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## Doing Business in the Countries of Visegrad Group

Libuše Svobodová\*, Martina Hedvičáková

*University of Hradec Králové, Faculty of Informatics and Management, Rokitanského 62, Hradec Králové 500 03, Czech Republic*

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### Abstract

Entrepreneurial activity and business environment are two of the closely watched areas. World Economic Forum makes comparison of the countries all over the world in the Doing Business. Nowadays are involved 189 countries into the overall evaluation. The article proposes to describe the Ease of Doing Business in the Czech Republic and countries from the Visegrad Group. We will concretely focus on Starting of Business and Paying taxes. The first part of the article contains the description of indexes Starting of Business and Paying taxes. Main part and goal of the article is devoted to the results of the development in the evaluation in the Czech Republic and countries from the Visegrad Group. Those two indexes have the impact on business entities in starting of the business and on the economic situation. The article is based on results the Doing business report from World Bank Group, other professional sources and knowledge of the initial state. Czech Republic is in the compared states on the last place with sub indexes Starting a business and also Paying taxes. Differences in ratings of countries from the Visegrad Group are not considerable, only Starting a business is better in Hungary.

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*Keywords:* Comparison, Doing business, Paying Taxes, Starting a business, Visegrad group

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### 1. Introduction

Entrepreneurship is a term with which we meet every day. Without realizing it, we are surrounded by it and it can help us live our daily lives. The issue of doing business, starting business, paying taxes, getting credit etc. is current

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\* Corresponding author. Tel.: +420608514200.

E-mail address: [libuse.svobodova@uhk.cz](mailto:libuse.svobodova@uhk.cz)

and touches large spectrum of population. Businesses, goods, services are one of the essential parts of our lives. Due to this fact it is important to follow the situation on the business environment in the Czech Republic. Into comparison are also taken similar countries as Czech Republic, countries from Visegrad Group, esp. Slovak Republic, Poland and Hungary.

The main aim of this article is to present the results of the surveys from the World Bank Group focused on the overall results of Doing business, Starting a business and Paying taxes in selected countries. These surveys started in 2004 with 5 indicators (Hiring and Firing Workers, Getting Credit, Starting a Business, Enforcing a Contract and Closing a Business). Economies from the world are ranked on their Ease of Doing Business. The original criteria for 2004 has been revised and expanded to 10 in accordance with the requirements that arose in connection with the development of the enterprise market. The structure of evaluation indicators was also changed at time in selected points, e.g. Employing Workers in 2009 was included in the evaluation and in 2015 it has not.

Now in 2015 Ease of Doing Business averages the country's percentile rankings on 10 topics from 2012, made up of a variety of indicators (Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts, Resolving Insolvency), giving equal weight to each topic. In 2010 was in the evaluation involved also Employing workers instead of Getting Electricity. This indicator is new from 2012. In 2011 were evaluated only 9 indicators. The indicator Paying Taxes that is evaluated in this paper is monitored from 2006. In 2014 were added into this indicator three new variables (Profit tax, Labor tax and contributions and Other taxes).

Report gets the feedback and can be a policy tool to governments. They can monitor the successful business regulation reforms. They can learn from one another about good practices and do necessary and beneficial reforms.

Results from Dreher and Gassebner (2013) show that the existence of a larger number of procedures required to start a business, as well as larger minimum capital requirements are detrimental to entrepreneurship. Fonseca et. al. (2001) study the effects of business start-up costs on employment, in a model with managers, workers and matching. They show that higher start-up costs discourage entrepreneurs and increase the fraction of the population who become workers. Job creation suffers and employment settles at a lower level. Klapper et. al. (2006) study the effect of market entry regulations of European firms on the creation of new limited-liability firms, the average size of entrants, and the growth of incumbent firms. They find that costly regulations hamper the creation of new firms, especially in industries that should naturally have high entry. Klapper and Love (2010) use panel data on the number of new firm registrations in 92 countries to study how the magnitude of reforms affects its impact on new firm registrations. They find that reducing the cost, time and procedures in starting a business do increase firm registration, but only if the reforms are substantial.

