

DOING BUSINESS 2019

Doing Business is the World Bank's annual report providing assessment and comparison of business conditions in 190 countries around the world. The DB report does not take into account all business conditions such as the market size, quality of education or purchasing power, but rather focuses on the regulatory environment in 10 key areas.

Serbia's global competitiveness

According to the 2019 report, Serbia is ranked 48th by the ease of doing business. In spite of a 5-rank decline compared to last year, the Doing Business report has not concluded that the business conditions have worsened in any of the 10 observed categories. In some areas, and particularly the manner of obtaining construction permits, we have recorded slightly better results than in the previous report, but not better enough to avoid being outrun by five countries that were more agile in conducting reforms.

Compared to the countries in the region, Serbia is better than BiH (89th rank), Albania (63), Bulgaria (59), Croatia (58), Hungary (53), Romania (52), and starting from this year, Montenegro (50); in the region, Serbia is preceded by Slovenia (40) and Macedonia (11th position).

Assessment of business conditions by areas

No.	Area	DB 2018	DB 2019
1	Starting a business	32	40
2	Construction permitting	10	11
3	Getting electricity	96	104
4	Registering property	57	55
5	Getting credit	55	60
6	Protecting minority investors	76	83
7	Paying taxes	82	79
8	Trading across borders	23	23
9	Enforcing contracts	60	65
10	Resolving insolvency	48	49
	TOTAL	43	48

The same as last year, Serbia is the most competitive by the process of construction permitting, holding the 11th global rank. The period from the initial idea to registering a building in the Cadaster has been reduced from 110 to 106 days this year. The administrative costs for obtaining a construction permit have also been reduced from 5.5%, with increased construction quality control index (from 13 to 14). In spite of some improvements, due to a stronger international competition, Serbia has dropped by one rank.

In terms of Trading across borders, we have maintained the high 23rd rank. Compared to last year, we have noted progress in the field of Paying taxes (by three ranks) and Registering property (two ranks). The poorest rank, and the greatest room for progress, has been recorded in the area of Getting electricity and Protecting minority investors.

Reform activities in 2018

Amendments to the [Company Law](#), which entered into force from 1 October 2018, eliminated the mandatory use of stamps among businesses. When the World Bank's team registers this change in practice, this will mean much fewer procedures when starting a business and lead to a higher ranking. The same law enabled electronic registration of single-member companies, which needs to be expanded to multi-member companies as well, in order to have the progress acknowledged by the World Bank's methodology.

Amendments to the [Law on Republic Administrative Fees](#) improved the predictability and reduced the costs of obtaining a use permit – a fee that was previously calculated as a percentage, being a para-fiscal levy, is now charged in a fixed amount. This means the investors will be less prone to avoid obtaining a use permit due to high expenses, and consequently, the Cadaster registration.

In the field of [getting electricity](#), the amendments to by-laws expanded the obligation of electronic exchange of documents among investors, line institutions and companies, which should reduce the number of needed steps from five to two – the first statistics show that during the summer months, 85% investors in Belgrade have submitted the Agreement on electricity connection online, so the practice should be further maintained and hopefully, noted.

The new [Law on the procedure of registration in the Real Estate and Utility Lines Cadaster](#) of May 2018 stipulates the establishing of a unified electronic procedure (eCounter) which will ensure easier trade of real estate for citizens and businesses. The new system, which will link the activities of public notaries, Tax Administration, local tax administration offices, public enforcers and the Cadaster, should enable that the entire procedure for transferring the rights over real estate, including the Cadaster registration and the process of submitting application for absolute rights transfer tax and property tax, is performed at a single spot – at a public notary's office.

Unacknowledged reforms

In the area of Registering property, the World Bank team has still not noted that businesses are no longer obliged to submit a Certificate of registration from the Business Registers Agency. Until this improvement is acknowledged and the number of procedures reduced by one, the businesses in Serbia find it more important that the measure is being applied in practice.

In terms of Enforcing contracts, the official statistics show that the average duration of enforcing a smaller-value proceeding before the Commercial Court in Belgrade in 2016 and 2017 was 215 days (only 85 days in 2017 for the cases that most closely match the case study used in the World Bank's analysis). This is a significantly lower number than 635 days, which is the amount the World Bank has been indicating as a constant figure in the past 12 reports.

The future is digitalization

Most results achieved by Serbia over the past years in improving the business conditions came as a result of digitalization of administrative procedures: establishing a unified electronic registry in Business Registers Agency, electronic unified procedure for construction permitting, unified collection of taxes and salary contributions. Such approach in improving public administration is a win-win solution – businesses get lower costs and less time wasted for administrative procedures, while the public sector has an easier job with processing cases and less room for corruption. Hence, on a path to higher competitiveness, the Government of Serbia should enable electronic Cadaster registration and online application for property tax, digitalize the procedure of preparing and adopting the spatial and urban plans and reform the para-fiscal charges by introducing electronic registry of fees and charges.