



Partner Brochure 2026

*Measure red tape. Drive change.*

[bureaucracyindex.org](https://bureaucracyindex.org)

**INESS**





## WHAT IS THE BUREAUCRACY INDEX?

Bureaucracy Index is a simple and transparent way to quantify the proverbial "red tape" — discussed daily in the media, yet rarely measured in concrete terms.

It was introduced in 2016 in Slovakia by the Institute of Economic and Social Studies (INESS), with the goal of comprehensively mapping the bureaucratic burden facing SMEs and its real cost in time and money.

→ **Our ultimate goal is to turn the Bureaucracy Index into an international tool for think tanks and advocacy groups focused on economic competitiveness.**

## HOW IT WORKS

The core methodology at a glance

Bureaucracy Index identifies bureaucratic duties of two fictional model SMEs — a manufacturing company and a hotel — in two situations: starting a business and conducting business activities for one year.

These duties are split into categories and each assigned a time cost. The sum of these partial time costs is the resulting index value.

### 01

#### Simple Number

Distills red tape into a single number that's easy to communicate to media, policymakers, and the public.

### 02

#### Structured Database

Builds a database of bureaucratic duties for SMEs — useful for tracking regulatory change.

### 03

#### International Comparison

Enables direct comparison across countries using an identical methodology.

## WHY PARTNER WITH US?

Value for your organization

- The Index distills red tape into a single number that's easy to communicate. The fictional SME framing makes abstract figures concrete and relatable.
- It gives you a structured database of bureaucratic duties for SMEs in your country — useful for tracking regulatory change and informing small business owners.

- It's a networking tool: you can offer business leaders partnerships or involve them directly in creating and promoting the Index.
- It strengthens fundraising and can become the flagship of your competitiveness advocacy work.
- It enables direct international comparison — putting your country's red tape burden in a broader context.

## STEP-BY-STEP PARTNER MANUAL

### 0 Get Support from INESS

Your organization will lead the creation of your national Bureaucracy Index — but you won't be doing it alone. INESS will support you with methodological, communication, and strategic questions throughout.

→ **Contact Martin Vlachynsky, Director of the Research Center for Competitiveness and Business Environment at INESS: [martin.vlachynsky@iness.sk](mailto:martin.vlachynsky@iness.sk)**

### 1 Resources

Constructing your national Bureaucracy Index is primarily an investment of time. Depending on your in-house expertise, you may need external specialists — accountants, lawyers, or business managers — to map duties and estimate durations.

→ **Plan for roughly 40–80 hours in total. Strong internal knowledge of your country's business regulation can bring that closer to the lower end.**

### 2 Methodology

#### Two-Step Process

Creating your national Bureaucracy Index involves two steps:

- Identify all bureaucratic duties relevant to the two model companies
- Assign a time cost to each duty

#### Model Companies

The Index is derived from two model SME companies. These models are identical across all international partners, ensuring fully comparable results.

Common Parameters	
Type of legal form	Most common type of domestic limited liability company in your country.
Start of operations	2 years
Ownership	100% domestically and privately owned; no foreign or state ownership. 2 owners.
Capital	Has not changed since creation. Minimum capital requirement paid at start.
Number of employees	10 (without employees from abroad). Five aged 20, five aged 50. Five males, five females. The entrepreneur (owner) is not an employee and does not change over time.
Employees hired every year	1 (legal probation time is applied where possible)
Employees fired every year	1
Sick leave	5 working days per employee per year
Legal holiday leaves	Each of 10 employees uses all of his or her legal holiday leaves.
VAT payer	Yes
Annual turnover	€500,000
Annual profit	€25,000
Cash handling	The company accepts cash, card and wire payments.
B2B / B2C	Yes / Yes
Own building	Yes
Location	Capital city
Accounting	Standard accounting software; accounting is not outsourced.
Communication with public authorities	Electronic, when such option is possible.
Law	The company strictly follows the law and fully complies with all requirements.
Externally provided service	If required by law, the company searches for a new provider once every four years.

