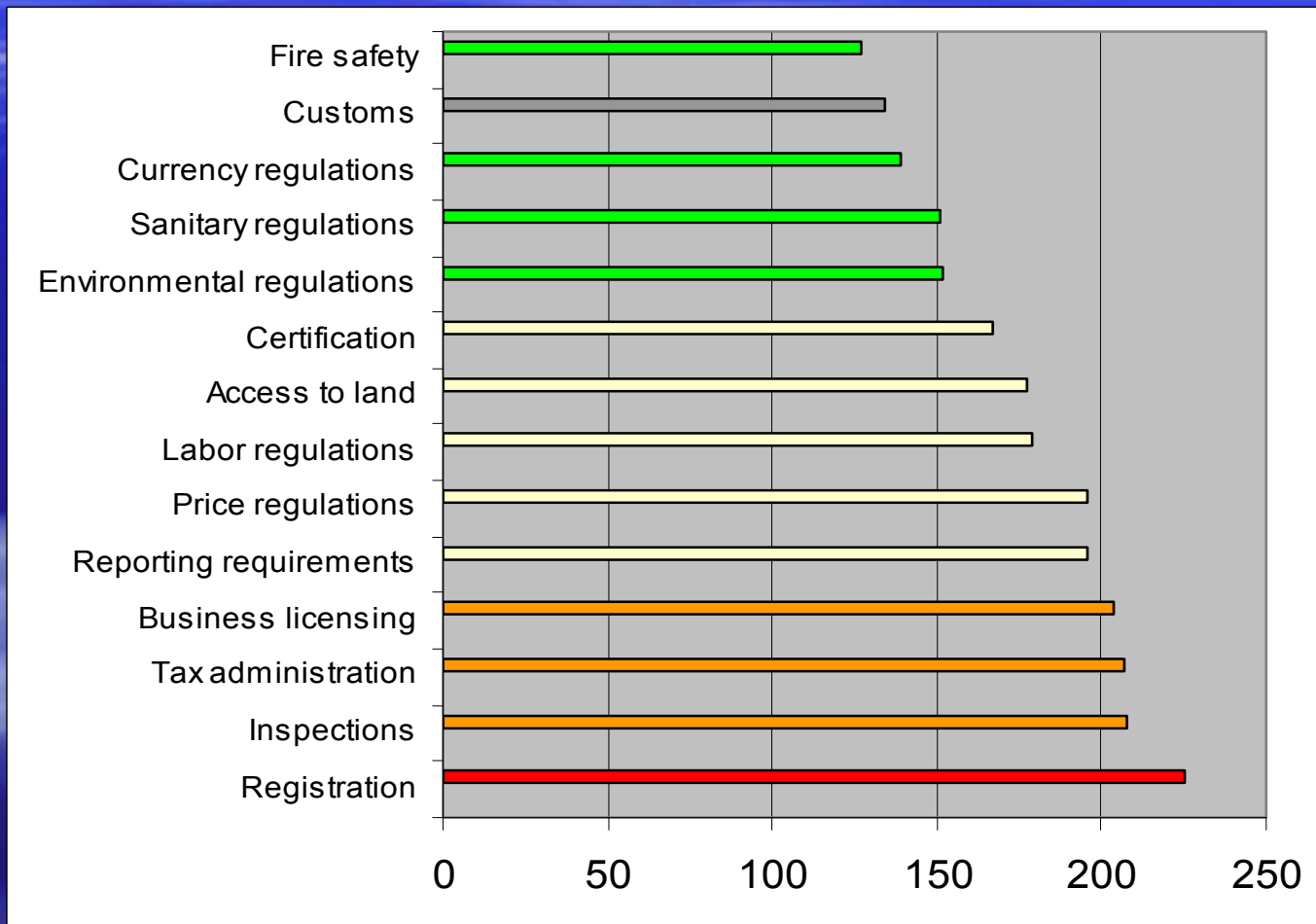


# Regulatory Areas Ranking (Severity index: 300 – maximum severity)



## COMPANY REGISTRATION PROCEDURE

# Institution overseeing the company registration procedure

Office of the Trade Register within the Bucharest Court – ONE STOP SHOP, under the direct supervision of the Ministry of Justice – National Office of the Trade Register.

The role of the One Stop Shop is to establish a connection between persons intending to establish companies and the institutions issuing authorizations to them.

Applicants report to the One Stop Shop, where they need to put together a file. This file includes several applications for authorizations, such as:

1. Sanitary authorization
2. Sanitary-veterinary authorization
3. Environmental authorization
4. Labour authorization
5. Fire authorization

The One Stop Shop forwards these applications to the institutions in charge of issuing the respective authorizations. Applicants do not need to go in person to all these institutions.

# Key law and regulations

- ✓ Law no. 31/1990 on companies, amended and republished;
- ✓ Law no. 26/1990 on the Trade Register, amended and republished;
- ✓ Emergency Government Ordinance (EGO) no. 76/2001 on simplifying administrative procedures for the registration and authorization of companies, amended and republished;
- ✓ EGO no. 129/2002 on amending Law no. 26/1990 on the Trade Register and EGO no. 76/2001 on simplifying administrative procedures for the registration and authorization of the operation of companies.

