

## Chapter 9. Legislation, regulation and tax

### Introduction

In a well-functioning market economy, policy makers develop rules to govern the market and maximise public welfare. These rules are designed to maintain competition and to promote positive spill overs from economic activity, for instance by supporting public investment in common goods such as infrastructure, law and order, and education (through the payment of taxes), or by mitigating negative externalities such as risks to public health and safety or adverse effects on the environment. The rigidity of these rules may vary, ranging from soft tools, such as implicit or explicit signals and communications, to progressively harder instruments, such as direct and indirect incentives or mandatory rules and regulations.

Compliance with these rules invariably increases the cost of doing business (OECD, 2004<sup>[1]</sup>; Schiffer and Weder, 2001<sup>[2]</sup>), and studies have shown that these costs tend to be particularly onerous for SMEs (EC, 2007<sup>[3]</sup>). SMEs tend to possess fewer internal resources than larger firms. They may need to seek external advice or invest in specific training, which costs more for SMEs than for larger firms (OECD, 2017<sup>[4]</sup>). Moreover, the success and comparative advantage of SMEs generally derives from their flexibility (OECD, 2017<sup>[4]</sup>), and rules that constrain this flexibility may lead to the exit or stagnation of otherwise promising firms. This is particularly the case for rules that are frequently changed or sporadically enforced.

Onerous regulations may encourage firms to select informality over compliance. Informal practices may increase profit margins in the short run – through the avoidance of tax, administrative burdens and social security contributions – and can theoretically allow enterprises to retain their flexibility. Over the long run, however, informal practices can limit economy-wide productivity growth. Informal enterprises may face higher barriers to accessing finance, high-quality inputs and managerial talent, while being further exposed to rent-seeking by public officials (Bannock and Mariell, 2003<sup>[5]</sup>; La Porta and Shleifer, 2014<sup>[6]</sup>). Regulations that drive a significant proportion of SMEs to operate informally may have a detrimental impact on public budgets, the environment and inequality, as well as economic structure and net productivity as a whole. Bannock et al. (2003<sup>[5]</sup>) have argued that unrealistic rules and unpredictable enforcement may divide an economy into formal and informal sectors, erecting a barrier between the two, and thereby creating an entrenched dual economy.

Yet the ability of policy makers to correct informality should not be overstated. Many ASEAN Member States (AMS) face high levels of informality, but this is generally corrected over time by economic growth (La Porta and Shleifer, 2014<sup>[6]</sup>). Various studies suggest that many informal enterprises operate in their own economy, displaying very little interaction with formal enterprises, and may lack the productivity ever to be able to compete as a formal enterprise (La Porta and Shleifer, 2014<sup>[6]</sup>). Where informal and formal firms do transact, the latter may prefer for the former to remain informal in order

to keep their own costs low.<sup>1</sup> Informal enterprises are a source of livelihood for the poorest in many emerging markets, and the net result of imposing regulatory and taxation requirements may be to drive such enterprises out of business, resulting in poverty and destitution among informal workers and entrepreneurs (La Porta and Shleifer, 2014<sub>[6]</sub>).

Regulations are often developed under the influence of shifting economic views, political changes and reactions to market distortions (De Grauwe, 2017<sub>[7]</sub>), which increases their complexity and unpredictability and adds more burden on SMEs. Rather than pushing firms to register and increase tax and regulatory compliance, either through costly incentive programmes or strict enforcement measures, policy makers could ensure that regulations are designed with SMEs in mind. This approach has been adopted in many OECD countries, including those in the EU, with the “Think Small First” principle. This principle requires public officials to consider the interests of SMEs early on in the policy-making process in order to ensure that they are not overly onerous on SMEs and that public initiatives effectively address their needs. Such rules should be proportional, accountable, transparent and consistent (OECD, 2004<sub>[1]</sub>) and designed in consultation with the private sector and other relevant stakeholders, with the aim of producing a more holistic assessment of their impact. The institutionalisation of good practices in developing regulatory and tax policies, the provision of digital platforms, and the rationalisation of procedures for registration and compliance can help create a more conducive environment for SMEs (OECD, 2018 forthcoming<sub>[8]</sub>).

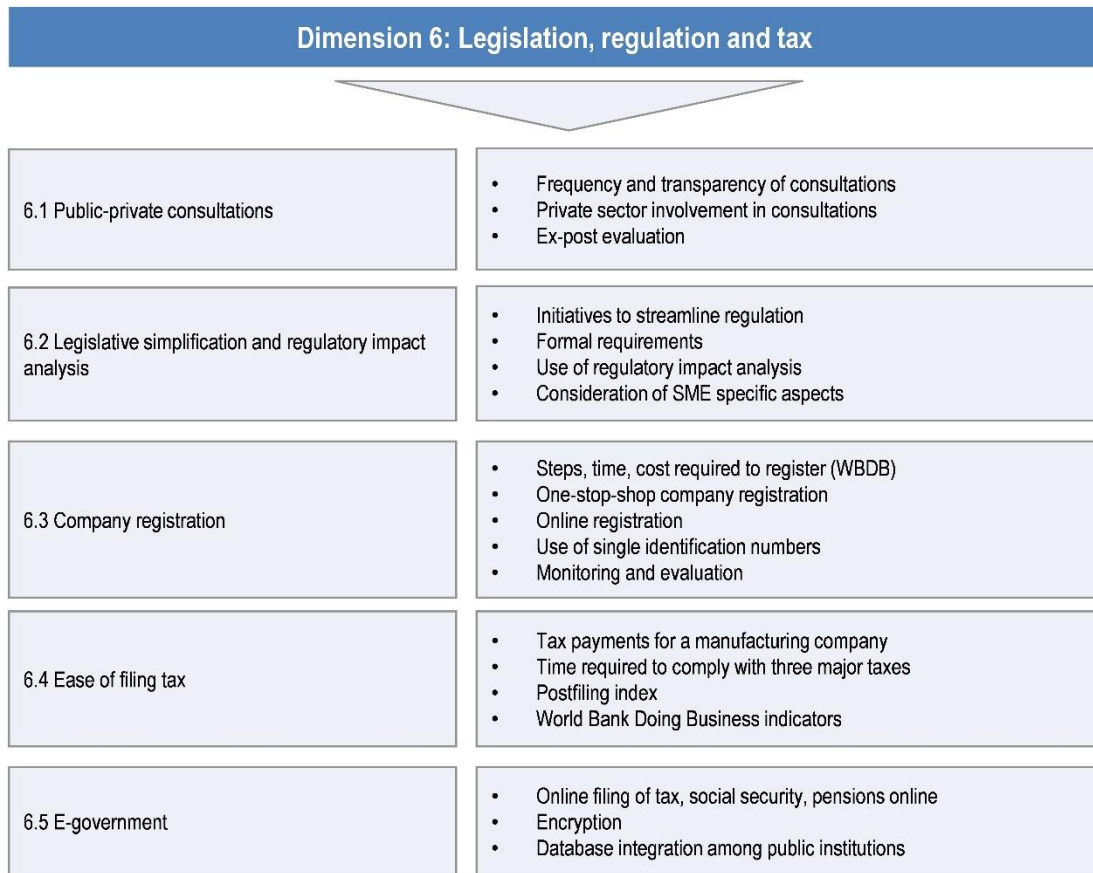
### Assessment framework

The assessment framework for Dimension 6 focused on legislation, regulation and tax, is structured around five sub-dimensions. Two of these sub-dimensions cover the process of developing regulation, and three cover the facilities and procedures surrounding the key points of transaction between an enterprise and the public administration: company registration, the ease of filing taxes and the use of digital versus analogue platforms for payment of pensions and other forms of social security.

Sub-dimension 6.1 assesses whether public-private consultations are conducted to inform the development of business-related regulations, and if they are frequent, transparent and representative. Such consultations are an important element of good regulatory practice, enabling policy makers to establish a constructive, transparent and open dialogue with representatives of the SME sector; obtain feedback on proposed reforms; and better calibrate regulatory measures that maximise compliance while minimising negative impacts on private-sector activity.

