



Index of Bureaucracy in Latin America 2021



ATLAS NETWORK
Center for Latin America

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The background features a light gray grid of dots. Overlaid on this are several geometric and network-like elements: a large, faint, light gray circle on the left; a network of dark gray dots connected by thin lines, forming a shape reminiscent of the map of Latin America, extending from the top left towards the right; and a series of small, empty circles arranged in a 4x3 grid in the top left corner.

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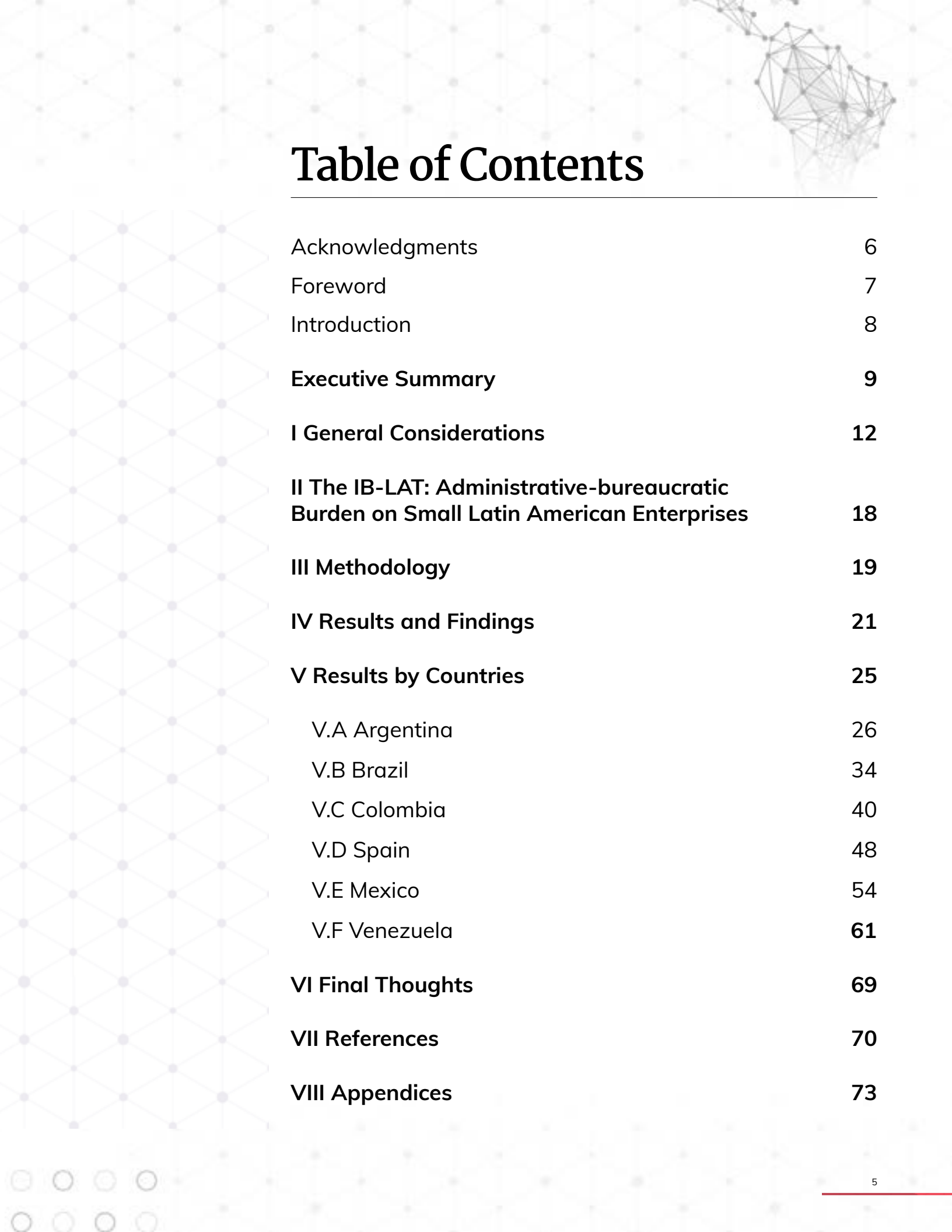


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Roberto Salinas Leon, Executive Director, Center for Latin America

Foreword

Brad Lips

It gives me great pleasure to present this first edition of the *Index of Bureaucracy in Latin America*, which represents a multi-institutional regional effort, coordinated by Dr. Sary Levy-Carciente, a senior researcher affiliated with our Venezuelan partner Cedice Libertad and a numerary member of the Academia Nacional de Ciencias Económicas of Venezuela. The study was inspired by the work in this area of our European partners at the Institute of Economic and Social Studies in Slovakia.

This project demonstrates how small companies and micro-businesses are forced to deal, on a daily basis, with a growing bureaucratic burden that inhibits their competitiveness and their opportunities to prosper. Likewise, the study indicates the type of reforms that the countries covered by this first edition require to consolidate a climate of trust conducive to productive investment and innovation. These are, in fact, essential factors to achieve the inclusive prosperity that is sorely needed by citizens in the Latin American region.

A fundamental premise of the work we develop at Atlas Network stems from the idea that it is necessary to eliminate barriers to voluntary exchange and entrepreneurship, the fundamental basis of human progress. In Montesquieu's words, "Useless laws weaken necessary laws." The administrative expansion of the modern State has generated an outburst of rules and regulations that do not generate any value for the common citizen; they even become extortion mechanisms under the cover of a complex bureaucratic environment. This undermines a stable rule of law, inhibits economic freedom, and undermines the foundations of prosperity.

The accelerated growth of bureaucracy in Latin America implies much more than the expansion of red tape. This study demonstrates the great amount of time that ordinary citizens must dedicate to comply with so many procedures, rules, and bureaucratic offices. In countries like Argentina and Venezuela, the averages amount to a thousand hours per year. The data speaks for itself: as bureaucratic procedures increase in complexity and become less predictable, micro-enterprises are forced to incur the additional transaction costs for "gestores"¹ (specialized managers) to navigate the burdensome bureaucratic maze. Those who cannot bear these new costs resort, naturally, to the informal path, where corruption becomes a non-statutory tax required to survive, and where paying these State rent-seekers becomes part of the everyday reality of doing business and trying to get ahead. This creates a vicious cycle of perverse incentives that perpetuate the status quo, at the expense of the neediest families in society. Likewise, these "extortion economies" and rent extraction weaken social cohesion and promote the image of how select groups enrich themselves at the expense of citizens who work the most, but have the least.

Dr. Levy-Carciente suggests that the effect of bureaucratic overload goes far beyond transaction costs or value of time. It is a phenomenon that threatens the dignity of human beings who simply seek to live better.

Therefore, the results of this study confirm the urgent need to reimagine the way in which modern bureaucracy should operate, under a paradigm of "simple rules for a complex world" which puts the everyday citizen as first priority. This entails a focus on the values of governance and transparency, but above all on developing conditions that allow people to work, produce, consume, save, and invest.

Shortly before the publication of this study, the World Bank decided to discontinue its annual publication *Doing Business in the World*, after an investigation revealed internal efforts to manipulate important data in the ranking of certain countries. It is an unfortunate event, since this publication had become a tool that illustrated how the excesses of rules and regulations threaten business activities in the countries covered in the study; this phenomenon is also correlated with the levels of bribery and other forms of corruption in the economic environment.

Our hope is that this first edition of the *Index of Bureaucracy in Latin America* will help fill part of the void left by this cancellation, and, above all, contribute to sustaining the fundamental conversation regarding changes that our countries require to eliminate obstacles inhibiting trade, innovation, and human progress. We look forward to continuing our effort as we expand the countries for a second edition of the Index, as well as subsequent editions in the future.

The message is clear and forceful: "Déjame trabajar" ("Let me work").

¹ This is the word used in the Spanish language to refer to specialized administrative experts dealing with and "navigating" within the bureaucratic labyrinths.

Introduction

Juan José Daboub

Where there is no social mobility there is geographical mobility. This is apparent with the millions of Salvadorans, Hondurans, and Guatemalans who annually take great risks to migrate to the United States. This reality should inform public policy in Latin America and the United States.

How can we remove obstacles that prevent citizens from taking control of their destinies in their own countries?

Certainly, the lack of personal, national, and legal security is the basis of the problem. And it turns out that this is the fundamental role of any State: to provide security to its citizens. But there is not only a deficit in this matter; there is a deficit in the misuse of the few resources they have, stretched to meet every demand. Bureaucracy absorbs all the taxes people pay and, on the other hand, does not provide the expected services either with the quality it should or with the efficiency.

Before making bureaucracy efficient, everything that does not add value must be eliminated. That is to say, the “spaghetti” of processes needed to obtain a certain stamp on the upper right corner of a paper that nobody will ever use must be eliminated. Eliminate the paper, the process, and the position of the one who puts the stamp, and the one who more than once receives a “tip” because instead of waiting thirty days for the paper, it was delivered in three. Citizens would prosper, they would do so in the formal sector, and corruption would be minimized. Countries would be more competitive.

Therefore, we must eliminate the unnecessary, combine, decentralize, and when possible, open the space for different actors in society to provide those minimum services that may be necessary.

In the case of my country, El Salvador, it went from disgrace to investment grade in just a few years as a result of a constant process of continuous improvement. Between 1992 and 2004, El Salvador overcame the effects of an armed invasion that killed hundreds of thousands of people and forced about 20% of the population to migrate to the United States.

El Salvador decided at that time to empower citizens, opening up state monopolies to competition, integrating its economy to the world through free-trade agreements, adopting the world’s strongest legal tender currency, and following a simple principle that was difficult to implement: an imperfect market is better than the perfect bureaucrat telling us what to do.

With these changes, El Salvador cut extreme poverty in half, cut inflation and interest rates to the lowest levels in all of Latin America, and obtained the highest degrees of economic freedom, even above Chile. In that period, people made their American dream happen at home. Migration to the United States fell substantially, except for the year in which we had two large earthquakes.

As people succeed in their own land and progress by their own effort, as people work for their own social mobility, and as the state removes obstacles, geographic mobility becomes less necessary—at least for economic factors. Security and opportunity help people succeed, wherever they are.

It is important to be able to measure the changes, both the positive ones—those experienced in that historical period of El Salvador (1992–2004)—and the negative ones. Metrics are important to let you know if you are moving in the right direction.

Latin American countries are on the lower half of the main economic index charts for the region, as is usually the case in the index of economic freedom or the Doing Business index [RIP] of the World Bank. However, in this new Index of Bureaucracy, a specific effort is being made to identify the barriers that operate in our companies compared to a sample company, and the results in the first five countries where this exercise has been carried out are very interesting.



Executive Summary

Companies, citizens, and even public sector workers perceive the set of procedures required by modern administrative bureaucracy as an endless labyrinth, which absorbs valuable time that could otherwise be allocated to more productive activities. This “time tax” inhibits productivity and innovation, and represents a high opportunity cost in terms of new lines of production or better customer service. The bureaucratic largesse is particularly stifling for small businesses, which try to establish themselves in local markets and must allocate scarce valuable resources to comply with a vast mountain of requirements and procedures.

The era of the Industrial Revolution 4.0 is characterized by an uncertain, densely interconnected, and disruptive world, which requires that governments adapt rapidly to the needs of the citizens, offering them streamlined, simple, and uninterrupted access to their services. It must promote a productive and efficient policy consistent with the socio-economic dynamics of a prosperous and inclusive economy.

This new paradigm of public management implies a “simple rules for a complex world” approach that emphasizes simplicity, agility, and adaptability—a government with a receptive staff, open to facilitating solutions, which in turn should give way to an adaptive governance capable of addressing the challenges and opportunities we face in this time of radical uncertainty and rapid change. In other words, we should transition from the Weberian bureaucratic model, which is a hierarchical and rigid structure based on general normative principles, to a flexible bureaucracy that relies on new technologies, and where its leaders review their actions and functions based on new perspectives, capable of fostering a public sector culture based on principles that can adapt to changing circumstances. This puts the needs of citizens as first and foremost and thereby breaks with traditional watertight compartments of modern administrative government. For the Latin American region, the core vision is one of “live and let live,” or better, in Spanish, “Déjame trabajar.”

This leap has been very challenging for current government bureaucracies. It is ironic, and even surreal, that almost 25 years into the twenty-first century, our countries still struggle with structures from the beginning of the modern era, very far from the adaptive governance model (polycentric, agile, and organic) in which the collaborative associations of the public sector, the business world, and civil society allow the generation of progress across all sectors of the real economy.

Achieving this vital transformation in the underlying institutional framework of our economies is one of the most important challenges of our times. This is especially relevant for small businesses, which represent more than 75% of the total number of companies worldwide and which account for up to 50% of employment opportunities—despite their limitations in human and financial resources, and the scarce time resources required to comply with the rules and regulations that are imposed on them.

With all this in mind, **Atlas Network's Center for Latin America** has initiated a project that aims to raise awareness for Latin American countries regarding the administrative-bureaucratic burden that small companies must bear to get ahead and the relevant changes that must be made to support an agenda of human enrichment and inclusive prosperity. The methodology is based on the Bureaucracy Index developed by the Institute of Economic and Social Studies of Slovakia (INESS), adapted to the region, considering the most representative small companies by sector in each country.

In this first edition the institutions that participated in the project are as follows: Fundación Libertad (Argentina), Instituto Liberal (Brazil), Instituto de Ciencia Política Hernán Echavarría Olózaga (Colombia), Mexico Evalúa (Mexico), Fundación Civismo (Spain), and Cedice Libertad (Venezuela). Cedice was the lead institution in the project. Each institution assigned valuable research associates for this purpose, who with dedication and professionalism addressed the issues and challenges facing their respective countries. It is worth highlighting the inclusion of Spain in the study, a country historically and culturally linked to Latin America, and from which we can determine the sources of familiar organizational structures.

First, the productive structure of each of the countries involved was reviewed, identifying the most relevant activities in the primary, secondary, and tertiary sectors. Subsequently, these productive activities were reviewed based on the weighted proportion of small business to the overall size of business activity.

Once the small representative sector company was selected, an exhaustive survey of the legally required procedures was conducted. This was determined by a series of interviews with companies, as well as professionals who are experts in the field. This way the number of people needed was determined, as well as the required working hours and the required frequency of the procedures related to the hiring, management, or dismissal of personnel (their tax registration, social security, pension, or other entities required in each country were identified; safety training, health exams, reports of working days, holidays and vacations, salary reports were recorded); the payment of taxes (for income, consumption tax, value added, or others); operational legal requirements (technical certification or occupational safety, bureaucratic procedures related to vehicles for business use, or waste management); the frequency in the modification of the processes and procedures, since this requires a time for training of the personnel who carry it out—and even more so when there are important legal changes, whether in labor or tax laws, in commercial codes or other regulations; and all those specific requirements related to the productive activity of the company.

After collecting the information, the quantitative measurement was carried out, finding that the number of hours that a small company spends on average to fulfill the administrative-bureaucratic burden in the sample of countries under study is certainly high in relation to the averages observed in more developed regions such as Europe. It is worth highlighting the important dispersion that emerges from the results of the Index of Bureaucracy in Latin America (IB-LAT), which tells us about the important regional differences as well as differences within countries in the sectoral analysis. Organizing the results, a grouping of the countries into three blocks emerges:

- i) The first, which shows Brazil with 115 h/year as the country with the best results in this study, followed by Spain, whose average values double those of Brazil. The result in Brazil is the product of a government effort specifically aimed at meeting the demands of small businesses to enable them to have much greater flexibility when carrying out bureaucratic procedures. For its part, Spain shows a weighted average of 332 h/year, highlighting the representative economic activity of the tertiary sector, with 255 h/year.
- ii) The second group offers IB-LAT results around 500 hours per year, made up of Mexico with 492 h/year and Colombia with 524 h/year (weighted average), highlighting in them the weight represented by the procedures associated with employment. In the case of Mexico, the greatest burden is represented by the activities of hiring and firing personnel, consuming 35–42% of the time allocated to procedures (66% of the time of job administration), while Colombia suffers from the payment of salaries, contributions and taxes associated with employment, pointing out that the primary sector manages to dedicate 74% of the time to this activity.

- iii) Argentina and Venezuela make up the third group with a high burden averaging 945 h/year, which practically doubles the time spent by countries in group 2 and almost triples that of group 1 in complying with bureaucratic procedures. Likewise, the number of procedures that must be completed in these countries is important—50 for Argentina and 68 for Venezuela—and there are numerous institutions with which to interact. The procedures associated with paying taxes are the most complex and time-consuming in these countries.

To put these figures into perspective, it is worth saying that according to the OECD, between 1,363 and 2,255 hours are worked per year (OECD 2021). In other words, the bureaucratic-administrative burden represents in these countries between 20% and 50% of the annual working time of a worker. Many of these companies start with one or two people dedicated to this activity, which tells us about the weight that these practices represent.

This group of countries has managed to digitize a large part of the procedures, but those that are specific to some economic activity are more demanding than those that are common to all. Likewise, some regulations manifest supranational requirements, derived from integration processes, which are adopted into national legislation, adding requirements to those already in place; and the particularities of the different levels of government also have a relevant weight, in addition to a wide range of differentiation.

It was discovered that the more numerous, complex, and changing the processes are, the more companies tend to outsource to specialized agents. As a result, in many cases informal, opaque, and even non-legal channels emerge, which feed perverse incentives and networks of corruption whose damage is immeasurable, since it goes beyond the loss of product or the deficient quality in the provision of services and affects mainly vulnerable or disadvantaged groups, in addition to weakening trust in the rule of law and social cohesion (Rangel & Levy-Carciente, 2019).

The results show the urgent need to rethink and redesign the way in which government bureaucracy has traditionally functioned. It must focus itself on serving and addressing the needs of citizens, in search of governance in tune with new times and new realities.

Regarding bureaucratic procedures, the time required to open a business has been attended to, but the time required to keep it running has been ignored. Similarly, insufficient emphasis has been placed on the impact that these regulations have on small businesses, which represent more than 75% of the global total. Likewise, many strategies to improve bureaucratic procedures have relied on adopting new technologies, computer systems, and digitizing procedures, which, although streamlining the process, has resulted in insufficient policy improvement.

It is crucial to go further and review if these procedures are essential; if they add or reduce efficiency to the economic dynamics; if they favor transparency or if they are a source of opacity; if they provide a boost to innovation; or if they are deterrents or obstacles to quality of life for present and future citizens.

It is our hope that the results of this project, which we intend to expand and continue in future editions, can be used as valuable material for the agenda of reforms required in our countries to strengthen conditions for innovation, productivity, and greater human freedom in our countries.



I General Considerations

The term “bureaucracy” is a combination of two words: “bureau,” a French word for office, and “kratos,” a Greek word for power.

The dictionary of the Royal Spanish Academy defines bureaucracy as: a) organization governed by rules that establish a rational order to distribute and manage its own affairs; b) set of public servants; c) excessive influence of officials in public affairs; d) inefficient administration due to paperwork, rigidity, and superfluous formalities.² It is worth noting that, although the first two meanings are value neutral, the next two, which have a clearly negative charge, are not. And that is the vision that prevails over bureaucracy.

It is stated that it was the French economist and physiocrat Jacques Claude Marie Vincent de Gournay (1712–1759) who used the term for the first time as a criticism of the policies practiced by the absolute monarchy of the mid-eighteenth century, defining it as suffering from “bureaumania” in which the number of civil servants was increased, thus wasting resources, and where State institutions offered a largely deficient response.

But it is Max Weber (1864–1920), father of modern sociology, who is considered the great theorist of bureaucracy, based on his work *Economy and Society* (1921). For Weber, bureaucracy was closely linked to the emergence and development of the modern State, where the model of political domination plays a central role. It consists of a form of hierarchical-rational organization of work, where officials or workers specialize in their field and functions, achieving a certain degree of effectiveness to solve problems of society, legitimizing their power. Thus, the bureaucracy model is a legal, rational framework, where the authority of the bureaucrat is concentrated, formalizing itself in the design of the public administration system and in the control of private companies. It is there that the negative and derogatory connotations of the term emerge: ruling class embedded in the State; and functional inefficiency, blocking activities, easily vulnerable and corrupted (Vargas, 2009).

Worried about the growing bureaucratization of economic dynamics, Ludwig von Mises in his work *Bureaucracy* (1944) highlighted the differences between public and private organizations in terms of governance, and how when efficiency is not the driving force behind the organization, the objective assessment of results is difficult, if not impossible, favoring discretionality, centralization and abuse of power, and finally submission, corroding the foundations of the liberal republics:

² <https://dle.rae.es/burocracia>

Those who criticize bureaucracy make the mistake of directing their attacks against a symptom only and not against the seat of the evil. . . . What people are really complaining about is the fact that the government has embarked upon such totalitarian policies, not the technical procedures applied in their establishment. . . . The makers of the Constitution never dreamed of a system of government under which the authorities would have to determine the prices of pepper and of orange. . . . They would have easily understood that government control of business is ultimately incompatible with any form of constitutional and democratic government. It is not an accident that socialist countries are ruled in a dictatorial way. Totalitarianism and government by the people are irreconcilable.

His criticism of the bureaucratization of the company was no less than the one he entrusted to the public apparatus, particularly when public-private collusion is present:

Monopolized big business will congeal into rigid bureaucratism. Its managers, responsible to nobody, will become a hereditary aristocracy; the governments will become mere puppets of an omnipotent business clique. . . .

. . . No profit-seeking enterprise, no matter how large, is liable to become bureaucratic provided the hands of its management are not tied by government interference. The trend toward bureaucratic rigidity is not inherent in the evolution of business. It is an outcome of government meddling with business. It is a result of the policies designed to eliminate the profit motive from its role in the framework of society's economic organization.

It is worth noting that Mises did not attack bureaucracy in itself—moreover, he considered it a management method that by necessity is applied to the governmental apparatus—but he attacked its excessive expansion, which by invading private space restricts individual freedom. This is what American sociologist Robert Nisbet (1913–1996) emphasized; he considered that the domination of the bureaucracy and the imposition of a technocracy in the long run would be as detrimental to equality and freedom as the aristocracies of the past, establishing a new system of privilege and power (1966: 162).

These strong criticisms have not prevented the permanence and survival of bureaucracies and their clear penetration into private spaces. It would not be until the end of the twentieth century that the citizens' demand for efficiency and transparency of the public apparatus found space in management discussion agendas of transformation based on new organizational paradigms.

Simultaneously, for theorists and policymakers who seek to favor development, the focus has been shifting from macro to micro, from add-ons to specific; and increasingly, the focus of attention is the individual, hence the importance of promoting their capabilities and offering equal access opportunities in such a way that they freely and responsibly forge their own futures, taking into account their wishes and priorities and respecting with intergenerational responsibility their peers and their environment.

It is in the provision of opportunities that the growing importance assigned to good governance and institutional soundness stands out. The underlying approach is that only with a high quality of government, that is, with a more efficient and transparent government, can society reap the benefits of economic growth and achieve the much-desired sustainable multidimensional development. The 2000 "United Nations Millennium Declaration" identifies good governance as a requirement for countries to promote economic development and reduce poverty; and as societies manage to overcome obstacles, spaces are opened for innovation and the achievement of better quality of life for their citizens.

This resulted in the emergence of the so-called New Public Management (NPM), which is based on cultural conceptions of a good and responsible government, and in which the postulates of a post-bureaucratic model stand out (Barzelay, 1992, 2003) as well as the introduction of various organizational and managerial techniques—*Gestión por Resultados* (BID-CLAD, 2007) or *Gestión por Procesos* (Aguilar, 2006). These postulates seek to promote the efficiency and quality of service provision, focusing the action on meeting the needs of citizens (Aucoin, 1996; Pfeffer, 2000; Daza, 2010) or as Osborne and Gaebler (1992) indicate, a reinvention of the government that overcomes the bureaucracy of its administration.

NPM requires efficiency, cost reduction, and improvement in customer service, for which it is necessary to redirect organizational capabilities to focus on achieving results, making the market and competition their natural referents (Curristine, 2007; Darrell, 2018). All this requires a cultural-organizational change that can be promoted with the use of information and communication technologies (ICT), to streamline, decentralize, and delocalize activities in order to optimize the provision of services, always bearing in mind that the important is not the efficiency of the environment, but the achievement of its goals (Chica, 2011).

Another related research area recognizes the importance of incentives—economic, professional, and institutional—to attract the best professionals, with the necessary competencies and skills, resulting in better performance of the bureaucratic apparatus and finally achieving a boost in the productivity of the countries as a mechanism for the integral development of societies (CAF, 2018).

The approach to public management in the twenty-first century integrates elements of professional management and neo-institutionalism—in which the foundations of the theory of Public Election, Transaction Costs, and Agency theory converge—highlighting the relevance of public institutions in the conditioning of individual preferences (Hood, 2000; Afonso et al., 2005).

A concept of adaptive governance emerges therefrom, characterized by its polycentric structure, its organic functionality, and its flexible, fast, and agile behavior (Wang et al., 2018).

It is driven by new technologies and leadership that responds with efficiency and transparency to citizen demands, and through efficient cooperation, opens the way to the so-called agile government with an agile bureaucracy, with a collaborative culture, where the team and not the individual is the essence of success and responsibility (Cockburn, 2002; Mergel et al., 2018).

This calls for the formation of open and innovative teams, focused on the client/user with the ability to quickly adjust to changes in the environment. Instead of hierarchical, pachydermic, and stagnant structures, the objective is to make each organization, agency, department, or unit a space for creating solutions, a space for innovation.

When applied to public administration, an agile bureaucracy must provide the bureaucrat with individual freedom to contribute with innovation and change; and provide the citizen with a better service. The systemic approach breaks with the silo concept, allows a broad and comprehensive vision, and shows organizations as living organisms that evolve over time, adapting to their environment. Agile methodology involves user-centered design, cross-functional teams, prototyping, rapid iterations, and continuous feedback loops. The agile methodology allows maximization of the chance that a team will deliver a reliable product that meets the needs of users, minimizing the risk of failure. It was initially conceived for software development by the so-called Agile Alliance (2001, <http://agilemanifesto.org/principles.html>), but today it has become an applicable paradigm in all types of organizations (Rigby et al., 2018).

The transformation is not simple; on the contrary, it faces many obstacles and challenges, but the new approach or paradigm is more than a methodology: it is a mentality whose objective is to “satisfy the client” (Ramíó, 2020; Skoll World Forum, 2013).

There are many initiatives for transformation, reform, modernization, and streamlining of public administration being implemented in multiple nations. In almost all of them, it is apparent that the incorporation of managerial techniques is typical of the private sphere, the incorporation of information and communication systems, as well as training and education of their officials, with the purpose of achieving the necessary changes that allow responding to citizen demands (Cunto de San Blas et al., 2018; Roseth et al., 2018; Rangel and Levy-Carciente, 2019).

These strategies are combined to generate three vectors of innovation: integration, simplification, and management, allowing the diagnosis of specific problems, planning interventions, mobilizing resources, and planning out the capabilities required to implement appropriate solutions (Farías et al., 2016: 10).

Likewise, it is now familiar to hear remarks about the importance of reducing, optimizing, making more flexible, and streamlining public bureaucracy, since it is not only costly in financial terms, but also stifles innovation and discourages entrepreneurship. According to research by Hamel and Zanini (2017) published in the Harvard Business Review, the US economy was wasting in 2017 more than \$3 trillion dollars a year on excessive bureaucracy, and although the benefits of an optimizing transformation are evident, the obstacles are substantial, as bureaucracy is deeply rooted. Hence, reversing these norms is a challenge that requires firm, committed leadership that, based on facts and data, could drive transformation.

In Latin America there are multiple initiatives to adapt the public bureaucracy to the demands of the twenty-first century: the Chile Atiende service system, in operation since 2010, which began with the “Instituto de Previsión Social”³ customer care points and gradually incorporated procedures from other Chilean public institutions; the “Ventanilla Única Nacional (VUN) de México” or National Single Window of Mexico,⁴ which since 2015 consolidates services and information from 18 ministries, 299 government entities, and 32 Mexican states, which were previously administered in more than 5,000

³ Social security processing centers

⁴ Specialized term in Spanish or “one-stop-shop” attention centers

web portals; the Comprehensive Innovation Model of Services and Benefits of Citizens and Companies, of the state of Colima (Mexico), which reduced the regulatory burden to facilitate access to health services in public hospitals and the complete digitization of the process of opening new businesses; the improvement of the process of creating companies as well as the environment for investments and businesses achieved by the state of Minas Gerais in Brazil, which established a channel of digital dialogue with potential entrepreneurs that led to the creation of a single window that integrated all entities involved in the creation of a company; the PanamaTramita portal, from Panama, and Colombia with an online government portal that manages integrated procedures for various public institutions; or the experience of the municipality of Bahía Blanca in Argentina, based on blockchain technology, for the allocation of cultural subsidies, reducing the discretion of officials and promoting auditing and social control (Rangel and Levy-Carciente, 2019).

Notable in all of them is the use of ICT (Information and Communication Technologies), essential for the digitization of procedures, for the integration into “one-stop shops,” and for linking to digitized payment platforms. These elements are very important but insufficient.