Bird (2004) presents that administration is inherently country specific and surprisingly hard to quantify in terms of both outputs and inputs. The best tax administration is not simply that which collects the most revenues; facilitating tax compliance is not simply a matter of adequately penalizing non-compliance; tax administration depends as much or more on private as on public actions (and reactions); and there is a complex interaction between various environmental factors, the specifics of substantive and procedural tax law, and the outcome of a given administrative effort. All this makes tax administration a complex matter. Djankov et. al. (2010) present new data on effective corporate income tax rates in 85 countries in 2004. The data come from a survey of all taxes imposed on "the same" standardized mid-size domestic firm. The effective corporate tax rate have a large adverse impact on aggregate investment, FDI, and entrepreneurial activity. Corporate tax rates are correlated with investment in manufacturing but not services, as well as with the size of the informal economy. Fisman and Svenson (2007) have shown that there is a strong, robust, and negative relationship between tax rates and the short-run growth rates of Ugandan firms, and that the effect is much larger than the retarding effect of taxation. Fisman and Wei (2004) find that "evasion gap" is highly correlated with tax rates: much more value is "lost" for products with higher tax rates. Lee and Gordon (2005) founded that statutory corporate tax rates are significantly negatively correlated with cross-sectional differences in average economic growth rates, controlling for various other determinants of economic growth, and other standard tax variables.

## 2. Methodology and Data

The article is based primarily on secondary sources. They comprise information from official authorities, professional literature, information collected from professional press, discussions or previous participations in professional seminars and conferences relating to the chosen subject.

Most of the information is gained from the study *Doing Business* done by World Bank Group.

Then it was necessary to select, classify and update accessible relevant information from the numerous published materials that would provide the basic knowledge of the selected topic. Analysis, comparison and mathematical-statistical models methods were mainly used by preparation of the presented article.

The aim of the article is to map and to compare current situation in the field of *Doing Business*, especially *Starting business* and *Paying Taxes* in the countries from Visegrad group. The association composed of Czech Republic, Slovak Republic, Poland and Hungary focuses on foreign policy activities and the group aims to promote cooperation and stability in the broader region of Central Europe.

For evaluation of the results were used the tables in Microsoft Excel. There is presented ranking for each country, distance to frontier (DTF score aids in assessing the absolute level of regulatory performance and how it improves over time. This measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005).

Some rankings and values are in the tables missing because they were not evaluated in a given year. This also refers for the first three years of ratings, by which were followed valuables, but in the individual indicators has not been done comparison with other countries.

Most of the businesses all over the world are sole traders. But into consideration was taken the legal entity limited liability company in all countries.

Index *Starting a Business* takes into consideration those factors:

- Procedures (number) - the total number of procedures required to register a firm. A procedure is defined as any interaction of the company founders with external parties (for example, government agencies, lawyers, auditors or notaries).
- Time (days) - the total number of days required to register a firm. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments.
- Cost (% of income per capita) - cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law.
- Paid-in-min. capital (% of income per capita) - the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita.

*Paying Taxes* compares those issues:

- Payments (number per year) - the total number of payments per year. The indicator reflects the total number of taxes and contributions paid, the method of payment, the frequency of payment, the frequency of filing and the number of agencies involved for the standardized case study company during the second year of operation.
- Time (hours per year) - the time it takes to prepare, file and pay (or withhold) the corporate income tax, value added or sales tax, and labor taxes, including payroll taxes and social contributions (in hours per year).
- Profit tax (%) - the amount of taxes on profits paid by the business as a percentage of commercial profit.
- Labor tax and contributions (%) - the amount of taxes and mandatory contributions on labor paid by the business as a percentage of commercial profits.
- Other taxes (%) - the amount of taxes and mandatory contributions paid by the business as a percentage of commercial profit that are not already included in the categories of profit or labor taxes.
- Total tax rate (% profit) - the total tax rate measures the amount of taxes and mandatory contributions payable by the business in the second year of operation, expressed as a share of commercial profits.

### 3. Results

The World Bank Group determined various criteria for evaluation of the Doing Business in the countries. As was mentioned previously a lot of changes in the indicators and also in the variables were done over time of the evaluation of the results. In the next chapter we will focus only on the selected two criteria from report Doing Business, esp. Starting a Business and Paying Taxes. In the end of the chapter we will concentrate on the overall evaluation of the Doing Business in the selected countries.

In the presented tables are shortened the titles due the clarity in the tables. The various concepts are explained below in detail.

