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Session 3

Case Study: One Stop Shop tuempresa.gob.mx

Submitted by: Mexico



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**Workshop on Reducing Start-up and
Establishment Time of Businesses
Hiroshima, Japan
1-2 March 2010**



Gobierno Federal

SE

One-stop shop tuempresa.gob.mx

Hiroshima, February 2010.



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One-stop shop: Outline Presentation

Monday, March 1st 2010

1. Mexico's performance: Doing Business 2009.
2. Starting a Business in Mexico: ***tuempresa.gob.mx***
3. Benefits from the one-stop shop: Mexican experience
4. Conclusions

Mexico's performance Doing Business 2009

- Doing Business ranks countries according to 10 indicators, in order to analyze regulations and formalities which influence the life cycle of a small or medium company.

Ease of...	Ranking 2008	Ranking 2009	Change
1. Starting a Business	114	90	+24
2. Dealing with Construction Permits	33	37	-4
3. Employing Workers	136	136	0
4. Registering Property	90	99	-9
5. Getting Credit	59	61	-2
6. Protecting Investors	38	41	-3
7. Paying Taxes	149	106	+43
8. Trading Across Borders	69	74	-5
9. Enforcing Contracts	76	81	-5
10. Closing a Business	24	24	0

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Starting a Business Doing Business indicators

- In the Doing Business report published in 2009, Mexico was ranked 90th among 183 economies.

Sub-indicators		Procedures	Time	Cost
Procedures (number)	8	1. Obtain the authorization of the use of a firm name from the Ministry of Foreign Affairs (Secretaría de Relaciones Exteriores)	2 days	MXN 705
Time (days)	13	2. Sign the deed of incorporation before a public notary and obtain tax registration number	2 days	MXN 10,500
Cost (% of income per capita)	11.7%	3. Register the deed at the Public Register of Commerce	3 days	MXN1,520
Min. Capital (% of income per capita)	8.9	4. Register at the Ministry of Finance and Credit, (Secretaría de Hacienda y Crédito Público), to obtain the ID tax number : Registro Federal de Contribuyentes "RFC"	1 day	No cost
		5. Register a labor base within the Mexican Social Security Institute (IMSS)	2 days	No cost
		6. Register to the local tax administration (Secretaría de Finanzas del Gobierno del Distrito Federal) to obtain a payroll tax	1 day	No cost
		7. Give notice of opening a mercantile establishment before local government (Delegación)	1 day	No cost
		8. Register to the National Business Information Registry (Sistema de Información Empresarial, SIEM) depending on the sector of the economy	1 day	MXN 306

One-stop shop *tuempresa.gob.mx*: starting point

The creation of a one-stop shop is one of the many strategies to simplify administrative proceedings in order to facilitate a better interaction between individuals and the government.

The website is the starting point in which the Federal Government, the States and municipalities collaborated to benefit the citizen.

- i. It simplifies local and federal procedures which are required to start up a legal business.
- ii. It helps entrepreneurs to fulfill these procedures online by saving time and money.

The one-stop shop *tuempresa.gob.mx* was launched on August 3rd 2009 by the President Mr. Calderón Hinojosa.