It is necessary to make a more in-depth review of the State bureaucracy aimed at meeting the needs of citizens—one that fosters the dynamic efficiency of their economies; that promotes innovation, transparency, and respect for privacy and personal data; and that promotes a comprehensive development based on greater human freedom. The aforementioned is essential and even more pressing for small companies. Since the end of the twentieth century, the assessment of the role played by small- and medium-sized enterprises (SMEs) in economic development has increased, highlighting their potential in job creation, flexibility, contribution to socioeconomic stability and poverty alleviation (Giaoutzi et al., 1988; Storey, 1988; Audretsch, 2003; Audretsch and Thurik, 2002; Carree and Thurik, 2003).

Likewise, so far in the twenty-first century, the increase in the number of SMEs stands out. In the year 2000 they were estimated at 121.78 million, reaching 213.52 million in 2019 and presenting a slight reduction in 2020, reaching 212.98 million (<https://www.statista.com/statistics/1261592/global-smes/>).

The importance of SMEs is present in both developed and undeveloped economies, i.e.:

- According to the US Small Business Administration (SBA) in the US there are about 32 million small businesses, and those with fewer than 20 employees represent 89% of companies in the country, generating almost 61 million jobs, equivalent to 47% of the workforce (<https://ustr.gov/issue-areas/small-business>).
- Micro-, small-, and medium-sized enterprises (MSMEs), constitute 99% of all companies in the European Union. In 2015, there were about 23 million, employing more than 90 million people. Specifically in Spain, by 2021, SMEs represented 97% of the total number of companies in its economy (<https://www.europarl.europa.eu/factsheets/es/sheet/63/las-pequenas-y-medianas-Business>).
- MSMEs account for 97% of all companies in Southeast Asia, employing 69% of the workforce and, between 2010 and 2019, contributed 41% of the gross domestic product in the subregion (<https://ipsnoticias.net/2020/10/las-pequenas-empresas-pueden-revitalizar-sudeste-asia/>). Meanwhile, in Africa, they represent 90% of all private companies and account for more than 60% of employment in the countries of the continent (Gómez-Jordana, 2021).
- In Latin America and the Caribbean, MSMEs represent 99.5% of all companies in the region, 60% of the employed population, and 25% of the regional product (Herrera, 2020). These statistics show that MSMEs are a fundamental component of the social and economic landscape, and, therefore, have a stellar role in the challenge of increasing productivity and of achieving more diversified, more competitive, and naturally, more inclusive economies (OECD/CAF, 2019).

Considering the significant influence of MSMEs on economies, there have been no shortage of strategies to promote them, although they have also been the object of criticism, or rather of in-depth examination, particularly with regards to the issue of productivity and their contribution to the economy.

The group of MSMEs is quite heterogeneous, ranging from informal self-employment units to the most creative and innovative businesses with export capacity. This requires coherent policies that allow them to become agents driving the change that economies and societies demand. This in turn favors the generation of networks in which they participate as part of productive clusters, which would reduce their vulnerability and allow them to contribute to the process of social inclusion.

As part of the process, it is good to highlight the importance that an agile operation of regulatory compliance has in increasing the likelihood of small companies staying in the formal sector, and even more, the chance to get out of the

informal sector. According to data from the International Labor Organization, in Latin America 140 million people work in the informal sector, which represents 50% of the region's workforce (ILO, 2018). Informality can be seen as the consequence of a failed institutionality—inappropriate and inefficient government bureaucracy—that makes the cost of formalizing the activity greater than the benefit to be achieved.

Regulation is an unavoidable part of business activity, and the way in which it is conceived and applied is decisive for the company and for its compliance. This is especially significant for SMEs that feel the burden of regulation more strongly given that their staff, time, and resource limitations pose a challenge when understanding and complying with the required obligations. In other words, the regulatory cost for MSMEs is decisive for their survival; hence the relevance of focusing the analysis on institutional impacts on small companies.

Some measurements

There are multiple and diverse measurements that different organizations have developed trying to grasp and apprehend the most determining elements of the performance of public administration, to evaluate it, and to propose strategies for improvement as core elements of good governance. Standing among them:

- a) The Worldwide Governance Indicators (WGI) (<https://info.worldbank.org/governance/wgi/>), which collect six dimensions: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. They define governance as the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored, and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for institutions that govern economic and social interactions among them. The government effectiveness dimension captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
- b) The World Competitiveness Yearbook of the Institute for Management Development (IMD) (<https://worldcompetitiveness.imd.org/>), which analyzes and classifies the capacity of nations to create and maintain an environment that ensures competitiveness of companies. It is based on the fact that wealth creation takes place mainly at the company level (whether private or public), which operates in a national environment that improves or hinders its ability to compete. The methodology divides the national scope into four main factors: economic performance, government efficiency, business efficiency, and infrastructure. The government efficiency factor includes the impact of the bureaucracy as one indicator that influences institutional framework, highlighting aspects such as threats that the bureaucracy could represent to businesses, the existence of bribery and corruption, and the independence of public service.
- c) The Institutional Profiles Database (IPD) of French diplomacy (<http://www.cepii.fr/institutions/EN/ipd.asp>) provides a measure of the countries' institutional characteristics through composite indicators built from perception data. It covers 144 countries and contains 127 indicators, derived from 320 variables describing a broad range of institutional characteristics, structured in nine functions (1) political institutions; (2) security, law and order, and control of violence; (3) functioning of public administrations; (4) free operation of markets; (5) coordination of stakeholders, strategic vision, and innovation; (6) security of transactions and contracts; (7) market regulation, social dialogue; (8) openness; (9) social cohesion and social mobility.
- d) The Sustainable Governance Indicators (SGI) of the German Bertelsmann Foundation (<https://www.sgi-net.org/2020/About>), are based on the need to innovate in governance, making policies work for all, now and in the future. For this, they are supported by three pillars: (1) policy performance, (2) democracy, and (3) governance. This last pillar explores the extent to which a country's institutional arrangements enhance the public sector's capacity to act, as well as the extent to which citizens are endowed with the participatory competence to hold government accountable to its actions.
- e) The Quality of Government (QoG) database of the University of Gothenburg (<https://www.gu.se/en/quality-government>) has the objective to address the theoretical and empirical problem of how political institutions of high quality can be created and maintained, and study the effects of quality of government on a number of policy areas. It offers two variables associated with the bureaucracy issue: (1) quality of the bureaucracy, taken by the PRS Group and (2) the administrative burden, whose indicators are taken from the World Bank's Doing Business.

- f) The G20/OECD Principles of Corporate Governance (<https://www.oecd.org/spain/37191543.pdf>). Its objective is to help policymakers evaluate and improve the legal, regulatory, and institutional framework for corporate governance with a view to supporting economic efficiency, sustainable growth, and financial stability. These principles are: (1) ensuring the basis for an effective corporate governance framework; (2) protecting and facilitating the exercise of the rights and equitable treatment of shareholders and key ownership functions; (3) providing sound incentives throughout the investment chain and providing for stock markets to function in a way that contributes to good corporate governance; (4) recognizing the rights of stakeholders and encouraging active cooperation between them and societies; (5) ensuring disclosure of information and transparency; and (6) guaranteeing responsibilities of the board of directors.
- g) The International Civil Service Effectiveness Index (InCise) of the Blavatnik School of Government at the University of Oxford, which was created to help countries determine how their central civil services are performing effectively in relation to their international counterparts. (<https://www.bsg.ox.ac.uk/about/partnerships/international-civil-service-effectiveness-index-2019>)
- h) The World Bank Group, Ease of Doing Business Index,⁵ created in 2004, measures the number of procedures, time, and cost for a small- to medium-size limited liability company to start up. For its calculation, it uses a typical national-owned company, with a start-up capital equivalent to 10 times the income per capita, which engages in general industrial activities and employs between 10 and 50 people. (<https://www.doingbusiness.org/en/methodology>) (<https://www.doingbusiness.org/en/data/exploretopics/starting-a-business>)
- i) The Paying Taxes indicator, developed by the World Bank Group and PwC, examines the fiscal regimes of economies and measures total tax and contribution rate, time required to comply with the main taxes, and number of payments necessary for a medium-size company. (<https://www.doingbusiness.org/en/methodology/paying-taxes>)

All these initiatives seek to identify key elements to ensure that the public administration offers its services with quality, transparency, and efficiency, as well as promotes strategies in accordance with future trends, in particular, those related to open government and electronic government (e-government). These efforts—along with efforts from multiple investigating institutes, NGOs, and think tanks with pro-competition, efficiency, and market views—have increased public awareness on the issue, influencing the establishment of discussion agendas on necessary transformation of public administration.

Joining this effort is the one developed by the Slovak Institute of Economic and Social Studies (INESS) (<https://bureaucracyindex.org/>) in 2016, with the aim of identifying the scope and cost of the bureaucratic burden for a typical small business in this country. Institutions⁶ from other European countries were added to this initiative until the methodology for calculating the Index of Bureaucracy was formed, which reports its results for Slovakia, the Czech Republic, Lithuania, North Macedonia, Italy, and Spain.

This Index of Bureaucracy offers a simple and transparent quantification of the administrative-bureaucratic burden (known as “Red Tape”) that a typical small company, located in the capital of the country, supports. This makes it possible to visualize the set of procedures, time required, and costs incurred by this company, both in management of personnel and in payment of taxes, which is reflected in terms of loss of competitiveness.

For the year 2021, five Latin American countries will be added in this measurement: Argentina, Brazil, Colombia, Mexico, and Venezuela. The virtue of this indicator is that the typified structure of the company makes it possible to contrast the differences in the requirements in bureaucratic procedures and the associated time in the different countries.

On the other hand, said typical company could incorrectly reflect the productive nature of the different economies, so the results of the index could be far from the demands suffered by the majority of local companies. Hence the adaptations made by Atlas Network’s Center for Latin America in the development of IB-LAT.

⁵ It is worth noting the recent announcement by the World Bank to discontinue this report due to allegations of irregularities, data manipulation, and unethical behavior by bank staff.

⁶ Friedrich Naumann Foundation, Liberální Institut, Lithuania Free Market Institute, Macedonia 2025, Competere (Policies for Sustainable Development), Fundación CIVISMO.



II

The IB-LAT: Administrative- bureaucratic Burden on Small Latin American Enterprises

If the set of bureaucratic procedures is an onerous burden for any company, it is far greater for a small company. With few personnel—in many cases only the entrepreneur and the occasional office support employee—and very limited resources, it must find its way in the competitive market of its respective sector/particular industry. Therefore, allocating limited resources to operational procedures, in addition to being prohibitive, prevents the company from achieving its goals and meeting its objectives.

It is precisely thinking about this company, the seed of economic independence and free and responsible citizenship, that Atlas Network's Center for Latin America has developed the calculation of the Latin American Index of Bureaucracy (IB-LAT) to contribute to the transformative agenda needed to propel a brighter regional future with productive dynamism and civil liberties.

The measurements have been inspired by the Bureaucracy Index developed by the Slovak Institute of Economic and Social Studies (INESS), adapting them to the region, and considering the most representative small companies in each country by sector. This has the purpose of identifying the burden most commonly borne by the most representative small business in their respective economic sector.

Consequently, its objectives are (1) to introduce a measurement that serves as a guide to public policymakers and as a tool for citizens as comptrollers of public affairs; (2) favor a critical analysis of the quality and efficiency of public management in the Latin American region; (3) promote the principle of subsidiarity of the State to serve private enterprise; and of course, (4) favor the development of a free, responsible, and prosperous society in the region.

In this first edition, the calculations were established for five countries in the region, with the support of network centers:

- Fundación Libertad, from Argentina,
- Instituto Liberal, from Brazil,
- Instituto de Ciencia Política “Hernán Echavarría Olózaga,” of Colombia,
- México Evalúa, from Mexico,
- Cedice-Libertad, from Venezuela, the center that leads the project.

From the other side of the Atlantic, Fundación Civismo, of Spain, joined the project. Its previous experience on the matter allowed for a comparison with a country that has historical and cultural ties with the region. These connections result in unavoidable legal and business traditions and, therefore, with many parallels on the issue of bureaucratic burden.

III

Methodology

The IB-LAT is inspired by the index developed by IN-ESS and adapts it to the region, allowing a measurement that reveals the administrative-bureaucratic burden on small companies that have a greater weight in the sectors: primary, secondary, and tertiary.

For this reason, the first order of business is to know the productive structure of each country, identify the most important productive activity(ies) in the primary/secondary/tertiary sectors, and, at the same time, identify the weight of the one most-representative small business.

This evaluation derives the identification of the sector's representative company. In some cases, it was found that for the same sector there were two or three activities with equivalent weight. Therefore, they were all included and the results for the sector reflect the average of times in each of these productive activities.

Next, a preliminary survey was made of the set of bureaucratic procedures required of small companies, both for Employment Management and for general operation of the company, also identifying those specific to the productive activity in which the company operates.

This is an initial approach to the bureaucratic-administrative burden borne by companies, that would then be validated with them from a series of interviews, as well as with professional experts in the field (administrators, accountants, lawyers); and companies dedicated to the management of these procedures. (See Appendix A.)

Just as in the Bureaucracy Index developed by INESS, the bureaucratic burden is regarded as imposed by a public authority, and it deems it unnecessary in complying with market requirements, or that it would be lighter if it weren't for the imposed regulation.

In the category of procedures associated with employment, the IB-LAT collects:

- i) Management of salaries, taxes, and contributions: including everything associated with salary management; administration of vacation time, sick, or accident leave; the procedures required by the social security administration, health insurance, and retirement plans.
- ii) Hiring and firing administration: including personnel movement procedures, considering their average turnover, initial training processes, as well as required health and safety examinations. In case of requiring third-party services, the market search time for the best service provider is included.
- iii) Working time reports: The sample company has only four employees. However, some countries require detailed and recorded management of working hours, holidays, etc., in their work code.

Fig. 1. BUREAUCRATIC PROCEDURES



In the category of procedures associated with the business operation, those related to:

- i) Tax administration: income, property, consumption, and value added.
- ii) Waste management: given the growing global importance in waste management and the particular demands in certain sectors.
- iii) Vehicle management: including sale, operation, and driving of the company vehicle, if any.
- iv) Mandatory certifications and external services: contain all activities related to legally required certifications, technical and security controls. In the case of requiring third-party services, the market search time for the best service provider is included.

Finally, the “Others” category includes those procedures that do not conform to the previous categories and those that are typical of the sector’s most representative economic activities:

- i) Production specific activities related to the representative company in each one of the sectors.
- ii) Inspection/control: required by various authorities/agencies, such as firefighters or other public agencies.
- iii) Special authorizations: according to different levels of government.
- iv) Legal/regulatory changes, which require significant retraining time for the personnel who carry out the procedures.

The interviews were conducted, followed by the quantification process, considering the time required to complete the process, the frequency with which it must be done, and the number of people who must be involved to fulfill it. Although many of the procedures may be digitized, the quality of the internet connectivity service, failures in electricity or telephone services, and overloading of the portals through which the procedures or payment platforms are carried out often translates into times far from ideal. These aspects are considered and the effective times required to comply with the legally required procedures are collected, taking into account the frequency with which they must be done and the number of workers who have to dedicate themselves to these tasks.

Likewise, and in order to maintain comparability with the IB that INESS has developed, the quantification of the time required for the sample company to comply with the required paperwork was established. This makes it possible to compare the administrative-bureaucratic burden of the countries of our region with those of Europe that have carried out these calculations for the same type of companies.

IV Results and Findings

The results of the IB-LAT calculations for Argentina, Brazil, Colombia, Spain, Mexico, and Venezuela allow us to highlight the efforts, measured in annual working hours, that their most representative small companies have to carry out in order to comply with legal requirements of bureaucratic procedures in their countries. A series of similarities emerge among them, but also differences, in particular those associated with specific overregulated activities or modernization projects, improvement of citizen services and focused on small businesses.

It should be noted that the productive structures of the countries involved are quite different, and therefore, the weight of the various economic sectors in their respective GDP is as well. However, in all of them a predominance of the tertiary sector is observed, whether measured by its participation in the production process or by the employment generated. In like manner, the results highlight the notable presence of small businesses in the economies. This underscores the importance of evaluating the bureaucratic activity to which businesses are subjected, in order to reduce the burden and boost their productive efficiency.

It is worth highlighting the important dispersion that emerges from the IB-LAT results: 114.5 to 1043.3 hours per year, using the sector weighted averages, which yields an average that exceeds 570 h/year. This dispersion is even greater if the values of the representative productive activities by economic sector of the group of countries under study are considered: 95.5–1109.9 h/year, with an average of almost 750 h/year.

Organizing the results by quartiles, three sets⁷ of countries emerge: the first one with Brazil and Spain; the second with Colombia and Mexico; and the third with Argentina and Venezuela.

Group 1: BRAZIL and SPAIN

The first group shows Brazil leading the charts, followed by Spain, with average values that double those of Brazil.

The results from Brazil are the product of a government effort specifically aimed at favoring small businesses when carrying out a set of bureaucratic procedures required to comply with the administrative-bureaucratic burden. In other words, in the case of taxes, small companies, based on their income level, respond to a regime in which fewer documents are needed, simplifying requirements and procedures. The results would be very different if the medium and large companies were reviewed, in which case, their

⁷ The third quartile is empty.

Table 1. Summary table: countries/sectors/groups of procedures/averages (h/year)

	TOTAL	EMPL. MGMT	OPER. MGMT	OTHERS		TOTAL	EMPL. MGMT	OPER. MGMT	OTHERS	
BRAZIL	153.7	111.4	42.3	0	I	473.7	258.5	174.4	40.8	SPAIN
	210.2	108.9	101.3	0	II	561.6	85.0	204.1	272.5	
	95.5	57.0	38.5	0	III	255.0	76.5	164.5	14.0	
	153.1	92.4	60.7	0	$(\sum Hi)/n$	430.1	140.0	181.0	109.1	
	114.5	67.6	46.9	0	$\sum(Hi*Pi)$	331.8	83.2	173.9	74.7	
COLOMBIA	450.5	365.8	76.8	8.0	I	544.0	294.0	138.0	112.0	MEXICO
	406.3	169.5	202.8	34.0	II	455.5	294.0	145.5	16.0	
	567.7	228.0	229.4	110.3	III	467.0	294.0	138.0	35.0	
	474.8	254.4	169.6	50.8	$(\sum Hi)/n$	488.8	294.0	140.5	54.3	
	524.1	235.5	205.0	83.6	$\sum(Hi*Pi)$	491.9	294.0	140.4	57.7	
ARGENTINA	544.5	359.5	141.0	44.0	I	854.6	179.9	459.8	215.0	VENEZUELA
	1082.4	538.1	467.0	77.3	II	1057.7	179.9	798.6	79.3	
	757.0	316.5	420.8	19.7	III	1110.0	179.9	798.6	131.6	
	794.6	404.7	342.9	47.0	$(\sum Hi)/n$	1007.4	179.9	685.6	142.0	
	808.5	376.5	394.9	37.0	$\sum(Hi*Pi)$	1043.3	179.9	716.4	147.1	

Table 1 summarizes the results of the total hours that small companies in the countries included in the study spend on complying with bureaucratic procedures, broken down into the categories: Employment Management, Operation Management, and Others. This information is offered for the representative company of the Primary, Secondary, and Tertiary sectors (I, II, III). Likewise, the (simple) average time of the above mentioned ($\sum Hi/n$) and the time weighted average by significance of the sectors in the economy ($\sum Hi * Pi$) are shown.

indicator would be located at the opposite end of the spectrum, regardless of this nation's efforts to improve their practices, as indicated in the Doing Business and World Bank reports. It is worth wondering if this situation, the result of a successful case of transformation, could promote a review and optimization of the legal paperwork, keeping only what is essential and streamlining procedures for all companies.

Meanwhile, Spain shows in the IB-LAT a weighted average of 332 h/year allocated to the fulfillment of bureaucratic procedures, highlighting the representative economic activity of the tertiary sector, with 255 h/year, a result that is close to the European average. It is worth highlighting the burden that the specific procedures represent for some productive activities, which can consume almost half the time that companies must devote to comply with the bureaucracy, as happens with the representative company of the secondary sector (construction). On the other hand, some progress has been made in streamlining common procedures, however, on average, a third of the time is absorbed by those associated with paying taxes, which applies to all productive activities. Out of the total of procedures identified, 35 are required from the primary sector, 43 from the secondary sector, and 36 from the tertiary sector. Of the 48 procedures required for the management of employment and the operation of the company, 17/24 of the employment procedures, and 11/24 of the operations procedures can be done digitally.

Group 2: MEXICO and COLOMBIA

The second group got results of the IB-LAT of around 500 hours per year (Mexico: 492 h/year, Colombia: 524 h/year; sector weighted average), highlighting among them the procedures associated with employment.

While in Mexico the greatest burden is represented by the procedures for hiring and firing staff, which consume 35–42% of the time devoted to fulfilling these obligations (66% of the employment administration time), in Colombia it is the procedures relative to the payment of salaries, contributions, and taxes associated with employment, highlighting the primary sector which dedicates 74% of the time to this activity. It is worth noting that socio-economic realities also have a relevant impact; such is the case of labor informality or limited banking access among the working population, which forces companies to pay in cash, with the consequent procedures that this entails.

These countries have made it possible for a large part of these procedures to be completed through digital platforms, but those that are specific to some economic activities are more demanding than those common to all.

In Mexico, 47 procedures were identified, out of which 37 can be done via the internet. These are filed with national au-

thorities, state agencies, and municipal governments in different areas, including follow-up procedures and resolution of conflicts or labor disputes, as well as autonomous bodies.

In Colombia, 47 procedures were also identified (11 pertaining to salaries, taxes, and contributions; 10 to hiring/firing; 4 to work reports; 7 to taxes, 4 to waste management and certifications; 4 to vehicle administration; 3 to the health management system and safety at work; 4 to legal and regulatory changes) and many small companies resort to outsourcing the fulfillment of these procedures given the effort in time and expertise that would be necessary to do them with their own personnel.

Group 3: ARGENTINA and VENEZUELA

Argentina and Venezuela make up the third group with a high load that averages 945 h/year, which practically doubles the time spent by countries in group 2 and almost triples that of group 1 in complying with bureaucratic procedures. Likewise, the number of procedures that must be completed in these countries is high, and there are numerous institutions with which to interact. The procedures associated with paying taxes are the most complex and time-consuming in these countries. As procedures are more numerous, complex and ever-changing, companies tend to subcontract “gestores,” and in many cases informal, opaque, and even non-legal channels emerge, feeding perverse incentives and corruption networks.

In Argentina, considering the representative activities by sector, the number of procedures that the company has to comply with varies between 46 and 50, of which more than 85% are digitized. The administration of operations consumes on average 48% of the time allocated to procedures, being especially demanding for the company in the tertiary sector (56%) and, in particular, those related to the payment of taxes, which consume 94% of the time in this subgroup of procedures. In turn, small companies representing the primary and secondary sectors are more affected by employment administration procedures, which require 66% and 50% of their time, respectively, and specifically those related to salaries (51% and 79%, respectively).

In Venezuela, 68 bureaucratic procedures required by 18 government institutions were identified, 45 required for all companies and 23 depending on the productive activity. Each procedure, in turn, requires between four and five tasks each, and an average of 15 h/year each, being the most burdensome bureaucratic burden registered in this study, since it consumes half of the annual working day of an employee. This is a difficult barrier to overcome for a small company that starts up with one or two people. The procedures required for the operations management are the most demanding for small representative companies in all sectors (54% primary, 76% secondary, 72% tertiary), and within them, those regarding the payment of taxes, particularly for the secondary and tertiary sector, which absorb 65% of the time in this subgroup of procedures.

Although many of the procedures have been digitized, the connectivity failures or the overload of the portals restrict them from taking full advantage of the technological improvements. This is particularly relevant for Venezuela, due to the lack of investment and maintenance in its electrical and telecommunications system.

Contrast with other measurements

The IB-LAT is inspired by the Bureaucracy Index developed by INESS, in which the bureaucratic burden of a small hardware manufacturing company is calculated based on a series of set characteristics. One of the strengths of its results is the comparability that it allows, when referring to the same type of company in any country where the calculation is made.

In turn, this also posts a weakness, in the sense that the economic activity in reference may be of little significance in a country and, therefore, the procedures required and the times that they demand would be a distant reference of the paperwork that companies are required to present in that country.

That is why the IB-LAT modifies the methodology and adapts it to the region, identifying the most relevant productive activities by sector in the participation of small businesses, in each of the study countries. Based on them, it prepares the calculations on the legally required procedures and the times required for their fulfillment.

Simultaneously, following the INESS guidelines, the corresponding IB calculation was made; and then the similarities and differences in the results with respect to the representative company of the secondary sector:

Table 2. Results of IB-LAT secondary sector and IB-INESS

	ARG		BRA		COL		SPN		MEX		VEN	
	II	INESS	II	INESS	II	INESS	II	INESS	II	INESS	II	INESS
TOTAL	1082.4	622.8	210.15	101.5	406.3	544.8	561.6	360.4	455.5	451.5	1057.7	1164.0
EMPLOYMENT MGMT	538.1	306.0	108.9	63	169.5	165.0	85.0	96.8	294.0	294.0	179.9	164.0
Salaries/taxes/contributions	426.3	196.0	82	52.5	134.8	130.5	43.0	38.0	100.0	100.0	51.0	51.0
Hiring and firing	21.9	22.0	26.9	10.5	32.3	32.0	17.5	16.8	194.0	194.0	41.3	41.3
Work reports	89.9	88.0			2.5	2.5	24.5	42.0			87.5	71.5
OPERATION MGMT	467.0	302.8	101.25	38.5	202.8	280.8	204.1	258.8	145.5	140.3	798.6	888.6
Taxes	445.3	237.0	101.25	38.5	110.5	118.5	144.0	132.0	130.3	130.3	516.1	516.1
Waste management		25.5			0.0	63.0	15.6	29.0				
Vehicles	15.9	8.3			23.3	21.3	8.0	4.8	12.3	8.3		130.0
Health and Safety at Work	5.9	32.0			69.0	78.0	36.5	93.0	3.0	12.0	282.5	242.5
OTHERS	77.3	14.0	0	0	34.0	99.0	272.5	4.9	16.0	7.0	79.3	111.4
Legal changes	59.4	14.0			34.0	99.0	0.0	3.0			42.0	42.0
Certifications/authorizations							1.5	1.90	12.0	6.0	1.3	1.3
Specific/productive activity	17.9						271.0	0.00	4.0	1.0	36.0	68.1

We find that the INESS-type company is less demanded in Argentina, Brazil, and Spain, in 43%, 52%, and 36% of the time, respectively. In the first case, the result derives from the lower demands on salary procedures (-54%) and on payment of taxes (-47%). In the case of Brazil, it is because this small company fits into the Simplified National regime. And for Spain, it stands out that the INESS-type company does not have the bureaucratic demands that are imposed on the construction activity company, which is the representative sector.

The results for Mexico show an irrelevant difference (less than 1%).

Finally, for Colombia and Venezuela, the time demands on the INESS-type company would be greater than those demanded from the representative company of the secondary sector, by 34% and 10%, respectively. For Colombia, it is due to the weight that tax procedures and job security requirements entail; while in Venezuela, for the procedures specific to this activity, as well as those derived from the possession of vehicles by the company.

A well-known measurement of the efforts required to do business is the one implemented by the World Bank in its Doing Business report, in particular the requirements to start a company, from which they collect data on the number of procedures required, the time required, and the financial cost associated with it. The IB-LAT focuses on the procedures that a small business already in operation must comply with, since the company starts only once, while keeping a continuous operation requires ongoing and sustained efforts year-round.

Finally, the World Bank and PwC introduce the Paying Taxes measurement, which considers the tax level, as well as the effort in time to carry out the tax paperwork. Except in the case of Brazil, the results of the Paying Taxes are substantially lower than those reported by the IB-LAT. These differences derive from the methodological difference, since they focus on the medium-sized manufacturing company and add taxes on work, property, dividends, capital gains, financial transactions, and others.

Table 3. IB-LAT and Paying Taxes results (h/year)

		ARG	BRA	COL	SPN	MEX	VEN
IB-LAT	I	544.5	153.7	450.5	473.7	544.0	854.6
	II	1082.4	210.2	406.3	561.6	455.5	1057.7
	III	757.0	95.5	567.7	255.0	467.0	1110.0
Paying Taxes	(II)	312.0	1501.0	256.0	143.0	241.0	920.0



V

Results by Countries





1. Production structure

In Argentina, the weight of the primary sector in GDP is 13.3%. Within this sector, agriculture, livestock, hunting, and forestry activities are the ones with the largest scope (9.2%), followed by mining (3.7%) and then by fishing (0.4%). Agricultural activity is one of the fundamental pillars of the Argentine economy; the extensive territory and the existing climatic variety allow a great distribution of crops.

On the other hand, the secondary sector accounts for 24.5% of GDP. Within this sector, manufacturing industry is the largest with 18.7%, followed by the construction sector (3.7%) and then by electricity, gas, and water (2.1%). Within the manufacturing industry, production of food products stands out, with a participation of 5.2% of GDP, followed by manufacture of substances and chemical products (2.7%).