#### 3.1. Evaluation of Czech Republic

Table 1. Starting a Business and Paying Taxes – Czech Republic

Year	Starting a Business						Paying Taxes							
	Rank	DTF	Procedures	Time	Cost	Paid-in min. capital	Rank	DTF	Payments	Time	Profit tax	Labor tax and contributions	Other taxes	Total tax rate
DB2004	..	72.62	10.0	40.0	10.0	47.4	..	..	..	..	..	..	..	..
DB2005	..	72.71	10.0	40.0	10.8	44.5	..	..	..	..	..	..	..	..
DB2006	..	73.22	10.0	40.0	9.5	39.0	..	42.4	27.0	930.0	..	..	..	48.8
DB2007	74	77.44	10.0	24.0	8.9	36.8	110	51	12.0	930.0	..	..	..	48.2
DB2008	91	79.12	10.0	17.0	10.6	34.9	113	51.27	12.0	808.0	..	..	..	47.7
DB2009	86	80.14	9.0	20.0	9.6	31.8	118	51.27	12.0	808.0	..	..	..	47.7
DB2010	113	80.27	9.0	20.0	9.2	30.5	121	56.23	12.0	613.0	..	..	..	46.4
DB2011	130	80.24	9.0	20.0	9.3	30.9	128	58.3	12.0	557.0	..	..	..	48.0
DB2012	138	80.49	9.0	19.5	8.4	30.7	119	60.47	8.0	557.0	..	..	..	48.1
DB2013	140	80.58	9.0	19.5	8.2	29.7	120	67.89	8.0	413.0	..	..	..	48.1
DB2014	110	80.59	9.0	19.5	8.2	29.5	116	67.91	8.0	413.0	7.7	38.4	1.9	48.0
DB2015	110	82.58	9.0	19.0	8.0	0.0	119	67.66	8.0	413.0	7.6	38.4	2.6	48.5

Source: own elaboration on basis <http://www.doingbusiness.org/>

Czech Republic got worse in the comparison from 2007 until 2013 at the indicator Starting of Business with one exception. The turning point came in 2014, in which came into force in the Czech Republic, the new Business Corporation Act. The main change that concerns with the evaluation is occurring in minimum capital, which was reduced from CZK 200 000 to CZK 1. Average value in OECD is 8.8. Other valuables have not experienced any significant changes in the past four years. The number of procedures changed only once in 2009 from 10 to 9. Average value in OECD is 4.8. It takes 19 days to start a business in 2015 instead 40 in 2004. OECD has average 9.2. The costs fall changed from 10.0 on 8.0. The average of OECD is only 3.4.

As regards the Paying Taxes, in the Czech Republic were no significant fluctuations in the rankings. In the Czech Republic was significantly (by more than 100%) reduced the number of days that takes to prepare, file and pay taxes from 930 to 413 days. In the comparison with other countries it is not on the sufficient level. Companies in the Czech Republic need the longest time for preparation, filling and paying of the taxes in the Visegrad Group. The average of OECD is 175.4 in 2015. Total tax rate is on the similar value. The average of OECD is lower, only 41.3% in 2015. There are calculated 8 payments of taxes in 2015 instead of 27 in 2006. Average of OECD is 11.8 in 2015.

Despite the fact that all factors got better from starting of the evaluation, our position deteriorates. This means that other countries in the given factors improved more than the Czech Republic.

### 3.2. Evaluation of Slovak Republic

Table 2. Starting a Business and Paying Taxes – Slovak Republic

Year	Starting a Business						Paying Taxes							
	Rank	DTF	Procedures	Time	Cost	Paid-in min. capital	Rank	DTF	Payments	Time	Profit tax	Labor tax and contributions	Other taxes	Total tax rate
DB2004	..	57.44	10.0	103.0	9.4	50.3	..	..	..	..	..	..	..	..
DB2005	..	71.71	9.0	52.0	5.7	46.1	..	..	..	..	..	..	..	..
DB2006	..	78.38	9.0	27.0	5.0	41.0	..	58.78	32.0	325.0	..	..	..	48.7
DB2007	63	78.53	9.0	27.0	4.8	39.1	113	60.03	31.0	325.0	..	..	..	47.3
DB2008	72	78.92	9.0	27.0	4.2	34.1	122	60.03	31.0	325.0	..	..	..	47.3
DB2009	48	86.06	6.0	17.5	3.3	30.4	126	60.42	31.0	325.0	..	..	..	46.5
DB2010	66	86.63	6.0	17.5	2.0	23.8	120	63.44	31.0	257.0	..	..	..	47.5
DB2011	68	86.82	6.0	17.5	1.3	22.2	122	63.49	31.0	257.0	..	..	..	47.4
DB2012	76	86.85	6.0	17.5	1.8	20.9	130	64.72	31.0	231.0	..	..	..	47.6
DB2013	83	87.83	6.0	13.5	1.8	21.3	100	72.29	20.0	207.0	..	..	..	47.2
DB2014	83	85.25	7.0	18.5	1.5	19.3	91	72.4	20.0	207.0	7.0	39.5	0.4	47.0
DB2015	77	87.02	7.0	11.5	1.5	19.2	100	71.57	20.0	207.0	8.5	39.7	0.4	48.6

