

Business registration among the top Doing Business performing countries

This briefing paper considers various business start up models to inform Starting a Business reform process in Pakistan.

Pakistan is ranked overall 144/190 countries, as measured by the Doing Business 2017 report with a Distance to Frontier (DTF) of 51.77%¹. In relation to Starting a Business, Pakistan is ranked 141/190 in 2017, with a DTF of 77.88.

It takes 12 procedures; 18 days; 12.4% of income per capita and no (0.0%) paid-in minimum capital to register a business in Karachi and Lahore. Statistics for men and women are the same.

The reasons for the comparative low scoring of Pakistan on this indicator may be explained by the following factors:

- a. Lack of automated systems at various provincial departments such as Excise & Taxation (E&T), Social Security (PESSI, SESSI), and Labor Departments of Sindh and Punjab. All applications are processed physically, adding to time and procedures.
- b. No integration between provincial and federal government departments.
- c. IT issues at the Virtual One Stop Shop (VOSS), preventing entrepreneurs to register efficiently.

The purpose of this short paper is to provide an overview of the established international practices on e-authentication, including e-signatures, as relevant for Starting a business indicator. The paper was prepared with the following questions in mind:

1. How prevalent is e-signature in business start-up?
2. What are the proven strategies to:
 - a. prevent fraud;
 - b. ensure robust authentication mechanism;
 - c. and safeguard company data integrity.

Top performers on Starting a business indicator have several common features:

- Procedures are organized in a one stop shop format, physical or electronic;
- Time to register and a number of procedures is low;
- 9 out of 10 countries are not using e-signature as a mode of authentication;
- 8 out of 10 countries are not using a physical company seal as a mode of authentication.

Doing Business 2017 – top 10 performers on the ease of business start up

Rank		Number of procedures	Application mode	e-signature	Company seal
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¹ The distance to frontier score captures the gap between an economy's performance and 100 – a measure of best practice.

1	New Zealand	1	Electronic (possible to walk in to do a physical transaction, but the physical mode not in use)	No	No
2	Canada	2	Electronic	No	No
3	Hong Kong SAR, China	2	Electronic	No	No
4	Macedonia, FYR	2	Physical	No	No
5	Azerbaijan	2	Physical/electronic	Yes	No
6	Singapore	2	Electronic	No	No
7	Australia	2	Electronic/physical	No	No
8	Georgia	3	Physical	No	No
9	Armenia	3	Physical	No	Yes
10	Ireland	3	Electronic	No	Yes

One-Stop Shops for Business Registration

Azerbaijan

Azerbaijan concluded that one business register was enough and that the tax authority should maintain it.

Before the one-stop shop

Starting a business in Azerbaijan used to involve separate registration with the Ministry of Taxes, the Ministry of Justice, the Ministry of Labour and Social Protection of Population, the State Social Protection Fund and the State Statistics Committee. In 2004 the entire process involved 15 procedures and took 106 days. The complexity of the requirements, involving 13 separate pieces of legislation, meant that registration of companies was invariably handled by lawyers.

There have since been various reforms which have improved the situation, but in 2007 registration still involved five different agencies, 13 procedures, 33 documents and a timescale of about a month. The greatest change came at the beginning of 2008 with the implementation of one-stop shops for business registration.

Motivation for reform

Azerbaijan needed to diversify in order to reduce its reliance on oil and gas and to encourage the development of private sector activity in other areas.

The initiative for reform came from the top. In 2006 President Ilham Aliyev condemned the situation detailed in the latest Doing Business assessment as 'unacceptable'. There followed a Presidential Decree² with instructions to the relevant state authorities. This included improving the business registration system and reducing the number of procedures required for starting a business.

Options and consultation

Strategic guidelines were prepared by the Ministry of Economic Development and a working group established chaired by the Prime Minister. This also included the Ministry of Taxes, the Ministry of Justice, the Ministry of Labour and State Social Protection of Population, the Social Protection Fund and the State Statistics Committee.

The Ministry of Economic Development conducted interviews with entrepreneurs and held discussions with the various government agencies about their respective regulatory roles. They also consulted the World Bank and IFC. The working group set both short- and long-term goals for achieving improvements in the business environment. Areas requiring reforms to be implemented within 2 years included business registration, licensing and permits, tax filing and property registration, access to credit, labour and investor protection. Longer-term, there would be reforms relating to cross-border trade, contract enforcement and procedures for closing a business.

The group looked for examples of best practice in various parts of the world. At an early stage they concluded that a one-stop shop solution was appropriate and looked at how one-stop shops had been implemented in Europe, Asia and the Commonwealth of Independent States. With substantial support and technical assistance from IFC, the review included site visits to Latvia and Georgia, then ranked as top reformers.

In order to implement one-stop shops it was necessary to determine which organisation should have administrative responsibility. While each of the ministries had a regional network, the Ministry of Taxes had recently undergone a modernisation programme, including the establishment of a computer network covering its regional offices, making it the preferred candidate for the role.^{3,4} It was however fundamental to the project that the cooperation of other state organisations was guaranteed.

Project planning & management

While the overall timetable stretched over a period of two years, the early part of the period was devoted to consultation, research and consideration of options. Once the final decisions were made on the solution, implementation was achieved within 60 days.