Table 4. Productive structure by sector – Argentina (2019)

Sector	GDP (%) Participation
Agriculture, hunting, and forestry	9.2
Fishing	0.4
Mining and quarrying	3.7
Primary Sector Total	13.3
Manufacturing	18.7
Electricity, gas, and water supply	2.1
Construction	3.7
Secondary Sector Total	24.5
Wholesale, retail trade, and repair	14.3
Hotels and restaurants	2.0
Transport and communications	9.9
Financial intermediation	4.4
Real estate, renting, and business activities	13.1
Public administration and defense; compulsory social security	5.8
Education	4.8
Health and social work	4.1
Other community, social and personal service activities	3.1
Private households with domestic service	0.8
Tertiary Sector Total	62.2
TOTAL	100.0

Finally, the gross value of the tertiary sector activities has the highest participation in GDP, with 62.2%. Within the aggregate, the sector that has the most weight is wholesale and retail trade (14.3%), followed by real estate (13.1%) and transportation and communications (9.9%).

On the other hand, the analysis based on the number of active companies, according to the ISIC⁸ classification, reveals that the sector with the highest participation is trade and repairs, with 28.6%; followed by real estate, renting, and business activities with 19.3%; then by agriculture, livestock, hunting, and forestry with 10.1%; and by manufacturing industries with 9.3%.

Therefore, the number of companies in the sector according to branch of activity—2 digits of the ISIC—shows that 19.4% of them correspond to retail trade, followed by real estate services (10.5%) and in third place, agriculture, forestry, and fishing (9.9%).

To identify the characteristics of the organizations belonging to the classification of micro-, small-, and medium-sized enterprises in Argentina, there is a legal framework that describes the conditions that must be met to consider a company in such categories. An initial classification includes annual sales amounts and number of employees, while a second is based on the number of employees the company has. This classification is the one used in this report, and it is described below.

Table 5. Categorization of companies according to number of employees – Argentina

SIZE	ACTIVITY			
	Service	Trade	Industry and mining	Agriculture and farming
Micro	7	7	15	5
Small	30	35	60	10
Medium Category 1	165	125	235	50
Medium Category 2	535	345	655	215

2. Representative economic activity of small businesses by sector

In accordance with the information gathered here, referring to the composition of GDP in Argentina, the number of companies by field of activity and their classification according to the number of employees, the representative or “sample” companies for each of the three productive sectors should meet the following criteria:

Primary sector: companies belonging to a branch of agriculture, livestock, hunting, or forestry. Specifically, a company engaged in harvesting cereals, oilseeds, and forages with up to 10 employees was chosen.

Secondary sector: companies belonging to the manufacturing industry dedicated to the manufacture of food and beverages, and chemical products, in both cases up to 60 employees.

Tertiary sector: companies in the retail and wholesale trade sector (up to 35 employees), real estate, renting, and business activities (up to 30 employees), and communication services (up to 30 employees).

The companies were selected depending on the productive structure of the country and the identification of the sample companies by sector. From the primary sector, we selected a company dedicated to livestock production and soybean farming; two companies in the secondary sector (a company that manufactures food products and another one that makes chemical products); and for the tertiary sector, companies from the retail trade and communication services were included. For the sectors in which more than one economic branch was considered, a weighting was carried out according to their share in GDP.

⁸ International Standard Industrial Classification.

The interviews were carried out with the administrative-accounting staff of the company as well as, if applicable, external professionals that the companies hire to carry out these tasks.

It is worth noting that in Argentina—given the amount of taxes assessed, its administrative complexity, and the constant modifications of processes—even small companies must delegate this task to external specialized agents. Likewise, the company staff were informed in detail the methodology used and premises to take into consideration when completing the forms and answering questions for each analysis group, as follows: 1) Employment Management, 2) Operations Management, and 3) Other Procedures.

The research specifically revealed the number of hours required for the company to comply with each of the procedures that make up the three groups, the frequency of the procedure, and the number of people involved in it. With this information, a certain number of hours was assigned per group, which added together show the total number of hours that a company requires to fulfill all their obligations according to their economic activity.

3. Results

The average time that (weighted by the sector in GDP) a small company in Argentina dedicates to complying with the legally required bureaucratic burden is certainly high: **IB-LAT = 808.4 h/year**. The highest number of hours is seen in the secondary sector, with 1082.3; the lowest, in the primary sector, with 544.5 hours; and close to the average is the tertiary sector, with 757.0 hours.

Table 6. Annual hours by sector and by group – Argentina

Group of Procedures	Primary	Secondary	Tertiary	Simple Avg.	Weighted Avg.
Employment Mgmt	359.5	538.1	316.5	404.7	376.5
Operations Mgmt	141.0	467.0	420.7	342.9	394.9
Others	44.0	77.3	19.7	47.0	37.0
TOTAL	544.5	1082.3	757.0	794.6	808.4

Of the three groups of procedures analyzed, the one that demands the most hours, on average weighted by the share of the productive sectors in GDP, is operations management, with 394.9 h/year, followed by Employment Management, with 376.5 hours /year.

Within Employment Management, the subgroup that requires the most hours from the employer is the one that pertains to administration of wages. This includes everything related to labor taxes (personal contributions and employer contributions), which absorbs almost 70% of the hours devoted to employment administration.

Consequently, the number of hours that a company must allocate to Operations Management is absorbed for the most part by procedures associated with taxes at all levels of government (federal, states, and local levels), under the subgroup “administrative taxes.” In each case, all information necessary to complete the survey was gathered and recorded, from the collection of information through the liquidation of the tax, the presentation of the affidavit and even the payment itself. The highest number of hours is observed in the secondary sector, with 445.3 hours, and the lowest in the primary sector, with 128 hours; the average being around 377.7.

The aforementioned data is in line with results achieved by Argentina in the Doing Business study prepared by the World Bank, which measures the level of complexity that exists in different countries to establish and run a business. According to this, Argentina is ranked 126 out of a total of 190 economies evaluated and, in regional terms, is ranked 19 out of 32 economies surveyed. Specifically, within the variables analyzed, the worst performance of Argentina is recorded in “payment of taxes,” being ranked 170 in the ranking. This indicator analyzes taxes and mandatory contributions that a medium-sized company must pay or withhold in a given year and the administrative burden that the payment of taxes entails. Finally, the item “others,” of less relative importance, reflects all changes that must be made in the tax, labor, and commercial codes, as well as specific requirements for productive activity, which demand an average of 37.6 h/year, with the secondary sector being the heaviest impacted by these requirements (77.3 h/year).

Table 7. Procedures by economic sector

Sector	Activity	Total procedures	Degree of digitalization ⁹	Organizations involved
Primary	Agriculture	47	85.1%	Government departments responsible for setting labor standards, employment, social security, public revenue, road safety, and health and food administration.
Secondary	Food industry	50	86.0%	Government departments responsible for setting labor standards, employment, social security, public revenue, road safety and province environment, health, and food safety administration.
	Chemical industry	50	86.0%	
Tertiary	Retail trade	46	89.4 %	Government departments responsible for setting labor standards, employment, social security, public revenue, road safety, and province environment administration.
	Communication services	46	89.4 %	

In addition to the hours required by bureaucratic procedures, another aspect to highlight is the number of procedures that companies must complete. For instance, on the primary sector (whose activity surveyed was agriculture) there were a total of 47 procedures distributed as follows: 26 for Employment Management, 18 for Operations Management, and 3 for Others. Likewise, the secondary sector, with the food and chemical industries surveyed, yielded a total of 50 procedures, but with a difference in their composition. While the food industry was made up of 26 procedures for Employment Management, 19 for Operations Management and 5 for Other procedures, that of chemicals was 26, 21, and 3, respectively. Finally, the tertiary sector, with communication services and retail trade as studied activities, was made up of 46 procedures in both areas, which also coincided in their composition: 24 in Employment Management, 19 in Operations Management, and 3 in Others.

A small company in Argentina must complete 48 procedures to comply with the employment management, tax, and other requirements specific to each sector. This means the company must allocate 794.6 hours a year to comply with these obligations. In other words, if the year has 249 business days, the company has to devote a little more than 3 hours per business day to meeting the requirements imposed by the State.

3.1 Employment Management

The Argentine labor market is highly regulated, which means that the tasks in this category demand a significant number of hours from the companies—from salary payments to the resolution of union conflicts.

In the primary and secondary sectors, this category of procedures is the one that requires the greatest number of hours. Specifically, the primary sector absorbs 66% of the total hours, the secondary sector, 49%, while the tertiary sector, 42% of the total hours to comply with them.

This group of procedures is made up of three subgroups, as follows: the first, made up of salaries, taxes and contributions; the second, hiring and firing; and the third, by all the procedures associated with work reports. The simple average number of hours for the three sectors demanded by this category amounts to 404.7 h/year, which represents a little more than 50% of the time devoted to complying with the bureaucratic burden.

Table 8. Time required for Employment Management procedures (h/year)

Subgroup	Primary	Secondary	Tertiary
Salaries, taxes, and contributions	183.0	426.3	215.3
Hiring and firing	15.5	21.9	27.2
Work reports	161.0	89.9	74.0
TOTAL	359.5	538.1	316.5

⁹ Quotient between digital procedures and total procedures.

Within the subgroups, the number of hours demanded for salaries, taxes, and contributions is the one with the highest weighting within the group as a whole, with a participation of more than 50% in the three productive sectors, reaching practically 80% in the secondary sector. The procedures associated with this activity include the payment of salaries and other salary components (vacations, advances, and supplemental compensation); payment to employees (by check or transfers); and the preparation of reports, presentation, and payment of contributions from the employer.

Specifically, employers are required to pay social contributions to the State every month. These include the contributions to social security that all employees must contribute to the system through withholdings made by their employer through their paycheck. In addition to the contributions that every employer pays for each employee, they are required to pay the union dues, and other contributions and expenditures imposed by each union collective agreement.

The subgroup referring to hiring and firing is the one that registers the least number of hours within the group, averaging 23.7 h/year (weighted by sector participation in GDP). Among the three sectors analyzed, the services sector—particularly the Communications sector—had the highest number of hours recorded with 36 h/year. This low number of hours in relative terms is associated with the low turnover in the labor market, the rigidity of the regulatory framework, and the existing ban against dismissing and suspending employees. These elements contribute to the stability of tenure of personnel, while affecting the high informality in Argentina.

The third subgroup is made up of work reports that, on average for the three sectors, demand about 90 hours per year. The highest number of hours is recorded in the primary sector, with 161; followed by the secondary sector, with 89.9 hours; and then the tertiary, with 74 hours. This subgroup includes the registration and scheduling of work hours and those procedures related to employee health screenings. The higher number of hours observed in the primary sector is explained by seasonal activities that involve more time as these procedures are not standardized (or automated in many cases).

The employment management appears as the group of procedures that takes the longest time to complete in an organization, with 404.7 h/year. Within this category, the set of procedures related to salaries, contributions, and taxes is the one that demands the most time from the employer. On the other hand, the hours that a company must dedicate to matters related to administrative taxes (of all levels of government) amount on average to 322 h/year.

3.2 Operations management

This category is made up of subgroups: administrative taxes, vehicles, and occupational health and safety. The administrative taxes subcategory is the one that demands the greatest number of hours for the three sectors of the economy, with an average of 377.7 hours. In line with this result, according to the Doing Business report, in Argentina a medium-sized company needs 9 annual payments and 310 h/year to comply with tax obligations.

Table 9. Operations Management procedures (annual hours)

Subgroup	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Adm. Taxes	128.0	445.3	394.1	322.5	371.2
Vehicles	10.5	15.9	14.2	13.5	14.1
Health and Safety	2.5	5.9	12.4	6.9	9.5
TOTAL	141.0	467.0	420.7	342.9	394.9

Specifically, in none of the three sectors does the participation of this subgroup fall below 90% of the total of Group 2 procedures, that is, operations management. In other words, of every 10 hours spent to complete these types of tasks, 9 are dedicated to those related to paying taxes. The highest number of hours is recorded in the secondary sector, with 445.3 hours, and the lowest in the primary sector, with 128 hours.

Looking at these numbers at a broadened level, the weight of this subcategory remains significant: it represents 23% of the time dedicated to completing all the bureaucratic procedures in the primary sector, around 41% in the secondary sector, and 52% in the tertiary sector.

The tax portion, although slightly different depending on the sector, is comprised of the following procedures: the annual financial accounting and reporting, procedures associated with the payment of the value added tax (VAT), the payment of property taxes, the payment of income tax, the payment of the tax on gross income, the payment of the

VAT in Retail

A retail business in Argentina must allocate 216 hours a year to comply with all the procedures associated with the Value Added Tax (VAT). In Argentina, Registered Responsible Parties must submit their VAT affidavit month by month, a tax that is determined by taking the VAT that the taxpayer charges (business sales) and deducting the VAT that the taxpayer pays (business purchases). Although a priori the assessment of the tax would seem to be simple, there are many variants, complexities, and details to take into account, which involve several hours of work, from the collection of information to the payment of the tax. For example, in addition to tax credits and debits, it must be considered that some companies may be designated by the "Administración Federal de Ingresos Públicos" (AFIP) as a "collecting agent," which means that the company is required to receive or retain an additional amount of VAT as advance tax.

On the other hand, some activities are considered as "Not subject" to VAT, and VAT will not be applied, since there is no tax obligation or taxable event. It should also be known that there are different rates for products and activities. All these elements must be taken into account when making a correct assessment of the tax. Then, the affidavit is filed digitally on the AFIP website, including all the data collected in the process, for which it is necessary to know the modifications, resolutions, and updates to the collection agency system.

Therefore, according to the findings, a small retail business requires 9 hours a month to carry out this process and comply with the fiscal obligations derived from this tax.

DREI¹⁰ and the payment of the TGI.¹¹ Export licenses in the primary sector are the main difference in terms of procedures in this category with respect to the secondary and tertiary sectors of the economy.

Of the aforementioned procedures, the one that takes the longest to complete, on average, is the one associated with paying VAT. The tertiary sector is the most affected by this procedure: the payment of VAT represents almost half of the total time dedicated to tax duties. For the primary sector, it represents almost 40%, and for the secondary, 20–30% (depending on the branch). Income tax and gross income tax, the former at the national level and the latter at the state level, also become important. Out of the three sectors in the study, the secondary sector is where the greatest number of hours is spent. It also depends on the scope of sales, since to the extent that the company sells outside of the state, the procedures associated with paying taxes turn more complex and time-consuming.

Leaving percentages aside, it should be noted that completing the payment of taxes for the primary sector takes a substantially lower number of hours than the other two sectors. While the primary employs 128 hours a year, the secondary requires between 417 and 516 hours, and the tertiary takes between 301 and 446 hours per year. (The differences are explained by the productive activities surveyed.)

The main reason why the primary sector demands fewer hours to pay its taxes in relative terms is due to the seasonal nature of the activity, so there is no regular activity throughout the year. For example, animals are sold once a month all together or every

three months. That is, there is no daily movement as in the rest of the companies analyzed (i.e., a retail business). Likewise, VAT is settled in a simpler way as there are few buyers and suppliers (they are usually always the same), and, therefore, there are few movements. The same occurs with the gross income tax (local province tax), which is relatively simple to settle since it operates within a few provinces; there is no multilateral agreement; and, if there is one, it is only within two provinces. (This takes a long time for those companies that sell outside their provinces.)

Table 10. Hours allocated to the payment of taxes per year (includes labor taxes)

Sector	Hours per year
Primary with 5 employees	156.5
Secondary for 15 employees (food industry)	477.0
Secondary with 60 employees (chemical industry)	669.5
Tertiary with 7 employees (retail trade)	477.0
Tertiary with 7 employees (communication services)	343.0

Except for the primary sector, the rest of the sectors present results that are similar to those exposed by the Paying Taxes report of the World Bank and PwC, of 519 h/year, in a report published in 2020 about the payment of taxes of companies of medium size in the different countries of the world. It should be noted that for this comparison the tax hours for both categories, Employment Management and Operations Management, were included.

¹⁰ "Derecho de Registro e Inspección" (Registration and Inspection Rights), municipality of Rosario.

¹¹ "Tasa General del Inmueble" (General Property Tax), municipality of Rosario.

Turning to the Vehicles subgroup, the most noteworthy here is the homogeneity in terms of procedures and hours required to have the company vehicle(s) authorized to circulate. For any of the three sectors, between 10 and 20 hours per year are used for this type of procedure; their participation in the group and in the general total is very low (less than 10%).

The subgroup called Health and Safety at Work presents important inter-sector variations in relative terms, but the number of hours that this activity demands is still low. The primary takes 2.5 hours per year; the secondary between 5 and 8 hours; while the tertiary, depending on the item, requires between 6 and 24.

The subgroups Vehicles and Health and Safety at Work have a low participation in terms of operations management, which again highlights the importance of tax procedures within their category and within the grand total. It should also be noted that both present similar results due to the generalization of the procedures involved in each of them.

More specifically, the tasks related to the inspection and authorization of vehicles, registration of new vehicles, and deregistration of old vehicles are independent of the productive sectors. The same occurs with occupational safety and health training. They are already standardized so that intersectoral differences are minimal. It should be noted that in the secondary food sector, according to the survey carried out, the contracted safety and hygiene company performs tasks related to food control and safety

3.3 Others

This category is made up of the subcategory called Statistical and Legal, and those specific to the productive activity surveyed.

Tasks associated with changes in the commercial code, changes in the labor code, and changes in the tax code yield heterogeneous results both in the hours used and in determining the most demanding task. The primary sector dedicates 44 hours with a preponderance of the procedure related to changes in the tax code (24 hours). In turn, the secondary branch of the economy shows a great disparity depending on the item: the food industry takes 40 hours, while the chemical industry 108, with greater weight in the changes of the commercial code for the food industry and the fiscal code for the chemical industry. The tertiary varies between 12 (retail trade) and 24 hours (communication services), with a share equally distributed among all the procedures for retail and a preponderance of tax changes for communication services.

Although the procedures associated with changes in the tax code seem to be the most demanding in time, their prevalence is not reflected across the board. Argentina constantly undergoes changes in fiscal regulations and, above all, the constant addition of new ones. All this makes it increasingly difficult for companies to comply with all the bureaucratic procedures imposed by the State for their operation.

Within the secondary sector, the food industry has particular requirements on waste management that have been included separately, although for them it would fall within their operational requirements. This subcategory requires: 1) notification of waste production to the relevant authority and 2) hiring and paying the waste collection company. This category demands 25 hours per year from the subsector, so that its impact on the total is low, totaling 65 h/year for the group "Others."

4. Results for the INESS-type company

The sample company that uses the IB developed by INESS, in the Argentine case, yields lower results than those obtained from the IB-LAT.

The hardware company requires an average of 622.75 h/year to comply with bureaucratic procedures, above the primary sector (544.5 hours), but below the secondary (1082.3 hours) and tertiary sectors (757 hours). The main differences between the sample company and those representative of the economic sectors are observed in the tax part, where differences ranging from 50 to 250 hours are observed, depending on the sector and the activity with which it is compared.

Regarding the payment of taxes, the sample company shows similarities with respect to the primary sector, in relation to the simplicity for the payment of certain taxes (such as gross income local province tax) whose settlement is relatively simple, since it does not sell to other provinces, hence a multilateral agreement is not required, which takes a great deal of time. The VAT is also settled in a simpler way, as there are few buyers and suppliers, so that transactions are also scarce.

In similar fashion, just like other activities that are not of great relevance to the national economy, it has fewer procedures and taxes, therefore, it has greater flexibility and a lower tax burden than the main activities in the country.

Regarding the other categories, there are no major differences since, as mentioned above, some of these have procedures that are highly standardized, so they do not vary from one sector to another.

5. Final considerations

Numerous international studies have revealed the difficulties that exist in Argentina for private activity, both to start a business and to comply with the requirements once the company has already been established.

High tax burden, an entangled tax system, high labor costs, and the rigidity of labor market regulations are pointed out as the main obstacles encountered by a company, independent of the productive sector to which it belongs. Studies from the World Bank (Doing Business) and the OECD also depict Argentina as one of the countries with the most obstacles to opening a business and with the highest labor tax burden in the region.

This report reaches conclusions that are in tune with said studies conducted in small companies representing the three productive sectors of the country. The data collection through interviews with the company's administrative and accounting staff (or external specialized staff) made it possible to detect how many hours a company must dedicate per year to the completion of all procedures associated with Employment Management and Operations Management. From these interviews, it can be deduced that there are many regulations that in turn result in the proliferation of obstacles and loss of time and uncertainty regarding the correct fulfillment of obligations, since the regulatory framework keeps changing and, in many cases, getting more confusing.

On average, a small company in Argentina must allocate 800 h/year to complete all the bureaucratic procedures established by the different levels of government. Considering a year with 249 business days, this implies that a company must dedicate a little more than 3 hours per business day to meeting the requirements established by the State.

The procedures associated with the administration of employment consume practically half the time required by the government bureaucracy, with the set of procedures related to wages, contributions, and labor taxes being the ones that require the most time from the employer. The other large block of procedures is that of administrative taxes (for all levels of government), which amounts to 371 hours per year (weighted average by sector participation in GDP). According to the Doing Business study, in OECD countries the number required for these procedures is 158 hours a year, in other words, less than half.

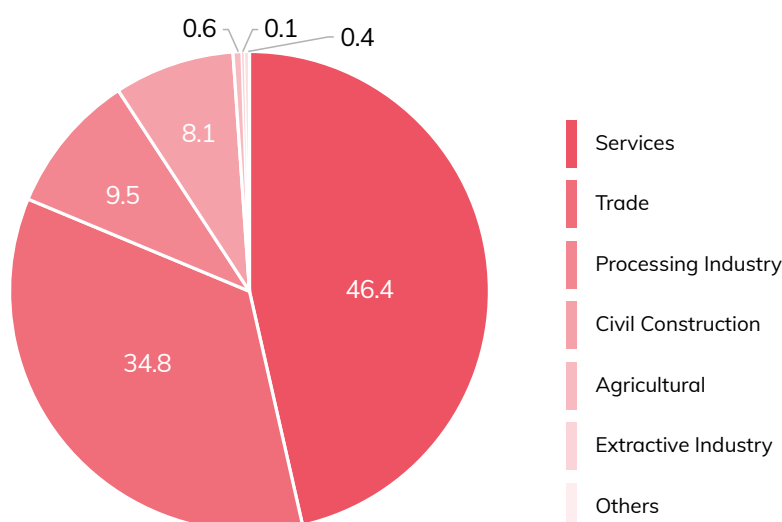
The high bureaucracy in Argentina translates into high levels of informality, low productivity, and less employment. The country must inexorably pursue structural reforms, in the medium and long term, that redefine the tax system, making it simpler and with less tax burden in order to stimulate investment and growth. Similarly, a labor reform that is more flexible and significantly reduces labor costs is imperative. Only through comprehensive structural reforms will it be possible for Argentina to reverse its current situation and embark on a path of growth.



1. Production structure

In Brazil there are almost 20 million active companies, if you include headquarters and branches in individual, micro, small, medium, and large companies. The third sector, which includes services and sale of goods, represents 80% of them. Likewise, micro and small companies in the third sector represent 4/5 or 80% of the total business in the country.

Figure 1. Companies by productive activity (%) – Brazil (2020)



Source: Ministry of the Economy. Map of companies, p. 13.
<https://www.gov.br/governodigital/pt-br/mapa-de-empresas/boletins/mapa-de-empresas-boletim-do-3o-quadrimestre-de-2020.pdf>

On the other hand, the primary sector, driven by agribusiness, is one of the most important and represents 26.6% of GDP (2020) and almost half of total exports. The number of industries exceeds that of construction in the second sector and is responsible for collection of 1/3 of federal tax revenues, while providing 20% of all formal jobs.

Table 11. Distribution by productive activity according to company size (no. companies)

Sector/branch	Micro-enterprise	Small Business	Others
I – Agriculture	45,305	8,772	619,927
III – Trade	2,887,639	355,880	348,838
II – Construction	320,207	54,489	55,403
II – Industry	571,219	111,804	170,229
III – Services	2,762,127	365,391	740,312
TOTAL	6,586,497	896,336	1,934,709

Source: Receita Federal, 2020

According to its size, the classification establishes that micro-enterprises have up to 9 employees in trade and services, or up to 19 in industries, and an income limited to R\$360,000/year; the small business has between 10 and 49 employees in trade and services, or between 20 and 99 in industries, and a limited income of R\$360,000 to R\$4.8 million/year; and the others have more than 50 employees in trade and services, or more than 100 in industries, and an income of more than R\$4.8 million/year.

2. Representative economic activity of small businesses by sector

With this in mind, the following companies were selected as objects of analysis that best exemplify the economic activities of each sector:

- The first sector in Brazil is basically made up of agribusiness. Soybeans (grains) are the main product of Brazilian agricultural production, responsible for approximately 25% of the sector's production in the national territory. The company chosen to represent this sector is a soybean farm located in the state of Tocantins.
- In the second sector, excluding construction, manufacturing industries are predominant. The chosen company produces ecological clothing and cosmetics based on biodegradable materials and is located in the state of São Paulo, which concentrates most of the country's industries.
- The third and largest sector employs more than 70% of Brazilians. Consulting services were identified as the main service activity. A marketing and advertising agency was chosen because it does both: sells services and products.

The most relevant businesses and emerging markets were interviewed for each sector. These three companies subcontract an accounting office to do tax management and employment administration.

3. Results

The information gathered indicates that a total of 43 mandatory administrative procedures are required for Employment and Operations Management, and those procedures are required by eight different public administrations, which include federal, state, and municipal levels.

Table 12. Annual hours by sector and by group – Brazil

Group of Procedures	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Employment Mgmt	111.4	109.4	57.0	92.4	67.6
Operations Mgmt	42.3	101.3	38.5	60.7	46.9
Others	0	0	0	0	0
TOTAL	153.7	210.7	95.5	153.3	114.5

The second sector spends more time than the others with bureaucratic procedures: 210.7 hours a year, 57.4 hours more than the average, which is basically the same as the first sector, which allocates 153.7 hours a year, while the third sector is the one that spends fewer hours dealing with bureaucracy, 95.5 hours total.

The third sector is the one that requires the least amount of time to deal with bureaucracy, especially since it illustrates a simplified regime of employment management and tax management. This is the result of the Simples Nacional and eSocial systems that facilitate these procedures streamlining processes and payments.

Freeing small business from bureaucracy

According to the Doing Business 2020 report that considers 190 countries, Brazil has the highest average time and costs to manage taxes and regulations in the world, totaling 1,501 hours, the same as six times the world average or five times that of the rest of Latin America. However, there is a big difference between small companies and others, as recent governments have made efforts to simplify and facilitate starting and conducting business in Brazil.

Our survey found that Brazilian micro and small businesses currently require much less time to deal with bureaucracy, about 153.1 hours per year. Although it is lower than before, for this type of company the hours required for compliance still represent a high cost just to meet obligations of employee and tax payment bureaucratic demands.

The De-bureaucratization Law (13,726/2018) waived the requirement of certain documents and obligations, streamlining and simplifying unnecessary or overlapping procedures or requirements whose economic or social cost, both for the public purse and for the citizen, is greater than possible risk of fraud.

The Economic Freedom Law (13,874/2019) has significantly reduced the time to open and close a business in Brazil, defining a license exemption for low-risk activities that mainly benefit small companies. The measure allows companies and individuals to develop businesses considered “low risk” without permits or licenses and facilitate the dissolution of the business, allowing its immediate closure, guaranteeing the reduction of bureaucracy, and providing a faster process for all companies, without exempting them, however, from any legal responsibility. The initiative is based on OECD guidelines adopted by member countries.

In this sense, the initiative consists of simplifying and expediting the opening, modification, and extinction of companies in Brazil, so that these procedures are carried out within a day. Since the publication of the Digital Government strategy (10,332/2020), the opening time of a company in Brazil has decreased by 34.4%.

3.1 Employment Management

The administration of employment requires 26 procedures, starting with hiring, payment of wages, and social contributions such as the retirement system and unemployment insurance, which places a burden on the employee and the employer. In Brazil, it is still mandatory that both contribute to a public retirement system, even if the employee prefers to contribute to a private one.

Table 13. Time required for Employment Management procedures (h/year)

Subgroups	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Salaries, taxes, and contributions	70.5	82.5	46.5	66.5	52.9
Hiring and firing	40.9	26.9	10.5	26.1	14.8
Work reports	0	0	0	0	0
TOTAL	111.4	109.4	57.0	92.6	67.7

Micro and small companies spend most of their time calculating and paying salaries and social contributions as public pensions. For the primary and secondary sectors, it is higher than both averages, with more than one hundred hours in general, spending more than almost twice the time of the third sector.

In addition to the monthly remuneration to which the worker is entitled during the vacation period, the employer must pay an additional amount corresponding to 1/3 of the worker's salary. Likewise, the employer must pay at the end of each year an additional salary corresponding to 1/12 of the gross salary per month worked, called the 13th salary. Their calculation and payment increase the time involved by 2.5 hours a year and four different extra procedures for each employee.

The employer must pay the worker's travel expenses on a monthly basis through a subsidy equivalent to the amount that exceeds 6% of their base salary. This procedure alone, depending on the number of employees, can cause each sector to lose a whole day of work per year to calculate expenses and fill out employee transport cards.

Each hour worked at night must be paid with an increase of at least 20% over the value of the daytime hour (article 7, IX of the Federal Constitution and article 73 of the Labor Code). This percentage may be higher when so provided by a Collective Agreement.

