



Registering property

- As measured by *Doing Business*, registering property is easiest in Georgia.
- *Doing Business* recorded 31 reforms making it easier to register property worldwide between June 2012 and June 2013.
- Burundi made the biggest improvement in the ease of registering property in the past year.
- Over the past 5 years 90 economies undertook 124 reforms increasing the efficiency of property transfer procedures.
- Maldives has advanced the furthest in narrowing the gap with the most efficient practice and regulations in registering property since 2009.
- Economies that have improved their property registration systems have looked at the property transaction as a whole and implemented regulatory reforms that centralize procedures in a single agency. In addition, they have used information and communication technology or better caseload management systems to make the process faster and cheaper.

For more information on good practices and research related to registering property, visit <http://www.doingbusiness.org/data/exploretopics/registering-property>. For more on the methodology, see the section on registering property in the data notes.

Unregistered property cannot be used as collateral by banks, limiting financing opportunities for new businesses and expansion opportunities for existing ones. In developing economies only 30% of land is subject to a form of land registration.¹ Just 10% of land in Sub-Saharan Africa is registered.² Providing an efficient, transparent and affordable system to register new titles and transfer existing ones is an important first step toward guaranteeing secure access to land and improving access to credit.³

Doing Business records the full sequence of procedures needed for a business to purchase an immovable property from another business and formally transfer the property title to the buyer's name. The process starts with obtaining the required documents, such as a copy of the seller's title, and ends when the buyer is registered as the new property owner. 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.

The registering property indicators identify 5 main types of procedures:

- Due diligence procedures to obtain the necessary guarantees on the security of the transaction.
- Legalization procedures to make the sale agreement legally binding.
- Tax requirement procedures to comply with tax regulations related to the transfer of a property, including inspections or surveys of the property to determine its value and thus the taxes to be paid.
- Registration procedures to register the property in the name of the new owner

and pay the associated transfer taxes.

- Publication procedures to give public notice of the intention to transfer a property so as to allow any interested third parties to object.

Economies that rank well on the ease of registering property tend to have simple procedures, effective administrative time limits, fixed registration fees, low transfer taxes and online registries (figure 13.1).

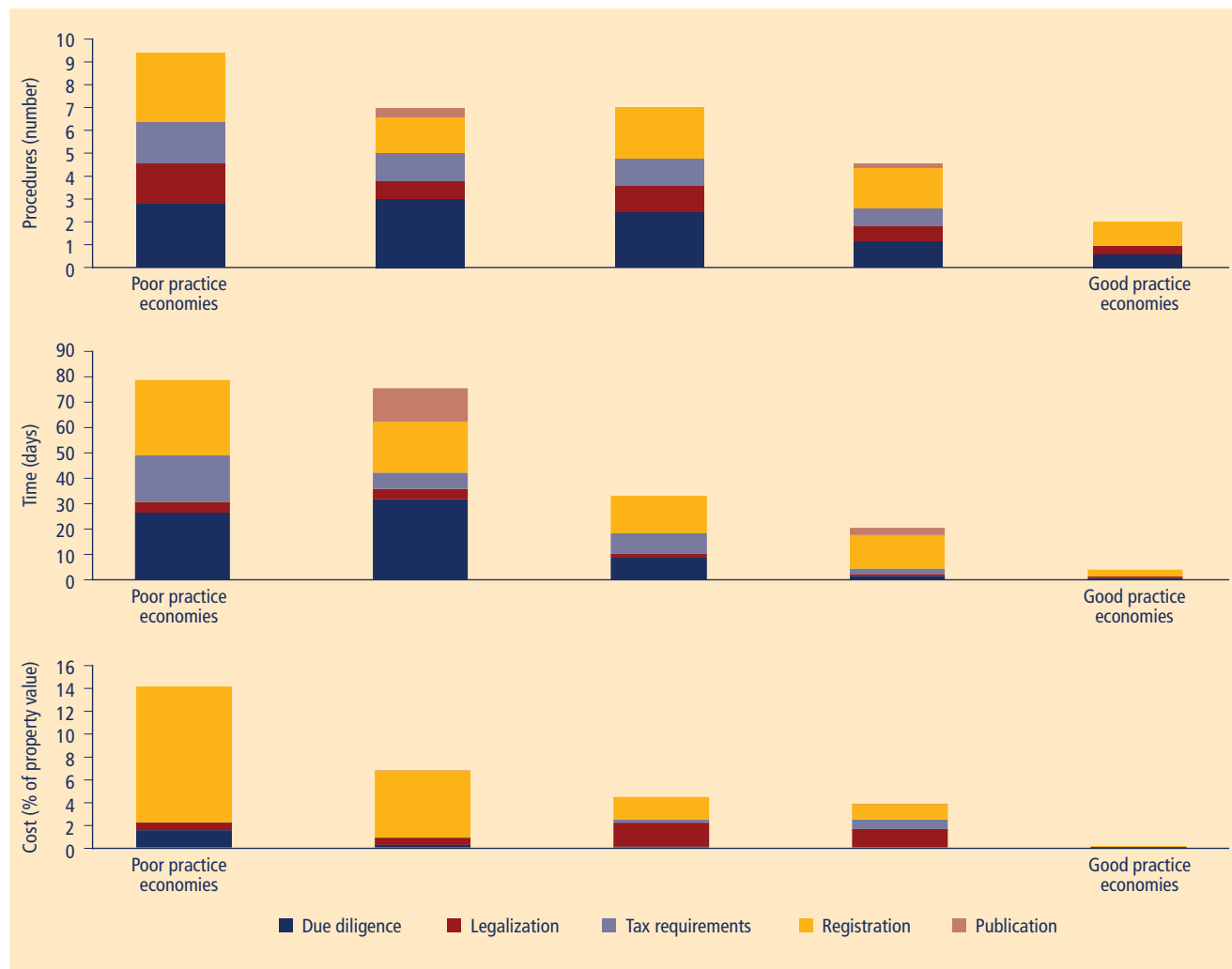
WHO REFORMED IN REGISTERING PROPERTY IN 2012/13?