Model 1 – Manufacturing	
<b>Sector</b>	Manufacturing of metal products
<b>Occupancy risk factor</b>	High – use of electric tools, fire, chemicals, noise
<b>Vehicle</b>	1 truck (>3.5t, 200kW)
<b>Company driver</b>	1
<b>Export outside EU</b>	Export USA – 2 deliveries: HS Code 73083000 – Iron/steel doors and windows (value of 1 delivery: €3,000)
<b>Import outside EU</b>	Import China – 2 deliveries: HS Code 26011100 – Non-agglomerated Iron Ores and Concentrates (value of 1 delivery: €3,000)
<b>Waste production</b>	Complex (chemicals, batteries, electronics): 10 kg electronics, 20 kg oils/colors/chemicals (hazardous), 20 kg mixed glass, 100 kg metal, 50 kg mixed plastics, 50 kg mixed paper, 50 kg unsorted (non-hazardous) per month.
<b>Overtimes / Weekend work</b>	No

Model 2 – Hotel	
<b>Sector</b>	Hotel with restaurant (production of ready meals)
<b>Occupancy risk factor</b>	Low
<b>Vehicle</b>	1 personal car (<3.5t, 100kW)
<b>Company driver</b>	1
<b>Export/import outside EU</b>	No (accommodates foreign guests)
<b>Waste production</b>	Basic (kitchen waste, office waste)
<b>Overtimes / Weekend work</b>	Yes
<b>Sale of cigarettes</b>	Yes (for personal consumption)
<b>Sale of alcohol</b>	Yes (for personal consumption)
<b>Water supply</b>	Public water supply

## Bureaucratic Duties — What Qualifies?

To calculate the index, we identify all the relevant bureaucratic duties of the model company. "Relevant" means they fulfil two conditions:

**Imposed by law or regulation**  
They are imposed by law or any kind of regulation issued by a relevant public authority.

**Fails the market test**  
The same duty would not be required by the market, or the market requirements would be substantially lower and/or flexible. One example is accounting — bookkeeping would exist without a legal requirement, so it is not counted into administrative duties, except for tax and social/health contributions-related accounting events. Similarly, creating an employment contract does not fail the market test. However, any related agenda required by law (in Slovakia, hired employees must sign a "responsibility agreement") is counted towards administrative duties.

## Categories of Duties

Duties are organised into structured categories covering Starting a Business and Conducting Business:

Starting a Business	Conducting Business	- subcategories
<ul style="list-style-type: none"> <li>• General</li> <li>• Hotel-specific</li> <li>• Industrial-specific</li> </ul>	• Employment	Wages/Taxes/Contributions, Hiring & Firing, Worktime
	• Operation	Taxes, Waste, Vehicle, Certification, Import/Export
	• Other	Other
	• Legal Changes	Labor, Tax, Commercial code

## Category Descriptions

### EMPLOYMENT

This category should encompass duties related to employing people:

<b>Wages, taxes and contributions administration</b>	Everything related to the tax and obligatory insurance (health, pension, social) administration on behalf of the existing employee — only where the law requires the employer to provide these. Activities related to the salary beyond the payment itself also come here, as does administration of sick leave and holidays.
<b>Hiring and firing administration</b>	The model company hires one and fires one employee during the year. This may include obligatory introductory health and safety training, entry medical examination, registration

	of the new employee with the tax office and social insurance agency, and eventually deregistration of the fired employee.
<b>Worktime reporting</b>	Some countries require in their labor code detailed and recorded management of worktime, holidays, etc. This subcategory captures that burden.