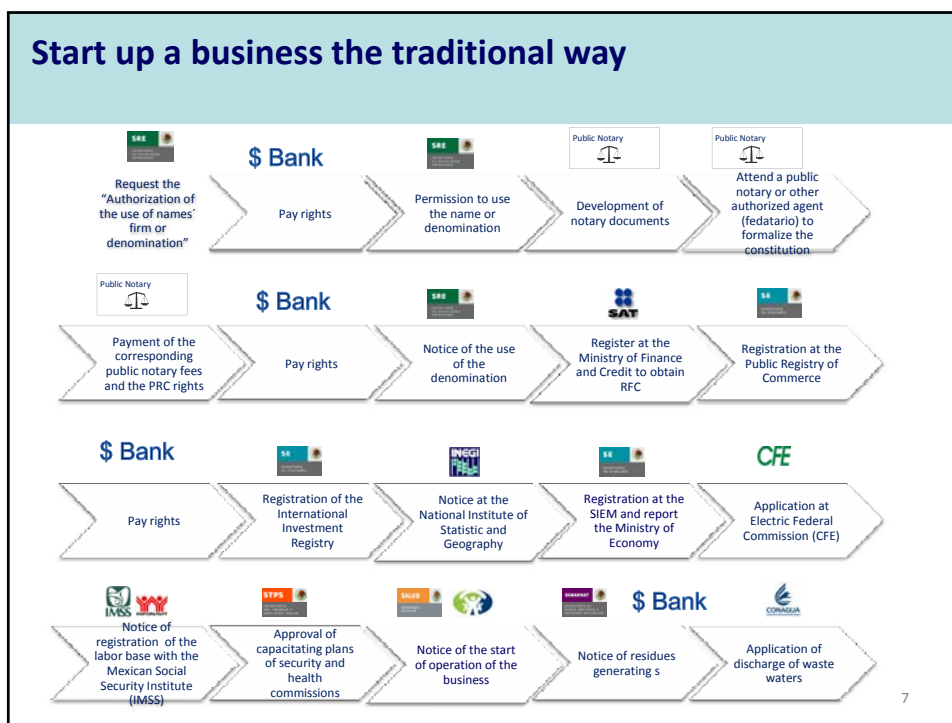
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One-stop shop *tuempresa.gob.mx*: starting point

Since it was launched the one-stop shop *tuempresa.gob.mx* has accomplished the following:

- i. The platform interconnects data from various government entities allowing them to share only essential information required.
- ii. The reduction of paper-based procedures, due to information and communication technologies (ICTs).
- iii. The use of Internet in dealing with administrative proceedings, reduces time invested in moving to different government offices; and finally
- iv. It is a helpful tool in offering guidance and information dissemination.

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Starting up a business: traditional way -vs- the one-stop shop:

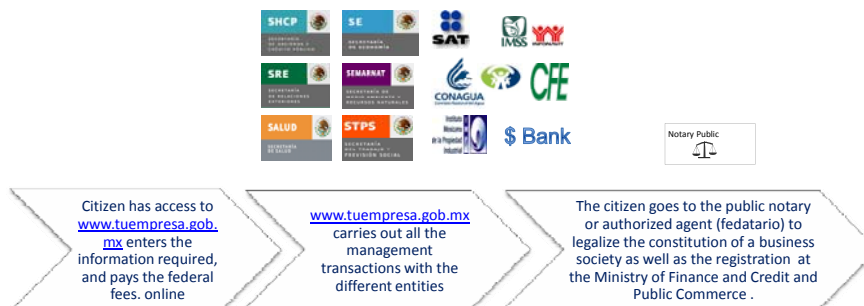
Starting a business the traditional way:

- At the end an entrepreneur must complete 18 procedures and spend between 22 to 34 days in starting up a business.
- Attend to different government offices both federal and local, as well as many payments which are done at commercial banks.
- Fulfill multiple forms, licenses and permits –sometimes the same information–, for different public agencies.

What the one-stop shop tuempresa.gob.mx proposes:

- The possibility to start up a business using one website in an sequential and logic order in accordance with the entrepreneurs' needs.
- The website simplifies the process of starting up a business due to the fact that a single site groups all the relevant procedures and it allows users to shift in an incremental way.
- At the end of the process the site will create company's "legal statutes" from an electronic file; these statutes can be modified by the entrepreneur, the notary public or any other authorized agent (*fedatario*).

Flow using the one-stop shop tuempresa.gob.mx:



- The website has developed an interoperability platform which connects all the public institutes with users' information that helps setting up a business.

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Documents which emerge from tuempresa.gob.mx

It avoids going personally to government offices or banks, to complete and fulfill formalities and payments.

Using the website the number of formalities and the number of days are reduced as it is indicated below:

Procedures	Time
1. Obtain the authorization of using the company name from the Ministry of Foreign Affairs (Secretaría de Relaciones Exteriores)	2 days
2. Sign the deed of incorporation before a notary public and obtain tax registration number	2 days
3. Register the deed in the Public Register of Commerce	3 days
4. Register at the Ministry of Finance and Credit (Secretaría de Hacienda y Crédito Público) to obtain the ID tax number (Registro Federal de Contribuyentes)	1 day
5. Register with the Mexican Social Security Institute (IMSS)	2 days

By including these four procedures in tuempresa.gob.mx, time spent during the process is reduced from 8 to 1 days.