Sub-dimension 6.2 looks at legislative simplification and whether the potential impacts of regulatory reform are evaluated. In particular, it considers whether mechanisms are in place for systematic review of legislation, such as regulatory impact analysis (RIA) or a similar tool to assess the impact of reforms, particularly for major regulations. In addition, it looks at whether the impact analysis includes an SME-specific component.

Sub-dimensions 6.3 and 6.4 look at policies governing two main transactions with the public sector, namely: company registration and tax filing, as well as their respective performance. This is mainly assessed using World Bank data.

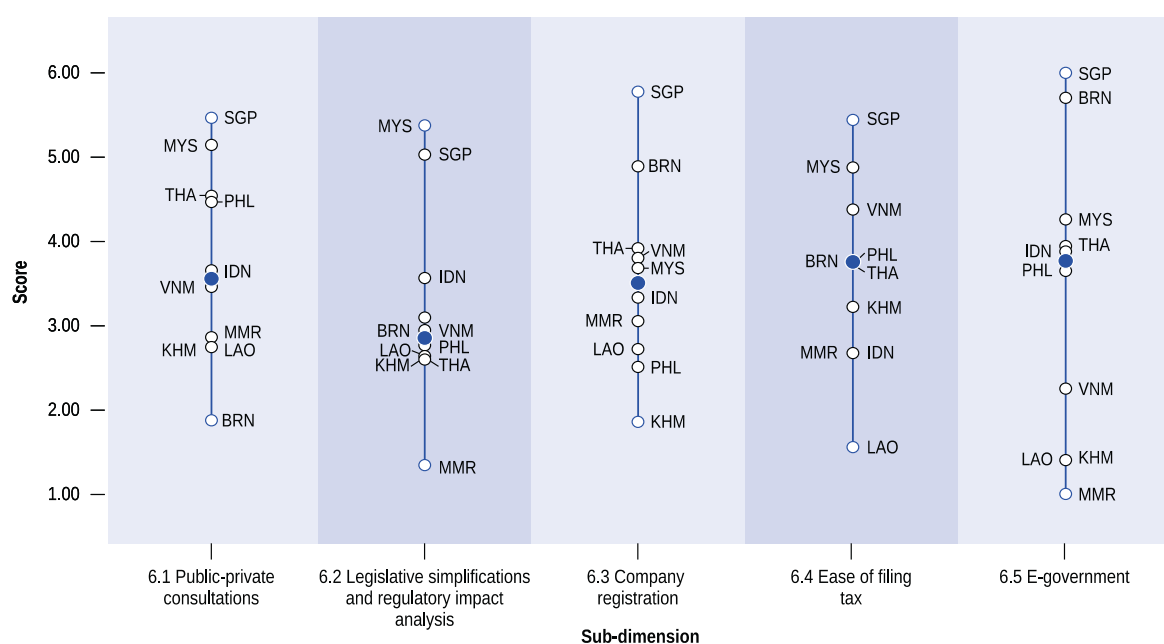
**Figure 9.1. ASPI 2018 framework for assessing legislation, regulation and tax**

Sub-dimension 6.5 gauges the sophistication of e-government services. Digital platforms can significantly lower compliance costs for smaller companies by reducing the time and cost required to visit public administration offices and fill out paper forms. The indicators used in this dimension cover the existence and operability of e-government platforms, harmonisation between different government databases, and the use of electronic signature, or other unique forms of identification.

In aggregating Dimension 6 assessment scores, the first three sub-dimensions have been assigned an equal weight of 25% each, while sub-dimension 6.4 on ease of tax filing carries a weight of 10%, and sub-dimension 6.5 on digital government services is assigned a weight of 15%.

## Analysis

The overall assessment results for Dimension 6 are presented in Figure 9.2. Countries are scored for each sub-dimension on a scale of 1 to 6. Detailed analysis by sub-dimension follows.

**Figure 9.2. Weighted scores for Dimension 6 by sub-dimension**

### *Sub-dimension 6.1: Public-private dialogue*

The indicators included in this sub-dimension are divided into three blocks. The first row covers the frequency and transparency of public consultations. In particular, it looks at the existence of mandatory requirements for public consultation; the structure, practice and frequency of those consultations; and the existence and use of feedback and comment-collection mechanisms. The second row examines the openness and transparency of private-public dialogue, as well as the ability of the private sector to initiate dialogues. The final row considers whether the performance of public-private consultations is monitored and evaluated.

**Table 9.8. Scores for sub-dimension 6.1: Public-private dialogue**

	BRN	KHM	IDN	LAO	MYS	MMR	PHL	SGP	THA	VNM	Median	StD.
Frequency and transparency	2.83	2.98	3.22	2.81	5.11	2.06	4.16	4.97	4.69	3.85	<b>3.54</b>	<b>0.99</b>
Private-sector involvement in PPCs	1.09	3.39	4.61	3.29	5.34	4.33	5.16	6.00	4.87	4.03	<b>4.47</b>	<b>1.31</b>
Monitoring and evaluation	1.55	1.00	2.65	1.55	4.87	1.55	3.75	5.43	3.75	1.55	<b>2.10</b>	<b>1.50</b>
Total sub-dimension score	1.88	2.75	3.66	2.75	5.15	2.86	4.48	5.47	4.58	3.46	<b>3.56</b>	<b>1.12</b>

*Note:* Scores are on a scale of 1 to 6, with 6 being the highest. Please refer to Chapter 2 and Annex A for further information on the methodology.

*Frequency and transparency: Dialogue is common, but structure varies*

All AMS use public-private consultations (PPCs), but their frequency and nature differs considerably. Broadly, three country groupings can be observed: *i*) those that have developed a solid, open and constructive practice of public-private dialogue (Singapore and Malaysia); *ii*) those that have established the basis for a constructive dialogue, but do not yet have robust feedback and monitoring mechanisms in place (Indonesia, Thailand, the Philippines and Viet Nam); and *iii*) those that have established channels for public-private dialogue, often through partnership with a business association or equivalent, but do not have a formal structure in place that promotes transparent, open and regular dialogue (Brunei Darussalam, Cambodia, Lao PDR and Myanmar).

In Singapore, while there is no legal requirement for public-private consultation, public-private dialogue is commonplace. This dialogue is part of a well-established practice of engaging the private sector in policy design and implementation, with sectoral organisations occasionally implementing government-sponsored projects. Private-sector representatives are active board members in each of the key governmental agencies. The Pro-Enterprise Panel (PEP), a public-private panel chaired by the head of the civil service and comprised mainly of business representatives, is a prime example of this partnership. An online government platform, named REACH (“reaching everyone for active citizenry @ home”) is provided so that the general public can engage with the government, including on rules and regulations that affect them. Public officials are encouraged to share draft regulations on this platform in order to gather feedback from the public. In Malaysia, a requirement to conduct consultation with the private sector and the general population is stipulated in the National Policy on the Development and Implementation of Regulations (NPDIR).<sup>2</sup> These consultations are framed by guidelines issued in 2014 by the Malaysia Productivity Corporation (MPC), an agency under the Ministry of International Trade and Industry (MITI) that is tasked with promoting productivity enhancement and productive transformation. Public-private consultations are decentralised, with a regulator in charge of structuring the process and extending invitations to the private sector. The minimum period for conducting public consultation is 4 to 12 weeks, but integration of private-sector feedback (namely how and when) is left to the regulator’s discretion.

In Thailand, the most advanced country in the second grouping, a requirement to conduct consultation with stakeholders, including the private sector, is stipulated in the country’s new Constitution.<sup>3</sup> This includes the timing of public-private consultations, which must be held for a minimum of 15 days before the enactment of the law or regulation. In addition to timing, the constitution provides a structured approach to the consultation process, by requiring ministries to disclose detailed information on the legislation ahead of the consultation process and provide a report to conclude the results of all consultations, among others. Two websites are used to publish all ongoing consultations with stakeholders and the Office of SME Promotion have also been actively involved in consultations with the private sector on specific policies.