The exercise of work in unhealthy conditions, above the tolerance limits established by the competent authority, ensures the receipt of an additional 40%, 20%, and 10%, respectively, of the minimum wage in the region, as classified in the maximum, average, and minimum degrees. And, for activities or operations that, due to their nature or work methods, imply a greater risk or are considered dangerous, the worker receives an additional 30% of the minimum wage.

All these monthly procedures result in many hours a year and increase the calculation and payment times required, such as to hire and fire employees, making the work activity much more complex and burdensome for all types of Brazilian companies.

3.2 Operations Management

Operations Management, which is basically composed of tax administration, involves three contribution systems, the most widely used is the so-called Simples Nacional, which is a shared tax collection and inspection regime, applicable to micro and small companies, under the Complementary Law 123/2006.

Table 14. Time required for Operations Management procedures (h/year)

Subgroup	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Taxes	42.25	101.25	38.5	60.6	46.9
TOTAL	42.25	101.25	38.5	60.6	46.9

Although the Brazilian tax system is, in general, the most complex and the fourth highest corporate tax burden in the world, the specific complexities depend on the activity, sector, and region where the company is located. Because it is a federated territory, with 5,570 cities, 26 states and a federal district, 5 regions and the federal government, Brazil has many different types of taxes and collections. For this reason, some types of companies find it difficult to prosper and some regions are more developed than others. It is because of this complexity that Brazil occupies position 124 in the *Doing Business* ranking.

In the primary sector, the time allocated to operational administration was the least, with 42.3 hours per year. However, the industry spends 101.3 hours and the tertiary sector 60.7 hours only on taxes. Accordingly, industries, trade, and services in Brazil have more obligations to pay taxes than the primary extractive and production sector.

3.3 Others

In Brazil, no additional mandatory procedures are required for micro and small businesses. The National Solid Waste Policy instituted in Brazil in 2010 by law 12.305/2010 has a hierarchical objective directed to the non-generation, reduction, reuse, recycling, and the proper final disposal of waste generated during the production process and after the product's life cycle. It regulates aspects of the manufacture, import, transport, treatment, and final destination of all solid waste in the Brazilian territory in order to drive the regularization and environmental management of waste, including industrial solid waste (RSI) and construction and demolition waste (RCD).

Currently, the National Solid Waste Plan (PNRS) is in the process of being implemented—an indication of the great concern Brazil has shown regarding the correct treatment and adequate disposal of waste, especially in small cities and companies, which are not required to have a license under the environmental regularization process.

Other exclusive procedures depend on each activity and the biome, area, or region where the company is located, since environmental law requires primary and secondary companies involved in production and construction to have a prior license, as well as some compensatory measures to mitigate the potential environmental impact.

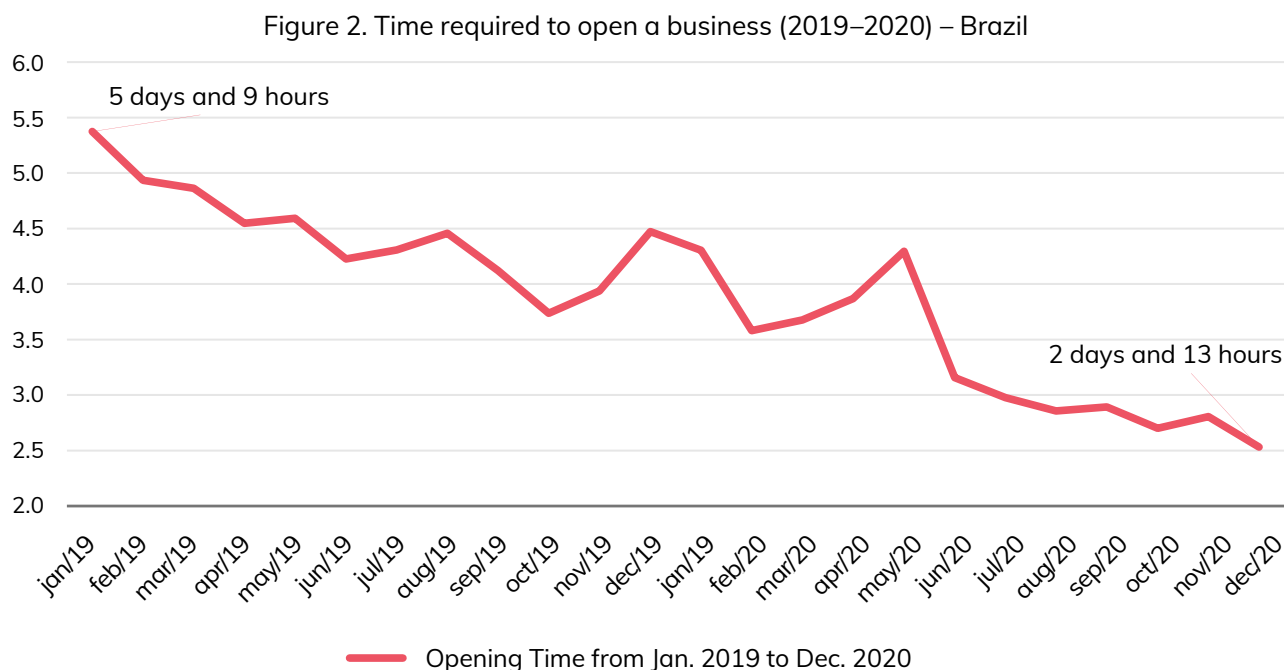
No requirement of the above-mentioned procedures was observed on any of the sectorial representative companies.

4. Results for the INESS-type company

In Brazil, the sample company selected by INESS is a regional trade iron manufacturing industry, hence fitting into the Simples Nacional regimen and required to dedicate 63 hours in employee administration plus 38.5 hours in tax management, for a total of 101.5 hours a year in bureaucracy procedures, very similar to the example of the tertiary sector. But, on the other hand, this is less than half the time spent by a small industry in the secondary sector, which has more employees, as well as higher income and sales at the national level, and that does not fit into the special tax system as the case studied.

5. Final considerations

Brazil has adopted various strategies to reduce bureaucracy and wasted time paying taxes in the last three years, from the labor reform, the economic freedom law, and the digital government that reviews all licenses, to bankruptcy proceedings. The average of 153.3 hours per year for small companies to meet all obligations is much less than it has been in the past, and less than the average time spent by medium and large companies.



Source: Ministry of the Economy. Map of companies, p. 3.

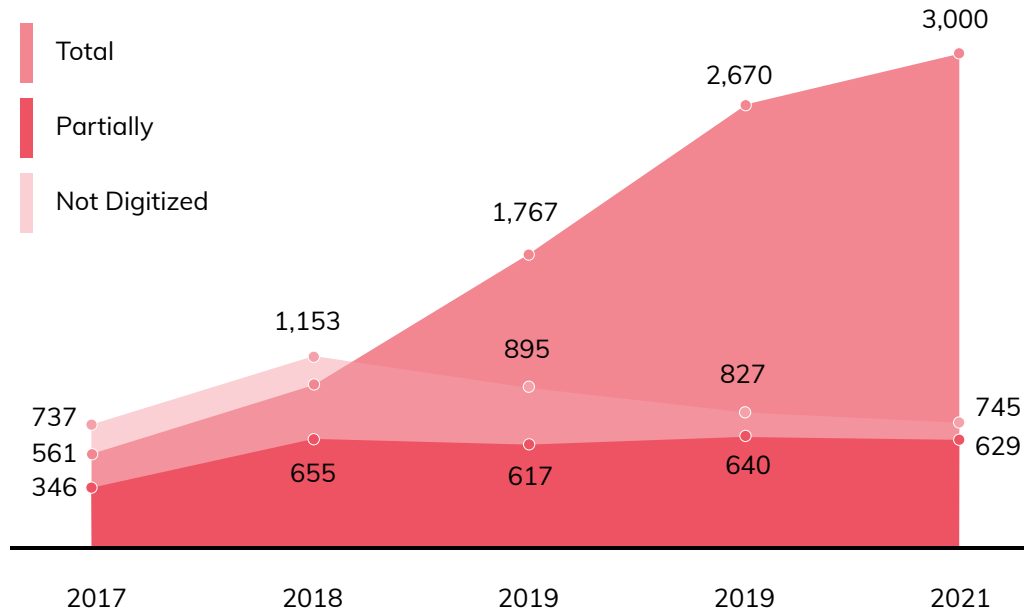
<https://www.gov.br/governodigital/pt-br/mapa-de-empresas/boletins/mapa-de-empresas-boletim-do-3o-quadrimestre-de-2020.pdf>

Brazil has made it easier to start a business and register property by making it faster, reducing the cost of the digital certificate, and improving the quality of the land administration system. The time to register and open a business in Brazil has been reduced from 5 days and 9 hours, to 2 days and 13 hours, reaching a historical record.

Since 2019, more than 4,000 regulations have been repealed and 3,000 federal services have been digitized to the gov.br portal, reducing bureaucracies and processing times. The expectation is that, by 2022, all services associated with the federal government could be done digitally, speeding up the process and reducing bureaucracy.

In addition, projections indicate that, up to 2025, the government can save R\$38 billion just by reducing bureaucracy and face-to-face customer care expenses. With more agile processes, society could save more than 149 million hours a year, which translates into R\$1.5 billion, that could be wasted waiting for paperwork and procedures.

Figure 3. Digitalization of bureaucratic procedures (2017–2021) – Brazil



Source: https://www.linkedin.com/posts/luisfsmonteiro_digital-governodigital-somosgovbr-activity-6813195239558311936-x-RF/

Brazil still needs to improve its tax procedures and social contributions system by changing the way it is applied. It is one of the most complex and expensive tax systems in the world, with 419,387 regulations since the last constitution in 1988. The federal government and the National Congress have discussed a new tax reform proposal to simplify some federal taxes by merging them and redistributing aliquots, making them fairer, thus encouraging investments and the generation of jobs.



1. Production structure

According to the information contained in the database of the “Registro Único Empresarial y Social” (RUES),¹² which collects information from the registries in 57 Chambers of Commerce nationwide, by 2019 the Colombian business landscape was made up of mostly micro-enterprises (92.38 %), followed by small companies (5.66%), medium-sized (2%), and large companies (0.46%), distributed by economic activity.

Table 15. Classification of micro-enterprises by sector

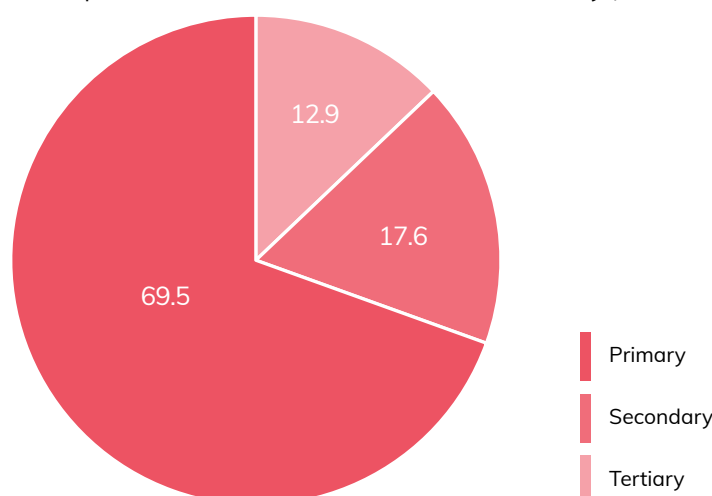
Criteria		Equivalent COL. pesos*
Manufacturing	That which has income from ordinary activities less than or equal to 23,563 Tax Value Units (UVT)	\$855.525.404
Services	That which has income from annual ordinary activities less than or equal to 32,988 UVT	\$1.197.728.304
Trade	That which has income from annual ordinary activities less than or equal to 44,769 UVT	\$1.625.472.852

*Note: UVT 2021 = \$36,308

Source: Own calculations based on Decree 957 of 2019.

As of 2019 (Decree 957, Article 2.2.1.13.2.1) the classification of the size of the company is based exclusively on its annual income from ordinary activities, a level that varies depending on the sector in which the company operates. The number of employees of the company is not taken into account for its classification. The decree does not include the primary sector in the determination of business size, which is why, for this study, the same conditions of the manufacturing sector will be considered for the primary sector.

Graph 1: Participation of the sectors in the Colombian economy (% GDP 2020)



Source: Author's depiction based on data from the Ministry of Commerce (2020).¹³

¹² Single Business and Social Registry

¹³ MinComercio (2020). Profile Colombia. <https://www.mincit.gov.co/getattachment/1c8db89b-efed-46ec-b2a1-56513399bd09/Colombia.aspx#:~:text=El%20sector%20primario%20de%20la,de%20az%C3%BAcar%2C%20ganado%2C%20arroz.>

It is worth noting that micro-enterprises are the most representative company size in the country, making up 92.38% of the business landscape, followed by small businesses, which barely represent 5.6%.

According to data from the Ministry of Commerce, derived from its participation in the national product, the predominant sector in the Colombian economy is the tertiary, with 69%, followed by the secondary, with 18%, and finally the primary, with 13%.

Table 16. Total companies, according to sectors and sizes – Colombia

Sec.	Description	Number of companies				Total
		Micro	Small	Medium	Large	
A	Agriculture, livestock, hunting, forestry and fishing	23,820	4,186	1,635	425	30,066
B	Mining and quarrying	5,452	841	346	225	6,864
C	Manufacturing industries	163,446	10,525	2,748	1,167	177,886
D	Supply of electricity, gas, steam and air conditioning	1490	194	75	135	1,894
E	Water distribution; sewage evacuation and treatment, waste management and environmental sanitation activities	8,091	569	164	87	8,911
F	Construction	66,985	9,997	3,031	969	80,982
G	Wholesale and Retail; repair of motor vehicles and motorcycles	623,071	23,245	5,268	1,297	652,881
H	Transport and storage	43,036	5,168	1,193	349	49,746
I	Accommodation and food services	187,378	2,345	475	115	190,313
J	Information and communications	39,721	2,780	620	203	43,324
K	Financial and insurance activities	20,383	2,333	1,096	631	24,443
L	Real estate activities	26,900	9,974	3,646	840	41,360
M	Professional, scientific and technical activities	100,213	11,075	2,095	452	113,835
N	Administrative and support service activities	58,577	4,380	1,133	295	64,385
O	Public administration and defense; compulsory affiliation social security plans	663	35	5	20	723
P	Education	16,120	933	141	19	17,213
Q	Human health care and social assistance activities	24,007	3146	739	268	28,160
R	Artistic, entertainment and recreation activities	38,813	774	165	45	39,797
S	Other service activities	70,131	465	95	26	70,717
T	Activities of households as employers; undifferentiated activities of individual households as producers of goods and services for their own use	153	1			154
U	Activities of extraterritorial organizations and entities	169	18	7	1	195
GRAND TOTAL		1,518,619	92,984	24,677	7,569	1,643,849

*Source: RUES-Confecámaras. Economic Analysis Unit, 2019.
(Information provided by the Medellín Chamber of Commerce)

According to the productive branches, sections C, G, I stand out as those with a higher percentage of microenterprise participation. Section C applies to industry; section G to trade; and section I to services. For this reason, these economic activities were selected to define the most representative companies by sector. Additionally, although their degree of participation in micro-enterprises is not that high compared to other productive branches, section A was added in order to include the primary sector.

2. Representative economic activity of small businesses by sector

The Colombian sample micro-enterprises were selected based on the information contained in the “Registro Único Empresarial y Social” (RUES). From this registry the sectors in which the micro-enterprises had the most participation were identified. Subsequently, to subtract the specific economic activity characteristic of each sector, proxy variables were used, since there was no access to disaggregated information at the sector level:

- **Primary sector:** A coffee growing company was chosen (section A), taking into account the growth that this industry has had in the Colombian economy: 9.5%, three times more than the national economy measured in terms of GDP¹⁴ (according to national accounts, Dane 2019).
- **Secondary sector:** For this sector the manufacturing industries (section C) were considered, specifically the manufacture of clothing, except leather clothing. The selection was made based on the annual manufacturing survey (2019),¹⁵ which determines that this group (1410) is the one with the largest number of establishments, employed workforce, and full-time personnel.
- **Tertiary sector:** Considering the weight of Trade and Services, both were included:
 - › Trade: From section G (wholesale and retail trade, and vehicle repair), the retail trade of books, newspapers, stationery, and stationery materials and articles was chosen, in specialized establishments, given that according to the Annual Trade Survey (2019)¹⁶ this group is the one with the most companies within the 47 classification (1055 companies out of a total of 3598).
 - › Services: From section I (lodging and food services) a company was selected in restaurant activities, cafeterías, and mobile food service (561), since in the annual survey of services (2019)¹⁷ it was determined that there are 486 of this type of company, and it has a higher accrual of wages and benefits.

3. Results

The identification of the obligations required of small businesses was carried out through an initial online search scan, as well as a contrast with the *Entrepreneur's Guide: Legal Responsibilities*, published by the Bogotá Chamber of Commerce, and semi-structured interviews with experts and micro-entrepreneurs. This process yielded a list of approximately 47 obligations, which vary according to the sector. Finally, to identify the times that these procedures demanded, 16 interviews were conducted among employers, employees, and experts.

Finally, the index was measured based on the 47 obligations that were grouped into three categories: employment, operation, and others. Of these, 43 are common to all and 4 are specific to the service sector.

It should be noted that, of the entities that mandate the procedures or issue the guidelines, 57% (27 bureaucratic procedures) are under the umbrella of the “Ministerios de Trabajo y de Salud.”¹⁸ The other obligations are distributed between national and municipal tax authorities, the Ministry of Transportation, INVIMA,¹⁹ the Fire Department, the copyright authority (Sayco Acinpro Organization), and the Chambers of Commerce. Sixty percent of the procedures are carried out digitally and those that are not yet digitized correspond to those that need inspection visits, review of the physical state of facilities and/or vehicles, and the implementation of occupational health and safety management systems.

The results show that the sample company in the primary sector, the coffee growing company, takes 450.5 hours per year to manage the required bureaucratic procedures. While for the sample company in the secondary sector, dedicated to clothing, the bureaucracy takes 406.25 h/year. Finally, the sample companies for the tertiary sector (services and trade), on average, occupy 567.67 hours annually.

¹⁴ National Federation of Coffee Growers (2019). Coffee growing trend 9.5% in 2019, three times more than the economy.

<https://federaciondecafeteros.org/wp/listado-noticias/caficultura-crece-95-en-2019-tres-veces-mas-que-la-economia-nacional/>

¹⁵ Dane (2019). EAM. <https://www.dane.gov.co/index.php/estadisticas-por-tema/industria/encuesta-anual-manufacturera-enam>

¹⁶ Dane (2019). EAC. <https://www.dane.gov.co/46>

¹⁷ Dane (2019). EAS. <https://www.dane.gov.co/index.php/estadisticas-por-tema/servicios/encuesta-anual-de-servicios-eas>

¹⁸ Government agencies responsible for protecting and promoting public health, salary, benefits, providing welfare and other social security services.

¹⁹ INVIMA: “Instituto Nacional de Vigilancia de Medicamentos y Alimentos”

Table 17. Annual hours by sector and by group – Colombia

Group of Procedures	Primary	Secondary	Tertiary	Weight. Avg.
Employment Mgmt	365.75	169.5	228.04	235.5
Operations Mgmt	76.75	202.8	229.4	205.03
Others	8	34	110.25	83.6
TOTAL	450.5	406.25	567.67	524.1

The data show a striking difference in the time used by the company in the tertiary sector compared to the sample companies in the other two sectors; while the latter range between 400 and 450 hours, retail businesses and restaurants occupy an additional 117 hours. This increase is due to the demands of the service sector, whose process of handling food and other permits substantially increases the time it takes to comply with the obligations.

Observing the weight of each sector in the Colombian economy (Graph 1), the result of the weighting of individual results showed that, for a micro-enterprise, the total annual hours to comply with all bureaucratic procedures is 524.1 hours.

3.1 Employment management

In tracking the procedures included in this group, it was observed that they are the same for all economic sectors. In total, there are 25 obligations: 11 correspond to salaries, taxes, contributions; 10 to hiring/firing; and 4 to work reports. However, although the requirements are the same, the times vary substantially from one sector to another, given their unique characteristics, and are particularly associated with the subgroup of procedures for salaries, taxes, and contributions.

Table 18. Time required for Employment Management procedures (h/year)

Subgroups	Primary	Secondary	Tertiary	Weight. Avg.
Salaries, taxes, and contributions	332.0	134.8	194.2	201.5
Hiring and firing	31.3	32.3	31.4	31.5
Work reports	2.5	2.5	2.5	2.5
TOTAL	365.8	169.5	228.0	235.5
Employment Mgmt/ total %	81.2	41.7	40.2	44.9

It is worth noting that, in general, excluding the primary sector, the burden of bureaucratic time of this section for the Colombian micro-entrepreneur, whether in the secondary or tertiary sector, is approximately 40% of the total annual time. For the primary sector, this percentage doubles, taking 80% of the total time.

In salaries, taxes, and contributions, the primary sector is the most penalized, requiring 332 h/year to comply with the required procedures, which represents more than 90% of the time dedicated to the employment administration category and more than 80% of the time of the total bureaucratic burden.

The number of hours accumulated in the first subcategory is due to the significant contribution of payroll obligations (96 h/year) and non-labor wage payments (192 h/year). The payroll time, 96 h/year, corresponds to weekly payments, which must be made mainly in cash; requiring a manual record, with a copy that is delivered to the worker. This time includes the time required for the administrator to have the cash. This method of payment is due to the fact that most of the employees do not have access to the banking system. On the other hand, the payment of non-labor wages includes the time involved in paying workers who do not have a stable employment relationship with the company, whose number varies seasonally, due to weather or market reasons. The compensation of these workers is associated with results (amount collected) and does not accrue social benefits, and it is also done in cash. It is clear that both processes increase the number of hours for the employment category due to the characteristics of the sector and because they cannot incorporate tools from financial services institutions.

In turn, the secondary and tertiary sectors have better results in this subgroup of procedures. The most demanding procedures in terms of time are the calculation and payment of payroll (biweekly), salary payment (weekly), disability procedures with the EPS (health care providers), and the payment of benefits and parafiscal taxes.

Within the tertiary sector, when it comes to services, the time required to calculate and pay payroll increases substantially. Companies in the restaurant sector function under special dynamics that make a difference: although payments are made every 15 days, employers are required to calculate and settle the accrued earnings for night hours, holidays, Sundays, overtime and tips. This calculation of time, for each employee, varies according to the degree of control each company keeps on those extras. On average these payments require 4.5 hours every two weeks and are made through virtual portals.

It is worth noting that, in addition to the extra time it takes for the services branch to pay the payroll, it also takes them approximately 30 hours to fulfill the provisions obligation. This additional delay is due to the special characteristics of the task in that it differentiates between kitchen supplies and the ones customers use, so it takes additional time to search for specific materials and designs. This time is shorter in the other sectors, considering that it is not necessary to place special orders that require an exhaustive search.

Finally, the bureaucratic cost in time of paying parafiscal charges and social benefits is low for the three sectors. It is a virtual process that requires a transfer through the system and all payments can be made at the same time.

The hiring and firing procedures require practically equal times in all sectors, on average 31.6 h/year, and the affiliation for social benefits absorbs 2/3 of it. These affiliations are virtual processes, but they can still be done in person, and this accounts for the time to download and fill out forms, collect the information, record, file, and wait time for the documents to be finalized. Without this process it would not be possible to hire the worker.

Finally, in reports, the last subsection of employment, the time is low. The reports have to do with hires, dismissals, vacation time, and disability, which are reported through the social security online entry system, and do not require any additional steps.

3.2 Operations Management

The tracking for this group identified 15 procedures: 7 for taxes, 1 for waste management and certifications, 4 for vehicle administration, and 3 for the occupational health and safety management system.

The primary sector stands out from the rest, and the secondary and tertiary sectors share a similar percentage of participation compared to the total of the index, between 40% and 50%. This percentage identified the operating processes as the ones that represent the greatest burden for Colombian entrepreneurs in the secondary and tertiary sectors. The latter, as will be presented later, will be marked by the number of hours it takes for companies to comply with their tax reporting obligations.

Table 19. Operations Management procedures by economic sector (h/year)

Subgroups	Primary	Secondary	Tertiary	Weight. Avg.
Taxes	38.5	110.5	147.4	126.8
Waste management	0	0	24	16.7
Vehicles	8.3	23.3	11.3	13.0
Health and safety at work	30	69	46.8	48.5
TOTAL	76.8	202.8	229.4	205.0
Employment Mgmt/Total (%)	17.04	49.9	40.4	39.1

Under Taxes, the sectors for which this subcategory consumes the most time are secondary and tertiary, requiring 110.5 h/year and 147.4 h/year, respectively. This represents 54.5% of the time dedicated to the operation management category in the sample clothing company and 64.25% for companies in the tertiary sector. In the primary sector, the relationship between taxes and the total operation is also 50%.

The time required for tax procedures, in all sectors, derive from three obligations: national and municipal exogenous tax declaration, and the payment of taxes. The variation from one sector to another was marked by operational issues, capacity, and organizational differences within the companies, but not because the procedure was more complex for some than for others. The exception is the payment of taxes in the primary sector, as they enjoy a simplified regime. Thus, the time that was used in each sector takes into consideration the ability to collect information, expertise in using the systems, and knowledge of the processes, among others.

The primary sector allocates much less time to attend these procedures than the other sectors; 13 h/year, compared to 93 h/year for the secondary and tertiary sectors. The 93 hours correspond to 9 tax obligations,²⁰ all of which are carried out through virtual portals of the authority that collects them and includes a small margin for platform delays. Obligations such as the tax on financial movements or the tax on plastic bags, do not add time to the total given their nature; the former is automatic. The difference of 83 h/year with the primary sector is given by the number of taxes that must be assumed.

Exogenous tax declaration

Resolution 070 of 2019 determined that legal entities, their assimilates, and other public and private entities that in the taxable year 2019 or in the taxable year 2020 have obtained gross income greater than one hundred million pesos (100,000,000), must present an exogenous tax declaration. This refers to “the information presented by legal and natural persons, on the operations carried out with their clients, users or others who intervene in the development of the company’s corporate purpose, periodically to the national tax authority ‘Dirección de Impuestos y Aduanas Nacionales (DIAN),’ through electronic services in compliance with the resolutions and technical specifications issued by the General Director.”

The purpose of this declaration is to carry out information cross-checks and studies that allow the exercise of greater control of taxes and improve compliance with substantial and formal obligations. This report must be made at the national and municipal levels. For the national report, those who report the information must fill out more than 10 forms, validate the information and send it through the applications of the DIAN. At the municipal level, the Tax Department of the municipality is in charge of receiving this information which consists of sending forms and records online. The guidelines are issued annually by the municipal authorities in charge.

The average time it took for the sectors to comply with these obligations was 22 hours for national exogenous reports and 13 for municipal ones. These measurements consider various processes and consider the levels of organization of roles within the company—this directly affects the initial collection of information. To carry out and comply with these procedures, those in charge (usually accountants who are not part of the formal staff) must gather the relevant information, fill out forms, pre-validate them, upload them to the platforms of the tax authorities, and submit them.

Within the process, those responsible stated that complying with the forms and validating the information is what generates the greatest cost in time. In the same way, they also mentioned problems with the platform that often prevents them from uploading the documents on time. This procedure, in addition to pushing companies to hire an accountant and taking large amounts of time to complete, also involves a series of severe sanctions if not done correctly, forcing the compilation, completion, and validation process to take longer, in order to avoid penalties.

The obligations for waste management and certifications are relevant only for the tertiary sector, and they ascend to 24 h/year. Finally, in order to comply with the health and safety requirements at work, employers hire an authorized external technician,²¹ so the charts reflect the time needed to choose, coordinate, monitor, and make the necessary adjustments. The primary sector is the least impacted by this procedure (30 h/year) and derives from a special regulation for agricultural production organizations with 10 or fewer permanent workers classified at risk I, II, or III, requiring three minimum standards.²² While, according to resolution 0312 of 2019, the other sectors are required to comply with seven minimum standards, they are not exempt from complying with the obligations and requirements contained in other regulations of the “Sistema General de Riesgos Laborales”²³ in force; which explains why 69 hours is spent by the secondary sector and 46 hours by the tertiary.

3.3 Others

This group of procedures includes those that companies devote to keep up to date due to frequent regulatory changes and those that are specific to the productive activities. A total of seven procedures were identified, of which three are specific to the service sector and the rest are common to all types of companies.

The 8 h/year in the primary sector and the 34 h/year in the secondary sector contrast substantially with the 110 h/year in the tertiary sector. The results are due to the participation of the services business in this group of obliga-

²⁰ Income tax, tax on financial movements, property taxes, VAT, Industry and Commerce Tax (ICA), Withholding at source, ICA Rete, Vehicle tax, tax on the use of plastic bags.

²¹ Resolution 1111 of 2017: The implementation of this system must be carried out by an accredited technician in Occupational Safety and Health (SST) or in one of its areas, with a current license in Occupational Safety and Health, at least one (1) year of experience certified by the companies in which they worked in the development of Occupational Health and Safety activities and that certifies the validation of the fifty (50) hour virtual training course.

²² Article 7. Resolution 0312 of 2019.

