors								-
Paying taxes			1			1		2
Trading across borders	1						1	2
Enforcing contracts	1							1
Resolving insolvency		1	1					2
Total	4	2	3	-	1	2	3	15

Note: Getting electricity reforms are recorded for the first time in *Doing Business* 2012.

Source: *Doing Business* database.

Policy makers increasingly recognize the importance of measuring improvements in their countries over time and assessing how much they have narrowed the gap with the regulatory systems of top-performing economies, such as Singapore or New Zealand. Comparing Russia's performance between 2005 and 2011 on each indicator shows how far it has moved toward the most efficient global practices and regulations on each area covered by *Doing Business*. The pace of

change varies widely across the areas measured (figure 1.1).

Since 2005, much progress has been made in some of the areas where Russia was lagging—including dealing with construction permits. Since *Doing Business* 2012 was published, further improvements were documented. In the fall of 2011, Moscow issued regulations to streamline approvals for construction permits with the goal of eliminating about half of preconstruction requirements. Four approvals—the certificate of compliance with the communication

lines and power grids from *Mosgorgeotrest* (Sketch No 2), its approval from the Moscow Architecture Committee, the approval of transport routes from the Moscow City Transport Agency and the construction passport from *Mosgorgeotrest*—were removed, and delays were reduced by 31 days.<sup>17</sup>

## BUSINESS REFORMS SINCE 2008 IN 10 CITIES

*Doing Business in Russia 2009* identified good practices, pointed out bottlenecks and recommended improvements in 10 cities.<sup>18</sup> This report tracks progress in each. The findings are encouraging: 27 improvements made it easier to do business since 2008, making it simpler, cheaper or faster to complete the 3 transactions measured. For starting a business, 7 of the 10 cities measured twice showed progress in gradually implementing federal law at the local level. For dealing with construction permits and registering property, each of the 10 cities had improvements (table 1.3).

TABLE 1.3 All 10 cities benchmarked in 2008 introduced improvements in at least 2 out of 3 areas

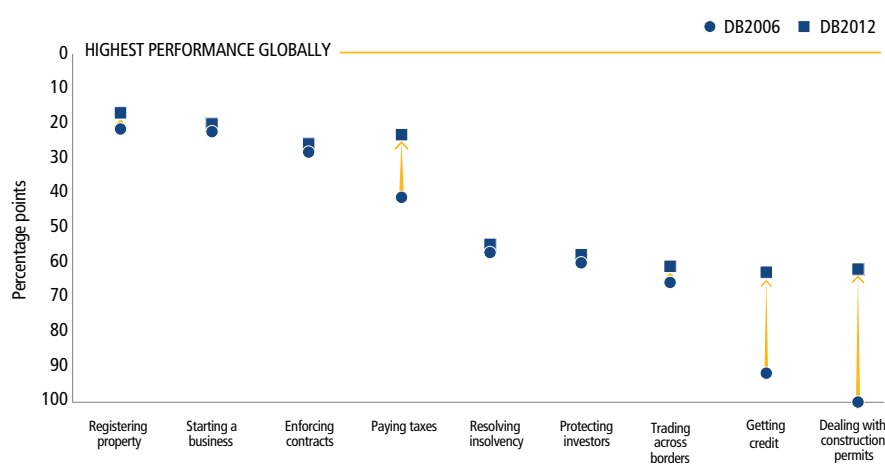
City	Starting a business	Dealing with construction permits	Registering property
Irkutsk	✓	✓	✓
Kazan		✓	✓
Moscow		✓	✓
Perm	✓	✓	✓
Petrozavodsk	✓	✓	✓
Rostov-on-Don	✓	✓	✓
St. Petersburg	✓	✓	✓
Tomsk	✓	✓	✓
Tver		✓	✓
Voronezh	✓	✓	✓

✓ *Doing Business* reform making it easier to do business.

Source: *Doing Business* database.

Thanks to better one-stop shops for company and tax registration and improved coordination between one-stop shops, the statistics office and social funds, 2 to 4 business start-up procedures were eliminated in 7 cities.<sup>19</sup> Moreover, a federal regulation passed in January 2011 stipulates that medical insurance registration can be done through the pension fund.<sup>20</sup> As a result, in Irkutsk, Rostov-on-Don, Tomsk and Voronezh a separate visit to the medical

FIGURE 1.1 Between 2005 and 2011, Russia\* moved closer to the frontier in regulatory practice



\*Represented by Moscow

Note: The distance to frontier measure illustrates the distance between an economy's current performance and a measure of best practice worldwide on 9 of the *Doing Business* indicator sets (it does not include employing workers and getting electricity). The vertical axis represents the distance to the frontier and the horizontal line across at the top of the chart captures the most efficient regulatory environment. The data refer to the 174 economies included in *Doing Business* 2006. Additional economies were added in subsequent years. Source: *Doing Business* database.

fund office is no longer required. These arrangements are working especially well in Saint Petersburg, where the one-stop shop consolidates the reception of notifications, saving entrepreneurs 5 days.

But in other cities, fewer personal visits do not automatically translate into time savings for entrepreneurs because registration notifications take time to arrive by mail. This is why in some cities, like Novosibirsk, entrepreneurs prefer to go through 11 procedures in 22 days—the 10th fastest time in Russia—rather than wait. In addition to physical one-stop shops, some cities allow businesses to register online. And a 2006 regulation that banks should not request notarized copies of incorporation and registration documents for opening a company bank account eliminated the practice of notarizing registration notifications in most cities.<sup>21</sup>

Significant changes have taken place in Russia's construction regulations since 2008. The 2004 Federal Urban Development Code led to improvements across Russian cities. Four years ago, the average number of procedures needed to deal with construction permits across the 10 cities measured was 35. Today it is 25. The average time dropped

by almost 40%, from 520 days in 2008 to 269 in 2011. In Moscow it took almost 2 years to complete the paperwork to obtain a construction permit in 2008—today it takes 392 days (figure 1.2).

Property registration has been streamlined across Russia since 2008. A 2008 law created the Federal Service of Registration, Cadastre and Cartography *Rosreestr*, unifying management of ownership registration and land cadastre. Since 2009 cadastral information on buildings is being transferred to the property registry *Rosreestr*. The database combining the cadastre and the register of property rights can facilitate planning and local development. It makes procedures simpler for entrepreneurs wanting to register property because all information can be found in one place.

## COMPARING REGULATIONS IN 30 CITIES

### Starting a business

Starting a business takes on average 9 procedures, 23 days and costs 2.3% of income per capita in the 30 cities studied. It is easiest to start a business in Saint Petersburg and more cumbersome in Surgut. After registering at one-stop shops, entrepreneurs can either pick up in person the necessary certificates from the medical, social security and pension funds, as well as the statistics office, or wait for them by mail.

Depending on the option most commonly chosen, the number of interactions ranges from 7 in Kirov, Murmansk, Perm, Petrozavodsk, Saint Petersburg, Stavropol, Yakutsk and Yaroslavl to 12 in Vladikavkaz. The time needed varies from 16 days in Kaliningrad to 33 in Yekaterinburg. The average start-up cost of 2.3% of income per capita places Russia among the 30 cheapest economies to start a business. The cost varies from 1.7% of income per capita in Kazan to 3% in Khabarovsk and Surgut. Because the registration fee is regulated by federal law, local variations are due to different fees charged by banks, notaries and seal makers.

### Dealing with construction permits

To comply with requirements for building a warehouse and connecting it to utilities,

16 steps are needed in Murmansk and 20 in Novosibirsk—but 47 in Moscow. The variations, due to regulatory differences, are most marked during the preconstruction phase, with 6 steps in Murmansk, Surgut, and Yekaterinburg, but 21 requirements in Moscow and 18 in Voronezh. As a result of the different complexities of the construction permitting systems across cities, there is also considerable variation in the time it takes, from about 5 months in Surgut to a year or more in Moscow, Tver and Voronezh. The variation in costs across cities is due to the varying costs of connecting to utilities and conducting topographic and geodesic surveys.

### Getting electricity

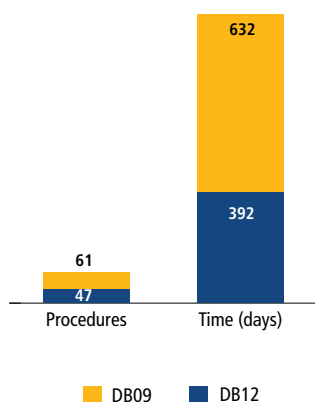
To get electricity, Russian entrepreneurs must complete 6 to 10 steps that take from 4 months in Saransk and Vladikavkaz to 1 year in Yekaterinburg. Design approval is a particularly complicated stage. It might involve several trips to public agencies and last from 30 days in Surgut to 120 days in Murmansk and Petrozavodsk. In Kemerovo, Perm, Rostov-on-Don, Samara, Stavropol and Yakutsk, utilities complete the connection design, its approvals and external connection works in-house.

In other cities customers hire electrical design firms and contractors. Connecting a building to electricity costs an average of 661.5% of income per capita, more than in Brazil (130%), Turkey (624%) or China (641%), but less than in Nigeria (1,056%) or Vietnam (1,343%). Connection costs consist of fees charged by distribution utilities and fees charged by private firms for connection design and works. In Omsk the cost is 112% of income per capita, while in Samara and Moscow it is far more expensive at 1,153% and 1,852% of income per capita (\$114,259 and \$183,575), respectively.

### Registering property

Registering property is easy and cheap in Russia. Russian entrepreneurs carry out on average 4 procedures over 35 days, paying 0.23% of property value to transfer property titles, similar to the OECD average of 5 procedures and 31 days. Of the 30 cities studied, 18 require only 3 procedures to verify proper ownership, check buyer and seller information and register transfers at the property

**FIGURE 1.2** Moscow made dealing with construction permits more efficient since 2008—but still faces challenges  
Procedures and time to deal with construction permits



Source: Doing Business database.

registry. Other cities have 1 or 2 additional steps. For example, in Kirov, Murmansk, Saint Petersburg, Tomsk and Yekaterinburg entrepreneurs usually notarize official documents, though it is not required by law. In Khabarovsk registering property takes only 13 days—while in Saint Petersburg it takes 44 days.

Registration fees are among the lowest in the world. They vary from 0.2% of property value in 26 of the 30 cities to 0.53% in Kaliningrad and 0.4% in Yakutsk—well below the OECD average of 4.4% of property value.

### LEARNING FROM EACH OTHER

Reform-minded local governments can use *Doing Business* indicators to motivate and sustain reform efforts. There is no need to reinvent the wheel: it is sufficient to start by introducing improvements successfully implemented in other cities (table 1.4).<sup>22</sup>

Moscow and most other cities are among the top 10 economies worldwide when it comes to the low cost of registering property. Starting a business is also inexpensive: Kazan's cost of 1.73% of income per capita is similar to Norway's. Reducing property registration requirements to 3 procedures lasting 13 days, like in Khabarovsk, would mean that the hypothetical city ranks 12 on the number of requirements and 28 on the delay. If a city were to adopt Omsk's low cost to get electricity, entrepreneurs would pay 112% of income per capita for an electricity connection, cheaper than in three-quarters of economies measured by *Doing Business*.

If it took 150 days like in Surgut to obtain a construction permit, the hypothetical city's time would rank 78 globally. With Kazan's cost of 40% of income per capita to obtain a construction permit, it would have a cost similar to Brazil or Switzerland. However, for

simplifying the construction permitting process or the requirements and delays to get an electricity connection, adoption of good local practices would still leave the country lagging behind other countries. Looking beyond its borders to regional and global good practices could help identify better and more efficient practices which would allow the authorities to formulate policies aimed at making additional improvements in cities across Russia.

Benchmarking exercises like *Doing Business* inspire governments to improve business regulation. They uncover bottlenecks and identify where policymakers can look for good practices. Comparisons between cities in the same country can be drivers of reform because it is harder for local governments to justify why doing business in their cities is more burdensome than in neighboring cities. Sharing a national legal framework facilitates implementation of good local practices. National governments can also use *Doing Business* data to monitor how efficiently local branches of agencies implement national regulation.

Consistent reformers have a long-term agenda and continuously push forward. They stay focused by setting specific goals and regularly monitor progress. The top-ranked economy on the ease of doing business, Singapore, introduces business reforms every year. Other policymakers—such as the Dutch Advisory Board on Administrative Burden and the UK Better Regulation Executive—routinely assess existing regulation and manage the flow of new regulation. In the UK a program between 2005 and 2010 reduced the burden of regulatory compliance by a quarter, saving firms £3.5 billion (\$5.53 billion).<sup>23</sup> New initiatives are under way.

Cumulative business reforms across a range of topics produce the best results. Cooperation across different government agencies, at both local and national levels, is necessary for wide-ranging reforms. Political will and vision coming from a reform champion—whether the president, minister, or mayor—is central to success. Moreover, consistent reformers are inclusive—involving all relevant stakeholders, including the

Indicator	Sub-Indicator	Global Rank DB 2012*		Best practice in Russia		
		Value	Rank (1-183)	Value	Rank (1-183)	City
Starting a business	Cost to start a business (as % of income per capita)	2	28	1.7	21	Kazan
	Number of procedures to start a business	9	124	7	86	Kirov, Murmansk, Perm, Petrozavodsk, St. Petersburg, Stavropol, Yakutsk and Yaroslavl
	Days to start a business	30	126	16	87	Kaliningrad
Dealing with construction permits	Cost to deal with construction permits (as % of income per capita)	183.8	113	40	46	Kazan
	Number of procedures to deal with construction permits	51	181	16	103	Murmansk
	Days to deal with construction permits	423	173	150	78	Surgut
Getting electricity	Cost to get electricity (as % of income per capita)	1852.4	140	112.2	47	Omsk
	Number of procedures to obtain an electricity connection	10	182	6	121	Kemerovo, Perm, Rostov-on-Don, Samara and Yakutsk
	Days to get electricity	281	178	120	120	Vladikavkaz
Registering property	Cost to register property (as % of the property value)	0.2	9	0.2	9	16 cities including Kaluga, Kazan and Surgut
	Number of procedures to register property	5	49	3	12	18 cities including Irkutsk, Rostov-on-Don and Tver
	Days to get electricity	43	104	13	28	Khabarovsk

\* Data published in *Doing Business in 2012*, as measured for Moscow by June 2011.

Source: *Doing Business* database.

private sector, and institutionalizing the reform effort.

Payoffs from business reforms can be large. Saving time and money are often the immediate benefits for firms. In Mexico, local one-stop shops cut the time to start a business from 58 to 13 days. A recent study reports the payoffs: the number of new firm registrations rose by 5%, employment increased by 2.2%, and prices fell by nearly 1% because of the competition from new entrants.<sup>24</sup> In India, the progressive elimination of the license raj—a system of central controls on entry and production—led to a 6% increase in new firm registrations and highly productive firms entering the market experienced larger increases in real output than less productive ones.<sup>25</sup>

To the extent that an easing of needlessly bureaucratic regulations and red tape contributes to improve the cost structure of firms, they also enhance their competitiveness and their ability to compete abroad. Improvements in the regulatory framework faced by the private sector—as captured by the *Doing Business* indicators—can be a powerful tool to facilitate the integration of the country into the global economy. The countries that, over the past several decades, have managed to increase their footprint in the global marketplace are also countries that have made sustained efforts to create a more conducive environment for private sector development and better and more efficient rules have been an integral part of these efforts.

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# About *Doing Business* and *Doing Business in Russia 2012*

A vibrant private sector—with firms making investments, creating jobs and raising productivity—promotes growth and expands opportunities for poor people. To foster a vibrant private sector, governments around the world have implemented wide-ranging reforms, including price liberalization and macroeconomic stabilization programs. But governments committed to the economic health of their country and opportunities for their citizens focus on more than macroeconomic conditions. They also pay attention to laws, regulations and institutional arrangements that shape daily economic activity.

Until 10 years ago there were no globally available indicator sets for monitoring such microeconomic factors and analyzing their relevance. The first efforts, in the 1980s, drew on perceptions data from expert or business surveys that often capture onetime experiences of businesses. Such surveys can be useful gauges of economic and policy conditions. But few perception surveys provided indicators with annually updated global coverage.

The *Doing Business* project takes a different approach from perception surveys. It looks at domestic, mainly small and medium-size companies, and measures the regulations applied to them in life cycles. Based on standardized case studies, it presents quantitative indicators on regulation that can be compared across 183 economies and over time. This approach complements perception surveys in exploring the major constraints for businesses, as experienced by businesses and in the regulations applied to them.

Regulations are under the control of policymakers—and policymakers intending to change the experiences of businesses often start by changing regulations that affect

them. *Doing Business* goes beyond identifying problems and points to regulations that may need reform. And its quantitative measures enable research on how regulations affect firm behavior and economic outcomes.

The first *Doing Business* report, published in 2003, covered 5 indicators and 133 economies. This year's report covers 11 indicators and 183 economies. Ten topics are included in the aggregate rankings on the ease of doing business. The project has benefited from feedback from governments, academics, practitioners and reviewers.<sup>1</sup> The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business.

## WHAT DOES *DOING BUSINESS IN RUSSIA 2012* COVER?

*Doing Business in Russia 2012* provides quantitative measures of national and local regulations for 4 *Doing Business* indicators: starting a business, dealing with construction permits, getting electricity and registering property as they apply to domestic small and medium-size enterprises.

A fundamental premise of *Doing Business* is that economic activity requires good rules. These include rules that establish and clarify property rights and reduce the costs of resolving disputes, rules that increase the predictability of economic interactions and rules that provide contractual partners with core protections against abuse. The goal: regulations designed efficient and simple in their implementation to all who need to use them. Accordingly, some *Doing Business* indicators give a higher score for more regulation, such as stricter disclosure requirements in related-party transactions. Some give a higher score for a simplified way of implementing existing

regulation, such as completing business start-up formalities in a one-stop shop.

*Doing Business in Russia 2012* encompasses time and motion indicators that measure the efficiency and complexity of achieving a regulatory goal, such as granting the legal identity of a business. Cost estimates are recorded from official fee schedules where applicable. A regulatory process such as starting a business or registering property is broken down into clearly defined steps and procedures. *Doing Business* builds on Hernando de Soto's pioneering work in applying the time and motion approach first used by Frederick Taylor to revolutionize the production of the Model T Ford. De Soto used the approach in the 1980s to show the obstacles to setting up a garment factory on the outskirts of Lima, Peru.<sup>2</sup>

## WHAT *DOING BUSINESS IN RUSSIA 2012* DOES NOT COVER

Just as important as knowing what *Doing Business in Russia 2012* does is to know what it does not.

### Limited in scope

*Doing Business in Russia 2012* focuses on 4 topics with the goal of measuring the regulation and red tape that affect small and medium-size firms. Accordingly, the report does not:

- Measure all 11 indicators covered in the global *Doing Business* report. The report covers 4 areas of regulation that are the provenance of local governments and where local differences exist: starting a business, dealing with construction permits, getting electricity and registering property.
- Measure all aspects of the business environment that matter to firms or investors—or all factors that affect

competitiveness. It does not, for example, measure security, macroeconomic stability, corruption, labor skills, institutional strength or all aspects of infrastructure quality. Nor does it focus on regulations specific to foreign investment.

- Cover all regulations, or regulatory goals, in any city. As economies and technology advance, more areas of economic activity are being regulated. For example, the European Union's body of laws has expanded to 14,500 rule sets. *Doing Business in Russia 2012* measures just 4 phases of a company's life cycle. The indicator sets also do not cover all aspects of regulation in the particular area. For example, the indicator on starting a business does not cover all aspects of commercial legislation.

### Based on standardized case scenarios

The indicators in *Doing Business in Russia 2012* are based on standardized case scenarios with specific assumptions, such as that the business is located in one of the 30 Russian cities measured by the report. Economic indicators commonly make limiting assumptions of this kind. Inflation statistics, for example, are often based on prices of consumer goods in a few urban areas. Such assumptions allow global coverage and enhance comparability, but they come at the expense of generality.

In areas where regulation is complex and highly differentiated, the standardized case used to construct each indicator in the report needs to be carefully defined. Where relevant, the standardized case assumes a limited liability company. This choice is partly empirical: limited liability companies are the most prevalent business form in most economies. The choice also reflects a focus of *Doing Business*: expanding opportunities for entrepreneurship. Investors are encouraged to venture into business when potential losses are limited to their capital participation.

### Focused on the formal sector

In constructing the indicators, *Doing Business in Russia 2012* assumes that entrepreneurs are knowledgeable about all regulations and comply with them. In practice, entrepreneurs may spend considerable time finding out where to go and what documents to submit.

Or they may avoid legally required procedures—for example, by not registering for social security.

Where regulation is onerous, informality is higher. Informality comes at a cost: firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and their workers remain outside the protections of labor law.<sup>3</sup> All this may be even more so for female-owned businesses.<sup>4</sup> Informal firms are also less likely to pay taxes. *Doing Business* measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of reform. Gaining a fuller understanding of the broader business environment, and a broader perspective on policy challenges, requires combining insights from *Doing Business* with data from other sources, such as the World Bank Enterprise Surveys.<sup>5</sup>

### WHY THIS FOCUS

*Doing Business* functions as a kind of cholesterol test for the regulatory environment for domestic businesses. A cholesterol test does not tell us everything about the state of our health. But it does measure something important for our health. And it puts us on watch to change behaviors in ways that will improve not only our cholesterol rating but also our overall health.

One way to test whether *Doing Business* serves as a proxy for the broader business environment and for competitiveness is to look at correlations between *Doing Business* rankings and other major economic benchmarks. Closest to *Doing Business* in what it measures are the indicators on product market regulation compiled by the Organization for Economic Co-operation and Development (OECD). These indicators are designed to help assess the extent to which the regulatory environment promotes or inhibits competition. They include measures of the extent of price controls, the licensing and permit system, the simplicity of rules and procedures, administrative burdens and legal and regulatory barriers, the prevalence of discriminatory procedures, and the degree of government control over business enterprises. The rankings on these indicators—for the 39 economies covered, several

of them large emerging markets—are highly correlated with those on the ease of doing business, with a correlation of 0.72.

Similarly, there is a high correlation (0.82) between rankings on the ease of doing business and those on the World Economic Forum's Global Competitiveness Index, a much broader measure capturing such factors as macroeconomic stability, aspects of human capital, the soundness of public institutions and the sophistication of the business community. Economies that do well on *Doing Business* indicators tend to do well on the OECD market regulation indicators and the Global Competitiveness Index and vice versa.<sup>6</sup>

A bigger question is whether the issues on which *Doing Business* focuses matter for advancing development and reducing poverty. The World Bank study *Voices of the Poor* asked 60,000 poor people around the world how they thought they might escape poverty.<sup>7</sup> The answers were unequivocal: women and men alike pin their hopes on income from their businesses or wages. Enabling growth—and ensuring that poor people can participate in its benefits—requires an environment where new entrants with drive and good ideas, regardless of their gender or ethnic origin, can get started in business and good firms can invest and grow, generating jobs.

Small and medium-size enterprises are key drivers of competition, growth and job creation, particularly in developing economies. But in these economies up to 80% of economic activity takes place in the informal sector. Excessive bureaucracy and regulation may prevent firms from entering the formal sector. Even firms in the formal sector might not have equal access to transparent rules and regulations, affecting their ability to compete, innovate and grow.

Where regulation is burdensome and competition limited, firms' success tends to depend more on whom their owners know than on what they can do. But where regulation is transparent, efficient and implemented in a simple way, it becomes easier for aspiring entrepreneurs, regardless of their connections, to operate under the rule of law and

to benefit from the opportunities and protections that it provides.

In this sense *Doing Business* values good rules as a key to social inclusion. It also provides a basis for studying effects of regulations and their application. For example, *Doing Business 2004* found that faster contract enforcement was associated with perceptions of greater judicial fairness—suggesting that justice delayed is justice denied.<sup>8</sup>

### DOING BUSINESS IN RUSSIA 2012 AS A BENCHMARKING EXERCISE

*Doing Business in Russia 2012*, in capturing key dimensions of regulatory regimes, can be useful for benchmarking. Any benchmarking—for individuals, firms or economies—is necessarily partial: it is valid and useful if it helps sharpen judgment, less so if it substitutes for judgment.

*Doing Business in Russia 2012* provides 2 takes on the data it collects: it presents “absolute” indicators for each city for each of the 4 regulatory topics it addresses and provides rankings of cities by indicator. Judgment is required in interpreting these measures for any city and in determining a sensible, politically feasible path for reform.

Reviewing the *Doing Business* rankings in isolation may show unexpected results. Some cities might rank unexpectedly high on some indicators. And some cities that have had rapid growth or attracted a lot of investment might rank lower than others that appear less dynamic.

But for reform-minded local governments, how much the regulatory environment for local entrepreneurs improves matters more than their relative ranking. As cities develop, they strengthen and add to regulations to protect investor and property rights. They also find more efficient ways to implement existing regulations and cut outdated ones. One finding of *Doing Business* is that dynamic and growing economies continually reform and update their regulations and their way of implementing them—while many poor economies still work with regulatory systems dating to the late 1800s.

### WHAT RESEARCH SHOWS ON THE EFFECTS OF BUSINESS REGULATION

Nine years of *Doing Business* data, together with other datasets, have enabled a growing body of research on how specific areas of business regulation—and reforms—relate to social and economic outcomes. Some 873 articles have been published in peer-reviewed academic journals, and about 2,332 working papers are available through Google Scholar.<sup>9</sup>

Much attention has been given to exploring links to microeconomic outcomes, such as firm creation and employment. Recent research focuses on how business regulations affect the behavior of firms by creating incentives (or disincentives) to register and operate formally, create jobs, innovate and raise productivity.<sup>10</sup> Many studies have also looked at the role played by courts, credit bureaus and insolvency and collateral laws in providing incentives for creditors and investors to increase access to credit. The literature has produced a range of findings.

**Lower costs for business registration encourage entrepreneurship and enhance firm productivity.** Economies with efficient business registration have a higher entry rate by new firms as well as greater business density.<sup>11</sup> Economies where registering a new business takes less time see more businesses register in industries with the greatest potential for growth, such as those with higher global demand or new technology.<sup>12</sup> Reforms making it easier to start a business tend to have a significantly positive effect on investment in product market industries such as transport, communications and utilities, which are often sheltered from competition.<sup>13</sup> There is also evidence that more efficient business entry regulations improve firm productivity and macroeconomic performance.<sup>14</sup>

**Simpler business registration translates into greater employment opportunities in the formal sector.** Reducing start-up costs for new firms resulted in higher take-up rates for education, higher rates of job creation for highly skilled labor and higher average productivity because new firms are often set up by highly skilled workers.<sup>15</sup> Lowering entry

costs can boost legal certainty: businesses entering the formal sector gain access to the legal system, to the benefit of themselves and their customers and suppliers.<sup>16</sup>

Assessing the impact of policy reforms poses challenges. While correlations across economies can appear strong, it is difficult to isolate the effect of regulations given all the other factors that vary at the economy level. Such correlations usually do not show whether a specific outcome is caused by a specific regulation or whether it coincides with factors such as a more positive economic situation. So how is it possible to know whether things would have been different without a specific reform? Some studies have been able to test this by investigating variations in an economy over time. Other studies have investigated policy changes that affected only certain firms or groups. Several economy-specific impact studies have concluded that simpler entry regulations encourage the establishment of more firms:

- In Mexico one study found that a program that simplified municipal licensing led to a 5% increase in the number of registered businesses and a 2.2% increase in wage employment, while competition from new entrants lowered prices by 0.6% and the income of incumbent businesses by 3.2%.<sup>17</sup> Other research found that the same licensing reform led to a 4% increase in start-ups and that the program was more effective in municipalities with less corruption and lower costs for other registration procedures.<sup>18</sup>
- In India the progressive elimination of the “license raj” led to a 6% increase in new firm registrations, and highly productive firms entering the market saw larger increases in real output than did less productive firms.<sup>19</sup> Simpler entry regulation and labor market flexibility were found to be complementary. States with more flexible employment regulations saw a 25% larger decrease in informal firms and 17.8% larger gains in real output than did states with less flexible labor regulations.<sup>20</sup> The licensing reform also led to a productivity improvement of 22% for firms affected by it.<sup>21</sup>

- In Colombia new firm registrations increased by 5.2% after the creation of a one-stop shop for businesses.<sup>22</sup>
- In Portugal the introduction of a one-stop shop for businesses led to a 17% increase in firm registrations and 7 new jobs for every 100,000 inhabitants compared with economies that did not implement the reform.<sup>23</sup>

**A sound regulatory environment leads to stronger trade performance.** Efforts to streamline the institutional environment for trade (such as by making customs more efficient) have benefits for trade.<sup>24</sup> One study found that an inefficient trade environment was among the main factors in poor trade performance in Sub-Saharan economies.<sup>25</sup> Another study identified government's ability to formulate and implement sound policies and regulations that promote private sector development, customs efficiency, infrastructure quality and access to finance as important factors in improving trade.<sup>26</sup> The same study found that economies with more constrained access to foreign markets benefit more from improvements in the investment climate than those with easier access.

Research also shows that an economy's ability to enforce contracts is an important determinant of its comparative advantage in the global economy. Among comparable economies, those with good contract enforcement tend to produce and export more customized products than those with poor contract enforcement.<sup>27</sup> Another study shows that in many developing economies, production of high-quality output is a precondition for firms to become exporters: institutional reforms that lower the cost of high-quality production increase the positive effect that facilitating trade can have on income.<sup>28</sup> Removing barriers to trade should be accompanied by other reforms—such as making labor markets more flexible—to raise productivity and growth.<sup>29</sup>

**Regulations and institutions that form part of financial market infrastructure—including courts, credit information systems, and collateral, creditor and insolvency laws—help ease access to credit.** The World Bank's Enterprise Surveys show that access to

credit is a major constraint to businesses.<sup>30</sup> Good credit information systems and strong collateral laws can help alleviate financing constraints. In 12 transition economies found that strengthening collateral laws increased the supply of bank loans by 13.7%.<sup>31</sup> Creditor rights and the existence of credit registries, public or private, are both associated with a higher ratio of private credit to GDP.<sup>32</sup> And sharing more information through credit bureaus is associated with higher bank profitability and lower bank risk.<sup>33</sup>

Economy-specific research assessed the effect of efficient debt recovery and exit processes in determining conditions of credit and in ensuring that less productive firms are restructured or exit the market:

- The establishment of specialized debt recovery tribunals in India sped up the resolution of debt recovery claims and allowed lenders to seize more collateral on defaulting loans. It also increased the probability of repayment by 28% and lowered interest rates on loans by 1-2 percentage points.<sup>34</sup>
- Following a broad bankruptcy reform in Brazil in 2005 that, among other things, improved the protection of creditors, the cost of debt fell by 22% and the level of credit rose by 39%.<sup>35</sup>
- Improving insolvency regimes that streamlined mechanisms for reorganization reduced the number of liquidations by 8.4% in Belgium and by 13.6% in Colombia because more viable firms opted for reorganization.<sup>36</sup> In Colombia the new law better distinguished viable and nonviable firms, making survival more likely for financially distressed but viable firms.

## HOW GOVERNMENTS USE DOING BUSINESS

Quantitative data and benchmarking can be useful in stimulating debate about policy, by exposing potential challenges and identifying where policy makers might look for lessons and good practices. For governments, a common first reaction is to doubt the quality and relevance of *Doing Business* data. Yet the debate typically proceeds to a deeper discussion exploring the relevance of the data to the economy and areas where reform might make sense.

Most reformers start out by seeking examples, and *Doing Business* helps in this effort (boxes 2.1 and 2.2). For example, Saudi Arabia used the company law of France as a model of for revising its own. Many economies in Africa look to Mauritius—the region's strongest performer on *Doing Business* indicators—as a source of good practices for reform of business regulation. In the words of Luis Guillermo Plata, the former minister of commerce, industry and tourism of Colombia:

*It's not like baking a cake where you follow the recipe. No. We are all different. But we can take certain things, certain key lessons, and apply those lessons and see how they work in our environment.*

### BOX 2.1 How economies have used *Doing Business* in regulatory reform

To ensure coordination of efforts across agencies, economies such as Colombia, Rwanda and Sierra Leone have formed regulatory reform committees reporting directly to the president that use *Doing Business* indicators as one input to inform their programs for improving business environments. More than 20 other economies have formed such committees at the interministerial level, including India, Malaysia, Taiwan (China) and Vietnam in East and South Asia; the Arab Republic of Egypt, Morocco, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and the Republic of Yemen in the Middle East and North Africa; Georgia, Kazakhstan, the Kyrgyz Republic, Moldova and Tajikistan in Eastern Europe and Central Asia; Kenya, Liberia, Malawi and Zambia in Sub-Saharan Africa; and Guatemala, Mexico and Peru in Latin America. Governments have reported more than 300 regulatory reforms that have been informed by *Doing Business* since 2003.

Over the past 9 years there has been much activity by governments in reforming regulation. Most reforms related to *Doing Business* topics were nested in broader programs aimed at enhancing economic competitiveness. In structuring their reform programs for the business environment, governments use



multiple data sources and indicators. And reformers respond to many stakeholders and interest groups, all of whom bring important issues and concerns to the reform debate. World Bank Group dialogue with governments on the investment climate is designed to encourage critical use of the data, sharpen judgment, avoid a narrow focus on improving *Doing Business* rankings and encourage broadly based reforms that enhance the investment climate. The World Bank Group uses a vast range of indicators and analytics in this policy dialogue, including its Global Poverty Monitoring Indicators, Logistics Performance Indicators and many others. All indicators are available to the public at <http://data.worldbank.org>.

#### BOX 2.2 How regional economic forums use *Doing Business*

The Asia-Pacific Economic Cooperation (APEC) organization uses *Doing Business* to identify potential areas of regulatory reform, champion economies that can help others improve and set measurable targets. In 2009 APEC launched the Ease of Doing Business Action Plan with the goal of making it 25% cheaper, faster and easier to do business in the region by 2015. The action plan sets specific targets, such as making it 25% faster to start a business by reducing the average time by 1 week.

Drawing on a firm survey, planners identified 5 priority areas: starting a business, getting credit, enforcing contracts, trading across borders and dealing with construction permits. APEC economies then selected 6 “champion economies” for the priority areas: New Zealand and the United States (starting a business), Japan (getting credit), the Republic of Korea (enforcing contracts), Singapore (trading across borders) and Hong Kong SAR, China (dealing with construction permits). In 2010 and 2011 several of the champion economies organized workshops to develop programs to build capacity in their areas of expertise.

Source: APEC (Asia-Pacific Economic Cooperation). 2010. “APEC Ease of *Doing Business* Action Plan (2010-2015).” <http://aimp.apec.org/>

## METHODOLOGY AND DATA

*Doing Business in Russia 2012* covers 30 cities. The data are based on national and local laws

and regulations as well as administrative requirements. (For a detailed explanation of the *Doing Business in Russia 2012* methodology, see data notes).

### Information sources for the data

Most of the indicators are based on laws and regulations. In addition, most of the cost indicators are backed by official fee schedules. *Doing Business in Russia in 2012* respondents both fill out written surveys and provide references to the relevant laws, regulations and fee schedules, aiding data checking and quality assurance.

For some indicators part of the cost component (where fee schedules are lacking) and the time component are based on actual practices rather than laws on the books. This approach introduces a degree of subjectivity. Thus the *Doing Business* approach has been to work with legal practitioners or professionals who regularly conduct the transactions involved. Following the standard methodological approach for time and motion studies, *Doing Business* breaks down each process or transaction, such as starting and legally operating a business, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction.

The *Doing Business* approach to data collection contrasts with that of enterprise or firm surveys, which often capture one-time perceptions and experiences of businesses. A corporate lawyer registering 100-150 businesses a year will be more familiar with the process than an entrepreneur, who will register a business once or maybe twice. A bankruptcy judge deciding dozens of cases a year will have more insight into bankruptcy than a company that undergoes the process.

### Development of the methodology

The methodology for calculating each indicator is transparent, objective and easily replicable. Leading academics collaborate in the development of the indicators, ensuring academic rigor. Eight of the background papers underlying the indicators have been published in leading economic journals.

*Doing Business* uses a simple averaging approach for weighting sub-indicators and calculating rankings. Other approaches were explored, including using principal components and unobserved components. The principal components and unobserved components approaches yielded results nearly identical to those of simple averaging. The tests show that each set of indicators provide sufficiently broad coverage across topics. So the simple averaging approach is used.

### Improvements to the methodology

The methodology has undergone continual improvement over the years. Changes have been made mainly in response to suggestions from client economies. In accordance with the *Doing Business* methodology, these changes have been incorporated into *Doing Business in Russia 2012*.

For starting a business, for example, the minimum capital requirement can be an obstacle for potential entrepreneurs. Initially, *Doing Business* measured the required minimum capital regardless of whether it had to be paid up front. In many economies only part of the minimum capital has to be paid up front. To reflect the actual potential barrier to entry, the paid-in minimum capital has been used since 2004.

This year’s report removes procedures related to getting an electricity connection from dealing with construction permits indicators. This has been done to avoid double counting because the *Doing Business* report includes an 11th indicator this year—getting electricity.<sup>37</sup> *Doing Business in Russia 2012* has reflected the removal of procedures related to getting an electricity connection from dealing with construction permits to allow for international comparability.

All changes in methodology are explained in the data notes section of this report as well as on the *Doing Business* website. In addition, data time series for each indicator and city are available on the website. The website also makes available all original datasets used for background papers.

Information on data corrections is provided in the data notes and on the website. A transparent complaint procedure allows

anyone to challenge the data. If errors are confirmed after a data verification process, they are quickly corrected.

## NOTES

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# Starting a business

Boosting the growth of small and medium-size enterprises has become a policy priority for Russia. The government has proposed measures to encourage 60-70% of the population to become involved in entrepreneurial activity by 2020.<sup>1</sup> The Ministry of Economic Development recently projected that the share of small and medium-size enterprises in GDP would reach 50% in 5-7 years.<sup>2</sup> Support programs for small and medium-size firms have become a pillar in promoting industry diversification and innovation.

## WHY DOES STARTING A BUSINESS MATTER?

Formal incorporation has many benefits. Legal entities outlive their founders. Resources can be pooled as several shareholders join together. Limited liability companies cap the financial liability of company owners to their investments, so personal assets are not put at risk. And companies have access to services and institutions—from courts to banks—as well as to new customers and markets. A recent study using data collected from company registries in 100 countries over 8 years found that simple business start-up is critical for fostering formal entrepreneurship. Countries with smart business registration have a higher entry rate as well as greater business density.<sup>3</sup>

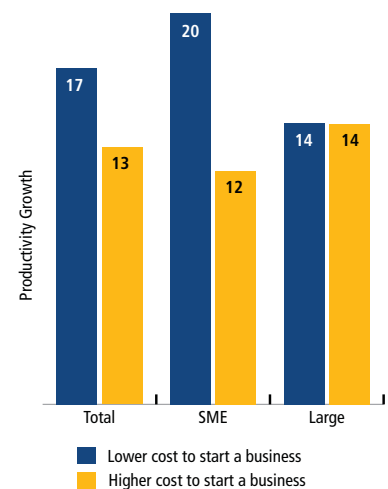
Evidence from time series and country studies shows that reforms to ease business entry increase the number of new firms and sustain gains in economic performance, including in employment and productivity.<sup>4</sup> In Russia, World Bank Enterprise Surveys from 27 of the cities studied by this report show a correlation between the cost of starting a business and sales and productivity growth. The difference between a city with an average cost of 2.4% of income per capita to start a business and one with 2.0% is associated

with an increase in productivity of about 8% for small and medium-size firms. This change in cost is not correlated with any changes in productivity among large firms (figure 3.1).<sup>5</sup> Lower costs to start a business can facilitate firm entry and raise competition which is conducive to greater productivity. Stronger competition might have a stronger impact on small and medium size firms, since most firms start small, especially in the short run.

## WHAT DOES STARTING A BUSINESS MEASURE?

*Doing Business* measures the procedures, time and cost for small and medium-size limited liability companies to start and operate formally (figure 3.2). These requirements include obtaining needed licenses and permits and completing required notifications, verifications and inscriptions for the company and employees. The report also records the paid-in minimum capital that companies must deposit before registration. To make the data comparable across 183 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has a start-up capital equivalent to 10 times income per capita, engages in

**FIGURE 3.1** Lower-start up costs are correlated with an 8% increase in productivity for small and medium-size businesses across Russian cities



*Note:* Productivity data obtained from the partial sample of firms of the World Bank Enterprise Surveys from 2011-12 (75% of the overall sample). The cost to start a business is obtained from *Doing Business in Russia 2012*; the analysis covers 27 of the 30 cities measured (all but Surgut, Petrozavodsk and Vladikavkaz). The significant correlation is found after controlling for other potential explanations of the correlation such as firms' sector of activity, age, initial conditions, and the rate of growth of each city. See *Data notes* for details.

*Source:* *Doing Business* database.

**FIGURE 3.2** The starting a business indicator measures the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running

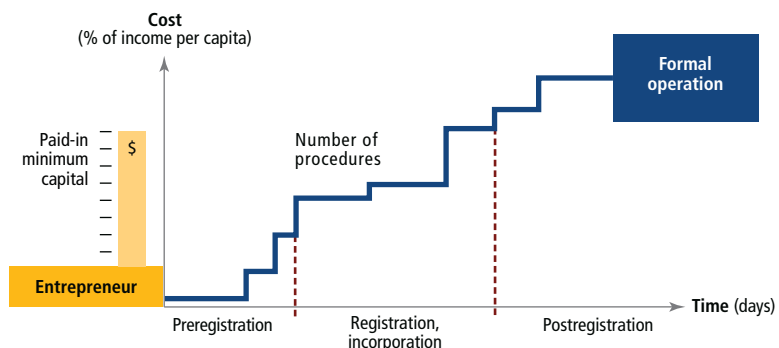
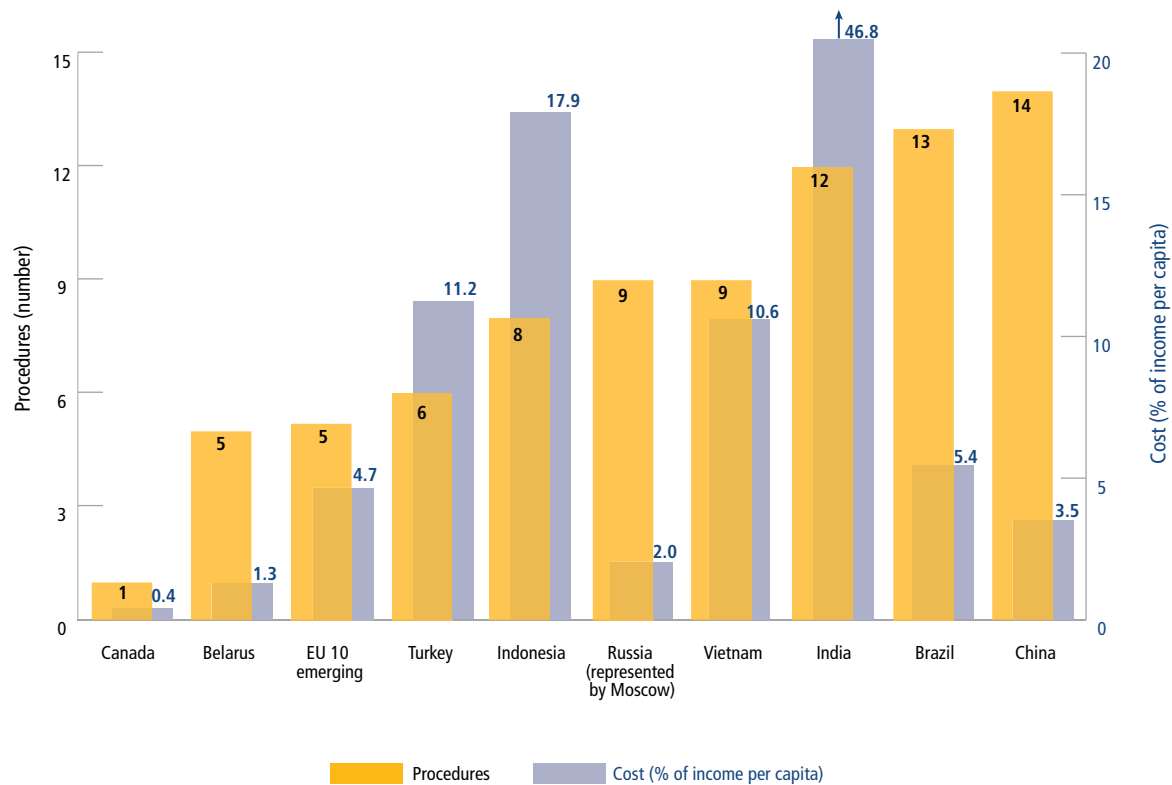


FIGURE 3.3 Starting a business is inexpensive in Russia, but involves many procedures



Note: The EU 10 countries include the eight Central European countries that joined the EU in 2004: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic and Slovenia; and Bulgaria and Romania that joined the EU in 2007.

Source: Doing Business database.

general industrial or commercial activities and has between 10 and 50 employees.

### HOW DOES RUSSIA COMPARE GLOBALLY?

Governments are aware of the importance of reforms to business entry: the *Doing Business* database shows that simplifying business registration has been among the most common reforms introduced by governments since the report was introduced in 2004. But practices vary greatly. In New Zealand, the top global performer, an entrepreneur can register a business online in 15 minutes for \$118.

Countries elsewhere have been learning from the best performers. In Eastern Europe, Belarus and the former Yugoslav Republic of Macedonia have been top reformers for several years, with company registration taking 3 days in FYR Macedonia and 5 days

in Belarus, putting them among the top 10 economies on the ease of starting a business. At the other end of the spectrum, in India—ranked 166—it takes 12 procedures, 29 days, and 47% of income per capita to register a company. The gap between the top performers and economies still working on refining their business start-up procedures is shrinking thanks to 48 economies reforming on average each year, as recorded by *Doing Business* since 2006.

Moscow represents Russia in the annual *Doing Business* publication. The start-up process takes 9 procedures over 30 days and costs 2% of income per capita—among the cheapest in the world (figure 3.3). It ranks ahead of India, Indonesia, China, Brazil and Nigeria, but behind Vietnam, Turkey, and many high income OECD economies.

### HOW DOES STARTING A BUSINESS WORK IN RUSSIA?

The 2001 law “On Registration of Legal Entities and Sole Proprietors” governs business start-up. Together with Canada, Russia is one of few countries around the globe with a single national database of registered companies valid throughout the whole country. In addition, Russian companies do not need to reserve a commercial name because their unique registration number is sufficient.

Under this unified framework, company and tax registration were combined and the Federal Tax Service became the main counterpart in charge of business start-up. The law stipulates the establishment of one-stop shops to centralize the following procedures: entering the new business into the Unified State Register of Legal Entities (EGRYUL), registering it with the tax authorities to obtain a taxpayer identification number and

tax registration code, registering employees with the pension fund, the social security fund and the medical insurance fund, and getting a statistics code from the Federal State Statistics Service. The law sets time limits for completing each set of registrations: 5 working days for the one-stop shop to enter the company in EGRYUL and assign the tax codes and 5 more to forward the information to the social funds and statistics service, which then have 5 working days to enter the new company into their registries and 5 more to confirm the registration back to the one-stop shop.<sup>6</sup>

### HOW DOES STARTING A BUSINESS VARY ACROSS RUSSIAN CITIES?

Across Russia, registering a company takes on average 9 procedures, 23 days and costs 2.3% of income per capita. There are some differences in how federal law is implemented in the 30 cities studied. The number of procedures ranges from 7 in Murmansk, Kirov, Perm, Petrozavodsk, Saint Petersburg, Stavropol, Yakutsk and Yaroslavl to 12 in Vladikavkaz. The time needed varies from 16 days in Kaliningrad to 33 days in Yekaterinburg. And the cost ranges from 6,000 to 9,000 rubles (\$200-300). It is easiest to start a business in Saint Petersburg and more cumbersome in Surgut (table 3.1).

Variations in the number of procedures and time derive from the degree of involvement of one-stop shops in post-registration procedures to register employees with medical insurance, social security and pension funds and getting statistics codes from the Federal State Statistics Service. Saint Petersburg's one-stop shop centralizes these steps—after registering the company with EGRYUL and the tax administration, it sends the relevant information to the social funds and statistics service and receives the registration confirmations from them. After just 9 days entrepreneurs can pick up the full package at the same window where they submitted their applications. In Yekaterinburg the same process takes 30 days. There the one-stop shop enters the company in the business and tax registers and forwards the information to the 3 social funds and statistics office. Then the one-stop shop disengages. After each agency registers the company, it mails the

registration confirmation to the new company's legal address.

Because the postal service can be slow, entrepreneurs in some cities prefer to move post-registration papers themselves, bypassing the mailing of the documents via postal system. In 11 cities entrepreneurs personally pick up the statistics code needed to open a bank account from the statistics office. In Irkutsk entrepreneurs pick up tax and company registrations from the one-stop shop, then visit the statistics office, the pension fund and the social security fund

separately. Rather than dealing with one official at one window, entrepreneurs interact with 4 institutions, but may gain time. In Kaluga, Saransk and Vladikavkaz, where a 2011 federal law merging registration for pension fund and medical insurance is not enforced, entrepreneurs also visit the medical insurance fund (figure 3.4).

The average cost of starting a business in Russia of 2.3% of income per capita is half the average cost of 4.7% in OECD high-income economies. The cost in the cities studied in Russia varies from 1.7% of income per capita in Kazan to 3% in Surgut. In the pre- and post-registration phases, entrepreneurs interact with private agents including banks, seal-makers and notaries. These interactions explain the cost differences.

Entrepreneurs visit banks at least twice, first to open a temporary account to deposit the paid-in minimum capital, then to make the account permanent. The cost of opening a permanent company bank account varies from a low nominal charge in Moscow to 4,000 rubles (\$130) in Khabarovsk. The difference stems from how much a bank charges for copying and verifying registration confirmations and certifying the signature on the bank card.

### WHAT REFORMS WERE IMPLEMENTED?

In 2011 Russia made it possible to register a business online in 4 pilot locations—Moscow, the Orenburg district, Saint Petersburg and the Tula district ([www.nalog.ru](http://www.nalog.ru)). But physical one-stop shops are much more widely used throughout the country. Since *Doing Business in Russia 2009* was published, the one-stop shops in Irkutsk, Perm, Petrozavodsk, Rostov-on-Don, Saint Petersburg, Tomsk and Voronezh centralized more functions, resulting in fewer interactions for entrepreneurs. Because of better coordination between the tax service, statistics office and social funds, up to 4 procedures were eliminated in Voronezh and 3 in Tomsk.

But fewer interactions do not automatically lead to less waiting time if notifications are sent by mail. An exception is Saint Petersburg, where the one-stop shop

TABLE 3.1 Ease of starting a business ranking for the 30 cities measured in Russia

City	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)
St. Petersburg*	1	7	17	2.1
Volgograd	2	8	22	2.0
Ulyanovsk	3	8	21	2.1
Kazan*	4	9	21	1.7
Stavropol	4	7	23	2.2
Petrozavodsk*	6	7	23	2.2
Yaroslavl	7	7	27	2.0
Irkutsk*	8	10	19	2.1
Yakutsk	8	7	25	2.2
Vyborg	10	8	25	2.0
Kaliningrad	11	8	16	2.4
Murmansk	12	7	25	2.2
Kirov	13	7	29	2.1
Perm*	13	7	25	2.2
Tomsk*	15	8	23	2.2
Voronezh*	15	8	18	2.5
Kaluga	17	11	22	2.1
Vladivostok	18	8	23	2.3
Omsk	19	8	25	2.2
Saransk	20	11	20	2.3
Tver*	21	8	25	2.4
Samara	22	10	19	2.5
Novosibirsk	23	11	22	2.3
Khabarovsk	24	8	23	3.0
Moscow*	25	9	30	2.1
Rostov-on-Don*	26	11	21	2.5
Vladikavkaz	27	12	22	2.3
Kemerovo	28	11	22	2.5
Yekaterinburg	29	8	33	2.4
Surgut	30	11	22	3.0

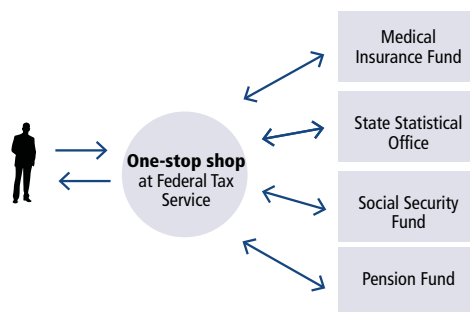
\* City measured in *Doing Business in Russia 2009*

Note: Rankings are based on the average city percentile rankings on the procedures, time and cost to start a business. Cities with the same average percentile rankings have the same rank. See *Data notes* for details.

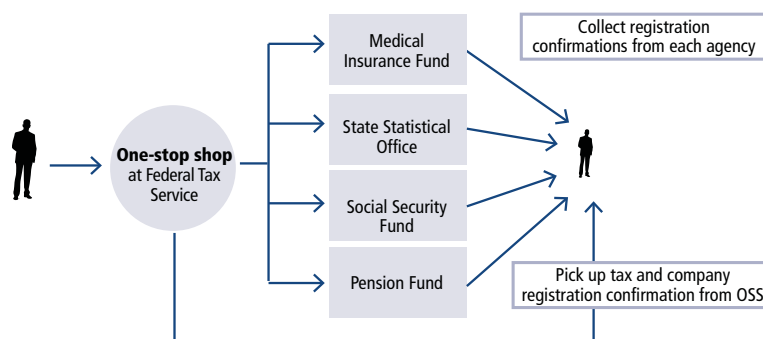
Source: *Doing Business* database.

FIGURE 3.4 Comparing the one-stop shops of Saint Petersburg and Saransk

## How the one-stop-shop functions in Saint Petersburg



## How the one-stop-shop functions in Saransk



Source: Doing Business database.

consolidates all notifications, saving entrepreneurs 6 days. And in 2 of the 10 cities measured twice over time, Petrozavodsk and Rostov-on-Don, a 2006 decree stating that banks should not request notarized copies for opening company bank accounts led to the elimination of the need to notarize registration notifications.

Though still low from an international perspective, the cost of starting a business across Russian cities has increased since 2008. This is mainly due to a doubling of the state registration fee, from 2,000 rubles (\$66) in 2008 to 4,000 rubles (\$133) in 2011.

## WHAT TO REFORM?

### *Replace paper registration certificates with electronic notifications*

Entrepreneurs in many cities visit up to 5 institutions—the one-stop shop at the tax administration, statistics office, social security fund, pension fund and medical insurance fund—to get their registration notifications; or receive

them by mail. Company and tax registration certificates could become available electronically from the Federal Tax Services website. Other registration numbers could be available from the company registry extract or online. Regulation should be issued to legitimize online information to ensure that paper copies are no longer needed.

### *Extend online company registration to more cities and promote its use*

In 2011 Russia introduced online company registration in Moscow, the Orenburg district, Saint Petersburg and the Tula district. But the processing system could be simplified. The customer interface could be more user friendly by eliminating, for example, the need to first download the software or by making available sample charters that could be selected by a click of the mouse. In addition, entrepreneurs still have to notarize their signatures on the application forms, even if they can use electronic signatures on other documents. This practice undermines

the concept of both online registration and electronic signatures.

Making registration electronic is the ultimate way to streamline business start-up. Seven of the economies with the fastest business start-up offer online electronic registration—Australia, Canada, Denmark, Estonia, New Zealand, Portugal and Singapore. More than 20 economies have introduced electronic registration in the past 6 years. Allowing entrepreneurs to complete registration online without visiting a government office or notary should be the goal. The Russian government should implement an online one-stop shop as a single virtual interface for entrepreneurs.

### *No longer require notarized signatures on registration applications*

The Company Registration Law requires that founders' signatures on registration application forms be notarized. The purpose is to confirm the identity of applicants and verify their signatures. When founders submit

registration packages, their identities can easily be checked by one-stop shops. If submitted by third parties, a power of attorney could serve as confirmation, so notarization would not be required.

The verification performed by notaries is also performed by the tax administration, duplicating efforts and processes. Half of the economies measured by *Doing Business* do not require the involvement of notaries to incorporate a limited liability company. Other countries, such as Belarus, Hungary, Portugal and Romania have made notary involvement optional.

With online registration and digital signature, the need to verify personal identification would become obsolete. Singapore's registrar rightfully assumes that most businesses would not aim to go through fraudulent registration and put their control into the hands of strangers. In the few cases where people are listed as company founders without their consent, the registry office uses post-registration verification and informs them that a company has been created with them listed as a founder. Registry officials focus their time and attention on the minority of fraudulent cases instead of verifying every single application.

### ***Make the company seal optional***

An official seal is intended to confirm the legality of a company's contracts. But seals can be forged easily, and most economies have done away with them. Seals are being replaced by electronic signatures. About 60% of economies do not use them. Since 2007, 14 economies, including Bulgaria and Pakistan, have eliminated or made optional the requirement for companies to have seals. Russia's Law on Limited Liability Companies

and other legislation, in particular on banking and taxation, require company seals.

Russia has a law on electronic signatures (Federal Law on Electronic Digital Signature, 2002), but its implementation is lagging. Promoting the use of electronic signatures and eliminating the need for seals would save entrepreneurs time, costs, allow for online company start-up, tax filing, and other services based on information technology, and protect business information better by making it harder to falsify documents.

### ***Do not require entrepreneurs to notify government agencies about opening bank accounts***

Article 23 of the Tax Code requires that the entrepreneur or company notify the tax authorities within 7 days of opening or closing a bank account. Article 86 also obliges banks to inform the tax authorities about the opening or closing of bank accounts in 5 days. This duplication is cumbersome for entrepreneurs, especially if the postal system is unreliable and they have to deliver the notification in person. Banks can easily inform the tax authorities electronically, so entrepreneurs should be exempt from this responsibility.