## OPERATION

This category should encompass all activities related to daily operations of the model company, besides employment:

<b>Taxes administration</b>	Administration of any taxes (except taxes and contributions on behalf of the employee, which belong in the Employment category). Typically involves corporate income tax, VAT, real estate tax, etc. Also management of fees to public institutions that do not fit other categories (e.g. the Public Broadcasting Fee in Slovakia).
<b>Waste administration</b>	Especially in the EU, keeping records about waste creation and disposal represents a large bureaucratic burden. A dedicated category captures this.
<b>Vehicle administration</b>	Any bureaucratic duties related to the purchase (once every 4 years), sale, operation and driving of the company vehicle.
<b>Obligatory certification and external services</b>	Activities regarding obligatory certification (from public or private providers), including safety and technical checks (e.g. of power tools) imposed by law. Also includes any service from private or public bodies required by law that fails the market test.
<b>OTHER</b>	Any important duty which does not fit the categories above. To keep the Index as internationally comparable as possible, duties should be placed here only in special cases, after consulting with the coordinator (INESS). Duties should be explained in layman's terms so the list can serve as a knowledge database for other countries.

## LEGAL CHANGES – Time Cost

An entrepreneur (or their employees) must stay up to date with certain laws. Rapid changes in crucial laws require time to study and incur a time cost. Three bodies of law are considered: the labor code, the corporate tax code, and the commercial code.

→ **If there is a novelization during the considered year to any of these three laws, add 1 hour per law per novelization to the final time cost. Example: one novelization to the labor code, three to the corporate tax code, and zero to the commercial code = 4 hours added (1+3+0).**

## Time Cost System

Each bureaucratic duty is assigned one of four “time cost” values:

Category	Time	Description
Short	0.25 hr	Automated, repetitive actions assisted by software — e.g. auto-generated reports requiring no manual elaboration.
Medium	1 hr	Forms and declarations requiring manual inputs, calculations, or communication with authorities.
Long (half)	4 hrs	Intensive duties with large manual input, analysis, or mandatory attendance — e.g. medical exams.
Long (full)	8 hrs	Full-day intensive duties requiring extensive data collection or all-day attendance — e.g. H&S training.

Additional time modifiers apply: Payment (+0.25 hr if manual), Submission (+0.25 hr if paper), Travel (+2 hrs if in-person visit required), Market Search (+1 hr/year if commercial provider needed).

## Periodicity

All costs are calculated on an annual basis. Monthly duties are multiplied by 12; duties occurring every two years are halved; irregular events (e.g. vehicle purchase) are assumed to occur every four years.

## Worked Examples

### Example 1 — Monthly Insurance Report

Routine duty, inputs auto-generated by accounting software → Short (0.25 hr) × 12 months, submitted electronically. Total: 3 hours/year.

### Example 2 — H&S Training (every 2 years)

All 10 employees attend a half-day training at an external provider → 4 hrs × 10 employees + 2 hrs travel = 42 hrs ÷ 2 years + 1 hr market search. Total: 22 hours/year.

### Example 3 — Vehicle Registration (every 4 years)

Medium process (1 hr) + in-person visit (2 hrs travel) + cash payment (0.25 hr) = 3.25 hrs ÷ 4 years. Total: 0.81 hours/year.

## 3

## Communication

Communicating the results and methodology is the key part of the project. Your organization is responsible for national communication; INESS will coordinate the international campaign around International Bureaucracy Day.

INESS communication activities in Slovakia have included:

- Dedicated website and press releases
- Press conference for journalists

- Street stunt with broadcast media (Bureaucratic snake, pedestrian interviews)
- Intensive social media promotion
- Infographics by a Slovak artist
- Illustrated wall calendar with 12 deregulation suggestions
- Local and international conferences

## PRACTICAL EXAMPLE

Employment administration — Wages/Taxes/Contributions (Slovakia 2024)

The table below illustrates how duties are catalogued and time costs are assigned in practice.