The procedural environment for company registration contains approximately 11 more norms, regulations and orders\*

# Number of documents required

Beside the application for the issuing of an authorization for registration and operation, which is a prepared form, applicants need approximately 9 more documents – proofs, certificates, statements, identity documents, proxies, contracts, endorsements and authorizations\*

# Steps that a company has to go through to registrate

There are 8 steps in the procedure:

1. Informing application on documentary requirements. More exactly, the applicant receives a folder containing a set of forms he needs to fill in, and receives advice on the steps he needs to go through, the fees he needs to pay, the documents he needs to have issued, the filing order of the documents
2. Providing detailed information. The applicant is assisted by an officer at the Trade Register who helps him fill in the forms.
3. Checking documents required for registration and authorization
4. Paying fees
5. Registering the file
6. Supporting the application for registration in front of a delegate judge
7. Obtaining registration in the Trade Register
8. Obtaining authorization for operation

# Processing time stipulated by law & Fees

Between 20 and 30 days. The One Stop Shop applies a 20-day processing time. No official expedited service is available.

1. Minimum duties and fees levied for the registration and authorization of a limited liability company with a capital of ROL 2,000,000 and a head office with activity - USD 118.
2. Maximum duties and fees levied for the registration and authorization of a limited liability company with a capital of ROL 2,000,000 and a head office with activity – approximately USD 293
3. Duties and fees levied for the registration of a limited liability company with a capital of ROL 2,000,000 and a head office without activity – approximately USD 59

# Specific Findings

## Registration and Authorization

- 45% of companies did not go through the process of authorization because they signed the Statement of Own Responsibility.
- 26% of companies hired outside help to complete registration procedures. Of those:
  - 29% used services of the Chambers of Commerce
  - 71% used other consulting services

# Examples of procedures for obtaining authorizations:

- **Sanitary authorization**
- **Sanitary-veterinary authorization**
- **Environmental authorization**
- **Labour authorization**
- **Fire authorization**

# Comparison of Survey Data with Legal Requirements

	Max. Legal time, days	Actual time, days	Legal costs, \$	Actual costs, \$
Fire	15	10	15/location	25
Public Health	20	10	15-60	34
Sanitary Vet	20	12	Variable	19
Labor Authorization	15	9	40	23
Environment	20	14	18-300	30

# Opinions of the head of the One Stop Shop on existing problems and suggestions for improvement.

## ❖ Clarity of regulations

The head of the institution perceives the registration and authorization procedure to be fairly clear from the point of view of the One Stop Shop, and not simple, but understandable, for the companies.

## ❖ Priorities

- Reorganizing the activities of the register and One Stop Shop, correlating capacities and synchronizing operational flows;
- Extending the use of IT for the activities of the register and One Stop Shop, interconnecting data bases;
- Improving the professional training of the staff.

## ❖ Other suggestions

- Correlating the legislation in the field and eliminating contradictory provisions (E.g.: using the right of appeal, within 15 days from the issuing of the court decision by the delegate judge following the 20-day processing time stipulated in EGO no. 76/2001, republished;
- Using IT technology in the activity of authorizing institutions and the introduction of information (document) exchange on electronic support;
- Re-analyzing the content of documents sent / received in physical form (e.g.: tax file, authorization documents) in order to achieve further simplification;
- Re-analyzing the timeliness and importance of issuing the appendix containing the authorizations for operation, in case no activities are conducted in a certain location, or the activities conducted there do not require evaluation or authorization.

# Main Findings

**Problem areas in the Romanian business environment relate to two issues:**

- **Policy stability and predictability of business environment**
- **Specific bounded elements of certain regulations which include:**
  - **Company registration, especially inclusion of authorization in this process**
  - **Licensing coverage**
  - **Inspections coverage and the issue of punishment as vs. education**
  - **Corruption at customs**
  - **Long court proceedings**

# Perception of Change

❖ Most private investors (35%) feel that the amount of time and money spent for company registration has remained unchanged as compared to one year ago. But there are weak signs of a slight perceptual improvement. The percentage of those who feel that the situation has improved (34%) is slightly higher than the percentage of those who indicate a worsening of the situation. Favourable perceptions are more evident among managers of companies with 10-49 employees than among managers of small companies with up to 9 employees and companies with over 250 employees.

# Possible Policy Recommendations

- Establish not more than 4 priority areas for reform. These can include:
  - Systemic long-term reform efforts
  - Concrete reforms in specific regulatory areas that will provide short-term results

# Systemic long-term reform efforts

- Reform of administrative procedure to increase the passage threshold for new regulations while making this process more transparent
- Research the possibility of reforming inspections in order to increase voluntary compliance through increase in assistance and education and decrease the punishment elements of inspections. Inspections do not have to have immediate fiscal purposes.

# Reforms in Specific Regulatory Areas

- Research the possibility of eliminating authorization as mostly duplicating regulation
- Research the possibility of reforming the licensing regime especially in trade as activity that does not pose danger for public safety and this is the most common business activity in Romania
- Conduct an additional study on customs to determine causal factors for petty corruption there