### ***Eliminate the minimum capital requirement***

Entrepreneurs starting a business must have 10,000 rubles (\$333), or almost 2% of income per capita, to be deposited into a bank account in the first year of a company's operation. Half of that has to be deposited before the application for business registration. The rationale is that this requirement protects creditors. But the deposited capital is rather nominal and does not provide protection for creditors.

It can also be withdrawn after registration—hardly of any value in insolvency. And it is not clear that minimum capital requirements have much value in other ways. Fixed amounts of capital do not take into account differences in commercial risks. Recovery rates in bankruptcy are no higher in economies with minimum capital requirements than in those without.<sup>7</sup> Thus the minimum capital requirement is not an appropriate way of safeguarding the interests of creditors.

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## NOTES

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# Dealing with construction permits

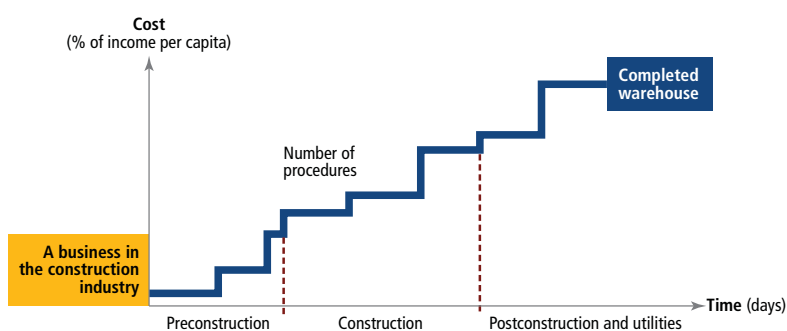
Since 2002 Russia's construction industry has been the most profitable after oil and gas.<sup>1</sup> At the height of its activity in 2008, the construction sector employed 8% of Russia's workers and generated 6.3% of GDP.<sup>2</sup> The construction industry was hit hard by the global economic downturn of 2008/09. According to some estimates, 80% of construction projects were suspended and almost no new residential or commercial property projects started. As the effects of the crisis dissipated, this share fell to 50%.<sup>3</sup>

External factors can have a large impact, but so can regulation. Though external shocks are difficult for policymakers to respond to, providing the right regulatory environment is in their hands. In regulating the construction industry, it is important to strike the right balance between safety and efficiency. Smart regulations can ensure public safety and revenue for government while making life easier for entrepreneurs.

## WHY DOES DEALING WITH CONSTRUCTION PERMITS MATTER?

Complex, confusing regulation hurts business and can encourage corruption. Instead of promoting public safety, overly rigid regulation can push construction into the informal economy. By some estimates, 60–80% of building projects in developing economies are undertaken without proper permits and approvals. In the Philippines 57% of new construction is considered illegal.<sup>4</sup> Fewer procedures do not mean less safety—Denmark, New Zealand and Sweden each have 6–8 procedures, and buildings in all three countries are considered safe.

FIGURE 4.1 What are the time, cost and number of procedures to comply with formalities to build a warehouse?



## WHAT DOES DEALING WITH CONSTRUCTION PERMITS MEASURE?

*Doing Business* measures the time, cost and procedures required for a small and medium-size enterprise to obtain all approvals needed to build a simple commercial warehouse and connect it to water, sewage and a fixed telephone line (figure 4.1). *Doing Business* includes all inspections needed before, during and after construction of the warehouse. It is assumed that the warehouse is located in the periurban area of the city, is not in a special economic or industrial zone and will be used for general storage.

Such indicators can be telling. A recent report by KPMG indicated that construction costs and permitting processes were among the top 20 factors determining the location of start-ups in the United States.<sup>5</sup>

## HOW DOES DEALING WITH CONSTRUCTION PERMITS IN RUSSIA COMPARE GLOBALLY?

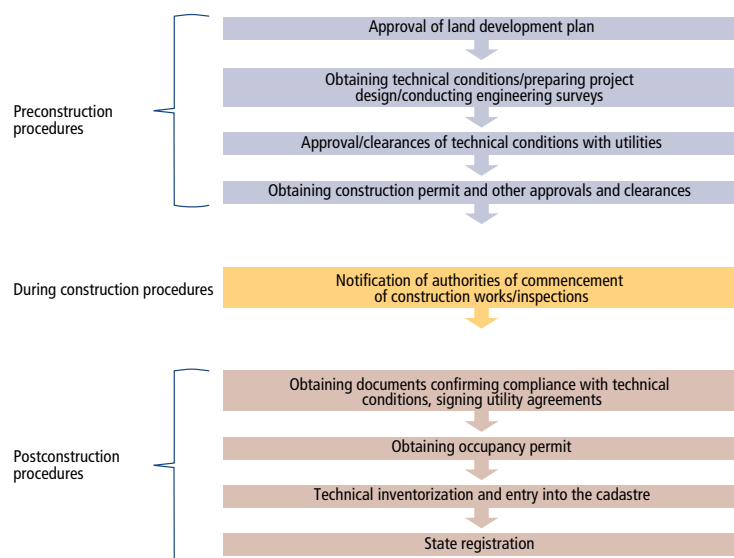
Russia, as represented by Moscow, ranked 178th on the ease of dealing with

construction permits, according to *Doing Business 2012*. After the recent removal of 4 approvals previously required from the Moscow city administration, the process now takes 47 procedures, 392 days and costs 171.5% of income per capita. For an entrepreneur in the average Russian city the process would be easier, faster and cheaper with 25 procedures in 269 days at a cost of 121.4% of income per capita. Hong Kong SAR, China, has been the top performer in dealing with construction permits among the 183 economies ranked by *Doing Business* over the last 3 years. It takes only 6 procedures, 67 days and a cost of 17.8% of income per capita.

## HOW DOES DEALING WITH CONSTRUCTION PERMITS WORK IN RUSSIA?

Dealing with construction permits follows the same stages across Russian cities (figure 4.2). Construction permits are regulated by the Urban Development Code, which prescribes most procedures, sets time limits for their completion and regulates costs.<sup>6</sup> For instance, the code regulates the time and

FIGURE 4.2 Construction permitting follows roughly the same stages across Russia



Source: Doing Business database.

cost of obtaining the 2 most critical documents: building and occupancy permits. In addition, federal law caps the time required to register a newly constructed building.<sup>7</sup> But these laws are not implemented universally across cities and significant differences exist. In some cases, practice at the local level might show additional requirements.

### HOW DOES DEALING WITH CONSTRUCTION PERMITS VARY ACROSS RUSSIAN CITIES?

In Surgut it is easy to obtain a construction permit, while in Moscow it is most cumbersome. Globally, Surgut would rank 96 out of 183 economies as measured by *Doing Business*. In Surgut the construction process takes 150 days—very close to the OECD average of 152 (table 4.1).

The number of procedures varies widely, from 16 in Murmansk to 47 in Moscow. Of these, 11 of the average 25 procedures are required before construction, 4 during construction and 10 postconstruction. In comparison, OECD high-income countries manage the entire process with 14 procedures. There are 3 explanations for additional requirements in some cities.

First, in some cases city regulations are not up-to-date with federal laws. This explains antiquated requirements in some cities that predated the introduction of the federal Urban Development Code in 2004. Another reason is the lack of modern zoning rules in some cities. In such cases developers have to do additional analysis to determine what can be built where. Finally, there are different local practices—even though not required by federal legislation, builders choose to go through certain procedures to “guarantee” trouble-free construction and postconstruction. Builders report that despite knowing that their projects are not subject to certain procedures, city authorities continue issuing them, and builders choose to obtain them as a precaution, preferring “being safe than sorry.” Until October 2011, such was the case in Moscow, when the authorities issued a document verifying that communication lines and power grids are in accordance with the technical conditions from the utility company.

Article 51 of the Urban Development Code outlines the requirements to obtain a construction permit: conduct geodesic and topographic surveys of the land plot to document

what can or cannot be built on the land plot, obtain a land development plan (GPZU)<sup>8</sup> and technical conditions for utility connections.<sup>9</sup> During preconstruction all cities follow similar steps, yet in some the process is simpler. Murmansk, Perm, Petrozavodsk, Rostov-on-Don, Surgut and Yekaterinburg require only 6 procedures. Moscow is the city with most preconstruction approvals—23—including from the Ministry of Civil Defense, Ministry of Emergencies and Natural Disaster Management, State Inspection of Road Safety, Fire Department, Department

TABLE 4.1 Ease of dealing with construction permits ranking for the 30 cities measured in Russia

City	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)
Surgut	1	17	150	106.2
Stavropol	2	23	216	47.1
Kaliningrad	3	17	239	86.3
Ulyanovsk	4	30	191	45.6
Kirov	5	29	206	47.3
Irkutsk*	6	17	215	141.0
Tomsk*	6	18	279	66.5
Saransk	8	30	191	67.3
Kaluga	9	24	264	48.0
St. Petersburg*	9	18	361	51.3
Vladikavkaz	11	29	201	91.1
Perm*	12	21	229	107.7
Yekaterinburg	13	21	217	136.1
Kazan*	14	32	223	40.0
Rostov-on-Don*	15	18	294	95.0
Petrozavodsk*	16	18	285	117.2
Yaroslavl	17	22	247	130.6
Novosibirsk	18	20	248	146.7
Murmansk	19	16	357	137.4
Omsk	20	29	312	62.4
Kemerovo	21	24	322	74.8
Vladivostok	22	26	218	169.4
Vyborg	23	20	279	297.9
Samara	24	30	200	417.9
Tver*	25	30	448	75.2
Yakutsk	26	26	280	178.0
Volgograd	27	23	371	186.0
Voronezh*	28	31	364	111.4
Khabarovsk	29	32	269	188.9
Moscow*	30	47	392	171.5

\* City measured in *Doing Business in Russia 2009*

Note: Rankings are based on the average percentile rankings on the procedures, time, and cost to deal with construction permits. Cities with the same average percentile rankings have the same rank. See *Data notes* for details.

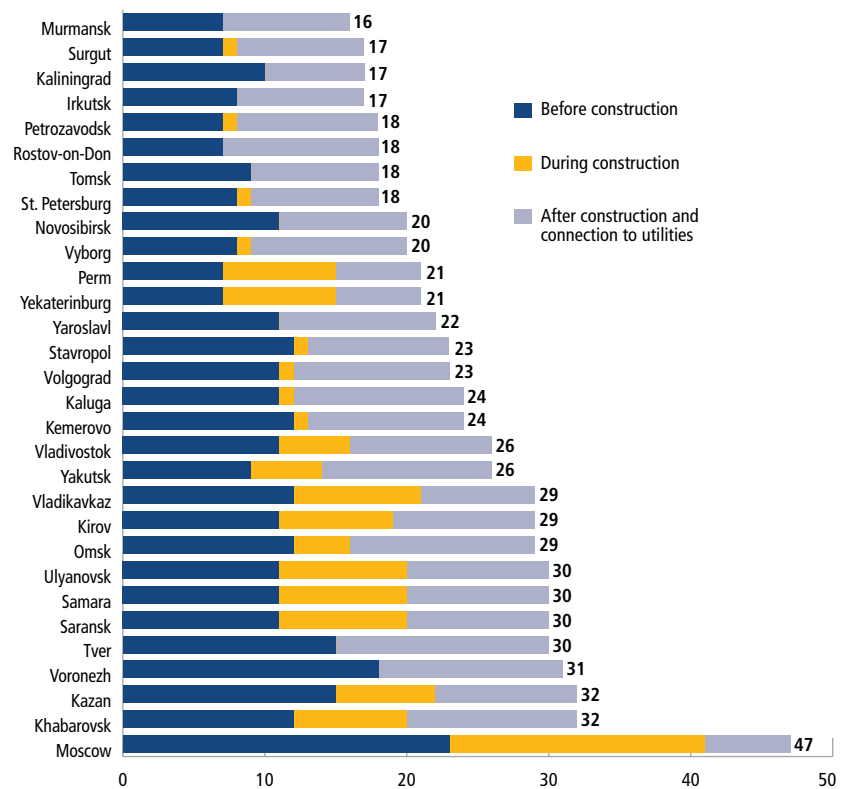
Source: *Doing Business* database.

of Nature Management and Environment Protection, and Prefect's Office. The city administrations of Khabarovsk and Moscow require clearances from the fire department and traffic police, while Tver and Voronezh require clearances from the Department of Culture confirming the absence of historic monuments on the land plot. Surgut requires a confirmation that the construction project has been added to the city archive. Kazan, Moscow and Tver have mandatory clearances from the Department of Comprehensive City Improvement to ensure that projects are in line with pollution and environmental safety norms and standards.

The Urban Development Code takes a risk-based approach during construction. Permit applications for smaller, less risky projects are treated differently than larger, more complex buildings. Project documentation for buildings below 2 stories and a surface of 1,500 square meters or less do not require government review.<sup>10</sup> The hypothetical warehouse studied by *Doing Business* falls under this category, yet the rule is not applied evenly across the 30 cities measured—only 9 follow this rule (figure 4.3). In the others, builders still undergo several steps during construction, including notifying the city's building authority of the beginning of construction, various inspections, and notification after completion of construction. In Perm and Yekaterinburg this stage involves 8 procedures. In Samara, Saransk, Ulyanovsk and Vladikavkaz, 9. In Moscow, 18.

Once construction is complete, building companies typically obtain clearances from utilities certifying a project's compliance with technical conditions, sign connection agreements with utilities, obtain an occupancy permit and register the building.<sup>11</sup> Procedures at this stage vary from 4 in Yekaterinburg to 15 in Tver. In Yekaterinburg the technical inventorization of the newly-built warehouse, the occupancy permit, the technical passport and the building registration are all that is needed for the builder to use the warehouse. The construction authorities in Kaluga, Samara, Vyborg and 11 others require approvals from utilities (typically 2 or 3), certifying that the project complies with the technical conditions issued before construction, in order to issue

**FIGURE 4.3** Construction requirements vary across cities  
Number of procedures



Source: *Doing Business* database.

the occupancy permit. In some cities such as Moscow, Kazan, Khabarovsk or Tver, the state acceptance commission convenes to check compliance with various municipal requirements, including from the prefecture, sanitary services and environmental agency.

It takes on average 269 days to obtain a construction permit, ranging from 150 days in Surgut to 448 in Tver. Russia's average is slightly above that of Eastern Europe and Central Asia (238 days). Among the 30 cities measured, the time varies from about 5 months in Stavropol and Yekaterinburg—as fast as in Luxembourg or Switzerland—to more than one year in Moscow, Tver and Voronezh.

Times for the 3 most critical documents for construction—the land development plan, building permit and occupancy permit—are regulated by the Urban Development Code at 30, 10 and 10 days, respectively. Though cities can issue these documents faster, they

usually stay close to these deadlines. But in Moscow authorities take 120 days to issue land development plans. This delay is partly due to the absence of a master city plan, up-to-date zoning rules and very high urban density. Thus city officials do not have clear rules on where commercial or residential buildings can be erected, and need extra time to review each application and take decisions case by case.

The federal law sets a cap of 30 days to register the ownership rights of the new buildings. Cities rarely violate these limits. Irkutsk, Petrozavodsk, Surgut and Tomsk register the ownership rights of new buildings even faster—within 17 days. Because most of the federally imposed time limits are complied with, time variations between cities can mostly be attributed to the time required to obtain other approvals required by local authorities. In Moscow, Tver and Voronezh the

time required can be close to 400 days. In Surgut, where only standard technical utility conditions, the land development plan, and topographic and geodesic surveys need approval, obtaining a construction permit takes just 150 days.

The cost of construction approvals and certificates is prescribed by the Urban Development Code. For instance, obtaining a development plan of a land plot, building permit and occupancy permits free of charge in every city. It costs 15,000 rubles (\$500) to register a new warehouse with the state registration authority across the country. The variations in cost across cities are due to utility connections, topographic and geodesic surveys and technical inventorization. Connections to water and sewerage are most expensive, showing a wide variation across cities. Rostov-on-Don has the lowest fees, charging 32,125 rubles (\$1,036) to connect a warehouse to water and sewerage, while in Irkutsk it costs almost 7 times as much—244,300 rubles (\$7,881).

Topographic and geodesic surveys are conducted by private companies. Prices average 30,000 rubles (\$1,000) for a topographic survey and 100,000 rubles (\$3,226) for a geodesic survey per land plot. Private agencies set prices based on the land plot, location, soil type and number of holes dug during the survey, as well as on market demand, which varies city by city. Prices for geodesic surveys range from 7,000 rubles (\$226) in Kazan to 313,000 rubles (\$10,097) in Volgograd. Technical inventorization is cheapest in Kemerovo at 15,000 rubles (\$500), while in Volgograd it is 6 times more expensive (91,000 rubles or \$2,935).

## WHAT REFORMS WERE IMPLEMENTED?

*Doing Business in Russia 2009* identified good practices, pointed out bottlenecks and provided recommendations. Significant changes have since occurred in the country's construction regulation (table 4.2). In the 10 cities measured then, the average number of procedures was 35. Today this average is 25. The average time also dropped, from 520 days in 2008 to 309 in 2011. In Moscow it took almost 2 years to complete the paperwork to obtain a construction permit

in 2008. Today it takes 392 days. These improvements are the result of several legislative and administrative reforms at the regional and federal level.

The gradual implementation of the Urban Development Code across the country is the most important single cause of the improvements. The 10 cities adopted regulations to harmonize regional rules with the provisions of the federal code and/or eliminated old provisions. The biggest change is the removal of requirements—11 on average—which is also the main driver of the reduction in time. The largest impact is felt during preconstruction with Tomsk and Voronezh removing 13 and 14 procedures.

In 2008, 8 cities required clearances from the Fire Department, 5 required clearances from the Department of Comprehensive City Improvement, as well as approvals from the City Transport Agencies, and 2 required approvals from the City Illumination Office. Today clearance from Sanitary Service is only required in 2 cities, while clearance from the Fire Department is required only in one. Irkutsk, Perm, Petrozavodsk, Rostov-on-Don, Tomsk and Tver complied with Article 49 of the Urban Development Code, which exempts warehouses below 1,500 square meters from third-party review. This measure eliminated inspections—in Irkutsk 6 procedures were eliminated by stopping

bimonthly inspections during and after construction.

Another driver of reform was the enforcement of the time limits and cost ceilings set by the Urban Development Code. This success was possible due to the increased involvement of the public prosecutor's office at the federal level, which closely monitors agencies and penalizes those that do not comply with statutory time limits. In 2008 it took 300 days to issue a development plan of a land plot in Voronezh—today it takes 10 days. A construction permit took 120 days to be issued in Petrozavodsk and 60 in Irkutsk. Today it takes 14 days in Petrozavodsk and 7 in Irkutsk. The same applies to costs. For instance, obtaining a building permit, occupancy permit and land development plan have been officially free of charge since 2004. The 2009 study, however, revealed that some cities charged for these procedures. Today this procedure is free in the 30 cities studied by this report.

Moscow introduced a one-stop shop to deal with procedures related to land use for construction and reduced the processing time for issuance of land development plans from 180 to 120 days.<sup>12</sup> The city government recently introduced more measures to streamline approvals for construction permits. One of the city's objectives is to eliminate up to half of the 23 procedures required before construction. As of October 2011, it is no longer necessary to certify compliance with the communication lines and power grids (Sketch No 2) at Mosgorgeotrest and have it approved by the Moscow Architecture Committee, get the approval on transport routes from the Moscow City Transport Agency, nor obtain the construction passport from Mosgorgeotrest. As a result, the number of requirements dropped from 51 to 47, the time by 1 month (from 423 to 392 days) and the cost by 12.28% of income per capita.

## WHAT TO REFORM?

### *Consolidate approvals for technical and design conditions*

Many agencies review construction designs—15 in Moscow, 13 in Voronezh, 10 in Kazan. Several options could consolidate the process. One would be to identify the relevance of each approval. Another would be to

**TABLE 4.2** It is easier to deal with construction permits now in the 10 cities benchmarked in 2008

City	Reduced time for processing permit applications	Streamlined procedures	Adopted new building regulations	Introduced risk-based approvals
Irkutsk	✓	✓	✓	✓
Kazan	✓	✓	✓	✓
Moscow	✓	✓	✓	
Perm	✓	✓	✓	
Petrozavodsk	✓	✓	✓	✓
Rostov-on-Don	✓	✓	✓	
St. Petersburg	✓	✓	✓	✓
Tomsk	✓	✓	✓	✓
Tver	✓	✓	✓	✓
Voronezh	✓	✓	✓	

✓ *Doing Business reform making it easier to deal with construction permits*

Source: *Doing Business* database.

create approval panels with participation of all involved agencies. Such panels would examine technical conditions and project designs.

Agencies can also be put in one location to improve coordination amongst themselves. Twenty-six economies, including Canada, Hong Kong SAR (China), Mexico, Morocco and Singapore have one-stop shops for building clearances; 15 were created in the past 7 years. Hong Kong SAR (China) is a successful example—in 2009 the government merged 8 procedures involving 6 agencies and 2 private utilities in a one-stop shop. Today only 6 procedures are needed to obtain a construction permit (Box 4.1).

### **Update or complete city master plans and zoning rules**

Many cities lack good master zoning plans. This is the case in Kazan and Moscow, which have the longest construction processing times and procedure lists. Without zoning requirements, new property has to be reviewed by all clearance agencies.

In cities with updated master plans, such as Petrozavodsk and Surgut, fewer clearances are needed for construction permits. Building authorities in most EU countries verify that projects comply with zoning requirements. France, for instance, does not require preliminary zoning permits because there is a right to build in areas allowed by zoning plans and construction applicants can access relevant zoning information to determine if projects meet zoning conditions.

### **Enhance alignment with the Urban Development Code**

Despite being in place since 2004, the federal Urban Development Code is not evenly implemented across the country, especially in big cities such as Moscow. Russian authorities could make efforts to ensure a stronger alignment of regional codes with the provisions of the national code. These efforts can be hampered by local regulations that, at times, are not consistent with the federal legislation.

### **Increase the use of certified private professionals**

Russian building controls used to rely exclusively on the public sector. As part of

#### **BOX 4.1 HONG KONG'S "BE THE SMART REGULATOR PROGRAM"\***

In Hong Kong SAR (China) a working group (WG) was established by the local government in 2007, comprising the Economic Analysis and Business Facilitation Unit, the Development Bureau and the Buildings Department, Lands Department, Fire Services Department, Drainage Services Department, Highways Department and Water Supplies Department to re-engineer and streamline the relevant licensing procedures in response to the survey findings of the World Bank. The WG's recommendations which did not require drastic procedural changes were implemented that same year. Other reforms identified by the WG were long term in nature, requiring cross-departmental process re-engineering and organizational change.

The following reforms were implemented in 2008, consolidating 8 procedures in 2 steps:

##### **1. SETTING-UP OF ONE-STOP CENTRE**

The WG set up a One-Stop Centre for Warehouse Construction Permits (OSC) where building license applications to 6 government departments and 2 private utilities (i.e. telephone line and electricity supply) are collected and joint inspections for two-storey warehouse projects as a pilot program are coordinated. All these departments and private utilities work together on the OSC under the supervision of the Efficiency Unit (EU).

##### **2. BEFORE CONSTRUCTION**

Property developers can now use Form OSC-1 to submit to the One-Stop Centre in one-go all applications relating to building plans approval and consent for commencement of building works from the Buildings Department, technical audit of water supply connection works by the Water Supplies Department, and road excavation permit from both the Police and Highways Department. This new arrangement simplifies the submission process by combining the following 5 procedures—

- Obtain building plans approval
- Apply and pay for technical audit of water supply connection works
- Apply, pay and receive road excavation work permission from Highways Department
- Notify and obtain approval from traffic police
- Obtain building consent from Buildings Department

##### **3. AFTER CONSTRUCTION**

When the necessary construction works are completed, the developer can now submit the postconstruction applications under a covering checklist (Form OSC-2) to the One-Stop Centre for the technical audit from the Drainage Services Department, water supply certificates from the Water Supplies Department, occupation permit from the Buildings Department, certificate of compliance from the Lands Department, certificate for fire service installations from the Fire Services Department, and connection of electricity and telephone line from the respective utility companies. This one-stop service eliminates the need for the developer to contact individual government departments and private utility companies for reporting completion of works, issuance of certificates and inspections.

Upon receipt of the applications, the One-Stop Centre will coordinate, according to the information provided in the application form, with the relevant authorities to conduct a single joint inspection in one day. This greatly alleviates the effort of developers in receiving inspections and shortens the total processing time.

##### **4. TRACKING OF APPLICATIONS**

To facilitate answering enquiries from applicants, the One-Stop Centre has established a mechanism to monitor the progress of each application, making the whole application process more transparent and convenient to the property developers.

\* <http://www.gov.hk/en/theme/bf/pdf/pamphlet.pdf>

reform, the federal government has started empowering private professionals who can be held accountable for acceptable standards of care. Amendments to the Urban Development Code (articles 49 and 50) introduced private third-party reviews for plan checks. These amendments represent a

genuine effort to move closer to international good practice.

Extending third-party reviews to building inspections, not just plan reviews, would expedite several procedures conducted before and during construction, including issuance of building permits and inspections. To proceed to this step, Russian authorities

need to ensure that a successful and robust private certification system is in place. This body should be independent of municipal, regional and federal governments.

Most economies with well-developed construction industries have some collaboration with licensed private building professionals to reduce public controls. Austria and Germany use qualified private individuals or engineering firms for plan reviews and inspections to increase efficiency. Austria, Australia, Canada, Germany, Japan, New Zealand, Singapore and the United Kingdom do not restrict the use of private services to check on building plans and technical reviews of construction permit applications; they allow private professionals to conduct inspections.

By delegating such tasks to private professionals, city administrations save resources and time for entrepreneurs. Using a risk-based approach, approvals of simple, low-risk buildings are outsourced to private professionals who carry responsibility for projects. In Germany the state of Bavaria introduced a risk-based approach in 1994, agreeing that the building authorities were only to review high-risk projects. Architects of low-risk projects assumed liability for construction. Builders saved 154 million euros and building authorities reduced 270 staff, and in a few years the approach spread to the rest of Germany.<sup>13</sup>

### **Create an electronic platform for approving technical conditions from utilities**

Builders in Russia have to obtain technical conditions from electricity providers, street lighting providers, water services providers, sewerage providers, telecommunications providers, and heat providers. Multifunctional centers that are in place in some cities are meant to facilitate the issuance of technical conditions for various utilities. But they hardly improve the efficiency of the process. Builders prefer to go directly to utilities, which are considered likely to offer better conditions.

One solution is to create an electronic platform where applicants for building permits can apply for all technical conditions simultaneously by submitting one online form along

with final drawings. Once this infrastructure is created, it could be used to issue other documents such as building and occupancy permits. In September 2010 a federal ordinance set a timetable for the provision of electronic services for 74 public services. In conjunction with the law on electronic signature signed by the State Duma in March 2011, this ordinance also creates a legal framework to automate government services with a focus on permits and licenses.

### **Establish a risk-based system for technical reviews, inspections and conformity assessment**

The risk-based approach of defining simple projects at an early stage could save time and concentrate resources on complex projects that pose a higher threat to public safety. It would also eliminate the need for preapproval of projects by environmental, transport, fire and sanitary services. While Russian legislation takes a risk-based approach during construction—eliminating the need for low-risk projects to undergo state supervision and inspections—this practice could be further expanded to preconstruction.

Builders in Russia submit an average of 11 documents and approvals to obtain a construction permit. Not all projects have the same social, cultural, economic and environmental risks. Simple buildings involve low risk and should require less documentation. Russian authorities could consider adopting a risk-based classification of buildings, possibly building on European Standard EN 1990 (Annex B. 3.1). This approach would allow a meaningful risk categorization for buildings while providing a structured, operational approach to implement it.

Efficient governments have legislation that differentiates construction permitting based on risk and location. Eighty-six economies have adopted this practice, 13 in the past 7 years. Colombia, Singapore and the United Kingdom are among the countries that have improved risk-based approvals, eliminating the need for preapprovals by multiple agencies. In 2006 the Republic of Korea introduced a fast track for small construction projects. Between 2004 and 2009 applications for building permits in Seoul jumped from 1,521 to 3,895.<sup>14</sup>

## NOTES

1. Russian Federation Federal State Statistics Service database.
2. Russian Federation Federal State Statistics Service. "Construction in Russia 2010."
3. Vladimir Yakovlev and Nikolaj Koshman, "Russia's Construction Industry: Current Status and Perspectives for Improvement," July 23, 2009.
4. World Bank. 2011. *Doing Business 2012: Doing Business in a More Transparent World*. World Bank Group: Washington, DC.
5. KPMG. 2009. "Competitive Alternatives: KPMG's Guide to International Business Location." <http://www.competitivealternatives.com>.
6. "Urban Development Code of the Russian Federation", Federal Law No. 190, December 29, 2004.
7. Federal Law on State Registration of Real Estate Rights and Transactions, Federal Law No. 122, July 21, 1997, as amended.
8. *Gradostroitelnij plan zemel'nogo uchastka* (GPZU; development plan of a land plot) is a document providing information on the type and characteristics of construction projects that can be built on the land plot according to the city's zoning requirements. The document has detailed information of the land plot including the land plot's boundaries; its interaction with the city's cultural heritage structures; the requirements for connection to various utilities; etc. A more detailed description can be found in Article 44 of the Urban Development Code.
9. Technical parameters of the project such as volume of water required, the point of connection for telephone line, etc.
10. According to the Federal Law of 28.11.2011 No: 337-FZ, state expertise, or "review", is not a requirement for self-standing construction objects no taller than 2 stories and of a total surface of 1,500 square meters.
11. Article 55 of the Urban Development Code outlines procedural and documentation requirements for obtainment of the occupancy permit.
12. *Doing Business* database.
13. World Bank. 2011. *Doing Business 2012: Doing business in a more transparent world*. Washington, DC: World Bank Group.
14. *Ibid.*

# Getting electricity

In 2011 Russian utilities connected to the electricity grid twice as many applicants as they did in 2008.<sup>1</sup> But electricity connections remain a concern. A 2010 survey of more than 5,000 managers in 40 regions found that 14% reported that it is almost impossible to obtain a new electricity connection, and 30% reported that it is associated with difficulties.<sup>2</sup>

## WHY DOES GETTING ELECTRICITY MATTER?

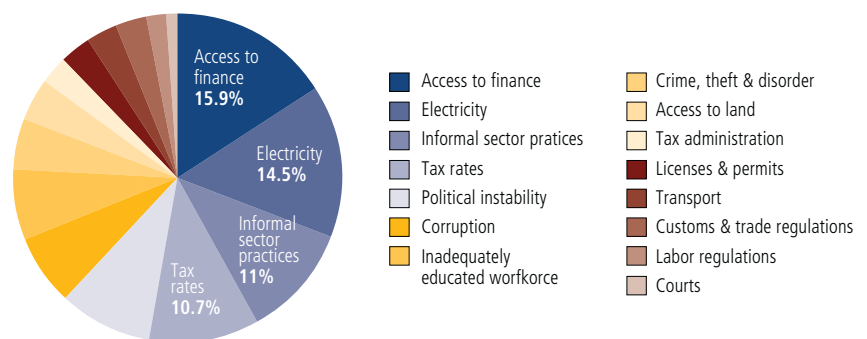
Infrastructure services—particularly electricity—are a concern for businesses around the world. World Bank Enterprise Surveys in 109 economies show that managers consider lack of electricity among the biggest constraints to their businesses (figure 5.1). Poor electricity supply undermines firms' productivity and investments.<sup>3</sup> Eliminating electricity outages in Eastern Europe and Central Asia would increase GDP by 0.5%.<sup>4</sup>

Obtaining a new connection—the process measured by the getting electricity indicator—represents only a small part of electricity services (figure 5.2). Yet the indicator offers information on a number of issues for which data were previously unavailable, complementing other indicators such as electricity outages. Analysis of 140 economies suggests that the getting electricity indicator is a useful proxy for the broader performance of the electricity sector.<sup>5</sup> Longer delays and higher costs of getting an electricity connection are associated with lower electrification rates. Additional connection procedures are more likely in economies with weak electricity supplies because of high losses in transmission and distribution systems.

Electricity services are highly regulated. The connection process is governed by laws and regulations covering quality, safety, technical

**FIGURE 5.1** Firms consider electricity one of their biggest constraints

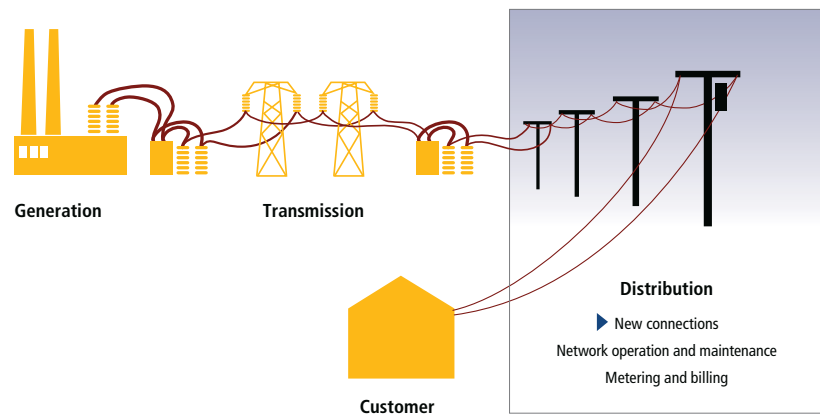
Share of managers identifying issue as the most serious obstacle to their business operation (%)



Note: The data sample comprises 109 economies.

Source: World Bank Enterprise Surveys (2006–10 data).

**FIGURE 5.2** *Doing Business* measures the connection process at the level of distribution utilities



standards and procurement practices. In many economies electricity connections are under the control of distribution utilities that often retain monopolistic positions—even in otherwise liberalized electricity markets—so businesses have little choice.<sup>6</sup> The getting electricity indicator provides insights into regulatory aspects of electricity connections and assesses how such regulations and institutions affect businesses.

## WHAT DOES GETTING ELECTRICITY MEASURE?

*Doing Business* measures the procedures, time and cost for a small or medium-size enterprise to get a new electricity connection for a standardized warehouse with specific electricity needs (figure 5.3). These procedures include applications and contracts with electricity utilities,

necessary inspections, clearances from the distribution utility and other agencies and external and final connection works. To make the data comparable across cities, several assumptions about the warehouse and the electricity connections are used. The location of the warehouse is assumed to be within city limits, the subscribed capacity of the connection 140 kilovolt amperes (kVA) and the length of the connection 150 meters.

## HOW DOES GETTING ELECTRICITY IN RUSSIA COMPARE GLOBALLY?

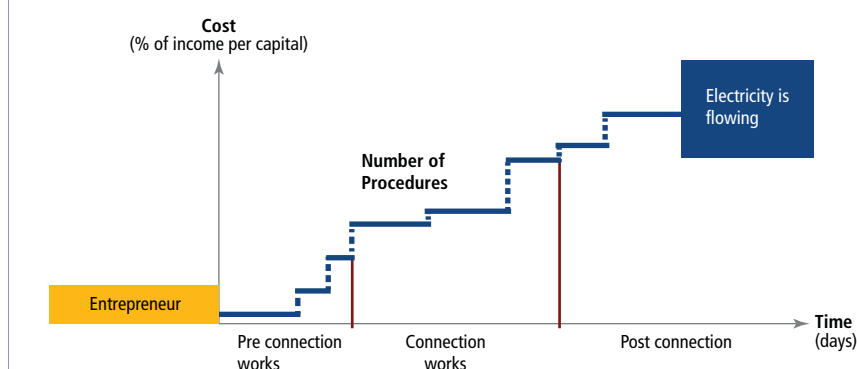
In the 30 Russian cities studied, obtaining an electricity connection for a small and medium-size business takes, on average, 9 procedures, 230 days and costs 662% of income per capita. Compared with Brazil, China, and India, Russian cities have, on average, more procedures, higher costs and slower processing. The connection takes 34 days in Brazil, 67 in India, 70 in Turkey, 108 in Indonesia, 142 in Vietnam, 145 in China and 260 in Nigeria. In OECD economies procedures between a utility and other public agencies are streamlined and utilities usually have enough capacity to accommodate additional demand with a simple network extension. Russian small businesses wait almost 7 months longer than their competitors in Germany, where it takes 17 days to obtain an electricity connection—and spend 72 times more than Australians, where it costs 9% of income per capita.

Getting an electricity connection is easiest in Saransk, where it takes 9 procedures and 123 days at a cost of 269% of income per capita (table 5.1). The factors driving Saransk's performance are shorter delays and lower connection tariffs. Globally, it would rank 154<sup>th</sup> among 183 economies, similar to the Czech Republic.

## HOW DOES GETTING ELECTRICITY WORK IN RUSSIA?

Across Russian cities, the electricity connection process follows the same overall stages (figure 5.4). The customer submits documents to the distribution utility that operates in the city where the warehouse is located. The utility issues a contract and conditions with the technical specifications of

**FIGURE 5.3** The getting electricity indicator measures the time, cost and number of procedures required to obtain a new electricity connection



the connection. The design of the connection can then be prepared in accordance with the technical specifications. After the connection design has been approved by several agencies—including the distribution utility and the energy inspectorate—connection works begin. Connection design and approval, as well as connection works, are often conducted by private firms and contractors, although in some cities distribution utilities complete these tasks. Inspections and documentation on technical requirements follow the works. Electricity starts flowing once the customer signs the supply contract.

When the Unified Energy System, a state-owned vertically integrated monopoly servicing all Russia, was restructured in 2006-08, the electricity sector was unbundled into generation, transmission and distribution. IDGC Holding is the largest distribution entity, with subsidiaries in 69 of 83 regions in Russia.<sup>7</sup> Other distribution utilities serve the other regions. The boundaries where a distribution utility operates do not necessarily correspond to the borders of a city or region. Independent retail electric suppliers participate in the connection process at the stage of preparation and signing of contracts for electricity supply.

Distribution utilities are governed by federal regulations on electricity connections.<sup>8</sup> These regulations provide step-by-step descriptions of how to obtain a connection, specifying the responsibilities of distribution utilities and customers. They list documents required for a connection application and prohibit distribution utilities from requesting additional

**TABLE 5.1** Ease of getting electricity ranking for the 30 cities measured in Russia

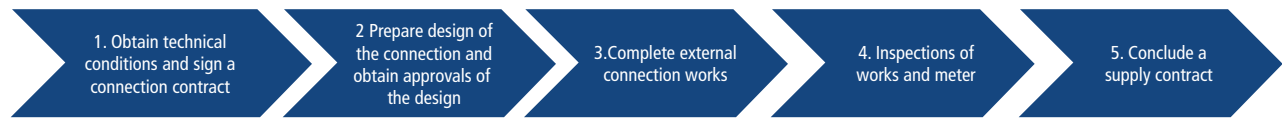
City	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)
Saransk	1	9	123	269.2
Vladikavkaz	2	9	120	441.2
Rostov-on-Don	3	6	223	115.1
Kirov	4	9	220	390.6
Ulyanovsk	5	9	164	654.9
Yaroslavl	6	9	146	696.8
Kemerovo	7	6	259	392.5
Khabarovsk	8	9	248	391.1
Stavropol	9	7	238	443.5
Irkutsk	10	9	228	573.6
Tomsk	10	9	264	391.4
Vyborg	12	9	202	772.7
Omsk	13	10	222	112.2
Tver	14	9	183	869.2
Kaluga	15	10	144	589.8
Voronezh	16	9	215	838.4
Kazan	17	9	186	929.1
Perm	18	6	305	618.2
Surgut	19	10	171	746.1
Yekaterinburg	19	9	360	458.0
Petrozavodsk	21	10	226	564.9
Kaliningrad	22	9	308	641.6
Vladivostok	23	9	260	852.4
St. Petersburg	24	9	238	1080.0
Yakutsk	25	6	279	1012.2
Volgograd	26	10	205	804.3
Murmansk	27	10	328	375.6
Samara	28	6	290	1153.0
Novosibirsk	29	10	265	815.9
Moscow	30	10	281	1852.4

Note: Rankings are the simple average of the city's percentile rankings on the procedures, time and cost to get an electricity connection. Cities with the same average percentile rankings have the same rank. See Data notes for details.

Source: Doing Business database.



FIGURE 5.4 The connection process follows the same overall stages across cities



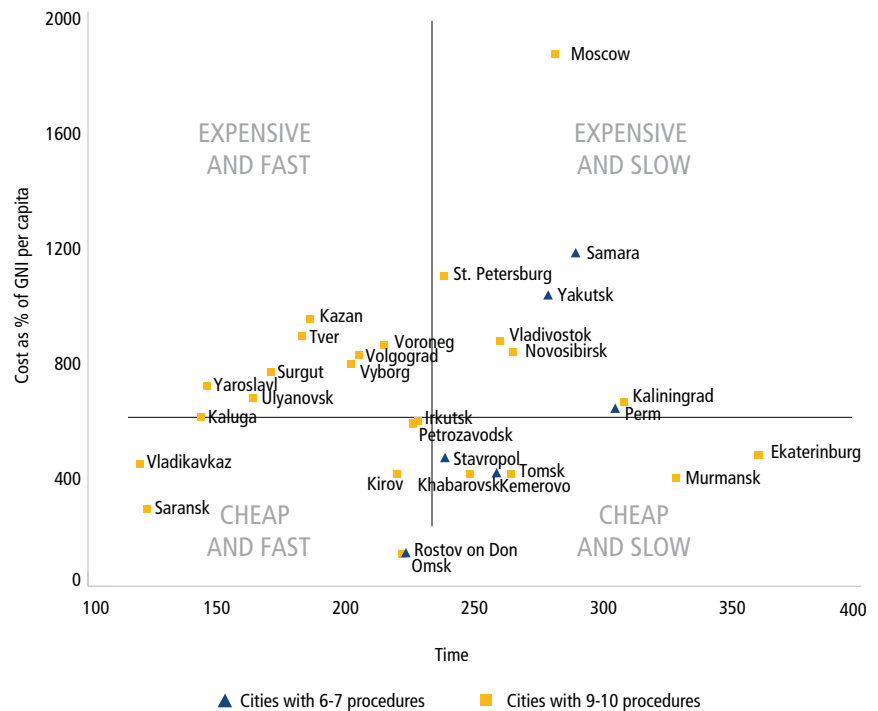
information. In addition, many distribution utilities provide guidance on their websites or in their offices.

Time limits for issuing technical specifications and completing connections are also regulated at the federal level. If distribution utilities do not comply with the time limits, applicants can file a complaint with the Federal Antimonopoly Service, which can issue warnings, monetary penalties or legal action. For example, in 2012 the Moscow United Electric Grid Company was issued a warning regarding 20 cases where the Federal Antimonopoly Service found that the utility was not meeting its obligations in a timely fashion and imposing excessive requirements on customers.<sup>9</sup> Despite these efforts, much remains to be done to improve regulations on electricity connections. In addition, federal regulations are implemented and interpreted unevenly across regions and cities.

### HOW DOES GETTING ELECTRICITY VARY ACROSS RUSSIAN CITIES?

Differences in procedures among cities depend on whether most of the connection process is conducted by the distribution utility or if private third parties hired by customers are involved. The process involves less steps in Kemerovo, Perm, Rostov-on-Don, Samara, Stavropol and Yakutsk with 6-7 procedures. The predominant practice in these cities is for the distribution utility to prepare the connection design, obtain approvals of the design from the energy inspectorate, the department of architecture and construction and others, undertake the external connection works and prepare part of the inspection documentation (stages 2, 3 and partially 4 in figure 5.4). In other cities the number of procedures increases to 9-10 because customers hire private design firms and electrical contractors directly. Cities where utilities are in charge of the design, approvals and connection works have fewer procedures, but they sometimes have longer delays—on

FIGURE 5.5 Fewer procedures, but longer delays in some cities



Source: World Bank Enterprise Surveys (2006–10 data).

average it takes about 2 months longer (figure 5.5).

Less common procedures add to the complexity of the connection process in a few of the cities studied. In Kaluga, Murmansk, Stavropol, Surgut and Volgograd the distribution utility also visits the construction site when preparing technical conditions. It is common for applicants or their representatives to be present during this visit. In other cities the distribution utility prepares the connection specifications by using maps of the electricity network. Only in complicated cases is a site visit organized.

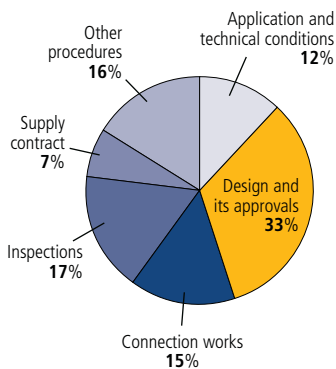
In Omsk and Petrozavodsk the power retail company inspects the connection when preparing the supply contract (in addition to the 3 common inspections of the connection

works by the distribution utility, the energy inspectorate and the check of the meter by the distribution utility or power retail company). In Moscow and Novosibirsk a customer profile must be submitted by the applicant to a special department of the distribution utility.<sup>10</sup> The profile is required to obtain a document describing the division of ownership and responsibilities for the maintenance of the electricity connection by the distribution utility and customers.

The design including approvals is the longest stage in the connection process (figure 5.6). Across the cities studied, this procedure lasts an average of 74 days. It is fastest in Surgut at 1 month—while in Murmansk and Petrozavodsk it takes 4 months. External connection works take an average of 34 days, and together all

**FIGURE 5.6** Connection design and approvals take the most time

Average time for each type of activity (as % of total time)



Note: The graph includes 24 cities where customers hire private firms to complete the design. In the other 6 cities, utilities conduct design, approvals and connection works. Therefore, connection durations cannot be estimated separately.

Source: Doing Business database.

the inspections of completed works including inspections by the distribution utility, energy inspectorate, and a separate check and sealing of the meter, take 40 days. Project approvals from several public agencies are common in most economies in Eastern Europe and Central Asia, but not elsewhere in the world.

The cost of connecting to electricity consists of fees paid to distribution utilities and, where applicable, private design firms and electrical contractors. Fees paid to distribution utilities are set by regional energy commissions and based on a federal methodology. The fees vary based on the amount of the requested load, voltage at the point of connection, location and other factors.

If a local distribution utility determines that the network is too saturated to connect a new customer, regulated fee schedules do not apply. In such situations utilities calculate costs on a case by case basis. In Murmansk, Surgut, Yekaterinburg and Vladivostok it is difficult to obtain the regulated fee schedules because they are often not used. Instead, utilities extensively use the case by case approach to determine connection costs even for relatively average loads like the 140 kVA load assumed in the *Doing Business* case study. Case by case costs are reviewed by regional energy commissions for each connection. This approach

reduces the possibility of overcharging customers but delays connections.

In addition, connection costs vary depending on the type of connection works required in a particular city and location.<sup>11</sup> If the network is saturated, more extensive external connection works—including an expansion of the distribution network—may be required. The resulting capital investments (such as the installation of a distribution transformer) can substantially increase costs for new customers. Among the 30 cities studied, an expansion of the distribution network with installation of a new transformer is the most likely scenario in 19.<sup>12</sup>

As a result of these variations, connection costs equal 112% of income per capita in Omsk, compared with 1,852% in Moscow and 1,153% in Samara (figure 5.7).<sup>13</sup>

### WHAT REFORMS WERE IMPLEMENTED?

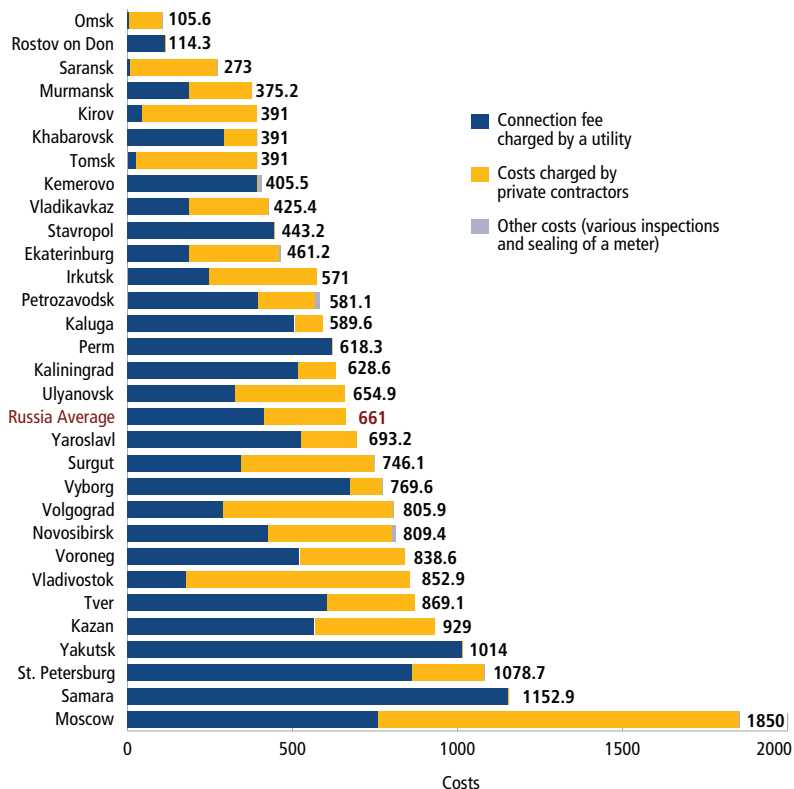
In 2008 distribution utilities connected only 15% of the load requested during the year.<sup>14</sup>

In response to this problem, the Russian government introduced amendments to federal legislation on electricity connections.<sup>15</sup> Several of these amendments targeted companies requesting loads below 100 kilowatts and residential customers with loads below 15 kilowatts.<sup>16</sup> After the enactment of the new legislation, such requests could no longer be denied because of insufficient capacity of the electricity grid. In an effort to reduce the burden of inspections, the energy inspectorate stopped checking completed connection works in such cases.

Other federal reforms affected a broader set of customers. For example, to ease the burden of high connection fees, it is now possible to pay in installments. In March 2011 new amendments introduced mandatory templates for connection contracts between utilities and customers.<sup>17</sup> These templates reduce opportunities for excessive or even illegal connection conditions. In addition, utilities are required to disclose certain statistical information on

**FIGURE 5.7** Getting an electricity connection is cheapest in Omsk and most expensive in Moscow and Samara

Cost as % of income per capita



Source: Doing Business database.

electricity connections, including the number of submitted and completed applications.

Federal reforms are not evenly implemented across cities. For example, in 2008 the connection design and approval stage was simplified by eliminating the requirement to have the design approved by the energy inspectorate.<sup>18</sup> Yet in Irkutsk, Novosibirsk, Omsk and Yekaterinburg this approval is still required today. Another reform not enforced in all cities is a 2009 amendment that defines the division of responsibilities for connection works between distribution utilities and customers.<sup>19</sup> Under this amendment, customers complete works within the borders of their property and utilities are responsible for works beyond the property lines. But in most of the cities studied, utilities do not strictly follow this regulation. Customers often have to hire firms to complete the design and works required to lay cable outside their property lines.

For connection fees, reforms present a serious challenge. Because the condition of the electrical network across Russia has required large investments, connection costs have been high partly to help fund these investments. To remedy this situation, the government amended the methodology for calculating connection costs in 2011. It is now prohibited to include investment expenses for the development of an existing network in connection fees.<sup>20</sup> As a result, the connection fee, for example in Moscow, dropped from 4,125% of income per capita to 1,852%.

## WHAT TO REFORM?

### ***Make design approval less complex***

The most complex, time-consuming procedure in getting an electricity connection is obtaining approvals of the connection design from all relevant agencies, including the distribution utility, the department of architecture and construction, the energy inspectorate in some cases, the retail electric supplier and in many cases other organizations, like the water and gas utilities and the telephone company.<sup>21</sup> Customers may have to visit more than 10 agencies to complete this process. There is ample room for streamlining this process.

### ***Simplify inspection and documentation after connection works are completed***

After connection works are completed, customers must comply with 3-5 additional

steps before supply contracts can be signed and electricity can start flowing. The inspection by the distribution utility is followed by an inspection from the energy inspectorate for customers requesting loads above 100 kilowatts.<sup>22</sup> After that, the applicant visits the utility to collect several documents, including one describing the division of ownership and responsibilities for the maintenance of the electricity connection between the distribution utility and the customer. Finally, a separate procedure is required to check and seal the meter. Moreover, some cities have additional requirements. In Omsk and Petrozavodsk an additional inspection by a power company is required before electricity is turned on. By contrast, in Australia, once the electrical contractor finishes works, there is only one more step before electricity starts flowing—an inspection by the utility.

Inspection and documentation have already been simplified for customers requesting loads below 100 kilowatts by eliminating the inspection by the energy inspectorate. Further review and streamlining of this process would reduce its complexity for customers requesting higher loads.

### ***Make case by case connection fees more transparent***

Connection costs should be transparent to allow customers to understand what they are paying for. When utilities allocate the costs for new connections between prospective and existing customers by charging connection fees and distribution charges, respectively, they also balance considerations of economic efficiency and fairness. But it is often difficult to distinguish between capital works needed to connect customers and those needed for projected growth or to improve the safety and reliability of distribution networks. New customers might end up paying for investments in networks rather than just connection costs.

In some of the Russian cities studied, connection fees are available on websites or in offices of distribution utilities and regulators. For customers requesting less than 15 kilowatts, a federally regulated tariff of up to 550 rubles (\$19) applies across Russian cities. For customers requesting larger loads, connection fee schedules are set by regional energy commissions in charge of tariff regulation. Based on these fee schedules, customers can

calculate and understand the costs charged by distribution utilities. But for loads above 100 kilowatts, distribution utilities can decide that networks are too saturated to connect new customers. In such situations utilities calculate costs based on each case.

Though it is difficult to ensure that customers are charged fairly when costs are estimated on a case by case basis, some countries find inventive ways to facilitate adequate charging. For example, in the United Kingdom, where connection costs are also estimated on a case by case basis, utilities publish booklets with the most common connection schemes and associated costs of materials and works.<sup>23</sup> This approach gives customers an idea of the cost range that will apply to their connections.

## NOTES

1. Ministry of Economic Development, note on the completed work and planned activities in the area of electricity connections, 2011.
2. Opora Russia. 2011. "Business Environment in Russia: Opora Index 2010-2011."
3. Calderon, César, and Luis Servén. 2003. "The Output Cost of Latin America's Infrastructure Gap." In *The Limits of Stabilization: Infrastructure, Public Deficits, and Growth in Latin America*, ed., William R. Easterly and Luis Servén. Washington, DC: World Bank. Dollar, David, Mary Hallward-Driemeier and Taye Mengistae. 2005. "Investment Climate and International Integration." Policy Research Working Paper 3323, World Bank, Washington, DC. Reinikka, Ritva, and Jakob Svensson. 1999. "Confronting Competition: Investment Response and Constraints in Uganda." Policy Research Working Paper 2242, World Bank, Washington, DC. Eifert, Benjamin. 2007. "Infrastructure and Market Structure in Least-Developed Countries." University of California at Berkeley, Department of Economics. Iimi, Atsushi. 2008. "Effects of Improving Infrastructure Quality on Business Costs: Evidence from Firm-Level Data." Policy Research Working Paper 4581, World Bank, Washington, DC.
4. Iimi, Atsushi. 2008. "Effects of Improving Infrastructure Quality on Business Costs: Evidence from Firm-Level Data." Policy Research Working Paper 4581, World Bank, Washington, DC.
5. Geginat, Carolin, and Rita Ramalho. 2010. "Connecting Businesses to the Electrical Grid in 140 Economies." Paper presented at the International Conference on Infrastructure Economics and Development, Toulouse, January 14-15.

6. In many economies connection works and designs are conducted by private design firms and electrical contractors rather than distribution utilities. But even in these cases issuing connection specifications, turning on electricity and other tasks can be completed only by utilities.
7. <http://www.holding-mrsk.ru/eng/about/Key-facts>
8. Federal Decree N861 from December 2004 with amendments through March 2011
9. Federal Antimonopoly Service. 2012 News. [http://www.fas.gov.ru/fas-news/fas-news\\_32197.html](http://www.fas.gov.ru/fas-news/fas-news_32197.html)
10. As this report went to print, the Moscow United Electric Grid Company issued an internal order that eliminates the requirement for customers to submit the profiles. Instead, departments in the utility share the information internally.
11. *Doing Business* distinguishes between 2 cases: connecting to low-voltage or to medium-voltage networks. The first case involves laying low-voltage underground cables or installing low-voltage overhead wires from the metering point to the closest connection point on the network. The second case usually occurs when the capacity of the utility's low-voltage network cannot accommodate the power demands of customers. This case involves installing a distribution transformer and connecting it between a customer's installation and the utility's medium-voltage network.
12. Ekaterinburg, Irkutsk, Kazan, Kemerovo, Khabarovsk, Kirov, Novosibirsk, Samara, Saransk, Stavropol, Surgut, Tomsk, Tver, Ulyanovsk, Vladikavkaz, Vladivostok, Volgograd, Voroneg and Yakutsk.
13. In Samara costs are paid only to distribution utilities, while in Moscow and Omsk total costs consist of connection fees paid to distribution utilities and charges paid to electrical contractors and design firms.
14. Ministry of Economic Development of Russian Federation. 2009. "New Process of Connection to Electrical Network." [http://www.mrsk-volgi.ru/ru/klientam/tehnologicheskoe\\_prisoedinenie/noviy\\_poryadok\\_tehnologicheskogo\\_prisoedineniya\\_k\\_elektricheskim\\_setyam](http://www.mrsk-volgi.ru/ru/klientam/tehnologicheskoe_prisoedinenie/noviy_poryadok_tehnologicheskogo_prisoedineniya_k_elektricheskim_setyam)
15. Decree N861 from December 2004 with amendments through April 2009.
16. These reforms do not apply to the case study.
17. Decree N861 from December 2004 with amendments through March 2011.
18. Decree N 182 of the Ministry of Natural Resources and Ecology of the Russian Federation from August 2008.
19. Decree N861 with amendments through April 2009.
20. Methodology for calculation of electricity connection tariffs with amendments through November 2010.
21. In cities where utilities are in charge of approving designs, customers do not have to visit public agencies to obtain the approvals. Still, the time required to complete this step delays the connection process.
22. For loads below 100 kilowatts the energy inspectorate does not check connection works.
23. [http://www.ukpowernetworks.co.uk/products-services/networks/pdf/UKPN\\_CCCM\\_and\\_CS\\_MB-PXM\\_v3\\_1\\_280311.pdf](http://www.ukpowernetworks.co.uk/products-services/networks/pdf/UKPN_CCCM_and_CS_MB-PXM_v3_1_280311.pdf)

# Registering property

Russia's transition to a market-oriented economy had wide-reaching effects, including repercussions on land rights and property ownership. Since the Soviet Union was dissolved, Russia created the institutions needed to transition from a state-owned to a private property system. New laws rejected the state monopoly over land in 1990, and in 1993 the constitution granted the right to private property ownership. The 2001 Land Code provided a legal framework for property ownership and unified titles to land and buildings, setting the ground for an efficient land market and a system of property rights.