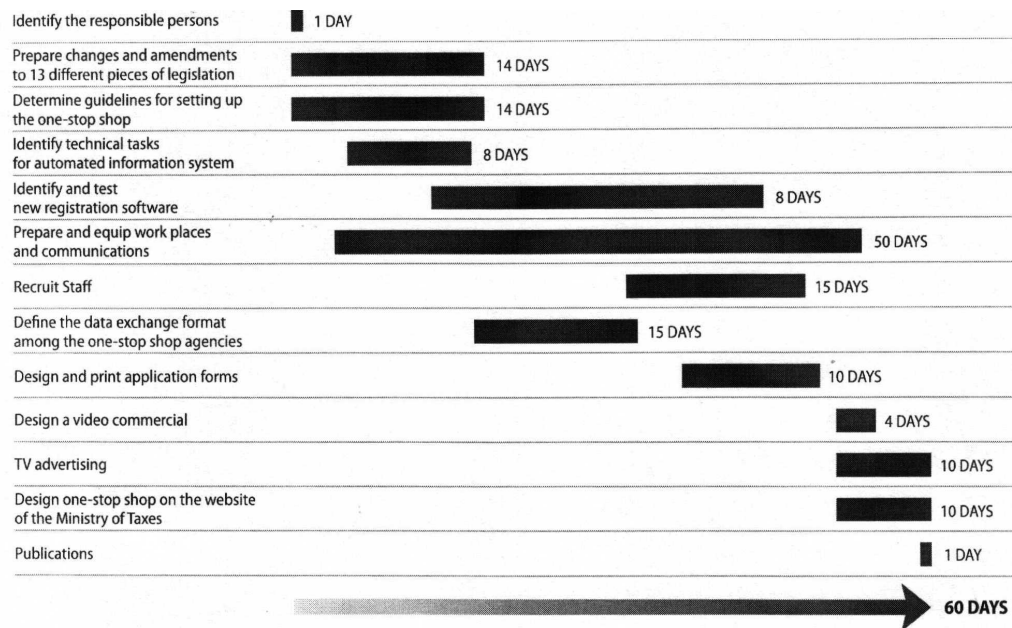
² Presidential Decree 567 of 30 April 2007 "On Some Measures Regarding the Development of Entrepreneurship in Azerbaijan Republic"

³ A Presidential Decree of 25 October 2007 appointed the Ministry of Taxes as a State Registration Authority.

⁴ It was also consistent with the approach adopted in the Russian Federation and Georgia.

A budget of US\$ 5 million was allocated for the reforms, including construction of new registration offices throughout the country and purchase of necessary facilities.

Azerbaijan creates a one-stop shop in 60 days⁵



The law

The working group was required to propose any changes to legislation which would be necessary in order to implement the one-stop shop regime. The tax ministry took the lead in this process. The group considered 13 pieces of legislation which had a bearing on the registration process and concluded that only a few amendments were necessary, but there would be benefits from having a single Law on State Registration, meaning that entrepreneurs would no longer need to consider a range of laws and regulations in order to determine which were relevant. The group's recommendations were accepted by the government, submitted to parliament for approval and signed into law by the President. The following legal acts were amended:

- 1 Civil Code of the Republic of Azerbaijan
- 2 The Law on Entrepreneurship Activities
- 3 The Law on Anti-Monopoly
- 4 Law on Official Statistics
- 5 The Law on intellectual property and Other Related Rights
- 6 The Law on Seed Growing
- 7 The Law on Social Insurance
- 8 The Law on Traffic

⁵ Bagaudinova et al (2008)

- 9 The Law on Individual Registration for State Social Insurance System
- 10 The Law of on State Registration of Legal Entities and State Registry
- 11 The Law on Veterinary Services
- 12 The Law on Precious Metals and Gems

A single form

Since the state bodies involved all required similar information, it was possible to design a consolidated application form. The form includes all the information required by the various agencies for registration of a new legal entity. The form may also be used to notify changes by completing just those parts relevant to the change in question.

A single number

It was agreed that the taxpayer number should be used as the single form of identification, including as a unique identifier for legal entities, obviating the need for a separate registration number.

In order to identify individuals involved in the management of a company, the personal identification number (PIN), which is issued by the Ministry of Interior, would be used in the business register.

Computer systems

The Ministry of Taxes had established a consolidated taxpayer database system (AVIS) in 2006. This provided for online tax filing, taxpayers' information and compliance procedures and had the potential to become a system for a unified business registry. The overall IT system was developed with the assistance of Turkish experts. Later, Azerbaijani experts took the lead and, for the past several years the system has been operated by a local private IT company. The availability of this system was one of the factors influencing the decision that the Ministry should host the new one-stop shops.