In Indonesia and the Philippines, the practice of public-private consultation is commonplace, but the process is less structured and well-defined than in other countries. Private-sector organisations may review and comment on the initial draft of new or revised regulations and may be involved in the final review process, but this is not always the case.

In Viet Nam, the private-sector consultation process is defined under the Law on the Promulgation of Legislative Acts, which was approved in 2013. This law sets out

guidelines for conducting consultations, including a standard consultation time of 30 days. In addition, a public portal is in place to gather public feedback. During elaboration of the new Law on SME Support, public-private consultations were held during both the pre-drafting and final drafting phases. The private sector also participated in the elaboration of the Law on SME Support.

The remaining AMS are in the process of creating a systematic framework for public-private consultation, often in close partnership with business associations.

In Cambodia, an official Private Sector Forum was established in 1999, which holds a plenary session twice a year under the chairmanship of the prime minister.<sup>4</sup> However the activities covered by the Forum mainly focus on investment issues and large projects. Ten private-sector working groups dealing with both sectoral and horizontal issues, including one group dedicated to SMEs, meet regularly throughout the year. Further consultations are conducted by line ministries under the guidance of a regulatory oversight body within the Executive that advises them on conducting RIA applications and on structuring the consultation process.

In Myanmar, open public-private dialogue is more recent, having been formalised for the first time in 2012. Consultations are now rather common, with the private sector playing a major role in shaping and promoting economic reform. It is also often engaged to act as partner in projects promoted by bilateral and multilateral donors, compensating for the relatively low level of development of government organisations. However a systematic framework for public-private consultations is not yet in place, and there is room for increasing their transparency.

In Lao PDR, private-sector organisations are consulted during the elaboration of major legislative acts, regulations and strategic documents such as the new SME development strategy.

In Brunei Darussalam, the practice of conducting regular private-public dialogue sessions is quite recent, and is part of the government's ongoing efforts to build widespread awareness about reforms affecting the private sector. These dialogues take place on a regular basis, but often take the form of informal public-private consultations. The government is currently developing a set of guidelines for public engagement.

#### *Private-sector involvement in PPCs: Policymakers tend to drive the agenda*

Singapore, Malaysia and the Philippines demonstrate the strongest performance in this area – with Singapore, which has a solid history of private-sector involvement in PPCs, scoring a perfect 6. In these countries, the private sector plays an active role in consultation meetings, and a wide range of stakeholders are involved. The private sector can contribute to the agenda of these meetings and call for exceptional meetings when deemed necessary. Singapore and Malaysia have assigned a body to deal with formal recommendations coming from the private sector. In Malaysia, this body is the Special Task Force to Facilitate Business (PEMUDAH).

In Indonesia, Myanmar, Thailand and Viet Nam, the private sector has less space to set the agenda and the range of participants may be more limited, but consultations are common and SME representatives participate in the discussions. In Indonesia and the Philippines, SME associations are regularly invited to PPC meetings and actively provide their feedback. In the Philippines, the private sector is also given a platform to voice any concerns, via the National Competitiveness Council (NCC) of the Philippines, where the private sector acts as a co-chair and represents half of the members. In other countries,

consultations are generally conducted through a national chamber of commerce or business association. In the case of Thailand, consultations are normally conducted in partnership with the Thai Chamber of Commerce and the Federation of Thai Industries, which now have a committee representing SMEs. In the case of Viet Nam, business associations are usually engaged in consultations, including the Viet Nam National SME Association. In Myanmar, the dialogue is very much driven by the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), a private-sector organisation with more than 30 000 members that operates as a federation of sectoral and regional organisations. The UMFCCI plays an active role in the National SME Development Committee, and SME associations are engaged when the issue directly affects SMEs.

In other AMS, the private sector has less space to set the agenda of consultation meetings, and SMEs are rarely represented in discussions. In Cambodia, public-private dialogue is mainly government-driven, but the private sector can request meetings of a joint government-private sector working group, co-chaired by a senior minister and a private-sector representative. In Lao PDR, consultations are also government-driven, and are mainly conducted in partnership with business associations and chambers of commerce such as the National Chamber of Commerce and Industry (LNCCI). The LNCCI, in partnership with the Ministry of Industry and Commerce, also organises an annual Lao Business Forum, which is chaired by the prime minister. The event is structured around a number of private-sector working groups linked to different business sectors and serves as a platform for discussing barriers to doing business and propose solutions. In Brunei Darussalam, the private sector can openly engage the public sector on emerging issues, but these discussions are generally informal and may only represent SMEs on an ad hoc basis. The government is currently trying to engage more SME representatives in public-private dialogues – one of the main tasks of the new SME development agency (DARe), for instance, is to initiate a dialogue between local SMEs and government agencies responsible for regulating them.

*Monitoring and evaluation: Assessment of PPCs is rare in ASEAN countries*

Few AMS conduct reviews of PPCs. In some countries, a survey is distributed at the end of a consultation session and this feedback is used to consider how future consultations will be conducted. Where reviews take place, they are generally not made publicly available. Few countries have a formal mechanisms whereby SMEs can provide formal feedback on their level of participation in the decision-making process of PPCs. In Malaysia and Singapore, reviews are conducted and SMEs can provide their feedback, but making these reviews public is left to the regulators' discretion.

***Sub-dimension 6.2: Legislative simplification and regulatory impact analysis***

This sub-dimension looks at measures taken by AMS to steer and implement regulatory reform. In particular, it examines initiatives to improve the business environment and simplify administrative requirements that may be overly burdensome on SMEs. Box 9.1 illustrates twelve good principles for creating a conducive legal, regulatory and administrative environment for SMEs.

The assessment framework for this sub-dimension looks at the extent to which current laws and regulations have been reviewed and at how new laws and regulations have been developed, including their quality and impact.

### Box 9.1. An “SME-friendly” legal, regulatory and administrative environment

The OECD (2004) has characterised an “SME-friendly” environment as one where:

1. Property rights are clearly recognised.
2. Contracts are easily enforced.
3. A simple and transparent tax system with low compliance costs is operational and perceived as fair.
4. Businesses are able to register with the authorities through a simple and inexpensive system, preferably via the internet.
5. Business licensing requirements are minimised, and when enforced they aim to safeguard the health and safety of consumers and labour rather than to serve as a source of revenue for local and/or central government.
6. Labour regulations are balanced and flexible, protecting the rights of labour and the firm equally.
7. SMEs interact with a streamlined customs administration that is efficient, simple and transparent.
8. Financial sector regulations (banking, insurance, leasing) recognise SME constraints and include legal and regulatory instruments that enable commonly available SME assets to be used as collateral.
9. Public administrators at the local level appreciate entrepreneurs as contributors to economic growth, treat them fairly and are committed to limiting corruption.
10. Legislation and regulations are gender blind, applying equally to men and women.
11. SMEs can easily set up and join membership organisations.
12. Bankruptcy legislation does not impose unduly high penalties on entrepreneurs or SMEs.

Source: OECD (2004), <https://www.oecd.org/cfe/smes/31919278.pdf>.

As with other sub-dimensions, it is structured around three phases of the policy cycle. Focus is placed on whether RIA has been integrated into the process of developing regulations, since this can help to anticipate the costs and benefits of new laws and regulations.