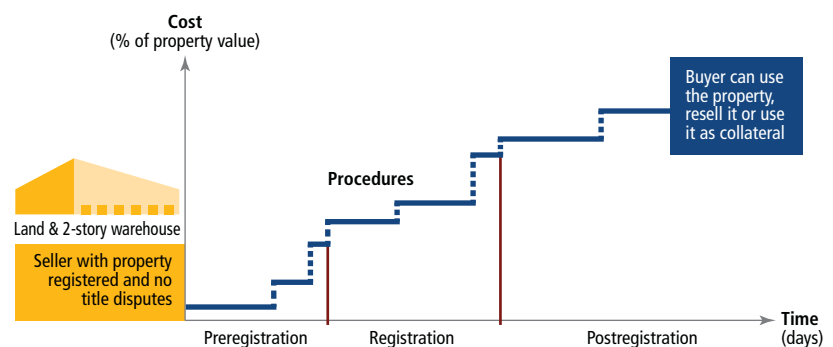
## WHY DOES REGISTERING PROPERTY MATTER?

Registered property rights are needed to support investment, productivity and growth.<sup>1</sup> Land and buildings account for between half and three-quarters of wealth in most economies, so having an accurate land information system matters.<sup>2</sup> Smoothly run, up-to-date land information systems have many benefits. Entrepreneurs with formal land titles have a better chance of getting credit when using their property as collateral. Efficient property registration systems also can raise tax revenues. Timely land information also allows governments to map out needs in cities and plan the provision of services and infrastructure.<sup>3</sup> Tools such as cadastres and survey maps can be used in city planning to avoid or mitigate environmental or climate risks.

## WHAT DOES REGISTERING PROPERTY MEASURE?

*Doing Business* records the procedures, time and costs needed for a business to purchase a property from another business and to transfer the property title to the buyer's name. The process starts by obtaining the needed documents—such as

**FIGURE 6.1** The registering property indicator measures the time, cost and number of procedures required to transfer property between 2 local companies



an encumbrance's certificate or copy of the seller's title—and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property as collateral for a bank loan or resell it (figure 6.1). Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer and even if it must be completed by a third party on their behalf.

## HOW DOES REGISTERING PROPERTY IN RUSSIA COMPARE GLOBALLY?

The ease of registering property varies greatly among economies. Globally, it is easiest to register property in Norway or the United Arab Emirates, where only 1 procedure is required, it takes 3 days or fewer and the cost does not exceed 3% of income per capita. Regionally, in Eastern Europe and Central Asia, Belarus faced similar challenges as Russia in its transition to a market-oriented economy. It overhauled its Soviet-style system and unified

and computerized information on rights to land and buildings under one agency that became responsible for registering real estate transactions. Entrepreneurs can now register property with only 2 procedures and in 10 days.<sup>4</sup>

Moscow represents Russia in the annual *Doing Business* publication. It ranks 45 among 183 economies, ahead of Brazil (114), India (97) and Japan (58) and not far behind China (40). It takes an entrepreneur 5 procedures, 43 days and costs 0.2% of property value—one of the lowest amounts in the world—to transfer a property title in Moscow. Compared with EU countries, Russia ranks ahead of Germany (77) and the United Kingdom (68). Russia could look to its neighbors for good practices in property registration. Azerbaijan ranks 9, Kazakhstan 29 and Lithuania 7.

## HOW DOES REGISTERING PROPERTY WORK IN RUSSIA?

Three organizations used to manage property information in Russia. Cadastral information on land was held by different regional land committees based on whether it was urban

or rural. Cadastral information on buildings was managed by the Bureaus of Technical Inventory. Information on property ownership was managed by the Federal Registry Service and its predecessors. A 2008 law created the Federal Service of Registration, Cadastre and Cartography *Rosreestr*, unifying management of ownership registration and land cadastre. Since 2009 cadastral information on buildings is being gradually transferred to the property registry *Rosreestr*.<sup>5</sup> The database combining the cadastre and registry of property rights can facilitate planning and local development. It makes procedures simpler for entrepreneurs wanting to register property because all information can be found in one place.

### HOW DOES REGISTERING PROPERTY VARY ACROSS RUSSIAN CITIES?

Entrepreneurs seeking to register property in Russian cities face similar requirements established by federal regulation. The streamlined process in most of the 30 cities studied is efficient and affordable by international standards. But there are local variations due to how national legislation is interpreted and enforced. Among the cities measured, it is easiest to register property in Kaluga—where it takes 3 procedures, 19 days and 0.2% of property value—and longest in Yakutsk—where it takes 4 procedures, 60 days and 0.4% of property value (table 6.1).

Several observations emerge when comparing these results with those from 2008. Some cities, like Perm and Tomsk, dropped relative to their peers. Others moved up. Some of these changes are due to the study's addition of 20 cities, some of which have competitive property registration systems. In addition, all 10 cities previously measured reduced the number of procedures and the time required to register property, while costs increased slightly. For example, Moscow and Saint Petersburg each cut 1 procedure, Rostov-on-Don cut 2 procedures and reduced delay by almost half, and Tver cut 3 procedures and 13 days.

Despite business reforms across the board, there were differences in the gains of one location relative to its peers. For example, Tver dropped from 1 in 2008 to 8 now. Rostov-on-Don jumped from the bottom to 4 of 30

cities. And because many cities have the same number of procedures and identical costs, they share the same rankings.

Across the cities measured, it would take an entrepreneur an average of 4 procedures, 35 days and 0.23% of property value to register property. Russia has one of the world's lowest fees as a percentage of property value—much less than in EU or Eastern European and Central Asian economies, where it is 4.8% and 2.8%, respectively. In neighboring economies such as China, Finland and Japan transfer costs range between 3.6% and 5.7% of property value. In the region, only Kazakhstan has a cheaper property transfer fee, at just 0.1% of property value (figure 6.2).

The low cost in Russia is partly due to the fact that entrepreneurs pay a fixed fee to register property, a good practice captured by *Doing Business* in 15 economies like New Zealand and the Slovak Republic, as opposed to a percentage of the property value. Because this cost structure does not penalize higher property values, it can encourage sellers to declare the real market value of their properties.

In 27 of the 30 cities studied, almost all the cost corresponds to the official registration fee of 30,000 rubles (\$1,000) for land and building, prescribed by federal law. In Irkutsk and Khabarovsk, entrepreneurs pay an additional 15,000 rubles (\$500) because they also register the sale-purchase agreement. The registration of the agreement contract is not required by law because registration of the transfer rights is sufficient to ensure an owner's rights to property. Other fees stem from notarization practices in cities like Kirov, where it costs 500 rubles (\$17) to notarize each charter, one for the buyer and one for the seller. In 5 cities entrepreneurs typically obtain a cadastral passport on the building, and its cost varies from 600 rubles (\$20) in Novosibirsk to 49,500 rubles (\$1,650) in Kaliningrad. The variance arises from entrepreneurs in cities like Kaliningrad and Yakutsk carrying out a technical inventory of their buildings to mitigate risk.

Despite a common regulatory framework for property registration, the number of procedures varies due to local practices. All 30 cities studied share 3 requirements: verifying

ownership and encumbrances at the Federal Service of State Registration, Cadastre and Cartography, obtaining excerpts from the commercial registry about the companies of the buyer and seller, and registering the transfer of rights for the building and the land plot.

Twelve cities have 1 or 2 other requirements. For example, in some cities it is common for entrepreneurs to have to submit cadastral passports for land, buildings or both. Though notarization of official documents is not a legal obligation, in Kirov, Murmansk, Saint

TABLE 6.1 Ease of registering property ranking for the 30 cities measured in Russia

City	Rank	Procedures	Time	Cost (% of property value)
Kaluga	1	3	19	0.2
Vladikavkaz	2	3	26	0.2
Vladivostok	3	3	32	0.2
Kazan*	4	3	33	0.2
Omsk	4	3	33	0.2
Rostov-on-Don*	4	3	33	0.2
Volgograd	4	3	33	0.2
Petrozavodsk*	8	3	35	0.2
Samara	8	3	35	0.2
Saransk	8	3	35	0.2
Surgut	8	3	35	0.2
Tver*	8	3	35	0.2
Ulyanovsk	8	3	35	0.2
Voronezh*	8	3	35	0.2
Vyborg	8	3	35	0.2
Yaroslavl	16	3	38	0.2
Khabarovsk	17	3	13	0.3
Irkutsk*	18	3	34	0.3
Stavropol	19	4	29	0.2
Kirov	20	4	35	0.2
Yekaterinburg	20	4	35	0.2
Kaliningrad	22	5	27	0.5
Murmansk	23	5	35	0.2
Novosibirsk	24	5	37	0.2
Tomsk*	25	5	37	0.2
Moscow*	26	5	43	0.2
Perm*	27	4	47	0.2
St. Petersburg*	27	5	44	0.2
Kemerovo	29	5	45	0.2
Yakutsk	30	4	60	0.4

\* City measured in *Doing Business in Russia 2009*

Note: Rankings are based on the average percentile rankings on the procedures, time, and cost to register property. Cities with the same average percentile rankings have the same rank. See *data notes* for details.

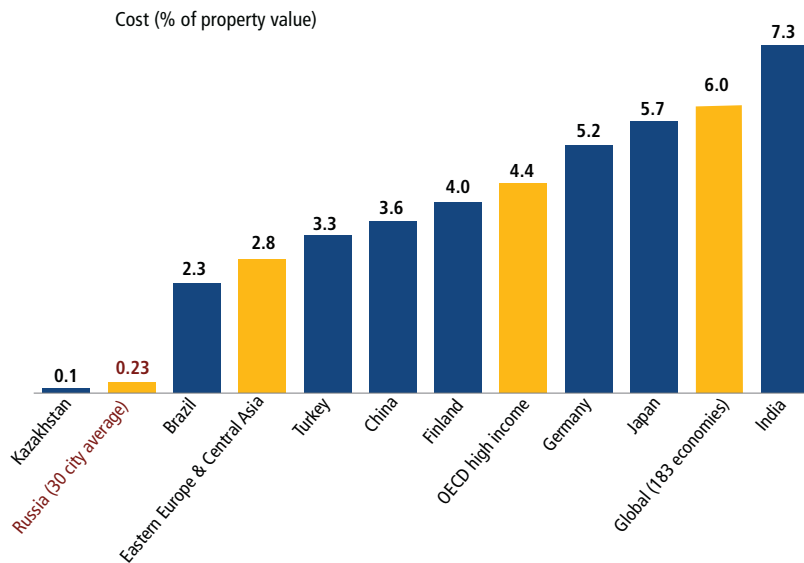
Source: *Doing Business* database.

Petersburg, Tomsk and Yekaterinburg entrepreneurs submit notarized copies. In Irkutsk, Perm and Petrozavodsk they submit the originals. The registration officers certify the copies by checking them against the originals and returning the originals to the applicants. The *Rosreestr's* internet portal in these cities points out this option for applicants. As a result applicants are aware that they can bring original deeds for onsite verification rather than notarized copies, saving time and money for entrepreneurs. Petrozavodsk was previously the only city to require submission of a "Plan Spravka" but has eliminated this requirement since it was last measured.

The duration of the registration process is set by federal legislation, and all cities comply with the 30-day limit.<sup>6</sup> In Kaliningrad, Kaluga, Khabarovsk, Stavropol and Vladikavkaz it takes even less time—10 to 22 days. In Kazan state registration used to take 20 days, but now takes 30. Alleged causes are an increase in the number of applications and fewer employees.<sup>7</sup> Time limits also exist for the issuance of the cadastral passport, but they are not always adhered to in practice. A federal law passed in 2010 caps the time to obtain a cadastral passport for a land plot at 5 working days.<sup>8</sup> But a cadastral passport for a land plot takes 14 days to be issued in Saint Petersburg due to high number of applications.

Efficient service saves time. The Federal Tax Service, which manages the commercial registry, introduced an electronic queue in Rostov-on-Don. This simple tool designed to keep people in line organized the activities in the agency, increased transparency and improved customer service. In the commercial registry, expedited procedures are offered to obtain company excerpts that indicate the legal representatives of the firm, in 1–2 days, for 400 rubles (\$13), twice the regular fee. Entrepreneurs in Yaroslavl tend to choose the regular service to obtain their documents in 7 days. This approach is possible because excerpts can be presented after submitting applications for registration of property rights, so there is no rush for entrepreneurs to obtain them quickly.

FIGURE 6.2 Fees for registering property are low across Russia



Source: Doing Business database.

## WHAT REFORMS WERE IMPLEMENTED?

Since *Doing Business in Russia 2009* was published, several federal reforms have been introduced to facilitate property registration (table 6.2).

In 2008 officials embarked on an effort to reorganize property registration by combining the cadastre for land and property under

the Federal Service of State Registration, Cadastre and Cartography. In 2010 changes to the Federal Law on State Registration of Real Estate Rights came into force. The new provisions prevent the government from requesting new cadastral passports for buildings and land plots when the registry has records in its archives. One exception is if physical modifications were made to the property. The majority of cities across the

TABLE 6.2 It is easier to register property now in the 10 cities benchmarked in 2008

City	Introduced legislation to consolidate functions in "Rosreestr"	Eliminated requirement for cadastral passport for land from "Rosreestr"	Eliminated requirement for cadastral passport for building from "BTI"	Increased fees for registration at "Rosreestr"	Eliminated requirement for notarization of copy of sale deed	Reduced time for registration at "Rosreestr"
Irkutsk	Δ	Δ	Δ	X	✓	
Kazan	Δ	Δ	Δ	X		X
Moscow	Δ	Δ	Δ	X		
Perm	Δ	Δ		X	✓	
Petrozavodsk	Δ	Δ	Δ	X	✓	
Rostov-on-Don	Δ	Δ	Δ	X		
St. Petersburg	Δ		Δ	X		✓
Tomsk	Δ		Δ	X		
Tver	Δ	Δ	Δ	X	✓	
Voronezh	Δ	Δ	Δ	X		

✓ Doing Business reform making it easier to register property.

X Doing Business reform making it more difficult to register property.

Δ National level reform making it easier to register property.

Source: Doing Business database.

Russian Federation have complied with this new Federal Law. However, in Kaliningrad, Kemerovo, Moscow, Novosibirsk, Perm and Yakutsk entrepreneurs still submit the cadastral passport for buildings. And in Kaliningrad, Kemerovo, Murmansk, Novosibirsk, Saint Petersburg, Stavropol and Tomsk, it is still common practice for entrepreneurs to choose to submit cadastral passports on land. Parties do not want to jeopardize approval due to potential inconsistencies between the information contained in the documents about the property and the actual property itself, and therefore choose to submit these cadastral passports to minimize risk. It is faster to register property in Russia than in 2008. For the 10 cities measured in *Doing Business in Russia 2009*, the average time to register property dropped from 61 days in 2008 to 38 today (figure 6.3). Saint Petersburg had the largest reduction, of 73 days from 117 to 44 days, after speeding registration at Rosreestr, followed by Kazan which cut time by more than half to 33 days by unifying cadastral and registration functions at Rosreestr.

Across the country, the fixed registration fee at Rosreestr doubled from 7,500 rubles (\$250) to 15,000 (\$500) in 2010, which is paid on both the land plot and the building, totaling 30,000 rubles (\$1,000).

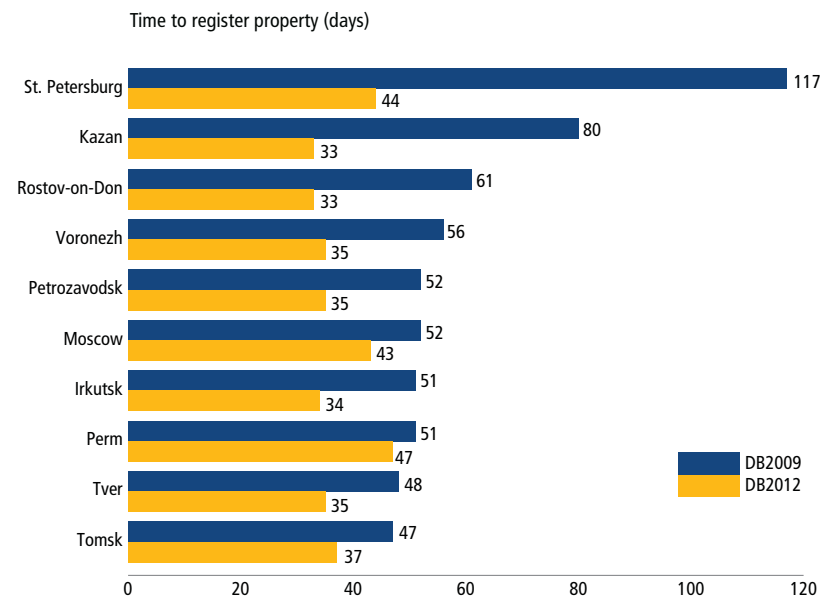
## WHAT TO REFORM?

### ***Expedite registration at the Rosreestr and offer fast-track procedures for property registration***

Russian law sets 30 days as the time limit for property registration. In some cities, like Kaluga, it takes 14 or fewer days. But in most cities it takes 30 days to register the transfer. Agencies should better plan staffing resources based on assessments of transaction volumes and staff productivity to complete registration of property rights in less time.

Another option is to offer expedited procedures for higher fees. The Commercial Registry already offers expedited procedures to issue company excerpts in 1 day for 400 rubles (\$14) instead of 7 days—half the usual fee. Among the 183 economies studied by the global *Doing Business*, 15 offered expedited procedures in 2010/11. This helps

**FIGURE 6.3** Property registration is faster in the 10 cities studied in 2008



Note: Only the 10 cities measured in *Doing Business in Russia 2009* are included in this figure.

Source: *Doing Business* database.

people who need speedier registration and are willing to pay for it – and allows a registry to prioritize its work and pay for additional resources to enable expedited registration. Azerbaijan, Bulgaria and Serbia introduced fast-track options for property registrations over the past 6 years.<sup>9</sup> In Lithuania property can be registered in 10 business days, or in 3 by paying 30% more, 2 by paying 50% more, or 1 for 100% more. In Moldova property can be registered in 10 days (for \$38), 3 (\$111) or 1 (\$185). Hungary introduced a fast-track procedure that reduced registration time at the land registry to 9–19 days for a higher fee (\$72 compared with \$30 for regular service, which takes 30–60 days).<sup>10</sup>

### ***Continue integrating land and building cadastres and registries in Rosreestr across regions***

Efficient property registration systems centralize activities in one-stop shops or link relevant agencies electronically, minimizing interactions between agencies and entrepreneurs. Azerbaijan, Belarus, Kazakhstan and the Kyrgyz Republic created one-stop shops for property transfers by unifying their land and building registries. As a result, the average time to transfer property in these 5 economies fell from 78 days to 14 days.

Though Russia has combined the functions of multiple agencies responsible for land cadastral and real estate rights into one agency, the Rosreestr continues to centralize all information in all regions. To strengthen connectivity between agencies, the country should continue to work on a unified database for records to allow for easier, quicker access to vital information to ensure title security. Connecting with the bureaus of technical inventory for information on buildings can facilitate the property transfer process until the full unification is complete. Linking the Rosreestr and Commercial Registry could also eliminate the need for entrepreneurs to undertake a separate procedure to obtain company excerpts.

### ***Introduce and promote electronic submission of registration for transfer of real estate rights***

Russia has an electronic system to manage property ownership information, a tool used to ease and expedite registration in 108 economies. Computerized systems at cadastres or registries improve access to information and allow making information available online.

The Rosreestr could promote electronic submission of state registration for transfer



of property rights. Eleven economies—including France, the Netherlands and New Zealand—offer this option. New Zealand digitized property records between 1997 and 2002, then introduced electronic registration. By 2005 only about half of property transactions were submitted electronically. In 2008 the government passed a law making electronic registration mandatory. Today registration can be completed in just 2 steps at a cost of 0.1% of property value.

### ***Accepting original deeds instead of notarized copies***

Notarizing corporate documents adds to the time and cost of transferring property. In most cities in Russia, validating corporate documents is done by the Registry, eliminating the need for entrepreneurs to submit notarized copies. This good practice should be extended to all cities.

Though the number of applicants submitting notarized copies of official documents has decreased since 2008, the practice still exists across many Russian cities. In Kirov, Moscow, Murmansk, Saint Petersburg, Tomsk and Yekaterinburg entrepreneurs still

submit notarized copies, though not required by law, adding an additional procedure at a cost of 1,000 rubles (\$32).

### ***Eliminate the practice of registering agreement contract across Russia***

In Russia registration of transfer of property rights is mandatory, while registration of the agreement contract is not. Entrepreneurs typically pay 30,000 rubles (\$1,000) to register a transfer as mandated by law. But in cities such as Irkutsk and Khabarovsk entrepreneurs register agreements in addition to the property rights, at a cost of 15,000 rubles (\$500) per transaction. Several reasons exist for this practice, including ambiguity on the law and entrepreneurs seeking to minimize the risk of refusal or suspension of state registration of real estate rights, though not registering the agreement does not pose any such risk. This practice should be eliminated by instructing relevant authorities not to accept any additional documents above those prescribed by law.

## NOTES

1. Deininger, Klaus. 2003. *Land Policies for Growth and Poverty Reduction*. World Bank Policy Research Report. New York: Oxford University Press.
2. World Bank. 1989. *World Development Report 1989*. New York: Oxford University Press.
3. Property information held in cadastres and land registries is part of the land information available to governments. Land information also includes other geographic, environmental and socioeconomic data related to land that are useful for urban planning and development.
4. Hacibeyoglu, Cemile. A world-class one stop shop: The story of property reform in Belarus. *Doing Business* reform case study. Washington, DC: World Bank Group.
5. According to the order of Rosreestr on May 28, 2009 No. 25
6. Federal Law (N122-FZ of 21/07/1997, art. 13, part 3).
7. <http://www.tatar-inform.ru/news/2012/01/17/300764/>
8. Federal Law (N334-FZ of 21 December, 2009, enacted March 1, 2010,).
9. World Bank. 2011. *Doing Business in 2012: Doing business in a more transparent world*. Washington, DC: World Bank Group.
10. *Doing Business* database.

# Data notes

The indicators presented and analyzed in *Doing Business in Russia 2012* measure business regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. The indicators document the degree of regulation, such as the number of procedures to start a business or to register and transfer commercial property. They also gauge the time and cost of achieving a regulatory goal or complying with regulation, such as the time and cost to enforce a contract.

In this report, *Doing Business* indicators have been measured for 30 cities in Russia. Ten of these cities were benchmarked in *Doing Business in Russia 2009*. The data presented in this report for Moscow and other economies are based on the global report *Doing Business 2012—Doing Business in a more transparent world*. The data for all sets of indicators in *Doing Business in Russia 2012* are current as of November 2011. The data for all sets of indicators taken from *Doing Business 2012* are current as of June 2011.

## METHODOLOGY

The *Doing Business in Russia 2012* data is collected in a standardized way. To start, the *Doing Business* team, with academic advisers, designs a questionnaire. The questionnaire uses a simple business case to ensure comparability across countries and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Then the questionnaire is customized to the particular case of Russia.

Questionnaires are administered through local experts, including lawyers, business consultants, construction firms, engineers, local and national-level government officials and other professionals routinely administering

or advising on legal and regulatory requirements. These experts have several rounds of interaction with the *Doing Business in Russia 2012* team, through face-to-face interviews, conference calls and written correspondence. The data from questionnaires are subjected to numerous tests for robustness, which lead to revisions or expansions of the information collected. For example, the preliminary findings are presented to the local governments through right of reply consultations with administrators and other local government officials.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue: *Doing Business* is not a statistical survey, and the texts of relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to *Doing Business* but also identify their source and point to what might be reformed.

## LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology has four limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—a limited liability company of a specified size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Second, transactions described in

## ECONOMY CHARACTERISTICS

### Gross national income (GNI) per capita

*Doing Business in Russia 2012* reports 2010 income per capita as published in the World Bank's World Development Indicators 2011. Income is calculated using the Atlas method (current US\$). For cost indicators expressed as a percentage of income per capita, 2010 GNI in U.S. dollars is used as the denominator. Russia's GNI per capita in 2010 = US\$9,910.

### Exchange rate

The exchange rate used in this report is: 1 US\$ = 30.945 RUB.

### Region and income group

*Doing Business* uses the World Bank regional and income group classifications available at <http://www.worldbank.org/data/countryclass>

a standardized case study refer to a specific set of issues and may not represent the full set of issues a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business in Russia 2012* would differ from the perceptions of entrepreneurs reported in

the World Bank Enterprise Surveys or other perception surveys.

## CHANGES IN WHAT IS MEASURED

The methodology for the dealing with construction permits indicator was updated this year. The global *Doing Business* report now includes getting electricity indicators in its overall analysis of the ease of doing business. For this reason, the procedures, time and cost related to obtaining an electricity connection were removed from the dealing with construction permits indicator. In line with *Doing Business* methodology and to allow for international and subnational comparability, *Doing Business in Russia 2012* has also removed procedures, time, and cost related to getting an electricity connection from the dealing with construction permits indicator.

## STARTING A BUSINESS

*Doing Business in Russia 2012* records all procedures that are officially required for an entrepreneur to start up and formally operate a commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. The ranking on the ease of starting a business is the simple average of the percentile rankings on its component indicators (figure 7.1).

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirements if applicable. Subsequently, local incorporation lawyers, notaries and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that all agencies involved in the start-up process function without corruption. If answers by local experts differ, inquiries continue until the data are reconciled.

To make the data comparable across countries, several assumptions about the business and the procedures are used.

## Assumptions about the business

The business:

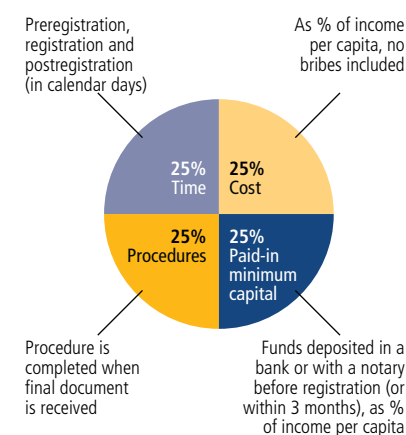
- Is a limited liability company. If there is more than one type of limited liability company in the country, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.
- Operates in the commercial district of the selected city.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita at the end of 2010, paid in cash.
- Performs general commercial activities, such as the production or sale of products or services to the public. 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.
- Leases the commercial plant and offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

## Procedures

A procedure is defined as any interaction of the company founder with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators,

**FIGURE 7.1** Starting a business: getting a local limited liability company up and running

Rankings are based on 4 indicators



accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Each electronic procedure is counted separately. If 2 procedures can be completed through the same website but require separate filings, they are counted as 2 procedures. Both pre- and post incorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded (table 7.1).

**TABLE 7.1** What do the starting a business indicators measure?

<b>Procedures to legally start and operate a company (number)</b>
Preregistration (for example, name verification or reservation, notarization)
Registration in the economy's selected city
Postregistration (for example, social security registration, company seal)
<b>Time required to complete each procedure (calendar days)</b>
Does not include time spent gathering information
Each procedure starts on a separate day
Procedure completed once final document is received
No prior contact with officials
<b>Cost required to complete each procedure (% of income per capita)</b>
Official costs only, no bribes
No professional fees unless services required by law
<b>Paid-in minimum capital (% of income per capita)</b>
Funds deposited in a bank or with a notary before registration (or within 3 months)

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

### Time

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.

### Cost

Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional

services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

### Paid-in minimum capital

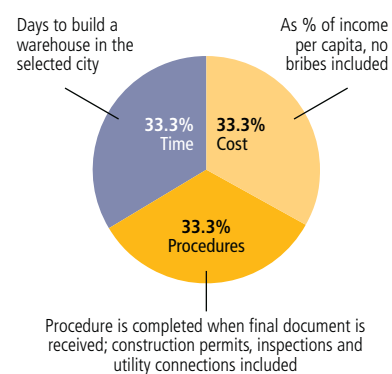
The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita. The amount is typically specified in the commercial code or the company law. Many countries have a minimum capital requirement but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation.

*The data details on starting a business can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov, Simeon, Rafael la Porta, Florencio López-de-Silanes and Andrei Schleifer. 2002. "The Regulation of Entry." Quarterly Journal of Economics 117(1):1-37, and is adopted here with minor change.*

## DEALING WITH CONSTRUCTION PERMITS

*Doing Business in Russia 2012* records all procedures required for a business in the construction industry to build a standardized warehouse. These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. *Doing Business in Russia 2012* also records procedures for obtaining connections for water, sewerage, and

**FIGURE 7.2** Dealing with construction permits: building a warehouse  
Rankings are based on 3 indicators



a fixed telephone landline. Procedures necessary to register the property so that it can be used as collateral or transferred to another entity are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure. The ranking on the ease of dealing with construction permits is the simple average of the percentile rankings on its component indicators (figure 7.2).

Information is collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the utility connections are used.

### Assumptions about the construction company

The business (BuildCo):

- Is a limited liability company.
- Operates in the selected city.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience

necessary to obtain construction permits and approvals.

- Has at least 1 employee who is a licensed architect and registered with the local association of architects.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability insurance).
- Owns the land on which the warehouse is built.

### Assumptions about the warehouse

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high.
- Has road access and is located in the periurban area of the selected city (that is, on the fringes of the city but still within its official limits).
- Is not located in a special economic or industrial zone. The zoning requirements for warehouses are met by building in an area where similar warehouses can be found.
- Is located on a land plot of 10,000 square feet (929 square meters) that is 100% owned by BuildCo and is registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

### Assumptions about the utility connections

The water and sewerage connection:

- Is 10 meters (32 feet, 10 inches) from the existing water source and sewer tap.

- Does not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead. If a wet fire protection system is required by law, it is assumed that the water demand specified below also covers the water needed for fire protection.
- Has an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day.
- Has 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.
- Will have a constant level of water demand and wastewater flow throughout the year.

The telephone connection:

- Is 10 meters (32 feet, 10 inches) from the main telephone network.
- Is a fixed telephone landline.

### Procedures

A procedure is any interaction of the company's employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and

inspections conducted by employees, are not counted as procedures. Procedures that the company undergoes to connect to water, sewerage and telephone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases (table 7.2).

### Time

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete the procedure in practice. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

### Cost

Cost is recorded as a percentage of the economy's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspection before, during and after construction; getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project are also recorded. The building code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

*The data details on dealing with construction permits can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.*

TABLE 7.2 What do the dealing with construction permits indicators measure?	
<b>Procedures to legally build a warehouse (number)</b>	
Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates	
Completing all required notifications and receiving all necessary inspections	
Obtaining utility connections for water, sewerage and a fixed telephone landline	
Registering the warehouse after its completion (if required for use as collateral or for transfer of the warehouse)	
<b>Time required to complete each procedure (calendar days)</b>	
Does not include time spent gathering information	
Each procedure starts on a separate day	
Procedure completed once final document is received	
No prior contact with officials	
<b>Cost required to complete each procedure (% of income per capita)</b>	
Official costs only, no bribes	

## GETTING ELECTRICITY

*Doing Business in Russia 2012* records all procedures required for a business to obtain a permanent electricity connection and supply for a standardized warehouse. These procedures include applications and contracts with electricity utilities, all necessary inspections and clearances from the utility and other agencies and the external and final connection works. The survey divides the process of getting an electricity connection into distinct procedures and calculates the time and cost of completing each procedure. The ranking on the ease of getting electricity is the simple average of the percentile rankings on its component indicators (figure 7.3).

Data are collected from the electricity distribution utility, then completed and verified by electricity regulatory agencies and independent professionals such as electrical engineers, electrical contractors and construction companies. The electricity distribution utility surveyed is the one serving the area (or areas) where warehouses are located. If there is a choice of distribution utilities, the one serving the largest number of customers is selected. To make the data comparable across economies, several assumptions about the warehouse and the electricity connection are used.

### Assumptions about the warehouse

The warehouse:

- Is owned by a local entrepreneur.
- Is located in the selected city.
- Is located within the city's official limits and in an area where other warehouses are located (a nonresidential area).
- Is not located in a special economic or investment zone; that is, the electricity connection is not eligible for subsidization or faster service under a special investment promotion regime. If several options for location are available, the warehouse is located where electricity is most easily available.
- Has road access. The connection works involve the crossing of a road (for excavation, overhead lines and the like), but they are all carried out on public land; that is, there is no crossing onto another owner's private property.

- Is located in an area with no physical constraints. For example, the property is not near a railway.
- Is used for storage of refrigerated goods.
- Is a new construction (that is, there was no previous construction on the land where it is located). It is being connected to electricity for the first time.
- Has 2 stories, both above ground, 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).

### Assumptions about the electricity connection

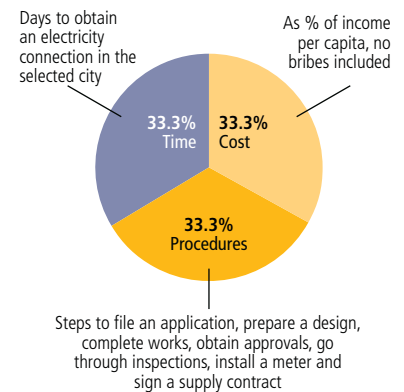
The electricity connection:

- Is a permanent one.
- Is a 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity) connection.
- Is 150 meters long. The connection is to either the low-voltage or the medium-voltage distribution network and either overhead or underground, whichever is more common in the economy and in the area where the warehouse is located. The length of any connection in the customer's private domain is negligible.
- Involves the installation of only one electricity meter. The monthly electricity consumption will be 0.07 gigawatt-hour (GWh). The internal electrical wiring has already been completed.

### Procedures

A procedure is defined as any interaction of the company's employees or its main electrician or electrical engineer (that is, the one who may have done the internal wiring) with external parties such as the electricity distribution utility, electricity supply utilities, government agencies, electrical contractors and electrical firms. Interactions between company employees and steps related to the internal electrical wiring, such as the design and execution of the internal electrical installation plans, are not counted as procedures. Procedures that must be completed with the same utility but with different departments are counted as separate procedures (table 7.3).

**FIGURE 7.3** Getting electricity: obtaining an electricity connection  
Rankings are based on 3 indicators



The company's employees are assumed to complete all procedures themselves unless the use of a third party is mandated (for example, if only an electrician registered with the utility is allowed to submit an application). If the company can, but is not required to, request the services of professionals (such as a private firm rather than the utility for the external works), these procedures are recorded if they are commonly done. For all procedures, only the most likely cases (for example, more than 50% of the time the utility has the material) and those followed in practice for connecting a warehouse to electricity are counted.

**TABLE 7.3** What do the getting electricity 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

## Time

Time is recorded in calendar days. The measure captures the median duration that the electricity utility and experts indicate is necessary in practice, rather than required by law, to complete a procedure with minimum follow-up and no extra payments. It is also assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the company does not waste time and commits to completing each remaining procedure without delay. The time that the company spends on gathering information is ignored. It is assumed that the company is aware of all electricity connection requirements and their sequence from the beginning.

## Cost

Cost is recorded as a percentage of the economy's income per capita. Costs are recorded exclusive of value added tax. All the fees and costs associated with completing the procedures to connect a warehouse to electricity are recorded, including those related to obtaining clearances from government agencies, applying for the connection, receiving inspections of both the site and the internal wiring, purchasing material, getting the actual connection works and paying a security deposit. Information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used. In all cases the cost excludes bribes.

## REGISTERING PROPERTY

*Doing Business in Russia 2012* records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, as collateral in taking new loans or, if necessary, sell to another business. The process starts with obtaining the necessary documents, such as a copy of the seller's title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable

to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it. The ranking on the ease of registering property is the simple average of the percentile rankings on its component indicators (figure 7.4).

Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them.

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

### Assumptions about the parties

The parties (buyer and seller):

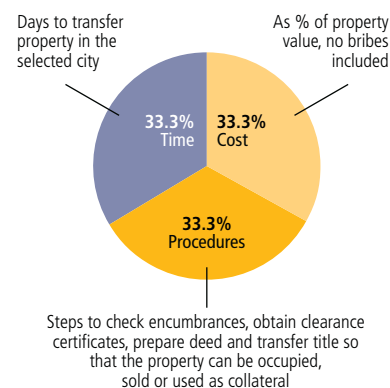
- Are limited liability companies.
- Are located in the periurban area of the selected city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

### Assumptions about the property

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- 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, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A 2-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 and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.

**FIGURE 7.4** Registering property: transfer of property between 2 local companies  
Rankings are based on 3 indicators



- Will not be subject to renovations or additional building 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 (legal or illegal), and no other party holds a legal interest in it.

### Procedures

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases. It is assumed that the buyer follows the fastest legal option available and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that it does not employ an outside facilitator in the registration process unless legally or in practice required to do so (table 7.4).

## Time

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all regulations and their sequence from the beginning. Time spent on gathering information is not considered.

## Cost

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If

cost estimates differ among sources, the median reported value is used.

*The data details on registering property can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.*

## RANKINGS

The ranking on each topic is the simple average of the percentile rankings on its component indicators. The ease of starting a business is a simple average of the city rankings on the number of procedures, and the associated time and cost (% of income per capita) required to start a business. The ease of dealing with construction permits is a simple average of the city rankings on the number of procedures, and the associated time and cost (% of income per capita) required to obtain a permanent electricity connection and supply for a standardized warehouse. The ease of registering property is a simple average of the city rankings on the number of procedures, associated time and cost (% of income per capita) required to register property.

The rankings are limited in scope. They do not account for an economy's proximity to large markets, the quality of its infrastructure services (other than services related to construction permits), the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions. There remains a large unfinished agenda for research into what regulation constitutes binding constraints, what package of reforms is most effective and how these issues are shaped by the context of an economy. The *Doing Business* indicators provide a new empirical data set that may improve understanding of these issues.

## DISTANCE TO FRONTIER MEASURE

This year's report introduces a new measure to illustrate how the regulatory environment for local businesses in each economy has changed over time. The distance to frontier measure illustrates the distance of

an economy to the "frontier" and shows the extent to which the economy has closed this gap over time. The frontier is a score derived from the most efficient practice or highest score achieved on each of the component indicators in 9 *Doing Business* indicator sets (excluding the employing workers and getting electricity indicators) by any economy since 2005. In starting a business, for example, New Zealand has achieved the highest performance on the time (1 day), Canada and New Zealand on the number of procedures required (1), Denmark and Slovenia on the cost (0% of income per capita) and Australia on the paid-in minimum capital requirement (0% of income per capita).

Calculating the distance to frontier for each economy involves 2 main steps. First, individual indicator scores are normalized to a common unit. To do so, each of the 32 component indicators  $y$  is rescaled to  $(y - \min) / (\max - \min)$ , with the minimum value ( $\min$ ) representing the frontier—the highest performance on that indicator across all economies since 2005. Second, for each economy the scores obtained for individual indicators are aggregated through simple averaging into one distance to frontier score. An economy's distance to the frontier is indicated on a scale from 0 to 100, where 0 represents the frontier and 100 the lowest performance.

The difference between an economy's distance to frontier score in 2005 and its score in 2011 illustrates the extent to which the economy has closed the gap to the frontier over time. The maximum ( $\max$ ) and minimum ( $\min$ ) observed values are computed for the 174 economies included in the *Doing Business* sample since 2005 and for all years (from 2005 to 2011). The year 2005 was chosen as the baseline for the economy sample because it was the first year in which data were available for the majority of economies (a total of 174) and for all 9 indicator sets included in the measure. To mitigate the effects of extreme outliers in the distributions of the rescaled data (very few economies need 694 days to complete the procedures to start a business, but many need 9 days), the maximum ( $\max$ ) is defined as the 95th percentile of the pooled data for all economies and all years for each indicator.

**TABLE 7.4** What do the registering property indicators measure?

<b>Procedures to legally transfer title on immovable property (number)</b>
Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
Registration procedures in the economy's selected city
Postregistration procedures (for example, filing title with municipality)
<b>Time required to complete each procedure (calendar days)</b>
Does not include time spent gathering information
Each procedure starts on a separate day
Procedure completed once final document is received
No prior contact with officials
<b>Cost required to complete each procedure (% of property value)</b>
Official costs only, no bribes
No value added or capital gains taxes included



# City tables

<b>Irkutsk, Irkutsk Oblast</b>			Aggregate rank	10
<b>Starting a business</b> (rank)	8	<b>Getting electricity</b> (rank)	10	
Procedures (number)	10	Procedures (number)	9	
Time (days)	19	Time (days)	228	
Cost (% of income per capita)	2.1	Cost (% of income per capita)	573.6	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	6	<b>Registering property</b> (rank)	18	
Procedures (number)	17	Procedures (number)	3	
Time (days)	215	Time (days)	34	
Cost (% of income per capita)	141.0	Cost (% of property value)	0.3	
<b>Kaliningrad, Kaliningrad Oblast</b>			Aggregate rank	19
<b>Starting a business</b> (rank)	11	<b>Getting electricity</b> (rank)	22	
Procedures (number)	8	Procedures (number)	9	
Time (days)	16	Time (days)	308	
Cost (% of income per capita)	2.4	Cost (% of income per capita)	641.6	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	3	<b>Registering property</b> (rank)	22	
Procedures (number)	17	Procedures (number)	5	
Time (days)	239	Time (days)	27	
Cost (% of income per capita)	86.3	Cost (% of property value)	0.5	
<b>Kaluga, Kaluga Oblast</b>			Aggregate rank	6
<b>Starting a business</b> (rank)	17	<b>Getting electricity</b> (rank)	15	
Procedures (number)	11	Procedures (number)	10	
Time (days)	22	Time (days)	144	
Cost (% of income per capita)	2.1	Cost (% of income per capita)	589.8	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	9	<b>Registering property</b> (rank)	1	
Procedures (number)	24	Procedures (number)	3	
Time (days)	264	Time (days)	19	
Cost (% of income per capita)	48.0	Cost (% of property value)	0.2	
<b>Kazan, Republic of Tatarstan</b>			Aggregate rank	5
<b>Starting a business</b> (rank)	4	<b>Getting electricity</b> (rank)	17	
Procedures (number)	9	Procedures (number)	9	
Time (days)	21	Time (days)	186	
Cost (% of income per capita)	1.7	Cost (% of income per capita)	929.1	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	14	<b>Registering property</b> (rank)	4	
Procedures (number)	32	Procedures (number)	3	
Time (days)	223	Time (days)	33	
Cost (% of income per capita)	40.0	Cost (% of property value)	0.2	

<b>Kemerovo, Kemerovo Oblast</b>			Aggregate rank	27
<b>Starting a business</b> (rank)	28	<b>Getting electricity</b> (rank)		7
Procedures (number)	11	Procedures (number)		6
Time (days)	22	Time (days)		259
Cost (% of income per capita)	2.5	Cost (% of income per capita)		392.5
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	21	<b>Registering property</b> (rank)		29
Procedures (number)	24	Procedures (number)		5
Time (days)	322	Time (days)		45
Cost (% of income per capita)	74.8	Cost (% of property value)		0.2
<b>Khabarovsk, Khabarovsk Krai</b>			Aggregate rank	23
<b>Starting a business</b> (rank)	24	<b>Getting electricity</b> (rank)		8
Procedures (number)	8	Procedures (number)		9
Time (days)	23	Time (days)		248
Cost (% of income per capita)	3.0	Cost (% of income per capita)		391.1
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	29	<b>Registering property</b> (rank)		17
Procedures (number)	32	Procedures (number)		3
Time (days)	269	Time (days)		13
Cost (% of income per capita)	188.9	Cost (% of property value)		0.3
<b>Kirov, Kirov Oblast</b>			Aggregate rank	12
<b>Starting a business</b> (rank)	13	<b>Getting electricity</b> (rank)		4
Procedures (number)	7	Procedures (number)		9
Time (days)	29	Time (days)		220
Cost (% of income per capita)	2.1	Cost (% of income per capita)		390.6
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	5	<b>Registering property</b> (rank)		20
Procedures (number)	29	Procedures (number)		4
Time (days)	206	Time (days)		35
Cost (% of income per capita)	47.3	Cost (% of property value)		0.2
<b>Moscow</b>			Aggregate rank	30
<b>Starting a business</b> (rank)	25	<b>Getting electricity</b> (rank)		30
Procedures (number)	9	Procedures (number)		10
Time (days)	30	Time (days)		281
Cost (% of income per capita)	2.1	Cost (% of income per capita)		1852.4
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	30	<b>Registering property</b> (rank)		26
Procedures (number)	47	Procedures (number)		5
Time (days)	392	Time (days)		43
Cost (% of income per capita)	171.5	Cost (% of property value)		0.2
<b>Murmansk, Murmansk Oblast</b>			Aggregate rank	26
<b>Starting a business</b> (rank)	12	<b>Getting electricity</b> (rank)		27
Procedures (number)	7	Procedures (number)		10
Time (days)	25	Time (days)		328
Cost (% of income per capita)	2.2	Cost (% of income per capita)		375.6
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	19	<b>Registering property</b> (rank)		23
Procedures (number)	16	Procedures (number)		5
Time (days)	357	Time (days)		35
Cost (% of income per capita)	137.4	Cost (% of property value)		0.2

<b>Novosibirsk, Novosibirsk Oblast</b>			Aggregate rank	29
<b>Starting a business</b> (rank)	23	<b>Getting electricity</b> (rank)		29
Procedures (number)	11	Procedures (number)		10
Time (days)	22	Time (days)		265
Cost (% of income per capita)	2.3	Cost (% of income per capita)		815.9
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	18	<b>Registering property</b> (rank)		24
Procedures (number)	20	Procedures (number)		5
Time (days)	248	Time (days)		37
Cost (% of income per capita)	146.7	Cost (% of property value)		0.2
<b>Omsk, Omsk Oblast</b>			Aggregate rank	13
<b>Starting a business</b> (rank)	19	<b>Getting electricity</b> (rank)		13
Procedures (number)	8	Procedures (number)		10
Time (days)	25	Time (days)		222
Cost (% of income per capita)	2.2	Cost (% of income per capita)		112.2
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	20	<b>Registering property</b> (rank)		4
Procedures (number)	29	Procedures (number)		3
Time (days)	312	Time (days)		33
Cost (% of income per capita)	62.4	Cost (% of property value)		0.2
<b>Perm, Perm Krai</b>			Aggregate rank	25
<b>Starting a business</b> (rank)	13	<b>Getting electricity</b> (rank)		18
Procedures (number)	7	Procedures (number)		6
Time (days)	25	Time (days)		305
Cost (% of income per capita)	2.2	Cost (% of income per capita)		618.2
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	12	<b>Registering property</b> (rank)		27
Procedures (number)	21	Procedures (number)		4
Time (days)	229	Time (days)		47
Cost (% of income per capita)	107.7	Cost (% of property value)		0.2
<b>Petrozavodsk, Republic of Karelia</b>			Aggregate rank	11
<b>Starting a business</b> (rank)	6	<b>Getting electricity</b> (rank)		21
Procedures (number)	7	Procedures (number)		10
Time (days)	23	Time (days)		226
Cost (% of income per capita)	2.2	Cost (% of income per capita)		564.9
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	16	<b>Registering property</b> (rank)		8
Procedures (number)	18	Procedures (number)		3
Time (days)	285	Time (days)		35
Cost (% of income per capita)	117.2	Cost (% of property value)		0.2
<b>Rostov-on-Don, Rostov Oblast</b>			Aggregate rank	4
<b>Starting a business</b> (rank)	26	<b>Getting electricity</b> (rank)		3
Procedures (number)	11	Procedures (number)		6
Time (days)	21	Time (days)		223
Cost (% of income per capita)	2.5	Cost (% of income per capita)		115.1
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	15	<b>Registering property</b> (rank)		4
Procedures (number)	18	Procedures (number)		3
Time (days)	294	Time (days)		33
Cost (% of income per capita)	95.0	Cost (% of property value)		0.2

<b>Saint Petersburg</b>				Aggregate rank	22
<b>Starting a business</b> (rank)	1	<b>Getting electricity</b> (rank)		24	
Procedures (number)	7	Procedures (number)		9	
Time (days)	17	Time (days)		238	
Cost (% of income per capita)	2.1	Cost (% of income per capita)		1080.0	
Minimum capital (% of income per capita)	1.6				
<b>Dealing with construction permits</b> (rank)	9	<b>Registering property</b> (rank)		27	
Procedures (number)	18	Procedures (number)		5	
Time (days)	361	Time (days)		44	
Cost (% of income per capita)	51.3	Cost (% of property value)		0.2	
<b>Samara, Samara Oblast</b>				Aggregate rank	21
<b>Starting a business</b> (rank)	22	<b>Getting electricity</b> (rank)		28	
Procedures (number)	10	Procedures (number)		6	
Time (days)	19	Time (days)		290	
Cost (% of income per capita)	2.5	Cost (% of income per capita)		1153.0	
Minimum capital (% of income per capita)	1.6				
<b>Dealing with construction permits</b> (rank)	24	<b>Registering property</b> (rank)		8	
Procedures (number)	30	Procedures (number)		3	
Time (days)	200	Time (days)		35	
Cost (% of income per capita)	417.9	Cost (% of property value)		0.2	
<b>Saransk, Republic of Mordovia</b>				Aggregate rank	2
<b>Starting a business</b> (rank)	20	<b>Getting electricity</b> (rank)		1	
Procedures (number)	11	Procedures (number)		9	
Time (days)	20	Time (days)		123	
Cost (% of income per capita)	2.3	Cost (% of income per capita)		269.2	
Minimum capital (% of income per capita)	1.6				
<b>Dealing with construction permits</b> (rank)	8	<b>Registering property</b> (rank)		8	
Procedures (number)	30	Procedures (number)		3	
Time (days)	191	Time (days)		35	
Cost (% of income per capita)	67.3	Cost (% of property value)		0.2	
<b>Stavropol, Stavropol Krai</b>				Aggregate rank	7
<b>Starting a business</b> (rank)	4	<b>Getting electricity</b> (rank)		9	
Procedures (number)	7	Procedures (number)		7	
Time (days)	23	Time (days)		238	
Cost (% of income per capita)	2.2	Cost (% of income per capita)		443.5	
Minimum capital (% of income per capita)	1.6				
<b>Dealing with construction permits</b> (rank)	2	<b>Registering property</b> (rank)		19	
Procedures (number)	23	Procedures (number)		4	
Time (days)	216	Time (days)		29	
Cost (% of income per capita)	47.1	Cost (% of property value)		0.2	
<b>Surgut, Khanty-Mansiisk Autonomous Okrug – Yugra</b>				Aggregate rank	9
<b>Starting a business</b> (rank)	30	<b>Getting electricity</b> (rank)		19	
Procedures (number)	11	Procedures (number)		10	
Time (days)	22	Time (days)		171	
Cost (% of income per capita)	3.0	Cost (% of income per capita)		746.1	
Minimum capital (% of income per capita)	1.6				
<b>Dealing with construction permits</b> (rank)	1	<b>Registering property</b> (rank)		8	
Procedures (number)	17	Procedures (number)		3	
Time (days)	150	Time (days)		35	
Cost (% of income per capita)	106.2	Cost (% of property value)		0.2	

<b>Tomsk, Tomsk Oblast</b>			Aggregate rank	20
<b>Starting a business</b> (rank)	15	<b>Getting electricity</b> (rank)		10
Procedures (number)	8	Procedures (number)		9
Time (days)	23	Time (days)		264
Cost (% of income per capita)	2.2	Cost (% of income per capita)		391.4
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	6	<b>Registering property</b> (rank)		25
Procedures (number)	18	Procedures (number)		5
Time (days)	279	Time (days)		37
Cost (% of income per capita)	66.5	Cost (% of property value)		0.2
<b>Tver, Tver Oblast</b>			Aggregate rank	18
<b>Starting a business</b> (rank)	21	<b>Getting electricity</b> (rank)		14
Procedures (number)	8	Procedures (number)		9
Time (days)	25	Time (days)		183
Cost (% of income per capita)	2.4	Cost (% of income per capita)		869.2
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	25	<b>Registering property</b> (rank)		8
Procedures (number)	30	Procedures (number)		3
Time (days)	448	Time (days)		35
Cost (% of income per capita)	75.2	Cost (% of property value)		0.2
<b>Ulyanovsk, Ulyanovsk Oblast</b>			Aggregate rank	1
<b>Starting a business</b> (rank)	3	<b>Getting electricity</b> (rank)		5
Procedures (number)	8	Procedures (number)		9
Time (days)	21	Time (days)		164
Cost (% of income per capita)	2.1	Cost (% of income per capita)		654.9
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	4	<b>Registering property</b> (rank)		8
Procedures (number)	30	Procedures (number)		3
Time (days)	191	Time (days)		35
Cost (% of income per capita)	45.6	Cost (% of property value)		0.2
<b>Vladikavkaz, Republic of North Ossetia – Alania</b>			Aggregate rank	3
<b>Starting a business</b> (rank)	27	<b>Getting electricity</b> (rank)		2
Procedures (number)	12	Procedures (number)		9
Time (days)	22	Time (days)		120
Cost (% of income per capita)	2.3	Cost (% of income per capita)		441.2
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	11	<b>Registering property</b> (rank)		2
Procedures (number)	29	Procedures (number)		3
Time (days)	201	Time (days)		26
Cost (% of income per capita)	91.1	Cost (% of property value)		0.2
<b>Vladivostok, Primorsky Krai</b>			Aggregate rank	15
<b>Starting a business</b> (rank)	18	<b>Getting electricity</b> (rank)		23
Procedures (number)	8	Procedures (number)		9
Time (days)	23	Time (days)		260
Cost (% of income per capita)	2.3	Cost (% of income per capita)		852.4
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	22	<b>Registering property</b> (rank)		3
Procedures (number)	26	Procedures (number)		3
Time (days)	218	Time (days)		32
Cost (% of income per capita)	169.4	Cost (% of property value)		0.2

<b>Volgograd, Volgograd Oblast</b>			Aggregate rank	16
<b>Starting a business</b> (rank)	2	<b>Getting electricity</b> (rank)	26	
Procedures (number)	8	Procedures (number)	10	
Time (days)	22	Time (days)	205	
Cost (% of income per capita)	2.0	Cost (% of income per capita)	804.3	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	27	<b>Registering property</b> (rank)	4	
Procedures (number)	23	Procedures (number)	3	
Time (days)	371	Time (days)	33	
Cost (% of income per capita)	186.0	Cost (% of property value)	0.2	
<b>Voronezh, Voronezh Oblast</b>			Aggregate rank	17
<b>Starting a business</b> (rank)	15	<b>Getting electricity</b> (rank)	16	
Procedures (number)	8	Procedures (number)	9	
Time (days)	18	Time (days)	215	
Cost (% of income per capita)	2.5	Cost (% of income per capita)	838.4	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	28	<b>Registering property</b> (rank)	8	
Procedures (number)	31	Procedures (number)	3	
Time (days)	364	Time (days)	35	
Cost (% of income per capita)	111.4	Cost (% of property value)	0.2	
<b>Vyborg, Leningrad Oblast</b>			Aggregate rank	14
<b>Starting a business</b> (rank)	10	<b>Getting electricity</b> (rank)	12	
Procedures (number)	8	Procedures (number)	9	
Time (days)	25	Time (days)	202	
Cost (% of income per capita)	2.0	Cost (% of income per capita)	772.7	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	23	<b>Registering property</b> (rank)	8	
Procedures (number)	20	Procedures (number)	3	
Time (days)	279	Time (days)	35	
Cost (% of income per capita)	297.9	Cost (% of property value)	0.2	
<b>Yakutsk, Republic of Sakha – Yakutia</b>			Aggregate rank	28
<b>Starting a business</b> (rank)	8	<b>Getting electricity</b> (rank)	25	
Procedures (number)	7	Procedures (number)	6	
Time (days)	25	Time (days)	279	
Cost (% of income per capita)	2.2	Cost (% of income per capita)	1,012.2	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	26	<b>Registering property</b> (rank)	30	
Procedures (number)	26	Procedures (number)	4	
Time (days)	280	Time (days)	60	
Cost (% of income per capita)	178.0	Cost (% of property value)	0.4	
<b>Yaroslavl, Yaroslavl Oblast</b>			Aggregate rank	8
<b>Starting a business</b> (rank)	7	<b>Getting electricity</b> (rank)	6	
Procedures (number)	7	Procedures (number)	9	
Time (days)	27	Time (days)	146	
Cost (% of income per capita)	2.0	Cost (% of income per capita)	696.8	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	17	<b>Registering property</b> (rank)	16	
Procedures (number)	22	Procedures (number)	3	
Time (days)	247	Time (days)	38	
Cost (% of income per capita)	130.6	Cost (% of property value)	0.2	

<b>Yekaterinburg, Sverdlovsk Oblast</b>			Aggregate rank	24
<b>Starting a business</b> (rank)	29	<b>Getting electricity</b> (rank)	19	
Procedures (number)	8	Procedures (number)	9	
Time (days)	33	Time (days)	360	
Cost (% of income per capita)	2.4	Cost (% of income per capita)	458.0	
Minimum capital (% of income per capita)	1.6			
<b>Dealing with construction permits</b> (rank)	13	<b>Registering property</b> (rank)	20	
Procedures (number)	21	Procedures (number)	4	
Time (days)	217	Time (days)	35	
Cost (% of income per capita)	136.1	Cost (% of property value)	0.2	

# Indicator tables

## Starting a Business

City	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in Min. Capital (% of income per capita)	Ease of starting a business (rank)
Irkutsk, Irkutsk Oblast	10	19	2.1	1.6	8
Kaliningrad, Kaliningrad Oblast	8	16	2.4	1.6	11
Kaluga, Kaluga Oblast	11	22	2.1	1.6	17
Kazan, Republic of Tatarstan	9	21	1.7	1.6	4
Kemerovo, Kemerovo Oblast	11	22	2.5	1.6	28
Khabarovsk, Khabarovsk Krai	8	23	3.0	1.6	24
Kirov, Kirov Oblast	7	29	2.1	1.6	13
Moscow	9	30	2.1	1.6	25
Murmansk, Murmansk Oblast	7	25	2.2	1.6	12
Novosibirsk, Novosibirsk Oblast	11	22	2.3	1.6	23
Omsk, Omsk Oblast	8	25	2.2	1.6	19
Perm, Perm Krai	7	25	2.2	1.6	13
Petrozavodsk, Republic of Karelia	7	23	2.2	1.6	6
Rostov-on-Don, Rostov Oblast	11	21	2.5	1.6	26
Saint Petersburg	7	17	2.1	1.6	1
Samara, Samara Oblast	10	19	2.5	1.6	22
Saransk, Republic of Mordovia	11	20	2.3	1.6	20
Stavropol, Stavropol Krai	7	23	2.2	1.6	4
Surgut, Khanty-Mansiisk Autonomous Okrug – Yugra	11	22	3.0	1.6	30
Tomsk, Tomsk Oblast	8	23	2.2	1.6	15
Tver, Tver Oblast	8	25	2.4	1.6	21
Ulyanovsk, Ulyanovsk Oblast	8	21	2.1	1.6	3
Vladikavkaz, Republic of North Ossetia – Alania	12	22	2.3	1.6	27
Vladivostok, Primorsky Krai	8	23	2.3	1.6	18
Volgograd, Volgograd Oblast	8	22	2.0	1.6	2
Voronezh, Voronezh Oblast	8	18	2.5	1.6	15
Vyborg, Leningrad Oblast	8	25	2.0	1.6	10
Yakutsk, Republic of Sakha – Yakutia	7	25	2.2	1.6	8
Yaroslavl, Yaroslavl Oblast	7	27	2.0	1.6	7
Yekaterinburg, Sverdlovsk Oblast	8	33	2.4	1.6	29

## Dealing with construction permits

Procedures (number)	Time (days)	Cost (% of income per capita)	Ease of dealing with construction permits (rank)
17	215	141.0	6
17	239	86.3	3
24	264	48.0	9
32	223	40.0	14
24	322	74.8	21
32	269	188.9	29
29	206	47.3	5
47	392	171.5	30
16	357	137.4	19
20	248	146.7	18
29	312	62.4	20
21	229	107.7	12
18	285	117.2	16
18	294	95.0	15
18	361	51.3	9
30	200	417.9	24
30	191	67.3	8
23	216	47.1	2
17	150	106.2	1
18	279	66.5	6
30	448	75.2	25
30	191	45.6	4
29	201	91.1	11
26	218	169.4	22
23	371	186.0	27
31	364	111.4	28
20	279	297.9	23
26	280	178.0	26
22	247	130.6	17
21	217	136.1	13



Getting Electricity				
City	Procedures (number)	Time (days)	Cost (% of GNI)	Ease of getting electricity (rank)
Irkutsk, Irkutsk Oblast	9	228	573.6	10
Kaliningrad, Kaliningrad Oblast	9	308	641.6	22
Kaluga, Kaluga Oblast	10	144	589.8	15
Kazan, Republic of Tatarstan	9	186	929.1	17
Kemerovo, Kemerovo Oblast	6	259	392.5	7
Khabarovsk, Khabarovsk Krai	9	248	391.1	8
Kirov, Kirov Oblast	9	220	390.6	4
Moscow	10	281	1852.4	30
Murmansk, Murmansk Oblast	10	328	375.6	27
Novosibirsk, Novosibirsk Oblast	10	265	815.9	29
Omsk, Omsk Oblast	10	222	112.2	13
Perm, Perm Krai	6	305	618.2	18
Petrozavodsk, Republic of Karelia	10	226	564.9	21
Rostov-on-Don, Rostov Oblast	6	223	115.1	3
Saint Petersburg	9	238	1080.0	24
Samara, Samara Oblast	6	290	1153.0	28
Saransk, Republic of Mordovia	9	123	269.2	1
Stavropol, Stavropol Krai	7	238	443.5	9
Surgut, Khanty-Mansiisk Autonomous Okrug – Yugra	10	171	746.1	19
Tomsk, Tomsk Oblast	9	264	391.4	10
Tver, Tver Oblast	9	183	869.2	14
Ulyanovsk, Ulyanovsk Oblast	9	164	654.9	5
Vladikavkaz, Republic of North Ossetia – Alania	9	120	441.2	2
Vladivostok, Primorsky Krai	9	260	852.4	23
Volgograd, Volgograd Oblast	10	205	804.3	26
Voronezh, Voronezh Oblast	9	215	838.4	16
Vyborg, Leningrad Oblast	9	202	772.7	12
Yakutsk, Republic of Sakha – Yakutia	6	279	1012.2	25
Yaroslavl, Yaroslavl Oblast	9	146	696.8	6
Yekaterinburg, Sverdlovsk Oblast	9	360	458.0	19

Registering Property			
Procedures (number)	Time (days)	Cost (% of property value)	Ease of registering property (rank)
3	34	0.3	18
5	27	0.5	22
3	19	0.2	1
3	33	0.2	4
5	45	0.2	29
3	13	0.3	17
4	35	0.2	20
5	43	0.2	26
5	35	0.2	23
5	37	0.2	24
3	33	0.2	4
4	47	0.2	27
3	35	0.2	8
3	33	0.2	4
5	44	0.2	27
3	35	0.2	8
3	35	0.2	8
4	29	0.2	19
3	35	0.2	8
5	37	0.2	25
3	35	0.2	8
3	35	0.2	8
3	26	0.2	2
3	32	0.2	3
3	33	0.2	4
3	35	0.2	8
3	35	0.2	8
4	60	0.4	30
3	38	0.2	16
4	35	0.2	20

## LIST OF PROCEDURES

## STARTING A BUSINESS

## Irkutsk, Irkutsk Oblast

Standard company legal form: Limited Liability Company (LLC)

Minimum capital requirement: 5,000 (US\$ 162)

Data as of: November 2011

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 500 (200 rubles state duty + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs," a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Irkutsk the cost is 500 rubles.

### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 2 days

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form — a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 8 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** On the day after state registration the Federal Tax Service sends information about the company to the Federal Service of State Statistics for registration. The Federal Service of State Statistics sends their registration certificate by registered mail to the legal address of the company or a company representative picks it up personally. In the latter case the procedure takes 1-2 days.

### Procedure 6. Obtain confirmation of registration at the Pension Fund

**Time:** 1 day

**Cost:** No cost

**Comments:** The Pension Fund registers the company within 5 days from the date of receipt of information from the Unified State Register of Legal Entities from the Federal Tax Service. The company can personally pick up the registration certificate at the Pension Fund or wait for mail delivery to its legal address.

### Procedure 7\*. Obtain confirmation of registration at the Social Insurance Fund

**Time:** 1 day

**Cost:** No cost

**Comments:** Within 4 work days upon the date of receipt of information from the Federal Tax Service, the Social Insurance Fund registers the company as an insurer and issues the registration documents to the company representative in person or mails them.

### Procedure 8\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 400

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Irkutsk a seal costs 400 rubles on average.

### Procedure 9\*. Open the company bank account

**Time:** 3 days

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Irkutsk is 1,500 rubles.

### Procedure 10. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

## Kaliningrad, Kaliningrad Oblast

Standard company legal form: Limited Liability Company (LLC)

Minimum capital requirement: RUB 5,000 (US\$ 162)

Data as of: November 2011

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 250 (200 rubles state duty + 50 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability

company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Kaliningrad the cost is 250 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form—a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 8 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

Once state registration is completed, the Federal Tax Service sends information about the legal entity from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund and Social Insurance Fund. They register the company and send their registration certificates back to the Federal Tax Service which passes them to the applicant together with other registration documents. On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
  - (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
  - (3) Excerpt from the Unified State Register of Legal Entities,
  - (4) Copy of the charter certified by the Federal Tax Service,
- as well as
- (5) Certificate of registration in the Pension Fund
  - (6) Certificate of registration in the Mandatory Medical Insurance Fund
  - (7) Certificate of registration in Social Insurance Fund.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** After receipt of registration documents at the Federal Tax Service a director of the company or an authorized representative personally goes to Rosstat with a certificate of state registration. On the same day Rosstat registers the company and issues their registration certificate.

#### Procedure 6. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 700

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Kaliningrad a seal costs 700 rubles on average.

#### Procedure 7. Open the company bank account

**Time:** 2 days

**Cost:** RUB 2,400

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Kaliningrad is 2,400 rubles.

#### Procedure 8. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

#### Kaluga, Kaluga Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 550 (200 rubles state duty + 350 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs," a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Kaluga the cost is 550 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form—a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for

registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### **Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents**

**Time:** 9 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### **Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Federal Tax Service sends information about the registered legal entity to the Federal Service of State Statistics. Then a director of the company or an authorized representative goes to Rosstat with certificates of state registration, taxpayer registration and an excerpt from the Unified State Registry of Legal Entities. On the same day the applicant receives the information letter confirmation of registration with assigned statistics codes from Rosstat.

#### **Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund**

**Time:** 5 days

**Cost:** No cost

**Comments:** The Federal Tax service within 3-5 days after state registration electronically sends information from the Unified State Register of Legal Entities to the Social Insurance Fund for registration.

Then within no more than 3 days after receipt of the information the Social Insurance Fund registers the company as an insurer. The actual time is 1 day. The company may wait for mail delivery of the registration certificate (about 2 weeks) though in practice entrepreneurs prefer to personally pick it up at the Social Insurance Fund.

#### **Procedure 7\*. Obtain confirmation of registration at the Pension Fund**

**Time:** 5 days

**Cost:** No cost

**Comments:** The Federal Tax Service within 3-5 working days after of state registration electronically sends information from the Unified State Register of Legal Entities to the Pension Fund for registration. Within no more than 3 days after receipt of this information the Pension Fund registers the company. The actual registration time is 1 day. The company can wait for the registration certificate to be mailed (about 2 weeks) but in practice entrepreneurs prefer to personally pick it up at the Pension Fund.

#### **Procedure 8\*. Obtain confirmation of registration at the Mandatory Medical Insurance Fund**

**Time:** 7 days

**Cost:** No cost

**Comments:** The Federal Tax Service within 5 working days from the date of state registration electronically sends information from the Unified State Register of Legal Entities to the Mandatory Medical Insurance Fund for the further registration. The actual time of registration is 1 day. The company is assigned a registration number which is included in the registration certificate. A representative of the company picks up this certificate at the Mandatory Medical Insurance Fund personally.

#### **Procedure 9\*. Order and obtain a company seal**

**Time:** 1 day

**Cost:** RUB 1,000

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Kaluga a seal costs 1,000 rubles on average.

#### **Procedure 10\*. Open the company bank account**

**Time:** 1 day

**Cost:** RUB 1,000

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises

and do not charge for opening accounts. The average cost of opening a bank account in Kaluga is 1,000 rubles.

#### **Procedure 11\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number**

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### **STARTING A BUSINESS**

#### **Kazan, Republic of Tatarstan**

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### **Procedure 1. Notarize signature on application for state registration of a legal entity**

**Time:** 1 day

**Cost:** RUB 400 (200 rubles state duty + 200 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs," a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Kazan the cost is 400 rubles.

#### **Procedure 2\*. Open a temporary bank account and deposit part of charter capital**

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form—a common practice. (Law on LLC, Article 15).

#### **Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof**

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 18 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends electronically information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Inspection of a legal address by the Federal Tax Service

**Time:** 1 day

**Cost:** No cost

**Comments:** The Federal Tax Service sometimes sends an inspector to confirm the legal address of the company provided for state registration.

#### Procedure 6\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** After receipt of registration documents at the Federal Tax Service a director of the company or an authorized representative personally goes to Rosstat with a certificate of state registration. On the same day Rosstat registers the company and issues their registration certificate.

#### Procedure 7\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Kazan a seal costs 500 rubles on average.

#### Procedure 8\*. Open the company bank account

**Time:** 1 day

**Cost:** RUB 400

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Kazan is 400 rubles.

#### Procedure 9\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### Kemerovo, Kemerovo Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 500 (200 rubles state duty + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs," a signature on application for state registration of a

company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Kemerovo the cost is 550 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 8 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,

\* This procedure can be completed simultaneously with previous procedures.

- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** After receipt of registration documents at the Federal Tax Service the applicant can immediately go to Rosstat to pick up the registration certificate with assigned statistic codes or wait for mail delivery. More often applicants prefer to personally pick up the registration certificate at Rosstat.

#### Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund

**Time:** 5 days

**Cost:** No cost

**Comments:** Within 5 days after state registration the Federal Tax Service sends information about the new company to the Social Insurance Fund for registration. The registration certificate can be mailed by Social Insurance Fund to the legal address of the company but in practice entrepreneurs prefer to personally pick up the registration certificate at Social Insurance Fund to avoid delays and losing the letter during mail delivery.

#### Procedure 7\*. Obtain confirmation of registration at the Pension Fund

**Time:** 5 days

**Cost:** No cost

**Comments:** Within 5 days after state registration the Federal Tax Service sends information about the new company to the Pension Fund for registration. Registration certificates can be mailed to the legal address of the company but in practice entrepreneurs prefer to personally pick them up to avoid delays and losing the letter during mail delivery.

The registration certificate from the Mandatory Medical Insurance Fund is usually received in mail within 2 weeks after completion of registration at the Federal Tax Service.

Since January 1, 2011 the Pension Fund has performed the function of the Mandatory Medical Insurance Fund on registration (in accordance with the federal law "On Mandatory Medical Insurance in the Russian Federation" of November 29, 2010 No 326-FZ, Article 17).

#### Procedure 8\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 550

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal

Entities. The price of a seal depends on its model and complexity of production. In Kemerovo a seal costs 550 on average.

#### Procedure 9. Notarize documents for opening a bank account including signatures on a bank card

**Time:** 1 day

**Cost:** RUB 1,200

**Comments:** To open a bank account, notarized copies of documents confirming the registration of a new company are required, along with notarization of signatures of authorized company representatives on a bank card. As an alternative, some banks certify copies of registration documents and signatures on a bank card themselves.

#### Procedure 10. Open the company bank account

**Time:** 2 days

**Cost:** RUB 1,300

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Kemerovo is 1,300 rubles.

#### Procedure 11. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### *Khabarovsk, Khabarovsk Krai*

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 500 (200 rubles state duty + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration

of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Khabarovsk the cost is 500 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 20 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,

- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service electronically sends information to the Pension Fund, Social Insurance Fund, Mandatory Medical Insurance Fund and Federal Service of State Statistics, which register the company within 5 days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 5 days

**Cost:** No cost

**Comments:** The Federal Tax Service within 5 working days after state registration sends information about the legal entity to the Federal Service of State Statistics which registers the new company. Then the applicant can personally go to Rosstat and pick up the registration certificate with assigned statistics codes.

#### Procedure 6\*. Order and obtain a company seal

**Time:** 2 days

**Cost:** RUB 550

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Khabarovsk a seal costs 550 on average.

#### Procedure 7\*. Open the company bank account

**Time:** 2 days

**Cost:** RUB 4,000 (3,000 rubles commission for opening bank account + 300 rubles for the card + 700 rubles for certification of copies)

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Khabarovsk is 4,000 rubles.

#### Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### *Kirov, Kirov Oblast*

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 550 (200 rubles state duty + 350 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Kirov the cost is 550 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 2 days

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 23 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

Within no more than 5 working days from the moment of state registration the Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3 days from when they receive information from the Federal Tax Service and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 1,000

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Kirov a seal costs 1,000 rubles on average.

#### Procedure 6. Open the company bank account

**Time:** 2 days

**Cost:** RUB 1,000

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies

and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Kirov is 1,000 rubles.

#### **Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number**

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### *Moscow*

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### **Procedure 1. Notarize registration application and agreement on establishment of a company**

**Time:** 1 day

**Cost:** RUB 200 (RUB 200 per copy)

**Comments:** Copy of the agreement of establishment of a company and the filled out and signed registration application must also be notarized.

#### **Procedure 2. Deposit capital in the bank and get proof thereof**

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital shall be paid before company incorporation. The balance must be paid in the first year of operation. In order to open a bank account the following documents are required: (i) application form, notarized copy of the charter; (ii) notarized copy of the decision of establishment of the limited liability company; and (iii) notarized copy of the foundation agreement. The deposit of the capital requires opening an accumulative bank account for the name of the entity which is not created yet. Depending on the bank, opening an account may take more than 1 day mostly because of bank's client acceptance procedures.

#### **Procedure 3. Pay registration fee**

**Time:** 1 day

**Cost:** No cost

**Comments:** The registration fee must be paid for the registration of the legal entity with the State Tax Inspectorate. Many applicants use Sberbank for paying the registration fee as the tax authorities are familiar with the payment order issued by the Sberbank and in case of the payment order issued by any other banks may request some additional confirmation that the payment was actually completed. The registration fee of RUB 4,000 shall be transferred to the account of the State Tax Inspectorate.

#### **Procedure 4. Register with the unified register at the Federal Tax Service on the local level, to obtain the single number of state registration and the number of tax registration (identification number of taxpayer, INN)**

**Time:** 18 days

**Cost:** RUB 4,000

**Comments:** Documents required for registration:

- Decision of the founders meeting;
- Charter (2 copies);
- Registration Application, notarized;
- Payment receipt.

The tax authorities sometimes implement a number of requirements, and failure to comply may lead to the rejection of the application. In addition, recently the tax authorities stopped issuing the original of the Charter (Articles of Association) which is filed for state registration. Only a certified copy is issued. As a result, if the company has to file the copy of the Charter with any other state authorities, another copy of the Charter has to be requested by the tax authorities every time. The copy is usually issued within 5 working days and requires a payment of RUB 200 or RUB 400.

#### **Procedure 5. Notarize Bank Signature Card**

**Time:** 1 day

**Cost:** RUB 1,200 RUB 400 (signatures and bank card) + RUB 800 (notary fees)

**Comments:** For a limited liability company with 50 employees, generally the General director and Chief accountant have a signature right.

Required documents:

- Registration certificate, notarized must be original document;
- Taxpayer Identification Number (INN) certificate, notarized must be original document;
- Charter, originals or notarized copies notarized;
- Documents confirming authority of the signatories (decision on the founders on appointment/election of the Director etc.), notarized.
- Signature card with the print of the seal - notarized

#### **Procedure 6. Make a seal in a private company in order to open a bank account**

**Time:** 1 day

**Cost:** RUB 928

**Comments:** The company need to make a company seal before it opens a bank account.

#### **Procedure 7. Open the company bank account**

**Time:** 5 days

**Cost:** No cost nominal

**Comments:** Banks may require documents related to the founders of the newly established company and investigate the founder's history and its financial status. Requirements in terms of client acceptance procedure vary depending on the bank. The bank finally provides the entrepreneur with a confirmation letter that contains details about the bank account. The entrepreneur needs this information to inform the Federal Tax Service about the opening of a bank account through the required notification.

#### **Procedure 8. Inform Federal Tax Service of the company bank account number**

**Time:** 1 day

**Cost:** No cost

**Comments:** The representative of the newly founded company has to submit a notification (a standard form) in person or by mail to the Federal Tax Service giving notice of the opening of the bank account. In addition, banks have the obligation to notify the Pension Fund and the Social Insurance Fund of the opening of the bank account of a new legal entity.

#### **Procedure 9. Register the company with Moscow Center of Quotation of Work Places**

**Time:** 1 day

**Cost:** No cost

**Comments:** All companies and individual entrepreneurs employing personnel are required to be registered with the Moscow Center of Quotation of Work Places having its local departments in each district of Moscow irrespective of whether such companies are obliged to comply with the quotas (if the staff represents more than 100 persons) or not.

#### STARTING A BUSINESS

##### *Murmansk, Murmansk Oblast*

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### **Procedure 1. Notarize signature on application for state registration of a legal entity**

**Time:** 1 day

**Cost:** RUB 450 (200 rubles state duty + 250 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Murmansk the cost is 450 rubles.

#### **Procedure 2\*. Open a temporary bank account and deposit part of charter capital**

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen.

\* This procedure can be completed simultaneously with previous procedures.



The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 20 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 5 working days from when they receive information from the Federal Tax Service and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 800

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and

complexity of production. In Murmansk a seal costs 800 rubles on average.

### Procedure 6. Open the company bank account

**Time:** 1 day

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Murmansk is 1,500 rubles.

### Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

### Novosibirsk, Novosibirsk Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 500 (200 rubles state duty + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Novosibirsk the cost is 500 rubles.

### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 9 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics which register the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** After receipt of registration documents at the Federal Tax Service the applicant can immediately go to Rosstat, show the registration documents and obtain the statistics registration with assigned statistics codes or wait for mail delivery. Applicants prefer to pick up the registration certificates in Rosstat personally.

#### Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund

**Time:** 5 days

**Cost:** No cost

**Comments:** The Federal Tax Service electronically sends information about the new company to the Social Insurance Fund on the day of the state registration. Then Social Insurance Fund within 5 days registers the company. Social Insurance Fund mails the registration certificate if the company doesn't pick it up personally.

#### Procedure 7\*. Obtain confirmation of registration at the Pension Fund

**Time:** 5 days

**Cost:** No cost

**Comments:** On the day of state registration the Federal Tax Service electronically sends information about the new company to the Pension Fund. Then the Pension Fund within 5 days registers the company and mails the registration certificate if the company has not picked it up personally.

Since January 1, 2011 the Pension Fund has performed the function of the Mandatory Medical Insurance Fund on registration (in accordance with the federal law "On Mandatory Medical Insurance in the Russian Federation" of November 29, 2010 No 326-FZ, Article 17).

#### Procedure 8\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Novosibirsk a seal costs 500 rubles on average.

#### Procedure 9. Notarize documents for opening a bank account including signatures on a bank card

**Time:** 1 day

**Cost:** RUB 1,020

**Comments:** To open a bank account, notarized copies of documents confirming the registration of a new company are required, along with notarization of signatures of authorized company representatives on a bank card. As an alternative, some banks certify

copies of registration documents and signatures on a bank card themselves.

#### Procedure 10. Open the company bank account

**Time:** 1 day

**Cost:** RUB 1,000

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Novosibirsk is 1,000 rubles.

#### Procedure 11. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### Omsk, Omsk Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 300 (200 rubles state duty + 100 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs," a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Omsk the cost is 300 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 18 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends electronically information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 days from when they receive information from the Federal Tax Service and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Omsk a seal costs 500 rubles on average.

### Procedure 6. Notarize documents for opening a bank account including signatures on a bank card

**Time:** 1 day

**Cost:** RUB 1,100

**Comments:** To open a bank account, notarized copies of documents confirming the registration of a new company are required, along with notarization of signatures of authorized company representatives on a bank card. As an alternative, some banks certify copies of registration documents and signatures on a bank card themselves.

### Procedure 7. Open the company bank account

**Time:** 2 days

**Cost:** RUB 1,000

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Omsk is 1,000 rubles.

### Procedure 8. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

## STARTING A BUSINESS

### Perm, Perm Kray

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 600 (200 rubles state duty + 400 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs," a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Perm the cost is 600 rubles.

### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 18 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,

- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends electronically information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 700

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In XXX a seal costs 700 rubles on average.

### Procedure 6. Open the company bank account

**Time:** 3 days

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Perm is 1,500 rubles.

### Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

### Petrozavodsk, Republic of Karelia

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 400 (200 rubles state duty + 200 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs," a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Petrozavodsk the cost is 400 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 18 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

Within 5 working days from the moment of state registration the Federal Tax Service sends electronically information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 800

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Perm a seal costs 800 rubles on average.

#### Procedure 6. Open the company bank account

**Time:** 1 day

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies

and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Petrozavodsk is 1,500 rubles.

#### Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

### Rostov-on-Don, Rostov Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 250 (200 rubles state duty + 50 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Rostov-on-Don the cost is 250 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

**Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof****Time:** 1 day**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.**Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents****Time:** 8 days**Cost:** RUB 4,000**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission.

At the end of the registration period an applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

**Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics****Time:** 7 days**Cost:** No cost**Comments:** Within 3-5 working days after state registration the Federal Tax Service sends information about the new company to Rosstat for registration. Then the registration certificate with assigned statistics codes can be mailed to the legal address of the new company but in practice entrepreneurs prefer to pick up the registration certificates in Rosstat personally in order to avoid delays and losing the letter during mail delivery.**Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund****Time:** 1 day**Cost:** No cost**Comments:** On completion of state registration at the Federal Tax Service the applicant can personally go to the Social Insurance Fund, show the registration documents obtained at the Federal Tax Service and receive the registration certificate.**Procedure 7\*. Obtain confirmation of registration at the Pension Fund****Time:** 1 day**Cost:** No cost**Comments:** On completion of state registration of the new company at the Federal Tax Service the applicant can personally go to the Pension Fund, show documents of state registration obtained at the Federal Tax Service and receive the certificate of registration at the Pension Fund.**Procedure 8\*. Order and obtain a company seal****Time:** 2 days**Cost:** RUB 525**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Rostov-on-Don a seal costs 525 on average.**Procedure 9. Notarize documents for opening a bank account including signatures on a bank card****Time:** 1 day**Cost:** RUB 1,200**Comments:** To open a bank account, notarized copies of documents confirming the registration of a new company are required, along with notarization of signatures of authorized company representatives on a bank card. As an alternative, some banks certify copies of registration documents and signatures on a bank card themselves.**Procedure 10. Open the company bank account****Time:** 1 day**Cost:** RUB 1,750**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Rostov-on-Don is 1,750 rubles.**Procedure 11. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number****Time:** 1 day**Cost:** No cost**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.**STARTING A BUSINESS****Saint-Petersburg***Standard company legal form: Limited Liability Company (LLC)**Minimum capital requirement: RUB 5,000 (US\$ 162)**Data as of: November 2011***Procedure 1. Notarize signature on application for state registration of a legal entity****Time:** 1 day**Cost:** RUB 400 (200 rubles state duty + 200 rubles notary fees)**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Saint Petersburg the cost is 400 rubles.**Procedure 2\*. Open a temporary bank account and deposit part of charter capital****Time:** 1 day**Cost:** No cost**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).**Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof****Time:** 1 day**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for

registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011. In Saint Petersburg it is possible to pay the state duty at the payment terminals located at the Federal Tax Service.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 9 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

Once state registration is completed, the Federal Tax Service sends information from the Unified State Register of legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund as well as to the Federal Service of State Statistics, which register the company and send their registration certificates back to the Federal Tax Service which passes them to the applicant together with other registration documents.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
  - (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
  - (3) Excerpt from the Unified State Register of Legal Entities,
  - (4) Copy of the charter certified by the Federal Tax Service,
- as well as
- (5) Certificate of registration in the Pension Fund,
  - (6) Certificate of registration in the Mandatory Medical Insurance Fund,
  - (7) Certificate of registration in the Social Insurance Fund,
  - (8) Certificate of registration in the statistics service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 400

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity

of production. In Saint Petersburg a seal costs 400 rubles on average.

#### Procedure 6. Open the company bank account

**Time:** 3 days

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Saint Petersburg is 1,500 rubles.

#### Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### Samara, Samara Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 1,300 (200 rubles state duty for a signature of each of 5 founders + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by all founders of the company (5 founder as in the standard case). The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, draft charter, passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Samara the cost is 1,300 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 9 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

\* This procedure can be completed simultaneously with previous procedures.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** On completion of state registration the Federal Tax Service sends information about the registered legal entity to the funds and statistics. Then the founder usually goes to Rosstat personally, shows the registration documents obtained from the Federal Tax Service and on the same day receives from Rosstat the information letter with assigned statistics codes.

#### Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund

**Time:** 2 days

**Cost:** No cost

**Comments:** On completion of registration the Federal Tax Service sends information about the registered legal entity to the funds and statistics. Then within 1-3 days the founder usually goes to the Social Insurance Fund and personally obtains the registration certificate.

#### Procedure 7\*. Obtain confirmation of registration at the Pension Fund

**Time:** 1 day

**Cost:** No cost

**Comments:** On completion of state registration the Federal Tax Service sends information about the new company to the funds and statistics. After that within 1-3 days the founder personally goes to the Pension Fund and receives the registration certificate.

It is not required to go to the Mandatory Medical Insurance Fund as the Pension Fund in Samara Oblast also registers insurers in regard to the mandatory medical insurance.

#### Procedure 8\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 350

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Samara a seal costs 350 on average.

#### Procedure 9. Open the company bank account

**Time:** 2 days

**Cost:** RUB 2,000

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement

about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Samara is 2,000 rubles.

#### Procedure 10. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### *Saransk, Republic of Mordovia*

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 400 (200 rubles state duty + 200 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Saransk the cost is 400 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 9 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** After state registration the Federal Tax Service sends information about the new company to Rosstat which registers the company on the next day. The applicant can pick up the registration certificate in Rosstat personally or wait for mail delivery.

#### Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund

**Time:** 2 days

**Cost:** No cost

**Comments:** On completion of state registration the Federal Tax Service sends information about the new company to the Social Insurance Fund which registers the company within 1-2 days. Then the applicant can personally pick up the registration certificate at Social Insurance Fund or wait for mail delivery.

#### Procedure 7\*. Obtain confirmation of registration at the Pension Fund

**Time:** 2 days

**Cost:** No cost

**Comments:** On completion of state registration the Federal Tax Service sends information about the new company to the Pension Fund which registers the company within 1-2 days. Then the applicant can personally receive the registration certificate at the Pension Fund or wait for mail delivery.

#### Procedure 8\*. Obtain confirmation of registration at the Mandatory Medical Insurance Fund

**Time:** 2 days

**Cost:** No cost

**Comments:** On completion of state registration the Federal Tax Service sends information about the new company to the Mandatory Medical Insurance Fund which registers the company during 1-2 days. After that an applicant can pick up the registration certificate personally or wait for mail delivery.

#### Procedure 9\*. Order and obtain a company seal

**Time:** 2 days

**Cost:** RUB 550

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Saransk a seal costs 550 rubles on average.

#### Procedure 10. Open the company bank account

**Time:** 1 day

**Cost:** RUB 2,200

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Saransk is 2,200 rubles.

#### Procedure 11. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### Stavropol, Stavropol Kray

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 500 (200 rubles state duty + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Stavropol the cost is 500 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 18 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

Within 5 working days from the moment of state registration the Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3 days from when they receive information from the Federal Tax Service and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 600

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Stavropol a seal costs 600 rubles on average.

#### Procedure 6. Open the company bank account

**Time:** 1 day

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information



letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Stavropol is 1,500 rubles.

### Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

### Surgut, Khanty-Mansiisk Autonomous Okrug – Yugra

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 1,000

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Surgut the cost is 1,000 rubles.

### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the

money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 8 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 5 days

**Cost:** No cost

**Comments:** Within 5 days from after state registration the Federal Tax Service sends information about the new company to the Federal Service of State Statistics for registration. The Rosstat registration certificate can be mailed to the legal address of the company but in practice entrepreneurs prefer to pick up the registration certificate personally to avoid delays and losing the letter during mail delivery.

### Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund

**Time:** 3 days

**Cost:** No cost

**Comments:** Within 5 days after state registration the Federal Tax Service sends information about the new company to the Social Insurance Fund for registration. The registration certificate can be mailed by Social Insurance Fund to the legal address of the company however in practice entrepreneurs prefers personally pick up the registration certificate at Social Insurance Fund to avoid delays and losing the letter during mail delivery.

### Procedure 7\*. Obtain confirmation of registration at the Pension Fund

**Time:** 5 days

**Cost:** No cost

**Comments:** Within 5 days after state registration the Federal Tax Service sends information about the new company to the Pension Fund for registration. The Pension Fund can mail the registration certificate to the legal address of the company but in practice entrepreneurs prefer to personally pick up registration certificates at the Pension Fund to avoid delays and losing the letter during mail delivery.

Since January 1, 2011 the Pension Fund has performed the function of the Mandatory Medical Insurance Fund on registration (in accordance with the federal law "On Mandatory Medical Insurance in the Russian Federation" of November 29, 2010 No 326-FZ, Article 17).

### Procedure 8\*. Order and obtain a company seal

**Time:** 2 days

**Cost:** RUB 1,500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Surgut a seal costs 1,500 rubles on average.

### Procedure 9. Notarize documents for opening a bank account including signatures on a bank card

**Time:** 1 day

**Cost:** RUB 1,200

**Comments:** To open a bank account, notarized copies of documents confirming the registration of a new company are required, along with notarization of signatures of authorized company representatives on a bank card. As an alternative, some banks certify copies of registration documents and signatures on a bank card themselves.

### Procedure 10. Open the company bank account

**Time:** 2 days

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head

\* This procedure can be completed simultaneously with previous procedures.

of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Surgut is 1,500 rubles.

#### **Procedure 11. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number**

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### **STARTING A BUSINESS**

##### **Tomsk, Tomsk Oblast**

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### **Procedure 1. Notarize signature on application for state registration of a legal entity**

**Time:** 1 day

**Cost:** RUB 250 (200 rubles state duty + 50 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Tomsk the cost is 250 rubles.

#### **Procedure 2\*. Open a temporary bank account and deposit part of charter capital**

**Time:** 2 days

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen.

The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### **Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof**

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### **Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents**

**Time:** 20 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

At the end of the registration period the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

Within no more than 5 working days from the moment of state registration the Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### **Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics**

**Time:** 5 days

**Cost:** No cost

**Comments:** Certificate of statistics registration can be obtained after the Federal Tax Service completes the registration process and sends information about the new company to the funds and statistics. The Federal Tax Service sends this information only on Tuesdays and Thursdays, therefore if a new company is registered on Friday the Rosstat registration can only be obtained on Wednesday.

#### **Procedure 6\*. Order and obtain a company seal**

**Time:** 1 day

**Cost:** RUB 525

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Tomsk a seal costs 525 rubles on average.

#### **Procedure 7\*. Open the company bank account**

**Time:** 3 days

**Cost:** RUB 2,000

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Tomsk is 2,000 rubles.

#### **Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number**

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### **STARTING A BUSINESS**

##### **Tver, Tver Oblast**

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### **Procedure 1. Notarize signature on application for state registration of a legal entity**

**Time:** 1 day

**Cost:** RUB 400 (200 rubles state duty + 200 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a

company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Tver the cost is 400 rubles.

#### **Procedure 2\*. Open a temporary bank account and deposit part of charter capital**

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### **Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof**

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### **Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents**

**Time:** 22 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,

- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends electronically information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### **Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics**

**Time:** 1 day

**Cost:** RUB 550

**Comments:** A representative of a new company personally applies to Tverstat and attaches copies of registration documents, charter, minutes of founders meeting. Then s/he obtains a payment document, pays in a bank, goes back to Tverstat and immediately receives the information letter (confirmation of registration). Since 2012 Rosstat will only issue registration certificates with assigned statistics codes free of charge.

#### **Procedure 6\*. Order and obtain a company seal**

**Time:** 1 day

**Cost:** RUB 500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Tver a seal costs 500 rubles on average.

#### **Procedure 7\*. Open the company bank account**

**Time:** 1 day

**Cost:** RUB 1,800

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Tver is 1,800 rubles.

#### **Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number**

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

STARTING A BUSINESS

#### **Ulyanovsk, Ulyanovsk Oblast**

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### **Procedure 1\*. Notarize signature on application for state registration of a legal entity**

**Time:** 1 day

**Cost:** RUB 500 (200 rubles state duty + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Ulyanovsk the cost is 500 rubles.

#### **Procedure 2. Open a temporary bank account and deposit part of charter capital**

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### **Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof**

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### **Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents**

**Time:** 18 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends electronically information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** After state registration the Federal Tax Service within the one-stop shop sends information about the new company to the funds and statistics. Then the founder personally goes to Rosstat and on the same day receives an information letter with assigned statistics codes.

#### Procedure 6\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 800

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Ulyanovsk a seal costs 800 rubles on average.

#### Procedure 7\*. Open the company bank account

**Time:** 3 days

**Cost:** RUB 1,100

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into

a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Ulyanovsk is 1,100 rubles.

#### Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

### Vladikavkaz, Republic of North Ossetia – Alania

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 200

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Vladikavkaz the cost is 200 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a

temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 10 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

At the end of the registration period an applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 3-5 working days from when they receive information from the Federal Tax Service.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 4 days

**Cost:** No cost

**Comments:** Within 3-5 working days after state registration the Federal Tax Service sends information about the new company to the Federal Service of

State Statistics for registration. Then the information letter with assigned statistics codes can be mailed to the legal address of the new company but in practice entrepreneurs prefer to personally obtain the information letter at Rosstat in order to avoid delays and losing the letter during mail delivery.

#### Procedure 6\*. Obtain confirmation of registration at the Social Insurance Fund

**Time:** 1 day

**Cost:** No cost

**Comments:** It is envisaged that the Federal Tax Service operates a one-stop shop and sends information about the registered legal entity to the funds and statistics and then receives their registration certificates and passes all certificates to the applicant together with the registration documents issued by the Federal Tax Service. But in practice on completion of state registration at the Federal Tax Service the founder personally goes to the Social Insurance Fund and on the same day receives the registration certificate.

#### Procedure 7\*. Obtain confirmation of registration at the Pension Fund

**Time:** 1 day

**Cost:** No cost

**Comments:** It is envisaged that the Federal Tax Service operates a one-stop shop and sends information about the registered legal entity to the funds and statistics and then receives their registration certificates and passes all certificates to the applicant together with the registration documents issued by the Federal Tax Service. But in practice on completion of state registration at the Federal Tax Service the founder personally goes to the Pension Fund and on the same day receives the registration certificate.

#### Procedure 8\*. Obtain confirmation of registration at the Mandatory Medical Insurance Fund

**Time:** 1 day

**Cost:** No cost

**Comments:** It is envisaged that the Federal Tax Service operates a one-stop shop and sends information about the registered legal entity to the funds and statistics and then receive their registration certificates and passes all certificates to the applicant together with the registration documents issued by the Federal Tax Service. But in practice on completion of state registration at the Federal Tax Service the founder personally goes to the Mandatory Medical Insurance Fund and on the same day receives the registration certificate.

#### Procedure 9\*. Order and obtain a company seal

**Time:** 2 days

**Cost:** RUB 600

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Vladikavkaz a seal costs 500 rubles on average.

#### Procedure 10. Notarize documents for opening a bank account including signatures on a bank card

**Time:** 1 day

**Cost:** RUB 700

**Comments:** To open a bank account, notarized copies of documents confirming the registration of a new company are required, along with notarization of signatures of authorized company representatives on a bank card. As an alternative, some banks certify copies of registration documents and signatures on a bank card themselves.

#### Procedure 11. Open the company bank account

**Time:** 1 day

**Cost:** RUB 1,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Vladikavkaz is 1,500 rubles.

#### Procedure 12. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### Vladivostok, Primorsky Krai

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 500 (200 rubles state duty + 300 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should

be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Vladivostok the cost is 500 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 20 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,

- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends electronically information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 5 working days from when they receive information from the Federal Tax Service and mail registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 2 days

**Cost:** No cost

**Comments:** The Federal Tax Service within no more than 5 working days after state registration sends information about the legal entity to the Federal Service of State Statistics which registers the new company. Then the applicant can personally pick up the registration certificate with assigned statistic codes.

#### Procedure 6\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 350

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Vladivostok a seal costs 350 on average.

#### Procedure 7\*. Open the company bank account

**Time:** 2 days

**Cost:** RUB 2,200

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Vladivostok is 2,200 rubles.

#### Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### Volgograd, Volgograd Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 200

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Volgograd the cost is 200 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 19 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

Within no more than 5 working days from the moment of state registration the Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 2 days

**Cost:** No cost

**Comments:** After receipt of documents of state registration at the Federal Tax Service a director of the company or his authorized representative goes to Rosstat and shows the registration certificate. Within 2 days the company is registered by Rosstat and obtains the registration certificate with assigned statistics codes.

#### Procedure 6\*. Order and obtain a company seal

**Time:** 2 days

**Cost:** RUB 500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal

Entities. The price of a seal depends on its model and complexity of production. In Volgograd a seal costs 500 rubles on average.

#### Procedure 7\*. Open the company bank account

**Time:** 1 day

**Cost:** RUB 1,300

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Volgograd is 1,300 rubles.

#### Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

##### Voronezh, Voronezh Oblast

Standard company legal form: Limited Liability Company (LLC)

Minimum capital requirement: RUB 5,000 (US\$ 162)

Data as of: November 2011

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 1,000 (200 rubles state duty for a signature of each of 5 founders)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by all founders of the company (5 founder as in the standard case). The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Voronezh the cost is 1,000 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 10 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

Once state registration is completed, the Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund and Social Insurance Fund. The funds register the company and send their registration certificates back to the Federal Tax Service which passes them to the applicant together with other registration documents.

Registration information from the Pension Fund is included in the Unified State Register of Legal Entities and the registration certificate is mailed to the legal address of the company.

On the 8th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,

- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
  - (3) Excerpt from the Unified State Register of Legal Entities,
  - (4) Copy of the charter certified by the Federal Tax Service,
- as well as
- (5) Certificate of registration in the Pension Fund
  - (6) Certificate of registration in the Mandatory Medical Insurance Fund
  - (7) Certificate of registration in the Social Insurance Fund.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 2 days

**Cost:** No cost

**Comments:** After completion of state registration at the Federal Tax Service the applicant goes to Rosstat and shows documents of state registration obtained at the Federal Tax Service. On the next day the applicant can pick up the registration certificate with assigned statistics codes at Rosstat. Since October 1, 2011 Rosstat doesn't issue information letters, only registration certificates. The registration certificates are issued free of charge.

#### Procedure 6. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 800

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Voronezh a seal costs 800 rubles on average.

#### Procedure 7. Open the company bank account

**Time:** 1 day

**Cost:** RUB 2,000

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Voronezh is 2,000 rubles.

### Procedure 8. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

### Vyborg, Leningrad Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 450 (200 rubles state duty + 250 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Vyborg the cost is 450 rubles.

### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for

registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 22 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

Within no more than 5 working days from the moment of state registration the Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

### Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 2 days

**Cost:** RUB 300 (cost of a round trip to Saint Petersburg)

**Comments:** After receipt of documents of state registration at the Federal Tax Service a director of the company or his authorized representative goes to the Federal Service of State Statistics (in Saint Petersburg, 39 Professor Popov Str.) and shows the certificate of state registration. Within 2 days the company is registered by Rosstat and obtains the registration certificate with assigned statistics codes.

### Procedure 6\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to

show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Vyborg a seal costs 500 rubles on average.

### Procedure 7\*. Open the company bank account

**Time:** 2 days

**Cost:** RUB 900

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Vyborg is 900 rubles.

### Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

### Yakutsk, Republic of Sakha – Yakutia

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 300 (200 rubles state duty + 100 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Yakutsk the cost is 300 rubles.



### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** RUB 500

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 20 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

At the end of the registration period the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends electronically information to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 5 working days from when they receive information from the Federal Tax Service and

mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 600

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Yakutsk a seal costs 600 rubles on average.

### Procedure 6. Open the company bank account

**Time:** 1 day

**Cost:** RUB 1,200

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Yakutsk is 1200 rubles.

### Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

#### Yaroslavl, Yaroslavl Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 400 (200 rubles state duty + 200 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Yaroslavl the cost is 400 rubles.

### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 20 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

The Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company within 5 days from when they receive information from the Federal Tax Service and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 600

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Yaroslavl a seal costs 600 rubles on average.

#### Procedure 6. Open the company bank account

**Time:** 3 days

**Cost:** RUB 1,100

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Yaroslavl is 1100 rubles.

#### Procedure 7. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings

personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### STARTING A BUSINESS

#### Yekaterinburg, Sverdlovsk Oblast

*Standard company legal form: Limited Liability Company (LLC)*

*Minimum capital requirement: RUB 5,000 (US\$ 162)*

*Data as of: November 2011*

#### Procedure 1. Notarize signature on application for state registration of a legal entity

**Time:** 1 day

**Cost:** RUB 300 (200 rubles state duty + 100 rubles notary fees)

**Comments:** In accordance with the Federal Law of August 8, 2001 No. 129-FZ "On State Registration of Legal Entities and Individual Entrepreneurs", a signature on application for state registration of a company must be notarized. Application should be signed by a director of a company or other authorized person. The following documents should be submitted to the notary: minutes of meeting of founders on establishment of a limited liability company, charter (draft), passport of applicant who signs the application, application (form R11001). The cost of notarization varies. In Yekaterinburg the cost is 300 rubles.

#### Procedure 2\*. Open a temporary bank account and deposit part of charter capital

**Time:** 1 day

**Cost:** No cost

**Comments:** At least 50% of the charter capital must be paid before company incorporation. The balance must be paid during the first year of operation. To deposit charter capital a temporary bank account should be opened. Time, cost and number of required documents might vary depending on the bank. The following documents are required to open a temporary bank account: charter (draft), agreement and minutes of meeting. The minutes of meeting should indicate that the founders entrust their representative (indicate name) to open a temporary bank account, deposit charter capital and receive the money back in case the registration does not happen. The charter capital can be in a noncash form - a common practice. (Law on LLC, Article 15).

#### Procedure 3\*. Pay registration fee for state registration in a bank and get proof thereof

**Time:** 1 day

**Cost:** No cost (included in procedure of state registration at the Federal Tax Service)

**Comments:** The registration fee of 4,000 rubles must be paid before documents are submitted for registration. The registration fee doubled from 2,000 rubles to 4,000 rubles in January 2011.

#### Procedure 4. Submit documents for registration of a legal entity to one-stop shop at the Federal Tax Service and obtain registration documents

**Time:** 30 days

**Cost:** RUB 4,000

**Comments:** State registration of a legal entity at the Federal Tax Service includes a data entry in the Unified State Register of Legal Entities and a taxpayer registration.

The following documents are required:

- (1) Application for state registration of a legal entity (form R11001),
- (2) Minutes of a meeting establishing a legal entity,
- (3) Charter of a limited liability company (2 copies),
- (4) Receipt confirming payment of a state duty.

An applicant receives a receipt confirming a list of documents and date of submission. State registration is conducted no more than 5 working days after documents are submitted.

On the 6th working day the applicant receives the following documents confirming state registration of a legal entity:

- (1) Certificate of state registration of a legal entity in the Unified State Register of Legal Entities with assigned main state registration number,
- (2) Certificate as a taxpayer with assigned individual number of a taxpayer,
- (3) Excerpt from the Unified State Register of Legal Entities,
- (4) Copy of the charter certified by the Federal Tax Service.

Within no more than 5 working days from the moment of state registration the Federal Tax Service sends information from the Unified State Register of Legal Entities to the Pension Fund, Mandatory Medical Insurance Fund, Social Insurance Fund and Federal Service of State Statistics, which register the company and mail their registration certificates to the legal address of the company.

The state duty for state registration of a legal entity increased in January 2011 to 4,000 rubles (The Tax Code, Article 333.33).

#### Procedure 5\*. Obtain confirmation with statistics codes at the Federal Service of State Statistics

**Time:** 1 day

**Cost:** No cost

**Comments:** After receipt of registration documents at the Federal Tax Service a director of the company or an authorized representative personally goes to Rosstat with a certificate of state registration. On the same day Rosstat registers the company and issues their registration certificate.

#### Procedure 6\*. Order and obtain a company seal

**Time:** 1 day

**Cost:** RUB 500

**Comments:** After obtaining registration documents at the Federal Tax Service a company can order a seal at any seal producer. To do so, it is necessary to show the following documents: certificate of state registration, certificate of taxpayer registration, an excerpt from the Unified State Register of Legal Entities. The price of a seal depends on its model and complexity of production. In Yekaterinburg a seal costs 500 rubles on average.

#### Procedure 7\*. Open the company bank account

**Time:** 2 days

**Cost:** RUB 2,500

**Comments:** On state registration of a legal entity (LLC) a temporary bank account is transformed into a permanent bank account. To do so, it is necessary to submit to a bank the documents received in procedure No.4 as well as a copy of an information letter from the statistics service, an order appointing a chief accountant or an order authorizing the head of the company to act as chief accountant, an order appointing a director. An additional agreement about opening a bank account is signed and a bank card with samples of signatures of the head of the company and the chief accountant and the seal print is prepared. Cost of opening of a bank account varies and depends upon each bank. Sometimes banks have special offers for small and medium-size enterprises and do not charge for opening accounts. The average cost of opening a bank account in Yekaterinburg is 2500 rubles.

#### **Procedure 8\*. Inform the Federal Tax Service, the Pension Fund and the Social Insurance Fund of the company bank account number**

**Time:** 1 day

**Cost:** No cost

**Comments:** A taxpayer within 7 days of opening a bank account notify the Federal Tax Service, the Pension Fund and the Social Insurance Fund. Notifications of required format with the bank account number an applicant either mails or brings personally. In the latter case a secretariat puts a mark on the second copy that information has been received. Banks also inform the Federal Tax Service about opening bank accounts.

#### LIST OF PROCEDURES

### DEALING WITH CONSTRUCTION PERMITS

*Irkutsk, Irkutsk Oblast*

*Warehouse value: RUB 26,120,000 (US\$ 844,063)*

*Data as of: November 2011*

#### **Procedure 1. Request a topographic survey of the land plot at Licensed company**

**Time:** 30 days

**Cost:** RUB 50,000

**Comments:** BuildCo's representatives place an order for land survey at 1:500 (for an area up to 1 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

#### **Procedure 2\*. Obtain technical conditions for electricity connection at Irkutsk Electric Supply Network Company**

**Time:** 25 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 3\*. Obtain technical conditions to connect to water and sewage services at Urban Development Policy Committee of Irkutsk City**

**Time:** 21 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems. The applicant submits a request with full information about the facility. Connection fee is based on the Vodokanal tariffs. Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 4\*. Obtain technical conditions for heavy shower sewage services at Production Department of Water and Sewage Facilities, Municipal Unitary Organization**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to storm drain systems. Technical conditions of storm drain systems are not mandatory. However, many would go and get these technical conditions. For that purpose, they would submit an application with the land title.

#### **Procedure 5\*. Obtain technical conditions for telephone connection at any service provider**

**Time:** 14 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical specification for landline telephone connection and concluding a contract with any service provider. The applicant submits the following document package: application, official documents for the land plot (cadastral passport, resolution of the city mayor authorizing the design, draft design and design estimates). No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment in the process of connection to the telephone line.

#### **Procedure 6\*. Request geological survey of the land plot at any organization with permission from a self-regulating organization**

**Time:** 30 days

**Cost:** RUB 75,000 [based on the warehouse size, 3 borings are required at RUB 25,000 each]

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: Application, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNIps). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 7. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department of Urban Development Policy Committee of Irkutsk City**

**Time:** 30 days

**Cost:** No cost

**Comments:** In accordance with the Urban Development Code, a land development plan is a document that contains key land plot information: boundary coordinates, authorized use and technical conditions. The document is required for obtaining a

construction permit. The document issuance time and costs are established at the federal level and requires submission of the following documents: application, all technical conditions and land titles. The document is issued by the Department of Architecture and Urban Development.

#### **Procedure 8. Obtain construction permit at Architecture and Urban Development Department of Urban Development Policy Committee of Irkutsk City**

**Time:** 7 days

**Cost:** No cost

**Comments:** Construction permits are issued by the Committee for Urban Development Policy. The list of documents, time and costs are regulated by the Russian Federal UDC and the Irkutsk Service Rendering Rules. No technical specification approvals of the project are required for a construction permit.

#### **Procedure 9. Request compliance certificate of the building with the technical conditions from the water utility at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 18 days

**Cost:** No cost

**Comments:** To connect to water supply and sanitation systems, BuildCo lodges an inquiry with the Irkutsk Vodokanal Municipal Unitary Enterprise with enclosed application, work completion reports, equipment certificates, commissioning reports and acceptance reports. If the submitted documents are in full order (a field visit is made to a residential building in progress; however, they may choose not to go to a warehouse), and connection is technically available (it is, as the technical conditions have been already obtained), the organization issues a certificate of compliance with the technical conditions.

#### **Procedure 10. Receive inspection from the water utility at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 1 day

**Cost:** No cost

**Comments:** Prior to connection, a survey should be held for compliance with technical conditions of connection to water supply and sanitation systems.

#### **Procedure 11. Obtain compliance certificate of the building with the technical conditions from the water utility at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 45 days

**Cost:** No cost

**Comments:** BuildCo obtains a certificate of compliance with technical conditions based on test outcomes.

#### **Procedure 12. Connect to water services at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 6 days

**Cost:** RUB 244,300 [water supply connection Cost: RUB 106,446; sanitation system connection Cost: RUB 137,854.]

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems. The applicant submits a request with full information about the facility. Connection fee is based on the

\* This procedure can be completed simultaneously with previous procedures.

Vodokanal tariffs. Payment for connection is made in accordance with a schedule attached to the agreement.

### Procedure 13. Obtain compliance certificate of the building with the technical conditions from the phone utility at any service provider (who issued technical conditions)

**Time:** 3 days

**Cost:** No cost

**Comments:** BuildCo obtains a certificate of compliance with technical conditions. The procedure is free of charge.

### Procedure 14. Request and connect to telephone services at any service provider (who issued technical conditions)

**Time:** 3 days

**Cost:** RUB 3,000

**Comments:** The telephone number is assigned at the time of conclusion of a contract for connection to a telephone network, and is chargeable according to the provider tariffs.

### Procedure 15. Obtain occupancy permit at Architecture and Urban Development Department of Urban Development Policy Committee of Irkutsk City

**Time:** 7 days

**Cost:** No cost

**Comments:** The facility occupancy permit is issued in accordance with the requirements of the UDC and the service regulation.

### Procedure 16. Obtain cadastral passport of the building at Bureau of technical inventORIZATION

**Time:** 30 days

**Cost:** RUB 30,000

**Comments:** The facility cadastral passport is required for further registration of property interests in the FRS. At the same time, a technical passport is made; it shows the actual parameters of the newly built property.

### Procedure 17. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)

**Time:** 30 days

**Cost:** RUB 30,000

**Comments:** Property titles for the new building are registered in compliance with the Federal Law "On Real Property Rights Registration" by the Irkutsk Oblast Department of the Federal Service for State Registration, Cadastre and Cartography after submitting the application, cadastral passport, incorporation documents, occupancy permit and land titles.

#### DEALING WITH CONSTRUCTION PERMITS

#### Kaliningrad, Kaliningrad Oblast

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Request a topographic survey of the land plot at any licensed organization

**Time:** 17 days

**Cost:** RUB 16,000

**Comments:** An application is lodged with a company with a SRO license for this type of work. The applicant provides the following documents: 1)

application or contract; 2) legal documents for the land plot (cadastral plan) and plot borders. The company staff perform site work and develop a layout/topographic plan. Installed communication lines are checked during the inspection. The applicant receives an approved plan and topographic survey report.

### Procedure 2. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Committee of Kaliningrad City

**Time:** 30 days

**Cost:** No cost

**Comments:** The procedure is governed by the Administrative regulation of the Principal City Architect's Department of the Committee for Architecture and Urban Development of the Kaliningrad Mayor's Office on provision of the municipal service of land development plan issuance. BuildCo's representative files an application with the Committee for Architecture and Urban Development of the Kaliningrad Mayor's Office in conformity with the Guidelines "On the Procedure of Completing the Land Development Plan Form", submitting the following documents: power of attorney; copies of titles to the land plot and permanent structure/property; technical passport of permanent structures situated on the land plot; cadastral layout of the land plot with a list of coordinates; topographic survey of the land plot with surface and underground communications at 1:500 and valid for no longer than 2 years; technical conditions for connection of the permanent structure to engineering/technical support networks—for property under construction/renovation.