In 2012/13, 31 economies made it easier for businesses to register property by reducing the time, procedures or cost required (table 13.1). The most common improvements were combining procedures, increasing administrative efficiency, computerizing registries and lowering property transfer taxes. On the other hand, 6 economies raised the cost of transferring property. No economy increased the time or number of procedures to transfer property.

Burundi made the biggest improvement in the ease of registering property in the past year by creating a one-stop shop for property registration (figure 13.2). Opened in March 2013, the one-stop shop combined the services of the municipality of Bujumbura, Burundi Revenue Authority and land registry, enabling companies to complete property transfers faster without making multiple visits to different agencies. This was the first step toward a more efficient property registration system.

Among regions, Sub-Saharan Africa made the most reforms making it easier

FIGURE 13.1 Registration and due diligence are the most cumbersome aspects of transferring property
Averages by ranking group



Note: Poor practice economies are the 5 lowest-ranked economies on the ease of registering property, excluding “no practice” economies. The second column represents the 5 economies ranked from 140 to 144 on the ease of registering property. The third column represents the 5 economies ranked from 93 to 97. The fourth column represents the 5 economies ranked from 45 to 49. Good practice economies are the 5 top-ranked economies.

Source: *Doing Business* database.

to register property in 2012/13. For example, Guinea-Bissau opened a notary office in charge of property-related transactions. Lesotho eliminated the ministerial approval for property transfers and recruited new staff at the registry. Uganda reduced time by introducing a new system, eStamp, for certifying documents subject to a stamp duty.

In Europe and Central Asia new fast-track procedures and time limits were successfully enforced. In addition, land and building databases were being

digitized. In the Russian Federation the creation of a unified electronic land and property database eliminated the need for applicants to visit Bureau of Technical Inventory offices and obtain cadastral passports. In addition, Ukraine introduced a new system of registration of property rights and encumbrances over real property. The system requires sellers to re-register titles before transferring them to buyers.

Online procedures were introduced by some OECD high-income economies.

The Netherlands made it possible to submit deed registrations and obtain documentation related to property transfers online. In the United Kingdom, the Land Registry for England and Wales introduced electronic lodgment of property transfer applications.

Between 2012 and 2013 average property transfer costs went down. But diverging trends appeared within income groups. Though low-income economies made transferring property more affordable (reducing the cost from 7.9% of

TABLE 13.1 Who made registering property easier in 2012/13—and what did they do?

Feature	Economies	Some highlights
Combined or reduced procedures	Burundi; Italy; Kosovo; Montenegro; Panama; Rwanda; Ukraine	Kosovo and Montenegro introduced new notary systems and combined procedures for drafting and legalizing sale and purchase agreements. Rwanda cut 2 procedures by eliminating the property valuation requirement for tax purposes.
Increased administrative efficiency	France; Guinea-Bissau; Lesotho; Morocco; Suriname; United Arab Emirates	France reorganized its land registry and reduced the time for registering a deed of sale by 10 days. The United Arab Emirates extended the working hours of the Dubai Land Registry, making property transfers 4 days faster.
Computerized procedures	Cape Verde; Liberia; FYR Macedonia; Uganda	Cape Verde and the former Yugoslav Republic of Macedonia digitized their land registries. Liberia stopped writing deeds by hand and computerized its land registry—reducing the time to transfer property by 6 days.
Introduced online procedures	Netherlands; Singapore; United Kingdom	Singapore introduced an online fast-track registration process for single transfers, enabling property transfers to be completed in 1 day.
Introduced fast-track procedures	Belarus; Kazakhstan	Belarus cut the time to register property by 5 days by implementing an expedited procedure. Kazakhstan introduced a fast-track procedure, saving 16 days.
Set up effective time limits	Russian Federation	The Russian Federation introduced a 20-day limit for the Federal Service of State Registration, Cadastre and Cartography to transfer a property.
Reduced taxes or fees	The Bahamas; Chad; Côte d'Ivoire; Guinea; Malawi; Niger; Senegal; United Arab Emirates; Uzbekistan	Guinea decreased the transfer tax from 10% to 5%. Senegal lowered the transfer tax from 15% to 10%.