ID	Duty Name	Category	Time	Freq.	Travel	Pay	Sub	Mkt	TOTAL
B.1.1.	Monthly insurance payment report to Social Insurance Agency	medium	1	12	0	0.25	0	0	15
B.1.2.	Statement of payments of public health insurance	medium	1	12	0	0.25	0	0	15
B.1.3.	Overview of tax income tax advance payments	medium	1	12	0	0.25	0	0	15
B.1.4.	Notification of personal income tax bill	medium	1	1	0	0.25	0	0	1.25
B.1.5.	Wage list	short	0.25	10	0	0	0	0	2.5
B.1.6.	Declaration on application of non-taxable part of taxable amount	medium	1	1	0	0	0	0	1.0
B.1.7.	Annual personal income tax clearing	medium	1	10	0	0	0	0	10
B.1.8.	Income tax paid — declaration	short	0.25	10	0	0	0	0	2.5
B.1.9.	Taxable income amount confirmation	short	0.25	10	0	0	0	0	2.5
<b>Subgroup Total</b>									<b>64.8</b>

# 2024 RESULTS

## Bureaucracy Index 2024

Average score by country



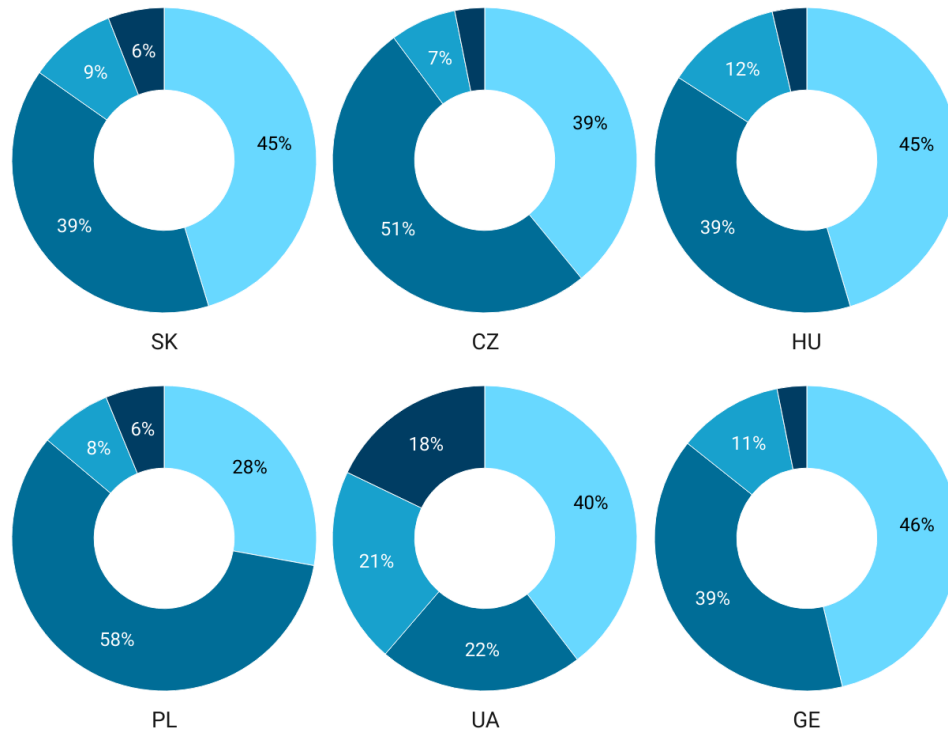
Starting a business + running a business average of industrial + hotel

Source: INESS/4liberty • Created with Datawrapper

### Average share of burden – running a business

Average number of hours spent on each bureaucratic subcategory.

■ Employment administration 
 ■ Operation administration 
 ■ Other 
 ■ Legal changes



Source: INESS/4liberty • Created with Datawrapper

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## ABOUT INESS

### Institute of Economic and Social Studies (INESS)

An independent, non-governmental, apolitical economic think tank established in 2005. INESS monitors the functioning and financing of the public sector, evaluates the effects of legislative changes on the economy and society, conducts sector analyses and economic policy recommendations, and comments on current economic and social issues.

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→ Join a growing network of researchers and help put a real number on red tape in your country!