### Procedure 3. Obtain technical conditions to connect to electricity at Yantarengo, OJSC

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

### Procedure 4. Obtain technical conditions to connect to water and sewage at Municipal Unitary Organization Vodokanal—water utility

**Time:** 14 days

**Cost:** RUB 32,167 [RUB 0 for technical conditions and contract conclusion. RUB 32,167 (tariffs: water supply: RUB 694,000 per m<sup>3</sup>/hour; water disposal: RUB 635,000 per m<sup>3</sup>/hour)]

**Comments:** The applicant applies to Vodokanal and submits the following documents: 1) notarized copies of incorporation documents (certificate of state registration and articles of association); 2) documents confirming the signee's authority (power of attorney, ID); 3) copies of land title documents (for the title holder); 4) information about the boundaries of the land plot, where a permanent structure is planned to be built, or where a permanent structure subject to renovation is located; 5) information about the authorized use of the land plot (an authorization letter from the Kaliningrad Committee for Architecture and Urban Development); 6) information about the utmost parameters of the authorized construction/renovation of permanent structures related to the land plot; 7) situational facility plan with residential area positioning; 8) topographic survey with facility setting, at 1:500, with all surface and underground communications and structures

and color-marked boundaries of the territory. General layout of the company/organization internal lines at 1:500 (in the event of construction/renovation of a building location on the compound of a company/organization with a different owner); 9) estimated balance of water consumption and disposal in the connected facility (m<sup>3</sup>/day) with an indication of the water use purposes (potable, utilities, industrial), including fire-fighting. The estimate should be made by a license design organization and provided on the designer's official stationary; 10) information about the composition of drain water planned for discharging into the sewerage; 11) information about sub-subscribers; 12) copies of the water supply and/or sanitation specifications that had been issued earlier (if available). If the technical conditions are collected by an authorized agent, a duly documented customer's power of attorney should be filed.

### Procedure 5\*. Obtain technical conditions to connect to heavy shower sewage at Gidrotekhnik, Municipal Unitary Enterprise

**Time:** 14 days

**Cost:** RUB 5,186

**Comments:** A representative of the customer lodges with Gidrotekhnik Municipal Unitary Enterprise an application and document package (land title, topographic survey at 1:500 and authorization document). After the land plot survey by Gidrotekhnik staff, a hydrologic land survey certificate and technical conditions are issued.

### Procedure 6\*. Obtain technical conditions to connect to fixed telephone line. Conclude agreement at Rostelekom, OJSC, Kaliningrad Division

**Time:** 30 days

**Cost:** RUB 5,200 [technical conditions: RUB 2,700; Number: RUB 2,500]

**Comments:** The applicant applies to Rostelecom OJSC or another telephone company and submits the following documents: application, general layout with the land plot plan, consolidated network diagram (master layout), land title, legal entity establishing documents, document confirming the authority the of the CEO.

### Procedure 7. Obtain certificate of compliance of the project design from the water utility at Municipal Unitary Organization Vodokanal—water utility

**Time:** 30 days

**Cost:** No cost

**Comments:** To obtain design clearance, the applicant applies submits the following documents: operating design and a free-form application.

### Procedure 8\*. Obtain certificate of compliance of the project design from the phone utility at Rostelekom, OJSC

**Time:** 30 days

**Cost:** No cost

**Comments:** To obtain design clearance, the applicant applies to Rostelecom OJSC or another telephone company and submits the following documents: application, design documentation, Land plot title documentation, legal entity establishing documents, document confirming the authority the of the CEO.

\* This procedure can be completed simultaneously with previous procedures.

### Procedure 9. Request geological survey of the land plot at Commercial enterprise with a permission from the self-regulating organization for engineering geological surveys

**Time:** 12 days

**Cost:** RUB 70,000

**Comments:** A representative of the customer contacts any SRO-authorized company for the conduct of engineering/geodesic surveys. The customer provides the following documents: application, building draft design and designer assignment. The work is based on the soil composition and other collected data, as required for the designed. The cost is RUB 60-80 thousand for soil engineering/geodesic surveys, borings and laboratory test outcomes (RUB 15-20 thousand per boring).

### Procedure 10. Obtain construction permit at Architecture and Urban Development Committee of Kaliningrad City

**Time:** 10 days

**Cost:** No cost

**Comments:** It is a municipal service provided in accordance with the Administrative Regulation of the Committee of Architecture and Construction of the Kaliningrad City Administration on provision of the municipal service of construction permit issuance. The applicant lodges a construction permit application with the following attachments: 1) land titles; 2) land development plan; 3) design documentation materials: 3.1) explanatory note; 3.2) land plot layout in line with the land development plan, with marked permanent structure are, access roads and paths, public servitude and archeological heritage area boundaries; 3.3) land plot arrangement layout confirming location of the linear object within the red lines, approved by the area planning documents, as applicable to linear objects; 3.4) diagrams showing architectural decisions; 3.5) information about engineering equipment, aggregate plan of engineering/technical support with points of connection of the designed permanent structure to engineering/technical support lines; 3.6) project of organization of construction/renovation of a permanent structure; 3.7) project of organization of demolition or dismantling of permanent structures, or their parts; 4) positive conclusion of the State Expertise on the design documentation (as applied to the design documentation of projects stipulated in Article 49 of the Russian Federal Urban Development Code); 5) permit for deviation from the utmost parameters of the authorized construction/renovation (if the person concerned has been issued such a permit); 6) notarized written consent of all owners of the permanent structure in the event of the structure renovation.

### Procedure 11. Obtain confirmation of compliance of the building with technical conditions for connection to water and sewage at Municipal Unitary Organization Vodokanal—water utility

**Time:** 9 days

**Cost:** No cost

**Comments:** The applicant submits a request to Vodokanal for a municipal service provision along with the construction project title, construction project address, numbers of the Vodokanal technical conditions and a power of attorney. Based on the inspection outcomes, a report of connection to

Vodokanal engineering and technical systems is compiled.

### Procedure 12\*. Obtain confirmation of compliance of building with technical conditions for telephone connection at Rostelekom, OJSC, Kaliningrad Division

**Time:** 2 days

**Cost:** No cost

### Procedure 13. Obtain a technical passport of the building at Kaliningrad Division of the Federal State Unitary Organization "Rostechinventarizatsia—Federal BTI"—bureau of technical inventory

**Time:** 15 days

**Cost:** RUB 55,000

**Comments:** The applicant applies to the Kaliningrad Office of Rostechinventarizatsia - Federal BTI and submits a package of documents together with the application for inventory and issuance of a technical passport. The following documents must be enclosed: organization establishing documents (articles of association, (a copy of) state registration certificate, (a copy of) tax registration certificate, excerpt from the Uniform Register of Legal Entities (issued no later than 3 months prior to the submission), land title documents: property interests registration certificate, commissioning permit, occupancy permit, completed project acceptance report issued by an acceptance commission, order for approval of the acceptance commission report, certificate of state registration of the land title (copies bearing official seals of the organization), document confirming the authority of the CEO to sign a service contract with Rostechinventarizatsia - Federal BTI, list of items subject to technical inventory.

### Procedure 14. Obtain occupancy permit at Architecture and Urban Development Committee of Kaliningrad City

**Time:** 10 days

**Cost:** No cost

**Comments:** The applicant submits an occupancy permit with enclosed documents according to the list established by the regulation on provision of the municipal service of occupancy permit issuance. These documents include: 1) land title; 2) land development plan; 3) construction permit; 4) permanent structure acceptance report (in case of construction, renovation, major repairs under a contract); 5) document confirming compliance of the newly built permanent structure with technical regulations and signed by the person in charge of the construction; 6) document confirming compliance of the newly built permanent structure with technical regulations and signed by the person in charge of the construction (or the developer or customer in the event of construction, renovation, major repairs under a contract), except for construction/renovation/major repair of individual residential buildings; 7) documents confirming compliance of the newly built, renovated or repaired permanent structure with technical conditions, and signed by officials of the organizations in charge of engineering/technical network maintenance (if any); 8) diagram of the newly built, renovated or repaired permanent structure with location of engineering/technical support networks within the land area, and planned land layout, signed by the person in charge of the construction (and the developer or customer in the event of construction/renovation/major repairs under a contract); 9) conclusion of a

public construction supervisory agency (if there are provisions for public construction supervision) about compliance of the facility with technical regulations and design documentation.

### Procedure 15. Obtain cadastral passport of the building at Kaliningrad Division of the Federal State Unitary Organization "Rostechinventarizatsia—Federal BTI"—bureau of technical inventory

**Time:** 15 days

**Cost:** RUB 3,000

**Comments:** The applicant submits a package of documents to the Kaliningrad Office of Rostechinventarizatsia - Federal BTI.

### Procedure 16. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)

**Time:** 10 days

**Cost:** RUB 15,000

**Comments:** The applicant applies to the Municipal Unitary Enterprise and submits the following documents: documents confirming capacity of the legal entity and its representative's authority; state fee payment voucher; construction permit, the developer's title/authorization documents for the land where the construction project has been accomplished; facility occupancy permit; cadastral passport of the newly established property.

### Procedure 17. Sign agreement with water utility at Municipal Unitary Organization Vodokanal—water utility

**Time:** 18 days

**Cost:** RUB 63,196

**Comments:** The following documents should be provided for conclusion of an agreement with legal entities - building owners: 1) application for conclusion of an agreement for water supply and drain/pollutant collection; 2) certificate of official registration of the title; 3) certificate of official registration of the enterprise; 4) certificate of tax registration (INN/KPP); 5) articles of association of the enterprise; 6) minutes of an incorporation meeting about the CEO appointment or an order of the CEO appointment; 7) banking information; 8) order of appointment of a contact person for the contract (full name, position, contact telephone number); 9) water supply and sanitation balance, or an estimate; 10) diagram of distribution of operating responsibilities for water and sewage lines (in a standalone building).

#### DEALING WITH CONSTRUCTION PERMITS

#### Kaluga, Kaluga Oblast

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and specifications. The

\* This procedure can be completed simultaneously with previous procedures.

following documents should be submitted to obtain it: a) documents proving the applicant's rights to the land plot; b) topographic/geodesic materials from the boundary-setting file with the land delimitation and current encumbrances; c) X and Y coordinate catalog; c) documents certifying cadastral registration of the land plot. The document is issued by the Department of Architecture and Urban Development in accordance with the established municipal service rendering rules.

#### **Procedure 2\*. Obtain technical conditions to connect to water and sewage at Centrtelekom**

**Time:** 30 days

**Cost:** RUB 62,974

**Comments:** BuildCo obtains the conditions of connection to water supply and sanitation systems. The applicant submits a request to Kaluga Oblast Vodokanal OJSC with full information about the facility. Connection fee is based on the Vodokanal tariffs and amounts to RUB 28,870 per m<sup>3</sup> of water supply a day, and RUB 21,760 per m<sup>3</sup> of water disposal a day. Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 3\*. Obtain technical conditions to connect to heavy shower sewage at Kalugaspetsavtodor**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to the storm drain system and concluding a contract. No fees are charged for connection and contract conclusion.

#### **Procedure 4. Request a topographic survey of the land plot at Kaluga Engineering and Construction Survey Organization (TISIZ)**

**Time:** 16 days

**Cost:** RUB 20,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

#### **Procedure 5\*. Request geological survey of the land plot at Kaluga Engineering and Construction Survey Organization (TISIZ)**

**Time:** 21 days

**Cost:** RUB 30,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 6. Obtain technical conditions for electricity connection at MRSK Center and Privolzhme, OJSC, Kalugaenergo Division**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 7. Obtain certificate of compliance of the project design from the water utility at Kaluga Oblast Vodokanal—water utility**

**Time:** 25 days

**Cost:** RUB 8,000

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 8. Obtain certificate of compliance of the project design from the phone utility at Centrtelekom**

**Time:** 7 days

**Cost:** RUB 2,000

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

#### **Procedure 9. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Kalugaspetsavtodor**

**Time:** 17 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

#### **Procedure 10. Obtain clearance of project documentation from the Traffic Police at GIBDD Division in Kaluga City—traffic police**

**Time:** 11 days

**Cost:** No cost

**Comments:** The final construction design is submitted to the road police for clearance.

#### **Procedure 11. Obtain construction permit at Architecture and Urban Development Department**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Besides, in accordance with Article 222 of the Russian Federal Civil Code, such property may be considered by a court as unauthorized construction, and may be subject to removal at the expense of the building entity. To obtain a construction permit, BuildCo needs to lodge an application with the Construction and Land Issues Department, with the following documents attached: land titles, land development plan and design documentation materials. The construction permit issuance procedure is governed by the administrative regulation on the municipal service of issuance of permits for construction/renovation/major repair of permanent structures.

#### **Procedure 12. Receive inspection during construction works at Rostekhnadzor**

**Time:** 1 day

**Cost:** No cost

**Comments:** Rostekhnadzor staff inspect lifting mechanisms used in the construction process (if any).

#### **Procedure 13\*. Obtain confirmation of compliance of the building with technical conditions for connection to water and sewage at Kaluga Oblast Vodokanal—water utility**

**Time:** 21 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Kaluga Oblast Vodokanal LLC after checking the water supply and sanitation systems.

#### **Procedure 14\*. Obtain compliance certificate from the phone utility confirming the building's compliance with the technical conditions at Centrtelekom, OJSC**

**Time:** 11 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, that serves as a basis for issuance of technical conditions.

#### **Procedure 15\*. Obtain clearance on the compliance of the construction with the at Kalugaspetsavtodor**

**Time:** 11 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit

#### **Procedure 16\*. Obtain a technical passport of the building at Bureau of technical inventORIZATION**

**Time:** 30 days

**Cost:** RUB 9,300

**Comments:** Technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from BTI Public Enterprise, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

#### **Procedure 17. Request occupancy permit at Architecture and Urban Development Department**

**Time:** 21 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Kaluga City Department of Construction and Land Issues.

\* This procedure can be completed simultaneously with previous procedures.

### Procedure 18. Receive inspection for occupancy permit at Architecture and Urban Development Department

**Time:** 1 day

**Cost:** No cost

**Comments:** Upon receipt of an application and documents for a facility occupancy permit, the staff of the Kaluga City Construction and Land Issues Department make an inspection and decide, whether to issue the permit or reject the application.

### Procedure 19. Obtain occupancy permit at Architecture and Urban Development Department

**Time:** 10 days

**Cost:** No cost

**Comments:** A decision to reject or issue an occupancy permit is issued to the applicant in 10 days upon application by the Department of Construction and Land Issues of the city of Kaluga.

### Procedure 20. Sign agreement with water and sewage utility at Kaluga Oblast Vodokanal—water utility

**Time:** 14 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

### Procedure 21\*. Sign agreement with the phone utility at Centrtelekom, OJSC

**Time:** 7 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

### Procedure 22\*. Sign agreement with heavy shower sewage utility at Kalugaspetsavtodor

**Time:** 10 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

### Procedure 23\*. Obtain cadastral passport of the building at Bureau of technical inventORIZATION

**Time:** 5 days

**Cost:** No cost

**Comments:** After an occupancy permit is obtained, BuildCo may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

### Procedure 24. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Property titles for the new building are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography after submitting applications,

cadastral passport, incorporation documents, occupancy permit and land titles.

#### DEALING WITH CONSTRUCTION PERMITS

### Kazan, Republic of Tatarstan

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Request a topographic survey of the land plot at any specialized organization

**Time:** 10 days

**Cost:** RUB 15,000

**Comments:** BuildCo places of an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

### Procedure 2\*. Obtain clearance on compliance with the city zoning rules at Center of Architecture and Urban Development

**Time:** 21 days

**Cost:** No cost

**Comments:** The development plan should be approved by the Principal Architect. Urban development regulations pertaining to real property use and construction-related changes apply to all areas and each land plot. These regulations include: authorized real property uses (the owners may opt for the acceptable use and change them depending on the market situation; in specially reserved situations it is subject to certain conditions and clearances for criteria of non-damaging adjacent properties); land area and linear dimension (width, length) margins (minimum/maximum); margins of the construction authorized on the land plots; minimal building setback from the land plot boundary; maximum indicators; height of the buildings/number of stories; plot development rate (ratio of the land area covered by buildings to the total land area); land use rate (ratio of the total surface area of all existing buildings and that of potential buildings to the total land area); car parking indicators; other indicators and requirements.

### Procedure 3. Obtain technical conditions for electricity connection at Kazan Electric Supply Network

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for technical conditions for electricity connection

### Procedure 4\*. Obtain technical conditions for water and sewage services at Vodokanal—Municipal Unitary Organization—water utility

**Time:** 22 days

**Cost:** No cost

**Comments:** BuildCo obtains technical conditions of connection to water supply and sanitation systems. The applicant submits the following document package: application, land title (cadastral passport, draft design and design estimates). The connection is paid for at the time of the contract execution. To be paid for at the time of connection.

### Procedure 5\*. Request technical conditions for a telephone connection at GTS or TVT

**Time:** 22 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concluding a contract. No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment immediately during connection to the telephone line.

### Procedure 6\*. Request geological survey of the land plot at KazTISIZ, OJSC

**Time:** 30 days

**Cost:** RUB 7,500

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNIps). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area. In our case, there will be 5-7 holes, 10 meters deep.

### Procedure 7\*. Request inspection from the state expertise at State Expertize—for construction

**Time:** 1 day

**Cost:** No cost

**Comments:** BuildCo lodges an application with the State Expertise of the Republic of Tatarstan with a copy of the development design operating documents to obtain an assignment for environmental study.

### Procedure 8\*. Laboratory works by Rospotrebnadzor—the Consumer Protection Agency at Center for Hygiene and Epidemiology

**Time:** 18 days

**Cost:** RUB 18,000

**Comments:** Laboratory surveys environmental conditions at the land plot.

### Procedure 9\*. Obtain clearance of allocation of land plot at Center for Development of Initial Documentation, Municipal Unitary Organization

**Time:** 2 days

**Cost:** No cost

**Comments:** The laboratory testing outcomes are sent to the State Expertise of the Republic of Tatarstan for a conclusion on the possibility to build a warehouse on the given land plot. Then the document is submitted for the GPZU issuance along with the other documents.

### Procedure 10\*. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department

**Time:** 30 days

**Cost:** No cost

**Comments:** The following documents are required to obtain the GPZU: application, draft design,

all technical conditions, land titles, conclusion of GosExpertiza conclusion and design approval certificate.

#### **Procedure 11\*. Obtain technical conditions to connect to heavy shower sewage at GTS or TVT**

**Time:** 14 days

**Cost:** No cost

**Comments:** Compound landscaping plan and storm drain diagram should be provided.

#### **Procedure 12. Obtain certificate of compliance of the project design from the water utility at FBUZ Hygiene and Epidemiology Center**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 13\*. Obtain certificate of compliance of the project design from the phone utility at State Expertize—for construction**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

#### **Procedure 14\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Architecture and Urban Development Department**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the Department for clearance.

#### **Procedure 15. Obtain construction permit at Fire Department**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Construction permits are issued by the Municipal Establishment "Urban Permit Department of the Executive Committee of the Kazan City Municipality".

#### **Procedure 16. Notify the authorities of commencement of construction works at Rospotrebnadzor**

**Time:** 1 day

**Cost:** No cost

**Comments:** BuildCo should send a notification about the construction beginning date 10 days in advance. The following construction-related documents should be enclosed with the notification: construction permit, schedule, list of responsible persons. Based on the notification, the State Construction Control develops construction inspection schedules, and share them with BuildCo.

#### **Procedure 17. Receive inspection during construction works at GIBDD—traffic police**

**Time:** 1 day

**Cost:** No cost

**Comments:** 5 inspections take place according to the approved inspection agenda based on the construction schedule.

#### **Procedure 18. Receive inspection during construction works at Department of Outdoor Territory Improvement**

**Time:** 1 day

**Cost:** No cost

**Comments:** 5 inspections take place according to the approved inspection agenda based on the construction schedule.

#### **Procedure 19. Receive inspection during construction works at State Construction Supervision Agency**

**Time:** 1 day

**Cost:** No cost

**Comments:** 5 inspections take place according to the approved inspection agenda based on the construction schedule.

#### **Procedure 20. Receive inspection during construction works at State Construction Supervision Agency**

**Time:** 1 day

**Cost:** No cost

**Comments:** 5 inspections take place according to the approved inspection agenda based on the construction schedule.

#### **Procedure 21. Receive inspection during construction works at Municipal Unitary Organization Vodokanal—water utility**

**Time:** 1 day

**Cost:** No cost

**Comments:** 5 inspections take place according to the approved inspection agenda based on the construction schedule.

#### **Procedure 22. Notify the authorities of end of construction works at TVT**

**Time:** 1 day

**Cost:** No cost

**Comments:** BuildCo submits a construction completion notification to Gosstroyndzor of the Republic of Tatarstan.

#### **Procedure 23. Obtain confirmation of compliance of the building with technical conditions for connection to water and sewage at Department of External Territory Improvement**

**Time:** 7 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 24\*. Obtain compliance certificate of the building with the heavy shower sewage utility at Department for Urban Development Permissions of Kazan City**

**Time:** 7 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the

newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 25\*. Obtain compliance certificate of the building with the phone utility at Gosstroyndzor—construction supervision**

**Time:** 7 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports that serves as a basis for issuance of technical conditions.

#### **Procedure 26. Connect to water services at Gosstroyndzor—construction supervision**

**Time:** 29 days

**Cost:** RUB 37,137

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks. The contract amount is paid in full.

#### **Procedure 27\*. Request and connect to telephone services at Gosstroyndzor—construction supervision**

**Time:** 10 days

**Cost:** No cost

#### **Procedure 28. Obtain clearance from the Construction Supervision Authority at Gosstroyndzor—construction supervision**

**Time:** 3 days

**Cost:** No cost

**Comments:** Based on inspection outcomes and certificates of the warehouse compliance with the technical conditions of network maintenance companies, the Public Construction Control Agency issues its conclusion, which is required for obtaining an occupancy permit.

#### **Procedure 29. Obtain a technical passport of the building at Gosstroyndzor—construction supervision**

**Time:** 30 days

**Cost:** RUB 30,000

**Comments:** The technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Municipal Enterprise of Technical Inventory and Real Property Evaluation, the Kazan Subsidiary of Rostechinventarizatsia – Federal BTI, or any bureau of technical inventory.

#### **Procedure 30. Obtain occupancy permit at Gosstroyndzor—construction supervision**

**Time:** 15 days

**Cost:** No cost

**Comments:** The occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area. The process is governed by a relevant regulation. The accepted project and declared design information are compared.

#### **Procedure 31. Obtain cadastral passport of the building at Municipal Unitary Organization Vodokanal—water utility**

**Time:** 21 days



**Cost:** No cost

**Comments:** After an occupancy permit is obtained, the developer may proceed with obtaining a cadastral passport for it in the Oblast Department of the Federal Service for State Registration, Cadastre and Cartography.

### Procedure 32. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr) at Department of External Territory Improvement

**Time:** 24 days

**Cost:** RUB 15,000

**Comments:** Property for the new building are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography after submitting application cadastral passport, incorporation documents, occupancy permit and land titles.

#### DEALING WITH CONSTRUCTION PERMITS

### Kemerovo, Kemerovo Oblast

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department

**Time:** 18 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and technical conditions.

### Procedure 2. Obtain technical conditions for electricity connection at North Kuzbass Energy Company, OJSC

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for technical conditions for electricity connection.

### Procedure 3. Obtain technical conditions for connecting to water and sewage services and sign agreement at North Kuzbass Energy Company, OJSC

**Time:** 27 days

**Cost:** RUB 53,004 [water supply: RUB 37,100; sanitation: RUB 15,904. Tariffs: water supply: RUB 28,000 per m<sup>3</sup>/day; sanitation: RUB 14,000 per m<sup>3</sup>/day. Cited from: <http://www.skek.ru/contents/assets/files/documents/openinfo/teplovodo/form-zayavka-water-2010.pdf>]

**Comments:** BuildCo Obtains the technical conditions of connection to water supply and sanitation systems. The applicant submits a request to SKEK with full information about the facility. Payment for connection is made in accordance with a schedule attached to the agreement.

### Procedure 4\*. Obtain technical conditions for telephone connection and sign agreement at Rostelekom

**Time:** 3 days

**Cost:** RUB 7,740

**Comments:** BuildCo obtains the technical specification for landline telephone connection and concluding a contract. No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment immediately during connection to the telephone line in accordance with approved tariffs. The tariffs are available at: <http://kem.sibirtelecom.sibnet.ru/?id=125>

### Procedure 5\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Committee on Road Facilities, Territorial Improvement, Transport and Communication

**Time:** 7 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to storm drain systems.

### Procedure 6\*. Request a topographic survey of the land plot at Arkhproekt, LLC

**Time:** 27 days

**Cost:** RUB 43,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

### Procedure 7\*. Request geological survey of the land plot at Geotekhnika, LLC

**Time:** 30 days

**Cost:** RUB 93,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

### Procedure 8. Obtain certificate of compliance of the project design from the water utility at North Kuzbass Energy Company, OJSC

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

### Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Rostelekom

**Time:** 5 days

**Cost:** RUB 2,510

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

### Procedure 10\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Committee on Road Facilities, Territorial Improvement, Transport and Communication

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

### Procedure 11\*. Obtain clearance of project documentation from the Traffic Police at GIBDD Division in Kemerovo City—traffic police

**Time:** 75 days

**Cost:** No cost

### Procedure 12. Obtain construction permit at City Administration

**Time:** 14 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

### Procedure 13. Notify the authorities of commencement of construction works at Inspection of the State Construction Supervision of Kemerovo Oblast

**Time:** 1 day

**Cost:** No cost

**Comments:** Only a notification is required to make sure that the inspectors would not be unaware about the construction in progress.

### Procedure 14. Obtain certificate of compliance of the building with technical conditions received from the water utility at North Kuzbass Energy Company, OJSC

**Time:** 45 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

### Procedure 15\*. Obtain certificate of compliance of the building with technical conditions received from the phone utility at Rostelekom

**Time:** 8 days

**Cost:** RUB 250

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

#### **Procedure 16\*. Obtain certificate of compliance of the building with technical conditions received from the heavy shower sewage utility at Committee on Road Facilities, Territorial Improvement, Transport and Communication**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 17. Obtain occupancy permit at City Administration**

**Time:** 17 days

**Cost:** No cost

**Comments:** In order to obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Committee for Construction Control of the Kemerovo City Administration.

#### **Procedure 18. Sign agreement with water and sewage utility at North Kuzbass Energy Company, OJSC**

**Time:** 11 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 19\*. Sign agreement with the phone utility at Rostelekom**

**Time:** 7 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 20\*. Sign agreement with heavy shower sewage utility at Committee on Road Facilities, Territorial Improvement, Transport and Communication**

**Time:** 7 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 21\*. Obtain a technical passport of the building at Bureau of technical inventory—federal**

**Time:** 36 days

**Cost:** RUB 15,000

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it.

#### **Procedure 22\*. Receive inspection from the electricity utility at Rostekhnadzor**

**Time:** 13 days

**Cost:** No cost

#### **Procedure 23. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr) at Federal Agency on State Registration, Cadastre and Cartography (Rosreestr)**

**Time:** 35 days

**Cost:** RUB 15,000

**Comments:** The title to the property is registered in compliance with the Federal Law "On Real Property Rights Registration" after submitting based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### **Procedure 24. Sign agreement with the water utility at North Kuzbass Energy Company, OJSC**

**Time:** 11 days

**Cost:** No cost

**Comments:** An application is lodged with SKEK, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

#### **DEALING WITH CONSTRUCTION PERMITS**

##### *Khabarovsk, Khabarovsk Krai*

*Warehouse value: RUB 26,120,000 (US\$ 844,063)*

*Data as of: November 2011*

#### **Procedure 1. Request a topographic survey of the land plot at any organization**

**Time:** 45 days

**Cost:** RUB 60,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc. If the land has been surveyed, the topographic survey report is available in the archives of the Department of Architecture.

#### **Procedure 2\*. Request geological survey of the land plot at any organization**

**Time:** 21 days

**Cost:** RUB 318,000 [estimated 5 borings, 12 meters each, total: 60 meters. Cost: RUB 5,300 per meter, total: RUB 318,000.]

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area. In our case, there will be 5-7 holes, 12 meters deep each. Generally, the same company would offer topographic surveys as well.

#### **Procedure 3\*. Obtain technical conditions for water and sewage systems and sign agreement at Municipal Unitary Organization Vodokanal—water utility**

**Time:** 30 days

**Cost:** RUB 116,050 [estimate is based on the tariff of RUB 53,882 per cubic meter of water a day and RUB 39,309 per cubic meter of sanitation a day]

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems.

The applicant submits a request to Vodokanal OJSC with full information about the facility (according to a form available at the company's web-site on in the office). Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 4\*. Obtain technical conditions to connect to heavy shower sewage at Territory Improvement Department of Khabarovsk Municipality**

**Time:** 14 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to the storm drain system and concluding a contract. An application is filed with the Khabarovsk Landscaping Department, in response, they send technical conditions that include both connection to storm drain and landscaping requirements to the adjacent area: building access, pathways, etc.

#### **Procedure 5. Obtain development plan of land plot (GPZU) at Department of Architecture, Construction and Land Use of Khabarovsk City**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use, issued technical conditions. The following documents should be submitted to obtain it: application, draft design, document titles. The document is issued by the Department of Architecture and Land Use.

#### **Procedure 6. Obtain technical conditions for electricity connection at Khabarovsk City Electrical Network, OJSC**

**Time:** 16 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 7. Obtain certificate of compliance of the project design from the water utility at Municipal Unitary Organization Vodokanal—water utility**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 8\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Territory Improvement Department of Khabarovsk Municipality**

**Time:** 7 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the Landscaping Department for clearance.

#### **Procedure 9\*. Obtain clearance of project documentation from the Traffic Police at GIBDD—traffic police**

**Time:** 10 days

\* This procedure can be completed simultaneously with previous procedures.

**Cost:** No cost

**Comments:** The final construction design is submitted to the road police for clearance.

#### **Procedure 10\*. Obtain certificate of compliance from fire department at State Fire Supervision Division in a district**

**Time:** 4 days

**Cost:** No cost

**Comments:** The final construction design is submitted to the fire department for clearance.

#### **Procedure 11. Obtain certificate of compliance from Architecture department at Department of Architecture, Construction and Land Use of Khabarovsk City**

**Time:** 14 days

**Cost:** No cost

**Comments:** The construction design with all clearances is submitted to the Architecture Unit of the Department of Architecture and Urban Development, where it is inspected by experts and signed by the Principal City Architect.

#### **Procedure 12. Obtain construction permit at Department of Architecture, Construction and Land Use of Khabarovsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Besides, in accordance with Article 222 of the Russian Federal Civil Code, such property may be considered by a court as unauthorized construction, and may be subject to removal at the expense of the building entity. To obtain a construction permit, the applicant needs to lodge an application with the Department of Architecture, Construction and Land Use, with the following documents attached: land titles, explanatory note, land plot layout diagrams (2 types), information about engineering equipment, combined engineering network layout, construction plan with clearances.

#### **Procedure 13. Register with the inspection authorities at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** BuildCo should send a notification about the construction beginning date 10 days in advance. The following construction-related documents should be enclosed with the notification: construction permit, schedule, list of responsible persons. For properties not subject of public review and construction control (as in our case), the procedure is not mandatory, though customers sometimes would carry it out.

#### **Procedure 14. Receive inspection during construction works at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction progress inspections take place on average, once a month

#### **Procedure 15. Receive inspection during construction works at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction progress inspections take place on average once a month.

#### **Procedure 16. Receive inspection during construction works at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction progress inspections take place on average once a month.

#### **Procedure 17. Receive inspection during construction works at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction progress inspections take place on average once a month.

#### **Procedure 18. Receive inspection during construction works at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction progress inspections take place on average once a month.

#### **Procedure 19. Receive inspection during construction works at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction progress inspections take place on average once a month.

#### **Procedure 20. Receive inspection during construction works at Inspection of the State Architecture and Construction Supervision of Khabarovsk Krai Government**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction progress inspections take place on average once a month.

#### **Procedure 21. Obtain confirmation of compliance of the building with technical conditions for connection to water and sewage at Municipal Unitary Organization Vodokanal—water utility**

**Time:** 22 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions

is mandatory for obtaining an occupancy permit. This document is issued by Vodokanal MUE after checking the water supply and sanitation systems.

#### **Procedure 22\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Territory Improvement Department of Khabarovsk Municipality**

**Time:** 17 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by the Landscaping Department after checking the storm drain connection and landscaping work.

#### **Procedure 23\*. Sign agreement with the phone utility at Rostelekom, Vostoktelekom or other company**

**Time:** 14 days

**Cost:** RUB 34,400

**Comments:** To connect to telephone network, one needs to apply to a fixed communication provider (such as Vostoktelekom or Rostelekom) with incorporation documents and a cover letter. Upon contract execution, payment is made in accordance with the established tariffs.

#### **Procedure 24\*. Obtain a technical passport of the building at Khabarovsk Krai State Unitary Organization of Technical Inventory and Real Estate Appraisal or federal bureau of technical inventory**

**Time:** 30 days

**Cost:** RUB 35,000

**Comments:** The technical passport is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Khabarovsk Krai State Unitary Enterprise of Technical Inventory and Real Property Evaluation, Subsidiary of Rostechinventarizatsia - Federal BTI, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself and, as a rule, they are not easily available.

#### **Procedure 25. Request occupancy permit at Department of Architecture, Construction and Land Use of Khabarovsk City**

**Time:** 3 days

**Cost:** No cost

**Comments:** The occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area. The document samples are available at the web-site of the Department of Architecture and Urban Development.

#### **Procedure 26. Receive inspection from the Department of Architecture and Construction at Department of**

\* This procedure can be completed simultaneously with previous procedures.

### Architecture, Construction and Land Use of Khabarovsk City

**Time:** 3 days

**Cost:** No cost

**Comments:** After submission of a commissioning application, an inspector of the Department of Architecture and Urban Development visits the project to inspect all elements of the project and work reports. After this, the inspector issues a conclusion about the facility readiness for commissioning.

### Procedure 27. Obtain occupancy permit at Department of Architecture, Construction and Land Use of Khabarovsk City

**Time:** 4 days

**Cost:** No cost

**Comments:** Based on the Inspection conclusion, an occupancy permit is prepared by the Department of Architecture and Urban Development.

### Procedure 28. Connect to water and sewage services at Gorvodokanal, Municipal Unitary Organization—water utility

**Time:** 30 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

### Procedure 29. Sign agreement with heavy shower sewage utility at Territory Improvement Department of Khabarovsk Municipality

**Time:** 30 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

### Procedure 30. Obtain cadastral passport of the building at Khabarovsk Krai State Unitary Organization of Technical Inventory and Real Estate Appraisal or federal bureau of technical inventory

**Time:** 14 days

**Cost:** RUB 1,000

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is prepared by the same organization that prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

### Procedure 31. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)

**Time:** 10 days

**Cost:** RUB 15,000

**Comments:** Title to the property is registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography after submitting an application, cadastral passport, incorporation documents, occupancy permit and land titles.

### Procedure 32. Sign agreement with water utility at Vodokanal—Municipal Unitary Organization—water utility

**Time:** 5 days

**Cost:** No cost

**Comments:** Resource supply contract (subscriber agreement) may be concluded only by the facility title holder, subject to physical connection to the network.

#### DEALING WITH CONSTRUCTION PERMITS

#### Kirov, Kirov Oblast

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Request a topographic survey of the land plot at MOA Arkhitektura

**Time:** 14 days

**Cost:** RUB 12,000

**Comments:** The procedure is performed, when there are no records of a topographic survey in the Kirov City Urban Development Support System (ISOGD), maintained by the Municipal Budget Department "Arkhitektura". In that case, it may be performed by a specialized organization with SRO access. The price is established in the contract. Placement of an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

### Procedure 2. Obtain technical conditions for electricity connection at Kirovernergo

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

### Procedure 3\*. Obtain technical conditions for water and sewage systems and sign agreement at KKS, OJSC

**Time:** 30 days

**Cost:** RUB 69,205

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems. The applicant submits the following document package: application, land title, cadastral passport, draft design and design estimates.

### Procedure 4\*. Request technical conditions for a telephone connection at Rostelekom, OJSC

**Time:** 21 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical specification for landline telephone connection and concludes a contract. No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment immediately during connection to the telephone line.

### Procedure 5\*. Obtain technical conditions to connect to heavy shower sewage at Department for Road Facilities, Municipal Unitary Organization

**Time:** 21 days

**Cost:** RUB 1,100

**Comments:** BuildCo obtains the technical conditions of connection to the storm drain system and concludes a contract. No fees are charged for connection and contract conclusion; there is a fee for technical conditions only.

### Procedure 6\*. Request geological survey of the land plot at Spetsstroyproekt, CJSC

**Time:** 22 days

**Cost:** RUB 12,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area. In our case, there will be 5-7 holes, 10 meters deep.

### Procedure 7. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department

**Time:** 30 days

**Cost:** No cost

**Comments:** The list of attachments, application format, review procedure and time limits are set forth in the administrative regulation on the municipal service "Issuance of an development plan of a land plot" situated on the territory of the Kirov City Municipality are posted at the official web-site of the Kirov City Administration. No public review conclusion may be required, though. The development plan is prepared by Arkhitektura MBD. The Department of Architecture and Urban Development issues the development plan and an order for approval of the land development plan.

### Procedure 8. Obtain certificate of compliance of the project design from the water utility at KKS, OJSC

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

### Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Rostelekom

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

### Procedure 10\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Department for Road Facilities, Municipal Unitary Organization

**Time:** 14 days

**Cost:** RUB 2,200

### Procedure 11. Obtain construction permit at Architecture and Urban Development Department of Kirov City

**Time:** 10 days

\* This procedure can be completed simultaneously with previous procedures.

**Cost:** No cost

**Comments:** The application is lodged with the multi-functional center. The list of documents, application format, procedure and time limits are set forth in the administrative regulation on the municipal service "Issuance of permits for construction of permanent structures on the territory of the Kirov City Municipality", posted at the official web-site of the Kirov City Administration in the Municipal Services section.

#### **Procedure 12. Notify the authorities of commencement of construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The developer should send a notification about the construction beginning date 10 days in advance. The following construction-related documents should be enclosed with the notification: construction permit, schedule, list of responsible persons. Based on the notification, the State Construction Control would develop construction inspection schedules, and share them with the developer.

#### **Procedure 13. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 6

#### **Procedure 14. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 6

#### **Procedure 15. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 6

#### **Procedure 16. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 6

#### **Procedure 17. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 6

#### **Procedure 18. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 6

#### **Procedure 19. Notify the authorities of end of construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** BuildCo submits the of a construction completion notification to Gosstroy nadzor

#### **Procedure 20. Obtain confirmation of compliance of the building with technical conditions for connection to water and sewage at KKS, OJSC**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by KKC OJSC after checking the water supply and sanitation systems.

#### **Procedure 21\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at Rostelekom**

**Time:** 10 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports that serves as a basis for issuance of technical conditions.

#### **Procedure 22\*. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Department for Road Facilities, Municipal Unitary Organization**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions, is mandatory for obtaining an occupancy permit

#### **Procedure 23. Sign agreement with water and sewage utility at KKS, OJSC**

**Time:** 1 day

**Cost:** RUB 550

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

#### **Procedure 24\*. Sign agreement with the phone utility at Rostelekom**

**Time:** 1 day

**Cost:** RUB 5,100

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

#### **Procedure 25\*. Sign agreement with heavy shower sewage utility at Department for Road Facilities, Municipal Unitary Organization**

**Time:** 1 day

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

#### **Procedure 26. Obtain a technical passport of the building at Federal State Organization "Land Cadastre Chamber"**

**Time:** 30 days

**Cost:** RUB 28,000

**Comments:** The technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Kirov Subsidiary of Rostechinventarizatsia - Federal Bureau of Technical Inventory (BTI SUE), or any bureau of technical inventory.

#### **Procedure 27. Obtain occupancy permit at Architecture and Urban Development Department of Kirov City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The application is lodged with the multi-functional center. The list of documents, application format, procedure and time limits are set forth in the administrative regulation on the municipal service "Issuance of permits for occupancy of permanent structures on the territory of the Kirov City Municipality, posted at the official web-site of the Kirov City Administration in the Municipal Services section.

#### **Procedure 28. Obtain cadastral passport of the building at Federal State Organization "Land Cadastre Chamber"**

**Time:** 21 days

**Cost:** No cost [part of the technical passport cost]

**Comments:** After an occupancy permit is obtained, the developer may proceed with obtaining a cadastral passport for it in the Kirov Subsidiary of Rostechinventarizatsia - Federal Bureau of Technical Inventory", or BTI.

#### **Procedure 29. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography after submitting application, cadastral passport, incorporation documents, occupancy permit and land titles.

\* This procedure can be completed simultaneously with previous procedures.

## DEALING WITH CONSTRUCTION PERMITS

**Moscow**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Request and obtain the development plan of land plot at the Moscow Architecture and City Planning Committee

**Time:** 120 days

**Cost:** No cost

**Comments:** The Moscow Architecture and City Planning Committee (MoskomArkhitektura) A one stop shop has been implemented in order to deal with all procedures related to the Land. The applicant does not have to go to each agency in order to obtain documents. The applicant applies for the copy development plan of the land plot at Moskomarchitecture which will deal with all the steps.

The legal time limit is 1 month but in practice this takes on average 6 months according to private sector contributors.

### Procedure 2\*. Request and obtain Act of Moscow Geological—Geodesic Department

**Time:** 45 days

**Cost:** RUB 39,000

**Comments:** The applicant obtains a geodesic map of the plot with all communication lines indicated and analyzed.

As of January 1, 2009, the fee for obtaining a geodesic map of the plot from the Moscow Geological -Geodesic Department has increased from RUB 36,700 to RUB 39,000.

### Procedure 3\*. Request and obtain an engineering ecological survey—Mosgorgeotrest or any other licensed entity

**Time:** 45 days

**Cost:** RUB 100,000

**Comments:** This is one of the pieces of information needed for project design - information about conditions of your land plot - geological, geodesic and ecological.

There are 5 types of mandatory engineering surveys. All or a few of them are requested depending on the land plot and surrounding territory conditions.

In our case there could be 2-3 types of surveys. Mosgorgeotrest does these surveys. Private licensed companies also can do these surveys but they are requested to get the results 'stamped' by Mosgorgeotrest.

### Procedure 4\*. Request and obtain sanitary and epidemiological certificate—Rospotrebnadzor

**Time:** 30 days

**Cost:** No cost

### Procedure 5\*. Request and obtain technical conditions from water services and sewage

**Time:** 30 days

**Cost:** RUB 21,300

**Comments:** The technical conditions are defined by the Moscow water and the sewage company.

Under Government Regulation No. 83 dated 13 February 2006, (1) a list of technical conditions must

be prepared by the local government when preparing the city development plan of the land plot; (2) if the city development plan of the land plot does not contain this information, the technical conditions as well as the information on payment for connection to such services must be provided by the respective agency within 14 business days after receiving the request, however in practice it takes longer.

According to the fee schedule of Moscow State Unitary Enterprise "Vodokanal" for 2009, the fee for obtaining the technical conditions has been increased from RUB 17,673 to RUB 21,300.

### Procedure 6\*. Request and obtain technical conditions to connect to electricity with MOESK

**Time:** 30 days

**Cost:** No cost

**Comments:** Technical conditions are determined by the electricity company MOESK.

Under Government Regulation No. 83 dated 13 February 2006, (1) a list of technical conditions must be prepared by the local government when preparing the city development plan of the land plot; (2) if the city development plan of the land plot does not contain this information, the technical conditions as well as the information on payment for connection to such services must be provided by the respective agency within 14 business days after receiving the request, however in practice it takes longer.

Under Government Regulation No. 83 dated 13 February 2006, (1) a list of technical conditions must be prepared by the local government when preparing the city development plan of the land plot; (2) if the city development plan of the land plot does not contain this information, the technical conditions as well as the information on payment for connection to such services must be provided by the respective agency within 14 business days after receiving the request, however in practice it takes longer.

### Procedure 7\*. Request and obtain technical conditions to connect to telephone line from Moscow City Telephone Service (MGTS)

**Time:** 30 days

**Cost:** RUB 5,000

**Comments:** Technical conditions are set by the district telephone network services, which are either branches of the Moscow City Telephone Service (MGTS) or private operators.

### Procedure 8\*. Request and obtain technical conditions for heavy shower sewage

**Time:** 30 days

**Cost:** RUB 10,000

**Comments:** These technical conditions are also required for the project design.

### Procedure 9\*. Request and obtain technical conditions to install radio from the Moscow Broadcasting Network

**Time:** 30 days

**Cost:** RUB 4,500

**Comments:** These technical conditions are also required for the project design and needed by law for civil security. It is supposed to be used for public announcements (likein case of force majeure).

### Procedure 10\*. Request and obtain approval from Moscomarchitectura on engineering supply of the facility

**Time:** 14 days

**Cost:** RUB 4,500

### Procedure 11. Request and obtain Extract from Minutes of Meeting and Decision of the 'Reglament' Commission by the Chief Architect of Moscow on approval of architectural design (facades, profiles, color) and the certificate of approval of architectural design

**Time:** 30 days

**Cost:** No cost

### Procedure 12. Request and obtain Extract from Minutes of Meeting and Decision of the 'Reglament' Commission by the Chief Architect of Moscow on approval of architectural design (facades, profiles, color) and the certificate of approval of architectural design

**Time:** 30 days

**Cost:** No cost

**Comments:** The decision on construction is a prerequisite for beginning to collect all design documents. By law, obtaining the decision should not take more than 30 days. However, the deadline is never respected, and this procedure takes 60 days on average.

### Procedure 13\*. Request and obtain the approval of conditions for designs by Department of Preparation of Project Approvals

**Time:** 14 days

**Cost:** RUB 12,100

**Comments:** The seal of the Department of Preparation of Project Approvals of MoskomArkhitektura is placed on the cover page of the conditions list.

### Procedure 14\*. Request and obtain approval of conditions for designs by the Ministry of Civil Defense, Emergencies and Natural Disaster Management (MChS)

**Time:** 14 days

**Cost:** RUB 14,728

**Comments:** MChS specifies whether a shelter for civil defense must be constructed on the site.

### Procedure 15\*. Request and obtain approval of conditions for designs with Sanitary Services (Rospotrebnadzor)

**Time:** 30 days

**Cost:** RUB 13,800

**Comments:** The Sanitary Services (Rospotrebnadzor) analyze the drawings and designs according to sanitary norms and conditions.

### Procedure 16\*. Request and obtain the approval from State Inspection of Road Safety (GIBBD)

**Time:** 30 days

**Cost:** RUB 8,837

**Comments:** The State Inspectorate of Road Safety (GIBBD) analyzes the drawings and designs according to its norms and conditions.

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### Procedure 17\*. Request and obtain the approval from Department of Comprehensive Well-Being of City

**Time:** 30 days

**Cost:** RUB 4,600

**Comments:** The Department of Comprehensive Well-Being of the city analyzes the drawings and designs according to its norms and conditions.

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### Procedure 18\*. Request and obtain approval for project design from Department of Nature Management and Environment Protection of Moscow

**Time:** 21 days

**Cost:** RUB 29,455

**Comments:** The Department of Nature Use analyzes the drawings and designs according to its norms and conditions.

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### Procedure 19\*. Request and obtain approval of Volumes of «Outline of Construction Arrangement» and “GenPlan” from GenPlan Institute

**Time:** 30 days

**Cost:** RUB 30,000

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### Procedure 20\*. Request and obtain approval of conditions for designs by Local Government (uprava)

**Time:** 7 days

**Cost:** No cost

**Comments:** The seal of the local government is placed on the cover page of the conditions list.

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### Procedure 21\*. Request and obtain approval of conditions for designs by Prefect's Office

**Time:** 14 days

**Cost:** No cost

**Comments:** The seal of the local government is placed on the cover page of the conditions list.

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### Procedure 22. Request and obtain approval on project by Moscow State Expertise

**Time:** 45 days

**Cost:** RUB 59,500

**Comments:** The Moscow State Expertise relies on internal expertise. In accordance with the Moscow Government regulation “Regulation of the document preparation by the “Moscow State Expertise” No. 670, dated 29 July 2008 should be no more than 60 days and is conducted regardless of project size. In practice, this takes about 45 days. The fee for issuing project approval is calculated according to a formula based on the square meters.

According to the article 49 of the City Planning Code, this approval on project by the Moscow State Expertise is not needed for a two-story warehouse with a total surface up to 1,500 m<sup>2</sup> with non-residential or production purposes if they are not considered dangerous, technically difficult or unique. Yet, in practice, this approval is often required.

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### Procedure 23. Request and obtain Permission for construction

**Time:** 10 days

**Cost:** No cost

**Comments:** To obtain the building permit, BuildCo must submit the following documents to the Moscow State Committee of Construction Supervision:

- An application form.
- Documents confirming title to the land.
- Town (planning) plan of land.
- Relevant project documentation.

After reforms in 2006, the statutory time line of issuing the permit fell from 30 days to 10.

This is free of charge.

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### Procedure 24. Request and obtain an opening order of production of works from the Union of Administrative Technical Inspections (UATI)

**Time:** 1 day

**Cost:** RUB 30,000

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### Procedure 25. Inform the Moscow District Municipality about the work schedule, get a stamp and leave a copy of the work schedule

**Time:** 1 day

**Cost:** No cost

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### Procedure 26. Inform the Department of Nature Management about the work schedule, get a stamp and leave a copy of the work schedule

**Time:** 1 day

**Cost:** No cost

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### Procedure 27. Inform the Traffic Police about the work schedule, get a stamp and leave a copy of the work schedule

**Time:** 1 day

**Cost:** No cost

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### Procedure 28. Inform the Fire Department about the work schedule, get a stamp and leave a copy of the work schedule

**Time:** 1 day

**Cost:** No cost

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### Procedure 29. Inform the Rospotrebnadzor about the work schedule, get a stamp and leave a copy of the work schedule

**Time:** 1 day

**Cost:** No cost

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### Procedure 30. Receive inspection from the Moscow Committee of State Construction Supervision during foundation works

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested.

The first inspection takes place during foundation construction.

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### Procedure 31\*. Receive inspection from from the Moscow Committee of State Construction Supervision during structure works

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested.

The second inspection takes place during structure construction.

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### Procedure 32\*. Receive inspection from the Moscow Committee of State Construction Supervision during engineering works

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested. The third inspection takes place during engineering work

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### Procedure 33\*. Order and receive results of laboratory tests of foundation pits from Mosgorgeotrest for the acceptance commission

**Time:** 1 day

**Cost:** RUB 10,000

**Comments:** During the construction phase of an approved project, the building company has to obtain results of laboratory tests which are then required by the acceptance commission.

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### Procedure 34\*. Receive an inspection from the Mosgorgeotrest to make sure that the building has been built where it was planned to be

**Time:** 1 day

**Cost:** RUB 50,000

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### Procedure 35\*. Receive inspection by Union of Administrative Technical Inspections (UATI)—I

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested.

The first inspection takes place during foundation construction.

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### Procedure 36\*. Receive inspection by Union of Administrative Technical Inspections (UATI)—II

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested.

The second inspection takes place during structure construction.

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### Procedure 37\*. Receive inspection by Union of Administrative Technical Inspections (UATI)—III

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested. The third inspection takes place during engineering work

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### Procedure 38\*. Receive inspection by Union of Administrative Technical Inspections (UATI)—IV

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The Union of Administrative Technical Inspections (UATI) inspects

whether the construction boundaries have remained the same.

#### **Procedure 39\*. Receive inspection by Union of Administrative Technical Inspections (UATI)—V**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

#### **Procedure 40\*. Receive inspection by Union of Administrative Technical Inspections (UATI)—VI**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

#### **Procedure 41\*. Receive inspection by Union of Administrative Technical Inspections (UATI)—VII**

**Time:** 1 day

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

#### **Procedure 42. Connect to water services**

**Time:** 30 days

**Cost:** No cost

**Comments:** Construction activities are not interrupted during inspections. These inspections need not be requested and take place at least once a month during the construction cycle. The UATI inspects whether the construction boundaries have remained the same.

#### **Procedure 43\*. Request and connect to telephone services**

**Time:** 10 days

**Cost:** RUB 8,640

**Comments:** According to Decree # 312, as of February 27, 2009 by Moscow City Telephone Network Company the cost of connection works is now RUB 8,640 and done in 10 days.

#### **Procedure 44\*. Request and obtain Extract from Minutes of Meeting and Decision of the 'Reglament' Commission by the Chief Architect of Moscow on approval of architectural design (facades, profiles, color) and the certificate of approval of architectural design**

**Time:** 60 days

**Cost:** No cost

**Comments:** BuildCo files application forms with the Moscow State Committee of Construction Supervision in order to convene the Approval Commission. The commission includes

representatives from different backgrounds, such as ecology, the prefecture, the local government, the sanitary services, the company, and the designer. After the commission has convened, BuildCo collects the signatures of all its members.

The time line established by Government of Moscow Resolution No. 530, dated November 7, 2001, for the relevant authorities to appoint representatives to the Approval Commission is 10 days. The time required for approval of the building depends on the state of the building (whether it is ready to be occupied or not) and on the inspection results. In practice, this takes on average 60 days. The most difficult part is to convene the commission members and gather their signatures for approval.

#### **Procedure 45. Request and receive the Disposition on operation of building (Occupancy Permit)**

**Time:** 10 days

**Cost:** No cost

**Comments:** Obtaining an occupancy permit takes 10 days.

#### **Procedure 46. Obtain a technical passport of the building**

**Time:** 30 days

**Cost:** RUB 55,000

#### **Procedure 47. Register the building after completion in Rosreestr**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** According to the Russian Federation Civil Code, the right to own and "create" immovable things, including buildings, is subject to state registration at the Unified State Register of rights to immovable assets and associated transactions.

To complete the registration, BuildCo must submit an application, the real property plan, and approval of the building, confirming the fact that real property has been created. The state registration must be processed within a month of the application date. Payment of a duty is required for registration. The amount of the duty is determined by the local authorities. The maximum duty is established by the Russian government at RUB 7,500 for legal persons. The state duty for building registration is RUB 15,000 (for legal entities).

#### **DEALING WITH CONSTRUCTION PERMITS**

##### **Murmansk, Murmansk Oblast**

*Warehouse value: RUB 26,120,000 (US\$ 844,063)*

*Data as of: November 2011*

#### **Procedure 1. Obtain development plan of land plot (GPZU) at Urban Development and Territorial Development Committee of Murmansk City**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Land development plans are prepared for built-up land plots, land plots allocated for construction and renovation of permanent structures. It is prepared as part of land planning documentation (or sometimes as a separate document) with information about the land plot

boundaries and authorized use; it is required for development of design documents for construction, construction permit and occupancy permits. The development plan regulates and establishes what and where can be built on the land plot area. A land development plan is developed for a separate land plot that has been registered by the State, with established development rules in the Land Use Regulations, and subject to availability of a duly approved planning and border-setting project.

#### **Procedure 2. Request a topographic survey of the land plot at Murmansk Land Surveying Enterprise, OJSC, with permission from a self-regulating organization**

**Time:** 25 days

**Cost:** RUB 139,350 [RUB 92,900-185,800. Estimate based on the cost of RUB 10,000-20,000 per 100 m<sup>2</sup>]

**Comments:** Placement of an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

#### **Procedure 3\*. Request geological survey of the land plot at Arctic Marine Engineering and Geological Expeditions, OJSC (OAO AMIGE)**

**Time:** 60 days

**Cost:** RUB 100,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 4. Obtain technical conditions for electricity connection at Kolenergo, OJSC**

**Time:** 45 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

#### **Procedure 5. Obtain technical conditions for water, sewage and heavy shower sewage systems and sign agreement at Murmanskvodokanal, OJSC**

**Time:** 30 days

**Cost:** RUB 131,889 [1.325 x RUB 99,161,44 per m<sup>3</sup> + RUB 500 for technical related with contract drafting]

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems from Murmansk Vodokanal OJSC. The applicant submits the following document package: application, land title (a copy of the Murmansk Oblast Administration on land allocation, for the owner – a copy of state property registration, for leaser: copy of lease agreement with a note of state registration); information about the boundaries of the land plot where they plan to build or renovate

\* This procedure can be completed simultaneously with previous procedures.



a permanent structure (a copy of duly approved boundary plan of the land plot); facility general layout and a topographic map of the land plot at 1:500 with all existing surface and underground communications and structures (approved by relevant maintenance organizations). Within 15 days upon receipt of the application and document package, Murmansk Vodokanal issues technical conditions of connection to water supply and sanitation systems. When necessary, the term is extended for up to 30 days. Connection fees are based on the tariffs of Murmansk Vodokanal OJSC and amount to RUB 99,161.44 per cubic meter. The connection is paid for at the time of the contract execution. The agreement drafting costs are RUB 500.

#### **Procedure 6\*. Request technical conditions for a telephone connection at North-West Telekom, OJSC**

**Time:** 14 days

**Cost:** No cost [after the construction is completed, the cost of connection of one number will be RUB 2,500 + contract drafting Cost: RUB 500]

**Comments:** BuildCo obtains the technical specification for landline telephone connection and concludes a contract with North-Western Telecom OJSC. In principle, telephone connections with the requested parameters may be offered by other service providers; however, North-Western Telecom is the largest player on this market. The applicant submits documents and makes payment at the time of execution of the connection contract. The contract drafting cost is RUB 500.

#### **Procedure 7. Obtain construction permit at Urban Development and Territorial Development Committee of Murmansk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Besides, in accordance with Article 222 of the Russian Federal Civil Code, such property may be considered by a court as unauthorized construction, and may be subject to removal at the expense of the building entity. The developer should, within ten days upon receipt of a construction permit, provide to the Committee for Urban and Territorial Development of the Murmansk City Administration information about the area, height and number of stories of the planned permanent structure, engineering/technical support networks, one copy of engineering survey report and one copy of all design documentation sections, as stipulated in Clauses 2, 8-10 and 11.1 of Part 2 of Article 48 of the Russian Federal UDC for publishing in the municipal urban development support system (Part 18, Article 51). PS: Failure to fulfill the requirements of Clause 18 of Article 51 would later on constitute grounds for rejection of an occupancy permit application by a local authority (Part 7 of Article 55 of the Russian Federal UDC). Construction permits are issued by the Committee for Urban Planning, Architecture and Territorial Development of the Murmansk City Administration. By resolution of the Murmansk City Administration No. 1828 of 05.10.2011, this procedure is governed by the administrative regulation on the municipal service "Construction permit issuance", rendered by the Urban and Territorial Development Department of the Murmansk City Administration Officially, the

document issuance time limits are followed; however, in reality the document may be picked up only on the following working day, as it is prepared by the close of business time.