**Table 9.9. Scores for sub-dimension 6.2: Legislative simplification and RIA**

	BRN	KHM	IDN	LAO	MYS	MMR	PHL	SGP	THA	VNM	Median	Std.
Planning and design	2.66	2.93	3.48	2.65	5.72	1.28	2.66	4.58	3.48	2.47	<b>2.80</b>	<b>1.17</b>
Implementation	4.36	2.32	3.70	2.72	5.04	1.55	3.27	5.70	2.30	3.09	<b>3.18</b>	<b>1.22</b>
Monitoring and evaluation	1.00	2.65	3.48	2.65	5.58	1.00	1.83	4.31	1.83	3.48	<b>2.65</b>	<b>1.39</b>
Total sub-dimension score	2.94	2.60	3.57	2.68	5.38	1.34	2.77	5.03	2.62	2.95	<b>2.85</b>	<b>1.14</b>

*Note:* Scores are on a scale of 1 to 6, with 6 being the highest. Please refer to Chapter 2 and Annex A for further information on the methodology.



All ten AMS are committed to improving their business climate through regulatory reform. Many focus on reforms in areas where they score lowest in the World Bank's annual *Doing Business* report. Only Malaysia and Singapore have adopted a systemic and comprehensive approach to regulatory reform that goes beyond targeted interventions. These two countries have established a number of institutions and practices to periodically review and streamline existing regulations, and they have institutionalised the use of impact assessment in the development of new or current regulations. Both countries have also embraced digital government solutions as a way to streamline administrative procedures.

*Planning and design: Most AMS have structures for reviewing legislation*

Over recent years, many AMS have established inter-agency bodies to review laws and regulations affecting the private sector. This is the case in Brunei Darussalam, Cambodia, Indonesia, Malaysia, the Philippines and Singapore.<sup>5</sup> In Malaysia, this task is carried out in partnership with the Malaysia Productivity Corporation (MPC). In some countries, for instance Brunei Darussalam and Indonesia, the review process is conducted in reference to the country's performance in the World Bank's *Doing Business* assessment. In Brunei Darussalam, an Ease of Doing Business Steering Committee was established in 2011 under the office of the prime minister. It brings together nine ministries and government agencies that together form 13 "champion groups." In other countries, regulatory reform is taking place on a more vertical basis and is the responsibility of the regulator.

In a number of countries, regular reviews are required under a policy or law. This is the case in Malaysia, under the National Policy on the Development and Implementation of Regulation (NPDIR), and in Thailand, under the Royal Decree on the Revision of Laws and the Licensing Facilitation Act.<sup>6</sup> Both Malaysia and Thailand have developed their frameworks in reference to OECD guidelines. In Singapore, improving regulatory performance is seen as one of the main tasks of each government institution, which has been considered highly effective.<sup>7</sup> Regulatory reform is designated to the regulator, but regular reviews are demand-driven rather than a formal requirement. Ministries and public agencies are expected to review rules and regulations<sup>8</sup> every two to three years, and the Pro-Enterprise Panel (PEP) publishes an annual ranking of the best performing public institutions.

In Indonesia, Malaysia, Thailand, Viet Nam, Cambodia and Lao PDR, the use of RIA is required. In Indonesia, RIA has been mandatory for all new regulations since July 2017. In Malaysia, all ministries and public agencies have been required to undertake RIA since 2013, under the co-ordination of the MPC. In Thailand, Article 77 of the new Constitution<sup>9</sup> stipulates that an impact assessment should be performed on each draft law. Viet Nam's law on the promulgation of legislative acts requires a RIA assessment as part of the approval process of new legislation. In 2016, Cambodia established a working group with the task of making the use of RIA mandatory for the promulgation of all major legislative acts and regulations. In Lao PDR, all draft laws that go to the National Legislative Assembly require the completion of an Impact Assessment Note.

*Implementation: Streamlining of existing regulations is used more widely than RIA*

A number of countries have embarked on a thorough review of regulations affecting the private sector. In 2000, Singapore completed a comprehensive reform programme that was designed to remove redundant regulations. In 2016, Malaysia and the Philippines

have also conducted similar programmes, with Malaysia completing ten such reviews and the Philippines implementing this under the Repeal Project. In Malaysia, the MPC is working with local authorities to modernise the country's business licensing system and PEMUDAH regularly conducts consultations with the private sector.<sup>10</sup> Brunei Darussalam is undertaking this process through its Ease of Doing Business Steering Committee. Indonesia and Thailand are also undertaking regulatory review and reform while Myanmar has been undertaking reviews as part of its political and economic transition process.

**Table 9.10. World Bank rankings on ease of doing business, 2014 vs. 2018**

Economy	Year	
	2014	2018
Brunei	59	56
Cambodia	137	135
Indonesia	120	72
Lao PDR	159	141
Malaysia	6	24
Myanmar	182	171
Philippines	108	113
Singapore	1	2
Thailand	18	26
Viet Nam	99	68

*Note:* The methodology has changed between 2014 and 2018.

*Source:* World Bank (2014); World Bank (2017), <http://www.doingbusiness.org/>.

The use of RIA has been fully institutionalised in only one country (Malaysia). In Singapore, the use of RIA is not required, but impact is regularly considered in the development of new and current regulations. RIA is applied only when a major review of regulations is undertaken, given the relatively small size of the economy and ongoing efforts to improve regulation within the public administration. Most of the remaining AMS are raising awareness on the use of RIA in the development of regulations. In Cambodia, Lao PDR and Viet Nam, RIA offices have been established to promote the use of RIA in the development of regulations. In Lao PDR and Viet Nam, this office resides within the Ministry of Justice, while in Cambodia the office has been transformed into a Regulatory Executive Team, operating under the country's Economic Social and Cultural Council. In Indonesia, this task has been assigned to Bappenas; in the Philippines, to the National Economic Development Agency; and in Thailand, both the Council of State and the Ministry of Justice are implementing measures to encourage the use of RIA.

A number of countries have developed guidelines and/or handbooks to assist public officials in implementing RIA. Guidelines were developed in Indonesia (in 2013), Lao PDR and Viet Nam (in 2005), while a RIA handbook or manual was developed in Cambodia (in 2014) and Viet Nam (in 2010 and 2014). In Cambodia and Lao PDR, this was carried out with technical assistance from the Asian Development Bank and, in Viet Nam, with the support from Germany's GIZ. In Malaysia and Thailand, both guidelines and a handbook have been developed. In Malaysia, guidelines on the application of RIA and a handbook on good regulatory practices were developed by the MPC. In Thailand, guidelines on the use of RIA for public officials were developed by the Council of State and a RIA manual was developed by the Ministry of Justice in 2016.

**Table 9.11. World Bank RIA indicators among AMS**

Economy	Do ministries or regulatory agencies conduct an impact assessment of proposed (not yet adopted) regulations?	This assessment is distributed on a unified website for all proposed regulations	This assessment is distributed on the website of the relevant ministry or regulator	This assessment is distributed through public meetings	This assessment is distributed through targeted outreach to stakeholders	Is there a specialised government body tasked with reviewing and monitoring regulatory impact assessments conducted by other individual agencies or government bodies?
Brunei Darussalam	No	No	No	No	No	No
Cambodia	No	No	No	No	No	No
Indonesia	Yes	No	No	No	No	No
Lao PDR	Yes	Yes	No	No	Yes	Yes
Malaysia	Yes	Yes	Yes	No	No	Yes
Myanmar	No	No	No	No	No	No
The Philippines	No	No	No	No	No	No
Singapore	Yes	No	No	No	No	No
Thailand	Yes	No	No	Yes	Yes	No
Viet Nam	Yes	Yes	Yes	No	No	No

*Note:* Please refer to World Bank Global Indicators of Regulatory Governance for the detailed methodology.

*Source:* World Bank (2016a), <https://rulemaking.worldbank.org/>.

Almost all AMS have provided training for public officials on the use of RIA. In Cambodia and Lao PDR, public officials have also participated in study visits to countries where the use of RIA is more advanced. Singapore's Civil Service College provides an "Introduction to Regulatory Impact Assessment" course.