²³ Hazard identification and assessment system, Decree 1072 of 2015, Law 1562 of 2012 and other regulations in force on safety and health at work.

tions, reporting a requirement of 190 h/year. This reflects the special requirements that restaurants have for their operation. This large number includes 120 hours needed to comply with the food safety regulations; an estimate was used for the calculations as this is a daily monitoring activity. In addition to this, the sample service company must also assume annual renewal certifications such as food handling permits (which also encompasses an entire annual updating program), firefighter permits, and music copyrights (Sayco & Acinpro Certificate).

Likewise, added to all sectors is the time that it is taking companies to keep up to date with new regulations and the implementation of procedures that are in the process of becoming mandatory, such as electronic signatures, electronic invoices, and electronic payroll.

Regarding the time that companies devote to updating regulations, and the implementation of procedures that are about to become mandatory—such as electronic signature, electronic invoicing and electronic payroll—all sectors report times ranging from 6 to 24 hours per year. This time is mainly due to the need to know in depth the changes implied by the new regulations and the ways to comply with them. During this time, the secondary and tertiary sectors were included in the count trainings they attended, in order to understand the exogenous tax reporting, as well as the use of the DIAN applications to obtain the electronic signature and the electronic invoicing.

Throughout the investigation it became clear that companies use different methods to adapt to new regulations. Some have chosen to do so through the free DIAN applications. Choosing this route requires a lot of time, since it involves following a series of processes such as electronic invoice registration, confirmation of authorization, creation of products on the platform, and creation of clients, among others. Others have chosen to hire process intermediaries that have the software, saving the employer from the entire burdensome process, but the acquisition of this type of service comes at a high economic cost for the companies.

4. Results for the INESS-type company

The sample company that uses the IB developed by INESS (a company that manufactures iron doors and other metalworking industry products), in the case of Colombia, shows substantially high results, 544.75 h/year; and higher than those reported by the representative company of the secondary sector of the IB-LAT (clothing industry).

In the group of procedures associated with employment, it requires 165h/year, similar to those of the IB-LAT in the secondary sector (169.5 h/year), but much less than in the primary sector (365.8 h/year) and the tertiary sector (228 h/year). In turn, the time required for the operations management, 280.8 h/year—especially in terms of taxes, followed by waste management—is higher than those of the company representing all sectors.

Similarly, the IB-LAT company in the secondary sector reports fewer hours required by production-specific demands, mainly industrial safety: requirements related to welding, specific characteristics of workshops, adjustment of workspaces, safety guidelines, provision of security elements, permits, etc.

Table 20. IB (INESS) results in Colombia

EMPLOYMENT MANAGEMENT	165.00
Salaries, taxes and contributions	130.50
Hiring and firing	32.00
Work reports	2.50
OPERATIONS MANAGEMENT	280.75
Taxes	118.50
Waste management	63.00
Vehicles	21.25
Health and Safety at Work	78.00
OTHERS	99.00
Legal/specific	99.00
TOTAL	544.75

5. Final considerations

It is of vital importance to assess the costs of bureaucracy for micro-enterprises, translated into time, in the framework of a country where they make up 90% of the business ecosystem. These bottlenecks slow down the business activity and, in consequence, inhibit innovation and productivity.

Based on the understanding of the results obtained in this index, four main obstacles were identified and some opportunities for improvement were detected.

First of all, issues related to employment management, for a Colombian company of any sector, according to the weighted average, take 44.9% of the total time dedicated to the operation; this translates to 235.5 h/year. Payroll payment, payment of non-labor wages, disability reporting, and new EPS enrollments are the ones that generate the highest cost. The reasons that explain the time amounts are related to the payment methods, the calculation of fees/payments/stipends or additional benefits, the lack of banking access, and the type of relationships—formal or informal—between employers and workers. These obstacles translate into the existence of a rigid labor system, which does not respond to sectoral needs and to social and economic realities.

Thus, the implementation of a policy aimed at modernizing the labor market is crucial. This model should be aimed at promoting a regulatory change in favor of flexible hiring models, based on the time worked, which includes a reduced benefits packaged in a single payment, to encourage formality. At the same time, it is crucial to address issues surrounding labor procedures and compliance; low levels of banking relationships, low levels of digital literacy, access to systems and technology, and the technification and professionalization of entrepreneurs are some of the issues that should be considered and investigated when finding solutions, since they directly impact the bureaucratic process in terms of time and, therefore, business activity.

Second, at an operational level, it takes the micro-entrepreneur 205 h/year, 39.1% of the annual total, to comply with this type of procedure. There, tax issues are highlighted (reporting of exogenous tax—national and municipal—and the payment of taxes). Faced with these matters, it is necessary to evaluate the relevance of the tax reporting to different tax authorities; some of those who participated in interviews proposed a single national report. Given the hours it takes to pay taxes, simplifying systems is not enough to make payments easier (processes have already been streamlined and all can be reported virtually): the effort must be aimed at a simplification of the Colombian tax system. This simplification should not only be in terms of reducing time, but also seeking to reduce the burden on companies—which today stands at 70% according to the OECD—which in turn will promote competition, productivity, and innovation.

On the same subject of the operational level, the implementation of this system represents 24% of this category. Although there are defined guidelines that establish minimums for sectors and micro-enterprises, these seem to be insufficient. The micro-entrepreneurs said they did not fully understand the number of processes, which is why they prefer to hire an outsider to implement it or simply choose not to comply with the requirements. This process is an example of how the complexity of some procedures generates a negative effect, such as the employer assuming a high cost or simply preferring not to comply with the law. Therefore, it is crucial to assess the relevance of such obligations and examine their complexity and assess how necessary they really are.

Finally, the negative impact, or product of the complexity of some processes, can also be found in the “others” category. In the specific procedures of the tertiary service sector, this matter becomes relevant since restaurant owners find it difficult to comply with the law through the regular channels when obtaining and renewing permits. They have to resort to influence peddling, obtaining favors, or even buying the permits. The time measured here responds to these special characteristics of the services sector, the other sectors offer similar times because there are no specific procedures for them.

In general, we can conclude that, in order to improve the times shown by the index, social conditions that have a direct impact on bureaucratic processes must be addressed. At the same time, continued efforts must be made to evaluate and consider the need, relevance, and simplification of the obligations. The matters identified throughout this research are intended to present a first approach to bureaucratic issues in the Colombian business environment, but do not offer an exhaustive analysis on the subject. Future research is expected to lead to an exploration that considers other types of variables that make it possible to widely reveal all the factors found in the bureaucratic phenomena.



1. Production structure

Official data and statistics show that small companies predominate in the Spanish economy. Among the total number of companies, SMEs account for 99.83% of the productive landscape, either without employees (self-employed workers), which account for 55.67% of SMEs, or with between one and nine employees, which account for 38.39% of SMEs. This distribution, broadly speaking, is reproduced in all the sectors and activities analyzed. (Source: Latest publication of SME Figures, Ministry of Industry, Commerce and Tourism. April 2021 data).

- In the primary sector (2.6% of GDP), companies devoted to the production of meat, oil, dairy, and fruit and vegetable products are predominant. (Source: Sector Report of the Spanish Economy 2019, CESCE).
- In the secondary sector (23.2% of GDP), companies specializing in the construction (of buildings, electrical and plumbing installations, construction finishing, manufacture and repair of metallic elements, etc.) are predominant. (Source: INE).
- In the tertiary sector (74.2% of GDP), beverage establishments (bars) and restaurants, personal services (mainly hairdressers), retail trade, real estate rental, and transport are predominant. (Source: INE).

Table 21. Total companies by size and proportion

Companies by size	Number of companies	Proportion of total companies (%)
Total companies	2,893,005	100.00
Large (250 or more employees)	4,829	0.17
SMEs (0–249 employees)	2,888,176	99.83
SMEs without employees (0 employees)	1,607,951	55.58
SMEs with employees (1–249 employees)	1,280,225	44.25
Micro-enterprises (1–9 employees)	1,108,825	38.33
Small (10–49 employees)	147,005	5.08
Medium (50–249 employees)	24,395	0.84

Table 22. SME Companies

SMEs by size (# employees)	Number of companies	Proportion of total SMEs (%)
SME (0–249)	2,888,176	100.00
SMEs without employees	1,607,951	0.17
SMEs with employees (1–249)	1,280,225	99.83
Micro-enterprises (1–9)	1,108,825	38.33
Small (10–49)	147,005	5.09
Medium (50–249)	24,395	0.84

Table 23. Secondary Sector Breakdown

Secondary sector activities by number of companies	Total	SME's (0-249)	Micro-enterprises (0-9)	Without employees
Building construction	159,838	159,808	152,542	93,004
Electrical, plumbing and other installations on construction sites	81,524	81,471	76,589	40,162
Construction finishing	76,027	76,026	74,188	48,477
Real estate promotion	65,229	65,222	64,768	51,133
Manufacture of metal elements for construction	18,318	18,301	16,333	5,754
TOTAL companies in the secondary sector	615,733	614,550	566,371	321,446

Table 24. Tertiary sector breakdown

Tertiary sector activities by number of companies	Total	SME's (0-249)	Micro-enterprises (0-9)	Without employees
Beverage establishments	167,955	167,946	164,648	56,237
Other personal services	137,801	137,781	136,442	75,338
Retail trade	137,132	137,046	135,124	59,482
Real estate rental	127,917	127,911	127,164	99,318
Freight transport and moving services	103,263	103,211	98,171	58,363
TOTAL tertiary sector companies	2,791,220	2,787,569	2,686,645	1,592,245

2. Representative economic activity of small businesses by sector

To select the representative companies of the Spanish economy, specifically, to choose four companies from each of the traditional economic sectors, the following factors were analyzed:

- Weight of specific economic activities in each sector
- Number of companies by economic activity within each sector
- Number of companies by number of employees within each sector

Thereafter, representative company samples were identified within the primary, secondary, and tertiary sectors; that is, companies that carry out the most common activities within each sector and that have a number of employees around the average of the small- and medium-sized companies devoted to their activity.

According to these results, we proceeded to interview companies engaged in the most common activities mentioned in each sector with less than ten employees. The average number of employees of the companies interviewed in each sector is between four and five employees, so that the sample is representative.

Sample company by sector:

- Primary: horticulture and fruit
- Secondary: construction company
- Tertiary: bar

3. Results

According to the observation, when it comes to bureaucracy, Spanish companies dedicate a number of hours comparable to that of the rest of the countries included in the Index of Bureaucracy in Latin America, which confirms the relevance of their inclusion in this ranking.

The sample company of the primary sector, the horticulture and fruit production, occupies 473.74 hours per year to manage the required bureaucratic procedures. Meanwhile, the sample company in the secondary sector, specializing in construction, requires 561.63 hours. Finally, the tertiary sector, the bar, requires 254.96 hours.

Table 25. Annual hours by sector and by group – Spain

Group of Procedures	Primary	Secondary	Tertiary	Weight. Avg.
Employment Management	258.5	85	76.48	139.99
Operations Management	174.43	204.12	164.49	181.02
Others	40.80	272.50	13.98	109.09
TOTAL	473.74	561.63	254.96	430.11

The data show a striking difference between the time used by the companies in the secondary and tertiary sectors. While the small construction company spends more than 550 hours a year exclusively dealing with red tape, the bar needs less than half. This convenience is consistent with the importance of the sector in the country, strongly marked by tourism (more than 83.5 million foreign tourists in 2019), which, logically, raises questions for the future.

Although the number of hours dedicated to bureaucratic procedures varies widely between sectors, companies in the three sectors carry out a similar number of procedures. We have identified 35 procedures for companies in the primary sector, 43 for those in the secondary sector, and 36 for those in the tertiary sector. The difference in the hours allocated to completing the procedures lies, therefore, not so much in the number of procedures, but in the fact that in certain sectors companies repeat some procedures excessively. For example, companies in the primary sector repeat tasks related to employment administration. Companies in the secondary sector, in turn, repeat tasks on the management of waste, as they produce more of it than companies in other sectors. These facts explain a good part of the differences between sectors.

3.1. Employment management

In the case of Spain, the obligations have to do with human resources, such as payment of salaries, taxes and contributions, and hiring and firing. The recording of working times added up to 258.5 hours per year in the primary sector, 85 hours in secondary, and 76.48 hours in tertiary. In total, 24 bureaucratic procedures were identified that are in this category, of which 17 can be carried out virtually.

Regarding the administration of employment in the company, the data from the primary sector is striking, with figures that are three times those of the other two economic areas.

Only in relation to the management of salaries, taxes, and contributions do the horticultural farms in question dedicate an average of 83.5 hours per year. It is a time consistent with the nature of the work of these companies, which, as they need labor on an occasional and seasonal basis, do not hire stable personnel throughout the entire fiscal year, but on a specific basis according to the business needs set by the very nature of its production. Thus, the procedures for hiring and canceling contracts are a frequent practice in companies of this type.

Construction projects (Secondary sector)

A small construction company, specializing in minor home or commercial improvement projects, faces a series of bureaucratic procedures that transcend those general requirements that organizations of any type undertake. **Each project involves procedures with the local government which vary in number depending on the type of transformation and on the nature of the building in which it is performed.**

Depending on the location and degree of protection of the building, as well as the size of the project, the company must present a document called "Responsible Declaration" or request a license (by abbreviated or ordinary proce-

dure), as long as the intervention is not performed in buildings located in a historical complex, near Heritage Assets or buildings covered by planning control. Also depending on the type of transformation and the environment, once the license is granted, the company will have to notify when work begins by presenting copious and extensive administrative and technical documentation.

For each job site it is common for the company to need a tank in which to dispose of rubble and waste (including logging or pruning of vegetation), the use of which involves another procedure with the administration. In addition, the removal of any other type of waste (furniture, etc.), must be managed with the corresponding local authorities, as well as the installation of auxiliary means (scaffolding, formwork, platforms, etc.), always by filing paperwork and following the necessary procedures.

Finally, given the accumulation of procedures and the unexpected extension of the deadlines that the company sometimes faces, it is common for companies to be forced to request an extension of the license for the completion of works or even an extension of the license to start the works. Both extensions are procedures provided by the administration.

3.2. Operations management

When it comes to the time that an average company from among those selected in each sector of the Spanish economy spends on paperwork related to the company's operations: it costs almost 174.44 hours per year to manage tax administration, waste, vehicles, or occupational risk prevention for those of the primary sector. On average, companies in the secondary sector spend 204.13 hours, and 164.5 hours is spent in the tertiary sector. Regarding operations management, we have identified 24 procedures. Of these, 11 can be done virtually from anywhere in Spain, while for some procedures the availability of this option depends on the autonomous community where the company operates.

In this section there is no notable disparity between the companies in each of the sectors. The operational management of the secondary sector takes more hours, mainly due to the procedures related to health and safety at work, which require the training of all employees in occupational risk prevention.

3.3. Others

In addition to the time involved in dealing with the public administrations for procedures related to the management of human and operational resources of each company, there are other bureaucratic requirements that must be fulfilled by each company.

These include legal changes, certifications, and special authorizations, as well as those procedures related to the activities of each type of company selected. In this section, the primary sector shows a commitment of 40.8 hours per year; the secondary, 272.5 hours; and the tertiary, 13.99 h/year.

The hourly workload of the secondary sector stands out in a very striking way, driven by bureaucratic obligations inherent to the technical requirements of the activity of construction companies. These companies face in their day-to-day activity the need to file abundant documentation for each project in which they participate, even for small home improvement projects.

The Supranational Bureaucracy

Despite the fact that it is extraordinarily difficult to make an accurate calculation of the impact of European standards on national legislation, in the case of Spain its importance should be addressed. To do this, it must be kept in mind that not all sectors are equally integrated or influenced by EU Community legislation. Thus, in areas such as agriculture or the environment, it is reasonable to say that 80% of the rules applied are of EU Community origin.

The competences of the European Union Members are very different, and some leave a much larger mark than others: a mere numerical analysis does not reflect the whole truth. On the other hand, the nature of the rules is also significant. While the regulations are directly applicable in each Member State, the directives must be transposed through national rules. However, for the incorporation of some directives a simple administrative regulation could suffice, while others require that hundreds of laws of Parliament be approved or modified. In turn, although the regulations are in principle applicable in all Member States, in practice this depends a lot on the regulation and the particular Member State in question.

The common agricultural policy continues to be the main item in the balance sheet of the European Union, although with half the relative weight of decades ago. Consequently, the control over agricultural activity is also noteworthy, also due to its direct relationship with the diet of the Union's population and of the consumers of the products grown in its territory.

Thus, for a small fruit and vegetable farm such as those considered in this index, the community bureaucracy has a daily presence in the running of the company. The quality control and components of the final production, as well as the chemicals used to enhance it, are carried out by the Parliament of the European Union, which also generates the guidelines that limit and supervise the activity in the field.

Despite the regulatory importance of the EU in agricultural activity, compliance control is not carried out directly by community officials. The supranational entity delegates its application to regional and local public workers, who apply and supervise compliance with the regulations.

In global terms, in Spain it is estimated that the number of applied EU Community regulations represent between a quarter and a half of the total, including sectors that are little or not affected at all. This is a proportion comparable to that of countries such as Germany, Austria, or France.

4. Results for the INESS-type company

Regarding the metal door company, chosen by INESS as a sample company for its index, the study shows that the time it devotes to dealing with bureaucracy reaches 360.40 h/year—a figure only higher than that of the tertiary sector, despite being a demanding industrial activity in terms of supervision. This fact denotes a lack of interest in administrative control by the public powers, possibly due to the minority nature of this business typology.

The INESS-type company consumes 96.75 hours per year in undertaking bureaucratic procedures for Employment Management, above companies in the secondary and tertiary sectors, but far from the fruit and vegetable SME.

Regarding the Operations Management, the INESS-type company faces a greater bureaucratic burden than those chosen in the three sectors of the Spanish economy, with 258.75 h/year dedicated to managing the procedures related to its operations.

Finally, in the subgroup of procedures that includes certifications, authorizations, and those specific to the productive activity, the sample company for INESS is shown as the least affected of those considered, with 4.9 hours per year.

5. Final considerations

The bureaucratic burden, translated into time, is detrimental to the productivity and efficiency necessary for a good economic performance. Several feasible ways of improvement can be derived from the observations of the Spanish sample companies.

Thus, in the primary sector, the implementation of a more flexible labor policy system that allows hiring and dismissing employees in a more agile way would have a crucial impact. A system that would not require the management of costly administrative procedures, in both time and economic terms, would greatly benefit the horticulture and fruit farming industry.

In the same way, for small construction companies, the application of a legal framework and procedures that allow the fulfillment of the technical requirements for each project without having to start from scratch in each one of them would significantly reduce the workload.

From a general point of view, even from an efficiency perspective in terms of tax revenue, it is advisable for any government to really focus on tax simplification. However, competition within the framework of the European Union can also lead to more complicated tax structures and political pressure to harmonize taxes and move everyone to complicated tax systems. Still, other taxes are always expected to be decided at the national level, and it is up to each country to think about the incentives in their system, how fiscal policy may be too complex, and how to move towards simplification while maintaining an eye on tax revenue and growth.

If the only concern is redistribution, then taxes should only be applied on wages, rather than on businesses or savings. Specific companies can be taxed if there are external effects to avoid. It is crucial to reduce corporate taxes, as they are an indirect and highly inefficient way of taxing wages, which hurts productivity. Reducing corporate taxes and getting rid of them in the long run is the single most important way to stimulate long-term growth. Also, taxes on savings and capital should be reduced.

The broad-based VAT, with a rate, would also function as a tax on wages. The EU Commission has promoted, in recent years, a common consolidated corporate tax base. The idea has been to simplify the way companies and corporations pay taxes, but this could be an opportunity for a new EU corporate tax, which would hamper tax competitiveness.

The **digitization of the economy** has numerous fiscal consequences that deserve to be addressed. However, it is necessary to start by stating that digital taxes are not the solution, even less in an environment in which tax systems are not ready to implement digital taxes efficiently. Not surprisingly, current digital taxes are vastly inefficient, with too many undesirable consequences that do not compensate for the steady increase in tax revenue over the years.

Many experts agree that it is convenient to move to tax systems based on indirect taxes, instead of direct taxes. VAT is a key element for the tax system of the future. It is preferable to increase revenue by increasing VAT tax rates and eliminating VAT exemptions, rather than creating new taxes and increasing direct tax rates.

As a paradigmatic effect of direct taxes, the reduction of corporate taxes increases productivity. In an open world, capital moves easily across borders, so the actual corporate tax return will tend to be the same in all countries. Consequently, the higher the tax, the more profitable companies need to be, and the less investment a country with high taxes will obtain. When a government reduces the corporate income tax, the country attracts more investment. Since the return on capital tends to be the same everywhere, its profits would go to benefit labor, which is less mobile, but can contribute to more productivity.

When it comes to green taxation, although the temptation to design new tax schemes is always important, the government would do well to focus on improving existing taxes, as new ones could end up in more complex systems. In this case, the question is whether to tax producers or consumers.

In addition, poor design can generate distortions that lead to misallocation of resources and reduced economic growth. From the point of view of economic efficiency, no subsidies should be given, and taxes should be collected based on external costs only. For example, one tonne (metric ton) of CO₂ should be taxed equally, regardless of where it was produced or what it was used for.

The results of Spain in the Index of Bureaucracy in Latin America, together with its comparison with other European countries, confirm the relevance of its inclusion in this ranking with the premise of comparing similar environments in legislative and cultural terms.

This is confirmed by the information obtained in the study of the sample companies of each economic sector, similar in general terms to that of other countries that make up the index.

On the other hand, data produced by the observation of Spanish companies underline the relevance of Spain's membership to the European Common Market—relevance due to the configuration of the national tax system that it entails, but also, and above all, for the undeniable opportunity it offers.

The European Union offers Spain the option to fiscally compete in an environment of free international transit of workers and goods, and thus attract companies not only from the continent itself, but from all over the world interested in establishing themselves in the Union. Furthermore, as this index indicates, its cultural and traditional proximity to countries outside the European environment intensifies the opportunity for tax competitiveness.



1. Production structure

For the classification of economic units, the North American Industrial Classification System (SCIAN)²⁴ was used, in its 2018 version, which is made up of 20 sectors of economic activity, divided into 94 subsectors, 306 branches, 615 sub-branches and 1,084 classes of activity, of which 994 are covered by the 2019 Economic Census of the National Institute of Statistics and Geography (Inegi).

Table 26. The Structure of SMEs in Mexico's Economy

Economic sector	Number of companies with less than 10 employees/total companies in their economic sector (%)	Number of employees in companies with less than 10 employees/total employees in their economic sector (%)
Sector 11 Agriculture, animal husbandry, forestry, fishing, and hunting (only fishing and aquaculture)	80.97	20.73
Sector 21 Mining	71.61	3.46
Sector 22 Generation, transmission, distribution, and commercialization of electrical energy, supply of water and natural gas through pipelines to the final consumer	61.87	4.04
Sector 23 Construction	46.76	6.01
Sector 31–33 Manufacturing industries	94.42	19.01
Sector 43 Wholesale trade	87.48	22.16
Sector 46 Retail trade	98.84	62.53
Sector 48–49 Transport, mail, and storage	52.56	4.85
Sector 51 Information in mass media	76.37	5.57
Sector 52 Financial and insurance services	86	7.76
Sector 53 Real estate and rental services of property	94.07	48.09
Sector 54 Professional, scientific, and technical services	89.21	30.96
Sector 55 Corporate	61.26	0.33
Sector 56 Business support services, waste management, and remediation services	89.86	5.55
Sector 61 Educational services	71.82	17.28
Sector 62 Health and social assistance services	95.18	54.18
Sector 71 Cultural and sports entertainment services and other recreational services	94.71	42.44
Sector 72 Temporary accommodation and food and beverage preparation services	96.31	59.42
Sector 81 Other services except government activities	98.29	78.93

Source: Own elaboration with data from Inegi.

²⁴ Instrument used to collect, analyze, disseminate, evaluate, and compare statistical information on the economies of Canada, the United States and Mexico.

According to Inegi (2019: 4), public insecurity is the main problem reported by establishments (micro, SMEs, and large) to carry out their activities. However, companies consider that the excess of government procedures required to operate is also one of their main problems, they place it in fourth place, after high expenses for public utility services (water, electricity, and phone service) and taxes. Likewise, the economic census projected a significant lag in the adoption of information technologies since, of the total number of establishments, only 26 out of every 100 have a computer and 23 out of every 100 have internet (Inegi, 2019: 4).

According to these surveys, in Mexico, micro-businesses make up 95% of economic units, and employ 4 out of every 10 workers. On the other hand, 5 out of every 100 establishments are small- and medium-sized companies (SMEs) that employ 30.7% of the workforce. Large companies, on the other hand, represent 0.2% of all establishments, and their employed personnel represented 32.1% of the total (Inegi, 2019: 3).

The sectors in which companies with less than 10 employees represent more than 95% of the total number of micro-enterprises in each sector, in terms of the number of economic units, are: manufacturing, retail trade, real estate services, health services, recreational services, hospitality industry, and other services except government activities/public government/public administration.

From the employment angle, micro-enterprises represent 35% of the total number of people employed at the national level. By economic segment, the following exceed this percentage: retail trade, real estate services, health services, recreational services, hospitality industry, and other services except government operation.

2. Representative economic activity of small businesses by sector

Based on the previous analysis, we identified the sample companies for the primary, secondary, and tertiary sectors considering the percentages of companies and employees with respect to their corresponding totals in their economic sectors, as follows:

- Primary sector: company dedicated to agriculture, animal husbandry, forestry, fishing, and hunting (sector 11). Specifically, companies engaged in livestock farming and the production of berries for export, were interviewed.
- Secondary sector: company dedicated to the manufacturing industry (sector 31–33). Specifically, a processed food company that sells to supermarkets and the aviation industry was interviewed; a company dedicated to the manufacture of Styrofoam, an important supply in the packaging and construction industries; and one more dedicated to carrying out recycling activities for both organic and inorganic waste, as well as the establishment of a waste-to-energy plant for the conversion of inorganic waste into electrical energy.
- Tertiary sector: trading company (sector 46), professional services (sector 54), short-term lodging and food and beverage preparation services (sector 72), and educational services (sector 61). The interviews were conducted with companies dedicated to the retail trade of gasoline, a provider of educational services at the basic level, a small hotel, a cafeteria, an advertising agency, and an accountant's office

3. Results

In Mexico, according to the analysis, a small business annually spends 488.83 h/year on average, or 491.99 hours weighted average by sector, to comply with regulatory requirements in the various areas of Employment Management, Operations Management, and Other requirements that include procedures specific to their sector. According to the information collected, the primary sector spends more time complying with regulations, followed by the tertiary and secondary sectors. Of all available working time, micro-enterprises in the primary sector allocated 37% to this type of task, while service companies allocated 32%, and companies in the secondary sector 31%.

Table 27. Annual hours by sector and by group – Mexico

	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Employment Mgmt	294.00	294.00	294.00	294.00	294.00
Operations Mgmt	138.00	145.50	138.00	140.50	140.33
Others	112.00	16.00	35.00	54.33	57.66
TOTAL	544.00	455.50	467.00	488.83	491.99

Source: Own calculations with information obtained from interviews with micro-entrepreneurs for this study

From a sample of 47 identified procedures, 37 have the option to be submitted via the internet. Likewise, the authorities with which small companies interact the most annually are the “Instituto Mexicano del Seguro Social”²⁵ and the “Servicio de Administración Tributaria,”²⁶ both are federal authorities.

At the local level, companies interact with state and local government agencies in different areas, mostly with Utility Service Centers, such as water supply or waste collection offices. Likewise, companies dedicate significant time to both federal and local Conciliation and Arbitration Boards to monitor and resolve labor disputes or litigations. Some companies, depending on their nature and the corresponding regulation, must interact with autonomous bodies such as the “Comisión Federal de Competencia,” the “Instituto Federal de Telecomunicaciones,” the “Comisión Reguladora de Energía,” the “Instituto Nacional Electoral”; or with specific areas of dependencies of the Federal Executive Branch, such as the Ministry of Economy, which is in charge of establishing and monitoring the quality standards, weights, and measures necessary for commercial activity; as well as industrial standards and specifications.

3.1 Employment management

The companies with less than 10 employees in the three economic sectors are required to comply with basically the same formalities and procedures in relation to the administration of their personnel. Particularly important are the tax payments related to payroll, benefits and other social security procedures submitted to the “Instituto Mexicano del Seguro Social,” including employer obligations related to retirement. The employer contributions to housing funds through the “Fondo Nacional de la Vivienda para los Trabajadores” (Infonavit) are also considered. In addition, other payments that require more time are those made for the protection of personal data, profit distribution payments, and follow-up procedures to lawsuits and arbitration awards. In these areas in total, companies record approximately 294 h/year.

3.2 Operations management

The administration of operations implies the fulfillment of fiscal obligations, payment of permits for handling of residues, and payments for registration and taxes of automobiles. In relation to the counting of hours for paying taxes, according to the data provided by the companies interviewed, an average of 125 hours was calculated annually for the payment of taxes and duties described above.

Table 28. Time required for Operations Management procedures (h/year)

	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Taxes	122.75	130.25	122.75	125.25	125.08
Vehicles	12.25	12.25	12.25	12.25	12.25
Waste management	3.00	3.00	3.00	3.00	3.00
TOTAL	138.00	145.50	138.00	140.50	140.33

²⁵ This government entity refers to the national service of health and benefits administration.

²⁶ This government entity refers to the national tax administration service.