Through the site, this procedure is completed in one day.

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Starting a Business: Following Objectives

Administrative improvements

The purpose of these changes is to modify the process in order to make it more accessible. It will also have impact in reducing time spent to complete the process, whilst reducing transaction costs for the entrepreneur.

Procedures	Time	Administrative improvement	Time after administrative improvement
5. Register with the Mexican Social Security Institute (IMSS)	1 day*	Enable the electronic signature to avoid the presence at IMSS	0 days
6. Register with the local tax administration (Secretaría de Finanzas del Gobierno del Distrito Federal) for payroll tax	1 day	Negotiate with Mexico City Government the possibility of consolidating the proceedings in the website (tuempresa.gob.mx)	0 days
7. Notice of opening a mercantile establishment before local government	1 day		

* The time considers the changes made by the website tuempresa.gob.mx

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The five steps to create a company

There are five main steps involved in constituting a company through the one-stop shop tuempresa.gob.mx:

- 1** Registration;
- 2** Choice of name or denomination;
- 3** Provision of information to create the company;
- 4** Payment of the corresponding Federal fees;
- 5** Choice a notary public or other authorized agent (*fedatario*) and the visit to his office to formalize the deed of incorporation.

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Entrepreneurs' outcomes from tuempresa.gob.mx

1. The one-stop shop allows entrepreneurs to start-up a business in accordance with their needs.
2. Users provide information only once which is later shared with different government agencies.
3. At the end of the process, company's "legal statutes" are created and can be modified by the notary if changes are needed.
4. Friendly interface allows the entrepreneur to complete the process at several times without losing information previously entered.
5. A Unique Company Record is saved in the site helping the entrepreneur to use all the modules within tuempresa.gob.mx, and refraining from entering its data again.

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One-stop shop implementation

Implementation of a one-stop shop website like tuempresa.gob.mx has been developed at different stages:

During the first stage, the focus was centered on having the essential procedures required for starting a business.

Nowadays, we are working in order to include more proceedings that will allow entrepreneurs to comply easily with labor and environmental requirements, among many others.

As the project matures, it will involve more government agencies, both Federal and Local.

It will also cover all the procedures associated with the operation of businesses (from start-up to closing a company).

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Tuempresa.gob.mx benefits

With this one-stop shop, the Mexican government places the citizen at the center of the process of business start-up.

According to the OECD , by using the one-stop shop tuempresa.gob.mx entrepreneurial transaction costs associated to the process of starting up a business are reduced in 65% .

Since information it is only entered once, it eliminates data duplicities.

Anyone with Internet access can start a business using this website.

Promotes coordination between Federal and Local Governments.

Promotes market competition.

Promotes and attracts foreign investment.

Favors the business environment.

Impels entrepreneurship and innovation.

Improves Mexico's positions at international rankings such as Doing Business and the World Economic Forum.

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One-stop shop additional benefits

Taking advantage from the electronic platform, we can upload more procedures to create synergies, and to improve our DB indicators:

- **Next Steps**

- *Trading across borders.* Importers' Register
- *Paying taxes.* Payroll taxes (local)
- *Dealing with construction permits.* Construction permits in Mexico City.
- *Registering property.* Integral Public Property Register

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Conclusion

The Mexican government has proved that with **tuempresa.gob.mx** we have reached an efficient and easier way to start a business in Mexico.

Starting a business through the one-stop shop will help the entrepreneur to obtain credit and governmental economic support.

Because of the ease of use, more companies will be created by **tuempresa.gob.mx**, which will mean more formal businesses.

Facilitates the entry of new businesses into the marketplace.

Reduces the acts of corruption.

Facilitates the interaction between the citizen and the government.

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ESTADOS UNIDOS MEXICANOS

GOBIERNO FEDERAL

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