#### *Monitoring and evaluation: Assessment of the use of RIA is rare in the region*

In four countries – Cambodia, Lao PDR, Malaysia and Viet Nam – a government body has been nominated to decide when regulatory impact analysis should take place. In three countries – Indonesia, Singapore and Thailand – this decision is left to the regulator's discretion. These assessments are only for major regulations and are occasionally available online, such as in Viet Nam. Few AMS conduct assessments on the effectiveness of RIA in leading to modifications of regulatory proposals.

Malaysia has systematic procedures in place for monitoring and evaluating the use of RIA. It has nominated the MPC to assess regulatory proposals and whether RIA should take place. Once conducted, the regulatory impact statement should be posted on the websites of both the regulator and the MPC after the decision is officially announced.

The Philippines has piloted the use of RIA and no government body has been assigned to decide when it should take place and assessments are not made available online. Myanmar and Brunei Darussalam are not currently using RIA.

#### *Sub-dimension 6.3: Company registration procedures*

Entrepreneurs first interact with government institutions when they go through company registration procedures and other formalities linked to starting a business. Complex and

costly procedures tend to deter enterprise formalisation. They also generate opportunities for corruption and can involve high fees by professional intermediaries such as lawyers, notaries and accountants, further raising the indirect cost of starting a business. However, data collected during the registration process feed into the country's business register, a primary source of information for public and private institutions like banks, credit registries, legal firms, etc., and are used by national statistical offices to collect structural business statistics, including SME statistics. It is therefore important that company registration and "starting a business" procedures be transparent, simple, predictable and relatively inexpensive.

This sub-dimension analyses how these procedures are structured in the ASEAN member countries. Company registration and procedures for starting a business can be divided into three phases. The first covers pre-registration (registration of the company, name, company bylaws, etc.) and procedures that are completed for the issuance of the company registration certificate. The second phase covers procedures related to notification of the company's establishment to the various concerned branches of the administration, such as tax authorities, labour office, pension fund, etc. The final phase covers compliance with licensing procedures at the national and/or local level, when required.

**Table 9.12. Scores for sub-dimension 6.3: Company registration procedures**

	BRN	KHM	IDN	LAO	MYS	MMR	PHL	SGP	THA	VNM	Median	StD.
Performance (WB <i>Doing Business</i> )	4.44	1.31	2.56	3.19	3.19	2.88	2.25	5.38	4.13	3.19	<b>3.19</b>	<b>1.10</b>
Implementation	6.00	2.18	3.24	2.89	4.08	3.36	2.65	6.00	4.30	4.79	<b>3.72</b>	<b>1.27</b>
Monitoring and evaluation	3.77	1.55	4.88	1.55	4.30	2.65	2.65	6.00	2.65	2.65	<b>2.65</b>	<b>1.37</b>
Total sub-dimension score	5.01	1.75	3.33	2.72	3.81	3.05	2.51	5.78	3.91	3.80	<b>3.57</b>	<b>1.13</b>

*Note:* Scores are on a scale of 1 to 6, with 6 being the highest. Please refer to Chapter 2 and Annex A for further information on the methodology.

The first thematic block uses scores from the 2018 World Bank's *Doing Business* "ease of starting a business" indicator.<sup>11</sup> This indicator looks at the number of procedures, time and cost required to start a business, as well the minimum capital requirement, if in place. The second thematic block examines whether one or multiple registration numbers are issued by administrative bodies, whether a one-stop shop<sup>12</sup> has been created and is functional, whether an electronic registration system has been created and whether a body has been created to guide new entrepreneurs through the process. The last thematic block assesses whether a monitoring and evaluation process takes place.

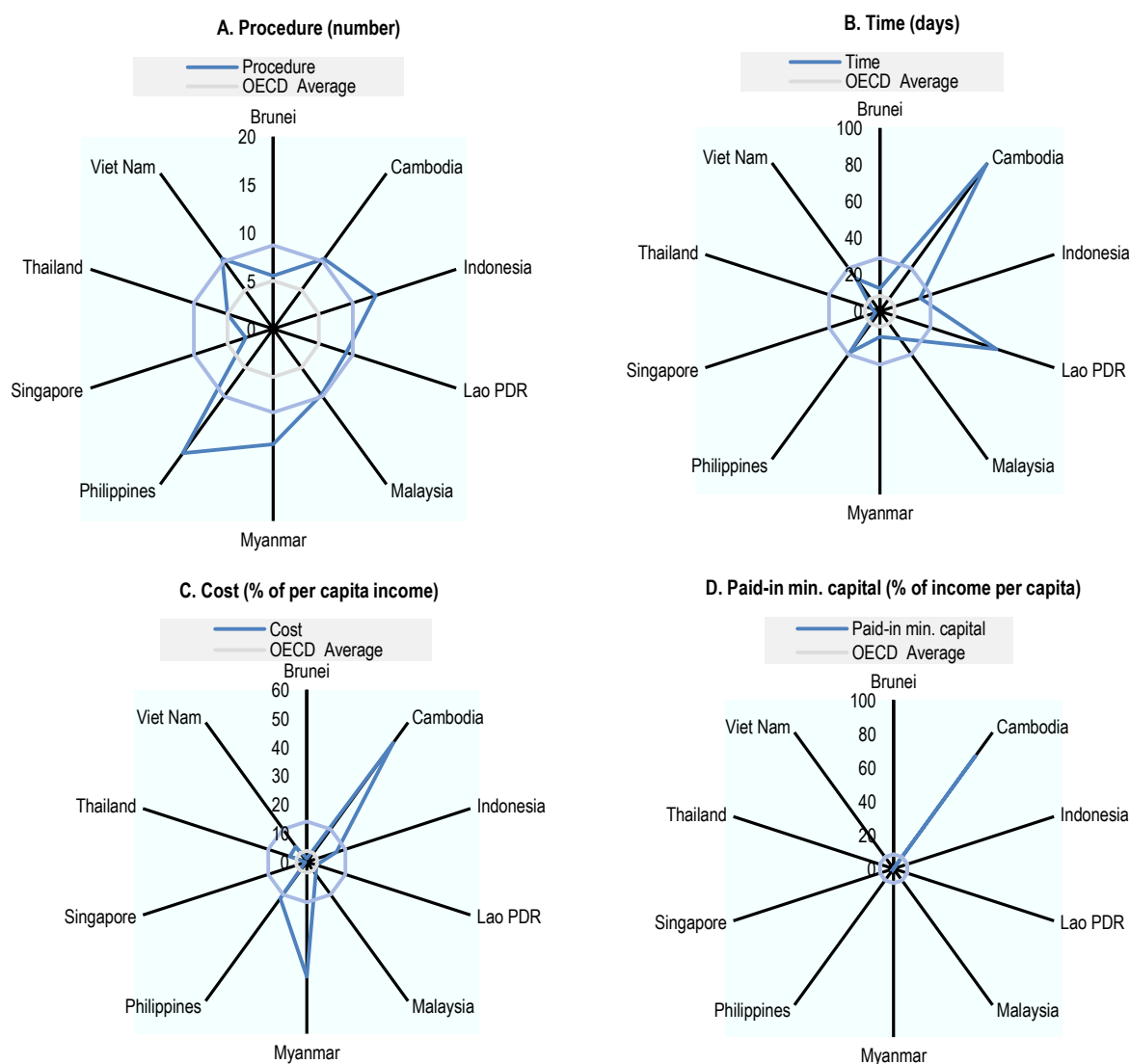
#### *Performance: Singapore stands out in terms of ease of starting a business*

The ease of starting a business varies greatly across ASEAN, with countries ranking from 6<sup>th</sup> out of 190 countries (Singapore) to the bottom tier of the 2018 *Doing Business* report.

The development of new information technologies (IT) supporting digital government offers the potential for far quicker and simpler company registration and notification procedures. This has led to a significant reduction of the time needed to complete the overall starting-a-business process, as well as the cost of handling a new registration, as indicated by the performance of leading countries in the *Doing Business* ranking for this sub-dimension. However, achieving those results requires a high level of co-ordination

and co-operation between different branches of the public administration, often complemented by legislative changes and a substantial investment in IT equipment. While IT may enable countries rapidly to improve their performance, reforming the company registration system is often a complex process built on political support and driven by a leading government agency.