Source: Doing Business database.

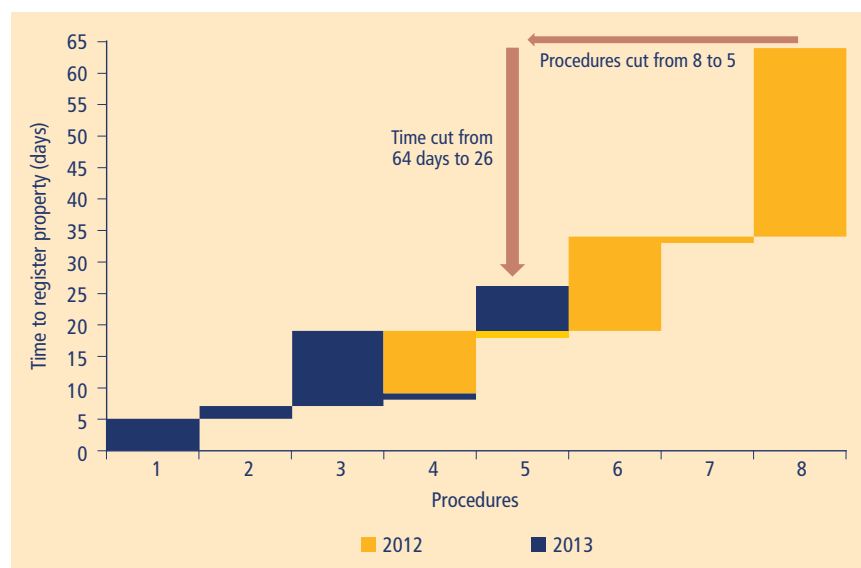
the property value to 7.5% on average), 6 middle- and high-income economies raised property transfer taxes. In February 2013, to slow down the real estate market and prevent the risk of a bubble, Hong Kong SAR, China doubled its stamp duty (from 3.75% to 7.5% for commercial properties worth 6.72–20 million Hong Kong dollars).

WHAT HAVE WE LEARNED FROM 5 YEARS OF DATA?

Over the past 5 years the average time to transfer property worldwide fell by 15 days, from 65 to 50, and the average cost by 0.2 percentage point, from 6% of the property value to 5.8% (figure 13.3).

Computerizing property transfer processes helps reduce processing times and enhance efficiency. In the 45 economies that computerized procedures—as diverse as Malaysia, the Netherlands and Sierra Leone—the average time to transfer a property was cut in half, from 64 days to 32, over the past 5 years. Going electronic also makes it easier to identify errors and overlapping titles, improving title security.

FIGURE 13.2 Burundi made transferring property faster and easier

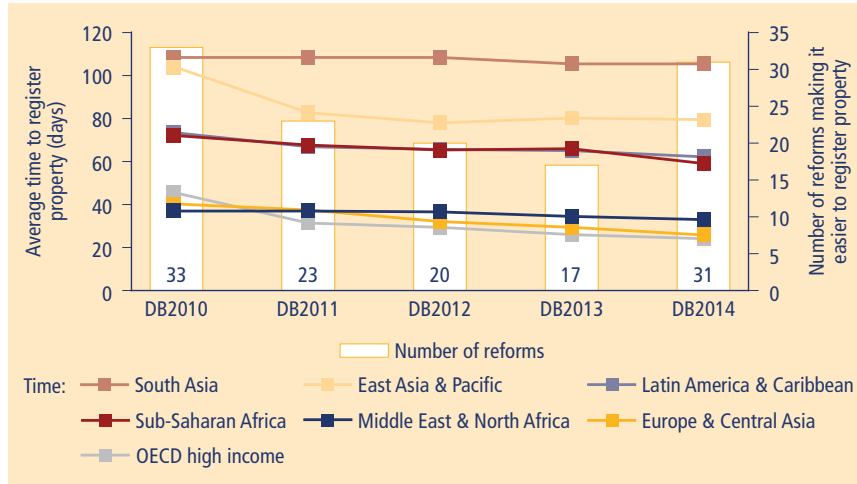


Source: Doing Business database.