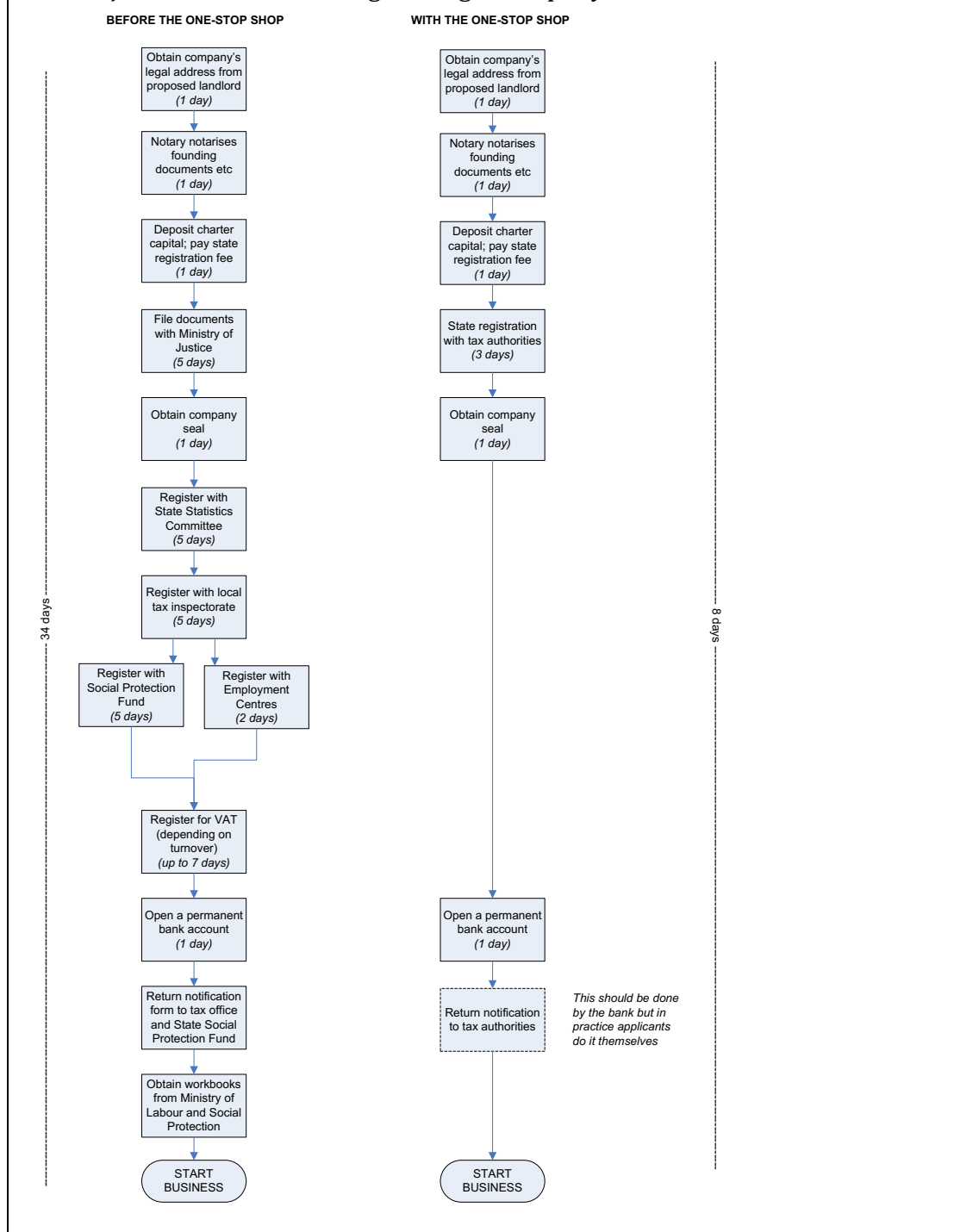
What it looks like now

Key features of the new arrangements are:

- a single form satisfies the requirements of several agencies;
- a simple 2-page template is available for the company charter;
- the fees structure is simple and transparent;
- fees are paid at the bank, with no payments to government officials;
- apart from notarisation, the only direct contact with officials is at the one-stop shop at the regional office of the Ministry of Taxes;

- it will not normally be necessary to use a lawyer or other intermediary except to notarise the company charter;
- the taxpayer number is used as a unique identification number for all purposes;
- state registration with the tax ministry should be completed within 3 days and the entire start-up process in 8 days;
- taxpayer registration is conducted as part of business registration

Azerbaijan – Procedure for registering a company



What difference did it make?

Azerbaijan is the *Doing Business 2009* top reformer, with the most regulatory reforms, having jumped to 33 on the list from 96 last year. For Starting a Business, Azerbaijan ranked 13th (64th last year).

By setting up a one-stop shop, it has halved the time, cost, and number of steps required to start a business. As a result, business registrations increased by 40

percent in the first six months of its operation⁶ and 32,000 businesses were registered.⁷ The number of commercial legal entities registered with the taxation authorities during 2008 was 6,471, an increase of 30 per cent over 2007. In total, the number of both natural and legal entities was 44,272.⁸

The entities in the capital, Baku, account for 63% of the businesses registered using the one-stop shop system.

⁶ <http://en.apa.az/news.php?id=88387>

⁷ Fazil Mammadov, Tax Minister, <http://en.apa.az/news.php?id=88545>

⁸ Zaur Fatizada, Head of Department at the Ministry of Taxes dealing with registration of businesses, cited by UNDP, www.un-az.org/undp/bulnews67/ec13.php