**Figure 9.3. AMS performance in the World Bank “starting a business” indicators (2018)**



Source: World Bank, 2018.

Brunei Darussalam, Singapore and Thailand exhibit strong performance in this area, with Singapore and Thailand being some of the top performers globally. In Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, and Viet Nam, starting a business requires over 6 procedures. In five of these countries (Cambodia, Indonesia, Lao PDR, the Philippines and Viet Nam) this begets long registration completion times, with registration generally taking over 20 days and up to 99. Cambodia, Indonesia, Myanmar and the Philippines set high registration fees and pre-tax payment requirements, while

Cambodia and the Philippines require a minimum capital down-payment upon registration.

**Table 9.13. AMS performance in the World Bank “starting a business” indicators (2018)**

Economy	Procedure (number)	Time (days)	Cost (% of per capita income)	Paid-in min. capital (% of income per capita)
Brunei Darussalam	5.5	12.5	1.1	0
Cambodia	9	99	51.3	82.5
Indonesia	11.2	23.1	10.9	0
Lao PDR	8	67	3.5	0
Malaysia	8.5	18.5	5.4	0
Myanmar	12	14	40.1	0
The Philippines	16	28	15.8	3
Singapore	3	2.5	0.5	0
Thailand	5	4.5	6.2	0
Viet Nam	9	22	6.5	0

*Note:* Figures represent an average of the male and female scores.

*Source:* World Bank (2017), <http://hdl.handle.net/10986/28608>.

*Implementation: AMS are using online portals to streamline company registration*

Many AMS have undertaken reforms to streamline company registration. Malaysia, for example, is conducting a comprehensive process to integrate business registration and licensing systems through a single gateway, under the SME Masterplan (2012-2020).<sup>13</sup> This initiative is being undertaken in three phases, namely: *i)* the development of a gateway for business registration and licensing; *ii)* integration of the country’s business registration and licensing systems; and *iii)* implementation of the initiative in Sabah & Sarawak.

Streamlining has been achieved through the introduction of single registration numbers, one-stop shops and online portals. Since the last assessment, Thailand has established a single registration number,<sup>14</sup> a network of one-stop shops across the country and an electronic portal that allows enterprises to complete some registration procedures online.<sup>15</sup> Brunei Darussalam has also made significant progress since the last assessment. In 2015, the country’s Registry of Company and Business Names<sup>16</sup> launched a portal for online registration. The single registration number issued by the Registry is now shared automatically via direct interface with the Employees Provident Fund and the tax administration system, which then utilise the same registration number for company identification. In Indonesia, an online registration system has been introduced, where firms can register once they have bought a voucher to pay the registration fee. An online registration system is currently being developed in the Philippines by the country’s Securities and Exchange Commission. Myanmar and Viet Nam are each currently establishing a network of one-stop shops.

Singapore’s company registration process stands out in particular. The entire process is managed by the Accounting and Corporate Regulatory Authority (ACRA), which acts as a single-window one-stop shop. ACRA issues the single identification number used by the company for all interactions with the public administration. The company registration application is submitted online via the Bizfile portal. Applicants may select their company profile, with standard company by-laws attached. The entire application can be completed online in 15 minutes, and applicants may download the incorporation

certificate after payment of a standard fee of SGD 300 (Singapore dollars), or about USD 230. The process relies on the digitalisation and interconnection of all public sector data bases. In 2016, ACRA conducted a review of the some filing services such as renewal of business registration, change of address, abolished the need for a company seal and introduced a mobile phone application for company registration. The mission of ACRA, established in 2004, is to provide a responsive and trusted regulatory environment for businesses, public accountants and corporate service providers. In addition to acting as a company register, the agency performs other functions – as regulator of accounting standards, advisor to the government, monitor of corporate compliance – and it is the main collector and source of corporate data in the country.

*Monitoring and evaluation: Assessment is often based on “Doing Business” indicators*

Most AMS have a specific institution in place that is responsible for company registration and any associated reforms. In most countries, this is a department within the Ministry of Industry or equivalent. In Singapore, the nominated body is the Accounting and Corporate Regulatory Authority, a statutory body under the Ministry of Finance. In Brunei Darussalam, the nominated body, the Registry of Companies and Business Names, has also been housed under the Ministry of Finance since 2012. Many of these bodies monitor reforms to streamline company registration procedures, often through monitoring progress on the “starting a business” indicator of the World Bank’s *Doing Business* assessment. Some countries also have a feedback function on their company registration website. Few AMS seem to have concrete frameworks in place to monitor the implementation and process of company registration, which are separate from monitoring progress on the indicators covered by the *Doing Business*.

***Sub-dimension 6.4: Ease of filing taxes***

Filing taxes may entail considerable time and indirect costs for small enterprises, particularly when the number of tax payments is high and spread across various administrations. The introduction of an electronic tax filing and payment system can substantially reduce those charges.

This sub-dimension assesses AMS on the basis of the World Bank’s 2018 *Doing Business* data. The indicators used look at the number of tax payments per year, the time required to file tax payments, and the post-filing index, which measures the ease of claiming a VAT refund and going through a corporate income tax audit. The availability and sophistication of platforms for electronic tax filing is reviewed under sub-dimension 6.5.

**Table 9.14. Scores for sub-dimension 6.4: Ease of filing taxes**

	BRN	KHM	IDN	LAO	MYS	MMR	PHL	SGP	THA	VNM	Median	StD.
Performance (WB Doing Business)	3.78	3.22	2.67	1.56	4.89	2.67	3.78	5.44	3.78	4.33	1.00	1.08
Total sub-dimension score	3.78	3.22	2.67	1.56	4.89	2.67	3.78	5.44	3.78	4.33	1.00	1.08

*Note:* Scores are on a scale of 1 to 6, with 6 being the highest. Please refer to Chapter 2 and Annex A for further information on the methodology.



*Performance: Procedures for filing taxes remain burdensome in many AMS*

The ease of filing taxes varies across AMS, but in many countries SMEs face complex and time-consuming procedures for filing and paying taxes. Only Singapore, ranked 7<sup>th</sup>, is among the global top tier countries in the 2018 *Doing Business*. Brunei Darussalam, Indonesia, the Philippines, Malaysia, Thailand and Viet Nam are ranked in the second tier, while Cambodia, Lao PDR and Myanmar are ranked in the bottom tier.

**Table 9.15. World Bank “paying taxes” indicators**

Economy	Payments (number per year)	Time (hours per year)	Post-filing index (0-100)
Brunei	15	64.2	0
Cambodia	40	173	25.97
Indonesia	43	207.5	68.82
Lao PDR	35	362	18.57
Malaysia	8	188	52.65
Myanmar	31	282	45.54
Philippines	20	182	50
Singapore	5	64	71.97
Thailand	21	262	73.41
Viet Nam	14	498	95.71

Note: Please refer to the World Bank *Doing Business 2018* report for the detailed methodology.

Source: World Bank (2017), <http://hdl.handle.net/10986/28608>.

In many countries, the filing of corporate income tax is associated with a particularly high number of payments, standard hours required to file and tax wedge on profits.

*Sub-dimension 6.5: E-government services*

Digital government facilities can greatly increase the ease of interacting and exchanging information between enterprises and public institutions. Micro and small enterprises can particularly benefit from access to digital government services, via time and resource savings. The fact that most AMS have achieved a good level of IT infrastructure and a relatively advanced level of internet and mobile phone penetration is a good base for the introduction of digital government services.