Implementing a fully computerized system takes several years and requires a step-by-step approach. In the past the Danish property registration system was time consuming, and government employees had to maintain an archive of 80 million paper documents.

Information was kept by local district courts that were not connected. As a preliminary step, all the information stored in local courts had to be centralized in a single place. This is why a unified land registry was set up in the city of Hobro.

FIGURE 13.3 The average time to transfer property is falling worldwide



Note: To ensure accurate comparisons, the figure shows data for the same 183 economies for all years, from DB2010 (2009) to DB2014 (2013). The economies added to the *Doing Business* sample after 2009 and so excluded here are Barbados, Libya, Malta, Myanmar, San Marino and South Sudan. This figure uses regional classifications for 2013.

Source: *Doing Business* database.

In 2009 the Danish government began modernizing its land registry by digitizing and automating property registration. Processes had to be streamlined and re-organized. The centralized land registry initiated its computerization and records

were progressively digitized. Once digitization was complete, the land registry introduced electronic lodgment of property transfers. By 2011 property transfer applications were only accepted online and the information technology system

started screening applications in a fast and efficient way. As a result, over 5 years the time to transfer a property was slashed from 42 days to 4 (figure 13.4).

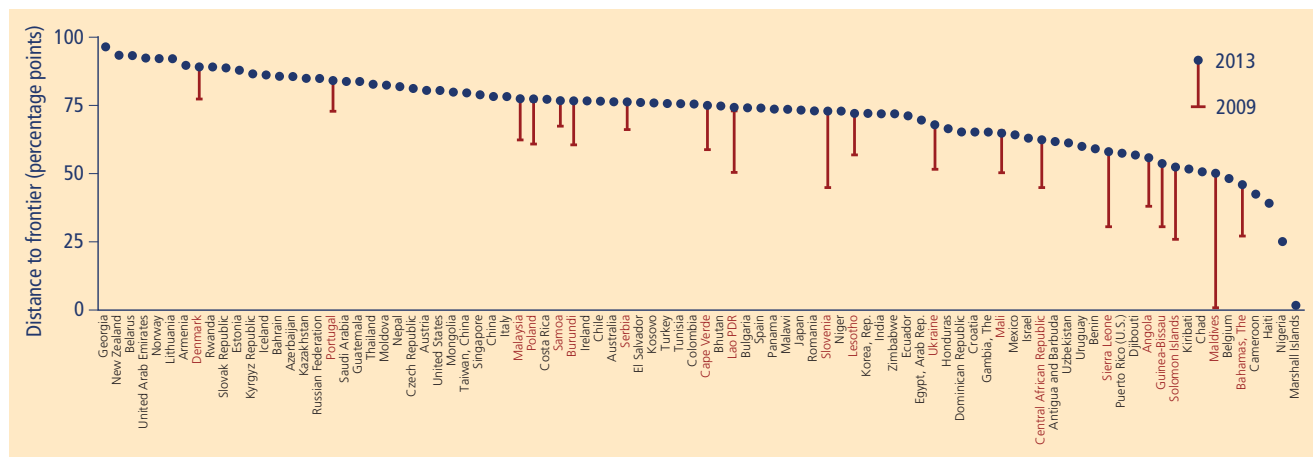
The Danish system was designed to respond to the needs of a variety of stakeholders, from citizens to financial institutions. With online access to a single source of land registry information, citizens and businesses could transfer property on their own with no third party and get information on any property. In addition, the Danish financial sector created a central hub for sharing land registration data between banks and the land registry—facilitating access to information and credit.

NOTES

This topic note was written by Edgar Chavez Sanchez, Laura Diniz, Frédéric Meunier and Parvina Rakhimova.

1. UN-Habitat 2012.
2. UNDP 2008.
3. For instance, Dower and Potamites (2012), in a recent paper on land titling, find that possessing a formal land title is an important factor in accessing formal credit in Indonesia.

FIGURE 13.4 Maldives, Denmark and Portugal are among the economies advancing the most toward the frontier in registering property over the past 5 years



Note: The distance to frontier scores shown in the figure indicate how far each economy is from the best performance achieved by any economy on the registering property indicators since DB2005 (2004). The scores are normalized to range between 0 and 100, with 100 representing the frontier. The data refer to the 183 economies included in DB2010 (though for practical reasons the figure does not show all 183). Barbados, Libya, Malta, Myanmar, San Marino and South Sudan were added in subsequent years. The vertical bars show the improvement in the 20 economies advancing the most toward the frontier in registering property between 2009 and 2013.

Source: *Doing Business* database.