Azerbaijan – Documents required for registration

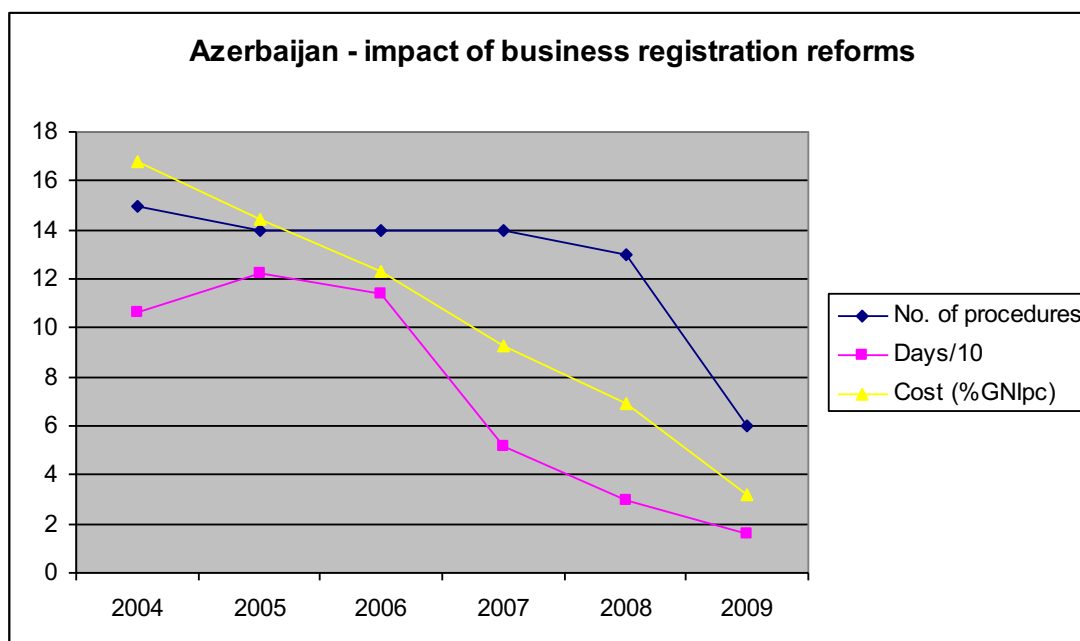
	Before the One-Stop Shop							Now	
	Ministry of Justice	State Statistics Committee	Local tax inspectorate	State Social Protection Fund	Bank	Ministry of Labour & Social Protection		One-Stop Shop	Bank
Standard application form	1	1	1	1	1			1	1
Receipt for state registration fee	1							1	
Confirmation of payment of charter capital	1								
Copy of founders' IDs	1 ⁿ							1	
Founders' application to registration authority	1 ⁿ								
Statutes (charter) signed by the founders	2 ^a							1	
Copy of the charter		1	1 ⁿ	1 ⁿ	1 ⁿ				1 ⁿ
Draft of seal and stamp	1								
Copy of certificate of state registration		1	1 ⁿ	1 ⁿ	1 ⁿ				1 ⁿ
Copy of extract from Register of Business Entities		1	1 ⁿ	1 ⁿ	1 ⁿ				
Decision of founder/ resolution of general meeting on appointment of manager		1	1	1	1				
Copy of certificate on statistics registration			1 ⁿ	1 ⁿ	1 ⁿ				
Confirmation of legal address			1 ⁿ	1 ⁿ				1	
Information on founder			1 ^b					1 ^c	
Copy of manager's ID			1	1				1	
Copy of Tax ID (TIN)				1 ⁿ	1				
Stamp and signature sample card					1 ⁿ				1 ⁿ
Authorisation from tax authorities ("notification duplicate")					1				1
Authorisation from State Social protection Fund ("notification duplicate")					1				
Reference from Employment Centre confirming number of employees						1			

^a Draft statutes

^b Form signed by company manager and sealed with a stamp; for a company, this also includes notarised copy of the statutes, certificate of state registration, statistics registration and TIN

^c For a company only – notarised copy of certificate of registration (extract from state registry) and charter

ⁿ Needs to be notarised



Limiting the number of actions between entrepreneurs and officials could be expected to result in a reduction in the extent of non-official payments. There has as yet been no improvement in Azerbaijan's rating in the Corruption Perceptions Index.⁹ With a score of only 1.9, Azerbaijan ranks 158th out of 180 countries.¹⁰ This may however be the result of a lapse in time between implementation of reforms and their perceived effect.

What happens next

The Minister of Taxes has made it clear that he sees the introduction of one-stop shops as a starting point for e-government and that the reforms will continue. IFC has made several suggestions to the Tax Ministry. These include

- introducing the 'silence is consent' principle in the Law on State Registration of Legal Entities and State Registry;
- simplifying the pre-registration procedure for legal entities by reducing the number of required documents as well as removing the requirement for notarization of some documents;

⁹ In fact, a drop of 0.2%, which is considered within the margin of statistical errors - Miklos Marschall, Regional Director of Transparency International, <http://en.apa.az/news.php?id=89160>

¹⁰ http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table. The Transparency International CPI measures the perceived levels of public-sector corruption in a given country and is a composite index, drawing on different expert and business surveys. The 2008 CPI scores 180 countries (the same number as the 2007 CPI) on a scale from zero (highly corrupt) to ten (highly clean). Denmark, New Zealand and Sweden share the highest score at 9.3, followed immediately by Singapore at 9.2. Bringing up the rear is Somalia at 1.0, slightly trailing Iraq and Myanmar at 1.3 and Haiti at 1.4.

- introducing the electronic registration system; and
- providing access to the state register database via the Ministry of Taxes home page so as to provide access to complete and exhaustive information about registered businesses.

The Ministry of Taxes is developing proposals aimed at improving procedures and overcoming problems with the legislation, including the introduction of electronic signatures. It is negotiating with the Ministry of Labour and Social Protection and the State Social Protection Fund on various issues including the issue of a quantity of employees' workbooks to entrepreneurs as part of the business registration process. This is agreed in principle, though there are some technical issues still to be resolved.

The government is keen to stimulate non-oil development and the growth in the number of registrations is expected to continue throughout 2009.¹¹

Lessons learnt

While everybody knew that there was a problem, objective data was needed to highlight this in a way to prompt a political initiative. *Doing Business* reports provided this.

The intervention of the president was crucial in ensuring that all parties concerned worked together and with an appropriate sense of urgency. There was relevant experience from other countries, particularly as regards the use of a single register for use by all branches of government. There was also support available from IFC.

A critical review of the existing procedures was needed to reach an optimum solution. Not all processes were necessary and those that were could usually be simplified.

An existing computer system could be modified to support the proposed new arrangements rather than investing in a totally new system.

Despite the urgency, time was need for consultation, research and consideration of options. Once there was agreement on all key issues, implementation could be achieved in a very short time.

Among the top 10 countries on the ease of business start up **Azerbaijan** is the one economy requiring e-signature as a part of business start up procedures. The e-signature is, in fact, a multi-functional mobile ID. See attached a detailed presentation about e-signature functionality.

