

Administrative Simplification for Opening Business and Issuing Business Licenses

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Background document

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Reducing bureaucracy and administrative burdens, as well as carrying out administrative simplifications has been one of the top priorities of the 58th and 59th government programs. Therefore, the government’s efforts focused on restructuring institutions, increasing economic competition, revitalizing economy by removing bureaucratic obstacles in the business world, and facilitating citizens’ lives by reducing bureaucracy.

Since 2002, the restructuring efforts in public administration have included central administration and local administrations. The Draft Law on Main Principles of Public Administration and Restructuring Efforts was prepared. This proposal which is still on the Parliament’s agenda provides a framework for the restructuring efforts. Besides several central administration laws, three new laws on local administrations were enacted to continue the restructuring efforts.

Since year 2003, with the participation of all relevant parties, Municipalities, Metropolitan Municipalities, and Special Provincial Administration laws were enacted by the Parliament. With these local administration laws, all public service provisions except those given to central administration by specific laws (e.g., national education), are now under the authority and responsibility of local administrations. With these laws, the authorities and duties of issuing business licenses have been delegated to local administrations as well.

Issuing licenses for businesses is a significant topic to improve economic and investment environments. Therefore, licensing is divided into two basic categories: sanitary and non-sanitary businesses. Businesses’ impacts on environment and human health are the main reasons for this classification.

Businesses of sanitary sorts are businesses that have no direct negative effects toward humans and environment. These businesses include florists, restaurants, stationeries, hotels, coffeehouses, and bars. Places of entertainment and lodging areas like hotels and bars compared to florists or stationaries require more scrutiny because of health, comfort, and security reasons.

Businesses of non-sanitary sorts, on the other hand, are businesses that might have direct effect on human health and environment. These businesses are divided into three: first, second, and third class non-sanitary businesses. While the first class non-sanitary businesses have the most possible negative effect, the third class has the least.

I would like to explain first the previous licensing processes to show what we achieved so far for simplification. Before the new local administration laws enacted, authorities and responsibilities for business licenses were in disarray and belonged to different units of the central and local administration.

The previous licensing processes are as follows:

- Governorships, district governorships, and municipalities used to issue licenses for sanitary businesses like the florist, restaurant, and stationery.
- Governorships and district governorships used to issue licenses for entertainment and lodging places like hotels, bars, and coffeehouses.
- The Ministry of Health used to issue licenses to first class non-sanitary businesses such as cement factories, chemical substance production facilities, and oil refineries that could have had obvious effects on environment and human health.
- Governorships used to issue licenses to second class businesses like gas stations, flour factories, and soda factories that were to be built at a certain distance from residential areas.
- District governors used to issue licenses to third class businesses that required sanitary inspections, which included salt, clay, barbeque coal production factories, and food packaging facilities.

- First class business located in the metropolitan municipality boundaries, the metropolitan municipalities used to issue first-class licenses, while subordinate metropolitan municipalities used to issue licenses for the secondary and third class businesses.
- Ministry of Agriculture and Village Affairs used to issue production permit for food production facilities.
- Ministry of Tourism used to issue licenses for tourism facilities.

There used to be three laws and three regulations for licensing the sanitary and non-sanitary businesses.

In order to reduce administrative burdens, cut red-tape, focus more on safety and security of people, protect environment, and simplify the licensing procedures, three main regulations are combined into one regulation called the Regulation of Opening and Licensing Businesses.

In this clear, plain, and short regulation, the new processes are as follows:

- During licensing procedures, it is a priority that human health must not be threatened and the environment must not be polluted.
- Local administrations are authorized to issue business licenses. First class non-sanitary businesses are licensed by only metropolitan and city municipalities, and special provincial administrations. Issuing licenses by the central administration unit is terminated.
- The process for issuing a license is shortened and simplified, and required documents for application are reduced. Application forms for sanitary and non-sanitary businesses are standardized. A standard license form is prepared. In addition a standardized document showing the receiving time and date of the application are prepared.
- Obtaining fire safety report by all businesses is abolished; however, businesses that do not produce or sell flammable and explosive substances must only declare a form showing that appropriate precautions are taken against fire. Previously, obtaining fire safety report used to take a lot of time.
- For first class non-sanitary businesses, the Environment Impact Analysis must be carried out. Documents prepared before and during the Analysis will not be asked again for licensing. First class non-sanitary businesses must have a health protection zone where residency is not allowed. The health protection zone that surrounds these facilities will be determined by the inspection board that includes representatives of non-government organizations.
- For second and third class non-sanitary businesses, except gas stations, health protection zone will not be required.
- Licenses for businesses located in organized industrial zone will be issued by the board of industrial zone.
- The time required for issuing licenses are fixed. For first class non-sanitary businesses, a license will be issued in 10 days after application. In second class non-sanitary businesses, license will be issued in 5 days. In third class non-sanitary and sanitary businesses, licenses must be issued at the day of the application. On the other hand, sanitary and second and third class non-sanitary businesses are licensed based on the applicant's declaration. License which is given on the basis of applicant's declaration is temporary. The administration authorizing the license must check the declaration and business within a month. If businesses are unchecked, the license would be valid. Moreover, if there is noncompliance with declaration, 15 more days are given to comply. In the case of noncompliance, the license is cancelled.
- Lodging and entertainment places open to public must be licensed in 1 month. However, these businesses must be inspected before issuing license.
- Handing over a business to another person has been facilitated by only putting the new owner's name on the license. In cases of death, license is passed on to the inheritor. Issuing a new license is unnecessary in the case of introducing or departure of a partner (shareholder).
- A business which runs more than one type of businesses like restaurant, grocery, or department store at same address, single license is required. The warehouses are also displayed on the business license.

The Regulation for Licensing was enacted in August 10, 2005. Amendments were made in March 19, 2007 to comply with further needs.