Source: own elaboration on basis <http://www.doingbusiness.org/>

Slovak Republic got worse in the comparison from 2007 until 2013 at the indicator Starting of Business. The situation looks like better in 2009, but after this year it was again worse. There were done positive changes in all valuables. The biggest change was done in time that is necessary to start a business. It has fallen from 103 days in 2004 on 11.5 in 2015. Number of procedures changed four times in the time. It is not good for the clarity. The businesses have to monitor all changes. The cost has fallen and also paid-in minimum capital from 50.3 on 19.2.

As regards the Paying Taxes, in Slovakia were no significant fluctuations in the rankings. Total tax rate rose in the last comparison from 47% on 48.6%. The position of evaluation changed from 91<sup>th</sup> position on 100<sup>th</sup>. Slovakia also significantly reduced the number of days that takes to prepare, file and pay taxes from 325 to 207. They do only 20 payments instead of 32 in 2006. It is the highest number in the compared countries and it is still a high figure compared with the OECD average. Slovak Republic has only two indicators smaller than average OECD. It is profit tax and cost (% of income per capita) in starting of business.

### 3.3. Evaluation of Poland

Table 3. Starting a Business and Paying Taxes – Poland

Year	Starting a Business						Paying Taxes							
	Rank	DTF	Procedures	Time	Cost	Paid-in min. capital	Rank	DTF	Payments	Time	Profit tax	Labor tax and contributions	Other taxes	Total tax rate
DB2004	..	54.7	10.0	56.0	21.3	247.4	..	..	..	..	..	..	..	..
DB2005	..	55.35	10.0	56.0	20.8	237.9	..	..	..	..	..	..	..	..
DB2006	..	59.09	10.0	46.0	19.9	220.1	..	52.31	40.0	418.0	..	..	..	43.2
DB2007	114	63.93	10.0	31.0	19.2	204.4	71	52.31	40.0	418.0	..	..	..	43.2
DB2008	129	64.44	10.0	31.0	18.9	196.8	125	52.21	40.0	418.0	..	..	..	43.4
DB2009	145	66.36	10.0	31.0	17.5	168.8	122	51.34	40.0	418.0	..	..	..	45.1
DB2010	117	81.7	6.0	32.0	16.7	15.3	151	53.98	40.0	395.0	..	..	..	42.2
DB2011	113	81.77	6.0	32.0	16.3	14.7	121	64.73	29.0	325.0	..	..	..	40.1

DB2012	126	81.85	6.0	32.0	16.0	14.0	128	66.49	29.0	296.0	..	..	..	39.5
DB2013	124	82.27	6.0	32.0	13.2	13.0	114	73	18.0	286.0	..	..	..	39.8
DB2014	80	85.75	4.0	30.0	13.1	12.6	81	73.63	18.0	286.0	13.1	24.4	0.9	38.5
DB2015	85	85.79	4.0	30.0	12.9	12.3	87	73.51	18.0	286.0	13.1	24.7	1.0	38.7

Source: own elaboration on basis <http://www.doingbusiness.org/>

Poland has the opposite situation than Slovak Republic. On the one hand improve the total evaluation Easy of Doing Business, on the other deteriorated Paying of Taxes. Poland improves all conditions for Starting a Business. The most significant change occurred in the paid-in minimum capital. Poland has also great conditions for procedures, only 4. But it takes 30 days. It is a longest time with other countries.

As regards the Paying Taxes, there were done some big changes in the total evaluation, esp. they dropped by 54 positions in 2008, next 29 positions in 2010 and they get better in 2014 on 81 position. There were higher changes in total tax rate in comparison with other countries. The payments reduced from 40 on 18 per year. Time necessary for preparation, filling and paying of taxes also reduced from 418 days on 286.