DB 2017 Rank: 5

Starting a business in Azerbaijan 2017

Indicator	Azerbaijan	Europe &	OECD high
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¹¹ www.abc.az/eng/news_22_01_2009_31486.html

		Central Asia	income
Procedure – (number)	2.0	4.9	4.8
Time –(days)	3.0	10.2	8.3
Cost – Men (% of income per capita)	1.3	4.7	3.1
Paid-in min. capital (% of income per capita)	0.0	4.0	9.2

No.	Procedure	Time to Complete (days)	Associated Costs
1	Obtain electronic signature “Asan Imza” for online registration <i>Agency:</i> The Ministry of Communications and Information Technologies	1 day	AZN 72
2	Complete online registration; obtain TIN number and register for VAT <i>Agency:</i> One Stop Shop, Ministry of Taxes	2 days (physical) 15 min electronic	0

ASAN Imza technology allows using a mobile phone as a secure electronic identity card. Like any other technology based on the use of SMART-cards and e-signatures, it can be used to provide secure access to e-services and to certify documents with digital signatures. Unlike other technologies, it does not require a card reader.

The system is based on a special Sim-card called "Asan Imza", which a user can obtain from the mobile operator. The card keeps the private access keys and applications for identification and signatures. Today, mobile e-signature is used in over 500 e-services in Azerbaijan.

At the final stage of the presentation the members of the delegation highly evaluated the mobile ID and e-signature model and emphasized the necessity of cooperation in the field of e-services and innovative solutions between the two countries.

In terms of security, Mobile e-signature offers a strong security framework for all parties. The security related operations are done in the SIM card, a tamper resistant environment, making it almost impossible to misuse the user's identity. Authentication and signature information travels through the SMS and back-end channels to the service provider and is verified by the operator, so even if the user is attacked at the browser level, or the computer is infected, it does not matter. The data never goes through the Internet channel. To be successful, the attacker should also gain access to the mobile operator network to attack/infect the encrypted SMS messages. The service was developed by an Azeri-Estonian joint venture based on Estonian electronic ID concept (see WBG project document attached, Estonian model is described in details as one of the case studies).

For more information please see <http://asanimza.az/ru/>

Australia

DB 2017 Rank: 7

Indicator	Australia	OECD high income
Procedure – (number)	3.0	4.8
Time – (days)	2.5	8.3
Cost – (% of income per capita)	0.7	3.1
Paid-in min. capital (% of income per capita)	0.0	9.2

Time Motion Details Begins

No.	Procedure	Time to Complete	Associated Costs
1	Complete and lodge ASIC Form 201 "Application for Registration as an Australian Company"; Obtain a certificate of incorporation and an Australian company number (ACN) <i>Agency:</i> Australian Securities and Investments Commission (ASIC) To register a Pty Ltd company, the applicant must complete and submit an ASIC Form 201 ("Application for Registration as an Australian Company") and pay the prescribed fee of AUD 457.	1 day	AUD 463
2	Register for ABN with the Australian Taxation Office (ATO) <i>Agency:</i> Australian Taxation Office This procedure is required under the Income Tax Assessment Act 1936 and the New Tax System (Goods and Services Tax) Act of 1999.	Less than one day (online procedure)	no charge
3	Sign up for Worker Compensation Insurance at an insurance agency	1 day	no charge

Australia does not use e-signatures as a prevalent mode of personal authentication. The country developed and implemented National e-Authentication Framework upon the review of following international standards: ISO/IEC 29115:2013 Information technology – Security techniques – Entity Authentication Assurance Framework, United States Electronic Authentication Guidelines NIST Special Publication 800-63-2 (2013), United Kingdom Good Practice Guide Identity Proofing and Verification of an Individual GPG No.45 Issue No. 2.2 (2013), New Zealand Evidence of Identity Standard Version 2.0 (2009), Canadian Standard on Identity and Credential Assurance (2013)

Designed initially for government agencies, these standards and guidelines may also serve as a benchmark for private sector organizations, particularly those providing identity related services to, or in conjunction with, government agencies.

- National Identity Proofing Guidelines

- Security Standards for Proof of Identity Documents
- Data Matching Better Practice Guidelines
- Recording of a name to establish identity
- National Biometric Interoperability Framework
- Biometric Interoperability Capability Requirements

More information on e-Authentication standards:

[http://www.egovernment.tas.gov.au/_data/assets/pdf_file/0003/83370/Appendix_3 -
Gold Standard e-Authentication Requirements.pdf](http://www.egovernment.tas.gov.au/_data/assets/pdf_file/0003/83370/Appendix_3_-_Gold_Standard_e-Authentication_Requirements.pdf)

National Identity Security Strategy:

<https://www.ag.gov.au/RightsAndProtections/IdentitySecurity/Pages/Identity-security-guidelines-and-standards.aspx>

As a part of e-Authentication framework, the Government implemented AUSKey, a secure login that identifies a user when he/she uses participating government online services on behalf of a business. AUSKey allows to access and send business information to government online. It simplifies interaction with government – from changing company's Australian business number (ABN) details, to lodging company's business activity statement (BAS).

There are two types of AUSKey available – an Administrator or Standard AUSKey. Obtaining an AUSKey is free. AUSKey reduces the number of usernames and passwords necessary for government transactions.