Tax payment procedures include federal, state, and municipal tax payments; preparation of declarations; procedures to obtain tax certificates; updating of electronic signatures and records on fiscal status; procedures to generate electronic invoices; and purchase of stamps to be able to issue vouchers. Local taxes mainly include the payment of property tax, payroll taxes, and taxes related to vehicle ownership. These results were contrasted with those of the Paying Taxes report from the World Bank and PwC, and after standardizing the measurement criteria, the differences were not very significant:

Table 29. Total weight of tax compliance

	a) Operations Mgmt: taxes	b) Employment Mgmt: taxes	IB-LAT taxes (a+b)	PwC and World Bank	Difference
Primary sector	123	100	223	240	17
Secondary sector	130	100	230	240	10
Tertiary sector	123	100	223	240	17
Average	125	100	225	240	15

Source: Own elaboration for the calculation of the IB-LAT and Paying Taxes (2020).

In general, for small businesses the procedures for waste management are carried out locally and are authorized at the state or municipal level. They basically refer to the treatment, recycling, reuse, collection, storage, or final disposal of more than 50 kilos per day of urban solid waste or any amount of waste that need special handling at the local level. The legal basis for such management is found in local regulations and environmental regulations. According to the information gathered in our interviews, even with specialists in waste management, in Mexico waste regulations are quite basic and there is still little demand for compliance or efforts by the authorities to enforce the law or regulations. Therefore, our interviewees agreed that waste management does not represent a significant number of hours per year for a small business.

3.3. Others

Since the 1990s, Mexico has implemented a policy of regulatory improvement that in 2018 culminated in a constitutional reform and the promulgation of a general law to ensure effective regulations and a transparent rule-making process. It established the obligation for all branches of government (legislative, executive, judiciary, and autonomous bodies), as well as at all levels of government (federal, state, and municipal),²⁷ to generate and implement clear standards, procedures, and simplified services for commercial, industrial, productive, and service activities, and to promote the human development of Mexican society. The policy is implemented through the “Comisión Nacional de Mejora Regulatoria” (Conamer) and the state commissions on the matter, as well as specialized offices in the various powers and autonomous bodies. Conamer administers the “Catálogo Nacional de Trámites,” which is the technological tool that integrates all national regulations, permits, procedures, services, and inspections within the Mexican territory and is the source of legal certainty and transparency, aiming to strengthen the rule of law and improve the business environment.

During the last two years, the policy has run its course at the subnational level, while at the federal level it has suffered significant setbacks, mainly due to staff and budget cuts that have limited its effectiveness. The main regulatory obstacles faced by the interviewed micro-enterprises are in this context; its most relevant regulatory burdens are those devoted to complying with federal regulations that in recent years have made business activity more expensive and complicated. Here are some important cases:

Brucellosis and tuberculosis free acts: Compliance with the sanitary standards and certifications required of the livestock industry is characterized by a high bureaucratic burden. Such is the case of acquiring the brucellosis and bovine tuberculosis “free acts,” which requires the hiring of specialist technicians, which are scarce in the market. The brucellosis and tuberculosis scans determine the level of certification of the cattle, which in turn defines the scope that the commercialization of the cattle can have, with the maximum level being exports. The time dedicated to these procedures can be up to three months, approximately 90 days.

²⁷ General Law of Regulatory Improvement, article 3, section XIX.

Retail sales of hydrocarbons (gas stations): This activity requires a new registration process to be a permit holder with the “Comisión Reguladora de Energía,” or regulatory commission requesting access to the “Oficialía de Partes Electrónica” and wait for days or weeks for the access keys. Although it does not require specialized personnel in the fulfillment of procedures, the regulatory burden in times is important. For example, a gasoline station must report to the commission daily volumes of managed fuels, as well as report each time the sale price to the consumer changes, among other obligations. Additionally, permit holders must take time to understand and sort all their obligations, since they have detected that many of the CRE procedures are not registered in the National Catalog of Procedures, others that are in it have no legal basis and most of the formats have not been published in the Official Gazette of the Federation (Helú Jiménez: 2021).

The regulations applicable to the Manufacturing, Maquiladora, and Export Services Industry (Immex) have undergone fundamental changes in recent decades, most of them positive, which have served to promote and encourage industrial activity intended for export. In the last decades and until 2019, the Ministry of Economy was fundamental in the establishment and development of Immex companies. Their officials advised entrepreneurs, received requests, and offered support for issues that came up as a result of the implementation of specific operations, in order to ensure the growth of the sector. Immex companies became key pieces to create sources of employment, strengthen Mexico's trade balance, and increase international competitiveness.

Broadcasting and advertising: In this overregulated industry, the micro-entrepreneur is required to comply with complex regulations on electoral matters and economic competition, a situation that often requires them to hire up to two full-time employees in charge of these activities, which implies a huge hidden cost to the company. The regulatory burden comprises two items: on one hand, it is required that broadcasters supply airtime as part of their contributions to the government, that is, they make payments in kind for the benefit of government agencies and the electoral regulatory body that might require advertising, as well as political parties. On the other hand, broadcasters are also required to fill out forms and prepare robust documentation for the purposes of economic competition analysis by the telecommunications and broadcasting authorities, which frequently review the structure of the markets to avoid the formation of monopolies.

The free broadcasting of information and messages from the Mexican State on radio and open television is possible because of the time made available to them through these structures. As a whole, these times receive the generic name of Official times and are made up of State time and Fiscal times.

The precise definition of official times, State times, and fiscal times is found in the General Law of Social Communication, which in Article 4 defines: i) State time as 30 free daily minutes of transmission that all radio and television stations, whether public or private, are required to give the State; ii) Fiscal time is the daily air time on radio and television that the State receives as payment in kind for the use of federal concessions by commercial broadcasters. Currently they are 35 minutes a day for radio stations and 18 minutes a day for television channels; and iii) Official time as the sum of the State time and the fiscal time for each broadcaster. In addition, according to electoral regulations, broadcasters are required to grant political parties' radio and television airtime for the diffusion of advertising material during electoral times, both at the federal and subnational levels.

In 2019, however, the Ministry of Economy sparked a new wave of over-regulations to gain compliance with the Immex Program. This, together with the lack of personnel due to the public sector cuts brought by the Federal Law of Republican Austerity, caused a setback for small businesses that will possibly be reflected in greater burdens in the next few years. According to the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE), five out of ten small companies do not have a specialist in foreign trade to make business processes easier.

4. Results for the INESS-type company

Under the hypothetical case of the INESS-type company, for the Mexican case the calculation of hours would be 451.5 h/year, close to what the representative company of the secondary sector devotes (455.5 h/year).

The assumptions established for the INESS-type company, categorize it under code 333510, corresponding to the manufacture of machinery and equipment for the metalworking industry. The basic obligations in labor and tax matters for an INESS company coincide with those registered for this analysis by the companies interviewed in the secondary sector.

Table 30. INESS-type Company (h/year)

Procedures INESS-type company	Hours/ year
EMPLOYMENT MANAGEMENT	294.0
Salaries, taxes, contributions	100.0
Hiring and firing	194.0
OPERATION MANAGEMENT	150.6
Taxes	130.3
Vehicles	8.3
Health and Safety at Work	12.0
OTHERS	7.0
Certifications/authorizations	6.0
Specific to productive activity	1.0
TOTAL	451.5

The assumptions established for the INESS-type company, categorize it under code 333510, corresponding to the manufacture of machinery and equipment for the metalworking industry. The basic obligations in labor and tax matters for an INESS company coincide with those registered for this analysis by the companies interviewed in the secondary sector.

Regarding compliance with specific standards for the metalworking industry, for the Mexican case, NOM-027-STPS-2008 (Welding and cutting activities: Safety and hygiene conditions) stands out.

5. Final considerations

In Mexico, the three levels of government (federal, state, and municipal) have powers to issue rules, procedures, permits, licenses, and concessions. In recent years, the federal government made significant investments to streamline processes to improve times and efficiently digitize matters related to the payment of taxes and compliance with social security obligations of workers. These advances contrasted with the procedures established in local regulations that still required physical presence and delayed procedures.

According to Inegi data in 2015, a federal or state procedure took an hour and a half, while a municipal one required up to eight hours. In 2020, however, as a result of the health emergency caused by the Covid-19 pandemic, this situation changed states and municipalities in the country, forcing them to move quickly to digital media and more effective types of payment procedures in order to continue the collection and compliance processes for citizens, and micro and small businesses, as documented by the National Commission for Regulatory Improvement.

According to the information gathered in the interviews, there are still lags in the payment of some public services, such as the case of the State of Mexico that requires physical presence to pay for the water utility service. According to our interviewees, a micro-enterprise has to allocate up to four hours every two months for this payment. An exception to the general perception about the efficiency of the federal tax collection service is the process to request appointments at the Tax Administration office, which requires long wait times to obtain an appointment to update or set up the electronic signature for the first time.

On the other hand, even though in 2019 Mexico promoted a labor reform that would speed up judicial processes for labor disputes, the implementation of this reform has been slow. In 2014, more than 50% of the lawsuits and legal disputes that were filed with the Local Conciliation and Arbitration Boards were presented by workers in the construction and trade sector. Between 2020 and 2021, the government of Mexico allocated 3,884.4 million pesos (US\$194 million) destined to support labor reform with the introduction of a new system for adjudicating labor matters and disputes and monitoring new rules of collective bargaining and democracy in union procedures and affairs. However, and despite the fact that these changes promise to streamline procedures, today, small Mexican companies allocate significant proportions of time to dealing with labor disputes.

It is worth highlighting the case of sectoral procedures, in which there are significant challenges to streamline processes and procedures for regulation compliance that prevent greater efficiency in markets in both the primary and tertiary sectors. The cases of livestock in terms of compliance with phytosanitary requirements stand out, which, according to micro-entrepreneurs, can delay commercial transactions due to the complexity of the paperwork.

Likewise, in the mid-stream hydrocarbon sector there is a serious degradation of compliance systems that creates great difficulties for permit holders as well as increases their costs in terms of time.

Similarly, in the media and advertising industry, particularly the broadcasting sector, heavy regulatory burdens were observed that translate into high costs for entrepreneurs. These not only hinder business opportunities, but also limit the potential for expansion of these companies by having to give away free airtime to the State under the risk of being severely sanctioned.

In conclusion, in terms of general obligations regarding tax payments and procedures related to payroll and workforce management, Mexico has made important progress. However, since the enactment of the Federal Republican Austerity Law in 2019, the government agencies that had initially streamlined procedures suffered cuts that affected companies in terms of time and costs. Also, in some economic sectors, overregulation represents significant bureaucratic burdens for micro-enterprises.

It would be advisable to review the times and processes necessary for filling forms related to economic censuses, documentation and reporting requirements, processes and times for obtaining phytosanitary permits in livestock activities, the regulatory burden on permit holders in the field of hydrocarbons and for broadcasters in matters of taxation payable in broadcasting time they are required to make available to the State.



1. Production structure

Given the absence of updated official statistical information that allows identifying the number of active companies by type of economic activity, an approximation was made from cross-referencing various sources of information.

According to the IV Economic Census 2007–2008 of the National Institute of Statistics (INE), the activity that concentrates the largest number of economic units in the tertiary sector is retail trade, which in turn represents 45.3% of the total economic units of the country, thus being the most representative activity in general terms. The manufacturing industries concentrate 6.41% of the economic units and are the most representative of the secondary sector. From this manufacturing cluster, the production of food products and beverages concentrates the largest number of economic units (27% of the total manufacturing industry and 1.7% of the total units). Regarding the primary sector, the preliminary data from the census do not show a classification by type of activity; however, it is specified that it is represented by agricultural activities such as growing crops and raising animals which account for 0.08% of the total.

Table 31. Economic activities by sector, with the highest concentration of economic units, 2007–2008

Activity	No. units	% of total
Sector III – Retail trade, except trade of motor vehicles and motorcycles, repair of personal and household goods	193,112	45.3
Sector II – Manufacture of food products and beverages	7,260	1.7
Sector I – Agricultural activities (animal or vegetable)	346	0.08

Source: National Institute of Statistics, 2010. IV Economic Census 2007–2008.

Meanwhile, the official information available on the employed population by sector and branch of economic activity, updated until 2018-IVT, indicates that retail trade, restaurants, and hotels employ 30.8% of the working population, being the most representative branch of the tertiary sector. In the secondary sector, it is the manufacturing industry, which employs 13% of the population. The agricultural sector with livestock and hunting activities represents 8.9% of the employed population, being the most representative activity of the primary sector.

On the other hand, the National Survey of Living Conditions 2020 (Encovi) of the Andrés Bello Catholic University (UCAB) indicates that the most representative subsector of the tertiary sector—in terms of employed population—is services, specifically the one classified as *Other service activities*.²⁸ Likewise, the construction activity employs the largest number of people in the secondary sector, concentrating 5% of the total, followed by the manufacturing sector, which absorbs 3% of the total number of employed persons. Agriculture, livestock, fishing, and hunting activities are the most representative of the primary sector, employing 8% of the total.

²⁸ The Venezuelan Classifier of Economic Activities of the INE places in this category activities of business, professional, union, political, and religious associations; repair of computers, personal effects and household goods; and other personal service activities that include washing and cleaning, hairdressing, dry cleaning, and funeral services.

Table 32. Employed persons by type of economic activity, 2019–2020

	Employed personnel	% of total
Tertiary sector		
Other service activities such as repairs, cleaning, hairdressing	2,869,956	26
Public administration and defense, education, health, social assistance, art, entertainment, embassies	2,221,515	20
Wholesale and Retail; repair of motor vehicles and motorcycles	1,963,972	17
Transportation, storage, accommodation and food service, communications and computer services	1,551,761	14
Secondary sector		
Construction	522,734	5
Manufacturing industry	308,025	3
Installation/supply/distribution of electricity, gas or water	169,759	2
Primary sector		
Agriculture, livestock, fishing, hunting and related service activities	913,519	8
Mining and quarrying	79,510	1
TOTAL	11,237,280	

Source: Encovi, 2020. Ucab.

2. Representative economic activity of small businesses by sector

Taking into consideration the data presented so far, the activity of agriculture, livestock, fishing, and hunting is the most relevant in the primary sector.

In the secondary sector, the data presented by the INE suggest that the most representative sector is the manufacturing industry. However, the Encovi 2019–2020 identifies the construction sector based on the population it employs. Meanwhile, the findings of the Venezuelan Confederation of Industrialists (Conindustria) indicates that the manufacturing industry employed 538,332 people in 2020, a number greater than that registered by the Encovi for the same branch of activity and greater than that registered even in the construction sector. Of all the manufacturing conglomerate affiliated with Conindustria, the largest number of economic units are concentrated in the chemical and pharmaceutical sectors; however, the largest concentration of small companies is engaged in activities related to furniture repair, machinery repair, and other manufacturing industries.

Regarding the tertiary sector, INE data suggest that the most representative sector is the commercial sector and services such as restaurants and hotels, while the Encovi 2019–2020 highlights services related to the repair of computers, personal and household goods, and other services such as laundry and cleaning, hairdressing, dry cleaning and funeral services.

Based on the data from the various sources of information, the representative economic activities by sector that will be considered in this work are:

Table 33. Representative economic activity by sector

Activity	Criteria	Source
Tertiary sector		
Other service activities	Employed personnel	Encovi
Wholesale and Retail. Restaurants and hotels	Employed personnel; operating economic units	INE
Secondary sector		
Furniture repair, machinery repair and other manufacturing industries	Employed personnel; operating economic units	Conindustria
Primary sector		
Agriculture, livestock, fishing, hunting and related service activities	Employed personnel	INE, Encovi

3. Results

The study collects the time that small operating companies spend on complying with bureaucratic requirements, for which periodic procedures,²⁹ of at least once every two years, were considered, excluding single or extraordinary procedures. For the survey, 15 interviews were conducted with professionals in the field of economics and administrative sciences, with professional experience in the private sector and with entrepreneurs who work in economic activities considered as representative of the primary, secondary, and tertiary sectors.

The IB-LAT calculations for Venezuela show that the small companies that are most representative by sector dedicate more than a thousand hours per year to comply with the procedures required by law, with those of the tertiary sector being the most affected, followed by those of the secondary sector, and finally the ones from the primary sector.

Operational procedures are the most demanding in time, representing 80% of the time allocated to procedures by the secondary sector, 70% by the tertiary sector, and 50% by the primary sector. In turn, the procedures associated with employment absorb 20% of the time allocated to meeting these requirements.

Table 34. Annual hours by sector and by group – Venezuela

	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Employment Mgmt	179.9	179.9	179.9	179.9	179.9
Operations Mgmt	459.8	798.6	798.6	685.6	716.4
Others	215.0	79.3	199.6	164.6	192.4
TOTAL	854.6	1057.7	1178.0	1030.1	1088.7

It is worth noting that some requirements might be a prerequisite for other procedures, and processing them through the public authorities does not guarantee the immediate delivery of the document³⁰ that relieves the employer of the outstanding duties, but rather implies an additional waiting time.

In these cases, two things can happen: 1) the public office provides proof of the document being processed or pending final approval, and that said proof acts as a substitute in the fulfillment of subsequent procedures; 2) the public office provides proof of the document in process, but this is not accepted for the fulfillment of subsequent procedures, generating a delay until the delivery of the final document is completed. Finally, there are certain procedures whose time consumption depends on the number of employees or the frequency with which certain events occur (sick leave, hiring, or dismissal).

²⁹ Those required after a specific, unique, or infrequent project or event, such as a change in the company's corporate purpose, modifications or extensions to the facilities, specific alterations to the environment, etc.

³⁰ Refers to permits, licenses, patents, certifications, etc.

The study identified 68 bureaucratic procedures required by 18 government institutions. Of the total, 45 represent common procedures, that is, those required regardless of the purpose of the company.³¹ Meanwhile, 23 procedures were classified as sectorial, since they are required in specific economic activities or in a particular economic sector.

The common procedures should be highlighted, since they offer an approximation of the minimum time that a company spends on average fulfilling the obligations required by the State. This requires 309 procedures and a total of 1,042 h/year, equivalent to 43 continuous days and 130 eight-hour working days. This represents a little more than half of the 248 working days in Venezuela during 2020. There are 10 government institutions that require the 50 identified obligations. Out of those, the “Servicio Nacional Integrado de Administración Aduanera y Tributaria” (Seniat) stands out, requiring 139 procedures, totaling 499.91 h/year. It is followed by the “Instituto Nacional de Prevención, Salud y Seguridad Laboral” (Inpsasel), with 11 procedures that require 49 errands and 293.9 h/year. It is clear in the three economic sectors that the bulk of the paperwork and time absorbed is concentrated in the administration of employment and the payment of taxes.

Some 50% of the required procedures are digitized; 44% require the presence of the company’s representative at a bureaucratic entity or the visit of a public official to the company’s facilities, as is the case of inspections and audits; 2% of required procedures correspond to partially digitized proceedings.

Another relevant aspect is that 189.5 h/year of the total correspond to the additional time added by system failures on public institutions websites, as well as connectivity failures in the internet service. Some 73% of these additional hours come from failures that the Seniat portal presents at the time of filing and paying taxes. In the absence of these types of drawbacks, the 50 common bureaucratic duties would require 852.5 h/year.

3.1 Employment management

This section is made up of three subgroups of procedures. The first corresponds to those contributions linked to the payment of salaries; the second subgroup includes all the procedures required in the process of hiring and firing personnel; the third covers other administrative obligations including preparation and logging of records and work reports.

Table 35. Time required for Employment Management procedures (h/year)

	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Salaries, taxes and contributions	51.0	51.0	51.0	51.0	51.0
Hiring and firing	41.3	41.3	41.3	41.3	41.3
Work reports	87.5	87.5	87.5	87.5	87.5
TOTAL	179.9	179.9	179.9	179.9	179.9

The Venezuelan State requires every company to comply with five bureaucratic procedures, at the administrative level, related to the payment of labor contributions. There are no additional requirements or demands depending on the sector or economic activity, so these variables do not influence the time required for this purpose.

It should be noted that the time these procedures take is not affected by the number of employees. In total, 51 hours a year are allocated to comply with these processes.

Unnecessary Additional Hours

Most of the procedures required for the payment of labor contributions and for the hiring and firing of personnel are digitized. However, the different platforms often have severe flaws. A process that in normal conditions should not take more than 30 minutes can take up to an hour and a half due to these problems. In the absence of system failures in the web portals of government institutions, the payment of labor contributions would take 15.3 h/year and the process of hiring and firing staff 32 h/year.

Hiring an employee requires a total of six bureaucratic procedures that take 11.4 h/year per employee. This process is the same for all companies regardless of the sector or economic activity. Differences might arise concerning jobs that involve high-risk tasks, since those require a greater number of medical examinations.

The dismissal of an employee is much more delicate. In March 2020 labor immobility was ratified³² in the country,

³¹ Except for specific exemptions that the State grants to specific activities

³² Official Gazette of the Bolivarian Republic of Venezuela No. 6,520 Extraordinary. Decree 4,167.

which implies the impossibility of dismissal, demotions, or transfer without just cause,³³ previously qualified by an inspector of the Ministry of Labor. Thus, firing an employee requires greater requirements and diligence. There are eight procedures on average that require 30 h/year per employee. In total, the hiring and firing process requires 41.3 h/year from the small business.

Labor reports are mainly required by the Ministry of Labor and are mostly of an administrative nature. These range from the issuance of medical leave to the procedures related to the evaluation of applications for advance payments of social benefits, as well as the preparation of reports linked to this aspect. Complying with these procedures requires 87.5 h/year.

Firing Workers in Venezuela

Before processing firings, employers must first enter a file with the government that contains sufficient proof to validate the firing. Even so, employees can sue their employers before the Ministry of Labor for “unjustified firing,” or even on the basis of an employee not being “in agreement” with being laid off. This, in turn, necessitates the intervention of a “working inspector” who then visits the installation of the enterprise in question to review the filings, and later on requests the presence of all parties before the Ministry to initiate a process of evaluation and supervise a negotiation between both parties.

3.2 Operations management

This group of procedures is the most demanding for all companies, particularly regarding the payment of national taxes and parafiscal contributions that do not belong to the workplace.

Table 36. Time allocated to Operations Management (h/year)

	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Taxes	178.25	516.06	403.5	434.2	51.0
Health and Safety at Work	281.5	282.5	282.2	282.3	41.3
TOTAL	459.75	798.56	685.62	716.42	179.9

Small companies in the secondary and tertiary sector must comply with the payment of 6 taxes and contributions, such as: the Value Added Tax (VAT), Income Tax (ISLR), taxes on economic activities by the municipalities (ISAE), the contribution to the National Fund for Science, Technology and Innovation (Fonacit), the Tax on Large Financial Transactions (IGTF), and the contribution to the National Sports Fund. Tax declaration and payment procedures require 516 h/year.

Table 37. Declaration and payment of taxes in the secondary and tertiary sector (h/year)

Taxes	Hours/year
VAT declaration	127.2
Income tax advances	116.2
Tax Law on Large Financial Transactions	96.0
VAT withholding	57.0
ISLR closing statement	41.4
Income tax withholding	31.2
Municipal Tax on Economic Activities (ISAE)	19.4
Contribution to the National Sports Fund	2.0
Contribution to the National Fund for Science, Technology and Innovation	1.8
Additional procedures for tax return	24.0
TOTAL	516.1

³³ Article 79 of the Organic Labor Law for Workers specifies the justified causes for dismissal.

The main problem of filing taxes with the national tax authority (Seniat) lies in the frequent system failures in the institution's web platform. In the absence of failures, these procedures would take 376 h/year, almost 30% less. These problems hinder companies from presenting their declarations on time, risking being reprimanded by the tax authority.

The situation in relation to the payment of the Tax on Economic Activities (ISAE)³⁴ is very heterogeneous and depends on each mayor's office. However, an element that should be highlighted is that there are municipalities that do not even have a website, and, therefore, the declaration and payment processes can be extremely cumbersome. Some municipalities have fully digitized processes, thus simplifying the procedures and the hours invested. Assuming that the company is in one of these municipalities, this payment would require 19.4 h/year.

Given these results, it should be noted that both the Doing Business 2020 report, prepared by the World Bank, and the Paying Taxes 2020 report, prepared by PwC and the World Bank, estimate that the tax declaration and payment procedures take 920 h/year. There are methodological differences that explain the divergences between the results, mainly: 1) they take as a reference a medium-sized company, and not a small one, a relevant aspect given that most of the tax procedures are based on the number of invoices; 2) the integration of operational and labor tax procedures.

As previously mentioned, the representative company of the primary sector is exempt from paying ISLR,³⁵ VAT and municipal taxes, but not from complying with the formalities, requiring them to file taxes on a monthly basis for ISLR and quarterly for VAT. All these considerations explain the reason why companies in the primary sector allocate 178 h/year to paying taxes compared to the 516 h/year allocated by the secondary and tertiary sector.

A total of 282 h/year are used to comply with the procedures that are frequently required in relation to health and safety at work. Companies, regardless of the sector and economic activity, are required to provide constant training³⁶ to employees on issues related to safety and health at work; carry out the procedures and cover the expenses of the appropriate medical screenings; organize fire drills periodically and allocate one working day a month for the exercise and enjoyment of employees. The total requirements on occupational safety will depend on the level of risk of the tasks to be performed by the employee. This is usually much more noticeable in medium-sized companies; no differences were observed in small companies representing each economic sector.

Special Taxpayers

In Venezuela, all companies can be classified by the Venezuelan tax authority as Special Taxpayers. This places them in a much more rigorous and demanding tax regime. They must declare and pay advances of VAT and ISLR on a biweekly basis. In addition, they must comply with the obligation to serve as withholding agents of the value added tax, that is, they must withhold the percentage for VAT on all purchases made from their suppliers, and then declare and pay to the SENIAT. In essence, companies are required to allocate human and administrative resources to fulfill the functions of tax collection agents.

3.3 Others

This section includes the time requirements that result from legal updates and changes, the required certifications and authorizations, and those procedures that are specific to the economic activity.

Table 38. Other bureaucratic procedures by economic sector (h/year)

	Primary	Secondary	Tertiary	Simple Average	Weighted Average
Legal	42.0	42.0	42.0	42.0	42.0
Certifications/authorizations		1.3	1.3	1.3	1.0
Specific to productive activity	173.0	36.0	88.3	99.1	104.0
TOTAL	215.0	79.3	131.6	142.0	147.1

³⁴ This tax is also usually recognized as an "economic activity patent."

³⁵ It should be noted that the ISLR exemption has the condition that the company allocate 100% of the amount of the tax that it would have had to pay to direct investments in research and development, scientific or technological matters, improvement of productivity indexes, or in capital goods.

³⁶ The Ley Orgánica de Prevención, Condiciones y Medio Ambiente de Trabajo (Lopcymat) requires a minimum of 16 quarterly hours of training.

All companies must do two procedures³⁷ with the Mercantile Registry: the registration of the annual balance and the ratification of officers and directors, the latter with a biannual periodicity.³⁸ It is estimated that each diligence with the Mercantile Registry takes at least half a morning, and on average seven proceedings are calculated in total. The time that is invested in the fulfillment of both procedures is 42 h/year.

Unique Mobilization, Monitoring, and Control Guides Required for the Commercial Sector

In Venezuela, there is exhaustive control of the production, distribution, and sale of food. This permanent process of inspection is exercised by the Ministry of Food through Sunagro. It starts from the raw material producer and ends in the retail trade. This is done through mobilization, monitoring, and control guides, which consist of forms that companies must fill out before dispatching as well as at the time of receiving the goods. These forms must specify the volume and type of food that is being transported/moved, as well as the place of destination. The route that the transport containing the merchandise will take to its destination must be detailed. The transport unit cannot deviate from the planned route, otherwise the authorities assume that there is an intention to smuggle.

The entire process is carried out through a web platform prepared for this purpose; however, the portal tends to have problems, which represents more hours dedicated to fulfilling this duty.

Major problems were identified when wholesalers tried accessing the required forms. To successfully access the Sunagro web portal, wholesalers need to access the web page at times when there is supposed to be less traffic, which are usually very early hours. This procedure is essential, because if you do not have the mobilization guide, you cannot dispatch or receive merchandise. For this reason, platform failures translate into severe opportunity costs.

The only common license between economic sectors and economic activities is the one granted by the municipalities throughout the national territory. It is called an economic activity license. Its acquisition is usually cumbersome when it is requested for the first time; cases were identified of companies that have been waiting for more than a year on the municipalities to grant the appropriate license.³⁹ This is not the case with renovations, where the process is usually swift even though it has not yet been digitized. The license as such can take from three days to five months to be delivered,⁴⁰ but this is not an inconvenience as long as there is evidence to support an ongoing renewal process. It is estimated 1.3 h/year on average is needed to comply with this formality.

Agricultural companies, representative of the primary sector, must comply with 12 additional procedures that require 173 h/year. The annual renewal of five permits or licenses stands out, of which three are required for handling food. Likewise, this sector must carry out seven procedures related to inspections and audits by different State institutions; most of them also related to the production and dispatch of food.

The machinery and equipment repair companies, representative of the secondary sector, spend 79 h/year in complying with seven additional procedures, six of which are related to audits and inspections of the physical spaces of the company. Businesses whose economic activity involves the handling of food spend 156 h/year in carrying out 12 additional procedures specific to this activity. Of this total, 124 h/year is required for the renewal of the permits and inspections involved in the commercialization of food. In turn, other service companies such as repairs, cleaning, and hairdressing dedicate 20 h/year to completing additional procedures. On average, the tertiary sector allocates 88 h/year in specific procedures for these economic activities.