#### **Procedure 8. Obtain compliance certificate of the building with the technical conditions from the water utility at Murmanskvodokanal, OJSC**

**Time:** 3 days

**Cost:** No cost

**Comments:** After the construction of the water supply and sanitation lines, these are (separately) demonstrated to the Vodokanal inspectors. The construction design (pre-approved by Vodokanal) and as-built documentation (fact of work accomplished) are also provided. If the design and as-built documentation meet the requirements, Vodokanal issues a certificate of compliance with technical conditions, which serves as a pre-requisite document for issuance of an occupancy permit.

#### **Procedure 9\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at North-West Telekom, OJSC**

**Time:** 30 days

**Cost:** No cost

#### **Procedure 10. Obtain a technical passport of the building at State Unitary Organization of Technical Inventory of Murmansk Oblast**

**Time:** 30 days

**Cost:** RUB 35,000

**Comments:** The technical passport shows the actual parameters of the newly built property. The document may be obtained from the Murmansk Oblast Public Unitary Enterprise for Technical Inventory. To obtain the passport, the applicant provides an application along with the building design, incorporation documents, mailing address, construction permit, cadastral land certificate and land lease agreement or title. The technical passport issuance tariffs are set by the agency itself, and this information is not, as a rule, easily available.

#### **Procedure 11. Obtain occupancy permit at Urban Development and Territorial Development Committee of Murmansk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area. Facility occupancy permit is drawn in line with the requirements of the UDC and Permit Issuance Regulation, adopted in Murmansk.

#### **Procedure 12. Connect to water, sewage and heavy shower sewage services at Murmanskvodokanal, OJSC**

**Time:** 30 days

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements

#### **Procedure 13\*. Sign agreement with the phone utility at North-West Telekom, OJSC**

**Time:** 1 day

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all requirements imposed by the telephone company.

#### **Procedure 14. Obtain cadastral passport of the building at Federal Service of State Registration, Cadastre and Cartography**

**Time:** 20 days

**Cost:** No cost

**Comments:** After an occupancy permit is obtained, the developer may proceed with obtaining a cadastral passport for it in the Murmansk Oblast Department of the Federal Service for State Registration, Cadastre and Cartography.

#### **Procedure 15. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostrestr) at Federal Service of State Registration, Cadastre and Cartography**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by the Murmansk Oblast Department of the Federal Service for State Registration, Cadastre and Cartography after submitting application, cadastral passport, incorporation documents, occupancy permit and land titles.

#### **Procedure 16. Sign agreement with water utility at Murmanskvodokanal, OJSC**

**Time:** 30 days

**Cost:** No cost

**Comments:** The connection to water supply networks is performed after issuance of a title to the newly built property. The applicant and officials of Murmansk Vodokanal OJSC conclude a contract and sign an act establishing a boundary between internal and external networks. The customer shall send lodge with Murmansk Vodokanal: 1) notarized copies of establishing documents, as well documents confirming the signee's authority; 2) land titles; 3) facility layout with position in the residential area; 4) site topographic plan at 1:500 (with all surface and underground communications and structures), cleared by maintenance organizations; 5) water consumption and disposal balance of facility being connected, listing all water usage types, including fire-fighting; 6) information about sub-subscribers. Murmansk Vodokanal shall, in 30 days upon receipt of an application.

#### **DEALING WITH CONSTRUCTION PERMITS**

#### **Novosibirsk, Novosibirsk Oblast**

*Warehouse value: RUB 26,120,000 (US\$ 844,063)*

*Data as of: November 2011*

#### **Procedure 1. Request a topographic survey of the land plot at Design organization with permission from a self-regulating organization**

**Time:** 25 days

**Cost:** RUB 70,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha,

\* This procedure can be completed simultaneously with previous procedures.

over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

#### **Procedure 2\*. Request geological survey of the land plot at Commercial licensed company**

**Time:** 33 days

**Cost:** RUB 60,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 3. Obtain development plan of land plot (GPZU) at Main Department of Architecture and Urban Development of Novosibirsk City**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Land development plans are prepared for built-up land plots, land plots allocated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use, issued technical conditions. The following documents should be submitted to obtain it: application, draft design, document titles. The document is issued by the Department of Architecture and Urban Development of the Novosibirsk Mayor's Office.

#### **Procedure 4. Obtain technical conditions for electricity connection at Novosibirsk City Electric Supply Networks**

**Time:** 15 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 5. Obtain technical conditions for water services and sign agreement at Gorvodokanal, Municipal Unitary Organization—water utility**

**Time:** 34 days

**Cost:** RUB 42,784

**Comments:** Technical conditions of connection to water supply and sanitation systems. The applicant submits a request to City Vodokanal MUE with full information about the facility (according to a form available at the company's web-site on in the office). Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 6\*. Request technical conditions for a telephone connection at Rostelekom**

**Time:** 16 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical specification for landline telephone connection and concluding a contract. No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment immediately during connection to the telephone line in accordance with approved tariffs.

#### **Procedure 7. Obtain certificate of compliance of the project design from the water utility at Gorvodokanal, Municipal Unitary Organization—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** The design documents are cleared in the normal course of business on reception days (twice a week: on Tuesdays and Thursdays) with relevant notes made on the drawings. No additional documents are drafted. The approval process is performed in the presence of the visitor on the day of application. If so desired, the approved design may be picked up on the following reception day.

#### **Procedure 8\*. Obtain technical conditions to connect to heavy shower sewage at Main Department of Territory Improvement and Planting of Novosibirsk City**

**Time:** 30 days

**Cost:** No cost

**Comments:** To obtain the technical conditions, BuildCo needs to provide a list of plants located on the allotted land plot, as well as an excerpt from the minutes of a meeting of the Novosibirsk Labor Issues and Land Development Board, along with a layout of the allotted land plot. Technical conditions are prepared based on decision of the TC preparation team. The team meets every two weeks.

#### **Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Sibirtelekom**

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

#### **Procedure 10\*. Obtain compliance certificate from the heavy shower sewage utility at Main Department of Territory Improvement and Planting of Novosibirsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The design documents are cleared on reception days with relevant notes made on the drawings, additional documents are also drafted.

#### **Procedure 11. Obtain construction permit at Inspection for architecture and construction supervision**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5

of the Administrative Offense Code. Besides, in accordance with Article 222 of the Russian Federal Civil Code, such property may be considered by a court as unauthorized construction, and may be subject to removal at the expense of the building entity. To obtain a construction permit, BuildCo needs to lodge an application with the Construction and Land Issues Department, with the following documents attached: land titles, land development plan and design documentation materials. An administrative regulation on provision of the municipal service of issuance of permanent structure occupancy permits has been drafted.

#### **Procedure 12. Obtain confirmation of compliance of the building with technical conditions for connection to water and sewage at Gorvodokanal—water utility**

**Time:** 5 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 13\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at Sibirtelekom**

**Time:** 5 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 14. Obtain a technical passport of the building at Bureau of technical inventory—federal**

**Time:** 30 days

**Cost:** RUB 52,000

**Comments:** The technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Novosibirsk Subsidiary of Rostechinventarizatsia, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

#### **Procedure 15. Obtain occupancy permit at Inspection for architecture and construction supervision**

**Time:** 10 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Architectural and Construction Inspectorate Department of the Novosibirsk City Mayor's Office. An administrative regulation on provision of the municipal service of issuance of permanent structure occupancy permits has been drafted.

\* This procedure can be completed simultaneously with previous procedures.

**Procedure 16. Connect to water and sewage services at Gorvodokanal—water utility****Time:** 18 days**Cost:** RUB 185,000**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.**Procedure 17\*. Connect to telephone services at Sibirtelekom****Time:** 5 days**Cost:** RUB 25,000**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.**Procedure 18\*. Obtain cadastral passport of the building at Bureau of technical inventory—federal****Time:** 13 days**Cost:** No cost [cadastral passport drafting cost is part of the technical passport drafting cost]**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is prepared by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.**Procedure 19. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)****Time:** 30 days**Cost:** RUB 15,000**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based after submitting application, cadastral passport, incorporation documents, occupancy permit and land titles.**Procedure 20\*. Sign agreement with water utility at Gorvodokanal—water utility****Time:** 10 days**Cost:** No cost**Comments:** Application is lodged with City Vodokanal MUE together with reports and establishing documents (contract concluded by the owner).

## DEALING WITH CONSTRUCTION PERMITS

**Omsk, Omsk Oblast**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

**Procedure 1. Request a topographic survey of the land plot at Omskarkhitektura Municipal Organization****Time:** 19 days**Cost:** RUB 10,000**Comments:** A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.**Procedure 2. Request geological survey of the land plot at Geoecology, LLC****Time:** 30 days**Cost:** RUB 85,000**Comments:** The survey is required for forecasting possible changes in the geologic conditions in the process of the facility interaction with the environment.**Procedure 3. Obtain development plan of land plot (GPZU) at Municipal Architecture and Urban Development Department****Time:** 30 days**Cost:** No cost**Comments:** The application is lodged upon collection of technical conditions and land title registration**Procedure 4\*. Obtain technical conditions for water services and sign agreement at Omskvodokanal, OJSC—water utility****Time:** 30 days**Cost:** RUB 62,262**Comments:** To obtain technical conditions of connection to water supply and sanitation systems, BuildCo needs to lodge an application Omsk Vodokanal OJSC; the specifications may be picked up within one month.**Procedure 5. Obtain technical conditions for electricity connection at Omskelectro, Municipal Unitary Organization****Time:** 30 days**Cost:** No cost**Comments:** Apply for technical conditions for electricity connection.**Procedure 6\*. Obtain technical conditions for phone services and sign agreement at Sibirtelekom****Time:** 30 days**Cost:** RUB 1,500 [technical conditions are free of charge; number cost is RUB 1,500]**Comments:** Obtaining technical specification for landline telephone connection and concluding a contract. No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment immediately during connection to the telephone line in accordance with approved tariffs.**Procedure 7. Obtain technical conditions to connect to heavy shower sewage at Municipal Facilities Department of Omsk City****Time:** 30 days**Cost:** RUB 1,500 [technical conditions are free of charge; number cost is RUB 1,500]**Comments:** Obtaining technical conditions of connection to storm drain systems.**Procedure 8. Conduct Laboratory works at the Rospotrebnadzor (Russian Consumer Agency's) Laboratory at Hygiene Center in Omsk Oblast****Time:** 14 days**Cost:** RUB 15,000**Comments:** Occupational conditions, level of lighting, radioactivity, water quality, level of noise and air exchange should be analyzed and surveyed. Developers prefer to perform these tasks, as in future, when the warehouse will be in operation, it may be inspected by RosPotrebNadzor, and violations will entail an order to close down the warehouse.**Procedure 9. Obtain certificate of compliance of the project design from the water utility at Omskvodokanal, OJSC—water utility****Time:** 1 day**Cost:** No cost**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.**Procedure 10. Obtain certificate of compliance of the project design from the phone utility at Rostelekom****Time:** 4 days**Cost:** No cost**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.**Procedure 11. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Municipal Facilities Department of Omsk City****Time:** 3 days**Cost:** No cost**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.**Procedure 12. Obtain construction permit at Municipal Architecture and Urban Development Department****Time:** 10 days**Cost:** No cost**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.**Procedure 13. Obtain permit to start excavation works at Administrative and Technical Inspection of Omsk City****Time:** 14 days**Cost:** No cost**Comments:** BuildCo should start working on getting permissions, on average, 2 months ahead of the scheduled earthwork commencement date. The following documents are submitted to the Inspectorate for obtaining a warrant for earthwork: 1) application in conformity with Article 251 of the Landscaping Regulation, including a guarantee to restore landscape and keep to the requirements of the Landscaping Regulation; 2) operating design/documents cleared by a competent structural units of the Omsk City Administration, as authorized by the Mayor of the City of Omsk; 3) work schedule; 4) transportation diagram after a road section is closed; 5) clearance from a competent structural units of the Omsk City Administration, as authorized by the Mayor of the City of Omsk of an open method of earthwork on street lanes and congested roads; 6) order or articles of association for legal entities and individual entrepreneurs; 7) power of attorney to the name of an employee in charge - for legal entities and individual entrepreneurs; 8) letter addressed to the Head of the Administrative and Technical Inspection of the Omsk City Administration.

\* This procedure can be completed simultaneously with previous procedures.

#### **Procedure 14\*. Legalize the permit for excavation and other construction related works at Administrative and Technical Inspection of Omsk City**

**Time:** 7 days

**Cost:** No cost

**Comments:** The performance of work not related to earthwork requires a separate permit from the Administrative and Technical Inspection of the Omsk City Administration.

#### **Procedure 15\*. Obtain clearance of the places of storage for the construction material at Administrative and Technical Inspection of Omsk City**

**Time:** 7 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 16\*. Obtain permit to start excavation works at Administrative and Technical Inspection of Omsk City**

**Time:** 7 days

**Cost:** No cost

#### **Procedure 17. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Omskvodokanal, OJSC—water utility**

**Time:** 3 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Omskl Vodokanal OJSC after checking the water supply and sanitation systems.

#### **Procedure 18\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at Sibirtelekom**

**Time:** 7 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports that serve as a basis for issuance of technical conditions.

#### **Procedure 19\*. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Municipal Facilities Department of Omsk City**

**Time:** 3 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 20. Obtain a technical passport of the building at Bureau of technical inventORIZATION—federal**

**Time:** 14 days

**Cost:** RUB 1,000

**Comments:** The technical passport of a facility is required for obtaining an occupancy permit. It

describes physical parameters of the built facility. The document is available from the Omsk Subsidiary of Rostechinventarizatsia – Federal BTI, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

#### **Procedure 21. Request occupancy permit at Construction Department of Omsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The application is lodged with the Omsk Construction Department. The following documents are enclosed with the application: KS-11 Report, land title documents, construction permit, GPZU, construction technical passport and incorporation documents

#### **Procedure 22. Receive inspection for occupancy permit at Municipal Architecture and Urban Development Department**

**Time:** 10 days

**Cost:** No cost

**Comments:** Department staff review the submitted documents and visit the construction site

#### **Procedure 23. Obtain occupancy permit at Construction Department of Omsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** A compliance report is compiled based on the inspection outcomes and a decision is taken on rejection or issuance of an occupation permit.

#### **Procedure 24. Sign agreement with water and sewage utility at Omskvodokanal, OJSC—water utility**

**Time:** 5 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 25\*. Sign agreement with the phone utility at Rostelekom, OJSC**

**Time:** 5 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 26\*. Sign agreement with heavy shower sewage utility at Municipal Facilities Department of Omsk City**

**Time:** 5 days

**Cost:** No cost

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 27. Obtain cadastral passport of the building at Center for Technical inventORIZATION and Land Management**

**Time:** 22 days

**Cost:** No cost

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it.

#### **Procedure 28. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography after submitting application, cadastral passport, incorporation documents, occupancy permit and land titles.

#### **Procedure 29. Sign agreement with the water utility at Omskvodokanal, OJSC—water utility**

**Time:** 14 days

**Cost:** No cost

**Comments:** The application is lodged with Omsk Vodokanal OJSC together with reports and establishing documents (contract concluded by the owner).

#### DEALING WITH CONSTRUCTION PERMITS

##### *Perm, Perm Kray*

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

#### **Procedure 1. Request a topographic survey of the land plot at Cadastre engineer and Division of City Plan of Department of Planning and Territory Development of Perm City**

**Time:** 30 days

**Cost:** RUB 5,000

**Comments:** BuildCo places of an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

#### **Procedure 2. Obtain technical conditions for electricity connection at Permenergo**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 3\*. Obtain technical conditions to connect to water and sewage services at Novogor-Prikamie, LLC**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo obtains technical conditions of connection to water supply and sanitation systems. The applicant submits a request with full information about the facility. Payment for connection is made in accordance with a schedule attached to the agreement.

\* This procedure can be completed simultaneously with previous procedures.

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#### **Procedure 4\*. Obtain technical conditions for telephone connection at Uralsvyazinform, OJSC**

**Time:** 14 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical specification for landline telephone connection and concluding a contract. No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment immediately during connection to the telephone line in accordance with approved tariffs.

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#### **Procedure 5\*. Request geological survey of the land plot at Specialized agency**

**Time:** 50 days

**Cost:** RUB 165,000 [RUB 55,000 per boring]

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The tests should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

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#### **Procedure 6. Obtain development plan of land plot (GPZU) at Planning and Territory Development Department of Perm City**

**Time:** 14 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Land development plans are prepared for built-up land plots, land plots allocated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use, issued technical conditions. The following documents should be submitted to obtain it: application, draft design, document titles.

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#### **Procedure 7. Obtain construction permit at Planning and Territory Development Department of Perm City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

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#### **Procedure 8. Notify the authorities of commencement of construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Before the beginning of construction (renovation/major repairs), the developer should submit a notification about the beginning of construction.

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#### **Procedure 9. Receive inspection during construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The outcomes of the construction control are recorded in as-built documentation. One inspection takes place every month.

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#### **Procedure 10. Receive inspection during construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The outcomes of the construction control are recorded in as-built documentation. One inspection takes place every month.

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#### **Procedure 11. Receive inspection during construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The outcomes of the construction control are recorded in as-built documentation. One inspection takes place every month.

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#### **Procedure 12. Receive inspection during construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The outcomes of the construction control are recorded in as-built documentation. One inspection takes place every month.

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#### **Procedure 13. Receive inspection during construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The outcomes of the construction control are recorded in as-built documentation. One inspection takes place every month.

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#### **Procedure 14. Receive inspection during construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The outcomes of the construction control are recorded in as-built documentation. One inspection takes place every month.

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#### **Procedure 15. Receive inspection during construction works at Gosstroyнадзор of Perm Krai—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The outcomes of the construction control are recorded in as-built documentation. One inspection takes place every month.

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#### **Procedure 16. Connect to water services at Novogor-Prikamie, LLC**

**Time:** 35 days

**Cost:** RUB 102,650

**Comments:** BuildCo submits an application indicating the requirement connected capacity.

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#### **Procedure 17. Request and connect to telephone services at Rostelekom, JSC, Uralsvyazinform**

**Time:** 14 days

**Cost:** RUB 3,500

**Comments:** To connect to telephone network, BuildCo needs to apply to a fixed communication provider with incorporation documents and a cover letter. Upon contract execution, payment is made in accordance with the established tariffs.

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#### **Procedure 18. Obtain a technical passport of the building at Bureau of technical inventorization—federal**

**Time:** 20 days

**Cost:** RUB 39,000 [RUB 39,000 - 20 days (standard time), RUB 78,000 - 10 days, RUB 117,000 - 5 days]

**Comments:** The technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the State Unitary Enterprise for Technical Inventory of Real Property in the Yaroslavl Oblast, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

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#### **Procedure 19. Obtain occupancy permit at Planning and Territory Development Department of Perm City**

**Time:** 10 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Perm City Department of Area Planning and Architecture and Development.

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#### **Procedure 20. Obtain cadastral passport of the building at Bureau of technical inventorization—federal**

**Time:** 14 days

**Cost:** No cost

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

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#### **Procedure 21. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)**

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography after submitting application, cadastral passport, incorporation documents, occupancy permit and land titles.

## DEALING WITH CONSTRUCTION PERMITS

**Petrozavodsk, Republic of Karelia**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

**Procedure 1. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department of Petrozavodsk City****Time:** 30 days**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Land development plans are prepared for built-up land plots, land plots allocated for construction and renovation of permanent structures. A land development plan is developed for a separate land plot that has been registered by the State, with established development rules in the Land Use Regulations, and subject to availability of a duly approved planning and border-setting project.

**Procedure 2\*. Request a topographic survey of the land plot at Petrozavodsk Urban Development Bureau, Municipal Unitary Organization****Time:** 35 days**Cost:** RUB 92,900 [estimated RUB 10,000-15,000 per 100 m<sup>2</sup>]

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

**Procedure 3\*. Request geological survey of the land plot at Petrozavodsk Urban Development Bureau, Municipal Unitary Organization****Time:** 45 days**Cost:** RUB 80,000 [4 borings in total, 10 meters each, RUB 2,000 per meter boned including laboratory water study]

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNIps). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

**Procedure 4. Obtain technical conditions for electricity connection at Petrozavodsk Communal Systems, OJSC****Time:** 15 days**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

**Procedure 5\*. Obtain technical conditions for water, sewage and heavy shower sewage systems and sign agreement at Petrozavodsk Communal Systems, OJSC****Time:** 30 days**Cost:** RUB 31,742**Procedure 6\*. Obtain technical conditions for telephone connection and sign agreement at Svyazservice, LLC****Time:** 14 days**Cost:** RUB 500

**Comments:** BuildCo obtains technical specification for landline telephone connection and concluding a contract with SvyazService OJSC. In principle, telephone connections with the requested parameters may be offered by other service providers; however, SvyazService is the largest player on this market. The applicant submits documents and makes payment at the time of execution of the connection contract. The contract drafting cost is RUB 500.

**Procedure 7. Obtain construction permit at Architecture and Urban Development Department of Petrozavodsk City****Time:** 14 days**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Construction permits are issued by the Committee for Urban Planning, Architecture and Land Use of the Petrozavodsk Administration. The list of documents, time and costs are regulated by the Russian Federal UDC. Officially, the document issuance time limits are followed; however, in reality the document may be picked up only on the following working day, as it is prepared by the close of business time.

**Procedure 8. Notify the authorities of commencement of construction works at Inspection for architecture and construction supervision****Time:** 1 day**Cost:** No cost

**Comments:** Before starting construction work, BuildCo should notify the Inspectorate of the State Architectural and Construction Supervision of the Ministry of Construction of the Republic of Karelia about the construction work beginning date (10 days prior to the scheduled beginning of the construction work). The notification should be submitted along with construction documentation, construction permit, work schedule and a list of responsible persons. Based on the notification, the Inspectorate of the State Architectural and Construction Supervision of the Ministry of Construction of the Republic of Karelia develops schedules of construction progress inspections and shares them with the developer.

**Procedure 9. Obtain compliance certificate of the building with the water, sewage and heavy shower sewage utility at Petrozavodsk Communal Systems, OJSC****Time:** 3 days**Cost:** No cost

**Comments:** After construction the water supply and sanitation lines these are separately examined by the Vodokanal inspectors. The construction design (pre-approved by Petrozavodsk Municipal Systems

OJSC) and as-built documentation (fact of work accomplished) are also provided. If the design and as-built documentation meet the requirements, Petrozavodsk Municipal Systems OJSC issues a certificate of compliance with technical conditions, which serves as a pre-requisite document for issuance of an occupancy permit.

**Procedure 10\*. Obtain compliance certificate of the building with the phone utility at Svyazservice, LLC****Time:** 30 days**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, that serves as a basis for issuance of technical conditions.

**Procedure 11. Request occupancy permit at Architecture and Urban Development Department of Petrozavodsk City****Time:** 10 days**Cost:** No cost

**Comments:** The application is lodged with the Department of Architecture and Urban Development of the Petrozavodsk City District Administration.

**Procedure 12. Obtain a technical passport of the building at Bureau of technical inventORIZATION—state unitary enterprise****Time:** 30 days**Cost:** RUB 35,000

**Comments:** The technical passport shows the actual parameters of the newly built property. The document may be obtained from the Petrozavodsk Bureau of Technical Inventory (BTI). To obtain the passport, the applicant provides an application along with the building design, incorporation documents, mailing address, construction permit, cadastral land certificate, land lease agreement or title. The technical passport issuance tariffs are set by the agency itself, and this information is not, as a rule, easily available.

**Procedure 13. Obtain occupancy permit at Architecture and Urban Development Department of Petrozavodsk City****Time:** 10 days**Cost:** No cost

**Comments:** The occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area. Facility occupancy permit is prepared according to the requirements of the UDC and Permit Issuance Regulation, adopted in Petrozavodsk.

**Procedure 14. Sign agreement with the water, sewage and heavy shower sewage utility at Petrozavodsk Communal Systems, OJSC****Time:** 30 days**Cost:** RUB 104,264

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements

\* This procedure can be completed simultaneously with previous procedures.

**Procedure 15. Sign agreement with the phone utility at Svyazservice, LLC****Time:** 1 day**Cost:** No cost**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.**Procedure 16. Obtain cadastral passport of the building at Bureau of technical inventorization—state unitary enterprise****Time:** 20 days**Cost:** No cost**Comments:** After an occupancy permit is obtained, the developer may proceed with obtaining a cadastral passport for it in the State Unitary Enterprise "Petrozavodsk Bureau of Technical Inventory (BTI)".**Procedure 17. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)****Time:** 30 days**Cost:** RUB 15,000**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by the Republic of Karelia Department of the Federal Service for State Registration, Cadastre and Cartography after submitting application, cadastral passport, incorporation documents, occupancy permit and land titles.**Procedure 18. Sign agreement with the water utility at Petrozavodsk Communal Systems, OJSC****Time:** 30 days**Cost:** No cost**Comments:** Connection to water supply networks is performed after issuance of a title to the newly built property. The applicant and Petrozavodsk Vodokanal OJSC conclude a contract and sign an act establishing a boundary between internal and external networks.

## DEALING WITH CONSTRUCTION PERMITS

**Rostov-on-Don, Rostov Oblast***Warehouse value: RUB 26,120,000 (US\$ 844,063)**Data as of: November 2011***Procedure 1. Request a topographic survey of the land plot at Any commercial organization with corresponding permission from a self-regulating organization****Time:** 35 days**Cost:** RUB 77,450 [estimated RUB 10,000-20,000 per 100 m<sup>2</sup> of the land plot]**Comments:** Placement of an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.**Procedure 2. Obtain technical conditions for electricity connection at Rostovenergo****Time:** 30 days**Cost:** No cost**Comments:** Apply for technical conditions for electricity connection**Procedure 3\*. Obtain technical conditions for water and sewage services at Vodokanal, OJSC—water utility****Time:** 30 days**Cost:** No cost**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits the following document package to Rostov-on-Don City Vodokanal OJSC: application, legal documents for the land plot (cadastral passport, draft design and design estimates). Connection fee is based on the Vodokanal tariffs. Payment for connection is made in accordance with a schedule attached to the agreement.**Procedure 4\*. Obtain technical conditions for telephone connection at Komstar-Regions, Rostelekom or other companies****Time:** 14 days**Cost:** No cost**Comments:** Obtaining technical specification for landline telephone connection and concluding a contract with Komstar-Regions OJSC. In principle, telephone connections with the requested parameters may be offered by other service providers; however, Komstar-Regions is the largest player on this market. The applicant submits the following document package: application, official documents for the land plot (cadastral passport, resolution of the city mayor authorizing the design, draft design and design estimates). No fees are charged for connection and contract conclusion.**Procedure 5\*. Request geological survey of the land plot at Any commercial organization with corresponding permission from a self-regulating organization****Time:** 60 days**Cost:** RUB 150,000 [cost estimate for 5-7 borings, 10 meters each (including water analysis), RUB 2,000-3,000 per boring per meter]**Comments:** Placement of an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area. In our case, there will be 5-7 holes, 10 meters deep. The prices of GidroSpetzFundamentStroy OJSC are RUB 2,000-3,000 per meter of the plot area.**Procedure 6. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department of Rostov-on-Don City, Municipal Organization****Time:** 30 days**Cost:** No cost**Comments:** In accordance with the Urban Development Code, a land development plan is a document that contains key land plot information: boundary coordinates, authorized use and technical conditions. The document is required for obtaining a construction permit. The document issuance time

and costs are established at the federal level and requires submission of the following documents: application, draft design, all technical conditions and land titles. The document is issued by the Department of Architecture and Urban Development.

**Procedure 7. Obtain construction permit at Architecture and Urban Development Department of Rostov-on-Don City, Municipal Organization****Time:** 14 days**Cost:** No cost**Comments:** Construction permits are issued by the Department of Architecture and Urban Development. The list of documents, time and costs are regulated by the Russian Federal UDF. From the formal standpoint, the document issuance time is complied with; however, in reality it can be obtained on the following working day only, as it is prepared by the close of business time.**Procedure 8. Obtain compliance certificate of the building with the water and sewage utility at Rostov-on-Don Vodokanal, OJSC—water utility****Time:** 7 days**Cost:** No cost**Comments:** As required by the UDC, in order to obtain an occupational permit, the developer should provide a confirmation of the facility compliance with the technical conditions. For that purpose, the developer should send a letter to the agency that issued the specification and receives a certificate of compliance with the technical conditions. This procedure is free of charge.**Procedure 9. Request connection to the water and sewage utility at Rostov-on-Don Vodokanal, OJSC—water utility****Time:** 4 days**Cost:** No cost**Comments:** To connect to water supply and sanitation systems, the applicant lodges an inquiry with Rostov-on-Don City Vodokanal OJSC with enclosed application, work completion reports, equipment certificates, commissioning reports and acceptance reports.**Procedure 10. Connect to water services at Rostov-on-Don Vodokanal, OJSC—water utility****Time:** 28 days**Cost:** RUB 32,125**Comments:** Connection to water supply networks is performed after issuance of a title to the newly built property. The applicant and Rostov-on-Don Vodokanal OJSC conclude a contract and sign an act establishing a boundary between internal and external networks.**Procedure 11. Obtain compliance certificate of the building with the phone utility at Komstar-Regions, Rostelekom or other companies****Time:** 3 days**Cost:** No cost**Comments:** As required by the UDC, in order to obtain an occupational permit, the developer should provide a confirmation of the facility compliance with the technical conditions. For that purpose, the developer should send a letter to the agency that issued the specification and receives a certificate*\* This procedure can be completed simultaneously with previous procedures.*

of compliance with the technical conditions. This procedure is free of charge.

#### **Procedure 12\*. Request and connect to telephone services at Komstar-Regions, Rostelekom or other companies**

**Time:** 1 day

**Cost:** RUB 4,800

**Comments:** Telephone number is assigned at the time of conclusion of a contract for connection to a telephone network, and is chargeable according to the provider tariffs. In 2011, the charge per number in Komstar-Regions OJSC was RUB 4,800.

#### **Procedure 13\*. Sign agreement with the phone utility at Komstar-Regions, Rostelekom or other companies**

**Time:** 14 days

**Cost:** No cost

**Comments:** A work acceptance report is signed upon completion of the work by the telephone company staff and the line testing

#### **Procedure 14\*. Conclude agreement on connection services from the phone utility**

**Time:** 1 day

**Cost:** No cost

**Comments:** After all documents pertaining to telephone connection are signed, the parties execute a service contract. This procedure may be run only upon acquisition of a title to the completed project.

#### **Procedure 15. Obtain a technical passport of the building at Bureau of technical inventory—federal and municipal**

**Time:** 30 days

**Cost:** RUB 12,000

**Comments:** Technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Municipal Enterprise of Technical Inventory and Real Property Evaluation, the Rostov Subsidiary of Rostechinventarizatsia – Federal BTI, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, mailing address, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available. There is a legal way of expediting the procedure to pick up the technical passport in 5 days instead of the standard 30.

#### **Procedure 16. Obtain occupancy permit at Architecture and Urban Development Department of Rostov-on-Don City, Municipal Organization**

**Time:** 10 days

**Cost:** No cost

**Comments:** Facility occupancy permit is drawn in line with the requirements of the UDC and the Rostov-on-Don local regulation on permit issuance.

#### **Procedure 17. Obtain cadastral passport of the building at Federal Service of State Registration, Cadastre and Cartography (Rosreestr)**

**Time:** 25 days

**Cost:** No cost

**Comments:** After an occupancy permit is obtained, the developer may proceed with obtaining a cadastral passport for it in the Oblast Department of the Federal Service for State Registration, Cadastre and Cartography.

#### **Procedure 18. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)**

**Time:** 32 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by the Rostov Oblast Department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### **DEALING WITH CONSTRUCTION PERMITS**

##### **Saint-Petersburg**

*Warehouse value: RUB 26,120,000 (US\$ 844,063)*

*Data as of: November 2011*

#### **Procedure 1. Request a topographic survey of the land plot at Urban Development and Architecture Committee of Saint Petersburg**

**Time:** 30 days

**Cost:** RUB 4,645 [estimate based on RUB 50,0000 per 10,000 m<sup>2</sup>]

**Comments:** Placement of an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

#### **Procedure 2. Obtain technical conditions to connect to water and sewage services at Committee on Energy and Engineering Facilities of Saint Petersburg**

**Time:** 30 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request with full information about the facility to the Saint-Petersburg Committee for Energy and Engineering Support. Connection fees are determined on case by case basis and this information is not publicly available.

#### **Procedure 3\*. Obtain compliance certificate from water and sewage utility at Committee on Energy and Engineering Facilities of Saint Petersburg**

**Time:** 30 days

**Cost:** No cost

**Comments:** Final construction design, compliant to the prior technical conditions, is cleared with the Saint-Petersburg Committee for Energy and Engineering Support.

#### **Procedure 4. Obtain technical conditions for electricity connection at Lenenergo, OJSC—electricity supply provider**

**Time:** 30 days

**Cost:** No cost

**Comments:** Apply for technical conditions for electricity connection

#### **Procedure 5\*. Obtain technical conditions for telephone connection at North-West Telekom, OJSC**

**Time:** 30 days

**Cost:** RUB 4,000

**Comments:** Obtaining technical specification for landline telephone connection and concluding a contract. No fees are charged for connection and contract conclusion. After the completion of construction, a fee is collected for telephone number assignment immediately during connection to the telephone line in accordance with approved tariffs.

#### **Procedure 6. Request geological survey of the land plot at GGS of Urban Development and Architecture Committee of Saint Petersburg**

**Time:** 60 days

**Cost:** RUB 50,000

**Comments:** Placement of an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNIiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 7. Obtain development plan of land plot (GPZU) at Urban Development and Architecture Committee of Saint Petersburg**

**Time:** 30 days

**Cost:** No cost

**Comments:** Land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. A land development plan is developed for a separate land plot that has been registered by the State, with established development rules in the Land Use Regulations, and subject to availability of a duly approved planning and border-setting project. The process is governed by the procedure of interaction of the structural units of the Committee for Urban Development and Architecture and the State Establishment "Center for Information Support of Urban Development Activities" in preparation, approval, registration and issuance of land development plots.

#### **Procedure 8. Obtain construction permit at Service for State Construction Supervision and Expertise of Saint Petersburg**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Besides, in

\* This procedure can be completed simultaneously with previous procedures.



accordance with Article 222 of the Russian Federal Civil Code, such property may be considered by a court as unauthorized construction, and may be subject to removal at the expense of the building entity. To obtain a construction permit, BuildCo needs to lodge an application with the Department of Architecture, Construction and Land Use, with the following documents attached: land titles, explanatory note, land plot layout diagrams (2 types), information about engineering equipment, combined engineering network layout, construction plan with clearances.

#### **Procedure 9. Notify the authorities of commencement of construction works at Service for State Construction Supervision and Expertise of Saint Petersburg**

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction company should inform the Saint-Petersburg State Construction Supervision and Expertise Service about the beginning of construction work.

#### **Procedure 10\*. Request connection to the water and sewage utility at State Unitary Organization Saint Petersburg Vodokanal—water utility**

**Time:** 7 days

**Cost:** No cost

**Comments:** Submitted only after technical conditions are cleared and the required consumption volume is identified.

#### **Procedure 11. Receive inspection from the water utility at State Unitary Organization Saint Petersburg Vodokanal—water utility**

**Time:** 30 days

**Cost:** No cost

**Comments:** Conclusion is issued after verification of compliance of the application with technical specification. After construction the water supply and sanitation lines, they are (separately) demonstrated to the Vodokanal inspectors. The construction design (pre-approved by Petrozavodsk Municipal Systems OJSC) and as-built documentation (fact of work accomplished) are also provided. If the design and as-built documentation meet the requirements, Petrozavodsk Municipal Systems OJSC issues a certificate of compliance with technical conditions, which serves as a pre-requisite document for contract conclusion.

#### **Procedure 12. Sign agreement with water and sewage utility at State Unitary Organization Saint Petersburg Vodokanal—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** The contract terms and conditions depend on water consumption volume. The contract is concluded for 1 year with optional extension.

#### **Procedure 13\*. Obtain approval of the Sanitary-epidemiological station for the use of drinking water at Saint Petersburg Hygiene and Epidemiology Center**

**Time:** 14 days

**Cost:** RUB 5,000

**Comments:** Permit is mandatory, as there will be people working in the building. The term "industrial-use

water" does not apply to property. The permit is issued on the basis of laboratory studies.

#### **Procedure 14. Connect to water services at State Unitary Organization Saint Petersburg Vodokanal—water utility**

**Time:** 21 days

**Cost:** RUB 75,293

**Comments:** Done on the basis of a water supply and sanitation contract. Connection tariffs are determined on case by case basis and there is no information available for public.

#### **Procedure 15. Request and connect to telephone services at North-West Telekom, OJSC**

**Time:** 30 days

**Cost:** RUB 200

**Comments:** To connect to telephone network, BuildCo needs to apply to a fixed communication provider with incorporation documents and a cover letter. Upon contract execution, payment is made in accordance with the established tariffs.

#### **Procedure 16. Obtain occupancy permit at Service for State Construction Supervision and Expertise of Saint Petersburg**

**Time:** 10 days

**Cost:** No cost

**Comments:** For an occupancy permit, BuildCo needs to lodge documents with the Saint Petersburg Public Construction Supervision and Review Service; documents may be picked up in 10 days.

#### **Procedure 17. Obtain cadastral passport of the building at Federal Service of State Registration, Cadastre and Cartography (Rosreestr)**

**Time:** 25 days

**Cost:** RUB 3,200

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

#### **Procedure 18. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** This is a legal act of recognition and confirmation by the State of the emergence, limitation/encumbrance, assignment or cessation of rights to real property. State registration is the only evidence of registered interests.

#### **DEALING WITH CONSTRUCTION PERMITS**

##### **Samara, Samara Oblast**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

#### **Procedure 1. Request a topographic survey of the land plot at Gorzhilproekt Municipal Organization**

**Time:** 7 days

**Cost:** RUB 30,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

#### **Procedure 2. Obtain technical conditions for electricity connection at Samara City Electric Supply Networks, CJSC**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 3\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Samaradovokanal, Municipal Unitary Organization—water utility**

**Time:** 14 days

**Cost:** RUB 166,133 [connection tariffs: water supply: RUB 103,085 with max consumption, sanitation: RUB 63,048.]

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits the following document package: application, land title documents (cadastral passport, draft design and design estimates). Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 4\*. Obtain technical conditions for telephone connection and sign agreement at Volgatelekom**

**Time:** 10 days

**Cost:** RUB 4,900 [technical conditions are issued free of charge. Connection cost (the first number allocation cost is urban settlements)]

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

#### **Procedure 5\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Samara Municipal Territory Improvement and Ecology Department**

**Time:** 20 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to the storm drain system and concluding a contract.

#### **Procedure 6\*. Request geological survey of the land plot at SamaraTICIZ, LLC**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in

\* This procedure can be completed simultaneously with previous procedures.

the plot area. In our case, there will be 5-7 holes, 10 meters deep.

#### **Procedure 7. Obtain development plan of land plot (GPZU) at Construction and Architecture Department of Samara City**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. The following documents should be submitted to obtain it: draft design, all technical conditions, land titles. The document is issued by the Samara Department of Construction and Architecture.

#### **Procedure 8. Obtain certificate of compliance of the project design from the water utility at Samaradovokanal, Municipal Unitary Organization—water utility**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Volgatelekom**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

#### **Procedure 10\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Samara Municipal Territory Improvement and Ecology Department**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

#### **Procedure 11. Obtain construction permit at Construction and Architecture Department of Samara City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Construction permits are issued by the Samara City Department of Construction and Architecture. The list of documents, time and costs are regulated by the Russian Federal UDC.

#### **Procedure 12. Notify the authorities of commencement of construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The developer should send a notification about the construction beginning date 10 days in advance. The following construction-related documents should be enclosed with the notification: construction

permit, schedule, list of responsible persons. Based on the notification, the State Construction Control would develop construction inspection schedules, and share them with the developer.

#### **Procedure 13. Receive inspection during construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 14. Receive inspection during construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 15. Receive inspection during construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 16. Receive inspection during construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 17. Receive inspection during construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 18. Receive inspection during construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 19. Receive inspection during construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 20. Notify the authorities of end of construction works at Gosstroyнадзор—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Submission of a construction completion notification to Gosstroyнадзор

#### **Procedure 21. Obtain certificate of compliance of construction with technical conditions at Samaradovokanal, Municipal Unitary Organization—water utility**

**Time:** 7 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. It requires an as-built survey. The conclusion is issued after verifying the application compliance with the technical conditions. An operating design (pre-approved by Vodokanal) an as-built documentation (fact of work accomplished) are provided. If the design and as-built documentation are compliant, Vodokanal issues a certificate of compliance with technical conditions required for obtaining an occupancy permit for a newly built property.

#### **Procedure 22\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at Volgatelekom**

**Time:** 7 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

#### **Procedure 23\*. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Samara Municipal Territory Improvement and Ecology Department**

**Time:** 7 days

**Cost:** No cost

**Comments:** Document confirming the newly built warehouse with technical conditions of connection to storm drain system.

#### **Procedure 24. Sign agreement with water and sewage utility at Samaradovokanal, Municipal Unitary Organization—water utility**

**Time:** 1 day

**Cost:** RUB 1,020,550 [RUB 550 for drafting connection documents. Payment of the remaining amount: RUB 1,020,000]

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements. It is paid for at the time of connection contract execution.

#### **Procedure 25\*. Sign agreement with the phone utility at Volgatelekom**

**Time:** 1 day

**Cost:** RUB 4,900

\* This procedure can be completed simultaneously with previous procedures.

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

### Procedure 26\*. Sign agreement with heavy shower sewage utility at Samara Municipal Territory Improvement and Ecology Department

**Time:** 1 day

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

### Procedure 27. Obtain a technical passport of the building at Bureau of technical inventORIZATION—federal

**Time:** 30 days

**Cost:** RUB 25,000

**Comments:** Technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Municipal Enterprise of Technical Inventory and Real Property Evaluation, Rostechinventarizatsia – Federal BTI, or any bureau of technical inventory.

### Procedure 28. Obtain occupancy permit at Construction and Architecture Department of Samara City

**Time:** 10 days

**Cost:** No cost

**Comments:** Occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area. Facility occupancy permit is drawn in line with the requirements of the UDC.

### Procedure 29. Obtain cadastral passport of the building at Bureau of technical inventORIZATION—federal

**Time:** 21 days

**Cost:** No cost [part of the technical passport drafting cost]

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

### Procedure 30. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostrestr)

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law “On Real Property Rights Registration” by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

## DEALING WITH CONSTRUCTION PERMITS

### Saransk, Republic of Mordovia

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Request a topographic survey of the land plot at Cadastre Municipal Organization

**Time:** 7 days

**Cost:** RUB 20,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries

### Procedure 2. Obtain technical conditions for electricity connection at ZAO—TF Watt

**Time:** 15 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

### Procedure 3\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Gorvodokanal, Municipal Organization—water utility

**Time:** 14 days

**Cost:** RUB 45,326

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits the following document package: application, land title documents (cadastral passport, draft design and design estimates). Payment for connection is made in accordance with a schedule attached to the agreement.

### Procedure 4\*. Obtain technical conditions for telephone connection and sign agreement at Volgatelekom

**Time:** 14 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

### Procedure 5\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Department of Communal Facilities and Territory Improvement, Municipal Organization

**Time:** 20 days

**Cost:** RUB 1,500

**Comments:** Obtaining technical conditions of connection to the storm drain system and concluding a contract.

### Procedure 6\*. Request geological survey of the land plot at MordovTICIZ, OJSC

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the

following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNIPIs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area. In our case, there will be 5-7 holes, 10 meters deep.

### Procedure 7. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department

**Time:** 30 days

**Cost:** No cost

**Comments:** The following documents are required to obtain it: application, draft design, all technical conditions and land titles. The document is issued by the Department of Architecture and Urban Development. The process is performed in accordance with the Saransk City administrative regulation on provision of the municipal service of issuance of documents about approval of land development plan.

### Procedure 8. Obtain certificate of compliance of the project design from the water utility at Gorvodokanal, Municipal Organization—water utility

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

### Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Volgatelekom

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

### Procedure 10\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Department of Communal Facilities and Territory Improvement, Municipal Organization

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

### Procedure 11. Obtain construction permit at Architecture and Urban Development Department of Saransk City

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Construction permits are issued by the Saransk City Department of Construction and Architecture. The list of documents, time and costs are regulated by the Russian Federal UDC.

### Procedure 12. Notify the authorities of commencement of construction works at Gosstroy nadzor—construction supervision

**Time:** 1 day

**Cost:** No cost

\* This procedure can be completed simultaneously with previous procedures.

**Comments:** The developer should send a notification about the construction beginning date 10 days in advance. The following construction-related documents should be enclosed with the notification: construction permit, schedule, list of responsible persons. Based on the notification, the State Construction Control would develop construction inspection schedules, and share them with the developer.

#### **Procedure 13. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.).

#### **Procedure 14. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.).

#### **Procedure 15. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.).

#### **Procedure 16. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.).

#### **Procedure 17. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.).

#### **Procedure 18. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.).

#### **Procedure 19. Receive inspection during construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.).

#### **Procedure 20. Notify the authorities of end of construction works at Gosstroy nadzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Submission of a construction completion notification to Gosstroy nadzor.

#### **Procedure 21. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Gorvodokanal, Municipal Organization—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. The applicant concludes a contract for technological connection of the facility to water supply and sanitation systems. To conclude the contact, the applicant submits the following document package: application, title establishing documents, copies of state registration of land property, land plot location (general layout and topographic survey report), cadastral number of the land plot and facility design.

#### **Procedure 22\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at Volgatelekom**

**Time:** 10 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

#### **Procedure 23\*. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Department of Communal Facilities and Territory Improvement, Municipal Organization**

**Time:** 10 days

**Cost:** No cost

**Comments:** Document confirming the newly built warehouse with technical conditions of connection to storm drain system.

#### **Procedure 24. Sign agreement with water and sewage utility at Gorvodokanal, Municipal Organization—water utility**

**Time:** 4 days

**Cost:** RUB 77,960

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements. It is paid for at the time of connection contract execution.

#### **Procedure 25\*. Sign agreement with the phone utility at Volgatelekom**

**Time:** 1 day

**Cost:** RUB 4,900

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

#### **Procedure 26\*. Sign agreement with heavy shower sewage utility at Department of Communal Facilities and Territory Improvement, Municipal Organization**

**Time:** 1 day

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

#### **Procedure 27. Obtain a technical passport of the building at Bureau of technical inventORIZATION—federal**

**Time:** 30 days

**Cost:** RUB 26,762

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. See Resolution of the Government of the Russian Federation No. 921 dated December 4, 2000 "On State Technical Registration and Technical Inventory of Permanent Structures in the Russian Federation".

#### **Procedure 28. Obtain occupancy permit at Urban Development and Architecture Department of Saransk**

**Time:** 10 days

**Cost:** No cost

**Comments:** Occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area. The process is governed by a relevant regulation. The accepted project and declared design information are compared.

#### **Procedure 29. Obtain cadastral passport of the building at Bureau of technical inventORIZATION—federal**

**Time:** 21 days

**Cost:** No cost [part of the technical passport drafting cost]

**Comments:** After an occupancy permit is obtained, the developer may proceed with obtaining a cadastral passport for it in the same agency that had prepared the technical passport. Its cost is part of the technical passport drafting cost.

#### **Procedure 30. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" and the administrative regulation by a department of the Federal Service for State Registration, Cadastre and Cartography based on

\* This procedure can be completed simultaneously with previous procedures.

an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### DEALING WITH CONSTRUCTION PERMITS

##### **Stavropol, Stavropol Krai**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

#### **Procedure 1. Obtain development plan of land plot (GPZU) at Architecture and Construction Service of Stavropol City, one-stop shop**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. The land development plans are prepared for built-up land plots, land plots allocated for construction/renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use, issued technical conditions.

#### **Procedure 2. Obtain technical conditions for electricity connection at Stavropolenergoinvest**

**Time:** 20 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

#### **Procedure 3\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 30 days

**Cost:** RUB 41,853

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Vodokanal OJSC with full information about the facility.

#### **Procedure 4\*. Obtain technical conditions for telephone connection and sign agreement at Rostelekom, YuTK**

**Time:** 3 days

**Cost:** RUB 1,500

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract (see tariffs for technical conditions and connection at: <http://stv.south.rt.ru/service/tariffs>).

#### **Procedure 5\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Committee for City Facilities of Stavropol City**

**Time:** 14 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to storm drain systems.

#### **Procedure 6. Request geological survey of the land plot at Specialized agency**

**Time:** 30 days

**Cost:** RUB 55,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for

designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNIiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 7\*. Request a topographic survey of the land plot at StavropolTICIZ, OJSC**

**Time:** 16 days

**Cost:** RUB 10,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

#### **Procedure 8. Obtain certificate of compliance of the project design from the water utility at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 5 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Rostelekom, YuTK**

**Time:** 5 days

**Cost:** RUB 700

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

#### **Procedure 10\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Committee for City Facilities of Stavropol City**

**Time:** 5 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

#### **Procedure 11\*. Obtain compliance certificate from the heating utility at Urban Development Committee of Stavropol City**

**Time:** 11 days

**Cost:** No cost

**Comments:** Clearance is required even when there are no heating lines under the land plot. There are no uniform confirmed heating line maps in Stavropol.

#### **Procedure 12. Obtain construction permit at Urban Development Committee of Stavropol City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A

construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation. Full list is available at: <http://www.stavadm.ru/municipal-services/services/>

#### **Procedure 13. Notify the authorities of commencement of construction works at Ministry of Construction of Stavropol Krai**

**Time:** 1 day

**Cost:** No cost

**Comments:** Despite the fact that the facility is not subject to supervision, usually the notification would still be sent. The notification and a copy of design documentation are submitted to the competent body within 3 days upon receipt of the construction permit.

#### **Procedure 14. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility and sign agreement with the utility at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 11 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Vodokanal MUE after checking the water supply and sanitation systems.

#### **Procedure 15\*. Obtain compliance certificate of the building with the technical conditions from the phone utility and sign agreement with the utility at GTS YuTK**

**Time:** 3 days

**Cost:** RUB 600

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

#### **Procedure 16\*. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility and sign agreement at Committee for City Facilities of Stavropol City**

**Time:** 7 days

**Cost:** No cost

**Comments:** The City Economy Committee of the Stavropol City Administration issues a certificate of compliance with technical conditions of rain and drainage water disposal from the facility compound for 6 days upon the date of application from a physical or legal person, provided that the application has been submitted with a complete package of documents. Since the Stavropol City Administration does not manage storm drain networks, no maintenance contracts are concluded. Companies situated in Stavropol discharge rain and drainage water into the city storm drain system free of charge.

#### **Procedure 17. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at State Unitary Organization "Krai Technical Inventorization"**

**Time:** 30 days

**Cost:** RUB 18,700

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It

\* This procedure can be completed simultaneously with previous procedures.

describes physical parameters of the built facility. The document is available from the “Kray Technical Inventorization” office, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

#### **Procedure 18. Obtain occupancy permit at Urban Development Committee of Stavropol City**

**Time:** 10 days  
**Cost:** No cost

#### **Procedure 19. Obtain cadastral passport of the building at State Unitary Organization “Krai Technical inventorization”**

**Time:** 10 days  
**Cost:** RUB 1,000

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

#### **Procedure 20. Sign agreement with water and sewage utility at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 7 days  
**Cost:** No cost

**Comments:** Application is lodged with Vodokanal MUE, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

#### **Procedure 21\*. Sign agreement with the phone utility at GTS YuTK**

**Time:** 8 days  
**Cost:** No cost

#### **Procedure 22. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 14 days  
**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law “On Real Property Rights Registration” by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### **Procedure 23. Sign agreement with the water utility at Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 16 days  
**Cost:** No cost

**Comments:** Application is lodged with Vodokanal MUE, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

#### DEALING WITH CONSTRUCTION PERMITS

##### **Surgut, Khanty-Mansiisk Autonomous Okrug**

*Warehouse value: RUB 26,120,000 (US\$ 844,063)  
Data as of: November 2011*

#### **Procedure 1. Request a topographic survey of the land plot at Specialized agency**

**Time:** 10 days  
**Cost:** RUB 8,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

#### **Procedure 2. Obtain technical conditions for electricity connection at Surgut City Electric Supply Network, LLC**

**Time:** 22 days  
**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 3\*. Obtain technical conditions for connecting to water and sewage services at Gorvodokanal, Municipal Unitary Organization—water utility**

**Time:** 30 days  
**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request with full information about the facility. Connection fee amounts to RUB 30,461 per m<sup>3</sup> of water supply a day, and RUB 38,246 per m<sup>3</sup> of water disposal a day. Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 4\*. Obtain technical conditions for telephone connection at Rostelekom, Surgut Territorial Telecom Center**

**Time:** 10 days  
**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

#### **Procedure 5\*. Request geological survey of the land plot at Specialized agency**

**Time:** 15 days  
**Cost:** RUB 200,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer’s assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 6. Obtain development plan of land plot (GPZU) at Municipal Architecture and Urban Development Department**

**Time:** 16 days  
**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Land development plans are prepared for built-up land plots, land plots allocated for construction/renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use, issued technical conditions.

#### **Procedure 7. Obtain construction permit at Municipal Architecture and Urban Development Department**

**Time:** 10 days  
**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

#### **Procedure 8. Notify the authorities of commencement of construction works at Inspection for architecture and construction supervision**

**Time:** 1 day  
**Cost:** No cost

**Comments:** A notification about the beginning of the construction is sent to the Inspectorate 10 days prior to the beginning of construction/renovation/major repairs.

#### **Procedure 9. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Gorvodokanal, Municipal Unitary Organization—water utility**

**Time:** 7 days  
**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by City Vodokanal MUE after checking the water supply and sanitation systems.

#### **Procedure 10\*. Connect to water and sewage services at Gorvodokanal, Municipal Unitary Organization—water utility**

**Time:** 30 days  
**Cost:** RUB 71,293

**Comments:** Submission of an application indicating the requirement connected capacity. Conclusion of a contract for the service of connection water supply and/or sanitation networks with connection terms. Discharge of connection terms under the contract for connection to water supply and/or sanitation networks.

\* This procedure can be completed simultaneously with previous procedures.

### Procedure 11\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at Rostelekom, Surgut Territorial Telecom Center

**Time:** 5 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

### Procedure 12\*. Connect to telephone services at Rostelekom, Surgut Territorial Telecom Center

**Time:** 10 days

**Cost:** RUB 4,500

**Comments:** To connect to telephone network, BuildCo needs to apply to a fixed communication provider with incorporation documents and a cover letter. Upon contract execution, payment is made in accordance with the established tariffs.

### Procedure 13\*. Obtain a technical passport of the building at Bureau of technical inventorization—municipal

**Time:** 10 days

**Cost:** RUB 7,000

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Surgut BTI MUE, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

### Procedure 14\*. Obtain certificate confirming that a copy of the design has been delivered to the Urban Development Archives

**Time:** 5 days

**Cost:** No cost

**Comments:** To obtain an occupancy permit, BuildCo needs to provide a certificate stating that a copy of the design has been delivered to the urban development archives.

### Procedure 15. Obtain occupancy permit at Municipal Architecture and Urban Development Department

**Time:** 10 days

**Cost:** No cost

**Comments:** BuildCo must submit the following documents: 1) occupancy permit application; 2) land ownership documents: lease agreement or land title; 3) title to buildings and structures (for renovations); 4) copy of the construction permit; 5) facility commissioning certificate (for construction/renovation/major repairs under a contract) indicating the facility capacity and productivity; 6) conclusion of public construction supervision agencies (for facilities with design documents subject to public review in accordance with Article 49 of the Urban Development Code) (Building 21, 30 Let Pobedy Street); 7) documentary evidence of compliance of the completed project parameters with the design documentation (certificate issued by BTI Municipal

Unitary Enterprise of the city of Surgut (6 Dzerzhinsky Street), or RosTechInventarizatsia Federal State Unitary Enterprise). 8) documentary evidence of the completed project compliance with the requirements of the technical regulations signed by the prime contractor and customer; 9) layout (geodesic survey) reflecting the location of the completed project and engineering systems within the land plot area, signed by the customer and prime contractor; 10) certificates issued by operating agencies about compliance with technical requirements and operating readiness of the engineering networks: power supply, heating, water supply, water sanitation, gas supply; 11) certificate issued by the Federal Public Unitary Enterprise "West-Siberian Zonal R&D Institute for Standard and Pilot Design of Residential and Public Buildings" stating that the design had been filed in the Urban Development Archive. 12) certificate issued by the Urban Development Cadastre Unit of the Department of Architecture and Urban Development (Office 317) regarding delivery of the geodesic survey; 13) land development plan.