AUSKey enabled online services

Agency/Department Name	Service offered online
Austrade	Export Market Development Grants Scheme (EMDGS) External Link An Australian Government financial assistance program for current and aspiring exporters.
Australian Business Register (ABR)	AUSKey Manager Users can manage their AUSKey. Administrator AUSKey holders can manage other AUSKeys for the business. Tax professionals services Tax professionals can undertake multiple activities on behalf of clients in one session. Updating ABN details Businesses and organisations can update their ABN details online.
Australian Financial Security Authority (AFSA)	Online services External Link Creditors can login with an Administrator AUSKey to apply for, submit and track bankruptcy notices.
Australian Prudential Regulation Authority (APRA)	APRA Extranet External Link A portal for regulated institutions to report data to the

	<p>Australian Prudential Regulation Authority. Direct2APRA (D2A) External Link Using D2A, organisations connect with APRA to securely download, complete and submit financial data forms.</p>
Australian Securities and Investments Commission (ASIC)	<p>ASIC Connect External Link Online service for registering and updating business names and self-managed super fund (SMSF) auditors. Government Search Service External Link An online service that allows eligible government agencies to search the Business Names Register. Web Services External Link Allows third party software developers to provide the following services:</p> <ul style="list-style-type: none"> • business name registration • business name search services for eligible government agencies.
Australian Taxation Office (ATO)	<p>Access Manager External Link Enables AUSKey Administrators to set up access and permissions for other AUSKey holders to the ATO's Portals and SBR services. BAS Agent Portal External Link A gateway to ATO's online services for BAS agents. Business Portal External Link A gateway to ATO's online services for businesses. Departing Australia Superannuation Payment External Link Superannuation industry funds, self-managed super funds and Retirement Savings Account (RSA) providers and their administrators can access online applications submitted by their members or lodge applications on their members' behalf. Electronic commerce interface (ECI) External Link A software application developed to allow several tax functions to be completed online. SuperTICK External Link Enables superannuation funds and RSA providers to meet a mandated requirement to validate member details when processing rollover requests and initial registration information associated with employer contributions.</p>

	Tax Agent Portal External Link A gateway to ATO's online services for tax agents and their employees.
Australian Communications and Media Authority (ACMA)	Broadcasting Licence Fees External Link Holders of commercial radio and commercial television broadcasting licences can lodge their broadcasting licence fee return to ACMA online.
Department of Human Services – Centrelink Services	Paid Parental Leave External Link As an employer you can lodge your form online.
Department of Employment	Wage Subsidies External Link Employers who provide jobs to people who have been unemployed for a long time may be able to get financial help from the Australian Government.
Department of Social Services	Forms Administration Portal External Link Access services such as the Aged Care Benchmarking System and various Online Aged Care Form Submission from a central location. For specific information about available forms, please refer to the Portal Homepage.
Department of Immigration Border Protection	SkillSelect External Link Helps Australian employers find skilled workers who want to migrate to Australia.
Department of Industry	Australian Business Account (ABA) External Link An online service designed to help you set up, expand and manage your business. When you use the ABA, you will be able to: <ul style="list-style-type: none"> • create a free business account • use this account to deal with all levels of government, in all states and territories. The ABA is delivered by a partnership of Australian, state, territory and local governments. Automotive Transformation Scheme External Link Allows Automotive Transformation Scheme (ATS) participants to submit Quarterly Returns and Third Quarter Business Plan Updates online.
Department of Veterans' Affairs (DVA)	Booked Car Scheme External Link DVA transport contractors will receive bookings from DVA.
NSW Department of Education and Communities	Early Childhood Education and Care External Link ECCMS (Early Childhood Contract Management System) is the secure system used by Early Childhood

	<p>Education and Care to manage funding and contracting with funded early childhood service providers.</p> <p>State Training Services External Link</p> <p>STS Online is a secure portal for Registered Training Organisations to do business with State Training Services.</p>
Workplace Gender Equality Agency	<p><i>Workplace Gender Equality Act 2012</i>, private-sector employers with 100 or more employees are required to report online to the Workplace Gender Equality Agency between 1 April and 31 May each year. Further information can be found at wgea.gov.au/report</p> <p>External Link</p>
State Revenue Offices	
ACT Revenue Office	<p>ACT Revenue Office SBR-enabled lodgement External Link</p>
NSW Office of State Revenue	<p>Payroll Tax Online Services External Link</p> <p>NSW Office of State Revenue SBR-enabled lodgement External Link</p>
NT State Revenue Office	<p>TRMer External Link</p> <p>Territory Revenue Office SBR-enabled lodgements External Link</p>
QLD Office of State Revenue	<p>QLD Office of State Revenue SBR-enabled lodgements External Link</p> <p>Online services – OSR connect External Link</p>
SA State Revenue Office	<p>Revenue SA SBR-enabled lodgements (Revnet) External Link</p>
State Revenue Office - Victoria	<p>PTX Express External Link</p> <p>VIC SRO SBR-enabled lodgements External Link</p>
TAS State Revenue Office	<p>Tasmanian Revenue Online Service External Link</p> <p>TAS SRO SBR-enabled lodgement External Link</p>
WA Office of State Revenue	<p>Revenue Online Service (ROL) External Link</p> <p>WA OSR SBR-enabled lodgements External Link</p>

For more information on AUSKey functionality, please see <https://abr.gov.au/AUSkey/>.

New Zealand

DB 2017 Rank: 1

Indicator	New Zealand	OECD high income
Procedure – (number)	1.0	4.8
Time – (days)	0.5	8.3
Paid-in min. capital (% of income per capita)	0.0	9.2

No.	Procedure	Time to Complete	Associated Costs
1	<p>Apply online for registration with the Companies Office (including IRD number application and registration for GST) <i>Agency:</i> New Zealand Companies Office To reserve a company name online, entrepreneurs can visit the New Zealand Companies Office Web site (www.companies.govt.nz). A new company's name must be unique and can be reserved for up to 20 working days with the Companies Office. To be incorporated under the Companies Act 1993, a company must have a name reserved by the Registrar of Companies, at least one share, at least one shareholder, at least one director, a registered office, and an address for service.</p>	Less than one day (online procedure)	NZD 10.22 name reservation + NZD 150 company incorporation

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- **STARTING A BUSINESS IN NEW ZEALAND**
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You can search for companies, company directors or shareholders here.