4. Results for the INESS-type company

A company with the characteristics of the IB of INESS requires 1,164 hours per year to comply with all the procedures required in Venezuela. Compliance with the procedures related to Employment Management requires a total of 164 h/year. Regarding this group of procedures, the one that has the greatest weight are those related to work reports and logging of records, with a total of 87.5 h/year. Procedures related to Operations Management require

³⁷ It should be clarified that companies must register other documents, but these are not updated with certain periodicity or regularity in the case of increases in capital stock or statutory reforms. These types of registrations occur only when changes are made to capital or bylaws, and this does not happen often. Thus, for the purposes of this study, only the registration of documents that must be updated with some regularity are taken into consideration.

³⁸ The frequency with which commissioners and directors are ratified depends on the duration of their positions, which is reflected in the statutes. However, it is estimated that for seven years onwards the Mercantile Registry does not admit statutes with positions greater than two years. In addition, if the duration of the positions is not reflected in the statutes of the company, the Commercial Code establishes—as a supplementary title—that the duration of said positions must be two years.

³⁹ The failures can be multiple and vary according to the reality of each municipality. For example, failures were identified in the allocation of appointments for the request for renewals, which has also forced some businessmen to require management services only to be able to obtain an appointment with the corresponding mayor's office.

⁴⁰ This varies according to the situation of each mayor's office.

a total of 889 h/year. Of this total, 492 hours correspond to the fulfillment of all the procedures related to the declaration and payment of taxes, while 243 hours must be allocated to the fulfillment of all the procedures related to health and safety at work. This group includes four additional procedures that companies must comply with when they own a vehicle and use it in their economic activity; these add up to 130 additional hours per year.

Regarding other bureaucratic procedures, it should be noted that those specific to the economic activity of the INESS company require a total of 48 h/year. The rest of both legal and certification procedures coincide with the common procedures already described above.

5. Final Considerations

This study identified the hours that a small business in operation must invest to comply with all the regular bureaucratic requirements every year. If we average the results of the three sectors of the economy, we obtain a total of 1,007 h/year dedicated to the fulfillment of bureaucratic procedures. However, weighting each economic sector gives us an average of 1,043 h/year. In either case, this represents more than 50% of the total working hours. This level of bureaucratic burden affects the operational feasibility of any company, since time is an extremely valuable resource and much of it is being used for activities that do not create economic value. Paying taxes alone requires an average of 434 hours per year. This is the reason why employers prefer to outsource accountants and “gestores” to comply with tax procedures.

As a sector has greater bureaucratic pressure or as this pressure is exerted progressively,⁴¹ market distortions arise in the economic structure (the most regulated sectors are discouraged), and progress is stunted since the increased bureaucratic burden is an up-front punishment for business growth. This is the case with tax obligations and food control, since in these cases bureaucratic pressure increases as company invoicing increases.

An invisible but highly bureaucratic category is made up of the time that small businesses waste trying to access web portals, waiting for internet service to be restored, repeating the same procedure over and over again due to recurring failures in the web platforms of the State institutions. The hours dedicated to fulfilling procedures can be reduced on average up to 189 h/year if only there were better platforms and a better internet connection. There is not a real benefit in digitalizing procedures if this in the end will add more hours instead of reducing them.

Another aspect that is worth reviewing is the criteria with which the Seniat designates special taxpayers. The tax obligations that are acquired by being a special taxpayer greatly compromise time and human resources. There are an additional 311 h/year that a special taxpayer must allocate to comply with these procedures compared to an ordinary taxpayer. This huge gap in hours has encouraged many small entrepreneurs to register a second company and invoice through the latter, since it has not yet acquired the status of special, all to avoid this excessive bureaucratic burden. However, even if this problem is corrected, the biweekly declaration regime accumulates a greater number of proceedings with the Seniat and, therefore, more time.

Meanwhile, a minimum of 180 hours a year is required to comply with all procedures in the workplace. However, the procedures with the Ministry of the People's Power for the Social Process of Labor—including those with the entities attached to this institution, IVSS and Inpsasel—reach a total of 457.5 h/year. It is not surprising that the bureaucratic burden on this aspect has notorious effects on employment levels, since the sum of labor liabilities should not only be accounted for in monetary terms but also in terms of time.

The degree of presence that the State has in people's lives is excessive. This time represents a significant opportunity cost. The times reflected here are a manifestation of the effort and resources that are wasted in complying with a scaffolding of demands that in the end does not add value. The time that is dedicated to the State is time that can be used in the generation of wealth and prosperity for the citizens of a country. This becomes even more relevant considering the serious situation in terms of production that Venezuela is experiencing. Time is an irrecoverable resource, that's why it is crucial to make the necessary corrections on this matter as soon as possible.

⁴¹ The pressure gets bigger as the company gets bigger.



VI Final Thoughts

- 1 The results show the urgent need to rethink and reorient the way in which the government bureaucracy has traditionally functioned, which must devote itself to serving and meeting the needs of citizens, in search of governance in tune with new times and new realities.
- 2 Regarding bureaucratic procedures, the time required to open a company has been revealed, but the time required to keep it in operation has been relegated to second place, when this one is the actual burden that requires constant and frequent efforts during the life of the company. In the same way, the importance of small businesses in the economy of different countries has been ignored, disregarding the impact that an inefficient institutional framework has on them.
- 3 Many of the simplification and streamlining strategies for bureaucratic procedures have relied on new technologies, computer systems, and digitizing procedures, which despite being convenient strategies, end up turning into insufficient policy, either because portals or basic services systems end up collapsing, or because face-to-face demands are simply replaced by digital ones.
- 4 It is crucial to go further and review each of the obligations, assess whether these procedures are essential, and if not, eliminate them; analyze if they add or reduce efficiency to the economic dynamics; whether they favor transparency or they are a source of opacity; whether their demand inhibits innovative entrepreneurship; and if they become obstacles to a better quality of present and future life.
- 5 There are successful cases in the region from which to draw valuable lessons. In a similar way it is important to learn from countries in other latitudes that have demonstrated the possibility of transforming the governmental apparatus and consequently, strengthening both present and future free and responsible citizenship
- 6 This effort initiated by Atlas Network's Center for Latin America hopes to contribute to promoting the necessary transformations of our countries to strengthen the region and guide it towards inclusive development and greater freedom.



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VIII Appendices



APPENDIX A: SUMMARY TABLE. IB-LAT RESULTS

	ARGENTINA						BRAZIL					
	I	II	III	$(\Sigma Hi)/n$	$\Sigma(Hi*Pi)$	INESS	I	II	III	$(\Sigma Hi)/n$	$\Sigma(Hi*Pi)$	INESS
TOTAL	544.5	1082.4	757.0	794.6	808.5	622.8	153.65	210.15	95.5	153.1	114.5	101.5
EMPLOYMENT MANAGEMENT	359.5	538.1	316.5	404.7	376.5	306.0	111.4	108.9	57	92.433	67.6	63.0
Salaries / taxes / contributions	183.0	426.3	215.3	274.9	262.7	196.0	70.5	82	46.5	66.333	52.8	52.5
Hiring and firing	15.5	21.9	27.2	21.5	24.3	22.0	40.9	26.9	10.5	26.1	14.8	10.5
Work reports	161.0	89.9	74.0	108.3	89.5	88.0	0					
OPERATION MANAGEMENT	141.0	467.0	420.8	342.9	394.9	302.8	42.25	101.25	38.5	60.667	46.9	38.5
Taxes	128.0	445.3	394.1	322.5	371.2	237.0	42.25	101.25	38.5	60.667	46.9	38.5
Waste management	25.5											
Vehicles	10.5	15.9	14.2	13.5	14.1	8.3						
Health and Safety at Work	2.5	5.9	12.4	6.9	9.5	32.0						
OTHERS	44.0	77.3	19.7	47.0	37.0	14.0	0	0	0	0	0	0.0
Legal changes	44.0	59.4	19.7	41.1	32.7	14.0						
Certifications / authorizations												
Specific / productive activity	17.9 0.0 6.0 4.4											

	COLOMBIA						SPAIN					
	I	II	III	$(\Sigma Hi)/n$	$\Sigma(Hi*Pi)$	INESS	I	II	III	$(\Sigma Hi)/n$	$\Sigma(Hi*Pi)$	INESS
TOTAL	450.5	406.3	567.7	474.8	524.1	544.8	473.7	561.6	255.0	430.1	331.8	360.4
EMPLOYMENT MANAGEMENT	365.8	169.5	228.0	254.4	235.5	165.0	258.5	85.0	76.5	140.0	83.2	96.8
Salaries / taxes / contributions	332.0	134.8	194.2	220.3	201.5	130.5	83.5	43.0	39.3	55.3	24.6	38.0
Hiring and firing	31.3	32.3	31.4	31.6	31.5	32.0	167.0	17.5	16.8	67.1	20.9	16.8
Work reports	2.5	2.5	2.5	2.5	2.5	2.5	8.0	24.5	20.3	17.6	21.0	42.0
OPERATION MANAGEMENT	76.8	202.8	229.4	169.6	205.0	280.8	174.4	204.1	164.5	181.0	173.9	258.8
Taxes	38.5	110.5	147.4	98.8	126.8	118.5	144.0	144.0	144.0	144.0	144.0	132.0
Waste management	0.0	0.0	24.0	8.0	16.7	63.0	0.0	15.6	2.5	6.0	5.5	29.0
Vehicles	8.3	23.3	11.3	14.3	13.0	21.3	11.8	8.0	0.0	6.6	2.2	4.8
Health and Safety at Work	30.0	69.0	46.8	48.6	48.5	78.0	18.7	36.5	18.0	24.4	22.3	93.0
OTHERS	8.0	34.0	110.3	50.8	83.6	99.0	40.8	272.5	14.0	109.1	74.7	4.9
Legal changes	8.0	34.0	110.3	50.8	83.6	99.0	0.0	0.0	0.0	0.0	0.0	3.0
Certifications / authorizations							0.0	1.5	1.5	1.0	1.46	1.90
Specific / productive activity							40.8	271.0	12.5	108.1	73.21	0.00

	MEXICO						VENEZUELA					
	I	II	III	$(\Sigma Hi)/n$	$\Sigma(Hi*Pi)$	INESS	I	II	III	$(\Sigma Hi)/n$	$\Sigma(Hi*Pi)$	INESS
TOTAL	544.0	455.5	467.0	488.8	491.9	451.5	854.6	1057.7	1110.0	1007.4	1043.3	1164.0
EMPLOYMENT MANAGEMENT	294.0	294.0	294.0	294.0	294.0	294.0	179.9	179.9	179.9	179.9	179.9	164.0
Salaries / taxes / contributions	100.0	100.0	100.0	100.0	100.0	100.0	51.0	51.0	51.0	51.0	51.0	51.0
Hiring and firing	194.0	194.0	194.0	194.0	194.0	194.0	41.3	41.3	41.3	41.3	41.3	41.3
Work reports							87.5	87.5	87.5	87.5	87.5	71.5
OPERATION MANAGEMENT	138.0	145.5	138.0	140.5	140.4	140.3	459.8	798.6	798.6	685.6	716.4	888.6
Taxes	122.8	130.3	122.8	125.3	125.1	130.3	178.3	516.1	516.1	403.5	434.2	516.1
Waste management												
Vehicles	12.3	12.3	12.3	12.3	12.3	8.3						
Health and Safety at Work	3.0	3.0	3.0	3.0	3.0	12.0	281.5	282.5	282.5	282.2	282.3	242.5
OTHERS	112.0	16.0	35.0	54.3	57.7	7.0	215.0	79.3	131.6	142.0	147.1	111.4
Legal changes							42.0	42.0	42.0	42.0	42.0	42.0
Certifications / authorizations	108.0	12.0	35.0	51.7	54.9	6.0	1.3 1.3 1.3 1.0 1.3					
Specific / productive activity	4.0	4.0	2.7 2.7 1.0				173.0	36.0	88.3	99.1	104.0	68.1

APPENDIX B.1: SUMMARY TABLE. ARGENTINA

ARGENTINA		Procedure	Institution*	Annual Frequency	Mode	I	II	III	INESS
	TOTAL	53				544,5	1082,4	757,0	622,8
EMPLOYMENT MANAGEMENT	Sub-total	27				359,5	538,1	316,5	306,0
	Salaries / taxes / contributions	Settle salaries including SAC	Ministry of Labor, Employment and Social Security	12	D	72,0	185,2	79,7	72,0
		Fill out paychecks	Ministry of Labor, Employment and Social Security	12	ND	48,0	113,1	39,4	60,0
		Employee and employer contributions AFIP 931	Federal Administration of Public Income (AFIP)	12	D	24,0	75,5	28,3	36,0
		Settlement of vacations, advances	Ministry of Labor, Employment and Social Security	12	D	24,0	24,0	48,0	24,0
		Preparation of Payment Plans	Federal Administration of Public Income (AFIP)/ Provincial Tax Administration (API)	1/3/4/24**	D	3,0	8,0	3,6	4,0
		Procedures associated with the union, if applicable	Ministry of Labor, Employment and Social Security	12	D	12,0	20,6	16,3	
	Hiring / firing	Request for personal data	Ministry of Labor, Employment and Social Security	1	D	1,0	1,6	2,8	1,0
		Signature of employment contract	Ministry of Labor, Employment and Social Security	1	D	0,5	0,9	1,7	2,0
		Social security record	Ministry of Labor, Employment and Social Security	1	D	1,0	1,0	1,0	1,0
		Pre-employment health screening	Ministry of Labor Employment and Social Security	1	ND	3,0	7,3	6,6	4,0
		Registration of personnel in AFIP	Federal Administration of Public Income (AFIP)	1	D	1,0	0,9	0,8	1,0
		ART hiring	Federal Administration of Public Income (AFIP)	1	D	1,0	1,0	1,7	2,0
		Life Insurance enrollment	Federal Administration of Public Income (AFIP)	1	D	1,0	1,0	1,7	2,0
		Procedure in Social Work	Corresponding Union	1	D		1,0		1,0
		Union Membership	Corresponding Union	1	D	0,0	0,9		
		Salary account opening	Corresponding Bank	1	D	1,0	0,9	1,7	1,0
		Notification of Termination	Ministry of Labor, Employment and Social Security	1	D	1,0	1,7	3,4	2,0
		Termination of employment contract	Ministry of Labor, Employment and Social Security	1	D	1,0	1,0	1,6	2,0
		Final Payment / Final Settlement	Ministry of Labor, Employment and Social Security	1	D	1,5	1,1	2,1	1,0
		Withdrawal from social security	Federal Administration of Public Income (AFIP)	1	D	0,0	0,8	1,0	1,0
		Remove the worker from AFIP	Federal Administration of Public Income (AFIP)	1	D	0,5	1,0	1,0	1,0
		Registration in senasa	National Food Safety and Quality Service (SENASA)	1	D	2,0			
	Work reports	Work Hours Record	Ministry of Labor, Employment and Social Security	12	ND	48,0	24,0	15,9	24,0
		Scheduling of working hours	Ministry of Labor, Employment and Social Security	12	D	48,0	24,0	20,6	12,0
		Employee sick leave report	Ministry of Labor, Employment and Social Security	12	D	24,0	20,6	12,0	12,0
		Inform ART in case of accident or illness	Ministry of Labor, Employment and Social Security	12	D	36,0	12,0	19,7	36,0
		Annual medical exam	Ministry of Labor, Employment and Social Security	1	ND	5,0	9,3	5,9	4,0
OPERATIONS MANAGEMENT	Sub-total	21				141,0	467,0	420,8	277,3
	Taxes	Annual accounting presentation	Federal Administration of Public Income (AFIP)	1	D	3,0	4,6	2,8	5,0
		Accountability- reporting	Federal Administration of Public Income (AFIP)	1/12**	D	3,0	70,3	4,2	36,0
		Procedures associated with VAT	Federal Administration of Public Income (AFIP)	12	D	48,0	101,2	190,2	48,0
		Procedures associated with property tax	Federal Administration of Public Income (AFIP)	1	D	2,0	30,6	39,0	18,0
		Procedures associated with income tax	Federal Administration of Public Income (AFIP)	1	D	30,0	79,3	48,2	22,0
		Procedures Import / export duties if applicable	Provincial Tax Administration (API)	12	D		1,7		
		Procedures associated with Gross Income Tax	Provincial Tax Administration (API)	12	D	24,0	90,9	42,8	60,0
		Procedures associated with the DREI	Municipality of Rosario	12	D	6,0	46,3	42,8	24,0
		Real estate tax payment	Provincial Tax Administration (API)	12	D	6,0	10,3	12,0	12,0
		TGI payment	Municipality of Rosario	12	D	6,0	10,3	12,0	12,0
	Vehicles	Vehicle insurance	National Road Safety Agency (ANSV)	1/3/24**	D	1,0	1,7	4,5	3,0
		Vehicle inspection	National Road Safety Agency (ANSV)	1/3/24**	ND	2,0	2,7	2,4	0,5
		Vehicle authorization	National Road Safety Agency (ANSV)	1/3/24**	D	2,0	4,1	1,7	3,0
		New vehicle registration	National Road Safety Agency (ANSV)	1	D	3,0	3,0	1,6	0,5
		Dismissal of old vehicle	National Road Safety Agency (ANSV)	1	D	1,0	1,0	1,0	0,3
		Automotive Patent Tax Payment	Municipality of Rosario	3/4/24**	D	1,5	3,3	3,0	1,0
	Health / Safety at Work	Hire a safety and hygiene company	Ministry of Labor, Employment and Social Security, Food Institute and Santafesina Food Safety Agency (ASSAL)	1/4/1**	D		1,0	1,7	2,0
		Workplace Safety Course for Employers	Ministry of Labor, Employment and Social Security	1	D	2,0	2,3	4,5	6,0
		Mandatory employee health checks to renew certificate	Ministry of Labor, Employment and Social Security	1/3**	D		0,9	3,4	6,0
		Assessment and description of risk related to the workplace	Ministry of Labor, Employment and Social Security	1/2**	D	0,5	0,9	2,8	10,0
		Regular fire safety training	Ministry of Labor, Employment and Social Security	1/2**	D		0,9		8,0
OTHERS	Sub-total	5				44,0	77,3	19,7	39,5
	legal changes	Changes in the tax code	Federal Administration of Public Income (AFIP)	1/2/24**	D	24,0	24,3	9,1	8,0
		Changes in the labor code	Provincial Ministry of Labor	1/2/3**	D	10,0	19,7	5,3	4,0
		Changes to the commercial code	Federal Administration of Public Income (AFIP)	1/2/3**	D	10,0	15,4	5,3	2,0
	Specifics to productive activity	Waste production notification	Provincial Ministry of the Environment and Municipal Environment Secretariat	12	ND		17,1		24,0
		Hiring and payment of the waste collection company	Provincial Ministry of the Environment and Municipal Environment Secretariat	1/0,25**	ND		0,7		1,5

* The Institutions names are translated in English. For actual Institution names consult original Spanish document www.atlasnetwork.org/ibla2021

** According to the sector and activity.

APPENDIX B.2: SUMMARY TABLE. BRAZIL

BRAZIL		Procedure	Institution*	Frequency	Mode	I	II	III	INESS	
	TOTAL	43				153.65	210.65	95.50	101.50	
EMPLOYMENT MANAGEMENT	Sub-total	26				111.40	109.40	57.00	63.00	
	Salaries / taxes / contributions	Collection and transfer of charges to Social Security - INSS	National Institute of Social Security - INSS	Monthly	D	9.00	12.00	6.00	6.00	
		Collection and transfer of Withheld Income Tax - IRRF	Federal Revenue - RFB	Monthly	D	9.00	12.00	6.00	6.00	
		Collection and transfer of charges to the Dismissal Compensation Fund - FGTS	Board of Trustees of the Severance Indemnity Fund - CCFGTS	Monthly	D	9.00	12.00	6.00	6.00	
		Payment of 1/3 of vacation	Special Secretariat for Social Security and Labor - SEPREVT	Annual	D	0.50	0.50	0.50	0.50	
		Payment of the 13th salary	Special Secretariat for Social Security and Labor - SEPREVT	Annual	D	1.00	1.00	1.00	1.00	
		Payment of the family allowance	National Institute of Social Security - INSS	Monthly	D	6.00	6.00	6.00	6.00	
		Payment of education salary	Federal Revenue - RFB	Monthly	D	0.00	3.00	3.00	3.00	
		Overtime payment (if applicable)	Special Secretariat for Social Security and Labor - SEPREVT	Monthly	D	6.00	6.00	6.00	6.00	
		Night surcharge payment (if applicable)	Special Secretariat for Social Security and Labor - SEPREVT	Monthly	D	6.00	6.00	0.00	0.00	
		Payment for additional medical care (if applicable)	Special Secretariat for Social Security and Labor - SEPREVT	Monthly	D	6.00	6.00	0.00	6.00	
		Payment of the benefit for risk at work (if applicable)	Special Secretariat for Social Security and Labor - SEPREVT	Monthly	D	6.00	6.00	0.00	0.00	
		Payment of the transport voucher (if applicable)	Special Secretariat for Social Security and Labor - SEPREVT	Monthly	D	6.00	6.00	6.00	6.00	
	Hiring / firing	Admission exam	Special Secretariat for Social Security and Labor - SEPREVT	Once	PD	23.00	11.00	4.25	4.25	
		Registration of employment contract - CTPS	Special Secretariat for Social Security and Labor - SEPREVT	Once	D	0.25	0.25	0.25	0.25	
		Preparation of the employment contract	Special Secretariat for Social Security and Labor - SEPREVT	Once	D	1.00	1.00	1.00	1.00	
		Filling out the employee registration form	Special Secretariat for Social Security and Labor - SEPREVT	Once	D	0.25	0.25	0.25	0.25	
		Sending the eSocial for the worker	Special Secretariat for Social Security and Labor - SEPREVT and Federal Revenue - RFB	Once	D	1.00	0.25	1.00	1.00	
		Completion of training or course (if applicable)	Special Secretariat for Social Security and Labor - SEPREVT	According to NRs	PD	8.50	6.50	0.00	0.00	
		Delivery of Personal Protective Equipment - PPE (if applicable according to the NR)	Special Secretariat for Social Security and Labor - SEPREVT	According to NRs	ND	3.50	4.25	0.00	0.00	
		Opening / registration of the worker's salary account	National Monetary Council - CMN	Once	D	0.50	0.50	0.50	0.50	
		Proportional indemnization (if applicable)	Board of Trustees of the Severance Indemnity Fund - CCFGTS	Once	D	0.65	0.65	0.50	0.50	
		Proportional vacation pay	Special Secretariat for Social Security and Labor - SEPREVT	Once	D	0.50	0.50	0.50	0.50	
		Payment of the 13th proportional salary	Special Secretariat for Social Security and Labor - SEPREVT	Once	D	0.50	0.50	1.00	1.00	
		40% fine related to the Dismissal Compensation Fund - FGTS (if applicable)	Board of Trustees of the Severance Indemnity Fund - CCFGTS	Once	D	0.50	0.50	0.50	0.50	
		Dismissal exam	Special Secretariat for Social Security and Labor - SEPREVT	Once	PD	0.75	0.75	0.75	0.75	
		Work reports	Provision of information to the Digital Accounting System for Tax, Social Security and Labor Obligations - eSocial	Special Secretariat for Social Security and Labor - SEPREVT and Federal Revenue - RFB	Monthly	D	6.00	6.00	6.00	6.00
	Sub-total	17				42.25	101.25	38.50	38.50	
	OPERATIONS MANAGEMENT	Taxes	Simples Nacional Collection Document Generator Program - PGDAS	Federal Revenue - RFB	Monthly	D	0.0	0.0	15.0	15.0
			Declaration of Socioeconomic and Fiscal Information - DEFIS	Federal Revenue - RFB	Annual	D	0.0	0.0	8.3	8.3
			Corporation Tax - IRPJ	Federal Revenue - RFB	Quarterly/Annual	D	0.0	5.0	0.0	0.0
			Social Contribution on Net Income - CSLL	Federal Revenue - RFB	Monthly/Quarterly/Annual	D	0.0	3.0	0.0	0.0
			Social Integration Program and Employee Asset Training Program - PIS / PASEP	Federal Revenue - RFB	Monthly	D	0.0	9.0	0.0	0.0
Contribution to the Financing of Social Security - COFINS			Federal Revenue - RFB	Monthly	D	0.0	9.0	0.0	0.0	
Tax on Industrialized Products - IPI			Federal Revenue - RFB	Monthly	D	0.0	9.0	0.0	0.0	
Import Tax			Federal Revenue - RFB	Daily	D	0.0	0.0	0.0	0.0	
Export Tax			Federal Revenue - RFB	Biweekly	D	30.0	0.0	0.0	0.0	
Tax on transactions related to the movement of goods and the provision of transport services and interstate and inter-municipal communications - ICMS			State Secretariat for Finance	Monthly	PD	0.0	51.0	0.0	0.0	
Tax on Services - ISS			Municipal Secretariat for Finance	Monthly	D	0.0	0.0	0.0	0.0	
Tax on Urban Property and Land Property - IPTU			Municipal Secretariat for Finance	Annual	D	2.5	2.5	2.5	2.5	
Water and sewer fee			Local Sanitation Company	Monthly	D	0.0	3.0	3.0	3.0	
Lighting fee			Local Energy Concessionaire	Monthly	D	3.0	3.0	3.0	3.0	
Vehicles		Motor Vehicle Property Tax - IPVA and licenses	State Secretariat for Finance	Annual	D	0.75	0.75	0.75	0.75	
Health/Safety at Work		Occupational Accident Insurance - SAT / RAT	National Institute of Social Security - INSS	Monthly	D	3.0	3.0	3.0	3.0	
		Accident Prevention Factor - FAP	National Institute of Social Security - INSS	Monthly	D	3.0	3.0	3.0	3.0	

* The Institutions names are translated in English. For actual Institution names consult original Spanish document www.atlasnetwork.org/ibla2021

APPENDIX B.3: SUMMARY TABLE. COLOMBIA

COLOMBIA		Procedure	Institution*	Annual Frequency	Mode (D/ND/PD)	I	II	III	INESS
	TOTAL	51				450.5	406.3	567.7	544.8
EMPLOYMENT MANAGEMENT	Sub-total	25				365.75	169.5	228.04	165.0
	Salaries / taxes / contributions	Payroll calculation and payment	Ministry of Labor	12 o 24	PD	96	48	93	48.0
		Parafiscal payments, social benefits and social security	Ministry of Health and Social Protection	12	D	12	12	12	12.0
		Service premiums	Ministry of Labor	2	PD	2.5	5	6.5	2.0
		Payment of non-labor wages (contract for works or services)	Civil contracts	12	PD	192	45	42	24.0
		Provision quote	Ministry of Labor	3	ND	1	6	3.625	18.0
		Provision purchase process	Ministry of Labor	3	ND	0.75	0.75	10.5	9.0
		Provision delivery	Ministry of Labor	3	ND	0.75	3	1.875	3.0
		Vacation process	Ministry of Labor	4	D	1	1	2	1.0
		Vacation log book	Ministry of Labor	4	D	1	1	1.5	1.0
		Calculation and deposit of benefits (cesantías) (February 14)	Ministry of Labor	1	D	1	1	1.25	0.5
		Processing of disabilities with the EPS	Health Provider Entities (EPS) and Occupational Risk Administrator (ARL)	4	PD	24	12	19.92	12.0
		Entrance exams	Ministry of Health and Social Protection	1	ND	1.5	2.5	1.75	1.75
	Hiring /firing	Signature of employment contract	Ministry of Labor	1	D	1	2.5	0.75	3
		Social benefits enrollment	Ministry of Labor	1	PD	22.25	18.25	18.75	18.25
		Firing process: calls	Ministry of Labor	3	D	0.5	2.25	2.63	2.25
		Termination letter	Ministry of Labor	1	D	0.3	1.3	0.8	1.25
		Labor disclaimers		1	ND	0.3	1.0	0.9	1
		Job Transition	Ministry of Labor	1	ND	0.0	0.3	0.3	0.25
		Settlement	Ministry of Labor	1	D	3.3	2.5	4.3	2.5
		Final payment		1	D	0.8	0.3	0.3	0.25
		Retirement Occupational Medical Exam	Ministry of Health and Social Protection	1	ND	1.5	1.5	1.1	1.5
		Layoff report	Ministry of Health and Social Protection	1	D	0.3	0.3	0.3	0.25
	Work reports	New hire report	Ministry of Health and Social Protection	1	D	0.3	0.3	0.3	0.25
		Disability report	Ministry of Health and Social Protection	4	D	1.0	1.0	1.0	1
Vacation report		Ministry of Health and Social Protection	4	D	1.0	1.0	1.0	1	
Sub-total	15				76.8	202.8	229.4	280.75	
OPERATIONS MANAGEMENT	Taxes	Gather documents for commercial registration	Chambers of Commerce; Superintendence of industry and commerce	1	D	1.0	0.6	3.5	1.0
		Commercial registration renewal	Chambers of Commerce; Superintendence of industry and commerce	1	D	0.3	0.6	1.0	0.3
		Deposit of financial statements with the Chamber of Commerce	Superintendency of companies	1	D	0.3	0.3	0.6	0.3
		Presentation of exogenous national tax information	DIAN	1	D	16.0	8.0	30.1	12.0
		Presentation of municipal tax exogenous information	DIAN/municipal tax authorities	1	D	8.0	4.0	18.1	8.0
		Annual tax payment	DIAN	1	D	13.0	93.0	93.0	93.0
		Obtaining electronic invoices: registration, format	DIAN	1	D	0.0	4.0	1.0	4.0
	Waste Management	Waste management	Ministry of Environment	12	ND	0	0	24	60
		Vehicle	Vehicle insurance	Ministry of Transport	1	D	2.00	2.00	0.63
	Technomechanical Review		Ministry of Transport	1	ND	5.25	8.25	4.13	6.3
	Vehicle tax payment		Ministry of Transport	1	D	1.00	1.00	0.50	1.0
	Driver service payment		Civil contracts	12	D	0.00	12.00	6.00	12.0
	Health/Safety at Work	SG-SST coordination	Ministry of Labor	1	ND	10.0	9.0	9.0	6.0
		SG-SST tracking	Ministry of Labor	12	ND	10.0	36.0	21.0	24.0
		SG-SST adaptations and logistics	Ministry of Labor	12	ND	10.0	24.0	16.8	48.0
Sub-total	11				8.0	34.0	110.3	99.0	
OTHERS	Legal changes	Regulatory Update		12		6.0	24.0	18.5	24.0
		Electronic payroll implementation	DIAN	1	D	2.0	4.0	3.0	4.0
		Electronic signature implementation	DIAN	1	D	0.0	3.0	4.5	4.0
	Certifications	Technical concept of human safety and fire protection	National Fire Department	1	PD	0.00	3.00	3.63	3.00
	Specifics to productive activity	Provision of personal protection elements	Ministry of Health and Social Protection/ Ministry of Labor	3	ND				11.0
		Review and control of electrical installations, machines, apparatus and equipment	Ministry of Health and Social Protection/ Ministry of Labor	12	ND				12.0
		Control adaptations for welding	Ministry of Health and Social Protection/ Ministry of Labor	12	ND				8.0
		Hot work permit	Ministry of Health and Social Protection/ Ministry of Labor	12	ND				36.0
		Sayco & Acinpro certificate	Sayco Acinpro Organization	1	D			0.6	
		Sanitary requirements: food handling / technical concept	INVIMA	1	ND			60	
Food handling certificate		INVIMA	1	ND			20		