**Table 9.16. Percentage of individuals using the internet, 2016**

Economy / region	Share of population (%)
Brunei	90.0
Cambodia	32.4
Indonesia	25.4
Lao PDR	21.9
Malaysia	78.8
Myanmar	25.1
Philippines	55.5
Singapore	81.0
Thailand	47.5
Viet Nam	46.5
ASEAN	39.0
Africa	19.9
Arab States	41.8



Asia & Pacific	41.5
CIS	65.1
Europe	77.9
The Americas	64.0

Note: ASEAN figures are estimated as a weighted average for the total population by country.

Source: (ITU, 2016), <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>. Author's calculations.

**Table 9.17. Share of firms using e-mail to interact with clients/suppliers, by firm size**

Economy	Share of firms using e-mail to interact with clients/suppliers (%)		
	Small (5-19)	Medium (20-99)	Large (100+)
Cambodia <sup>a</sup>	53.6	69.8	88.5
Indonesia <sup>b</sup>	23.0	55.8	85.0
Lao PDR <sup>a</sup>	21.5	46.1	80.5
Malaysia <sup>b</sup>	73.4	35.9	90.9
Myanmar <sup>a</sup>	18.6	29.9	82.1
The Philippines <sup>b</sup>	89.7	74.3	88.2
Thailand <sup>a</sup>	51.7	48.6	74.3
Viet Nam <sup>b</sup>	97.1	87.0	98.3

Note: **a.** Data from 2016. **b.** Data from 2015. No data is available for Brunei Darussalam and Singapore, which are not covered by the Enterprise Surveys.

Source: World Bank (2015); World Bank (2016b), <http://www.enterprisesurveys.org/>.

This sub-dimension focuses on a limited number of e-government services that are highly relevant for SMEs. The first row looks at the existence of online platforms for filing tax, social security and pension contributions as well as whether an electronic signature or electronic ID has been adopted. The second looks at whether these platforms are fully operational and integrated with other government services. For instance, it explores whether enterprises must submit information to a number of different government bodies, which may increase the burden of compliance on SMEs. The final row looks at whether the government collects satisfaction surveys and whether feedback from these surveys is fed back into enhancement of these platforms.

**Table 9.18. Scores for sub-dimension 6.5: E-government services**

	BRN	KHM	IDN	LAO	MYS	MMR	PHL	SGP	THA	VNM	Median	StD.
Planning and design	6.00	1.83	5.15	1.41	4.74	1.00	5.16	6.00	5.15	3.49	<b>4.94</b>	<b>1.82</b>
Implementation	5.33	1.28	2.66	1.55	3.49	1.00	2.93	6.00	3.21	1.83	<b>2.79</b>	<b>1.59</b>
Monitoring and evaluation	6.00	1.00	4.30	1.00	5.15	1.00	2.65	6.00	3.48	1.00	<b>3.06</b>	<b>2.01</b>
Total sub-dimension score	5.70	1.41	3.86	1.39	4.26	1.00	3.65	6.00	3.94	2.24	<b>3.76</b>	<b>1.69</b>

Note: Scores are on a scale of 1 to 6, with 6 being the highest. Please refer to Chapter 2 and Annex A for further information on the methodology.

E-government services are in a relatively embryonic phase in most AMS, with the exception of tax services, which are more advanced. While a median score of 3.76 indicates a fair deployment of e-government services, this masks considerable variation across the region, which is the highest of all sub-dimensions in Dimension 6.

*Planning and design: Most AMS have operational e-government platforms*

All AMS except Myanmar have developed e-government platforms. In Cambodia and Lao PDR, only tax e-filing platforms are currently available. Cambodia, Lao PDR, Myanmar and Viet Nam are in the process of piloting broader e-government platforms, but Viet Nam is rapidly moving from piloting to a comprehensive rollout. Most AMS have created an electronic signature or digital identifier.

*Implementation: New e-government services are expected to complement online tax filing*

Tax filing is the most advanced e-government service across AMS. It is operational to some extent in nine countries, with the only exception being Myanmar. However it is only possible to complete all tax filing procedures online in Brunei Darussalam, Malaysia, Singapore and Thailand. Other services are less operational in most AMS, with facilities to file social security returns being generally more advanced than facilities to file pension contributions. The integration of public databases appears to be relatively limited in most AMS. The exceptions are Singapore and Brunei Darussalam, which have fully integrated systems. However the implementation of e-government services is expected to increase at a fast pace, as governments are stepping up investment in IT, technical capacity and knowledge exchange in this area.

*Monitoring and evaluation: Some AMS still lack feedback on e-government services*

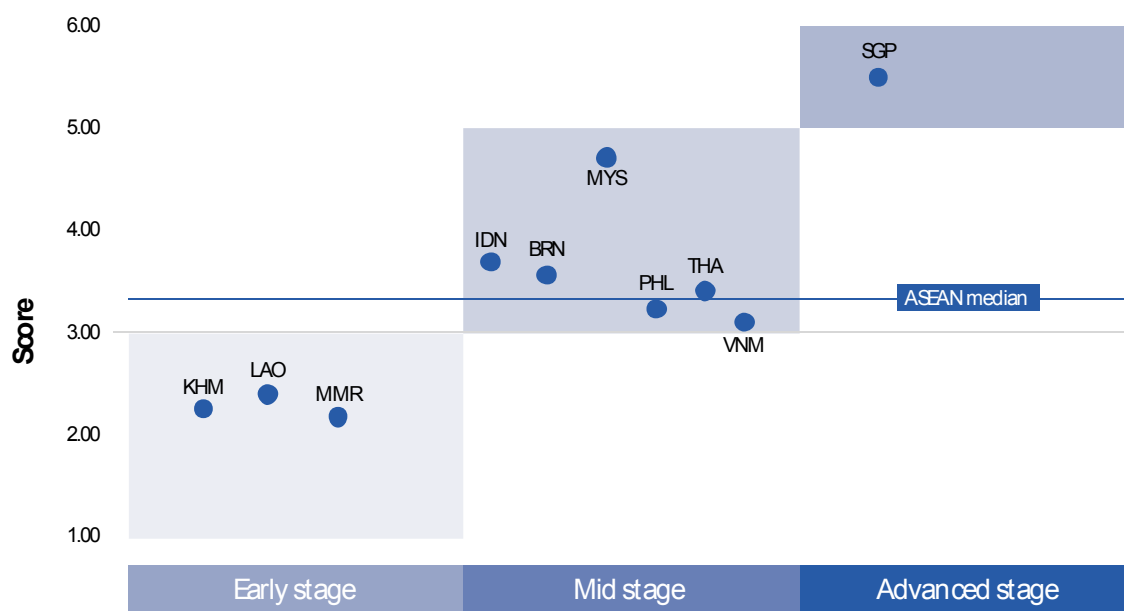
Feedback on the use and effectiveness of e-government services is only collected regularly and fed back into platform development in Brunei Darussalam, Indonesia, Malaysia, Singapore and Thailand. In Singapore, GovTech Singapore conducts an annual “satisfaction with digital government services” survey, while some services feature a feedback button on site. In Thailand, the Electronic Government Agency undertakes a satisfaction survey to further improve its services.<sup>17</sup> Feedback is collected occasionally in the Philippines, and it is also used to inform platform development. Feedback on the use and effectiveness of e-government services is not currently collected in Cambodia, Lao PDR, Myanmar or Viet Nam.

## The way forward

The legal, regulatory and tax environment for SMEs varies significantly from country to country, as do the intensity and sophistication of policies in this area. However, a number of trends can be observed.

The majority of countries that fall within the “early stage” and early “mid stage” bracket have tended to focus on easing and streamlining company registration. They have therefore tended to focus on streamlining permitting and licensing requirements, upgrading company acts and developing ICT systems to facilitate greater co ordination among government agencies. These countries have also begun to pilot RIA in order to enhance existing and future regulations. This has often been done with donor support, and has often involved setting up a RIA office in the country’s Ministry of Justice. Public-private consultation is often channelled through a chamber of commerce or equivalent.