### 3.4. Evaluation of Hungary

Table 4. Starting a Business and Paying Taxes – Hungary

Year	Starting a Business					Paying Taxes								
	Rank	DTF	Procedures	Time	Cost	Paid-in min. capital	Rank	DTF	Payments	Time	Profit tax	Labor tax and contributions	Other taxes	Total tax rate
DB2004	..	68.63	6.0	52.0	40.4	96.4	..	..	..	..	..	..	..	..
DB2005	..	71.44	6.0	52.0	22.9	86.4	..	..	..	..	..	..	..	..
DB2006	..	75.44	6.0	38.0	22.4	79.6	..	64.42	13.0	340.0	..	..	..	56.6
DB2007	87	75.98	6.0	38.0	20.9	74.2	118	64.91	13.0	340.0	..	..	..	55.7
DB2008	67	82.47	6.0	16.0	17.7	65.1	127	64.56	14.0	340.0	..	..	..	55.3
DB2009	27	92.74	4.0	5.0	8.4	10.8	111	64.42	14.0	330.0	..	..	..	56.6
DB2010	39	93.07	4.0	4.0	8.0	10.2	122	64.42	14.0	330.0	..	..	..	56.6
DB2011	35	93.05	4.0	4.0	8.2	10.2	109	68.17	14.0	277.0	..	..	..	54.6
DB2012	39	93.15	4.0	4.0	7.6	9.7	117	70.13	13.0	277.0	..	..	..	52.0
DB2013	52	92.78	4.0	5.0	8.7	9.4	118	71.77	12.0	277.0	..	..	..	49.8
DB2014	24	92.79	4.0	5.0	8.6	9.4	95	72.04	12.0	277.0	11.7	34.3	3.3	49.3
DB2015	57	90.04	4.0	5.0	8.3	54.0	88	73.27	11.0	277.0	11.8	34.3	1.8	48.0

Source: own elaboration on basis <http://www.doingbusiness.org/>

Hungary got better in both evaluated indicators. Starting a Business got on the best position in 2014. After 2014 Hungary made starting a business more difficult by increasing the paid-in minimum capital requirement. The limited liability company (Kft) requires the smallest minimum share capital: 3 million HUF (nearly 10,000 EUR). This amount was increased in 2014 through a change in the Hungarian corporate law of the new Civil Code, after being previously set at only 500,000 HUF. This amount was increased in 2014 through a change in the Hungarian corporate law of the new Civil Code, after being previously set at only 500,000 HUF. (lawyershungary) Nevertheless the country since the start of monitoring bettered. The procedures fall from 6 on 4 from 2009 and the situation is still same. It is good for clarity of the business activity. Also time fall from 52 days on 5. The costs are also positive, from 40.4 on 8.3.

As regards the Paying Taxes, the Hungary has fallen in the overall evaluation from 118 on 88<sup>th</sup> position. Total tax rate dropped from 56.6% on 48%. Also time necessary for preparation, filling and paying of taxes reduced from 340 days on 277. The number of payments changed five in a time.

### 3.5. Overall evaluation of Starting a Business and Paying Taxes in 2015 in Visegrad Group

The best position in Starting of Business gained Hungary. They have with Poland smallest number of procedures, only 4. In Hungary it takes the least possible time to start a business (5 days). On the other hand in Poland it is necessary 30 days. The costs are the smallest in Slovak Republic and in Czech Republic followed by Hungary and Poland. The best situation in paid-in minimum capital is in the Czech Republic (only CZK 1) and the worst is in the Hungary (nearly 10,000 EUR). There has been changed the conditions in last year. The businesses there have now more difficult position to establish the limited liability company. In Paying Taxes are promptly behind Poland and Hungary. Slovakia is followed and then the Czech Republic on 119<sup>th</sup> position. The smallest number of payments is in the Czech Republic in 2015. On the other hand it takes the longest time in the Czech Republic to prepare, file and pay taxes with 413 days. The best situation is in Slovakia with 207 days. Total tax rate is the smallest in Poland. It is smaller than average of OECD. In all other countries is the total tax rate similar.