### Procedure 16. Obtain cadastral passport of the building at Bureau of technical inventorization—municipal

**Time:** 20 days

**Cost:** RUB 20,000

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

### Procedure 17. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### DEALING WITH CONSTRUCTION PERMITS

##### Tomsk, Tomsk Oblast

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Request a topographic survey of the land plot at Commercial organization with permission from a self-regulating organization

**Time:** 11 days

**Cost:** RUB 55,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries

### Procedure 2\*. Request geological survey of the land plot at Commercial organization with permission from a self-regulating organization

**Time:** 23 days

**Cost:** RUB 25,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

### Procedure 3. Obtain technical conditions for electricity connection at Gorseti, LLC—electricity utility

**Time:** 15 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

### Procedure 4. Obtain technical conditions for connecting to water and sewage services and sign agreement at Veola Voda Tomsk, LLC—water utility

**Time:** 30 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Veola Water Tomsk OJSC with full information about the facility. Connection fee is based on the Vodokanal tariffs. Payment for connection is made in accordance with a schedule attached to the agreement.

### Procedure 5\*. Obtain technical conditions for telephone connection and sign agreement at Sibirtelekom, OJSC

**Time:** 20 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

### Procedure 6. Obtain development plan of land plot (GPZU) at Main Department of Architecture and Urban Development of Tomsk City

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and technical conditions. In accordance with Clause 17 of Article 17 of the UDC, it should be issued by the local self-government agencies free of charge, within 30 days. The process is carried out in accordance with the prescribed procedure.

\* This procedure can be completed simultaneously with previous procedures.

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**Procedure 7. Obtain certificate of compliance of the project design from the water utility at Veola Voda Tomsk, LLC—water utility**

**Time:** 6 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

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**Procedure 8\*. Obtain certificate of compliance of the project design from the phone utility at Sibirtelekom, OJSC**

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

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**Procedure 9. Obtain construction permit at Architecture and Construction Inspection Department of Tomsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

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**Procedure 10. Obtain compliance certificate of the building with the water and sewage utility at Veola Voda Tomsk, LLC—water utility**

**Time:** 5 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Vodokanal after checking the water supply and sanitation systems.

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**Procedure 11\*. Obtain compliance certificate of the building with the phone utility at Rostelekom**

**Time:** 5 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

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**Procedure 12. Obtain a technical passport of the building at Bureau of technical inventORIZATION**

**Time:** 30 days

**Cost:** RUB 35,000

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Tomsk Subsidiary of Rostechinventarizatsia BTI, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title.

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**Procedure 13. Obtain occupancy permit at Architecture and Construction Inspection Department of Tomsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Main Department of Architecture and Urban Development of the Mayor's Office.

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**Procedure 14. Connect to water and sewage services at Veola Voda Tomsk, LLC—water utility**

**Time:** 30 days

**Cost:** RUB 62,802

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

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**Procedure 15. Connect to telephone services at Rostelekom**

**Time:** 30 days

**Cost:** RUB 11,000

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

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**Procedure 16. Obtain cadastral passport of the building at Bureau of technical inventORIZATION—federal**

**Time:** 13 days

**Cost:** No cost

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. The cadastral passport is drawn on the basis of the technical passport data.

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**Procedure 17. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

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**Procedure 18. Sign agreement with the water utility at Veola Voda Tomsk, LLC—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** Application is lodged with Veola Water Tomsk LLC, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

DEALING WITH CONSTRUCTION PERMITS

*Tver, Tver Oblast*

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

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**Procedure 1. Obtain clearance from the Committee on Protection of Historical Buildings at Committee on State Protection of Cultural Heritage in Tver Oblast**

**Time:** 30 days

**Cost:** No cost

**Comments:** To obtain a GPZU, BuildCo needs to get a certificate stating that the facility is not situated in a cultural/historic protected area

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**Procedure 2. Obtain technical conditions for connecting to water and sewage services and sign agreement at Tvervodokanal, OJSC**

**Time:** 40 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Tver Vodokanal LLC with full information about the facility. Connection fee is based on the Vodokanal tariffs and amounts to RUB 20,000 per m<sup>3</sup> of water supply a day, and RUB 20,000 per m<sup>3</sup> of water disposal a day. Payment for connection is made in accordance with a schedule attached to the agreement.

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**Procedure 3\*. Obtain technical conditions for telephone connection and sign agreement at Centrtelekom, OJSC**

**Time:** 25 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

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**Procedure 4\*. Obtain technical conditions for heavy shower sewage services at MUP ZHEK**

**Time:** 30 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to the storm drain system and concluding a contract.

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**Procedure 5. Request a topographic survey of the land plot at Commercial organization with permission from a self-regulating organization**

**Time:** 22 days

**Cost:** RUB 3,252

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

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**Procedure 6\*. Request geological survey of the land plot at Design institutes**

**Time:** 38 days

\* This procedure can be completed simultaneously with previous procedures.



**Cost:** RUB 100,000 [5 borings, RUB 20,000 each]

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 7. Obtain development plan of land plot (GPZU) at Municipal Architecture and Urban Development Department**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and technical conditions. The document is issued by the Department of Architecture and Urban Development.

#### **Procedure 8. Obtain certificate of compliance of the project design from the water utility at Tvervodokanal, OJSC**

**Time:** 7 days

**Cost:** RUB 1,250

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 9. Request connection to the electricity utility at Tverenergo—MRSK Center, OJSC**

**Time:** 30 days

**Cost:** No cost

#### **Procedure 10\*. Obtain certificate of compliance of the project design from the phone utility at Centrtelekom**

**Time:** 2 days

**Cost:** RUB 50

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

#### **Procedure 11\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at MUP ZHEK**

**Time:** 2 days

**Cost:** RUB 3,000

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

#### **Procedure 12\*. Obtain clearance of the city's Communal Services department on the location of the building at Administration of a district**

**Time:** 1 day

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is cleared with

the utilities of the district, where the warehouse construction is planned.

#### **Procedure 13\*. Obtain clearance from the organization providing heating services at "Gazprom Mezhtregiongaz Tver", LLC**

**Time:** 1 day

**Cost:** No cost

**Comments:** The final construction design should be cleared with the gas supplier to ensure that all current gas lines in the neighborhood are taken into account.

#### **Procedure 14\*. Obtain clearance from the Architectural Committee at Architecture Department of Tver City**

**Time:** 1 day

**Cost:** No cost

**Comments:** To obtain a construction permit, BuildCo needs to provide a draft construction design cleared by the city Architecture Department

#### **Procedure 15. Obtain construction permit at Architecture Department of Tver City**

**Time:** 26 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Besides, in accordance with Article 222 of the Russian Federal Civil Code, such property may be considered by a court as unauthorized construction, and may be subject to removal at the expense of the building entity. To obtain a construction permit, BuildCo to lodge an application with the Construction and Land Issues Department, with all previously collected documents

#### **Procedure 16. Sign agreement on water supply at Tvervodokanal, OJSC—clients division**

**Time:** 1 day

**Cost:** No cost

**Comments:** In order to make a connection to the water supply system, the supplier needs to check the metering station. For that, transportation should be provided to take an expert from Tver Vodokanal Subscriber Unit to the site.

#### **Procedure 17. Sign agreement on clearance of water at Tvervodokanal, OJSC—water supply workshop**

**Time:** 14 days

**Cost:** RUB 1,000

**Comments:** In order to make a connection to the water supply system, the supplier needs to flush the internal lines. The procedure is performed without an advance application by the Water Transportation Shop of Tver Vodokanal, which representative should be taken to the site. The procedure cannot be generally merged with the metering station checkup procedure, as it is performed by a different unit of Tver Vodokanal.

#### **Procedure 18. Obtain conclusion of the bacteriologic analysis of water at Rospotrebnadzor**

**Time:** 7 days

**Cost:** RUB 500

**Comments:** Bacteriologic water tests should be performed to connect to water supply network; the test outcomes should be provided to Tver Vodokanal LLC.

#### **Procedure 19. Obtain certificate of compliance for the building from the water and sewage utility at Tvervodokanal, OJSC**

**Time:** 14 days

**Cost:** RUB 3,000

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Tver Vodokanal LLC after checking the water supply and sanitation systems.

#### **Procedure 20. Obtain certificate of compliance of the building from the phone utility at Gorproekt by Tver City Administration, Municipal Unitary Organization**

**Time:** 14 days

**Cost:** RUB 1,000

**Comments:** Post-construction survey report should be available before obtaining a document confirming the warehouse compliance with technical conditions of connection to the telephone network and storm drain.

#### **Procedure 21. Obtain compliance certificate of the building with the phone utility at Centrtelekom, OJSC and other commercial companies**

**Time:** 7 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. It requires an as-built survey.

#### **Procedure 22. Obtain compliance certificate of the building with the water utility at MUP ZHEK**

**Time:** 11 days

**Cost:** RUB 1,000

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. It requires an as-built survey.

#### **Procedure 23. Obtain a technical passport of the building at Bureau of technical inventORIZATION—regional and municipal**

**Time:** 17 days

**Cost:** RUB 50,000

**Comments:** In accordance with the UDC, obtaining an occupancy permit requires provision of a certificate describing the newly built property. The certificate (which is mostly the technical passport) is issued by Tver Oblast BTI SUE, or any bureau of technical inventory. To obtain the certificate, the applicant submits an application and building design, incorporation documents, construction permit, land cadastral passport, lease agreement or title. Certificate issuance tariffs are established by the organization itself, and, as a rule, are not easily available.

#### **Procedure 24. Request occupancy permit at Inspection for architecture and construction supervision**

**Time:** 11 days

**Cost:** No cost

\* This procedure can be completed simultaneously with previous procedures.

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Architectural and Construction Control Inspectorate of the Tver City Administration.

#### **Procedure 25. Obtain occupancy permit at Municipal Architecture and Urban Development Department**

**Time:** 35 days

**Cost:** No cost

#### **Procedure 26. Sign agreement with water and sewage utility at Tvervodokanal, OJSC—technical division**

**Time:** 11 days

**Cost:** RUB 43,558

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 27. Sign agreement with the phone utility at Centrtelekom, OJSC**

**Time:** 7 days

**Cost:** RUB 8,000

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 28. Obtain a technical passport of the building at Federal Service on State Registration, Cadastre and Cartography (Rosreestr), Land Cadastre Chamber**

**Time:** 45 days

**Cost:** No cost [payment has been made during the step of obtaining a BTI certificate]

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the certificate of the parameters of the newly built property.

#### **Procedure 29. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### **Procedure 30. Sign agreement with the water utility at Tvervodokanal, LLC—water utility**

**Time:** 22 days

**Cost:** No cost

**Comments:** Application is lodged with Tver Vodokanal LLC, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

### DEALING WITH CONSTRUCTION PERMITS

#### **Ulyanovsk, Ulyanovsk Oblast**

*Warehouse value: RUB 26,120,000 (US\$ 844,063)*

*Data as of: November 2011*

#### **Procedure 1. Request a topographic survey of the land plot at Oil and Gas Design Company, LLC**

**Time:** 7 days

**Cost:** RUB 20,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

#### **Procedure 2. Obtain technical conditions for electricity connection at Ulyanovsk Network Company, OJSC**

**Time:** 15 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

#### **Procedure 3\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Ulyanovsk Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 14 days

**Cost:** RUB 54,255

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits the following document package: application, land title documents (cadastral passport, draft design and design estimates). Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 4\*. Obtain technical conditions for telephone connection and sign agreement at Volgatelekom**

**Time:** 15 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

#### **Procedure 5\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Department of Communal Facilities and Territory Improvement, Municipal Organization**

**Time:** 20 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to the storm drain system and concluding a contract.

#### **Procedure 6\*. Request geological survey of the land plot at UlyanovskTICIZ, OJSC**

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic

surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area. In our case, there will be 5-7 holes, 10 meters deep.

#### **Procedure 7. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Committee of Ulyanovsk City**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Land development plans are prepared for built-up land plots, land plots allocated for construction/renovation of permanent structures. A land development plan is developed for a separate land plot that has been registered by the State, with established development rules in the Land Use Regulations, and subject to availability of a duly approved planning and border-setting project. The following documents should be submitted to obtain it: application, draft design, all technical conditions and document titles.

#### **Procedure 8. Obtain certificate of compliance of the project design from the water utility at Ulyanovsk Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Volgatelekom**

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

#### **Procedure 10\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Department of Communal Facilities and Territory Improvement, Municipal Organization**

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

#### **Procedure 11. Obtain construction permit at Architecture and Urban Development Committee of Ulyanovsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Construction permits are issued by the Committee for Construction and Architecture of the Ulyanovsk Mayor's Office.

\* This procedure can be completed simultaneously with previous procedures.

The list of documents, time and costs are regulated by the Russian Federal UDC.

#### **Procedure 12. Notify the authorities of commencement of construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The developer should send a notification about the construction beginning date 10 days in advance. The following construction-related documents should be enclosed with the notification: construction permit, schedule, list of responsible persons. Based on the notification, the State Construction Control would develop construction inspection schedules, and share them with the developer.

#### **Procedure 13. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 14. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 15. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 16. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 17. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 18. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 19. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** In accordance with the approved inspection agenda, based on the construction work plan. Approximate number of inspections: 7 (1 – pit excavation, 2 – foundation pouring, etc.)

#### **Procedure 20. Notify the authorities of end of construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Submission of a construction completion notification to Gosstroyndzor

#### **Procedure 21. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Ulyanovsk Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. It requires an as-built survey. The conclusion is issued after verifying the application compliance with the technical conditions. An operating design (pre-approved by Vodokanal) an as-built documentation (fact of work accomplished) are provided. If the design and as-built documentation are compliant, Vodokanal issues a certificate of compliance with technical conditions required for obtaining an occupancy permit for a newly built property.

#### **Procedure 22\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at Volgatelekom**

**Time:** 10 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

#### **Procedure 23\*. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Department of Communal Facilities and Territory Improvement, Municipal Organization**

**Time:** 10 days

**Cost:** No cost

**Comments:** Document confirming the newly built warehouse with technical conditions of connection to storm drain system.

#### **Procedure 24. Sign agreement with water and sewage utility at Ulyanovsk Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 4 days

**Cost:** RUB 550 [drafting of connection documents]

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements. It is paid for at the time of connection contract execution.

#### **Procedure 25\*. Sign agreement with the phone utility at Volgatelekom**

**Time:** 1 day

**Cost:** RUB 4,900

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements

#### **Procedure 26\*. Sign agreement with heavy shower sewage utility at Department of Communal Facilities and Territory Improvement, Municipal Organization**

**Time:** 1 day

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements

#### **Procedure 27. Obtain a technical passport of the building at Bureau of technical inventORIZATION—federal**

**Time:** 30 days

**Cost:** RUB 30,000

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Municipal Enterprise of Technical Inventory and Real Property Evaluation, the Ulyanovsk Subsidiary of Rostechinventarizatsia – Federal BTI, or any bureau of technical inventory.

#### **Procedure 28. Obtain occupancy permit at Architecture and Urban Development Committee of Ulyanovsk City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area. Facility occupancy permit is drawn in line with the requirements of the UDC and the administrative regulations of the Committee for Architecture and Urban Development of the Ulyanovsk City Mayor's Office on the provision of the municipal service of issuance of an occupancy permit.

#### **Procedure 29. Obtain cadastral passport of the building at Bureau of technical inventORIZATION—federal**

**Time:** 21 days

**Cost:** No cost [part of the technical passport cost]

**Comments:** After an occupancy permit is obtained, the developer may proceed with obtaining a cadastral passport for it in the Oblast Department of the Federal Service for State Registration, Cadastre and Cartography.

\* This procedure can be completed simultaneously with previous procedures.

### Procedure 30. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)

**Time:** 21 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### DEALING WITH CONSTRUCTION PERMITS

### Vladikavkaz, Republic of North Ossetia – Alania

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Obtain development plan of land plot (GPZU) at Architecture and Urban Development Department of Vladikavkaz City

**Time:** 23 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and specifications. In accordance with Clause 17 of Article 17 of the UDC, it should be issued by the local self-government agencies free of charge, within 30 days. The process is carried out in accordance with the prescribed procedure.

### Procedure 2. Request a topographic survey of the land plot at any organization with permission from a self-regulating organization

**Time:** 25 days

**Cost:** RUB 20,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

### Procedure 3\*. Request geological survey of the land plot at any organization with permission from a self-regulating organization

**Time:** 30 days

**Cost:** RUB 100,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in

accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

### Procedure 4. Obtain technical conditions for electricity connection at Vladikavkazenergo

**Time:** 23 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection

### Procedure 5\*. Obtain technical conditions for water services and sign agreement at Vodokanal—water utility

**Time:** 30 days

**Cost:** RUB 67,300

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Vodokanal MUE with full information about the facility. Connection fee is based on the Vodokanal tariffs and amounts to RUB 26,177.55 per m3 of water a day. Payment for connection is made in accordance with a schedule attached to the agreement.

### Procedure 6\*. Obtain technical conditions for connecting to heavy shower sewage services and sign agreement at Vladvodostok

**Time:** 30 days

**Cost:** RUB 21,649

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Vladvodostok MUE with full information about the facility. Connection fee is based on the Vladvodostok tariffs and amounts to RUB 19,056.78 per m3 of water supply a day, and RUB 19,056.78 per m3 of water disposal a day. Payment for connection is made in accordance with a schedule attached to the agreement.

### Procedure 7\*. Obtain technical conditions for telephone connection and sign agreement at YuTK - South Telecom, OJSC

**Time:** 30 days

**Cost:** RUB 5,000

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract. The application is filed with enclosed development plan and title documents

### Procedure 8\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Vladikavkaz Rain Sewage, Municipal Unitary Organization

**Time:** 30 days

**Cost:** RUB 30,000

### Procedure 9. Obtain certificate of compliance of the project design from the water utility at Vodokanal, Municipal Unitary Organization—water utility

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

### Procedure 10\*. Obtain certificate of compliance of project design with the technical conditions from the sewage utility at Vladvodostok

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

### Procedure 11\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Vladikavkaz Rain Sewage, Municipal Unitary Organization

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

### Procedure 12. Obtain construction permit at City Administration represented by the Architecture Department

**Time:** 10 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

### Procedure 13. Notify the authorities of commencement of construction works at Inspection for construction supervision

**Time:** 1 day

**Cost:** No cost

**Comments:** A notification about the beginning of construction work is filed with enclosed construction permit, design documentation and construction schedule.

### Procedure 14. Notify authorities of commencement of construction works at Architecture and Urban Development Department of Vladikavkaz City

**Time:** 1 day

**Cost:** No cost

**Comments:** A notification about the beginning of construction work is filed with enclosed construction permit, design documentation and construction schedule.

### Procedure 15. Receive inspection during construction works at Vladikavkaz City Administration

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. Inspection frequency: once a month

### Procedure 16. Receive inspection during construction works at Vladikavkaz City Administration

**Time:** 1 day

**Cost:** No cost

\* This procedure can be completed simultaneously with previous procedures.

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. Inspection frequency: once a month

#### Procedure 17. Receive inspection during construction works at Vladikavkaz City Administration

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. Inspection frequency: once a month

#### Procedure 18. Receive inspection during construction works at Vladikavkaz City Administration

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. Inspection frequency: once a month

#### Procedure 19. Receive inspection during construction works at Vladikavkaz City Administration

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. Inspection frequency: once a month

#### Procedure 20. Receive inspection during construction works at Vladikavkaz City Administration

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. Inspection frequency: once a month

#### Procedure 21. Receive inspection during construction works at Vladikavkaz City Administration

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. Inspection frequency: once a month

#### Procedure 22. Conduct inspection during construction works at Vodokanal, Municipal Unitary Organization—water utility

**Time:** 11 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This

document is issued by Vodokanal MUE after checking the water supply and sanitation systems.

#### Procedure 23\*. Conduct inspection during construction works at Vladivostok

**Time:** 11 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Vladivostok MUE after checking the water supply and sanitation systems.

#### Procedure 24\*. Conduct inspection during construction works at YuTK—South Telecom, OJSC

**Time:** 3 days

**Cost:** RUB 5,000

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

#### Procedure 25\*. Conduct inspection during construction works at Vladikavkaz Rain Sewage, Municipal Unitary Organization

**Time:** 7 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit

#### Procedure 26. Obtain occupancy permit at Architecture and Urban Development Department of Vladikavkaz City

**Time:** 14 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Department of Architecture and Urban Development.

#### Procedure 27. Obtain a technical passport of the building at Bureau of technical inventORIZATION

**Time:** 14 days

**Cost:** RUB 15,000

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it.

#### Procedure 28. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)

**Time:** 25 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### Procedure 29. Sign agreement with the water utility at Vodokanal, Municipal Unitary Organization—water utility

**Time:** 13 days

**Cost:** RUB 300

**Comments:** Application is lodged with Vodokanal MUE, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

#### DEALING WITH CONSTRUCTION PERMITS

##### Vladivostok, Primorsky Krai

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

#### Procedure 1. Request a topographic survey of the land plot at any organization with permission from a self-regulating organization

**Time:** 20 days

**Cost:** RUB 50,000

**Comments:** Application is lodged with a company licensed for this type of work. Terms of reference and land plot titles are attached. The contractor's staff come out, perform site work and develop a topographic plan/diagram. The customer receives approved topographic plan and report. A copy is sent to the Architecture Department.

#### Procedure 2\*. Request geological survey of the land plot at any organization with permission from a self-regulating organization

**Time:** 20 days

**Cost:** RUB 290,000

**Comments:** The soil properties of the land allocated for the building foundation, are identified. An application is lodged with a special licensed company, documents for land are attached, and a standard assignment is filed. As a rule, it is ordered along with topographic survey from the same company. Borings are made in the section, where they examine soil, after which they issue a conclusion about its appropriateness for the foundation.

#### Procedure 3\*. Obtain development plan of land plot (GPZU) at Urban Development and Architecture Department of Vladivostok

**Time:** 30 days

**Cost:** No cost

**Comments:** Application is submitted with land titles, all technical conditions, explanatory note describing design documentation, diagrams with architectural concepts and network layouts.

#### Procedure 4. Obtain technical conditions for electricity connection at Vladivostok enterprise of Electricity Grids—electricity utility

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

#### Procedure 5\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Primvodokanal, Krai State Unitary Organization—water utility

**Time:** 14 days

**Cost:** RUB 61,961

**Comments:** Application for issuance of technical conditions is submitted with enclosed incorporation documents (notarized copies), documents confirming

\* This procedure can be completed simultaneously with previous procedures.

the signee's authority, land titles, situational plan at 1:2,000, topographic map of the plot at 1:500, master layout of the facility with its positioning, copy of the design explanatory note. Technical connection contract may be picked up immediately; one can determine the capacity within one year and pick up the technical connection contract later.

**Procedure 6\*. Obtain technical conditions for telephone connection and sign agreement at Rostelekom, OJSC—Vostoktelekom, New Telephone Company, Beeline**

**Time:** 14 days

**Cost:** RUB 22,500

**Comments:** The application for technical conditions is submitted to any network company in accordance with a standard form indicating the characteristics, design concepts of the building in progress, number capacity, signee's authorization documents and documents of the legal entity. Technical conditions are issued free of charge, only technical installation of the network is charged at about RUB 20,000-25,000. The work could be performed by the customer itself, subject to license availability.

**Procedure 7\*. Obtain technical conditions for the City Facility Services at Territory Improvement Department of Vladivostok Municipality**

**Time:** 30 days

**Cost:** No cost

**Comments:** Application is submitted with draft design, land titles and legal entity's documents.

**Procedure 8. Obtain certificate of compliance of the project design from the water utility at Primvodokanal, Krai State Unitary Organization—water utility**

**Time:** 14 days

**Cost:** No cost

**Comments:** Design documentation and technical conditions are lodged with the water supplier.

**Procedure 9. Obtain certificate of compliance of the project design from the phone utility at Rostelekom, OJSC—Vostoktelekom, New Telephone Company, Beeline**

**Time:** 3 days

**Cost:** No cost

**Comments:** Design documentation and technical conditions are lodged with the telephone company.

**Procedure 10. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Territory Improvement Department of Vladivostok Municipality**

**Time:** 20 days

**Cost:** No cost

**Comments:** Design documentation and technical conditions are lodged with the landscaping department on special days and in special reception hours; the documents are checked, signed and stamped.

**Procedure 11. Obtain construction permit at Urban Development and Architecture Department of Vladivostok**

**Time:** 10 days

**Cost:** No cost

**Comments:** Land plot title documentation, GPZU, documents of the legal entity, full design documentation, construction permit, occupancy permit, land survey and power of attorney are lodged with the BTI; a standard application is filed, the facility is measured; and technical and cadastral passports are prepared simultaneously.

**Procedure 12. Notify the authorities of commencement of construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** A notification is filed, no later than 7 days prior to the construction beginning with enclosed copies of the construction permit, explanatory note and construction schedule.

**Procedure 13. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. The procedure is not mandatory; however, if there is a warning, the project is placed under control. The board (commission) convenes every two months.

**Procedure 14. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. The procedure is not mandatory; however, if there is a warning, the project is placed under control. The board (commission) convenes every two months.

**Procedure 15. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. The procedure is not mandatory; however, if there is a warning, the project is placed under control. The board (commission) convenes every two months.

**Procedure 16. Receive inspection during construction works at Gosstroyndzor—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction process is monitored by construction control agencies; construction progress documents, concealed work reports and work acceptance reports are inspected. The procedure is not mandatory; however, if there is a warning, the project is placed under control. The board (commission) convenes every two months.

**Procedure 17. Receive inspection from the water utility at Primvodokanal, Krai State Unitary Organization—water utility**

**Time:** 14 days

**Cost:** No cost

**Procedure 18. Receive inspection from the water utility at Primvodokanal, Krai State Unitary Organization—water utility**

**Time:** 1 day

**Cost:** No cost

**Comments:** An inspector of Vodokanal makes a field visit to inspect the system elements, compile work certificates, run tests and prepare an inspection certificate.

**Procedure 19. Obtain clearance for connection from the water utility at Primvodokanal, Krai State Unitary Organization—water utility**

**Time:** 7 days

**Cost:** No cost

**Comments:** Based on the inspection report, BuildCo receives a signed and stamped permit for connection to water supply networks.

**Procedure 20. Obtain compliance certificate of the building with the technical conditions from the phone utility at Organization which issued technical conditions**

**Time:** 7 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

**Procedure 21. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Territory Improvement Department of Vladivostok Municipality**

**Time:** 14 days

**Cost:** No cost

**Comments:** The Department is informed about the completion of work with enclosed reports and technical conditions; a compliance certificate is issued.

**Procedure 22. Obtain a technical passport of the building at Primorsk Krai State Unitary Organization of Technical Inventorization and Real Estate Appraisal or federal bureau of technical inventorization**

**Time:** 30 days

**Cost:** RUB 80,000

**Comments:** Land plot title documentation, GPZU, documents of the legal entity, full design documentation, construction permit, occupancy permit, land survey and power of attorney are lodged with the BTI; a standard application is filed, the facility is measured; and technical and cadastral passports are prepared simultaneously.

**Procedure 23. Obtain occupancy permit at Urban Development and Architecture Department of Vladivostok**

**Time:** 10 days

**Cost:** No cost

**Comments:** Application is lodged in accordance with the established form, with a list of documents – in strict compliance with the UDC. The application is glued on a file folder, the file is delivered to the “single window”, and the permit may be picked up in 10 days.

#### **Procedure 24. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 10 days

**Cost:** RUB 15,000

**Comments:** In order to register the building, BuildCo must submit company establishing documents, cadastral registration, and state fee payment voucher.

#### **Procedure 25. Sign agreement with the water utility at Primvodokanal, Krai State Unitary Organization—water utility**

**Time:** 7 days

**Cost:** No cost

#### **Procedure 26. Sign agreement with the phone utility at New Telephone Company (NTK), Vostoktelekom, Interdaltelekom and others**

**Time:** 1 day

**Cost:** No cost

#### DEALING WITH CONSTRUCTION PERMITS

#### **Volgograd, Volgograd Oblast**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

#### **Procedure 1. Request a topographic survey of the land plot at any organization with permission from a self-regulating organization**

**Time:** 30 days

**Cost:** RUB 10,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

#### **Procedure 2\*. Request geological survey of the land plot at any organization with permission from a self-regulating organization**

**Time:** 30 days

**Cost:** RUB 313,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNIps). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 3. Obtain development plan of land plot (GPZU) at Architecture Committee of Volgograd City**

**Time:** 51 days

**Cost:** RUB 30,000

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and specifications. Draft design, specifications, incorporation documents and land lease agreement are required for its issuance. Though the UDC stipulates that the local authorities should prepare and approve GPZUs free of charge, in reality the Volgograd Administration requires that applicants submit prepared GPZUs, which are subsequently approved.

#### **Procedure 4. Obtain technical conditions for electricity connection at Volgograd Interdistrict Electric Supply Network, Municipal Unitary Organization**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

#### **Procedure 5\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Volgograd Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 25 days

**Cost:** RUB 3,000

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Volgograd City Vodokanal MUE with full information about the facility. Connection fee is based on the Vodokanal tariffs and amounts to RUB 15,150.70 per m3 of water supply a day, and RUB 15,846.72 per m3 of water disposal a day. Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 6\*. Obtain technical conditions for telephone connection and sign agreement at YuTK - South Telecom, OJSC**

**Time:** 20 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

#### **Procedure 7\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Municipal Facilities Department of Volgograd City**

**Time:** 21 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to storm drain systems.

#### **Procedure 8. Obtain certificate of compliance of the project design from the water utility at Volgograd Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 30 days

**Cost:** RUB 3,000

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

#### **Procedure 9\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Municipal Facilities Department of Volgograd City**

**Time:** 14 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

#### **Procedure 10. Obtain construction permit at Urban Development and Architecture Committee of Volgograd City**

**Time:** 18 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

#### **Procedure 11. Receive Laboratory results from Consumer Protection Agency at Rospotrebnadzor**

**Time:** 50 days

**Cost:** RUB 100,000

#### **Procedure 12. Obtain permit for construction works on external wiring at Volgograd Housing and Public Utilities, Municipal Organization, Division for Territory Improvement**

**Time:** 10 days

**Cost:** No cost

**Comments:** To perform earthwork for engineering systems, BuildCo needs to obtain an appropriate permit from the administration or housing and utilities agency of the relevant district.

#### **Procedure 13. Obtain a technical passport of the building at Bureau of technical inventORIZATION—municipal**

**Time:** 30 days

**Cost:** RUB 91,000

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Bureau of Technical Inventory Center, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

#### **Procedure 14. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Volgograd Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the

\* This procedure can be completed simultaneously with previous procedures.

newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Volgograd City Vodokanal MUE after checking the water supply and sanitation systems.

**Procedure 15\*. Obtain compliance certificate of the building with the technical conditions from the phone utility at YuTK—South Telecom, OJSC**

**Time:** 10 days

**Cost:** RUB 600

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

**Procedure 16\*. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Municipal Facilities Department of Volgograd City**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

**Procedure 17. Obtain occupancy permit at Urban Development and Architecture Committee of Volgograd City**

**Time:** 10 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Committee for Urban Development and Architecture of the Volgograd City Administration.

**Procedure 18. Sign agreement with water and sewage utility at Volgograd Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

**Procedure 19\*. Sign agreement with the phone utility at YuTK—South Telecom, OJSC**

**Time:** 10 days

**Cost:** RUB 4,800

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

**Procedure 20\*. Sign agreement with heavy shower sewage utility at Municipal Facilities Department of Volgograd City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

**Procedure 21. Obtain cadastral passport of the building at Bureau of technical inventORIZATION**

**Time:** 27 days

**Cost:** No cost [included into the technical passport cost]

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

**Procedure 22. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

**Procedure 23. Sign agreement with the water utility at Volgograd Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 30 days

**Cost:** No cost

**Comments:** Application is lodged with City Vodokanal MUE, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

DEALING WITH CONSTRUCTION PERMITS

**Voronezh, Voronezh Oblast**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

**Procedure 1. Obtain technical passport at State Unitary Organization "VoronezhobtechinventORIZATION"**

**Time:** 30 days

**Cost:** RUB 1,000 [RUB 1,000; expedited: RUB 2,000]

**Comments:** To obtain a GPZU, BuildCo needs to provide a certificate stating that there are no buildings and structures on the land plot

**Procedure 2\*. Request a topographic survey of the land plot at Design organization with permission from a self-regulating organization**

**Time:** 20 days

**Cost:** RUB 25,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

**Procedure 3\*. Request geological survey of the land plot at Geologia, LLC**

**Time:** 30 days

**Cost:** RUB 30,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

**Procedure 4\*. Obtain expert conclusion certifying absence of historic buildings on the land plot at Inspection for Monuments Protection**

**Time:** 18 days

**Cost:** RUB 5,200

**Comments:** The inspectorate prepares an expert conclusion that there are no objects listed in the Uniform Cultural Heritage Register (register of historic and cultural monuments) within the land plot perimeter. This conclusion is required for obtaining the GPZU.

**Procedure 5. Obtain clearance from the Department of Culture at Department of Culture of Voronezh City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Based on the expert conclusion of the Monument Protection Inspectorate, the Voronezh Oblast Department of Culture issues a certificate required issuance of a land development plan (GPZU).

**Procedure 6. Obtain drawings of the land development plan at Chief Architect Office of Voronezh City**

**Time:** 60 days

**Cost:** RUB 25,000

**Comments:** As specified in the list of documents required for issuance of a construction permit, the applicant should obtain a drawing of the land development plan. Although the Department of Urban Development and Architecture is listed as one of possible providers, in fact the Department of Architecture and Urban Development would only accept documents drafted by the Department. The time largely depends on the workload of the limited professional staff.

**Procedure 7. Obtain technical conditions for electricity connection at Voronezh Network Company, OJSC**

**Time:** 18 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

**Procedure 8\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Voronezh Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 18 days

\* This procedure can be completed simultaneously with previous procedures.



**Cost:** RUB 115,212 [for connection: RUB 23 x 662 x 6 months = RUB 91,356, sanitation: RUB 7 x 587 x 6 months - RUB 23,856. Payment may be broken down to 2 installments]

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Voronezh Vodokanal MUE with full information about the facility (according to a form available at the company's web-site on in the office). Connection fee is based on the Vodokanal tariffs. Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 9\*. Obtain technical conditions for telephone connection and sign agreement at Rostelekom, OJSC; Voronezhsvyazinform, OJSC**

**Time:** 17 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical specification for landline telephone connection and concludes a contract.

#### **Procedure 10\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Gorkomkhoz, Municipal Unitary Organization**

**Time:** 6 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to storm drain systems. The applicant submits a request to Gorkomkhoz MUE with full information about the facility. No fee is charged for connection, though the developer should, as a rule, perform partial upgrade of the network. The scope of work is determined on a case-by-case basis.

#### **Procedure 11. Obtain development plan of land plot (GPZU) at Municipal Urban Development and Architecture Department**

**Time:** 10 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and technical conditions. All documents that have been collected earlier, are required.

#### **Procedure 12. Obtain certificate of compliance of the project design from the water utility at Voronezh Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 3 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance. Once a week officials of network companies come to the Department of Urban Development and Architecture to receive visitors, inter alia, for construction design clearance. Questions, if any, are resolved by the technical department of the relevant organization on the case-by-case basis; if there are no questions, the designed is approved in the presence of the visitor.

#### **Procedure 13\*. Obtain certificate of compliance of the project design from the phone utility at Rostelekom, JSC, Voronezhsvyaz**

**Time:** 3 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance. Once a week officials of network companies come to the Department of Urban Development and Architecture to receive visitors, inter alia, for construction design clearance. Questions, if any, are resolved by the technical department of the relevant organization on the case-by-case basis; if there are no questions, the designed is approved in the presence of the visitor.

#### **Procedure 14\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Heavy shower sewage utility**

**Time:** 3 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance. Once a week officials of network companies come to the Department of Urban Development and Architecture to receive visitors, inter alia, for construction design clearance. Questions, if any, are resolved by the technical department of the relevant organization on the case-by-case basis; if there are no questions, the designed is approved in the presence of the visitor.

#### **Procedure 15. Obtain clearance from Consumer Protection Agency at Rospotrebnadzor**

**Time:** 18 days

**Cost:** RUB 6,800

**Comments:** RosPotrebNadzor checks for compliance with sanitary, environmental, noise, soil contamination standards and issues a clearance. The clearance is required for all construction permits in Voronezh

#### **Procedure 16. Obtain clearance of project design communication lines at Division of Underground Communications of Office of Chief Architect of Urban Development and Architecture Department**

**Time:** 1 day

**Cost:** No cost

**Comments:** In addition to clearance from the technical specification entities, one should collect approvals from the Underground Communications Unit of the Department of Architecture and Urban Development under the Principal Architect's Office.

#### **Procedure 17. Obtain clearance of project design from the Department of Architecture at Office of Chief Architect of Department of Urban Development and Architecture**

**Time:** 35 days

**Cost:** No cost

**Comments:** Building façade and façade color scheme clearance with the Principal City Artist. The artist receives visitors no more than for 3 hours, once a week, with appointments made in advance; the reception may be often terminated earlier than the established time. As a result, the applicant may have to come there several times before he/she can be

received by the Principal Artist. Upon his clearance, the Principal Artist will forward the materials to the Principal Architect for approval.

#### **Procedure 18. Obtain construction permit at Municipal Urban Development and Architecture Department**

**Time:** 30 days

**Cost:** No cost

**Comments:** Before starting construction, BuildCo needs to obtain a construction permit. Its absence entails a penalty, according to Clause 1 of Article 9.5 of the Administrative Offense Code. Besides, in accordance with Article 222 of the Russian Federal Civil Code, such property may be considered by a court as unauthorized construction, and may be subject to removal at the expense of the building entity. To obtain a construction permit, BuildCo to lodge an application with the Construction and Land Issues Department, with the following documents attached land titles, land development plan and design documentation materials. The construction permit issuance procedure is governed by the municipal regulation on provision of the municipal service of development and issuance of permits for construction, renovation and major repairs of permanent structures.

#### **Procedure 19. Request connection to the water and sewage utility at Voronezh Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 1 day

**Cost:** No cost

#### **Procedure 20. Receive inspection from the water utility at Voronezh Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 14 days

**Cost:** No cost

#### **Procedure 21. Connect to water and sewage services at Voronezh Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 2 days

**Cost:** RUB 67,500

#### **Procedure 22. Obtain compliance certificate of the building with the water utility at Voronezh Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Voronezh Vodokanal MUE after checking the water supply and sanitation systems.

#### **Procedure 23. Connect to telephone services at Rostelekom, OJSC**

**Time:** 7 days

**Cost:** RUB 1,000

**Comments:** Network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

\* This procedure can be completed simultaneously with previous procedures.

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#### **Procedure 24\*. Obtain compliance certificate of the building with the phone utility at Rostelekom, OJSC**

**Time:** 7 days

**Cost:** No cost

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

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#### **Procedure 25. Connect to sewage services at Gorkomkhoz, Municipal Unitary Organization**

**Time:** 10 days

**Cost:** No cost

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#### **Procedure 26\*. Obtain compliance certificate of the building with the heavy shower sewage utility at Gorkomkhoz, Municipal Unitary Organization**

**Time:** 14 days

**Cost:** No cost

**Comments:** Gorkomkhoz MUE is notified about the work completion with attached certificates, based on which a certificate of compliance with technical conditions is issued.

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#### **Procedure 27. Obtain a technical passport of the building at State Unitary Organization "Voronezhobltechinventorization"**

**Time:** 30 days

**Cost:** RUB 50,000

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from Voronezhobltechinventorizatsia, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

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#### **Procedure 28. Obtain occupancy permit at Municipal Urban Development and Architecture Department**

**Time:** 10 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the Voronezh City Department of Architecture and Urban Development.

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#### **Procedure 29. Obtain cadastral passport of the building at State Unitary Organization "Voronezhobltechinventorization"**

**Time:** 10 days

**Cost:** No cost [Included into the technical passport cost]

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

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#### **Procedure 30. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

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#### **Procedure 31. Sign agreement with the water utility at Voronezh Vodokanal, Municipal Unitary Organization—water utility**

**Time:** 14 days

**Cost:** No cost

**Comments:** Application is lodged with Voronezh Vodokanal MUE, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

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#### **DEALING WITH CONSTRUCTION PERMITS**

##### *Vyborg, Leningrad Oblast*

*Warehouse value: RUB 26,120,000 (US\$ 844,063)*

*Data as of: November 2011*

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#### **Procedure 1. Obtain development plan of land plot (GPZU) at Committee on Management of Municipal Property and Urban Development of Vyborg Municipal Raion of Leningrad Oblast**

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Land development plans are prepared for built-up land plots, land plots allocated for construction/renovation of permanent structures. A land development plan is developed for a separate land plot that has been registered by the State, with established development rules in the Land Use Regulations, and subject to availability of a duly approved planning and border-setting project.

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#### **Procedure 2\*. Request a topographic survey of the land plot at Karta, LLC, geodesic company with permission from a self-regulating organization**

**Time:** 35 days

**Cost:** RUB 65,030

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries.

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#### **Procedure 3\*. Request geological survey of the land plot at Oblgasteplostroy, LLC (member of a self-regulating organization)**

**Time:** 60 days

**Cost:** RUB 750,000 [3 borings]

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for

designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

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#### **Procedure 4. Obtain technical conditions for electricity connection at Vyborg City Electricity Systems—electricity utility**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

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#### **Procedure 5\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at Vyborg Vodokanal, OJSC—water utility**

**Time:** 2 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems. The applicant lodges with Vodokanal the following document package with Vodokanal: application for technical conditions of the facility connection to water supply and sanitation network; copies of land title; information about the boundaries of the land plot, where permanent structure construction or renovation is planned (copy of duly approved land plot boundary plan); facility layout and land plot topographical layout at 1:500, with all existing surface and underground communications and structures (cleared by maintenance organizations).

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#### **Procedure 6\*. Obtain technical conditions for telephone connection and sign agreement at Rostelekom, OJSC**

**Time:** 14 days

**Cost:** No cost

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#### **Procedure 7\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Vyborg Vodokanal OJSC—water utility, Vyborg Municipality**

**Time:** 14 days

**Cost:** RUB 19,050

**Comments:** BuildCo obtains the technical conditions of connection to water supply and sanitation systems. The applicant submits the following document package to Vyborg Vodokanal MUE application and legal documents for the land plot (cadastral passport, draft design and design estimates). Connection fee is based on the Vyborg District tariffs.

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#### **Procedure 8\*. Obtain construction permit at Committee on Management of Municipal Property of Vyborg City, Committee of State Construction Supervision and State Expertise of Leningrad Oblast via autonomous organization "Department of State Expertise of Leningrad Oblast"**

**Time:** 10 days

**Cost:** No cost

**Comments:** The project construction permit is a basis for architectural plan implementation, issued to the customer/developer by executive authorities of Russian Federal constituents, or by

\* This procedure can be completed simultaneously with previous procedures.

local self-government agencies. One should compile a package of documents required for the permit. Application for construction permit should be lodged. Construction permits are issued by the Architecture and Urban Development Unit of the Vyborg Municipal Unitary Enterprise. The list of documents, time and cost are regulated by the Russian Federal Urban Development Code. Officially, the document issuance time is followed, though in reality it can be picked up on the following day only, as the document is prepared by the close of business time.

**Procedure 9. Notify the authorities of commencement of construction works at Committee for State Construction Supervision and State Expertise of Leningrad Oblast, Department of State Expertise of Leningrad Oblast**

**Time:** 1 day

**Cost:** No cost

**Comments:** The construction company should inform about the beginning of construction work. Before starting construction work, the developer should notify the Leningrad Oblast State Expertise about the construction work beginning date, 10 days prior to the scheduled beginning of the construction work. The notification should be submitted along with construction documentation, construction permit, work schedule and a list of responsible persons.

**Procedure 10. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Vyborg Vodokanal OJSC—water utility**

**Time:** 30 days

**Cost:** No cost

**Comments:** As required by the UDC, in order to obtain an occupational permit, the developer should provide a confirmation of the facility compliance with the technical conditions. For that purpose, the developer should send a letter to the agency that issued the specification and receives a certificate of compliance with the technical conditions.

**Procedure 11. Obtain compliance certificate of the building with the technical conditions from the phone utility at Rostelekom, OJSC**

**Time:** 30 days

**Cost:** No cost

**Procedure 12. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility at Vyborg Vodokanal OJSC—water utility**

**Time:** 3 days

**Cost:** No cost

**Comments:** The developer should provide a confirmation of compliance of the newly built property with the technical conditions. For that purpose, the developer sends a letter to the organization that issued the specifications and obtains a certificate of compliance with technical conditions.

**Procedure 13. Obtain a technical passport of the building at Bureau of technical inventORIZATION—regional and municipal**

**Time:** 30 days

**Cost:** RUB 35,000

**Comments:** The technical passport shows the actual parameters of the newly built property. To obtain the certificate, the applicant provides an application along

with the building design, incorporation documents, mailing address, construction permit, cadastral land certificate and land lease agreement or title. The technical passport issuance tariffs are set by the agency itself, and this information is not, as a rule, easily available.

**Procedure 14. Obtain occupancy permit at Committee on Management of Municipal Property of Vyborg, Division of Architecture and Urban Development of KUMIG of Vyborg City**

**Time:** 10 days

**Cost:** No cost

**Comments:** Occupancy permit application is submitted with the following documents attached: land title, GPZU, construction permit, report of completed construction acceptance by the developer, documents certifying the facility compliance with technical conditions, diagram with the facility positioning within the land plot area.

**Procedure 15. Sign agreement with water and sewage utility at Vyborg Vodokanal OJSC—water utility**

**Time:** 1 day

**Cost:** RUB 29,532

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

**Procedure 16. Sign agreement with the phone utility at Rostelekom, OJSC**

**Time:** 1 day

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

**Procedure 17. Sign agreement with heavy shower sewage utility at Vyborg Vodokanal OJSC—water utility**

**Time:** 1 day

**Cost:** No cost

**Comments:** This is a legal act of recognition and confirmation of fulfillment of all binding regulatory requirements.

**Procedure 18. Obtain cadastral passport of the building at Bureau of technical inventORIZATION—regional and municipal**

**Time:** 20 days

**Cost:** No cost [part of the cost of obtaining a technical passport]

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

**Procedure 19. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by the Leningrad Oblast Department of the Federal Service for State

Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

**Procedure 20. Sign agreement with the water utility at Vyborg Vodokanal OJSC—water utility**

**Time:** 30 days

**Cost:** No cost

**Comments:** Connection to water supply networks is performed after issuance of a title to the newly built property. The applicant and Vyborg Vodokanal OJSC conclude a contract and sign an act establishing a boundary between internal and external networks.

DEALING WITH CONSTRUCTION PERMITS

**Yakutsk, Republic of Sakha – Yakutia**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

**Procedure 1. Request a topographic survey of the land plot at any organization with permission from a self-regulating organization**

**Time:** 18 days

**Cost:** RUB 116,000 [average **Cost:** RUB 15,000 per 100 m<sup>2</sup>]

**Comments:** Application for topographic survey is lodged with one of licensed companies; an expert visit for approval purposes is requested. All approvals and clearances are handled by the contractor, the customer receives an approved topographic report already. The applicant shall provide the following documents: 1) application or contract; 2) legal documents for the land plot (cadastral plan) and plot boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

**Procedure 2. Request geological survey of the land plot at any organization with permission from a self-regulating organization**

**Time:** 14 days

**Cost:** RUB 300,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment. The tests should be performed in accordance with the construction standards (SNiPs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

**Procedure 3. Obtain development plan of land plot (GPZU) at Municipal Architecture and Urban Development Department**

**Time:** 32 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. The procedure is governed by the administrative regulation of

the municipal function “Land Development Plan Issuance”. Development plans are drawn for land plots designated for construction and renovation of permanent structures. A land development plan is developed for a separate land plot that has been registered by the State, with established development rules in the Land Use Regulations, and subject to availability of a duly approved planning and border-setting project.

#### **Procedure 4. Obtain technical conditions for electricity connection and sign agreement at Yakutskenergo**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

#### **Procedure 5\*. Obtain technical conditions for water and sewage services and sign agreement at Vodokanal, OJSC—water utility**

**Time:** 30 days

**Cost:** RUB 54,380 [estimate based on the following tariffs: water supply: RUB 31,386 per m3 of water, sanitation: RUB 11,262 per m3 x 24 working days + 1,136 x 11,262 x 24 working days]

**Comments:** Application is lodged with the water supplier with attached consumption estimates and properties, and the land titles. Technical conditions of design and technical connection contract are provided based on document review. Water supply tariff: RUB 31,386 (w/o VAT) per m3/day; water disposal tariff: RUB 11,262 (w/o VAT) per m3/day.

#### **Procedure 6\*. Obtain technical conditions for telephone connection and sign agreement at Rostelekom**

**Time:** 30 days

**Cost:** No cost

**Comments:** Application for technical conditions is lodged with a telephone company with a description of the required technical characteristics. The organization’s incorporation documents are provided. Payment is made according to the established tariffs at the time when the contract is concluded.

#### **Procedure 7\*. Obtain technical conditions from the City Facility Services at Service for City Facilities Management**

**Time:** 25 days

**Cost:** No cost

**Comments:** Application is lodged for technical conditions of storm drain, roads and passages (depending on the design specifics).

#### **Procedure 8. Obtain certificate of compliance of the project design from the water utility at Vodokanal, OJSC—water utility**

**Time:** 30 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. The applicant submits technical conditions and design to the water supplier with a cover letter requesting to review the design.

#### **Procedure 9. Obtain construction permit at Municipal Architecture and Urban Development Department**

**Time:** 10 days

**Cost:** No cost

**Comments:** Application is prepared, documents are filed and listed: GPZU (copy), collected technical conditions, land titles, draft design, design documents and estimates, designer license. The file folder is then submitted to the Architecture Department; a response should be received in 10 days (it could be sent to the “single window”, but they would often reject it). Single window is a novelty in utility service. It could be used for submission of documents, but that would extend the processing time, and the service is rarely used.

#### **Procedure 10. Notify the authorities of commencement of construction works at Inspection for architecture supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** A notification about the beginning of construction work is filed 10 days in advance, with enclosed permit for construction, design documents, construction schedule and plan of work. Although our project is not subject to review, construction contractors would always send a notification about the beginning of construction.

#### **Procedure 11. Receive inspection during construction from Architecture Supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Inspections are usually conducted every two months.

#### **Procedure 12. Receive inspection during construction from Architecture Supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Inspections are usually conducted every two months.

#### **Procedure 13. Receive inspection during construction from Architecture Supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Inspections are usually conducted every two months.

#### **Procedure 14. Receive inspection during construction from Architecture Supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** Inspections are usually conducted every two months.

#### **Procedure 15. Request connection to the water and sewage utility at Vodokanal, OJSC—water utility**

**Time:** 1 day

**Cost:** No cost

**Comments:** The water supplier is informed about the completion of construction, and a request is lodged for network acceptance.

#### **Procedure 16. Receive inspection from the water utility at Vodokanal, OJSC—water utility**

**Time:** 1 day

**Cost:** No cost

**Comments:** Vodokanal expert checks the newly built water supply and sanitation systems with the technical conditions and tests the system elements for readiness to connection.

#### **Procedure 17. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Vodokanal, OJSC—water utility**

**Time:** 10 days

**Cost:** No cost

**Comments:** A compliance report is compiled based on the inspection outcomes, then it is registered, cleared and attached to the package of documents for occupation permit request.

#### **Procedure 18. Request connection to the heavy shower and sewage utility at Service for City Facilities Management**

**Time:** 1 day

**Cost:** No cost

**Comments:** A work completion notification is filed, along with a request for a conclusion about the project readiness in terms of technical conditions of storm drain systems, roads, etc.

#### **Procedure 19. Receive inspection from the City Facilities Management at Service for City Facilities Management**

**Time:** 1 day

**Cost:** No cost

**Comments:** An expert visits the site and checks the storm drain readiness and other technical conditions on amenities. A certificate of the facility readiness is issued based on the inspection outcomes.

#### **Procedure 20. Obtain compliance certificate of the building with the technical conditions from the City Facilities Management at Service for City Facilities Management**

**Time:** 12 days

**Cost:** No cost

**Comments:** Based on a report of an expert of the municipal maintenance service, a certificate of compliance with technical conditions is prepared.

#### **Procedure 21. Obtain a technical passport of the building at Bureau of technical inventorization—federal or regional**

**Time:** 30 days

**Cost:** RUB 45,500

**Comments:** Technical and cadastral passports are usually obtained at the same time, as the project is not complicated, and technical measurements are not required during the construction. An application is submitted to Rostechinventarizatsia, or the Regional Center for Technical Inventory, on their form, signed by the company CEO and accounting supervisor. The following documents should be enclosed with the application: land title documents, title holder’s incorporation documents, document proving the CEO authority to sign the contract, a copy of the development master plan, construction permit, design documentation, company card with address,

banking information and other data, topographic survey, power of attorney to the name of the person who represents the organization. They would come to the site, make measurements and prepare the document.

### Procedure 22. Obtain occupancy permit at Municipal Architecture and Urban Development Department

**Time:** 45 days

**Cost:** No cost

**Comments:** Application is submitted with all documents enclosed: GPZU; construction permit; photo of the building façade; commissioning reports confirming compliance with water, power supply, landscaping specifications; land title; engineering/technical support network layout. A list of documents is attached; the documents are numbered and bound. A conclusion is provided in 30 days. All observed deficiencies, if any, are mitigated and “no-comment” reports are compiled. The procedure is governed by the Regulation of the Yakutsk Okrug Administration No. 37-P, dated 26.03.2010 “On Approval of the Administrative Regulation on Provision of the Municipal Service of Occupancy Permit Issuance”.

### Procedure 23. Sign agreement with water and sewage utility at Vodokanal JSC—water utility

**Time:** 14 days

**Cost:** No cost

**Comments:** Application is submitted with enclosed report of the design compliance with the technical conditions and with the technical conditions attached as well. Connection report is signed.

### Procedure 24. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)

**Time:** 10 days

**Cost:** RUB 15,000

**Comments:** Application is lodged with Rosreestr with enclosed cadastral passport, occupancy permit, land titles, document certifying the signee’s authority and passport.

### Procedure 25. Sign agreement with the water utility at Vodokanal JSC—water utility

**Time:** 14 days

**Cost:** No cost

**Comments:** The following documents are lodged with Vodokanal OJSC: connection report, commissioning permit; after that the Contract Department drafts a water supply contract.

### Procedure 26\*. Sign agreement with the phone utility at Rostelekom

**Time:** 7 days

**Cost:** RUB 15,000

**Comments:** Application for connection is filed with an indication of the required quantity of numbers; technical conditions, internal wiring layout are attached, a contract is signed and an installation profession comes out to perform work on connection to the line. The connection cost is set forth in the price list for legal entities, posted at: [http://www.telecom.sakha.ru/organizations/local\\_tariffs](http://www.telecom.sakha.ru/organizations/local_tariffs).

## DEALING WITH CONSTRUCTION PERMITS

### Yaroslavl, Yaroslavl Oblast

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

### Procedure 1. Request a topographic survey of the land plot at commercial organizations

**Time:** 32 days

**Cost:** RUB 30,000

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

### Procedure 2\*. Request geological survey of the land plot at commercial organizations

**Time:** 42 days

**Cost:** RUB 160,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer’s assignment. The tests should be performed in accordance with the construction standards (SNIps). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

### Procedure 3. Obtain technical conditions for electricity connection at Yargorelektroset, OJSC

**Time:** 22 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

### Procedure 4\*. Obtain technical conditions for connecting to water and sewage services and sign agreement at YaroslavlVodokanal, OJSC—water utility

**Time:** 26 days

**Cost:** RUB 94,655

**Comments:** The applicant submits a request to Yaroslavl Vodokanal OJSC with full information about the facility. Connection fee is based on the Vodokanal tariffs.

### Procedure 5\*. Obtain technical conditions for telephone connection and sign agreement at Centrtelekom, OJSC

**Time:** 25 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

### Procedure 6\*. Obtain technical conditions for connecting to the heavy shower sewage and sign agreement at Department of Municipal Facilities of Yaroslavl City

**Time:** 22 days

**Cost:** No cost

**Comments:** BuildCo obtains the technical conditions of connection to storm drain systems.

### Procedure 7. Obtain development plan of land plot (GPZU) at Department of Architecture and Territorial Development of Yaroslavl City

**Time:** 30 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and technical conditions. The following documents should be attached to the standard form application (Page 13, Annex 1 to the Resolution of the Yaroslavl Mayor’s Office No. 4198 of December 4, 2009): 1) land titles, 2) cadastral excerpt for the land plot with flip angle coordinates. In accordance with Clause 17 of Article 17 of the UDC, it should be issued by the local self-government agencies free of charge, within 30 days. The process is carried out in accordance with the prescribed procedure.

### Procedure 8. Obtain certificate of compliance of the project design from the water utility at YaroslavlVodokanal, OJSC—water utility

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the water supplier for clearance.

### Procedure 9\*. Obtain certificate of compliance of the project design from the phone utility at Rostelekom, OJSC

**Time:** 10 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the telephone company for clearance.

### Procedure 10\*. Obtain certificate of compliance of the project design from the heavy shower sewage utility at Department of Municipal Facilities of Yaroslavl City

**Time:** 7 days

**Cost:** No cost

**Comments:** The final construction design, compliant to the prior technical conditions, is submitted to the organization for clearance.

### Procedure 11. Obtain construction permit at Architecture Department of Yaroslavl City Administration

**Time:** 10 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A

\* This procedure can be completed simultaneously with previous procedures.

construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

#### **Procedure 12. Request connection to the water and sewage utility at Yaroslavlvodokanal, OJSC—water utility**

**Time:** 11 days

**Cost:** RUB 41,000 [water metering station inspection + network flushing and disinfection + water analysis for composition and radiologic tests]

#### **Procedure 13. Receive inspection from the water utility at Yaroslavlvodokanal, OJSC—water utility**

**Time:** 9 days

**Cost:** No cost

**Comments:** Officials of Yaroslavl Vodokanal OJSC check the network readiness for connection and in feed.

#### **Procedure 14. Connect to water and sewage at Yaroslavlvodokanal, OJSC—water utility**

**Time:** 2 days

**Cost:** RUB 20,000

**Comments:** The network connection report is signed upon completion of procedures related to physical connection of the internal lines to the main networks.