TIP | Use the **Options** menu to search for directors, disqualified directors or shareholders.

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Not sure how to update a company's address?
- » [Update my account details](#)
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 -
 - STANDARDIZED COMPANY
 - Legal form: Limited Liability Company
 - Paid-in minimum capital requirement: NZD 0
- City: Auckland

Time to register: less than one day (online procedure)

Cost: NZD 10.22 name reservation + NZD 150 company incorporation

Procedure: Apply online for registration with the Companies Office (including IRD number application and registration for GST)

Agency: New Zealand Companies Office

Procedure details: To reserve a company name online, entrepreneurs can visit the New Zealand Companies Office Web site (www.companies.govt.nz). A new company's name must be unique and can be reserved for up to 20 working days with the Companies Office. To be incorporated under the Companies Act 1993, a company must have a name reserved by the Registrar of Companies, at least one share, at least one shareholder, at least one director, a registered office, and an address for service.

The applicant(s) can then apply for company registration online by completing forms on company details and paying the registration fee. When the application is processed, the founder(s) will receive a notification by email along with the appropriate director and shareholder consent forms, which are generated by the Companies Office. The applicant must then fax the signed director and shareholder consent forms within 20 working days, after which the application will expire. The certificate of incorporation will be issued via email in a few minutes when the last consent form is accepted.

Promoters can apply online for a company IRD (Inland Revenue Department) number and register for the GST (Good and Service Tax) at the same time as incorporating a company online with the New Zealand Companies Office. The list of the information needed when applying for a company IRD number and registering for GST is as follows:

- Contact details
- The date the company will begin employing
- The number of employees and contractors (including the number of employees that will have a student loan)
- IRD number – The IRD number of each Director and all individual shareholders that are NZ residents, Main Business Activity, Place of Business and Postal Address, Trading Name of the company (if different from the Business Name), Company Contact details, a Business Industry Description and Code, and whether or not the Fringe Benefit Tax for employees is applicable.
- GST number – GST accounting method, frequency of filing returns, business activity code, details of how you would like refunds to be paid, whether or not the company will be making tax exempt supplies, Business Industry Description and Code, and whether or not the company will be making imports/exports and ACC uses the business activity code to calculate levies for personal injury cover and residual claims (see www.businessdescription.co.nz for more information).

Since July 1st, 2008, it is mandatory to file most documents with the Companies Office online. Starting in November 2014, clients now have the ability to pay the incorporation prescribed fees using internet banking.

CURRENT SYSTEM FEATURES

- Web services
- Enterprise Service Bus
- OAuth for authentication and authorization
- Web and mobile applications that provide the ability to search for and view
- CIQ (OASIS XML standard for Customer Information)

BUSINESS START UP IN NEW ZEALAND REFORM PROCESS

Before reform

Prior to the development of the registry's online registration system, company incorporation was a two-step process. First, applicants had to apply for a company name. This was checked against the Names Index in Wellington, a process that might take three months. Once a company name had been approved, paperwork had to be filed at one of the 12 regional offices.

Incorporation then generally took six weeks. Foundations for Reform Although the Companies Office had exposed its data online for searching in 1996, it had not progressed to an automated, online service. Its goals in initiating such a service included the following:

- The Companies Office realized that the paper-based registration system was not efficient and would soon be obsolete. They were eager to make the registry process easy, affordable, and transparent through technological innovation.
- The Companies Office had a long-term partnership with the ICT consulting firm that became the provider of Companies Online. The consulting firm understood the business of the office thoroughly, which was very important to the development of Companies Online.

Reform Process

Companies Online is an online company incorporation service of the New Zealand Companies Office, providing all New Zealand business enterprises, regardless of geographical location, with desk-top access to business registration and information services.

Companies Online was developed through a series of incremental steps and has had a number of enhancements since its original launch. While a "reasonable vision" of possibilities guided its formation, it was impossible to anticipate the specific nature of the service when the first technological innovations were made. The Companies Office was prepared to move forward by trial and error, utilizing each technical success to advance the project. As the limits of each development were reached, the team on the project was ready to explore the potential of the next.

One of the first ways in which the Office brought new technology to the fore was by placing computer terminals in each of the six regional offices. One of the goals of this was to speed up delivery of company documentation. While this was achieved, 60 percent of people wishing to view a company file still could not do so within a week. Although this was an improvement, it was deemed unsatisfactory, and other technologies were investigated for possible effects on the process. Bar-code file tracking produced greater efficiencies, confirming to the Office that getting technology to the regional offices had been "the right decision."

The cost of maintaining the terminals was identified as high for the relative benefits they conferred, however, and acting on advice from the private partner, the decision was made to purchase scanning machines and mainframes.

Administrators were trained internally, and information was transferred from the Central Index to develop the Companies Database. Companies Office managers determined that taking control of their own data was the point “at which everything went right.” Immediately, the Office started to increase the scope of the data retained. This decision was made when the data had “no apparent value,” and there was no demand for change. The Office was already fulfilling its functions well, and it wasn’t until 1996 that the data began to have significant value: at that point, the information was published on the Internet under the designation Companies on the Internet. This development fulfilled the view of Companies Office that company information, being public information, should be as widely available as possible.