* The Institutions names are translated in English. For actual Institution names consult original Spanish document www.atlasnetwork.org/ibla2021

APPENDIX B.4: SUMMARY TABLE. SPAIN

SPAIN	Procedure	Institution*	Annual Frequency	Mode (D/ND/PD)	I	II	III	INESS
TOTAL	71				473.7	561.6	255.0	360.4
Sub-total	24				258.5	85.0	76.5	96.8
EMPLOYMENT MANAGEMENT	Salaries / taxes / contributions	Payment of wages	Ministry of Employment and Social Security	12	D	20.9	12.0	12.0
		List of salaries	Ministry of Equality	12	D	10.4	3.0	3.0
		Payroll	Ministry of Economy and Finance	12	D	20.9	6.0	6.0
		Payments and sending information to social security	General Treasury of the Social Security	12	D	20.9	6.0	6.0
		Declaration of personal income tax paid	General Treasury of the Social Security	12	D	10.4	3.0	3.0
		Compensation of annual income tax	General Treasury of the Social Security	1	D	0.0	4.0	4.0
		Calculation of paid vacations	Ministry of Employment and Social Security	4	ND	0.0	7.5	4.3
		Sick leave	Ministry of Employment and Social Security	1	D	0.0	1.5	1.0
	Hiring / firing	Request for the processing of personal data	Spanish Data Protection Agency (AEPD)	1	D	20.9	1.0	1.0
		Notification of working conditions	Ministry of Employment and Social Security	1	D	20.9	1.0	1.0
		Pension insurance file	General Directorate of Insurance and Pension Funds	1	D	10.4	0.3	0.3
		Employment contract file	Ministry of Employment and Social Security	1	D	10.4	1.0	1.0
		Processing the worker's registration with social security	General Treasury of the Social Security	1	D	20.9	1.0	1.0
		Letter of contract termination	General Treasury of the Social Security	1	D	20.9	2.0	2.0
		Final payment	Ministry of Economy and Business	1	PD	10.4	0.3	0.3
		Processing the worker's withdrawal from social security	General Treasury of the Social Security	1	D	20.9	1.0	1.0
		Request for medical examination at the beginning of the contract	Ministry of Labor and Social Affairs	NA	D	0.0	0.0	0.3
		Carrying out the medical examination at the beginning of the contract	Ministry of Labor and Social Affairs	NA	D	0.0	0.0	1.0
		Initial Safety and First Aid Training	Ministry of Labor and Social Affairs	1	ND	31.3	10.0	9.3
	Work reports	Filling out of hours of work	Ministry of Employment and Social Security	104	ND	6.0	12.0	12.0
		Scheduling of working hours	Ministry of Employment and Social Security	1	ND	2.0	2.0	2.0
		Vacation scheduling and registration	Ministry of Employment and Social Security	NA	ND	0.0	7.5	4.3
		Employee sick leave report	Ministry of Labor and Social Security	NA	D	0.0	3.0	2.0
		Annual medical examination	Ministry of Labor and Social Affairs	NA	ND	0.0	0.0	16.0
	Sub-total	24			174.4	204.1	164.5	258.8
OPERATIONS MANAGEMENT	Taxes	Presentation of the annual accounts	Commercial Registry of each Autonomous Community	1	D	8.0	8.0	8.0
		Accounting	Ministry of Finance and Public Administration	12	PD	96.0	96.0	96.0
		VAT payment	Treasury	4	D	20.0	20.0	20.0
		VAT declaration	Treasury	4	D	12.0	12.0	12.0
		Payment of wealth tax	Ministry of Economy and Finance	NA	D	0.0	0.0	0.0
		Declaration of wealth tax	Ministry of Economy and Finance	NA	D	0.0	0.0	0.0
		Corporation tax	Ministry of Finance and Public Administration	1	D	8.0	8.0	8.0
		Fuel tax	Ministry for Ecological Transition and Demographic Challenge	NA	D	0.0	0.0	0.0
	Waste Management	Notification of waste production	Regulations of the Autonomous Communities	NA	PD	0.0	12.5	1.0
		Waste minimization study	The Ministry of Environment, Rural and Marine Affairs	NA	PD	0.0	0.0	4.0
		Control and update of documentation	The Ministry of Environment, Rural and Marine Affairs	NA	PD	0.0	0.0	12.0
		Payments to the waste collection company		NA	ND	0.0	3.1	1.5
	Vehicles	Vehicle insurance	Ministry of the Interior	3	D	3.3	2.5	0.0
		Vehicle inspection	Ministry of Economy, Industry and Competitiveness	3	ND	6.5	4.0	0.0
		New vehicle registration	Ministry of the Interior	1	D	1.0	1.0	0.3
	Health/Safety at Work	Deregistration of the old vehicle	Ministry of the Interior	1	D	1.0	0.5	0.3
		Selection of workers' accident insurance contractor	It is regulated by the applicable collective agreement in each sector	1	PD	2.0	2.0	2.0
		Course for the employer on safety regulation in the workplace	Ministry of Labor and Social Affairs	1	ND	8.0	8.0	32.0
		Mandatory health checks to renew the employee's health certificate	Ministry of Labor and Social Affairs	NA	ND	0.0	0.0	16.0
		Employee training on workplace safety for hazardous activities	Ministry of Labor and Social Affairs	Bi12	D	4.7	15.0	0.0
		Evaluation and description of risks associated with the workspace with the insurance contractor for accidents at work	It is regulated by the applicable collective agreement in each sector	1	PD	4.0	1.0	1.0
		Periodic Fire Drill / Training	Ministry of Labor and Social Affairs	NA	ND	0.0	0.0	4.0
		Training for employees on fire safety	Ministry of Labor and Social Affairs	NA	ND	0.0	0.0	4.0
		First aid training	Ministry of Labor and Social Affairs	NA	ND	0.0	10.5	7.0

OTHERS	Sub-total	23			40.8	272.5	14.0	4.9	
	Legal changes	Changes in tax regulations		NA	PD	0.0	0.0	0.0	0.0
		Changes in labor regulations		NA	PD	0.0	0.0	0.0	3.0
		Changes in trade regulations		NA	PD	0.0	0.0	0.0	0.0
	Certifications / authorizations	Certification of fire extinguishers	General Directorate of Industry and Small and Medium-sized Enterprises	NA	D	0.0	1.5	1.5	0.9
		Certification of high voltage electrical equipment	Ministry of Public Works and Merchant Marine	NA	ND	0.0	0.0	0.0	1.0
	Specifics to productive activity	Field Notebook	Ministry of Agriculture, Fishing, and Food	52	ND	7.7	0.0	0.0	0.0
		Course on occupational hazards	Ministry of Labor and Social Affairs	Bi12	ND	0.0	0.0	0.0	0.0
		Professional user card for phytosanitary products	Ministry of Agriculture, Fishing, and Food	1	ND	30.0	0.0	0.0	0.0
		Road maintenance	Ministry of Agriculture, Food and Environment	1	D	0.5	0.0	0.0	0.0
		Rural nursery	City Councils	3	D	0.5	0.0	0.0	0.0
		Tax on Mechanical Traction Vehicles	Managed by the City Councils	1	D	1.625	0.0	0.0	0.0
		Property Tax	Treasury	Bi1	D	0.5	0.0	0.0	0.0
		Documentation to comply with the Common Agricultural Policy	European Union	2	D	0	0.0	0.0	0.0
		Responsible declaration form signed by the promoter	It depends on each autonomous community	1	D	0	8.25	0.0	0.0
		Technical document	Ministry of Housing	1	D	0	33	0.0	0.0
		Administrative documentation Start of works	It depends on each autonomous community	1	D	0	24.75	0.0	0.0
		Technical documentation Start of works	It depends on each autonomous community	12	D	0	16.5	0.0	0.0
		Tank installation	Management of Urban Planning of the autonomous communities	1	D	0	12.5	0.0	0.0
		Installation of auxiliary means	Management of Urban Planning of the autonomous communities	12	D	0	176	0.0	0.0
		Food Handler Card	General Directorate of Health Inspection and Management	2	ND	0	0	9.32	0.0
		Property Tax	Treasury	Tri1	D	0	0	0.165	0.0
		Opening License	City Council	NA	D	0	0	0	0.0
Activity License		City Council	1	D	0	0	3	0.0	

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APPENDIX B.5: SUMMARY TABLE. MEXICO

MEXICO		Procedure	Institution*	Annual Frequency	Mode (D/ND/PD)	I	II	III	INESS
	TOTAL	46				544.0	455.5	467.0	451.5
EMPLOYMENT MANAGEMENT	Sub-total	16				294	294	294	294
	Salaries / taxes / contributions	Income tax withholdings for workers	Service Tax Administration	12	D	12	12	12	12
		Annual proof of earnings and withholdings for employees	Service Tax Administration	1	D	1	1	1	1
		Informative statement of the persons to whom salary payments and payments for employment subsidies were made	Service Tax Administration	1	D	1	1	1	1
		Calculation of workers' participation in company profits (PTU).	Secretariat of Labor and Social Security and the Secretariat of Finance and Public Credit	1	D	1	1	1	1
		Contributions for the Retirement Savings System	National Commission of the Retirement Savings System	12	D	12	12	12	12
		IMSS and Infonavit worker-employer fees	Mexican Social Security Institute	12	D	12	12	12	12
		Registration of personnel in the IMSS Electronic tax registry	Mexican Social Security Institute	1	D	0	0	0	0
		Cancel Registration of personnel in the IMSS Electronic tax registry	Mexican Social Security Institute	1	D	0	0	0	0
		Pensions reporting to IMSS	Mexican Social Security Institute	12	D	12	12	12	12
		Affiliation to the National Fund for Workers' Consumption	National Fund for Workers' Consumption	12	D	12	12	12	12
		Affiliation to Infonavit	Institute of the National Housing Fund for workers	1	D	0	0	0	0
		Personnel training in health and industrial safety	General Civil Protection Law	1	ND	32	32	32	32
		Disability due to illness or maternity	Mexican Social Security Institute	1	D	0	0	0	0
		Compliance with regulation of psychosocial risks (NOM-035)	Secretary of Labor and Social Welfare	1	PD	4	4	4	4
	Hiring / firing	Comply with personal data protection obligations	National Institute for Access to Information	1	D	1	1	1	1
		Reviews of contracts, labor litigation, etc.	Conciliation and Arbitration Board	12	PD	192	192	192	192
		Obligations of the employer upon termination of employment	Conciliation and Arbitration Board	1	ND	1	1	1	1
	Sub-total	22				138	146	138	151
OPERATIONS MANAGEMENT	Taxes	Processing of advanced electronic signature	Service Tax Administration	1	PD	8	8	8	8
		Obtaining stamps for invoicing	Service Tax Administration	12	D	12	12	12	12
		Registration of employees in the Federal Taxpayers Registry (RFC)	Service Tax Administration	1	D	1	1	1	1
		Proof of fiscal situation	Service Tax Administration	1	D	1	1	1	1
		Accounting registration obligation	Service Tax Administration	1	D	1	1	1	1
		Formulate a statement of financial situation and inventory/stock as of December 31 of each year.	Service Tax Administration	1	D	8	8	8	8
		Monthly income tax return	Service Tax Administration	12	D	48	48	48	48
		Annual income tax return	Service Tax Administration	1	D	4	4	4	4
		Monthly declaration of Value Added Tax	Service Tax Administration	12	D	12	12	12	12
		Monthly declaration of Special Tax on Products and Services	Service Tax Administration	12	D	12	12	12	12
		Informative Declaration of Operations with Third Parties	Service Tax Administration	12	D	12	12	12	12
		Registration and Updating of the RFC; activation of the electronic tax mailbox	Service Tax Administration	1	D	1	1	1	1
		Property tax	Municipal Treasury Law	1	D	0	4	0	4
		Water bill payment	Local Concessionaire	1	D	0	4	0	4
		Electricity bill payment	Federal electricity commission	1	D	0	0	0	0
		Payroll tax	Secretary of Finance of each State	1	D	1	1	1	1
		New Car Tax (ISAN)	Secretary of Finance of each State	1	D	1	1	1	1
		Waste Management	Authorizations and permits regarding waste	Local Environmental Authorities. Ministry of Environment and Natural Resources / Federal Attorney for Environmental Protection	12	D	3	3	3
	Vehicle registration		Local Mobility Authorities, Citizen Security	1	D	4	4	4	2
	Vehicles	Vehicle deregistration	Local Mobility Authorities, Citizen Security	1	D	4	4	4	2
		Motor vehicle use tax	Secretary of Finance of each State	1	D	0	0	0	0
		Replacement	Local Mobility Authorities, Citizen Security	1	PD	4	4	4	4

OTHERS	Sub-total	8			112	16	35	7
	Certifications / authorizations	Sanitary Records and Permits (livestock and agriculture)	Health Secretary	6	ND	96		
		Filling of forms for Economic Censuses	National Institute of Statistic and Geography	1	D	4	4	4
		Compliance with health regulation by covid 19 and civil protection	Health Secretary	1	PD	4	4	2
		Certification of Origin by the Importer, Exporter or Producer	Ministry of Economy	1	D	8	8	1
	Specifics to productive activity	Obligation to transmit messages of political parties, independent candidates and electoral authorities. (Advertising agencies) / Official and fiscal times	National Electoral Institute / Ministry of the Interior / Ministry of Finance and Public Credit	12	D			192
		Donor reporting for financial transparency (annual declaration due in May)	Secretariat of Finance and Public Credit	1	D			1
		Reports on extraordinary donations - (Grantees)	Secretariat of Finance and Public Credit	1	D			1
		Taxi vehicle inspection; license plates and taxi license, passenger insurance and toxicological tests (taxis cannot pick up passengers outside their boundaries). In contrast, App drivers do not pay the same taxes taxi drivers are obligated to pay	Local Mobility Authorities, Citizen Security	1	PD			8

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APPENDIX B.6: SUMMARY TABLE. VENEZUELA

VENEZUELA	Procedure	Institution*	Annual Frequency	Mode (D/ND/D)	I	II	III	INESS
TOTAL	67				854.6	1057.8	1110.0	1163.7
Sub-total	24				179.9	179.9	179.9	163.9
EMPLOYMENT MANAGEMENT	Salaries / taxes / contributions	Calculation and payment of Cestatickets	Law of the Socialist Cestaticket for Workers	18.0	D	3.3	3.3	3.3
		FAOV	Housing and Habitat Benefit Regime Law	12.0	D	4.8	4.8	4.8
		Employer obligations related to withholding, contributions and certification of compliance with workers compensation.	Law of the National Institute of Training and Socialist Education	4.0	D	4.9	4.9	4.9
		Social benefits [quarterly deposit]	Employment Benefit Regime Law	12.0	D	1.8	1.8	1.8
		Mandatory Social Security Withholding	Social Security Law	12.0	D	36.2	36.2	36.2
	Hiring / firing	Calculation and payment of social benefits	Employment Benefit Regime Law	1.0	D	8.0	8.0	8.0
		Summons / inspection of the Ministry of Labor in the event of a claim from the employee to the employer for unjustified dismissal [job immobility]	Organic Law of Labor and Workers	2.0	ND	8.0	8.0	8.0
		Preparation of reprimands to the employee in case of breach of the employment contract	Organic Law of Labor and Workers	3.0	ND	1.1	1.1	1.1
		Post-employment medical service exam / report	Organic Law on Prevention, Conditions and Work Environment	1.0	ND	5.0	5.0	5.0
		Pre-employment medical service exam / report	Organic Law on Prevention, Conditions and Work Environment	1.0	ND	6.0	6.0	6.0
		Inform the employee of Occupational Risks and Accident Prevention	Organic Law on Prevention, Conditions and Work Environment	1.0	D	0.4	0.4	0.4
		Registration of the employee in the Venezuelan Institute of Social Security	Social Security Law	1.0	D	1.5	1.5	1.5
		Worker registration in the Worker System of the Ministry of Labor	Organic Law of Labor and Workers	1.0	D	1.5	1.5	1.5
		Worker registration in the Inces system	Law of the National Institute of Training and Socialist Education	1.0	D	1.5	1.5	1.5
		Worker registration in FAOV - Banaviv	Housing and Habitat Benefit Regime Law	1.0	D	1.5	1.5	1.5
		Withdrawal of the employee from the Labor Ministry workers system	Organic Law of Labor and Workers	1.0	D	1.7	1.7	1.7
		Employee withdrawal from the Inces system	Law of the National Institute of Training and Socialist Education	1.0	D	1.7	1.7	1.7
		Employee withdrawal from the Venezuelan Institute of Social Security	Social Security Law	1.0	D	1.7	1.7	1.7
		Employee retirement at FAOV - Banaviv	Housing and Habitat Benefit Regime Law	1.0	D	1.7	1.7	1.7
	Work reports	Issuance of labor solvency Min. Labor [RNET]	Organic Law of Labor and Workers	4.5	D	7.0	7.0	7.0
		Administrative management of social benefits [admission, review and approval of request for advancement of social benefits]	Employment Benefit Regime Law	10.0	ND	40.0	40.0	32.0
		Report of capital and interest accumulated for social benefits to each worker	Employment Benefit Regime Law	5.0	D	0.5	0.5	0.5
		Report of medical leave by the employee (issued by a health center affiliated with the IVSS)	Social Security Law	5.0	ND	20.0	20.0	16.0
		Report of medical leave by the employer to the IVSS	Social Security Law	5.0	ND	20.0	20.0	16.0
	Sub-total	22			459.8	798.6	798.6	888.5
OPERATIONS MANAGEMENT	Taxes	Income tax advances	Law of income tax	21.6	D		116.2	116.2
		ISLR closing statement	Law of income tax	1.0	D		41.4	41.4
		VAT declaration	Value Added Tax Law	24.0	D	24.8	127.2	127.2
		National Fund for Science, Technology and Innovation (Fonacil)	Organic Law of Science, Technology and Innovation	1.0	D	1.8	1.8	1.8
		National Sports Fund	Organic Law of Sport, Physical Activity and Physical Education	1.0	D	2.0	2.0	2.0
		Municipal Tax on Economic Activities (ISAE)	Organic Law of the Municipal Public Power	10.0	D		19.4	19.4
		Tax Law on Large Financial Transactions	Tax Law on Large Financial Transactions	24.0	D	48.0	96.0	96.0
		Income tax withholding	Law of income tax	18.0	D	31.2	31.2	31.2
		VAT withholding	Value Added Tax Law	24.0	PD	46.5	57.0	57.0
		Update journal, ledger, Inventory; auxiliary books: purchase and sale on sheets stamped by the Mercantile Registry	Commercial Code	24.0	ND	24.0	24.0	24.0
	Vehicles	Vehicle Health Certificate	Traffic and Land Transportation Law	1.0	ND			0.4
		Quarterly Tax Payment	Organic Law of the Municipal Public Power	1.0	ND			1.0
		Renewal of Individual Certificate of Vehicle Circulation (driving license)	Traffic and Land Transportation Law	1.0	D			128.2
		Renewal of Civil Liability Policy for Vehicles	Traffic and Land Transportation Law	1.0	ND			0.4
	Health/Safety at Work	Acquisition of industrial safety equipment	Organic Law on Prevention, Conditions and Work Environment	1.0	ND	2.5	2.5	2.5
		Search for Healthcare Providers Enrolled in Impsasel	Organic Law on Prevention, Conditions and Work Environment	1.0	ND	3.0	3.0	3.0
		Training for workers in the area of occupational health and safety	Organic Law on Prevention, Conditions and Work Environment	4.0	ND	64.0	64.0	64.0
		Post-vacation medical examination / report	Organic Law on Prevention, Conditions and Work Environment	7.5	ND	40.0	40.0	20.0
		Prevacational medical service exam / report	Organic Law on Prevention, Conditions and Work Environment	7.5	ND	40.0	40.0	20.0
		Monthly report of the Official prevention delegate	Organic Law on Prevention, Conditions and Work Environment	12.0	ND	36.0	36.0	36.0
		Fire drill	Organic Law on Prevention, Conditions and Work Environment	1.0	ND		1.0	1.0
		One day of recreation to employees per month	Organic Law on Prevention, Conditions and Work Environment	12.0	ND	96.0	96.0	96.0

OTHERS	Sub-total		21				215.0	79.3	131.6	111.3
	Legal changes									
	Legal changes	Approval and registration of the Company's Annual Balance Sheet	Commercial Code	1.0	ND	28.0	28.0	28.0	28.0	
		Appointment and Ratification of Commissioners and Directors	Commercial Code	0.5	ND	14.0	14.0	14.0	14.0	
	Certifications / authorizations	Industry and Commerce Patent Renewal [Economic Activities License]	Organic Law of the Municipal Public Power	1.0	ND		1.3	1.3	1.3	
		Health certificate	General Food Regulations	5.0	ND	23.8		23.8		
	Specifics to productive activity	Balance control	Metrology Law	1.0	ND			10.0		
		Income Tax Reinvestment Affidavit	G.O. 41,678	1.0	D	6.0				
		Dispatch guides / INSAI animal and plant mobilization guides	Law of the Comprehensive National Agrifood System	41.0	D	41.0				
		Unique Mobilization, Monitoring and Control Guides	Law of the Comprehensive National Agrifood System	41.0	D			41.0		
		National Environmental Guard Inspection / Environmental Guard	Organic Law of the Environment	1.0	ND	4.0	4.0			4.0
		Inspection / supervision of the Mayor's Office for municipal tax payments	Organic Law of the Municipal Public Power	1.3	ND		2.0	2.0	2.0	
		Inspection / supervision of the facilities fire brigade	Fire Prevention Regulations	1.3	ND		2.8	2.8	2.8	
		Inspection / supervision of the IVSS	Social Security Law	1.5	ND	2.3	2.3	2.3	2.3	
		Inspection / supervision of the MAT	Land Law and Agrarian Development	1.0	ND	6.0				
		Inspection / supervision of the Ministry of labor	Organic Law of Labor and Workers	1.5	ND	9.0	9.0	9.0	9.0	
		Seniat inspection / supervision	Organic Tax Code Law	2.8	ND	7.0	7.0	7.0	7.0	
		Food handling permit	General Food Regulations	5.0	ND	40.0		40.0		
		Renewal of Registration in the Registry of Activities capable of Degrading the Environment [RACDA]	Organic Law of the Environment	1.0	D	32.0				32.0
		Firefighters permit renewal (Includes physical inspection of facilities)	Fire Prevention Regulations	1.2	ND		9.0	9.0	9.0	
		Sunagro Renovation	Law of the Comprehensive National Agrifood System	1.0	D	1.0		1.0		
		Renewal of the Sanitary Permit of Commercial facilities (Includes inspection of the commercial)	General Food Regulations	1.0	PD			8.5		
		Municipal certification of Economic Activities Tax payment (ISAE)	Organic Law of the Municipal Public Power	1.0	ND	1.0				

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APPENDIX C: INTERVIEW GUIDE

		Question	Time	Frequency	# People
EMPLOYMENT MANAGEMENT	Salaries / taxes / contributions	How much time and people is spent on paying salaries?			
		How many hours and people are required to fill out the payment forms?			
		How many hours and people are required to make the contributions of the employee and the employer to the social security system?			
		How many hours and people does the vacation accrual calculations involve, advances?			
		How many hours and people does it take to draw up the payment plans?			
		How many hours and people are needed to make the corresponding union contributions?			
		How many hours and people are required to carry out other procedures related to wages / taxes / contributions?			
	Hiring / firing	How many hours and people does the request for the processing of personal data involve?			
		How many hours and people does the signing of the employment contract involve?			
		How many hours and people are required for social security registration?			
		How many hours and people are needed for the pre-occupational exams?			
		How many hours and people are used to register the personnel in the corresponding organization?			
		How many hours and people are required to contract health insurance?			
		How many hours and people does it take to purchase life insurance?			
		How many hours and people are used for contracting social work?			
		How many hours and people are needed for the union affiliation process?			
		How many hours and people are required to open the salary account?			
		How many hours and people does the termination notice involve?			
		How many hours and people are needed to prepare the document to terminate the employment contract?			
		How many hours and people are used to make the final payment (compensation)?			
		How many hours and people does it take to cancel social security?			
		How many hours and people does it take to terminate the worker from the corresponding body?			
		How many hours and people are required to approve the employee dismissal in the Ministry of Labor?			
		How many hours and people are used to carry out other procedures related to the hiring / firing of workers?			
	Work reports	How many hours and people are required to fill in the record of working hours?			
		How many hours and people are used in scheduling work hours?			
		How many hours and people does it involve preparing the worker's sick leave report?			
		How many hours and people are required to prepare the report for the insurer in the event of an accident or illness of a worker?			
		How many hours and people does it take for the annual medical exam?			
		How many hours and people are needed to carry out other procedures related to work reports?			

OPERATIONS MANAGEMENT	Administrative taxes	How many hours and people are required to make the annual accounting presentation?			
		How many hours and people does financial statement reporting involve?			
		How many hours and people are used to carry out all the procedures that involve VAT?			
		How many hours and people are required to carry out all the procedures corresponding to the VAT refund?			
		How many hours and people does it take to complete all the formalities related to property tax			
		How many hours and people do all the procedures that correspond to income tax involve?			
		How many hours and people are used for all procedures related to gross income tax?			
		How many hours and people are needed for the procedures required for the DREI?			
		How many hours and people does it take to obtain export / import rights?			
		How many hours and people are required to carry out all the procedures corresponding to the property tax?			
		How many hours and people are needed to complete all the procedures corresponding to the stamp tax?			
		How many hours and people are used to complete the necessary procedures for the TGI?			
		How many hours and people are required to pay other administrative taxes?			
	Waste management	How many hours and people are used in reporting about the production of waste?			
		How many hours and people does it take to carry out a waste minimization study?			
		How many hours and people are required for the management of reports that need to be filed?			
		How many hours and people are used to pay the garbage collection company?			
		How many hours and people are needed to carry out other procedures related to waste?			
	Vehicles	How many hours and people are required to purchase vehicle insurance?			
		How many hours and people does it take to obtain a vehicle inspection?			
		How many hours and people does it take to obtain a vehicle license?			
		How many hours and people does the registration of a new vehicle involve?			
		How many hours and people does it take to decommission an old vehicle?			
		How many hours and people does it take to pay the motor tax?			
		How many hours and people are used in other procedures related to the company vehicle?			
	Health and Safety at Work	How many hours and people does it take to hire a health and safety company?			
		How many hours and people does it take to complete a course for employers on safety at work?			
		How many hours and people are used for mandatory employee health checks to renew the certificate?			
		How many hours and people are required to complete the workplace risk assessment and description?			
		How many hours and people does it take to do regular fire safety training?			
		How many hours and people are used to perform other tasks related to health and safety at work?			
Statistical and legal		How many hours and people are required for the procedures that must be done when the tax code changes?			
		How many hours and people are needed for the procedures that must be done when the commercial code changes?			
		How many hours and people are required for the procedures that must be done when the labor code changes?			