#### **Procedure 15. Obtain compliance certificate of the building with the technical conditions from the water and sewage utility at Yaroslavlvodokanal, OJSC—water utility**

**Time:** 3 days

**Cost:** No cost

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit. This document is issued by Yaroslavl Vodokanal OJSC after checking the water supply and sanitation systems.

#### **Procedure 16. Obtain compliance certificate of the building with the technical conditions from the phone utility and sign agreement with the utility at Rostelekom, OJSC**

**Time:** 3 days

**Cost:** RUB 4,000

**Comments:** The telephone company is notified about completion of work, with enclosed reports, which serves as a basis for issuance of technical conditions.

#### **Procedure 17. Obtain compliance certificate of the building with the technical conditions from the heavy shower sewage utility and sign agreement at Department of Municipal Facilities of Yaroslavl City and territorial administration**

**Time:** 7 days

**Cost:** RUB 1,000

**Comments:** According to the Urban Development Code, documentary evidence of compliance of the newly built warehouse with the technical conditions is mandatory for obtaining an occupancy permit.

#### **Procedure 18. Obtain a technical passport of the building at State Unitary Organization of Technical Inventory and Real Estate Appraisal of Yaroslavl Oblast**

**Time:** 30 days

**Cost:** RUB 35,000

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the State Unitary Enterprise for Technical Inventory of Real Property in the Yaroslavl Oblast, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

#### **Procedure 19. Obtain occupancy permit at Department of Architecture and Territorial Development of Yaroslavl City**

**Time:** 9 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the City Department of Architecture and Area Development.

#### **Procedure 20. Obtain cadastral passport of the building at State Unitary Organization of Technical Inventory and Real Estate Appraisal of Yaroslavl Oblast**

**Time:** 8 days

**Cost:** No cost

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

#### **Procedure 21. Registration of the building at the Federal Service of State Registration, Cadastre and Cartography (Rostreestr)**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

#### **Procedure 22. Sign agreement with the water utility at Yaroslavlvodokanal, OJSC—water utility**

**Time:** 14 days

**Cost:** No cost

**Comments:** Application is lodged with Yaroslavl Vodokanal OJSC, with enclosed receiving reports on all elements and establishing documents (contract concluded by the owner).

#### DEALING WITH CONSTRUCTION PERMITS

#### **Yekaterinburg, Sverdlovsk Oblast**

Warehouse value: RUB 26,120,000 (US\$ 844,063)

Data as of: November 2011

#### **Procedure 1. Request topographic survey at any specialized organization**

**Time:** 22 days

**Cost:** RUB 3,716

**Comments:** BuildCo places an order for land survey at 1:500/1:2,000/1:5000 (for areas up to 1 ha, up to 10 ha, over 10 ha) by a specialized organization with an SRO license for geodesic operations. The applicant submits the following documents: 1) Application/contract. 2) Land plot title (cadastral plan) and land boundaries. A report is prepared as a result of the topographic survey with a layout of buildings and structures; underground, surface and above-surface communication lines; design elements; fencing, roads, etc.

#### **Procedure 2. Obtain technical conditions for electricity connection at Yekaterinburg Electricity Supply Network Company (JSC EESK), the Regional Energy Commission of Sverdlovsk Oblast**

**Time:** 68 days

**Cost:** No cost

**Comments:** BuildCo applies for the technical conditions for electricity connection.

#### **Procedure 3\*. Obtain technical conditions and conclude agreement for connection to water and sewage services at Municipal Unitary Organization Vodokanal—water utility**

**Time:** 30 days

**Cost:** No cost

**Comments:** Obtaining technical conditions of connection to water supply and sanitation systems. The applicant submits a request to Vodokanal MUE with full information about the facility (see www.vodokanaleb.ru). Connection fee is based on the Vodokanal tariffs and amounts to RUB 108,232.23 per m<sup>3</sup> of water supply a day, and RUB 108,232.23 per m<sup>3</sup> of water disposal a day. Payment for connection is made in accordance with a schedule attached to the agreement.

#### **Procedure 4\*. Request technical conditions for a telephone connection at Uralsvyazinform**

**Time:** 30 days

**Cost:** No cost

**Comments:** BuildCo obtains technical specification for landline telephone connection and concludes a contract.

#### **Procedure 5\*. Request engineering and geological survey at Any specialized organization**

**Time:** 25 days

**Cost:** RUB 200,000

**Comments:** BuildCo places an order for engineering/geodesic survey of the land plot to determine the soil composition and collect other data required for designing. The assignment should be performed by a specialized SRO, licensed for engineering/geodesic surveys. The applicant submits the following documents: applicant, draft building design, designer's assignment.

\* This procedure can be completed simultaneously with previous procedures.

The tests should be performed in accordance with the construction standards (SNIPIs). The cost depends on the estimated scope of work, in particular, on the number of holes to be drilled in the plot area.

#### **Procedure 6. Obtain development plan of land plot (GPZU) at Department of Architecture, Urban Development and Land Relations Regulation of Yekaterinburg City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The land development plan is a mandatory document submitted by the developer/customer to obtain official design appraisal, construction permit and building occupation permit. Development plans are drawn for land plots designated for construction and renovation of permanent structures. The document contains key land plot data: boundary coordinates, authorized use and specifications. In accordance with Clause 17 of Article 17 of the UDC, it should be issued by the local self-government agencies free of charge, within 30 days.

#### **Procedure 7. Obtain construction permit at Department of Architecture, Urban Development and Land Relations Regulation of Yekaterinburg City**

**Time:** 10 days

**Cost:** No cost

**Comments:** The procedure is performed in accordance with the established regulations. A construction permit application is submitted along with the following documents: 1) land title 2) land development plan 3) materials of the design documentation.

#### **Procedure 8. Notify the authorities of commencement of construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 10 days

**Cost:** No cost

**Comments:** The developer should send a notification about the construction beginning date 10 days in advance. The following construction-related documents should be enclosed with the notification: construction permit, schedule, list of responsible persons.

#### **Procedure 9. Receive inspection during construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Inspectorate visits the construction site twice a month to inspect the log books.

#### **Procedure 10. Receive inspection during construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Inspectorate visits the construction site twice a month to inspect the log books.

#### **Procedure 11. Receive inspection during construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Inspectorate visits the construction site twice a month to inspect the log books.

#### **Procedure 12. Receive inspection during construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Inspectorate visits the construction site twice a month to inspect the log books.

#### **Procedure 13. Receive inspection during construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Inspectorate visits the construction site twice a month to inspect the log books.

#### **Procedure 14. Receive inspection during construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Inspectorate visits the construction site twice a month to inspect the log books.

#### **Procedure 15. Receive inspection during construction works at Gosarkhstroycontrol—construction supervision**

**Time:** 1 day

**Cost:** No cost

**Comments:** The Inspectorate visits the construction site twice a month to inspect the log books.

#### **Procedure 16\*. Connect to water and sewage at Municipal Unitary Organization Vodokanal—water utility**

**Time:** 30 days

**Cost:** RUB 190,531

#### **Procedure 17\*. Connect to telephone services at Uralsvyazinform**

**Time:** 20 days

**Cost:** RUB 3,000

#### **Procedure 18. Obtain a technical passport of the building at Bureau of technical inventorization**

**Time:** 10 days

**Cost:** RUB 4,000

**Comments:** A technical passport of a facility is required for obtaining an occupancy permit. It describes physical parameters of the built facility. The document is available from the Yekaterinburg Bureau of Technical Inventory MUE, or any bureau of technical inventory. To obtain a technical passport, the applicant should submit an application and the building design, incorporation documents, construction permit, cadastral passport of the land and land lease agreement or title. Tariffs for issuing technical passports are established by the organization itself, and as a rule, they are not easily available.

#### **Procedure 19. Obtain occupancy permit at Department of Architecture, Urban Development and Land Relations Regulation of Yekaterinburg City**

**Time:** 10 days

**Cost:** No cost

**Comments:** To obtain a permit for commissioning the facility, the applicant submits, in accordance with the Russian Federal Urban Development Code, all required documents to the City Department of Architecture and Area Development.

#### **Procedure 20. Obtain cadastral passport of the building at Bureau of technical inventorization**

**Time:** 10 days

**Cost:** RUB 1,000

**Comments:** After an occupancy permit is obtained, the developer may proceed with cadastral registration of the facility and obtaining a cadastral passport for it. Generally, the cadastral passport is drawn by the same organization that had prepared the technical passport. The cadastral passport drafting cost is part of the technical passport drafting cost.

#### **Procedure 21. Registration of new building at Rosreestr at Registration chamber**

**Time:** 30 days

**Cost:** RUB 15,000

**Comments:** Titles to the property built are registered in compliance with the Federal Law "On Real Property Rights Registration" by a department of the Federal Service for State Registration, Cadastre and Cartography based on an applications, cadastral passport, incorporation documents, occupancy permit and land titles.

### LIST OF PROCEDURES

## GETTING ELECTRICITY

*Irkutsk, Irkutsk Oblast*

*Data as of: November 2011*

#### **Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection**

**Time:** 25 days

**Cost:** RUB 752,360 - [5,374 RUB\*140 kW according to the decree of Tariff Committee of Irkutsk Oblast No. 4 from 04.04.2011]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### **Procedure 2. Prepare design of the connection and obtain approvals**

**Time:** 80 days

**Cost:** RUB 47,500 - Cost of the connection design

\* This procedure can be completed simultaneously with previous procedures.

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 19 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 37 days

**Cost:** RUB 951,180 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 12 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 18 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy Inspectorate issues a permit for operation. The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 17 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 8 days

**Cost:** RUB 8,000 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

### Procedure 9\*. Conclude a supply contract and await supply of electricity

**Time:** 19 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

#### Kaliningrad, Kaliningrad Oblast

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 1,582,700 [11,305 RUB\*140 kW according to the decree from 28.01.2011 r. No. 04-01a/11]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 90 days

**Cost:** RUB 45,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 35 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 300,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical

documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 3 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 30 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 30 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 30 days

**Cost:** RUB 40,000 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 30 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

#### Kaluga, Kaluga Oblast

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days



**Cost:** RUB 1,550,500 [11,075 RUB\*140 kW according to the decree of the Ministry of Competition Policy and Tariffs of Kaluga region from December 25, 2010 N 362]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2\*. External site inspection required for preparation of technical conditions

**Time:** 7 days

**Cost:** No cost

**Comments:** The utility inspects the construction site. It is not required for a customer to be present during the inspection but in practice a customer or his representative is usually present during the inspection.

### Procedure 3. Prepare design of the connection and obtain approvals

**Time:** 34 days

**Cost:** RUB 32,500 - Cost of the connection design and required approvals

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 4. Obtain excavation or right of way permits to lay cables across a road

**Time:** 5 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 5. Complete connection works according to technical conditions

**Time:** 14 days

**Cost:** RUB 225,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 6. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 6 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 7\*. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 8. Receive an inspection and seal the meter

**Time:** 7 days

**Cost:** RUB 662 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

### Procedure 9. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 16 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 10. Conclude a supply contract and await supply of electricity

**Time:** 30 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

#### *Kazan, Republic of Tatarstan*

*Data as of: November 2011*

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 1,736,280 [12,402 RUB\*140 kW according to the decree of Tariff Committee of Republic of Tatarstan No. 6-1 from 01.02.2010]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 60 days

**Cost:** RUB 62,500 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 21 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 24 days

**Cost:** RUB 1,050,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 9 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 18 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and

responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Receive an inspection and seal the meter

**Time:** 7 days

**Cost:** RUB 420 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

#### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 10 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Kemerovo, Kemerovo Oblast*

*Data as of: November 2011*

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 1,203,707 [8,597.91 RUB\*140 kW according to the decree of Regional Energy Committee of Kemerovo Region from February 7, 2011 N 5]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design, obtain design approvals and complete connection works according to technical conditions

**Time:** 186 days

**Cost:** No cost

**Comments:** After the connection contract is signed, the utility prepares a design of the connection, approves it at several organizations and receives permits (for example, for laying cables across a road) required for connection works. Then the utility completes all connection works according to the technical conditions and inspects the works. After the works are completed, the utility issues technical documentation on the connection.

#### Procedure 3. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 18 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical

connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 4. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 11 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the utility. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 5. Receive an inspection and seal the meter

**Time:** 7 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

#### Procedure 6. Conclude a supply contract and await supply of electricity

**Time:** 7 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Khabarovsk, Khabarovsk Krai*

*Data as of: November 2011*

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 16 days

**Cost:** RUB 899,284 [6,423.46 RUB\*140 kW according to the decree 29/1 from August 24, 2011 N 29/1]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 90 days

**Cost:** RUB 50,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 21 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 53 days

**Cost:** RUB 250,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 15 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 12 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation.

#### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Receive an inspection and seal the meter

**Time:** 11 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

### Procedure 9\*. Conclude a supply contract and await supply of electricity

**Time:** 30 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

*Kirov, Kirov Oblast*

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 137,957 [985.41 RUB\*140 kW according to the decree of Regional Tariff Committee of Kirov region from December 28, 2010 No. 48/5]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 91 days

**Cost:** RUB 60,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 9 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 1,000,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy Inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 33 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 3 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 10 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

*Moscow*

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 2,330,832

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations

4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 90 days

**Cost:** RUB 240,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 30 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 37 days

**Cost:** RUB 3,100,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable or installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 14 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6. Receive an inspection and seal the meter

**Time:** 12 days

**Cost:** RUB 10,000 - Cost of the meter inspection

**Comments:** Energosbyt inspects and seals the meter.

### Procedure 7. Receive a customer profile from the distribution utility

**Time:** 3 days

**Cost:** No cost

**Comments:** To obtain a customer profile form the customer visits the distribution utility. This profile is required for the preparation of a document describing the division of ownership and responsibilities for maintenance of the connection.

### Procedure 8. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 30 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 9. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 14 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 10. Conclude a supply contract and await supply of electricity

**Time:** 21 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Murmansk, Murmansk Oblast*

*Data as of: November 2011*

### Procedure 1. Submit an application for an electricity connection to the utility and await an approved estimate of connection costs, technical conditions and a contract for a connection

**Time:** 45 days

**Cost:** RUB 570,500 - Average cost of an electricity connection for the assumed connection

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

For the assumed load (140 kW) the cost of connection is calculated on a case by case basis and approved at the Regional Energy Commission. Once the cost is approved and technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2\*. External site inspection required for preparation of technical conditions

**Time:** 1 day

**Cost:** No cost

**Comments:** The utility inspects the construction site. It is not required for a customer to be present during the inspection but in practice a customer or his representative is usually present during the inspection.

### Procedure 3. Prepare design of the connection and obtain approvals

**Time:** 120 days

**Cost:** RUB 255,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and Planning of Murmansk, Committee on the Development of City Property and other organizations.

### Procedure 4. Obtain excavation or right of way permits to lay cables across a road

**Time:** 30 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 5. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 325,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 6. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 12 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 7. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 35 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation. The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 8. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 25 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 9. Receive an inspection and seal the meter

**Time:** 30 days

**Cost:** RUB 1,237 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

### Procedure 10\*. Conclude a supply contract and await supply of electricity

**Time:** 30 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Novosibirsk, Novosibirsk Oblast*

*Data as of: November 2011*

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 15 days

**Cost:** RUB 1,302,000 [ 9,300 RUB\*140 kW according to the decree of the Tariff Department of Novosibirsk region from April 20, 2011 No. 44]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 82 days

**Cost:** RUB 200,000 - Cost of the connection design and required approvals

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture, electricity supply company and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 6 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 75 days

**Cost:** RUB 950,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6\*. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 30 days

**Cost:** RUB 50,000 - Cost of the inspection and permit for operation

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Receive a customer profile from the distribution utility

**Time:** 3 days

**Cost:** No cost

**Comments:** To obtain a customer profile from the customer visits the distribution utility. This profile is required for the preparation of a document describing the division of ownership and responsibilities for maintenance of the connection.

#### Procedure 8. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 35 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical

connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 9. Receive an inspection and seal the meter

**Time:** 8 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

#### Procedure 10\*. Conclude a supply contract and await supply of electricity

**Time:** 17 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Omsk, Omsk Oblast*

*Data as of: November 2011*

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 14,288 [102.06 RUB\*140 kW according to the decree from April 26, 2011 N 79/20]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 90 days

**Cost:** RUB 41,625 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 7 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 11 days

**Cost:** RUB 258,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 18 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 21 days

**Cost:** RUB 18,250 - Cost of the inspection and permit for operation

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 22 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Receive an inspection and seal the meter

**Time:** 14 days

**Cost:** RUB 1,400 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

#### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 9 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

### Procedure 10\*. Inspection of the electricity connection by the Audit and Technical Department

**Time:** 1 day

**Cost:** RUB 10,600 - Cost of the inspection

**Comments:** In order to conclude a supply contract it is required to receive an inspection from the Audit and Technical Department. The inspector checks whether the electrical equipment is ready for a turn on.

#### GETTING ELECTRICITY

##### Perm, Perm Krai

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 1,895,989 [10,338 RUB\*140 kW\*1.31 according to the decree of the Regional Energy Committee of Perm region from 28.12.2010 N 97]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design, obtain design approvals and complete connection works according to technical conditions

**Time:** 215 days

**Cost:** No cost

**Comments:** After the connection contract is signed, the utility prepares a design of the connection, approves it at several organizations and receives permits (for example, for laying cables across a road) required for connection works. Then the utility completes all connection works according to the technical conditions and inspects the works. After the works are completed, the utility issues technical documentation on the connection.

### Procedure 3. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 4. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 30 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared

by the utility. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 5. Receive an inspection and seal the meter

**Time:** 2 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

### Procedure 6. Conclude a supply contract and await supply of electricity

**Time:** 18 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### Petrozavodsk, Republic of Karelia

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 15 days

**Cost:** RUB 1,206,940 [8,621 RUB\*140 kW according to the decree of the Regional Energy Committee of the Republic of Karelia from 05.05.2006 N 34]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 120 days

**Cost:** RUB 275,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 23 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 15 days

**Cost:** RUB 250,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 3 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation.

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 20 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 15 days

**Cost:** RUB 552 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 5 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract

is signed the supply utility sends an order to the distribution utility to turn on the electricity.

### Procedure 10\*. Inspection of the electricity connection by the Audit and Technical Department

**Time:** 2 days

**Cost:** No cost

**Comments:** In order to conclude a supply contract it is required to receive an inspection from the Audit and Technical Department. The inspector checks whether the electrical equipment is ready for a turn on.

#### GETTING ELECTRICITY

### Rostov-on-Don, Rostov Oblast

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 351,398 [Average of option 1 - low voltage connection - 1.25 (location coefficient) \* 397 248. 86 RUB (item C1) \* 0.140 MW + 291,225 \* 0.150 km (item C3) + 50,000-100,000 RUB (average design cost) and option 2 - medium voltage connection with installation/reconstruction of a transformer - 1.25 (location coefficient) \* 397,248.86 RUB (item C1) \* 0.140 MW + 291 225 \* 0.150 km (item C3) + 163,640 RUB (item C4)] + 150,000-200,000 RUB (average cost of the design including installation/reconstruction of a transformer) according to the decree of Regional Tariff Committee from 28.12.2010 No. 20/13 and 20/12]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design, obtain design approvals and complete connection works according to technical conditions

**Time:** 145 days

**Cost:** No cost

**Comments:** After the connection contract is signed, the utility prepares a design of the connection, approves it at several organizations and receives permits (for example, for laying cables across a road) required for connection works. Then the utility completes all connection works according to the technical conditions and inspects the works. After the works are completed, the utility issues technical documentation on the connection.

### Procedure 3. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 15 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection

and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 4. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 15 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the utility. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 5. Receive an inspection and seal the meter

**Time:** 5 days

**Cost:** RUB 1,500 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

### Procedure 6. Conclude a supply contract and await supply of electricity

**Time:** 13 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

### Saint-Petersburg

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 2,644,180 [18,887 RUB \* 140 kW according to the decree of the Committee on Tariffs of Saint-Petersburg No. 384 from 29.12.2010]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 60 days

**Cost:** RUB 262,500 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the

project the design company approves the design at the utility, Department of Architecture, electricity supply company and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 33 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 400,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6\*. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 23 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 30 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 21 days

\* This procedure can be completed simultaneously with previous procedures.

**Cost:** RUB 5,500 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

#### Procedure 9\*. Conclude a supply contract and await supply of electricity

**Time:** 30 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### Samara, Samara Oblast

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 3,534,860 [25,249 RUB\*140 kW according to the decree of Department of Regulation and Oversight of Electricity Sector of Samara Region from 28.01.2011 No. 6]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design, obtain design approvals and complete connection works according to technical conditions

**Time:** 170 days

**Cost:** No cost

**Comments:** After the connection contract is signed, the utility prepares a design of the connection, approves it at several organizations and receives permits (for example, for laying cables across a road) required for connection works. Then the utility completes all connection works according to the technical conditions and inspects the works. After the works are completed, the utility issues technical documentation on the connection.

#### Procedure 3. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 40 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 4. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the utility. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 5. Receive an inspection and seal the meter

**Time:** 30 days

**Cost:** RUB 940 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

#### Procedure 6. Conclude a supply contract and await supply of electricity

**Time:** 10 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### Saransk, Republic of Mordovia

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 15 days

**Cost:** RUB 22,932 [70.2 RUB\*140 kW + 93.6 RUB\*140 kW according to the decree No. 71 from 28.12.10]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 35 days

**Cost:** RUB 62,500 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 7 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it

is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 740,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 9 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Conclude a supply contract

**Time:** 7 days

**Cost:** No cost

**Comments:** The customer submits the following documents to conclude a contract for supply of electricity:

1. Application for conclusion of a supply contract
2. Document certifying that the connection works were completed according to technical conditions
3. Document describing the division of ownership and responsibilities for maintenance of the connection
4. Copy of technical conditions
5. Permission to operate the installed electrical equipment

\* This procedure can be completed simultaneously with previous procedures.



6. Copy of a document certifying ownership of property
7. Copy of legal entity registration certificate
8. Copy of a document certifying registration at the Tax Authority
9. Copy of a document with statistical/classification codes assigned to the legal entity
10. If using a bank account for electricity payments, copy of a document with details of the account
11. Copy of a passport
12. Information on the planned electricity consumption (monthly for every user) on a provided form.

#### Procedure 9. Receive an inspection, seal the meter and electricity starts flowing

**Time:** 3 days

**Cost:** No cost

**Comments:** After the supply contract is signed, the supply utility sends a request to the distribution utility to turn on electricity. The installed meter is inspected and sealed and electricity starts flowing.

#### GETTING ELECTRICITY

##### *Stavropol, Stavropol Kray*

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 20 days

**Cost:** RUB 1,358,473 [9,703 RUB\*140kW according to the decree of the Regional Tariff Committee of Stavropol Region from April 28, 2011 N 28/3]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. External site inspection required for preparation of technical conditions

**Time:** 10 days

**Cost:** No cost

**Comments:** The utility inspects the construction site. It is not required for a customer to be present during the inspection but in practice a customer or his representative is usually present during the inspection.

#### Procedure 3. Prepare design, obtain design approvals and complete connection works according to technical conditions

**Time:** 150 days

**Cost:** No cost

**Comments:** After the connection contract is signed, the utility prepares a design of the connection, approves it at several organizations and receives permits (for example, for laying cables across a road) required for connection works. Then the utility completes all connection works according to the technical conditions and inspects the works. After

the works are completed, the utility issues technical documentation on the connection.

#### Procedure 4. Receive an inspection and seal the meter

**Time:** 7 days

**Cost:** RUB 1,482 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

#### Procedure 5. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 11 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the utility. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Conclude a supply contract and await supply of electricity

**Time:** 30 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Surgut, Khanty-Mansiisk Autonomous Okrug – Yugra*

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await an approved estimate of connection costs, technical conditions and a contract for a connection

**Time:** 22 days

**Cost:** RUB 1,055,600 - Average cost of an electricity connection for the assumed connection

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot

3. Map specifying location of electrical installations
4. Table with load calculations

For the assumed load (140 kW) the cost of connection is calculated on a case by case basis and approved at the Regional Energy Commission. Once the cost is approved and technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. External site inspection required for preparation of technical conditions

**Time:** 10 days

**Cost:** No cost

**Comments:** The utility inspects the construction site. It is not required for a customer to be present during the inspection but in practice a customer or his representative is usually present during the inspection.

#### Procedure 3. Prepare design of the connection and obtain approvals

**Time:** 30 days

**Cost:** RUB 82,500 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 4. Obtain excavation or right of way permits to lay cables across a road

**Time:** 14 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 5. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 1,150,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 6. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 15 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 7. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 30 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### **Procedure 8. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection**

**Time:** 8 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### **Procedure 9. Receive an inspection and seal the meter**

**Time:** 5 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

#### **Procedure 10. Conclude a supply contract and await supply of electricity**

**Time:** 7 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### **Tomsk, Tomsk Oblast**

*Data as of: November 2011*

#### **Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection**

**Time:** 15 days

**Cost:** RUB 74,340 [531 RUB\*140 kW according to the decree of the Tariff Regulation Department of Tomsk Oblast from March 4, 2011 N 11/49]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### **Procedure 2. Prepare design of the connection and obtain approvals**

**Time:** 85 days

**Cost:** RUB 125,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of City Property, electricity supply company and other organizations.

#### **Procedure 3. Obtain excavation or right of way permits to lay cables across a road**

**Time:** 30 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### **Procedure 4. Complete connection works according to technical conditions**

**Time:** 40 days

**Cost:** RUB 1,000,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### **Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents**

**Time:** 15 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### **Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents**

**Time:** 23 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation. The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### **Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection**

**Time:** 26 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### **Procedure 8. Receive an inspection and seal the meter**

**Time:** 30 days

**Cost:** RUB 1,059 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

#### **Procedure 9\*. Conclude a supply contract and await supply of electricity**

**Time:** 7 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### **Tver, Tver Oblast**

*Data as of: November 2011*

#### **Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection**

**Time:** 30 days

**Cost:** RUB 1,851,500 [13,225 RUB\*140 kW according to the decree of the Regional Energy Committee of Tver Region No. 565 of October 24, 2011]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### **Procedure 2. Prepare design of the connection and obtain approvals**

**Time:** 38 days

**Cost:** RUB 112,500 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### **Procedure 3. Obtain excavation or right of way permits to lay cables across a road**

**Time:** 14 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### **Procedure 4. Complete connection works according to technical conditions**

**Time:** 14 days

**Cost:** RUB 700,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are

completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 3 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6\*. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 30 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 16 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Receive an inspection and seal the meter

**Time:** 30 days

**Cost:** RUB 1,500 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

#### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 10 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Ulyanovsk, Ulyanovsk Oblast*

*Data as of: November 2011*

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 15 days

**Cost:** RUB 995,960 [- 7,114 RUB\*/140 kW according to tariff schedule of Ulyanovsk Electrical Network Company]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 45 days

**Cost:** RUB 62,500 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 18 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 24 days

**Cost:** RUB 950,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 5 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 30 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Receive an inspection and seal the meter

**Time:** 7 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

#### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 10 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### *Vladikavkaz, Republic of North Ossetia – Alania*

*Data as of: November 2011*

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 23 days

**Cost:** RUB 567,832 [4,055.94 RUB\*140kW according to the decree from March 24, 2008 N 272]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

\* This procedure can be completed simultaneously with previous procedures.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 37 days

**Cost:** RUB 35,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 3 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 750,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6\*. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 11 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and

responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 3 days

**Cost:** RUB 300 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

### Procedure 9\*. Conclude a supply contract and await supply of electricity

**Time:** 7 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

#### *Vladivostok, Primorsky Krai*

*Data as of: November 2011*

### Procedure 1. Submit an application for an electricity connection to the utility and await an approved estimate of connection costs, technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 541,128 - Average cost of an electricity connection for the assumed connection

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

For the assumed load (140 kW) the cost of connection is calculated on a case by case basis and approved at the Regional Energy Commission. Once the cost is approved and technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 110 days

**Cost:** RUB 225,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 7 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 60 days

**Cost:** RUB 1,848,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 6 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 8 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Receive an inspection and seal the meter

**Time:** 6 days

**Cost:** No cost

**Comments:** The supply utility inspects and seals the meter.

### Procedure 8. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 17 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 16 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract

\* This procedure can be completed simultaneously with previous procedures.

is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

### Volgograd, Volgograd Oblast

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 888,462 [6,346.16 RUB\*140 kW according to the Decree of Volgograd Region No 34/5 from December 17, 2010 No. 34/3]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2\*. External site inspection required for preparation of technical conditions

**Time:** 14 days

**Cost:** No cost

**Comments:** The utility inspects the construction site. It is not required for a customer to be present during the inspection but in practice a customer or his representative is usually present during the inspection.

#### Procedure 3. Prepare design of the connection and obtain approvals

**Time:** 76 days

**Cost:** RUB 225,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 4. Obtain excavation or right of way permits to lay cables across a road

**Time:** 7 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 5. Complete connection works according to technical conditions

**Time:** 45 days

**Cost:** RUB 1,350,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 6. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 7. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 8. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 9. Receive an inspection and seal the meter

**Time:** 7 days

**Cost:** RUB 3,000 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

#### Procedure 10. Conclude a supply contract and await supply of electricity

**Time:** 10 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

### Voronezh, Voronezh Oblast

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 18 days

**Cost:** RUB 1,596,140 [11,401 RUB\*140 kW according to the decree of the Department of Tariff Regulation of Voronezh region from March 18, 2011 N 10/6]

\*This procedure can be completed simultaneously with previous procedures.

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 50 days

**Cost:** RUB 72,500 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 19 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 30 days

**Cost:** RUB 900,000 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 30 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design

- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 28 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 19 days

**Cost:** RUB 2,500 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 14 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

### Vyborg, Leningrad Oblast

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 2,069,760 [14,784 RUB\*140 kW according to the decree of the Tariff Committee from February 25, 2011 No. 21]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 70 days

**Cost:** RUB 40,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, electricity supply company and other organizations.

### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 30 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

### Procedure 4. Complete connection works according to technical conditions

**Time:** 20 days

**Cost:** RUB 250,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 7 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

### Procedure 6\*. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation. The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 19 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 8. Receive an inspection and seal the meter

**Time:** 5 days

**Cost:** RUB 10,000 - Cost of the meter inspection

**Comments:** The supply utility inspects and seals the meter.

### Procedure 9\*. Conclude a supply contract and await supply of electricity

**Time:** 21 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

### Yakutsk, Republic of Sakha – Yakutia

Data as of: November 2011

### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 30 days

**Cost:** RUB 3,104,024 [22,171.6 RUB\*140 kW according to the decree of the Regional Energy Committee of Republic of Sakha (Yakutia) from August 16, 2011 N 78]

**Comments:** The following documents are required for a submission with an application for a connection:

Filled out application template for an electricity connection

Copy of the document confirming the ownership of the construction site and land plot

Map specifying location of electrical installations

Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

### Procedure 2. Prepare design, obtain design approvals and complete connection works according to technical conditions

**Time:** 211 days

**Cost:** No cost

**Comments:** After the connection contract is signed, the utility prepares a design of the connection, approves it at several organizations and receives permits (for example, for laying cables across a road) required for connection works. Then the utility completes all connection works according to the technical conditions and inspects the works. After the works are completed, the utility issues technical documentation on the connection.

### Procedure 3. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 18 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

### Procedure 4. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

\* This procedure can be completed simultaneously with previous procedures.

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the utility. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 5. Receive an inspection and seal the meter

**Time:** 5 days

**Cost:** No cost

**Comments:** The supply utility inspects and seals the meter.

#### Procedure 6. Conclude a supply contract and await supply of electricity

**Time:** 5 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### Yaroslavl, Yaroslavl Oblast

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await technical conditions and a contract for a connection

**Time:** 22 days

**Cost:** RUB 1,610,000 [140 kW \* 11,500 RUB according to the decree of the Department of Fuels, Energy and Regulation of Tariffs of Yaroslavl Oblast from 14.02.2011 No. 7]

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

Once technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 58 days

**Cost:** RUB 80,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 7 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 20 days

**Cost:** RUB 435,000 - Cost of materials and labor (the connection involves laying 150 meters of low voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 9 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 6 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Receive an inspection and seal the meter

**Time:** 2 days

**Cost:** RUB 11,872 - Cost of the meter inspection

**Comments:** The utility inspects and seals the meter.

\* This procedure can be completed simultaneously with previous procedures.

#### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 12 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### GETTING ELECTRICITY

##### Yekaterinburg, Sverdlovsk Oblast

Data as of: November 2011

#### Procedure 1. Submit an application for an electricity connection to the utility and await an approved estimate of connection costs, technical conditions and a contract for a connection

**Time:** 68 days

**Cost:** RUB 570,000 - Average cost of an electricity connection for the assumed connection

**Comments:** The following documents are required for a submission with an application for a connection:

1. Filled out application template for an electricity connection
2. Copy of the document confirming the ownership of the construction site and land plot
3. Map specifying location of electrical installations
4. Table with load calculations

For the assumed load (140 kW) the cost of connection is calculated on a case by case basis and approved at the Regional Energy Commission. Once the cost is approved and technical conditions are ready, the utility notifies the customer and a connection contract is signed.

#### Procedure 2. Prepare design of the connection and obtain approvals

**Time:** 134 days

**Cost:** RUB 145,000 - Cost of the connection design

**Comments:** Once the technical conditions are ready a customer hires a design company which prepares design of the connection. After preparation of the project the design company approves the design at the utility, Department of Architecture and other organizations.

#### Procedure 3. Obtain excavation or right of way permits to lay cables across a road

**Time:** 30 days

**Cost:** No cost

**Comments:** Since it is assumed that the connection crosses a road, before connection works can start it is required to obtain a permit for laying cables across a road.

#### Procedure 4. Complete connection works according to technical conditions

**Time:** 90 days

**Cost:** RUB 689,444 - Cost of materials and labor (installation of a transformer and laying of 150 meters of medium voltage cable)

**Comments:** The customer hires an electrical contractor to complete connection works according to technical conditions. After the works are completed the electrical contractor prepares technical documents which specify tests and characteristics of the electrical installation.

#### Procedure 5. Receive an inspection of the completed works from the utility and obtain compliance documents

**Time:** 4 days

**Cost:** No cost

**Comments:** The distribution utility inspects the completed works and issues a document certifying that the works were completed according to technical conditions.

#### Procedure 6\*. Receive an inspection of the completed works from the Energy Inspectorate and obtain compliance documents

**Time:** 15 days

**Cost:** No cost

**Comments:** Energy Inspectorate inspects completed works and checks technical documentation prepared by the electrical contractor. After the inspection the Energy inspectorate issues a permit for operation.

The following documents are required for preparation of the operation permit:

- approved connection design
- technical documentation prepared by the electrical contractor
- information on the customer's plan for operation and maintenance of electrical installation

#### Procedure 7. Obtain a document describing the division of ownership and responsibilities for maintenance of the connection and await physical connection

**Time:** 10 days

**Cost:** No cost

**Comments:** The distribution utility prepares a document describing the division of ownership and responsibilities for maintenance of the connection and carries out activities related to the physical connection of equipment. At this stage the customer is required to sign several technical documents.

#### Procedure 8. Receive an inspection and seal the meter

**Time:** 2 days

**Cost:** No cost

**Comments:** The utility inspects and seals the meter.

#### Procedure 9. Conclude a supply contract and await supply of electricity

**Time:** 10 days

**Cost:** No cost

**Comments:** After all inspections are completed the customer submits documents required for conclusion of an electricity supply contract. After the contract is signed the supply utility sends an order to the distribution utility to turn on the electricity.

#### LIST OF PROCEDURES

#### REGISTERING PROPERTY

##### Irkutsk, Irkutsk Oblast

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 4 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 45,000 - RUB 15,000 for a building, and RUB 15,000 for a land plot, and RUB 15,000 for a real estate agreement

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

In practice, in addition to registration fees for the building and the land plot, the agreement is also registered with a cost of 15,000 rubles.

#### REGISTERING PROPERTY

##### Kaliningrad, Kaliningrad Oblast

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### Procedure 1. Seller obtains a cadastral passport for a building in the Bureau of Technical Inventory

**Time:** 15 days

**Cost:** RUB 49,500

**Comments:** Since March 2010 (No. 122-FZ, article 33, p. 10) the requirement to submit a cadastral passport of the building was abolished if documents describing the real estate (such as technical passport for the building) were filed in *Rosreestr*. To get a new cadastral passport it is sometimes necessary to have technical inventorization. In practice, a cadastral passport for a building is obtained.

#### Procedure 2\*. Seller obtains a cadastral passport for the land plot at the Federal Service of State Registration, Cadastre and Cartography (*Rosreestr*)

**Time:** 5 days

**Cost:** RUB 600

**Comments:** Since March 1, 2010 (No. 122-FZ, article 19, p. 1) a request to submit a cadastral passport of the land plot was abolished in case if a cadastral passport of the land plot has been filed in *Rosreestr*, but it is still done in practice.

#### Procedure 3\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 4 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### Procedure 4\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### Procedure 5. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 12 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### Kaluga, Kaluga Oblast

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)



**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 14 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

#### *Kazan, Republic of Tatarstan*

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 3 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

#### *Kemerovo, Kemerovo Oblast*

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains a cadastral passport for a building in the Bureau of Technical Inventory

**Time:** 14 days

**Cost:** RUB 900

### Procedure 2\*. Seller obtains a cadastral passport for the land plot at the Federal Service of State Registration, Cadastre and Cartography (*Rosreestr*)

**Time:** 14 days

**Cost:** RUB 600

### Procedure 3\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 1 day

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 4\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 5. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

#### *Khabarovsk, Khabarovsk Krai*

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 3 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 10 days

**Cost:** RUB 45,000 - RUB 15,000 for a building, and RUB 15,000 for a land plot, and RUB 15,000 for a real estate agreement

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).

- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.
- k) In practice, in addition to registration fees for the building and the land plot, the agreement is also registered with a cost of 15,000 rubles.

#### REGISTERING PROPERTY

##### Kirov, Kirov Oblast

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### Procedure 3\*. Seller and buyer notarize their corporate documents

**Time:** 1 day

**Cost:** RUB 1,000 - RUB 500 for each charter

**Comments:** In accordance with federal law (N122-FZ, article 16) for state registration of real estate rights, originals of corporate documents or notarized copies must be submitted. In practice applicants sometimes provide originals or sometimes notarized copies of corporate documents.

#### Procedure 4. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The Rosreestr has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).

- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### Moscow

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### Procedure 1 Seller obtains the cadastral passport at the Bureau of Technical Inventory (BTI)

**Time:** 11 days

**Cost:** RUB 1,000

**Comments:** The seller should obtain technical inventory document for the building - the cadastral passport - from the local bureau of technical inventory. As of May 13, 2008 per the changes in the Federal Law No. 66-FZ, inventory documents and cadastral maps were replaced by cadastral passports. The only technical inventory document obtained from the bureau of technical inventory is a cadastral passport. This document replaces the previously required three documents: extract from the technical passport, floor plan and explanation of the floor plan. The documentation shall include:

- k) Application (standard form).
  - l) The document certifying rights of the seller m) to the property (must be in possession of n) the seller).
  - o) A letter of guarantee (with respect to p) payments for BTI services).
  - q) An official document confirming applicant's r) authority to act on behalf of a legal entity s) (i.e. power of attorney and passport of t) the applicant).
  - u) A document showing the legal boundaries v) of the property (i.e. to ensure that there are w) no unauthorized alterations or modifications).
- Under Clause 28 of the New Competition Law (dated 26 July 2006) the buyer must obtain preliminary approval of the Federal Antimonopoly Service (the FAS) for an acquisition of real estate property if the book value of the real estate property being acquired exceeds 20% of the book value of fixed and intangible assets of the seller, provided that (i) the aggregate value of assets of the buyer, according to its latest financial statements and the seller (group of the seller) exceeds three billion rubles (currently approximately US\$83 mln); or (ii) their aggregate proceeds from the sale of products (works, services) for the last calendar year exceeds six billion rubles (currently approximately US\$167 mln) and, at the same time, the value of assets as per the latest financial statements of the seller exceeds one hundred fifty million rubles (currently approximately US\$4.2 mln); or (iii) either the buyer or the seller is included in the register of business entities as having a market share of a particular product (work or service) of more than 35%.

The FAS must be notified about the purchase of real estate property by the buyer if the aggregate assets value, according to the latest financial statements of the buyer and the seller, or their aggregate proceeds from the sale of products (works, services) for the calendar year preceding the year of acquisition of real estate property or other actions, exceeds two hundred million rubles (currently approximately US\$5.6 mln); and, at the same time, the aggregate assets' value according to the latest financial statements of the seller (group of the seller) exceeds thirty million rubles (currently approximately US\$0.8 mln)

The antimonopoly permission is not necessary for the state registration of the transfer of title to the property in Procedure 6, but its absence may lead to recognizing the transaction as void.

NOTE: Due to the recent changes in the Russian antimonopoly legislation, such would normally apply to major transactions and would not be necessary for small and medium transactions such as the one described in this case study. It would take about one month and cost the equivalent of 100 minimum wages.

The documentation shall include:

- a) Application (standard form)
- b) Other documents specified in the governmental regulations

#### Procedure 2: Seller obtains the extracts from the Unified State Register of Real Estate Property

**Time:** 7 days

**Cost:** RUB 600

**Comments:** A non-encumbrance certificate on the property must be obtained from the Unified State Register of Real Estate Property maintained by the State Registration Department of Rights to the Real Estate Property. The cost of the extract is RUB 100 for individuals and RUB 300 for legal entities.

#### Procedure 3: Obtain an extract from the Unified State Register of Legal Entities containing the information about the seller

**Time:** 7 days

**Cost:** RUB 400

**Comments:** Legal entities must obtain extracts from the Unified State Register of Legal Entities. Although Russian legislation does not establish the term of validity for the extracts, in practice most state authorities accept the extracts issued not earlier than 30 days before their submission to the respective state authority

#### Procedure 4: Notarization of corporate documents by seller and buyer

**Time:** 2 days

**Cost:** RUB 500

**Comments:** The seller should obtain notarized copies of the certificate on state registration of ownership title on the building as well as the certificate of ownership. The buyer and seller should obtain notarized copies of the certificate of LLC state registration, the charter, the foundation agreement, the certificate on individual taxpayer numbers, and the informational letter of State Committee on Statistics. Notarization costs about 500 RUR for each document (RUB 10 per page) with a state notary, whatever rates are established by a private notary.

The documentation shall include:

- a) Certificate on state registration of ownership

title to the building and certificate on state registration of ownership title to the land plot (Obtained in Procedure 3).

- b) Certificate of LLC state registration, the charter, the foundation agreement, the certificate on individual number of a taxpayer, and the informational letter of state commission on statistics (must be in possession of the buyer and seller).

#### Procedure 5: Apply for state registration of title transfer in the Unified State Register of Rights to Real Estate

**Time:** 30 days

**Cost:** RUB 30,000

**Comments:** Starting from 30 December 2008, state registration is carried out by the Federal Service of State Registration, Cadastre and Cartography (*Rosreestr*) and its departments in the constituent territories of the Russian Federation where the respective real estate property is located.

In addition to the documents obtained in accordance with procedures 1-3, duly authorized representatives of the seller and the buyer must submit to the Moscow department of *Rosreestr*:

- Applications (standard form);
- Payment order(s) confirming payment of the state registration duty by the buyer;
- Title documents and ownership certificates of the seller in respect of each property;
- Corporate approvals of the sale and purchase transaction (if necessary in accordance with the Russian law and corporate documents of the parties);
- 3 originals of the executed sale and purchase agreement.

State registration of the title transfer will include the following actions of *Rosreestr*:

- Receipt of the documents from the parties;
- Legal due diligence of the documents and of the validity of the transaction;
- Determination of absence of contradictions between rights to be state registered and rights that have already been registered well as any other grounds for refusal or suspension of state registration;
- Making of entries in the Unified State Register of Rights to Real Estate and Transactions Therewith; and
- Placing of registration stamps on the sale and purchase agreement and issue of ownership certificates.

The statutory term of state registration of any right and transaction is one month from date of the application and documents submission to *Rosreestr*. Departments of *Rosreestr* in different regions may issue orders establishing shorter terms of state registration of rights and transactions with certain property. In Moscow the term of state registration of title transfer is one month for non-residential property and 12 days for residential property.

#### REGISTERING PROPERTY

##### Murmansk, Murmansk Oblast

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### Procedure 1. Seller obtains a cadastral passport for the land plot at the Federal Service of State Registration, Cadastre and Cartography (*Rosreestr*)

**Time:** 5 days

**Cost:** RUB 600

**Comments:** Since March 1, 2010 (No. 122-FZ, article 19, p. 1) a request to submit a cadastral passport of the land plot was abolished in case if a cadastral passport of the land plot has been filed in *Rosreestr*, but it is still done in practice.

#### Procedure 2\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 1 day

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### Procedure 3\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### Procedure 4\*. Seller and buyer notarize their corporate documents

**Time:** 1 day

**Cost:** RUB 1,000 - RUB 500 for each charter

**Comments:** In accordance with federal law (N122-FZ, article 16) for state registration of real estate rights, originals of corporate documents or notarized copies must be submitted. In practice applicants sometimes provide originals or sometimes notarized copies of corporate documents.

#### Procedure 5. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.

- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### Novosibirsk, Novosibirsk Oblast

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### Procedure 1. Seller obtains a cadastral passport for a building in the Bureau of Technical Inventory

**Time:** 3 days

**Cost:** RUB 600

**Comments:** Since March 2010 (No. 122-FZ, article 33, p. 10) the requirement to submit a cadastral passport of the building was abolished if documents describing the real estate (such as technical passport for the building) were filed in *Rosreestr*. To get a new cadastral passport it is sometimes necessary to have technical inventORIZATION. In practice, a cadastral passport for a building is obtained.

#### Procedure 2\*. Seller obtains a cadastral passport for the land plot at the Federal Service of State Registration, Cadastre and Cartography (*Rosreestr*)

**Time:** 3 days

**Cost:** RUB 600

**Comments:** Since March 1, 2010 (No. 122-FZ, article 19, p. 1) a request to submit a cadastral passport of the land plot was abolished in case if a cadastral passport of the land plot has been filed in *Rosreestr*, but it is still done in practice.

#### Procedure 3\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### Procedure 4\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### Procedure 5. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Omsk, Omsk Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 3 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### **Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service**

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### **Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography**

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.

istration of real estate rights and transactions.

- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Perm, Perm Krai**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains a cadastral passport for a building in the Bureau of Technical Inventory**

**Time:** 14 days

**Cost:** RUB 6,500

#### **Procedure 2. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 3 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### **Procedure 3\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service**

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### **Procedure 4. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography**

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Petrozavodsk, Republic of Karelia**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### **Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service**

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### **Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography**

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Rostov-on-Don, Rostov Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 2 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### **Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service**

**Time:** 2 days

\* This procedure can be completed simultaneously with previous procedures.

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### *Saint-Petersburg*

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains a cadastral passport for the land plot at the Federal Service of State Registration, Cadastre and Cartography (*Rosreestr*)

**Time:** 14 days

**Cost:** RUB 600

**Comments:** Since March 1, 2010 (No. 122-FZ, article 19, p. 1) a request to submit a cadastral passport of the land plot was abolished in case if a cadastral passport of the land plot has been filed in *Rosreestr*, but it is still done in practice.

### Procedure 2\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 1 day

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 3\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate; regular cost RUB 200 and 5 days)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 4\*. Seller and buyer notarize their corporate documents

**Time:** 1 day

**Cost:** RUB 1,000 - RUB 500 for each charter

**Comments:** In accordance with federal law (N122-FZ, article 16) for state registration of real estate rights, originals of corporate documents or notarized copies must be submitted. In practice applicants sometimes provide originals or sometimes notarized copies of corporate documents.

### Procedure 5. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### *Samara, Samara Oblast*

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### *Saransk, Republic of Mordovia*

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).

- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

## REGISTERING PROPERTY

**Stavropol, Stavropol Kray**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains a cadastral passport for the land plot at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)

**Time:** 1 day

**Cost:** RUB 400

### Procedure 2\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 14 days

**Cost:** RUB 600

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 3\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 4. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 14 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The Rosreestr has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state reg-

istration of real estate rights and transactions.

- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

## REGISTERING PROPERTY

**Surgut, Khanty-Mansiisk Autonomous Okrug – Yugra**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The Rosreestr has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

## REGISTERING PROPERTY

**Tomsk, Tomsk Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains a cadastral passport for the land plot at the Federal Service of State Registration, Cadastre and Cartography (Rosreestr)

**Time:** 3 days

**Cost:** RUB 600

**Comments:** Since March 1, 2010 (No. 122-FZ, article 19, p. 1) a request to submit a cadastral passport of the land plot was abolished in case if a cadastral passport of the land plot has been filed in Rosreestr, but it is still done in practice.

### Procedure 2\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 3\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 5 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 4\*. Seller and buyer notarize their corporate documents

**Time:** 1 day

**Cost:** RUB 1,000 - RUB 500 for each charter

**Comments:** In accordance with federal law (N122-FZ, article 16) for state registration of real estate rights, originals of corporate documents or notarized copies must be submitted. In practice applicants sometimes provide originals or sometimes notarized copies of corporate documents.

### Procedure 5. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The Rosreestr has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state reg-

- istration of real estate rights and transactions.  
 i) Seller's title for the real estate.  
 j) Document confirming payment of state duties.

## REGISTERING PROPERTY

**Tver, Tver Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 3 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

## REGISTERING PROPERTY

**Ulyanovsk, Ulyanovsk Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

## REGISTERING PROPERTY

**Vladikavkaz, Republic of North Ossetia – Alania**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 3 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 3 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 22 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
  - Cadastral passport of the building (if necessary).
  - Cadastral passport of the land plot (if necessary).
  - Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
  - Document confirming the identity of the applicant.
  - Corporate documents of the legal entity.
  - Documents confirming the state registration of the legal entity.
  - Application from the legal entity on the state registration of real estate rights and transactions.
  - Seller's title for the real estate.
  - Document confirming payment of state duties.
- Registration is usually completed within 14-30 days.

## REGISTERING PROPERTY

**Vladivostok, Primorsky Krai**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 1 day

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a

building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Volgograd, Volgograd Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 3 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### **Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service**

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### **Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography**

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.

- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Voronezh, Voronezh Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### **Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service**

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### **Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography**

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Vyborg, Leningrad Oblast**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

#### **Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service**

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

#### **Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography**

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- Purchase agreement.
- Cadastral passport of the building (if necessary).
- Cadastral passport of the land plot (if necessary).
- Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- Document confirming the identity of the applicant.
- Corporate documents of the legal entity.
- Documents confirming the state registration of the legal entity.
- Application from the legal entity on the state registration of real estate rights and transactions.
- Seller's title for the real estate.
- Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### **Yakutsk, Republic of Sakha – Yakutia**

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

#### **Procedure 1. Seller obtains a cadastral passport for a building in the Bureau of Technical Inventory**

**Time:** 30 days

**Cost:** RUB 30,000

**Comments:** Since March 2010 (No. 122-FZ, article 33, p. 10) the requirement to submit a cadastral passport of the building was abolished if documents describing the real estate (such as technical passport for the building) were filed in *Rosreestr*. To get a new cadastral passport it is sometimes necessary to have technical inventORIZATION. In practice, a cadastral passport for a building is obtained.

#### **Procedure 2\*. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions**

**Time:** 1 day

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)



**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 3\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 1 day

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 4. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

#### REGISTERING PROPERTY

##### Yaroslavl, Yaroslavl Oblast

Property value: RUB 15,333,527 (US\$ 495,500)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 7 days

**Cost:** No cost (free for legal entities)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

In Yaroslavl excerpts from the Unified State Register of Legal Entities can be submitted to *Rosreestr* after the application has been submitted. Therefore applicants in Yaroslavl obtain the excerpts from the Unified State Register of Legal Entities free of charge during 5 work days.

#### REGISTERING PROPERTY

##### Yekaterinburg, Sverdlovsk Oblast

Property value: none (US\$ 0)

Data as of: November 2011

### Procedure 1. Seller obtains excerpts for the building and land plot from the Unified State Register of Real Estate Rights and Transactions

**Time:** 5 days

**Cost:** RUB 400 - RUB 200 for each excerpt (land and building)

**Comments:** The excerpt is used by the buyer to confirm rights and encumbrances for a real estate object.

### Procedure 2\*. Obtain excerpts from the Unified State Register of Legal Entities with information about seller and buyer at the Federal Tax Service

**Time:** 2 days

**Cost:** RUB 800 - RUB 400 for each excerpt (expedited rate)

**Comments:** Excerpts confirm the right of parties to sign the deal and are obtained from the Federal Tax Service which manages the Unified State Register of Legal Entities.

### Procedure 3\*. Seller and buyer notarize their corporate documents

**Time:** 1 day

**Cost:** RUB 1,000 - RUB 500 for each charter

**Comments:** In accordance with federal law (N122-FZ, article 16) for state registration of real estate rights, originals of corporate documents or notarized copies must be submitted. In practice applicants sometimes provide originals or sometimes notarized copies of corporate documents.

### Procedure 4. Register the transfer of rights for the building and the land plot at the Federal Service of State Registration, Cadastre and Cartography

**Time:** 30 days

**Cost:** RUB 30,000 - RUB 15,000 for a building and RUB 15,000 for a land plot

**Comments:** The *Rosreestr* has been in operation since March 2009. To register the transfer of rights for a building and a land plot the following documents must be provided:

- a) Purchase agreement.
- b) Cadastral passport of the building (if necessary).
- c) Cadastral passport of the land plot (if necessary).
- d) Documents confirming the authority of the applicant to act on behalf of the legal entities without power of attorney.
- e) Document confirming the identity of the applicant.
- f) Corporate documents of the legal entity.
- g) Documents confirming the state registration of the legal entity.
- h) Application from the legal entity on the state registration of real estate rights and transactions.
- i) Seller's title for the real estate.
- j) Document confirming payment of state duties.

# Acknowledgments

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- Denis Neunyalov  
ODYSSEUS LAW CORPORATION, LLC
- Pavel Zelyunko  
PRESTIGE LAW COMPANY, LLC
- PREVENTIVA BUSINESS SERVICE, LLC
- Denis Krymzin  
PROFI, LLC
- Sergei Kushcheev  
RAZUMOV & PARTNERS LAW COMPANY
- Ruslan Sapunkov  
RAZUMOV & PARTNERS LAW COMPANY
- Ekaterina Poludnenko  
REGIONAL DEVELOPMENT AGENCY OF  
KALUGA OBLAST
- REKON, LLC
- REMEZ & CO LAW GROUP, LLC
- Igor Kazanevich  
ROSEKSPERTIZA KALUGA, LLC
- Grigory Dvortsov  
SAMARA GUILD OF BUILDERS
- Konstantin Antsionov  
SAMARAZHILINVEST GROUP OF COMPANIES
- Olga Filitovich  
SOELKA REAL ESTATE AGENCY
- Ruslan Chekoev  
SEVERGRAZHDANSTROY, LLC
- SIBIR FINANCE & LAW CENTER
- SIBIR LAW CENTER, LLC
- SILVER LAW FIRM, LLC
- Konstantin Trifonov  
SKS-CONSULTING
- SMOLLER-P WIRING COMPANY
- Galina Rudenko  
SOTA REAL ESTATE SERVICE, LLC
- SOVETNIK INFORMATION & CONSULTING  
CENTER, LLC
- SOYUZ-10, LLC
- Tatiana Kabanova  
STATUS, LLC
- Irina Agafonova  
STROI TEL PLUS YAROSLAVL
- Viktor Moiseev  
STROI TEL PLUS YAROSLAVL
- Lilia Serebryakova  
STROI TEL PLUS YAROSLAVL
- Vladimir Doronin  
STROI TEL, LLC
- Vladislav Efremov  
STROI TELNOYE UPRAVLENIE-98, LLC
- Vladimir Satsayev  
STROYGARANT, LLC
- Natalia Kozlova  
STROYGRAD, LLC
- OLEG KAZAKHOV  
STROYGROUP, LLC
- Alina Orel  
STROYPROEKTGROUP
- Svetlana Tikhonova  
SU-13, LLS
- Alexander Aleksashin  
TEKCHNOTEKESKEV ENGINEERING &  
CONSTRUCTION COMPANY, LLC
- Sergei Fedulov  
TVERAGROSTROY, JSC
- Alexei Seryakov  
TVERAGROSTROY, JSC
- Semyon Manzhos  
TYAZHPROMELEKTROMET, JSC
- Sergei Klevin  
UKS AVITEK, LLC
- Leonid Demchenko  
ULGES, MUP
- Dmitry Urusov  
ULYANOVSKVODOKANAL, MUP
- Svetlana Putilova  
USPEKH LAW CENTER
- Olga Starchekova  
VEK FINANCE & LAW GROUP, LLC
- Tatiana Pankratova  
VIKTORIA, LLC
- Natalia Ivanova  
VORONEZH REGISTRATION CHAMBER, LLC
- Ivan Bulenok  
VOSTOCHNIYE VOROTA, LLC
- Irina Putintseva  
VOSTOKSTROYSERVIS, LLC
- Andrei Shumeev  
YUIT-DON
- Denis Smotrin  
YURPRIKT, BAR ASSOCIATION
- Vladimir Fadin
- Natalia Golub
- Olga Podobina
- Natalia Samsonova
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