This view met with severe resistance from search agents providing company information to clients, mostly in the legal and accounting professions. The integrity of the Companies Office was called into question in the media. Resistance had been anticipated, however, and buy-in from stakeholders was ensured by introducing Companies on the Internet as a pilot at the New Zealand Law Society Conference (held in Dunedin in 1996). The pilot not only allowed elimination of initial problems with data presentation, it also exposed to “real users” of the information the new system’s value; they ended by giving the program their wholehearted support. Staff compared this means of getting stakeholder buy-in to a similar initiative in Ireland that ended with search agents getting an injunction and closing down the website.

Over the next three years, Internet Support, a small unit within the Companies Office charged with the sole mission of growing the online business, further developed Companies Online. This unit answered directly to the companies registrar and secretary of the Companies Office and was not popular within the organization or externally with search agents. It was recognized that further changes would both render the role of search agents redundant and change the roles of the Companies Office personnel significantly. Office life was thus extremely difficult, and in-house leadership, together with the support provided by the registrar, the IT consultant, and other external clients— particularly lawyers—was critical to the eventual success of the Internet Support Unit.

Development Process

Incremental stages to introducing an internet-based solution to registration concerns were as follows:

- The independent auditor conducted a quality assurance (QA) process to assess each project of online system development.
- Every regional office was equipped with a computer terminal to speed up the delivery of company documentation.
- The Companies Database was established by transferring the information from the Central Index to the Companies Office database.
- To support clients’ use of the online system, the Companies Office increased staff capacity, established a contact center, and created an e-business help program to provide training to key clients.

After Reform

The Companies Online service is simpler, faster, cheaper, and more readily and widely available than the paper-based system it replaced. Services offered include online company incorporation, electronic filing and access to company information, e-payment, and call-center support. It was the first online company incorporation service in the world, and it has been a resounding success, with fees reduced several times since its inception.

Registration Procedure

Operations possible through the online, revised system included the following:

1. Conduct a Register Search (free) to ensure that an identical or almost identical company name does not already exist on the register.
2. Conduct a trade mark search (optional).
3. Reserve the chosen company name (\$NZ 10) for 20 days.
4. Search for the company's Business Industry Description and Business Industry Code (BIC) through the BIC search engine.
5. Register the company details (\$NZ 150).
6. Apply for a company IRD number (for taxes) and register for GST (for the Goods and Service Tax, optional).
7. Upload a constitution for the company (optional).
8. Receive email, including consent forms for each director and shareholder to sign.
9. Upload or fax each consent form to complete the registration.

The implementation of the online registration system improved registry efficiency with faster and more transparent processing, lower costs, better information exchange, and easier interaction with clients.

The following list provides details:

- Application for business registration can be completed online within one day (less than one hour in many cases), with one procedure, at a cost of \$NZ 160 (\$NZ 10 for name reservation and \$NZ 150 for company incorporation).
- The joint initiative between the Companies Office and the Inland Revenue enables entrepreneurs to apply for the IRD (Inland Revenue Department) number and to register for GST (Good and Service Tax) at the same time.
- By 2008, about 98 percent of applicants chose the online system to register their businesses.
- Client service delivery is ISO9001 accredited. By June 30, 2009, the center had answered 124,596 phone calls.
- Entrepreneurship is encouraged by the friendly and efficient business registration system, resulting in a high rate of company incorporation per capita: more than 500,000 companies for 4.3 million people.
- New Zealand is recognized as the leading country in business registration and is ranked first for starting a business in the Doing Business reports.

Further Reform

As of 2012, the online registration system requires upgrading to enhance service functions and add new online features. The Companies Office is prepared to test and utilize innovative technologies and social media to explore the potential for

upgrading and strengthening the existing system.

Lessons Learned

The Companies Office used a clear vision to increase stakeholder buy-in and to generate high performance from innovation implementers. They used one-sentence goals to motivate, focus, and direct people's efforts. The vision also served as a "touchstone" for the project team to enable it to remain focused on the main objective. It also helped people within the wider organization to understand and support the innovation goals.

The Companies Office wanted to ensure that stakeholder and customer buy-in was rewarded with well-conceived and planned systems. Rather than plan big launches and raise expectations unnecessarily, the Companies Office used open and closed pilots. Closed pilots allowed new developments to be floated on the Internet, hidden to all but the few nominated trial users who had volunteered for the pilot. Teething problems could be worked through to the satisfaction of key customers, or the pilot could be pulled if the technology was just not ready, before risking wider scrutiny. Once accepted as workable, the approach became an open pilot and went out for wide public use and evaluation. This phase produced additional feedback but also helped reduce stakeholder resistance; it also allowed scope for safe retreat if resistance to an approach becomes too great.

TIMELINE OF TECHNOLOGY DEVELOPMENT

1996: Exposed the Companies Register via the Internet
1998: Allowed for incorporation of companies via the Internet
2000: Allowed filing of Annual Returns via the Internet
2000: Launched wholly electronic Personal Property Securities Register
2002: Mandated electronic company searching
2008: Mandated electronic lodgment of company incorporation
2010: Refreshed platform and launched Enterprise.

New Zealand developed digital ID system called RealMe®
<https://www.realme.govt.nz/what-it-is/> It is a collaboration between the Department of Internal Affairs and New Zealand Post.
<https://www.youtube.com/watch?v=RgzcLzQKPh0>

The RealMe service exists to:

- Provide the easiest and most secure way for users to manage their identities online.
- Be at the centre of online identity for New Zealand.

RealMe enables access via login to 90 services, including business registration, taxation and banking, across 32 organizations and 12 organizations are now using the verified information provided by the RealMe service. Since the launched in July 2013 there were 3.05 million accounts created, 248,813 verified identities confirmed and

56.5 million transactions executed. Right now, just over 53% of New Zealanders' transactions with government are completed online — the Government's aim is for the RealMe service to help support getting that up to 70% by 2017.

Please see attached a technology solution overview for RealMe.