### 3.6. Overall evaluation of Doing Business

Table 5. Overall evaluation of Doing Business

Year	Czech Republic	Czech R. - Overall DTF	Slovak Republic	Slovak R. - Overall DTF	Poland	Poland - Overall DTF	Hungary	Hungary - Overall DTF
DB2009	75	..	35	..	76	..	41	..
DB2010	74	62.56	42	68.88	72	62.35	47	65.32
DB2011	63	67.11	41	70.17	70	64.38	46	67.15
DB2012	64	67.64	48	70.17	62	65.18	51	66.89
DB2013	65	68.79	46	71.30	55	71.15	54	67.03
DB2014	47	69.75	35	71.73	30	73.36	58	66.82
DB2015	44	70.95	37	71.83	32	73.56	54	68.79

Source: own elaboration on basis <http://www.doingbusiness.org/>

In the overall evaluation of the Doing Business was in the compared countries in 2015 Poland on 32<sup>nd</sup> position. It was followed by Slovakia on 37<sup>th</sup> position and by Czech Republic on 44<sup>th</sup> position. The last place went to Hungary, even though the two compared indicators solved in the paper appeared to be very positive. Hungary did not do too well in the evaluation of Dealing with Construction Permits, Getting Electricity and Protecting Minority Investors. Conversely, a positive result is for Enforcing Contracts. Czech Republic has not quite a good position for Dealing with Construction Permits, Getting Electricity and previously evaluated Paying Taxes. Conversely, positive points gained for Resolving Insolvency and Getting Credit. Poland has not been positively evaluated in Dealing with Construction Permits. Conversely, a positive assessment obtained as Czech Republic on Getting Credit. Slovakia recorded a not very good position for Dealing with Construction Permits, Getting Electricity, Protecting Minority Investors and previously evaluated Paying Taxes. Conversely, positive points gained for Registering Property. Positive position is being assessed for placement in thirtieth place. Conversely impaired is at 100 or more.

## 4. Discussion and Conclusion

The importance of a well-functioning regulatory and legal system in maintaining an effective market economy is widely accepted. The legal and regulatory system can map in each country and compared with other countries. The evaluation of Doing Business started in 2004 by World Bank Group. The Doing Business project and the annual reports that it produces are a legitimate and useful part of the mission of the World Bank as a development organization. Nowadays are involved 189 countries into the overall evaluation. Over time of the evaluation of the results were done a lot of changes that reflect the evolution in the business environment.

In the presented article we have focused on Starting a Business and Paying of Taxes as one of the most essential parts of Doing Business. Into comparison were involved countries from Visegrad Group.



The best position in Starting of Business gained Hungary followed by Poland, Slovakia and Czech Republic. As regards Paying of Taxes the best results gained Poland followed by Hungary, Slovakia and Czech Republic. Despite the fact that Czech Republic at all compared variables improved, it is not still at an average level of OECD countries. The similar outcomes gained other countries and they have problems to move closer to average level of OECD. To start now a business with a minimum capital it is possible to recommend Czech Republic or Poland. The smallest number of procedures is in Poland and Hungary. The fastest possibility is in Hungary and Slovakia. The slowest is Poland. The smallest costs are in Slovakia, Hungary and in Czech Republic. As for indicator Paying Taxes, esp. number of procedures has the smallest number Czech Republic. On the other hand businesses in the Czech Republic need the most time to prepare, file and pay taxes. The smallest time needs businesses in Slovakia. Total tax rate is the smallest in Poland. Other countries have rates very close.

Many entrepreneurs have problems with capital to start a business. For this reason they are applying for funds with financial institutions in the form of money and equipment leasing. Due it is Getting Credit one of the next important issue for evaluation of Doing Business. Czech Republic and Poland have sufficient results in the evaluation of this criterion. Governments should focus on the overall business-friendly environment and not just on some indicators. Governments of each country can learn from the results gained not only in the last evaluation but also in the previous. The support from the state and other organizations is needed for the comfortable business environment.

For starting a business, the World Bank recommends the following steps: reducing or eliminating the minimum capital requirement; creating a single interface; introducing a unique company; using ICT to make registering more efficient; making access to forms and fee schedules easy. (DB, Starting a business) In paying taxes, the World Bank presents the following good practices to be adopted: offering electronic filing and payment; keeping it simple: one tax base, one tax; and adopting self-assessment as an effective tool for tax collection. (DB, Paying taxes) Wallschutzsky (1989) suggested that the key elements in tax strategy might be summarized as follows: Keep the tax laws as simple as possible; Aim for a global tax with few exemptions, credits, rebates, or deductions; Do not try to use the tax system to achieve too many social and economic goals; Continually monitor the tax system; Concentrate on basic tasks such as collection of tax at source and an ID number system; Do not collect more information than can be processed; Actively encourage good record keeping; and Aim, as a long term goal, for self-assessment.

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