Figure 9.4. Weighted scores for Dimension 6: Legislation, regulation and tax



Note: The graph demonstrates the level of policy development in each AMS indicated by the 2018 ASPI scores. Countries fall into one of three categories and are ordered in this category alphabetically.

Most countries in the “mid-stage” have embarked upon a process of regulatory review and reform. A number have done this in reference to their performance in the World Bank’s *Doing Business* assessment and have created an inter-ministerial committee to this end. Most have e-government platforms in place, although these vary in sophistication and the range of services provided. Many are currently trying to enhance their tax administration, often through the development of e-filing platforms. Most of these countries are trying to socialise the use of RIA and other good regulatory practices, but often leave the terms to the discretion of the regulator, and these practices can sometimes take the form of a “box ticking” exercise, with some important aspects, such as an ex-post evaluation, missing.

Singapore is the only country to fall within the “advanced stage” bracket, but Malaysia is closely approaching. Both of these countries have undertaken a comprehensive process of regulatory review and reform, and both have taken significant steps to embed good practices into the development of regulations, as well as to raise awareness among regulators. Both have invested significantly in the development of e-governance platforms over recent years, and in Singapore most government transactions can now be completed online and in very little time. Both countries have adopted an “active participation” model of stakeholder engagement, whereby regulations are developed as part of an ongoing partnership between the agency and the stakeholder.

Across the region as a whole, stakeholder engagement is a common practice, but it varies on metrics of transparency, openness and rigour. A relatively weak tax administration system is also common across most of the region, and this tends to be the e-government platform that is developed first.

In order to enhance the legal, regulatory and tax environment for SMEs in the region, policy makers could prioritise the following actions going forward:

**Table 9.19. Policy recommendations to enhance the regulatory environment for SMEs**

Level of policy	Challenges	Policy recommendations
<b>Early stage</b> Cambodia, Lao PDR and Myanmar	Company registration remains rather burdensome.	<ul style="list-style-type: none"> <li>• <b>Continue to streamline company registration procedures.</b> Governments could advance in the following areas: i) simplify notification procedures by establishing one-stop shops across the country; ii) review pre-registration and non-essential licensing requirements (thus reducing indirect costs and facilitating compliance); and iii) introduce digital company registration services wherever possible to ease the burden on registration agencies, reducing delays and costs.</li> <li>• <b>Continue to participate in regional co-operation initiatives.</b> ASEAN has established a regional task force on company registration, and this can be a good forum to exchange good practices, explore avenues for collaboration, and align systems. Such initiatives may be particularly valuable in countries that face resource constraints.</li> <li>• <b>Continue to invest in ICT infrastructure in government offices.</b> This can not only facilitate greater decentralisation, allowing local governments to support company registration and input data into a centralised system, but it is also an important prerequisite for the future development of e-governance platforms.</li> </ul>
	Good regulatory practices are often not used systematically.	<ul style="list-style-type: none"> <li>• <b>Continue to develop the use of good regulatory practices and build capacity.</b> In most of these countries, good regulatory practices take place but are not yet part of a systematic process, and expertise remains rather low. More could be done to train regulators on the application of these procedures, for instance on how to complete a thorough regulatory impact statement or how to conduct a PPC complete with an ex-post evaluation. This could be done via secondments and study visits, among other initiatives.</li> </ul>
<b>Mid stage</b> Brunei Darussalam, Indonesia, Malaysia, the Philippines, Thailand and Viet Nam	In a number of countries, many superfluous regulations continue to exist, and gaps remain in the application of good regulatory practices.	<ul style="list-style-type: none"> <li>• <b>Pursue regulatory review and reform, clearly delineating regulatory responsibilities and socialising an awareness of good regulatory practices among regulators.</b> Efforts to streamline regulation can be hindered by limited communication and/or co-ordination between central and local government authorities. Governments could consider and pilot a number of approaches to address this constraint, for instance via the creation of a “primary authority” body responsible for overseeing the local enforcement of national regulations; by developing a performance framework for local authorities; and/or by creating an association of local government representatives at the national level.</li> </ul>
	In some countries, tax administration remains rather weak	<ul style="list-style-type: none"> <li>• <b>Continue to streamline tax procedures.</b> Steps to reduce the number of payments required, to balance out tax and credit liabilities for business tax payers,</li> </ul>

	and e-governance platforms are still being developed.	and to develop e-filing platforms may significantly reduce the administrative burden of tax filing on SMEs and increase compliance.
		<ul style="list-style-type: none"> <li>• <b>Continue to foster inter-agency collaboration, particularly in terms of database integration.</b> Different government agencies often cannot view one another's data, which means that a user must file the same information with multiple government bodies. This slows down the development of e-governance platforms and can discourage users.</li> </ul>
<b>Advanced stage</b> <i>Singapore</i>	There is an increased need for the public sector in advanced countries to remain reactive to emerging business trends, challenges and opportunities.	<ul style="list-style-type: none"> <li>• <b>Continue to ensure inclusive engagement with diverse enterprise needs.</b> Singapore is known as having one of the most reactive and collaborative public administrations globally, and this makes the country highly attractive to investors. In order to maintain this position, Singapore could continue its efforts to widen its participation base, reaching out to a wide range of stakeholders to ensure that these processes are inclusive, and continuing to respond to emerging business needs and challenges.</li> </ul>

## Notes

<sup>1</sup> For instance some enterprise surveys show formal firms opting to use informal firms as sub-contractors.

<sup>2</sup> The NPDIR is a key policy document governing regulatory reform in Malaysia.

<sup>3</sup> Which was approved in April 2017.

<sup>4</sup> The Council of Development of Cambodia also supports the Forum, by acting as its secretariat.

<sup>5</sup> These include the Ease of Doing Business Steering Committee (Brunei Darussalam), the Economic Social and Cultural Council, otherwise known as ECOSOCC (Cambodia), the Special Taskforce to Facilitate Business, otherwise known as PEMUDAH (Malaysia), the National Competitiveness Council (the Philippines) and the Pro-Enterprise Panel (Singapore).

<sup>6</sup> Thailand's Royal Decree on the Revision of Laws and the Licensing Facilitation Act was approved in 2015. It calls for a review of laws and licensing regulations every five years.

<sup>7</sup> Singapore regularly ranks at the top of assessments of regulatory quality worldwide (Semam, Lim and Bahari, 2016<sup>[11]</sup>).

<sup>8</sup> Those rules and regulations that are under their aegis.

<sup>9</sup> The new Constitution was approved in April 2017.

<sup>10</sup> Via focus groups and company surveys.

<sup>11</sup> It should be mentioned that while the *Doing Business* provides harmonised data, systematically collected, for a large group of countries, its methodology is by necessity based on a standardised company definition. This is the small-sized limited liability company. This may create definitional issues for this analysis, since many new enterprises are registered as non-incorporated legal forms (such as a sole ownership or partnership).

<sup>12</sup> Through a one-stop shop, and enterprises can complete registration, notification and, in some cases, the compliance procedures through one interface.

<sup>13</sup> This initiative is being undertaken in three phases: *i*) the development of a gateway for business registration and licensing; *ii*) integration of the country's business registration and licensing systems; and *iii*) implementation of the initiative in Sabah and Sarawak.

<sup>14</sup> This number is used by the Department of Business Development (DBD), the tax administration, the Social Security Office and the Department of Labour Protection and Welfare.

<sup>15</sup> This portal was launched in April 2017 by the DBD.

<sup>16</sup> Which operates under the Ministry of Finance.

<sup>17</sup> In addition, a survey is also conducted on the government's digital readiness, and this is used to review the Plan of Thailand.

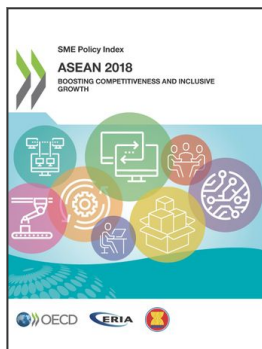
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